



UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2004

1(a)(i) STATEMENT OF PROFIT AND LOSS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2004

In S\$'000s	2004 3Q	2003 3Q	+/- %	2004 9M	2003 9M	+/- %
Revenue	127,765	88,864	43.8%	385,092	225,239	71.0%
Cost of sales	(117,569)	(79,413)	48.0%	(354,469)	(198,863)	78.2%
Gross profit	10,196	9,451	7.9%	30,623	26,376	16.1%
<i>Gross Profit %</i>	8.0%	10.6%	-2.6%	8.0%	11.7%	-3.7%
Other operating income	155	152	2.0%	351	542	-35.2%
Selling and marketing expenses	(2,050)	(2,343)	-12.5%	(6,721)	(6,159)	9.1%
Administrative expenses	(2,654)	(2,254)	17.7%	(7,964)	(6,072)	31.2%
Other operating income/(expenses), net	(102)	82	-224.4%	(172)	197	-187.3%
Profit from operations	5,545	5,088	9.0%	16,117	14,884	8.3%
Finance costs	(48)	(24)	100.0%	(96)	(69)	39.1%
Profit from ordinary activities before tax	5,497	5,064	8.6%	16,021	14,815	8.1%
<i>As % of revenue</i>	4.3%	5.7%	-1.4%	4.2%	6.6%	-2.4%
Income tax expenses	(1,168)	(910)	28.4%	(3,309)	(2,498)	32.5%
Net profit for the year after tax	4,329	4,154	4.2%	12,712	12,317	3.2%
Minority interest	(95)	(1)	9400.0%	(220)	(174)	26.4%
Net profit for the year	4,234	4,153	2.0%	12,492	12,143	2.9%
<i>As % of revenue</i>	3.3%	4.7%	-1.4%	3.2%	5.4%	-2.2%
No of shares	442,000	395,752		415,022	395,752	
Earnings per share (in cents)						
Basic	0.96	1.05		3.01	3.07	



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

In S\$'000s	2004 3Q	2003 3Q	+/- %	2004 9M	2003 9M	+/- %
Staff costs	3,577	3,016	18.6%	10,228	8,295	23.3%
Contributions to defined contribution plans included in staff costs	272	255	6.6%	766	684	12.0%
Directors' remuneration included in staff costs	133	87	52.9%	520	316	64.6%
Depreciation of property, plant and	220	321	-31.5%	629	1,025	-38.6%
Impairment losses recognized on property, plant and equipment	(13)	11	-218.2%	160	21	661.9%
Amortisation of intangible assets	20	19	5.3%	54	46	17.4%
Provision made/(reversed) for warranty costs	91	48	89.6%	258	(5)	5260.0%
Rental expenses	316	284	11.3%	843	806	4.6%
Loss/(gain) on disposal of property, plant and equipment	0	0		(1)	(60)	98.3%
Exchange (gain)/loss	102	(82)	224.4%	289	(130)	322.3%
Number of employees	336	190	76.8%	336	190	76.8%
Other operating income comprises:						
Service income	45	94	-52.1%	153	308	-50.3%
Interest Income						
-banks	47	6	683.3%	83	19	336.8%
-related corporations	2	52	-96.2%	24	205	-88.3%
Others	61	0		91	10	810.0%
	<u>155</u>	<u>152</u>	2.0%	<u>351</u>	<u>542</u>	-35.2%



