



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

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

In S\$'000s	2006	2005	+/- %	2006	2005	+/- %
	2Q			1H		
Staff costs (see Note 1)	5,851	4,399	33.0%	10,086	8,283	21.8%
Value of employee services received for issue of share option, included in staff costs	39	185	-78.9%	78	349	-77.7%
Directors' remuneration	202	131	54.2%	428	350	22.3%
Depreciation of property, plant and equipment	418	299	39.8%	729	580	25.7%
Amortisation of intangible assets (see Note 2)	196	16	1125.0%	335	48	597.9%
Exchange loss/(gain) (see Note 3)	230	74	210.8%	330	(70)	-571.4%
Other income comprises:						
Service income (see Note 4)	255	45	466.7%	556	82	578.0%
Interest income						
-banks	207	150	38.0%	359	227	58.1%
Others (see Note 5)	264	23	1047.8%	539	23	2243.5%
	726	218	233.0%	1,454	332	337.95%

Note:

- (1) Staff cost increase is attributable to increase in headcount in Indonesia to support the engineering projects and the consolidation of Planet Telecoms (S) Pte. Ltd.'s financials with effect from 4Q05. The increase has been partially offset by reduction in staff costs with the discontinuation of Distribution Services operations in Australia.
- (2) Amortisation of intangible assets increased mainly from amortisation on retail business infrastructure, attributable to the accounting of Planet Telecoms (S) Pte. Ltd.'s financials for 1st acquisition in 4Q05 and 2nd acquisition in 1Q06.
- (3) The exchange loss and gain recognized under "Other expenses" is attributable to the revaluation of the loans from the parent company to its subsidiaries. The loans were mainly denominated in United States and Australian dollar.
- (4) "Service income" includes new income from wireless application services.
- (5) The increase in "Other income" is attributable to the consolidation of Planet Telecoms (S) Pte. Ltd.'s financials with effect from 4Q05.



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1(b)(i) BALANCE SHEET

In S\$'000s	Group		Company	
	30/06/2006	31/12/2005	30/06/2006	31/12/2005
Non-current assets				
Subsidiaries	0	0	13,385	21,425
Jointly-controlled entities	1,428	1,371	1,166	0
Property, plant and equipment	2,475	2,792	426	454
Intangible assets	1,156	689	0	0
Deferred tax assets	447	425	120	92
	5,506	5,277	15,097	21,971
Current Assets				
Inventories	18,386	18,896	13,984	9,640
Work-in-progress	3,282	2,537	0	0
Trade and other receivables	47,735	54,999	22,873	27,227
Cash and cash equivalent	29,628	44,626	13,389	17,622
	99,031	121,058	50,246	54,489
Total Assets	104,537	126,335	65,343	76,460
Equity attributable to equity holders of the parent				
Share Capital	20,087	8,906	20,087	8,906
Other Reserves	16,307	26,589	13,618	24,107
Accumulated profits	16,322	19,360	15,648	21,557
	52,716	54,855	49,353	54,570
Minority Interest	39	494	0	0
Total equity	52,755	55,349	49,353	54,570
Non current liabilities				
Deferred tax liabilities	209	209	0	0
Current Liabilities				
Trade and other payables	44,812	64,346	13,202	19,520
Provision for warranties	589	745	436	398
Current tax payable	4,618	4,458	2,352	1,972
Deferred income	1,554	1,228	0	0
	51,573	70,777	15,990	21,890
Total liabilities	51,782	70,986	15,990	21,890
Total equity and liabilities	104,537	126,335	65,343	76,460

Total assets decreased by \$21.8 M mainly due to decrease in trade and other receivables by \$7.3 M and decrease in cash and cash equivalent from dividend payment of \$11.2 M in 2Q06. The decrease in total liabilities of \$19.2 M was mainly attributable to prepayment to suppliers to enjoy early payment discount.



