

PART I - UNAUDITED RESULTS FOR THE 1ST QUARTER ENDED 31 MARCH 2018

1(a)(i) INCOME STATEMENT FOR THE 1ST QUARTER ENDED 31 MARCH 2018

In S\$'000	1Q2018	1Q2017	+/- %
Revenue	120,106	113,434	5.9%
Cost of sales	(113,364)	(105,972)	7.0%
Gross profit (Note 1a)	6,742	7,462	-9.6%
<i>Gross margin %</i> (Note 1b)	5.6%	6.6%	-1.0 ppt
Other income	182	181	0.6%
Selling and marketing expenses (Note 2)	(2,231)	(2,612)	-14.6%
Administrative expenses	(4,165)	(4,181)	-0.4%
Other expenses (Note 3)	56	(83)	nm
Net finance costs (Note 4)	(182)	(151)	20.5%
Operating profit before income tax	402	616	-34.7%
<i>% of revenue</i>	0.3%	0.5%	-0.2 ppt
Share of profit of an associate (net of tax) (Note 5)	230	22	945.5%
Profit before income tax	632	638	-0.9%
<i>% of revenue</i>	0.5%	0.6%	-0.1 ppt
Income tax expense	(269)	(252)	6.7%
Profit for the period	363	386	-6.0%
Attributable to:			
Equity holders of the Company	350	387	-9.6%
<i>% of revenue</i>	0.3%	0.3%	0 ppt
Non-controlling interests	13	(1)	nm
	363	386	-6.0%
Weighted average number of shares (in '000)	454,388	455,945	
Earnings per share (in cents)			
Basic	0.08	0.08	
Diluted	0.08	0.08	

nm - not meaningful

STATEMENT OF COMPREHENSIVE INCOME FOR THE 1ST QUARTER ENDED 31 MARCH 2018

In S\$'000	1Q2018	1Q2017	+/- %
Profit for the period	363	386	-6.0%
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Translation differences relating to financial statements of foreign subsidiaries	(363)	(286)	26.9%
Share of foreign currency translation differences of associate	(19)	(15)	26.7%
Exchange differences on monetary items forming part of net investment in foreign operations	(196)	(183)	7.1%
Total comprehensive income for the period	(215)	(98)	119.4%
Attributable to:			
Equity holders of the Company	(228)	(97)	135.1%
Non-controlling interests	13	(1)	nm
Total comprehensive income for the period	(215)	(98)	119.4%

1(a)(ii) PROFIT AFTER TAXATION HAS BEEN ARRIVED AT AFTER CHARGING/(CREDITING):

In S\$'000	1Q2018	1Q2017	+/- %
Staff costs	11,430	12,265	-6.8%
Provision of directors' remuneration, included in staff costs	128	130	-1.5%
Depreciation of property, plant and equipment	521	556	-6.3%
Amortisation of intangible assets	121	127	-4.7%
Write back of provision for bad debts (Note 6)	(3)	(38)	-92.1%
Exchange gain (Note 7)	(134)	-	100%
Write (back)/down of inventories to net realisable value (Note 8)	(289)	87	nm
Adjustments for under provision of tax in respect of prior years (Note 9)	30	5	-6.8%

nm - not meaningful



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

Notes:

- (1a) In 1Q2018, PCS and ICT divisions reported lower gross profit against previous period.
- (1b) In 1Q2018, PCS and ICT divisions reported lower gross margins against previous period.
- (2) Lower selling and marketing expenses in 1Q2018 was due to lower staff costs.
- (3) Lower other expenses in 1Q2018 was mainly due to higher net exchange gain.
- (4) Higher net finance cost in 1Q2018 was mainly due to higher interest rates resulting in higher interest expenses.
- (5) Share of profit from associate was from MVI Systems Limited. The higher share of profit was due to more projects completed in 1Q2018.
- (6) Write back of bad debts in 1Q2018 and 1Q2017 were attributed to certain ICT customers.
- (7) In 1Q2018, net exchange gain arose from USD payables due to weakening of USD against SGD.
- (8) In 1Q2018, there was a write back on inventories for mobile phones which have been sold. In 1Q2017 there were higher inventory provisions due to higher stock balances held.
- (9) Adjustments for the under provision of taxes in 1Q2018 and 1Q2017 were due to the differences in final tax assessment and tax estimates made in the prior year.