1(b)(i) BALANCE SHEETS

In S\$'000	GROUP		COMPANY	
	AS AT 30/9/2004	AS AT 31/12/2003	AS AT 30/9/2004	AS AT 31/12/2003
Non-current assets				
Investments in subsidiaries	0	0	21,795	21,240
Property, plant and equipment	1,366	1,371	189	252
Intangible assets	48	89	0	0
Deferred tax assets	76	549	0	0
	1,490	2,009	21,984	21,492
Current Assets				
Inventories	18,879	23,591	6,251	14,158
Work-in-progress	1,504	224	32	25
Trade receivables	16,304	10,946	2,716	2,270
Other receivables, deposits and prepayments	11,765	7,015	6,234	5,357
Amounts due from:-				
- related corporations	22,663	24,121	7,520	8,948
- subsidiaries	0	0	9,123	2,495
-holding companies	23	66	23	1
Cash at bank and in hand	39,125	16,453	10,669	4,272
Total Current Assets	110,263	82,416	42,568	37,526
Current Liabilities				
Trade payables	36,643	41,252	8,467	23,486
Other payables and accruals	20,485	9,554	6,993	2,564
Amounts due to:-				
- related corporations	430	50	403	11
- subsidiaries	0	0	288	284
-holding companies	248	1,905	248	947
-minority shareholder	0	735	0	735
Current tax payable	2,729	3,238	1,307	1,421
Deferred income	1,190	1,044	0	0
Total Current Liabilities	61,725	57,778	17,706	29,448
Net Current Assets	48,538	24,638	24,862	8,078
Less: Non current liabilities				
Minority interests	1,018	553	0	0
Total Net Assets	49,010	26,094	46,846	29,570
Share Capital	8,840	8,000	8,840	8,000
Share Premium	9,832	0	9,832	0
Reserves	30,338	18,094	28,174	21,570
Shareholders' Equity	49,010	26,094	46,846	29,570

Compared to 31 December 2003, the increase in net current assets was mainly due to profits from operations and net proceeds from initial public offering of \$10.7 million in June 2004. Receivables increased as a result of increased sales. Inventories were reduced with improved inventory turnover in 3Q2004.



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 THIRD QUARTER ENDED AND NINE MONTHS ENDED 30 SEPTEMBER 2004

In S\$'000	3Q 2004	3Q 2003	9M 2004	9M 2003
Cash Flow From Operating Activities				
Profit before taxation	5,497	5,064	16,021	14,815
Adjustments for:				
Depreciation and Amortisation	220	321	629	1,025
Impairment of PPE	(13)	11	160	21
(Gain)/Loss on disposal of property, plant and equipment	0	0	(1)	(60)
Amortisation	20	19	54	46
Interest income	(49)	(58)	(107)	(224)
Interest expense	48	24	96	69
Deferred Income	(28)	(118)	174	(453)
Operating profit before working capital changes	5,695	5,263	17,026	15,239
Changes in working capital:				
Inventories and work in progress	4,494	(1,131)	3,885	(4,061)
Trade receivables	(1,046)	234	(4,549)	(3,037)
Other receivables, deposits and prepayments	(7,661)	(1,098)	(4,741)	109
Balances with immediate holding company and related corporations	(1,435)	(2,162)	(3,900)	(2,662)
Payables and accruals	(6,341)	3,302	6,504	4,908
Cash generated from operations	(6,294)	4,408	14,225	10,496
Income tax paid / Deferred tax movement	(1,698)	(801)	(3,409)	(1,673)
Interest received	35	68	92	245
Net cash inflow/(outflow) from operating activities	(7,957)	3,675	10,908	9,068
Cash Flows From Investing Activities:				
Purchase of property, plant and equipment	(608)	(281)	(906)	(690)
Purchase of intangible assets	(12)	(45)	(25)	(118)
Net cash inflow from acquisition of subsidiary	0	0	(300)	252
Acq of additional interest in subsidiary	0	0	(340)	0
Proceeds from disposal of property, plant and equipment	0	0	18	60
Net cash outflow from investing activities	(620)	(326)	(1,553)	(496)



1(c) CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED AND NINE MONTHS ENDED 30 SEPTEMBER 2004 (cont'd)

