



**TELECHOICE INTERNATIONAL LIMITED**  
(REG. NO. 199802072R)

**PART I - UNAUDITED RESULTS FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2005**

**1(a)(i) STATEMENT OF PROFIT AND LOSS FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2005**

<b>In S\$'000s</b>	<b>2005 1Q</b>	<b>2004 1Q</b>	<b>+/- %</b>
<b>Revenue</b>	<b>125,264</b>	<b>120,533</b>	<b>3.9%</b>
Cost of sales	(115,186)	(110,049)	4.7%
<b>Gross profit</b>	<b>10,078</b>	<b>10,484</b>	<b>-3.9%</b>
<i>Gross Margin %</i>	<i>8.0%</i>	<i>8.7%</i>	<i>-0.7%</i>
Other operating income	114	88	29.5%
Selling and marketing expenses	(2,021)	(2,178)	-7.2%
Administrative expenses	(3,188)	(2,841)	12.2%
Other operating income/ (expenses), net	144	(32)	550.0%
<b>Profit from operations</b>	<b>5,127</b>	<b>5,521</b>	<b>-7.1%</b>
Finance costs	0	(24)	-100.0%
Share of profit of jointly-controlled entity	98	0	100%
<b>Profit from ordinary activities before taxation</b>	<b>5,225</b>	<b>5,497</b>	<b>-4.9%</b>
<i>% of revenue</i>	<i>4.2%</i>	<i>4.6%</i>	<i>-0.4%</i>
Income tax expenses	(1,036)	(1,174)	-11.8%
<b>Net profit for the year</b>	<b>4,189</b>	<b>4,323</b>	<b>-3.1%</b>
<i>% of revenue</i>	<i>3.3%</i>	<i>3.6%</i>	<i>-0.3%</i>
Attributable to:			
<b>Shareholders of the Company</b>	<b>4,212</b>	<b>4,306</b>	<b>-2.2%</b>
<i>% of revenue</i>	<i>3.4%</i>	<i>3.6%</i>	<i>-0.2%</i>
Minority interests	(23)	17	-235.3%
	<b>4,189</b>	<b>4,323</b>	<b>-3.1%</b>

No of shares 442,000 400,000

**Earnings per share (in cents)**

<b>Basic</b>	<b>0.95</b>	<b>1.08</b>
<b>Diluted</b>	<b>0.95</b>	<b>1.08</b>

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

<b>In S\$'000s</b>	<b>2005 1Q</b>	<b>2004 1Q</b>	<b>+/- %</b>
Staff costs	3,884	3,378	15.0%
Contributions to defined contribution plans included in staff costs	298	258	15.5%
Directors' remuneration included in staff costs	219	86	154.7%
Depreciation of property, plant and equipment	281	209	34.4%
Amortisation of intangible assets	32	16	100.0%
Provision made/reversed for warranty costs	87	179	-51.4%
Rental expenses	245	265	-7.5%
Loss/(gain) on disposal of property, plant and equipment	0	(1)	-100.0%
Exchange loss/ (gain)	(144)	(32)	350.0%
<b>Other operating income comprises:</b>			
Service income	37	49	-24.5%
Interest income			
-banks	77	12	541.7%
-related corporations	0	22	-100.0%
Others	0	5	-100.0%
	<b>114</b>	<b>88</b>	<b>29.5%</b>