1(b)(i) STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

In S\$'000	Group		Company	
	31/03/2018	31/12/2017 (Restated)	31/03/2018	31/12/2017 (Restated)
<u>Non-current assets</u>				
Subsidiaries	-	-	34,411	38,082
Associate	2,712	2,501	-	-
Property, plant and equipment	2,391	2,876	363	417
Intangible assets	12,967	13,072	401	425
Deferred tax assets	994	829	-	-
Trade and other receivables	3,573	3,450	-	-
	22,637	22,728	35,175	38,924
<u>Current assets</u>				
Inventories	21,590	19,082	18,686	15,751
Contract assets	27,786	25,484	-	-
Trade and other receivables	75,574	67,168	35,970	27,180
Cash and cash equivalents	34,136	42,926	13,543	14,273
	159,086	154,660	68,199	57,204
Total assets	181,723	177,388	103,374	96,128
<u>Equity</u>				
Share capital	21,987	21,987	21,987	21,987
Other reserves	7,063	7,551	13,377	13,286
Accumulated profits	45,546	45,196	15,651	12,119
Equity attributable to equity holders of the Company	74,596	74,734	51,015	47,392
Non-controlling interests	403	390	-	-
Total equity	74,999	75,124	51,015	47,392
<u>Non-current liabilities</u>				
Deferred tax liabilities	-	-	72	72
Provisions	153	-	-	-
Trade and other payables	2,068	2,071	-	-
	2,221	2,071	72	72
<u>Current liabilities</u>				
Trade and other payables	83,830	76,931	50,216	44,645
Contract liabilities	8,398	6,451	-	-
Provision	163	324	-	-
Current tax payable	372	157	71	19
Loans and borrowings	11,740	16,330	2,000	4,000
	104,503	100,193	52,287	48,664
Total liabilities	106,724	102,264	52,359	48,736
Total equity and liabilities	181,723	177,388	103,374	96,128



TELECHOICE INTERNATIONAL LIMITED
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1(b)(ii) GROUP BORROWING

In S\$'000

Amount repayable in one year or less

Bank loan – unsecured

As at 31/03/2018

As at 31/12/2017

11,740

16,330

Amount repayable after one year

Bank loan – unsecured

-

-

Total

11,740

16,330

Details of any collateral

Nil

1(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE 1ST QUARTER ENDED 31 MARCH 2018

In S\$'000	1Q2018	1Q2017
Operating Activities		
Profit before income tax	632	638
Adjustments for:		
Amortisation of intangible assets	121	127
Depreciation of property, plant and equipment	521	556
Finance costs	239	221
Finance income	(57)	(70)
(Gain)/Loss on disposal of property, plant and equipment and intangible assets	(1)	8
Provision for warranties	(4)	3
Share-based payments expenses	90	99
Share of profit of an associate	(230)	(22)
Cash from operating profit before working capital changes	1,311	1,560
Changes in working capital	(4,815)	(11,061)
Cash generated from operations	(3,504)	(9,501)
Income tax paid	(270)	(417)
Net cash outflow from operating activities	(3,774)	(9,918)
Investing Activities		
Purchase of intangible assets	(17)	(83)
Purchase of property, plant and equipment	(83)	(394)
Proceeds from disposal of property, plant and equipment	7	-
Interest received	7	10
Net cash outflow from investing activities	(86)	(467)
Financing Activities		
Capital contribution from non-controlling interests	-	294
Interest paid	(203)	(176)
Proceeds from bank loans	3,089	2,980
Repayment of short term bank loans	(7,679)	(320)
Net cash (outflow)/inflow from financing activities	(4,793)	2,778
Net decrease in cash and cash equivalents	(8,653)	(7,607)
Cash and cash equivalents at beginning of period	42,926	48,870
Effect of exchange rate changes on balances held in foreign currencies	(137)	(123)
Cash and cash equivalents at end of period	34,136	41,140

Cash flows from operating activities

Lower net cash outflow in 1Q2018 was due to lower negative change in working capital from higher payables.