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1(b)(ii) GROUP BORROWING

Amount repayable in one year or less, or on demand

NIL

Amount repayable after one year

NIL

Details of any collateral

NIL

1(c) CASH FLOW STATEMENT FOR THE 2ND QUARTER AND 6 MONTHS ENDED 30 JUNE 2005 & 30 JUNE 2006

In S\$'000	2006	2005	2006	2005
	2Q		1H	
Cash Flows From Operating Activities				
Profit before taxation	5,377	4,455	10,397	9,680
Adjustments for:				
Accretion of deferred income	(1,094)	(73)	(1,228)	(1,390)
Amortisation of intangible assets	196	16	335	48
Depreciation of property, plant and equipment	418	299	729	580
Interest income	(207)	(150)	(359)	(227)
Loss on disposal of property, plant and equipment	7	4	7	4
Negative goodwill recognized upon acquisition of additional interest in subsidiary	0	0	(11)	0
Provision for warranties	27	0	95	0
Share of profits of jointly-controlled entity	(11)	(23)	(43)	(121)
Value of employees services received for issue of share options	39	185	78	349
Cash from operating profit before working capital changes	4,752	4,713	10,000	8,923
Changes in working capital:	(8,807)	12,642	(11,300)	6,834
Cash generated from operations	(4,055)	17,355	(1,300)	15,757
Income tax paid	(1,885)	(1,613)	(1,917)	(1,646)
Interest received	222	150	359	227
Net cash inflow/(outflow) from operating activities	(5,718)	15,892	(2,858)	14,338
Cash Flows From Investing Activities				
Acquisition of additional equity interest in subsidiary	(120)	0	(960)	0
Loan to jointly-controlled entity	0	(217)	0	(217)
Proceeds from disposal of property, plant and equipment	0	5	0	5
Purchase of intangible assets	(32)	(78)	(32)	(95)
Purchase of property, plant and equipment	(157)	(200)	(444)	(761)
Net cash outflow from investing activities	(309)	(490)	(1,436)	(1,068)
Cash Flows From Financing Activities				
Balances with related corporations (non-trade)	(108)	(67)	(242)	1,686
Dividends paid	(11,151)	0	(11,151)	0
Proceeds from issue of shares under Pre-IPO Share Option Scheme	546	197	658	197
Net cash inflow/(outflow) from financing	(10,713)	130	(10,735)	1,883
Net Increase In Cash And Cash Equivalents	(16,740)	15,532	(15,029)	15,153
Cash And Cash Equivalents At beginning of Period	46,472	28,915	44,626	29,300
Effect of exchange rate differences on balances held in foreign currency	(104)	(21)	31	(27)
Cash And Cash Equivalents At End of Period	29,628	44,426	29,628	44,426



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Cash flows from operating activities

Compared to 2005, net cash flow from operating activities decreased mainly due to negative changes in working capital offset by operating profits.

The negative changes in working capital were mainly attributable to increase in payment to suppliers to enjoy early payment discount.

Cash flows from investing activities

The lower cash outflow in 2Q06 compared to 2Q05 and higher cash outflow in 1H06 compared to 1H05 is mainly contributed by the acquisition of additional equity interest in subsidiary and loan to jointly controlled entity .

Acquisition of additional equity interest includes TeleChoice Indonesia Pte Ltd in 2Q06 and Planet Telecoms (S) Pte. Ltd. in 1Q06.

Cash flow from financing activities

The cash outflow of \$10.7 M in 2Q06 and 1H06 was mainly from dividend payment of \$11.2 M.



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1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 2ND QUARTER ENDED 30 JUNE 2005 & 30 JUNE 2006

