



TELECHOICE INTERNATIONAL LIMITED  
(REG. NO. 199802072R)

**TeleChoice registered PBT improvement of 32.7% for 3Q2012 but was lower by 17.6% for 9M2012 although revenue increased significantly.**

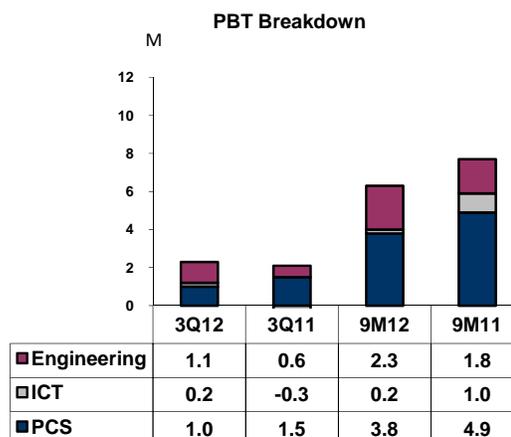
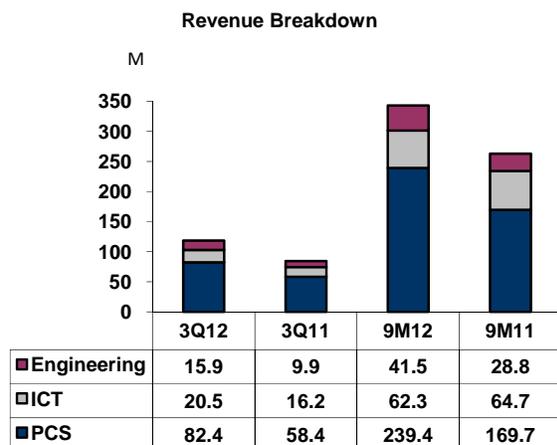
- Personal Communications Solutions and Network Engineering Services enjoyed strong revenue growth of 41% and 44% respectively over the nine-month period
- ICT Services challenged by softening demand in financial services sector
- Cash balance remained at a healthy S\$44.6 million

**SINGAPORE – Wednesday, 14 November 2012** – Mainboard-listed TeleChoice International Limited (“TeleChoice”), a regional provider of telecommunications solutions and services, today announced its financial results for the third quarter (“3Q2012”) and nine months (“9M2012”) ended 30 September 2012.

**Group Financial Snapshot**

In S\$'M	3Q12	3Q11	+/- %	9M12	9M11	+/- %
Revenue	118.8	84.5	40.6	343.2	263.2	30.4
Gross Profit (“GP”)	10.2	8.3	22.2	29.6	27.7	7.1
Gross margin	8.6%	9.9%	-1.3ppt	8.6%	10.5%	-1.9ppt
Profit before tax (“PBT”)	2.3	1.8	32.7	6.3	7.7	-17.6
PBT margin	2.0%	2.1%	-0.1ppt	1.8%	2.9%	-1.1ppt
Profit attributable to equity holders	1.8	1.3	37.5	4.8	6.0	-19.3
Earnings per share (diluted) based on weighted average number of ordinary shares (in cents)	0.40	0.29	-	1.07	1.32	-
Cash balances	44.6	42.4	-	44.6	42.4	-
				As at 30.09.12	As at 31.12.11	
Total equity for the Group				69.7	73.7	
Net asset value per share (in cents)				15.06	15.93	

**Group’s Performance by Segments (in S\$’M)**



## **RESULTS SUMMARY**

TeleChoice registered revenue increases of 40.6% for 3Q2012 and 30.4% for 9M2012. 3Q2012 revenue increased to S\$118.8 million from S\$84.5 million in 3Q2011 while 9M2012 revenue rose to S\$343.2 million from S\$263.2 million in 9M2011. The increased revenue over the three-month period was attributed to improved revenue across the Group's three business divisions, Personal Communications Solutions ("PCS") Services, Info-Comm Technology ("ICT") Services and Network Engineering ("Engineering") Services. Over the nine-month period, while PCS Services and Engineering Services registered improved revenues, ICT Services experienced a revenue decline due to fewer large projects delivered by its subsidiary, S&I Systems Pte Ltd ("S&I"), and lower iDD usage attributable to the intense competitive environment. This was offset by consolidated revenue from its subsidiary, NxGen Communications Pte Ltd ("NxGen"), and higher revenue from enterprise solutions services.

The Group's higher revenue led to a 22.2% improvement in gross profit to S\$10.2 million in 3Q2012 (3Q2011: S\$8.3 million), and 7.1% to S\$29.6 million in 9M2012 (9M2011: S\$27.7 million). The Group's gross margins in 3Q2012 and 9M2012 were 8.6%, 1.3 percentage point and 1.9 percentage point lower than the gross margins attained in 3Q2011 and 9M2011 respectively. The lower gross margins were mainly due to lower margins from PCS services due to rates reduction under the new contract with a major customer in Singapore.