Cash flows from investing activities

Lower net cash outflow in 1Q2018 was mainly due to lower capital expenditure incurred.

Cash flow from financing activities

Higher net cash outflow in 1Q2018 was due to net repayment of bank borrowings. In 1Q2017, net cash inflow was from net proceeds from bank borrowings and a capital contribution from a non-controlling interest.

1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 1ST QUARTER ENDED 31 MARCH 2018

In S\$'000	Share capital	Accumulated profits	Other reserves	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
GROUP						
At 1 January 2017*	21,987	44,244	9,053	75,284	6	75,290
Total comprehensive income for the period	-	387	(484)	(97)	(1)	(98)
Capital contribution from non-controlling interests	-	-	-	-	294	294
Share-based payments expenses	-	-	99	99	-	99
At 31 March 2017	21,987	44,631	8,668	75,286	299	75,585
At 1 January 2018*	21,987	45,196	7,551	74,734	390	75,124
Total comprehensive income for the period	-	350	(578)	(228)	13	(215)
Share-based payments expenses	-	-	90	90	-	90
At 31 March 2018	21,987	45,546	7,063	74,596	403	74,999
COMPANY						
At 1 January 2017*	21,987	14,236	13,377	49,600	-	49,600
Total comprehensive income for the period	-	642	-	642	-	642
Share-based payments to employees of Company's subsidiaries	-	-	25	25	-	25
Share-based payments expenses	-	-	74	74	-	74
At 31 March 2017	21,987	14,878	13,476	50,341	-	50,341
At 1 January 2018*	21,987	12,119	13,286	47,392	-	47,392
Total comprehensive income for the period	-	3,532	-	3,532	-	3,532
Share-based payments to employees of Company's subsidiaries	-	-	29	29	-	29
Share-based payments expenses	-	-	62	62	-	62
At 31 March 2018	21,987	15,651	13,377	51,015	-	51,015

* There were no adjustments to the opening retained earnings arising from the adoption of new accounting policies.

1(d)(ii) CHANGES IN COMPANY'S SHARE CAPITAL**A) Share Capital**

As at 31 March 2018, the share capital of the Company amounted to \$21.987 million comprising 454,387,796 issued ordinary shares excluding treasury shares. (31 March 2017: 454,406,178 ordinary shares excluding treasury shares; 31 December 2017: 454,387,796 ordinary shares excluding treasury shares).

During the quarter ended 31 March 2018, there was no issuance of new ordinary shares.

B) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")

As at 31 March 2018, the number of outstanding shares granted under the Company's RSP and PSP were 5,875,855 (31 March 2017: 6,241,138) and 2,995,320 (31 March 2017: 2,732,640) respectively.

C) Treasury Shares

During the quarter ended 31 March 2018, the Company did not purchase any of its ordinary shares from the market. As at 31 March 2018, there were 34,704 (31 March 2017: 16,322) treasury shares representing approximately 0.0076% of the total issued share capital of the Company.

D) Subsidiary holdings

As at 31 March 2018, none of the Company's subsidiaries held any shares in the Company (31 March 2017: Nil).

2. AUDIT

The results have not been audited nor reviewed by the Company's auditor.

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES

The Group has applied the same accounting policies and method of computation in the preparation of the current period financial statements compared to those used in the annual report for the financial year ended 31 December 2017, except for the adoption of new or revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and Interpretations to FRS ("**INT FRS**") which became effective from this financial year.

SFRS(I) 16 Leases are mandatory for adoption by the Group for annual periods beginning on or after 1 January 2019. The Group does not plan to adopt this standard early.

5. CHANGES IN ACCOUNTING POLICIES

In the current financial year, the Group and the Company have adopted all the new and revised SFRS(I)s and INT FRS that are relevant to its operations and effective for annual periods beginning on 1 January 2018. The adoption of these new/revised SFRS(I)s and INT FRS does not result in substantial changes to the Group's and the Company's accounting policies and had no material effect on the amounts reported for the current or prior periods, except as stated below:

SFRS(I) 15 Revenue from Contracts with Customers

SFRS (I) 15 establishes a five steps model to account for revenue arising from contracts with customers, and introduces new contract costs guidance. Under SFRS (I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group has adopted the retrospective approach. Accordingly, comparative financial information presented in this set of announcement has been restated.