In S\$'000 Group	Share capital	Accumulated profits	Other Reserves	Minority interest	Total equity
At 1 April 2005	8,840	14,294	26,388	292	49,814
Translation differences relating to financial statements of foreign subsidiaries	0	0	54	0	54
Net profit recognised directly in equity	0	0	54	0	54
Profit for the period	0	3,518	0	(36)	3,482
Total recognised income and expense for the period	0	3,518	54	(36)	3,536
Value of employee services received for issue of share option	0	0	185	0	185
Issues of 950,000 ordinary shares of \$0.02 each at premium of \$0.1879 per share under Share Option scheme	19	0	178	0	197
At 30 June 2005	8,859	17,812	26,805	256	53,732
At 1 April 2006	19,541	23,376	16,377	159	59,453
Translation differences relating to financial statements of foreign subsidiaries	0	0	(109)	0	(109)
Net losses recognised directly in equity	0	0	(109)	0	(109)
Profit for the period	0	4,097	0	(115)	3,982
Total recognised income and expense for the period	0	4,097	(109)	(115)	3,873
Acquisition of additional interest in subsidiary	0	0	0	(5)	(5)
Issues of 2,626,500 ordinary shares under share option scheme at \$0.2079 per share	546	0	0	0	546
Value of employee services received for issue of share option	0	0	39	0	39
FY2005 final dividend of 0.5 cents per ordinary share (one tier tax exempt)	0	(2,230)	0	0	(2,230)
FY2005 special dividend of 2.0 cents per ordinary share (one tier tax exempt)	0	(8,921)	0	0	(8,921)
At 30 June 2006	20,087	16,322	16,307	39	52,755



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1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 30 JUNE 2005 & 30 JUNE 2006

In S\$'000	Share capital	Accumulated profits	Other reserves	Minority Interest	Total equity
Group					
At 31 December 2004, as previously reported	8,840	10,862	25,380	317	45,399
Effects of adopting FRS 102	0	(877)	877	0	0
At 31 December 2004, restated	8,840	9,985	26,257	317	45,399
Effects of adopting FRS 103	0	97	0	0	97
At 1 January 2005, restated	8,840	10,082	26,257	317	45,496
Translation differences relating to financial statements of foreign subsidiaries	0	0	21	(2)	19
Net profit recognised directly in equity	0	0	21	(2)	19
Profit for the period	0	7,730	0	(59)	7,671
Total recognised income and expense for the period	0	7,730	21	(61)	7,690
Issues of 950,000 ordinary shares of \$0.02 each at premium of \$0.1879 per share under Employee Share Option scheme	19	0	178	0	197
Value of employee services received for issue of share option	0	0	349	0	349
As at 30 June 2005	8,859	17,812	26,805	256	53,732
At 1 January 2006	8,906	19,360	26,589	494	55,349
Translation differences relating to financial statements of foreign subsidiaries	0	0	163	0	163
Net income recognised directly in equity	0	0	163	0	163
Profit for the period	0	8,113	0	(278)	7,835
Total recognised income and expense for the period	0	8,113	163	(278)	7,998
Acquisition of additional interest in subsidiary	0	0	0	(177)	(177)
Issues of 3,163,500 ordinary shares under share option scheme at \$0.2079	658	0	0	0	658
Value of employee services received for issue of share option	0	0	78	0	78
Transfer share premium to share capital (see Note 1 below)	10,523	0	(10,523)	0	0
FY2005 final dividend of 0.5 cents per ordinary share (one tier tax exempt)	0	(2,230)	0	0	(2,230)
FY2005 special dividend of 2.0 cents per ordinary share (one tier tax exempt)	0	(8,921)	0	0	(8,921)
At 30 June 2006	20,087	16,322	16,307	39	52,755

Note 1: Pursuant to the Companies (Amendment) Act wef 30 Jan 2006, the concept of authorized share capital was abolished, ordinary shares of the Company have no par value and amounts outstanding to the credit of the Company's share premium account became part of the Company's share capital



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1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 2ND QUARTER AND 6 MONTHS ENDED 30 JUNE 2005 & 30 JUNE 2006