In S\$'000	3Q 2004	3Q 2003	9M 2004	9M 2003
Cash Flows From Financing Activities:				
Balances with related corporations	(4,268)	8,253	3,184	12,523
Net proceeds with IPO shares issues	(8)	0	10,672	0
Return of capital to shareholder	0	(11,000)	0	(11,000)
Interest paid	(108)	(95)	(108)	(95)
Dividend paid	0	(750)	0	(8,890)
Net cash outflow from financing activities	(4,384)	(3,592)	13,748	(7,462)
Net Increase/(Decrease) In Cash And Cash Equivalents	(12,961)	(243)	23,103	1,110
Cash And Cash Equivalents At Beginning of Year	52,236	20,940	16,453	19,492
Effect of exchange rate differences on balance	(150)	18	(431)	113
Cash And Cash Equivalents At End of Year	39,125	20,715	39,125	20,715

Cash and Cash Equivalents as at 30 September 2004 was \$39.1 million.

Net Cash Flow from operating activities

Net cash outflow of \$7.9 million in 3Q2004 was mainly due to payment to suppliers. Other receivables also increased in 3Q2004 with additional billings towards month end. These were offset by profits from operations.

There was a net cash inflow of \$10.9 million for the 9 months ended 30 September 2004 ("9M2004"). This was mainly from operating profit of \$17.0 million offset by net cash outflow of \$2.8 million in working capital and income tax payment of \$3.4 million.

Net Cash Flow from investing activities

In 3Q2004 and 9M2004, there was a \$0.6 million and \$0.9 million payment respectively for purchase of property, plant and equipment.

For 9M2004, we invested \$0.5 million in PT Sakalaguna Semesta, a subsidiary in Indonesia and acquired the remaining interest in Nexwave Technologies Pte Ltd for \$0.3 million.

Net Cash Flow from financing activities

In 3Q2004, there was a placement of short term fixed deposit with a related corporation of \$4.4 million.

Comparing against the 9 months ended 30 September 2003 ("9M2003"), there were a reduction in short term fixed deposit placed with a related corporation as some of the fixed deposit were placed with other financial institutions. IPO proceeds of \$10.7 million were received in June 2004. There were also no dividends paid and no capital reduction to shareholders of the company.



1d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2004

The Group (in S\$'000)	Share capital	Share premium	Accumulated (losses)/ profits	Merger reserve	Goodwill written off	Exchange translation reserve	Total
At 1 July 2003, restated, brought forward	8,000	0	158	45,366	(2,105)	186	51,605
Translation differences relating to financial statements of foreign subsidiaries	0	0	0	0	0	18	18
Net profit for the year	0	0	4,153	0	0	0	4,153
Interim dividends declared of: - 15% less tax at 22%	0	0	(750)	0	0	0	(750)
As at 30 Sep 2003	8,000	0	3,561	45,366	(2,105)	204	55,026
At 1 July 2004	8,840	9,840	10,641	17,591	(2,105)	(61)	44,746
Translation differences relating to financial statements of foreign subsidiaries	0	0	0	0	0	38	38
IPO Expenses	0	(8)	0	0	0	0	(8)
Net profit for the year	0	0	4,234	0	0	0	4,234
As at 30 Sep 2004	8,840	9,832	14,875	17,591	(2,105)	(23)	49,010
The Company (in S\$'000)	Share capital	Share premium	Accumulated (losses)/ profits	Merger reserve	Goodwill written off	Exchange translation reserve	Total
At 1 July 2003	8,000	0	9,430	0	0	0	17,430
Net profit for the year	0	0	1,247	0	0	0	1,247
Interim dividends declared of of 15% less tax 22%	0	0	(750)	0	0	0	(750)
As at 30 Sep 2003	8,000	0	9,927	0	0	0	17,927
At 1 July 2004, restated, brought forward	8,840	9,840	13,861	13,300	0	0	45,841
IPO Expenses	0	(8)	0	0	0	0	(8)
Net profit for the year	0	0	1,013	0	0	0	1,013
As at 30 Sep 2004	8,840	9,832	14,874	13,300	0	0	46,846

1(d)(ii) CHANGES IN COMPANY'S SHARE CAPITAL
A) Movements in Issued and Paid up Capital

