



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

TeleChoice registers earnings improvement for 3Q09 over previous quarter

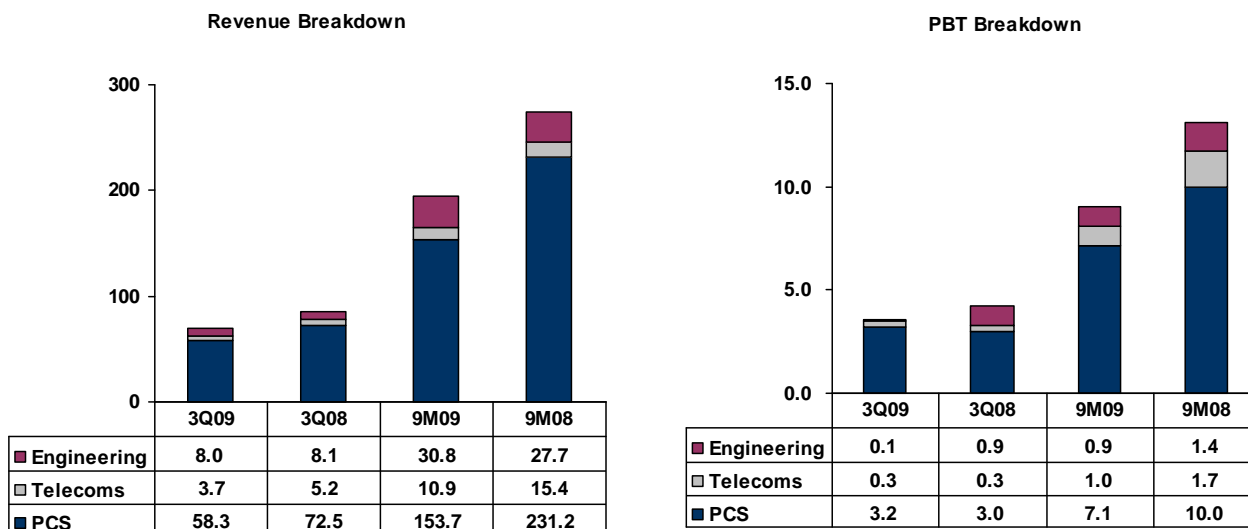
- Net profit increased by 28.7% vs 2Q09 - a second consecutive quarter of earnings improvement
- Gross profit and PBT margins higher than previous quarter
- Cash balance of S\$36.7 million with focus on maintaining strong capital position and balance sheet

SINGAPORE – Monday, 9 November 2009 – Main board-listed TeleChoice International Limited (“TeleChoice”), a regional provider of telecommunications solutions and services, today announced its financial results for the third quarter (“3Q09”) and nine months (“9M09”) ended 30 September 2009.

Group Financial Snapshot

In S\$'M	3Q09	2Q09	+/- %	3Q09	3Q08	+/- %	9M09	9M08	+/- %
Revenue	70.0	70.5	-0.7	70.0	85.8	-18.4	195.4	274.3	-28.8
Gross Profit (“GP”)	6.9	6.5	5.6	6.9	8.0	-13.8	19.0	26.7	-28.5
Gross margins	9.9%	9.3%	0.6ppt	9.9%	9.3%	0.6ppt	9.7%	9.7%	-
Profit before tax (“PBT”)	3.6	2.9	27.9	3.6	4.2	-13.3	9.0	13.1	-31.3
PBT margins	5.2%	4.1%	1.1ppt	5.2%	4.9%	0.3ppt	4.6%	4.8%	-0.2ppt
Net profit attributable after MI (“PATMI”)	3.2	2.5	28.7	3.2	3.4	-4.5	7.7	10.6	-27.4
Earnings per share (diluted) based on weighted average number of ordinary shares (in cents)	0.72	0.56	-	0.72	0.75	-	1.71	2.35	-
Cash balances	36.7	36.1	-	36.7	16.1	-	36.7	16.1	-
							As at 30.9.09	As at 31.12.08	
Total equity for the Group							65.8	65.9	-
Net asset value per share (in cents)							14.52	14.53	-

Group's Performance by Segments



Results Summary

Despite battling with the effects of a challenging global economic environment and intense competition in the telecommunications market, TeleChoice's conscientious costs control measures and focus on higher margin opportunities, combined with jobs credit received, saw net income improve by 28.7% against the previous quarter. This is the second consecutive quarter that the Group has registered earnings improvement. Gross profit and PBT also increased for this quarter against the previous quarter by 5.6% and 27.9% respectively. Consequently, gross margins and PBT margins improved by 0.6 and 1.1 percentage points respectively over 2Q09.