SFRS(I) 9 Financial Instruments

SFRS (I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS (I) 9 are based on an expected credit loss model and replace the FRS 39 incurred loss model. There was no significant impact to the financial statements of the Group. Accordingly, the Group did not recognise any adjustments to the opening retained earnings on 1 January 2018.

6. EARNINGS PER ORDINARY SHARE (EPS)

Group	1Q2018	1Q2017	FY2017
Basic	0.08	0.08	1.80
Diluted	0.08	0.08	1.80

7. NET ASSET VALUE PER ORDINARY SHARE

	GROUP		COMPANY	
	31/03/2018	31/12/2017	31/03/2018	31/12/2017
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	16.42	16.45	11.23	10.43

8. REVIEW OF GROUP PERFORMANCE

A) Revenue

S\$M	1Q2018	1Q2017	Growth	
			\$	%
Personal Communications Solutions Services ("PCS")	90.8	80.1	10.7	13%
Info-Communications Technology Services ("ICT")	16.5	17.9	(1.4)	(8%)
Network Engineering Services ("Engineering")	12.8	15.4	(2.6)	(17%)
Group Revenue	120.1	113.4	6.7	6%

- **PCS** – Revenue increased in 1Q2018 mainly due to sales of new models of mobile devices such as the, Samsung S9 and S9+. This was partially offset by lower fulfillment revenue.
- **ICT** – Revenue decreased in 1Q2018 mainly due to lower equipment and maintenance revenue. There was also lower wholesale voice revenue which was discontinued in 1Q2017.
- **Engineering** – Revenue decreased in 1Q2018 from all countries except for the Philippines.

B) PBT

S\$M	1Q2018	1Q2017	Growth	
			\$	%
PCS	1.3	1.3	-	-
ICT	(1.0)	(0.9)	(0.1)	(11%)
Engineering	0.3	0.2	0.1	50%
Group PBT	0.6	0.6	-	-

- **PCS** – PBT maintained in 1Q2018. The higher PBT from the Malaysian operations was offset by the lower PBT from the Singapore operations. The lower PBT in Singapore was due to the loss of StarHub Logistics Contract, which was not renewed upon its expiry on 30 June 2017.
- **ICT** – Higher losses in 1Q2018 was mainly due to lower revenue. The lower gross profit was partially mitigated by lower operating expenses. There was also a higher share of profit from an associate.
- **Engineering** – PBT increased in 1Q2018 mainly due to higher profit contribution from the Philippines.

9. VARIANCE FROM PROSPECT STATEMENT

There are no material variances between the prospect statement set out in the 4Q2017 announcement dated 23 February 2018 and the actual results for 1Q2018.

10. PROSPECTS

Based on the current outlook and barring any unforeseen circumstances, the Group expects operating performance for 2Q2018 to be weaker than 1Q2018. Overall, the Group expects full year operating performance to be lower than that of last year. The Group will continue to explore strategic initiatives to further enhance the business operating performance.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

11. DIVIDEND

(a) Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. **If no dividend has been declared/recommended, a statement to that effect.**
 Not applicable.

13. **Interested Person Transactions - DISCLOSURE PURSUANT TO RULE 920(1)(a)(ii)**

In S\$M	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual	
	1Q2018	1Q2017
<u>Transactions for the sales of goods and services</u>		
Temasek Holdings (Private) Limited and its Associates	62.1	45.9
<u>Transactions for the purchases of goods and services</u>		
Temasek Holdings (Private) Limited and its Associates	16.2	25.1
Total Interested Person Transactions	78.3	71.0

There were no interested person transactions during the period under review (excluding transactions less than \$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual).

14. **Statement pursuant to Rule 705(5) of the SGX-ST Listing Manual**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial statements for the first quarter ended 31 March 2018 to be false or misleading in any material aspect.

15. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

Lim Shuh Moh Vincent
President

Date: 11 May 2018