	No of shares	Issued and paid up Capital
<u>Ordinary Shares of \$0.02 per share</u>		\$'000
Balance as at 1 January 2004	400,000,000	8,000
Balance as at 31 March 2004	400,000,000	8,000
Issue of new shares	42,000,000	840
Balance as at 30 June 2004	442,000,000	8,840
Issue of new shares	0	0
Balance as at 30 September 2004	442,000,000	8,840

B) Employee Share Options

As at 30 September 2004, there were unexercised options for 19,800,000 (30 September 2003: 0) of unissued ordinary shares of \$0.2079 each under TeleChoice Pre-IPO Employee Share Option Scheme.

2. AUDIT

The figures have not been audited or 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 financial statements for the current reporting period compared with the audited financial statements as at 31 December 2003.

5. CHANGES IN ACCOUNTING POLICIES

Not applicable.

6. EARNINGS PER ORDINARY SHARE (EPS)

Group	3Q04	3Q03	9M04	9M03	FY03
EPS for third quarter based on net profits attributable to shareholders:					
Base on weighted average number of ordinary shares on issue (in cents)	0.96	1.05	3.01	3.07	3.59

7. NET ASSET VALUE

	GROUP		COMPANY	
	30.9.04	31.12.03	30.9.04	31.12.03
Net assets value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	11.09	6.52	10.60	7.39



8. REVIEW OF GROUP PERFORMANCE

A) Revenue

<u>i) 3Q04 vs 3Q03</u>	3Q2004	3Q2003	Growth	
			\$	%
S\$ millions				
Distribution Services	111.2	78.6	32.6	42%
Telecommunication Services	7.8	7.5	0.3	4%
Mobile Network and Engineering Services	8.8	2.8	6.0	214%
Total	127.8	88.9	38.9	44%

- The Group's revenue of \$127.8 million for 3Q2004 was 44% or \$38.9 million higher than 3Q2003. All segments posted improvements in revenue.
- The increase in revenue was mainly due to the Distribution Services segment, which posted revenue growth of 42% or \$32.6 million. The increase was mainly due to the new SIM card distribution business and an additional mobile handset distributorship obtained for our Indonesia operations.
- The revenue growth of 4% or \$0.3 million from the Telecommunication Services segment was due to higher iDD usage.
- New projects undertaken from SingTel Mobile Pte Ltd and StarHub Ltd contributed to the increase in revenue for the Mobile Network and Engineering Services segment by 214% or \$6.0 million

<u>ii) 9M04 vs 9M03</u>	9M2004	9M2003	Growth	
			\$	%
S\$ millions				
Distribution Services	343.2	195.1	148.1	76%
Telecommunication Services	23.0	21.4	1.6	8%
Mobile Network and Engineering Services	18.9	8.7	10.2	117%
Total	385.1	225.2	159.9	71%

- The Group's revenue of \$385.1 million for 9M2004 was 71% or \$159.9 million higher than 9M2003. All segments recorded improvements in revenue.
- Distribution Services segment revenue increased by \$148.1 million or 76%. Growth in revenue was experienced by Singapore and all overseas operations. Indonesia and Singapore operations contributed mainly to the increase.
- Telecommunication Services segment revenue growth of 8% or \$1.6 million was due to increase in iDD minutes.
- New projects undertaken from SingTel Mobile Pte Ltd and StarHub Ltd increased revenues for the Mobile Network and Engineering Services segment by 117% or \$10.2 million.