In S\$'000 Company	Share capital	Accumulated profits	Other reserves	Total equity
At 1 April 2005	8,840	14,013	23,548	46,401
Profit for the period	0	5,797	0	5,797
Total recognised income for the period	0	5,797	0	5,797
Issues of 950,000 ordinary shares of \$0.02 each at premium of \$0.1879 per share under Employee Share Option scheme	19	0	178	197
Value of employee services received for issue of share option	0	0	71	71
As at 30 June 2005	8,859	19,810	23,797	52,466
At 1 April 2006	19,541	24,048	13,600	57,189
Profit for the period	0	2,751	0	2,751
Total recognised income for the period	0	2,751	0	2,751
Issues of 2,626,500 ordinary shares under share option scheme at \$0.2079 per share	546	0	0	546
Value of employee services received for issue of share option	0	0	18	18
FY2005 final dividend of 0.5 cents per ordinary share (one tier tax exempt)	0	(2,230)	0	(2,230)
FY2005 special dividend of 2.0 cents per ordinary share (one tier tax exempt)	0	(8,921)	0	(8,921)
At 30 June 2006	20,087	15,648	13,618	49,353
At 31 December 2004, as previously reported	8,840	11,698	23,205	43,743
Effects of adopting FRS 102	0	(272)	272	0
At 1 January 2005, restated	8,840	11,426	23,477	43,743
Profit for the period	0	8,384	0	8,384
Total recognised income for the period	0	8,384	0	8,384
Issues of 950,000 ordinary shares of \$0.02 each at premium of \$0.1879 per share under share Option scheme	19	0	178	197
Value of employee services received for issue of share option	0	0	142	142
As at 30 June 2005	8,859	19,810	23,797	52,466
At 1 January 2006	8,906	21,557	24,107	54,570
Profit for the period	0	5,242	0	5,242
Total recognised income for the period	0	5,242	0	5,242
Issues of 3,163,500 ordinary shares under share option scheme at \$0.2079	658	0	0	658
Transfer share premium to share capital (see Note 1 below)	10,523	0	(10,523)	0
Value of employee services received for issue of share option	0	0	34	34
FY2005 final dividend of 0.5 cents per ordinary share (one tier tax exempt)	0	(2,230)	0	(2,230)
FY2005 special dividend of 2.0 cents per ordinary share (one tier tax exempt)	0	(8,921)	0	(8,921)
At 30 June 2006	20,087	15,648	13,618	49,353

Note 1: Pursuant to the Companies (Amendment) Act wef 30 Jan 2006, the concept of authorized share capital was abolished, ordinary shares of the Company have no par value and amounts outstanding to the credit of the Company's share premium account became part of the Company's share capital

7. NET ASSET VALUE

	GROUP		
	30.6.06	30.6.05	31.12.05
Net assets value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	11.76	12.07	12.32

	COMPANY		
	30.6.06	30.6.05	31.12.05
Net assets value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	11.01	11.84	12.25

8. REVIEW OF GROUP PERFORMANCE

A) Revenue

i) 2Q06 vs 2Q05

S\$ M s	2Q06	2Q05	Growth	
			\$	%
Distribution Services	101.2	125.9	(24.7)	-20%
Telecommunications Services	8.3	7.1	1.2	17%
Network Engineering Services	9.4	7.0	2.4	34%
Total	118.9	140.0	(21.1)	-15%

- Distribution Services revenue for Singapore increase by \$5.7 M or 8% was mainly contributed by Planet Telecoms (S) Pte. Ltd. The increase was offset by the decrease in revenue from the scale-down of operations in Indonesia which resulted in an overall decrease in Distribution Services revenue.
- Telecommunications Services revenue increased by \$1.2 M or 17% mainly from the re-alignment of mobile data services revenue into Telecommunications Services from Jan 2006.
- Projects in Singapore and Indonesia contributed to a net increase in revenue for Network Engineering Services of \$4.2 M or 80%. This was offset by the re-alignment of mobile data services revenue into Telecommunications Services from Jan 2006.

ii) 1H06 vs 1H05

S\$ M s	1H06	1H05	Growth	
			\$	%
Distribution Services	194.5	238.8	(44.3)	-19%
Telecommunications Services	15.0	13.7	1.3	9%
Network Engineering Services	15.4	12.7	2.7	21%
Total	224.9	265.2	(40.3)	-15%

- Improvement in Singapore Distribution services revenue by \$13.8 M or 10% was mainly from Planet Telecoms (S) Pte. Ltd. This increase was offset by decrease in revenue from the scale-down of



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operations in Australia and Indonesia which resulted in an overall decrease in Distribution Services revenue.

- The increase in revenue from Telecommunications Services revenue was mainly from the re-alignment of mobile data services revenue into Telecommunications Services from Jan 2006.
- New projects from major telecommunication operators and vendors in Singapore and Indonesia contributed to a net increase in revenue for Network Engineering Services of \$6.4 M or 71%. This was offset by the re-alignment of mobile data services revenue into Telecommunications Services from Jan 2006.

