



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

Tuesday, 14 August 2012

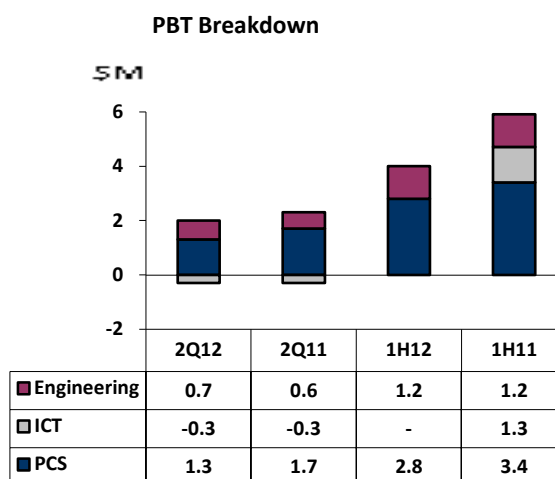
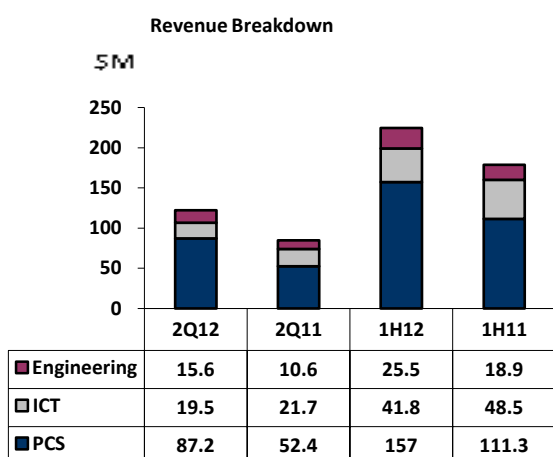
TeleChoice's 1H12 revenue increased by 25.6% to S\$224.3 million

- Personal Communications Solutions ("PCS") Services and Network Engineering ("Engineering") Services continue to drive revenue growth
- 1H12 PBT decreased by 32.6% to S\$4.0 million
- Strong cash position of S\$36.1 million maintained

RESULTS HIGHLIGHTS

S\$'M	2Q12	2Q11	+/-	1H12	1H11	+/-
Revenue	122.3	84.7	44.4%	224.3	178.7	25.6%
Gross Profit	9.3	8.2	13.9%	19.4	19.3	0.5%
Gross Margin	7.6%	9.7%	-2.1ppt	8.7%	10.8%	-2.1ppt
Profit Before Tax	1.7	2.0	-17.4%	4.0	5.9	-32.6%
Profit After Tax	1.3	1.7	-21.6%	3.0	4.7	-35.1%
Earnings Per Share (cents)	0.29	0.37	-	0.67	1.03	-

- PCS and Engineering Services divisions' revenue increased over 2Q12 and 1H12
- Info-Comm Technology ("ICT") Services division registered lower revenue due to lower large scale projects by S & I Systems Ptd Ltd ("S&I") and lower IDD usage
- Despite the higher revenue, lower gross margins resulted in lower overall profits



PRESIDENT'S COMMENTARY

2Q12 and 1H12 revenue improved strongly by 44.4% and 25.6% respectively. 2Q12 revenue rose to S\$122.3 million (2Q11: S\$84.7 million) and 1H12 revenue to S\$224.3 million (1H11: S\$178.7 million). The improved performance was driven by stronger sales by PCS and Engineering Services divisions offset by a drop in revenue from ICT Services division. PCS Services' revenue increased by a healthy 66% for 2Q12 and 41% for 1H12, riding on higher sales to a major customer in Singapore and higher regional sales. Local channel and retail sales were lackluster as were prepaid card sales. Engineering Services continued to experience strong demand for its Radio Network Planning and power supply services as well as increased products sales in Indonesia. There was also higher transmission equipment revenue in Singapore. These were offset by lower in-building coverage revenue in Malaysia. The decrease in revenue from ICT Services division was attributed to fewer large scale projects from S&I. There was also 8 months' revenue from S&I recognised in 1H11. Higher enterprise solutions services revenue and the consolidation of newly-acquired NxGen Communications helped to mitigate the drop in ICT revenue.

Profit before tax, however, was lower for the second quarter and first half under review by 17.4% (2Q12: S\$1.7 million; 2Q11: S\$2.0 million) and 32.6% (1H12: S\$4.0 million; 1H11: S\$5.9 million), respectively. The reduction in contractual rate by a major PCS customer in Singapore and lower retainer fees for services provided in Malaysia contributed to the drop in PBT from PCS Services. PBT from ICT Services was lower due to lower revenue from S&I, while that from Engineering Services remained flat. The resultant profit after tax for the Group, therefore, declined by 21.6% for 2Q12 to S\$1.3 million (2Q11: S\$1.7 million) and by 35.1% for 1H12 to S\$3.0 million (1H11: S\$4.7 million).

Mr Andrew Loh, President of TeleChoice International Limited said, "The market conditions have been challenging and reflects the general wider economic uncertainty. Nevertheless, we are on the right track with our long term business strategy. The integration of our recently acquired assets within the ICT Services division and the transformation of that division to cater to the market demands for enterprise solutions and cloud computing services are progressing well as is the roll-out of new mobility products and services. The anticipated release of the new iPhone, the continued strong sales of Android OS handset devices, especially those by Samsung, and the ongoing regional network upgrading works should provide exciting growth opportunities for our PCS and Engineering Services divisions in 2H12.

"TeleChoice is steadily evolving across all our business divisions to provide a comprehensive and complementary range of info-communication and cloud computing applications, products and services, and network infrastructure solutions. This is in step with changes in the telecommunications and information technology space as technology converges and newer communication devices and faster broadband speeds transform the business, social networking and communications landscape. While market conditions are expected to remain challenging for the immediate term, the company remains well positioned to weather these uncertainties and the steps we are taking will ensure that we remain strong and competitive."

OUTLOOK

Based on the current outlook and barring any unforeseen circumstances, while the Group expects 2H2012 operating performance to be better than 1H2012, overall FY2012 operating performance can be expected to be lower than last year's level due to the weaker 1H2012 operating performance.

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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.

Contact:

Media/ Investor Relations

Lim Siew Yin, 29 Communications, Tel: +65 9858 4673, Fax: +65 6728 6029 siewyin@29communications.com.sg

Angelina Pereira, 29 Communications, Tel: +65 9191 4756, Fax: +65 6728 6029 angiep@29communications.com.sg