B) PBT

<u>i) 3Q04 vs 3Q03</u>	3Q2004	3Q2003	Growth	
			\$	%
S\$ millions				
Distribution Services	2.0	2.2	(0.2)	-11%
Telecommunication Services	1.9	1.5	0.4	27%
Mobile Network and Engineering Services	1.6	1.4	0.2	21%
Total	5.5	5.1	0.4	9%



B) PBT (cont'd)

i) 3Q04 vs 3Q03 (cont'd)

- The Group's PBT of \$5.5 million for 3Q2004 was 9% or \$0.4 million higher than 3Q03.
- 3Q2004 PBT for Distribution Services segment declined 11% or \$0.2 million. While there was a slight improvement in the profit margin, the reduction in PBT was mainly due to increase in administrative expenses and unrealized exchange losses from the expansion of the overseas subsidiaries.
- The 27% or \$0.4 million PBT growth from Telecommunication Services segment was mainly due to reduction in selling and marketing expenses.
- The additional profit margin from the new projects undertaken from SingTel Mobile Pte Ltd and StarHub Ltd increased PBT for the Mobile Network and Engineering Services segment by 21% or \$0.2 million

ii) 9M04 vs 9M03

	9M2004	9M2003	Growth	
			\$	%
S\$ million				
Distribution Services	7.9	5.1	2.8	53%
Telecommunication Services	4.3	4.1	0.2	6%
Mobile Network and Engineering Services	3.8	5.6	(1.8)	-33%
Total	16.0	14.8	1.2	8%

- The Group's PBT of \$16.0 million for 9M2004 was 8%, or \$1.2 million higher than 9M2003.
- Distribution Services segment generated a PBT of \$7.9 million, 53% or \$2.8 million higher than 9M2003. This was mainly due to the higher revenue in 9M2004, offset by the higher operating expense from overseas operations.
- The 6% or \$0.2 million improvement in PBT from Telecommunication Services segment was mainly due to revenue growth from its IDD services.
- The 33% or \$1.8 million decrease in PBT from the Mobile Network and Engineering Services segment was mainly due to the lower usage of its mobile network services, partially offset by the projects from SingTel Mobile Pte Ltd and StarHub Ltd.

9. VARIANCE FROM PROSPECT STATEMENT

No material variances from the previous statement.



10. PROSPECTS

Based on the current outlook and assuming that there are no material adverse changes in economic conditions or any unforeseen circumstances, the Group expects its full-year 2004 results to be better than its full-year 2003 results.

Distribution Services. The Group expects healthy growth and improved operating performance in its Distribution Services business.

Telecommunications Services. The Group expects to improve its operating performance in the Telecommunications Services segment.

Mobile Network and Engineering Services. The Group expects continued growth, attributable to new engineering services contracts in Singapore and Indonesia.

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? Yes

The Directors are pleased to announce a proposed interim gross dividend for the year ending 31 December 2004 of 2.5 cents per share less Singapore income tax of 20%, or 2 cents per share net of Singapore income tax of 20%:-

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

The Directors expect to declare and pay annual dividends of up to 25-30% of the annual net profit after tax for the foreseeable future. However, the declaration and payment of any dividends, and the timing and amount of any dividends, is subject to the discretion of the Directors. Any future determination by the Directors to pay dividends will be based upon the Group's earnings, cash flow, financial condition and capital requirements and other conditions the Directors deem relevant.

(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	Interim
Dividend Type	Cash	Cash
Dividend Amount per share (in cents)	15 cents per ordinary share (net of tax)	5 cents per ordinary share (one-tier tax)
Par value of shares	\$1.00	\$1.00
Tax rate	22%	Tax exempt



(c) Date payable

6 December 2004

(d) Books closure date

Notice is hereby given that the Transfer Books and the Register of Members of the Company will be closed on 18 November 2004 for the preparation of dividend warrants. Duly completed and stamped transfers received by the Share Registrars, M & C Services Private Limited, at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 up to 5 pm on 17 November 2004 will be registered to determine shareholders' entitlements to the interim dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 pm on 17 November 2004 will be entitled to the interim dividend.

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

Not applicable

BY ORDER OF THE BOARD

Clive Lim Chai Hock
President & Executive Director

1 November 2004

Press Contact:

Kristin Lee (Marketing & Corporate Communications)

Tel: 65-68494029 Fax: 65-64668820

Email: kristin.lee@telechoice.com.sg