Group PBT increased by 32.7% to S\$2.3 million in 3Q2012 but fell by 17.6% to S\$6.3 million in 9M2012, as compared to the corresponding periods last year. The lower PBT in 9M2012 was due largely to rates reduction under a new contract with a major customer in the case of PCS Services while lower revenue and lower margins impacted PBT from ICT Services. These were mitigated by PBT contribution from NxGen and Engineering services. Consequently, while net income for 3Q2012 improved by 37.5% to S\$1.8 million from S\$1.3 million in 3Q2011, it fell by 19.3% to S\$4.8 million in 9M2012 from S\$6.0 million in 9M2011.

The Group's cash balance was maintained at a healthy S\$44.6 million from positive cash generated from operating activities.

Mr Andrew Loh, President, TeleChoice International Limited, said, "While PCS Services enjoyed strong revenue growth from handset sales, the reduced margins from the fulfilment services impacted profits in 3Q2012. ICT Services division was most acutely affected by the uncertain economic environment as spending by companies particularly in the financial services sector contracted significantly. This greatly affected S&I's project sales as the financial services institutions ("FSIs") postponed their investments. On the other hand, the positive performance from its enterprise solutions sales was encouraging as it picked up a number of major orders. Engineering Services put in a solid performance during the period under review, having established itself strongly for Radio Network Planning and Optimisation projects in Indonesia, transmission equipment sales in Singapore as well as improvement in power system projects and products sales.

While the economic data suggests that market conditions are anticipated to become even more difficult in the coming months, there are bright spots on the horizon. The demand for new devices, such as smartphones and tablets, the continued convergence of telephony and data communications, the restructuring of network architecture platforms to leverage on technological advances and ongoing regional network upgrading works present longer term, sustainable growth opportunities for the Group. Our strategy of transforming our businesses to an integrated info-communications technology, cloud computing and network engineering solutions provider will continue in line with market trends. The current uncertainties in the financial services segment will be a challenge for the Group. It is unclear how long the FSIs will delay their investments and we will have to adjust our operations accordingly. Concurrently, we will strive to ensure that all our divisions are aligned with new technologies and products to be relevant to evolving business needs and current lifestyle trends.

## **OUTLOOK AND STRATEGY**

Based on the current outlook and barring any unforeseen circumstances, while the Group expects 4Q2012 operating performance to be better than the previous three quarters, overall FY2012 operating performance is expected to be lower than last year's level due to the weaker 1H2012 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.*

### **About TeleChoice International Limited (Regn No. 199802072R)**

TeleChoice International Limited ("TeleChoice") is a regional provider of information and communications technology solutions and services. Incorporated in Singapore on 28 April 1998 and listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 25 June 2004, TeleChoice is a subsidiary of leading infocommunications 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 ("PCS") Services** division provides fulfilment, distribution and supply chain management services relating to mobile communication devices and accessories. Its spectrum of services include forecasting, purchasing, financing, logistics, warehousing, inventory support, roadshow management, retail customer premises equipment ("CPE") stocks management, and after sales service. It owns a retail chain through its Planet Telecoms subsidiary which operates a network of strategically located stores island wide. Planet Telecoms also manages concept stores for major mobile handset manufacturers and is the only StarHub Exclusive Partner to manage two StarHub Platinum shops. PCS is also a major distributor of StarHub prepaid cards.

**Info-Comm Technology ("ICT") Services** division is a leading regional integrated ICT solutions provider. Its extensive offering includes enterprise IT infrastructure, business solutions and integration services, broadband network, fixed and wireless networking solutions, managed and hosted services, telephony and unified communications solutions and cloud computing applications and services. It also provides consultancy, managed operations and utility computing services. Under its SunPage brand, ICT Services also offers IDD, Global Conferencing, SMS broadcast and mobility solutions and services for the consumer and enterprise markets.

**Network Engineering Services** division is a regional provider of network engineering services and supplier of specialised telecommunication products. It designs, builds and manages telecommunication networks and provides a comprehensive

suite of specialised products and cost effective solutions to address the network infrastructure needs of fixed and mobile operators in Asia-Pacific. Its services encompass radio network planning and optimisation, transmission network planning, network implementation, maintenance and project management. It also carries an extensive range of innovative and cost effective products for telecommunication access and coverage needs, as well as for power supply and backup requirements.

Some of TeleChoice's major principals and customers include StarHub Ltd, PT Indosat Tbk, IBM, Oracle, HP, SUN, SAP, Avaya, Aruba, Ericsson, L.G, Motorola, Nokia, Samsung, Sony Ericsson, Huawei and NSN.

For more information, please visit our website at [www.telechoice.com.sg](http://www.telechoice.com.sg)

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