Although revenue and net income were lower when compared with 3Q08 and 9M08, the drop was significantly less than in previous quarters. Personal Communications Solutions ("PCS") Services reported lower revenue due to lower sales to a major customer in Singapore and a decline in demand due to the continued weak economy. The revenue drop was exacerbated by lower IDD usage amidst a competitive environment and decrease in contribution from Malaysian operations for the Telecommunications (Telecoms) Services business. The decrease in revenue was slightly mitigated by additional earnings generated from sales of StarHub's prepaid cards by PCS Services which commenced at the end of April 2009, as well as higher revenue from Network Engineering (Engineering) Services' projects in Singapore and Indonesia.

PBT of PCS Services for 3Q09 increased over 3Q08 on account of better margins and a one-time gain from the disposal of investment in an associate. Group PBT, however, decreased in 3Q09 and 9M09 compared to the same period last year because of lower revenue, offset by lower operating expenses. Nevertheless, gross margins increased to 9.9% in 3Q09 from 9.3% in 3Q08 and was maintained at 9.7% for 9M09 compared with the same period last year.

The Group's cash position strengthened considerably compared to 3Q08, from S\$16.1 million to S\$36.7 million.

Mr Andrew Loh, President, TeleChoice International Limited, said, "While the first 9 months of 2009 have been very challenging, we are encouraged that the actions we have taken to weather this difficult period have helped improve our profits and margins in 3Q09 as compared with 2Q09. However, as expected, our results are lower when compared to 3Q08 and 9M08, where the economic and market conditions were quite bullish then. Although Singapore is technically out of a recession, we have yet to see a significant pick-up in demand. There is also a noticeable trend of lower consumer spending in telecommunications and IT services among enterprises adding further downward pressure on prices. Furthermore, the regional telecom operators continue to tightly control their capex as evidenced by lower margin sales by Engineering Services."

Outlook

While the general economic sentiments appear to have improved in 3Q09, consumer spending remains subdued. Based on the current outlook and barring any unforeseen circumstances, the Group expects FY09 operating performance to be weaker than FY08.

Growth Strategies

Mr Loh added, "The longer term prospects for the Group remain positive. The expected improvement in the Singapore and regional economies, and the speed at which new generation of phones are rolled out will increase demand for these devices and will help drive our PCS Services business. We will continue to work closely with both operators and manufacturers to launch new and innovative marketing and promotional activities to drive sales, especially during the forthcoming typically high demand end-of-year season."

“Telecoms Services business is transforming itself into a next generation communications and application solutions provider for consumers and enterprises. We have expanded our voice and data services and have rolled out a complete suite of Unified Communications solutions to leverage on the growing demand for applications and hosted services delivered over the internet. In the very near future, we will announce the details of these very exciting services that will bring us into the cloud computing space”.

“The improving economic conditions will also likely lead to the telecom operators increasing the pace of their investments. Network Engineering Services will continue to actively pursue regional opportunities presented by necessary infrastructure and mobile network upgrades by the various regional telcos in emerging markets and by the demand for broadband, internet and other new services.”

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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.

About TeleChoice International Limited (Regn No. 199802072R)

TeleChoice International Limited (“TeleChoice”) is a regional diversified provider and enabler of innovative communications. Incorporated in Singapore on 28 April 1998 and listed on the Main-Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 25 June 2004, TeleChoice is a subsidiary of leading info-communications group, Singapore Technologies Telemedia Pte Ltd, which operates in the Asia Pacific, the Americas and Europe.

TeleChoice's three business divisions collectively offer a comprehensive suite of services and solutions for the telecommunications industry:

Personal Communications Solutions Services division provides distribution, fulfillment and supply chain management services relating to mobile handsets and accessories. It also manages retail distribution through its Planet Telecoms subsidiary.

Telecommunications Services division provides innovative and value-added voice and data services for consumers and enterprises under the “SunPage” brand, including iDD, Budget MobileCall, Super Saver Mobile Call, Budget Roaming, Budget CallHome, Internet Call, CallBack Services, iSMS, Conference Bridge, SMS Broadcast, PushMail Services, Paging Location Tracking and Mobile Data Network Services. Enterprise Communication solutions extend to design, implementation and maintenance of PBX, IP Telephony, Unified Communication and Call Centre solutions as well as secured Wireless Local or Wide Area Networks.

Network Engineering Services division offers planning, implementation, optimisation and enhancement of telecommunication networks as well as providing managed outsourcing services for regional telecommunication operators and supplying and distributing specialised telecommunication equipment.

Some of TeleChoice's major customers and principals include StarHub Ltd and PT Indosat Tbk; and Avaya, Aruba, Ericsson, L.G, Motorola, Nokia, Samsung and Sony Ericsson respectively.

For more information, please visit our website at www.telechoice.com.sg

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