B) PBT

i) 2Q06 vs 2Q05

S\$ M s	2Q06	2Q05	Growth	
			\$	%
Distribution Services	2.6	2.0	0.6	30%
Telecommunications Services	2.5	2.1	0.4	19%
Network Engineering Services	0.3	0.4	(0.1)	-25%
Total	5.4	4.5	0.9	20%

- PBT for Distribution Services increased by \$0.6 M or 30%. The improvements were from reduction of losses in Australia and Indonesia resulting from scale down of operations partially offset by consolidating Planet Telecoms (S) Pte. Ltd.'s losses.
- The \$0.4 M or 19% increase in PBT for Telecommunications Services was mainly from the re-alignment of mobile data services business into Telecommunications Services from Jan 2006.
- The net increase in PBT from engineering projects in Indonesia by \$0.4 M or 438% was offset by the re-alignment of mobile data services business into Telecommunications Services from Jan 2006.

ii) 1H06 vs 1H05

S\$ M s	1H06	1H05	Growth	
			\$	%
Distribution Services	5.2	4.6	0.6	13%
Telecommunications Services	4.6	3.4	1.2	35%
Network Engineering Services	0.6	1.7	(1.1)	-65%
Total	10.4	9.7	0.7	7%

- PBT for Distribution Services increased by \$0.6 or 13% M. The improvements were mainly from reduction of losses in Australia and Indonesia partially offset by consolidating Planet Telecoms (S) Pte. Ltd.'s losses.
- The \$1.2 M or 35% increase in PBT for Telecommunications Services was mainly from the re-alignment of mobile data services business into Telecommunications Services from Jan 2006.
- The net increase in PBT for Network Engineering Services by \$0.3M or 112% was offset by the re-alignment of mobile data services business into Telecommunications Services from Jan 2006.

9. VARIANCE FROM PROSPECT STATEMENT

No material variances from previous statement.

10. PROSPECTS

Barring unforeseen circumstances, the Group expects the business outlook to remain positive. Overall, the Group expects to maintain its operating performance for FY2006.



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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.

The Directors are pleased to declare an interim dividend for the period ending 30 June 2006 of 1.25 cents per share (one tier tax exempt) :-

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	1.25 cents per share
Tax Rate	one tier tax exempt

Barring unforeseen circumstances and subject to the Group's operating performance, the Company expects the total dividends declared for FY06 to be no less than 2.5 cents per share.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year. Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	2 cents per share (net of tax)
Par value of shares	2 cents per share
Tax Rate	20%

(c) Date payable

6 Sep 2006

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Registers of Members of the Company will be closed from 29 Aug to 30 Aug 2006, both dates inclusive. Duly completed transfers received by the Company's Registrar, M & C Services Private Limited, 138 Robinson Road #17-00 The Corporate Office Singapore 068906, up to 5 p.m. on 28 Aug 2006 will be registered to determine shareholders' entitlement to the interim dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Ltd ("CDP"), the dividends will be paid by the Company to CDP which will, in turn, distribute the dividend entitlement to the shareholders.

12. If no dividend has been declared/recommended, a statement to that effect.

N/A



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

S\$ M s	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX listing manual			
	2Q06	2Q05	1H06	1H05
<u>Transactions for the sales of goods and services</u>	42.0	39.3	85.7	73.3
Temasek Holdings (Private) Limited and its Associates	42.0	39.2	85.7	72.6
Singapore Telecommunications Limited and its Associates	0.0	0.1	0	0.7
<u>Transactions for the purchases of goods and services</u>	1.6	2.6	4.7	4.2
Temasek Holdings (Private) Limited and its Associates	0.9	1.7	3.2	2.3
Singapore Telecommunications Limited and its Associates	0.7	0.9	1.5	1.9
Total Interested Person Transactions	43.6	41.9	90.4	77.5

Note: All transactions are conducted under the shareholders' mandate pursuant to Rule 920.

BY ORDER OF THE BOARD

Clive Lim Chai Hock
President & Executive Director

Date: 7 August 2006