**1(b)(i) BALANCE SHEET**

In S\$'000s	GROUP		COMPANY	
	AS AT 31/3/2005	AS AT 31/12/2004	AS AT 31/3/2005	AS AT 31/12/2004
<b><u>Non-current assets</u></b>				
Investments in subsidiaries	0	0	21,360	20,460
Investment in jointly-controlled entities	1,199	1,038	0	0
Property, plant and equipment	1,957	1,959	283	264
Intangible assets	135	145	0	0
Deferred tax assets	344	263	186	191
	<b>3,635</b>	<b>3,405</b>	<b>21,829</b>	<b>20,915</b>
<b><u>Current assets</u></b>				
Inventories	22,522	24,492	9,654	12,113
Work-in-progress	4,220	1,759	0	0
Trade receivables	14,471	20,526	3,500	4,479
Other receivables, deposits and prepayments	7,985	13,926	2,981	7,129
Amounts due from:-				
- related corporations	18,976	20,215	13,694	13,159
- subsidiaries	0	0	8,297	7,703
- holding companies	134	69	5	12
- related corporation of minority shareholder of subsidiary (trade)	17,450	9,951	0	0
Cash and cash equivalents	28,915	29,300	3,735	5,687
<b>Total Current Assets</b>	<b>114,673</b>	<b>120,238</b>	<b>41,866</b>	<b>50,282</b>
<b><u>Current liabilities</u></b>				
Trade payables	47,178	57,723	8,772	20,021
Other payables and accruals	14,671	14,298	5,595	4,837
Amounts due to:-				
- related corporations	201	611	107	143
- subsidiaries	0	0	0	31
- holding companies	265	538	265	538
Current tax payable	4,631	3,566	2,555	1,884
Deferred income	1,438	1,390	0	0
<b>Total current liabilities</b>	<b>68,384</b>	<b>78,126</b>	<b>17,294</b>	<b>27,454</b>
<b>Net Current Assets</b>	<b>46,289</b>	<b>42,112</b>	<b>24,572</b>	<b>22,828</b>
<b>Less: Non current liabilities</b>				
Deferred tax liabilities	110	118	0	0
<b>Total Net Assets</b>	<b>49,814</b>	<b>45,399</b>	<b>46,401</b>	<b>43,743</b>

**1(b)(i) BALANCE SHEET**

In S\$'000s	GROUP		COMPANY	
	AS AT 31/3/2005	AS AT 31/12/2004	AS AT 31/3/2005	AS AT 31/12/2004
Share Capital	8,840	8,840	8,840	8,840
Reserves	40,682	36,242	37,561	34,903
	49,522	45,082	46,401	43,743
Minority Interests	292	317	0	0
<b>Shareholders' Equity</b>	<b>49,814</b>	<b>45,399</b>	<b>46,401</b>	<b>43,743</b>

Compared to 31 December 2004, the increase in net current assets was mainly attributable to the reduction in trade payables and increase in trade balances with related corporation. The increase was partially offset by decrease in inventories, trade and other receivables.

**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 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2005**

In S\$'000s	2005 1Q	2004 1Q
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	5,225	5,497
Adjustments for:		
Depreciation of property, plant and equipment	281	209
Amortisation of intangible assets	32	16
(Gain)/Loss on disposal of property, plant and equipment	0	(1)
Share of profit of jointly-controlled entity	(98)	0
Share-base payment expenses	164	0
Interest income	(77)	(34)
Interest expense	0	24
Accretion of deferred Income	(1,317)	160
Cash from operations before working capital changes	4,210	5,871
Changes in working capital	(5,807)	619
Cash generated from operations	(1,597)	6,490

1(c) CASH FLOW STATEMENT FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2005

	2005 1Q	2004 1Q
Income tax paid	(33)	(77)
Interest received	76	34
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(1,554)</b>	<b>6,447</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(561)	(53)
Purchase of intangible assets	(17)	0
Proceeds from disposal of property, plant and equipment	0	18
<b>Net cash outflow from investing activities</b>	<b>(578)</b>	<b>(35)</b>
<b>Cash Flows From Financing Activities</b>		
Balances with related corporations (non trade)	1,753	7,646
<b>Net cash inflow from financing activities</b>	<b>1,753</b>	<b>7,646</b>
<b>Net Increase In cash and cash equivalents</b>	<b>(379)</b>	<b>14,058</b>
Cash And cash equivalents at beginning of year	29,300	16,453
Effect of exchange rate differences on balance	(6)	(160)
<b>Cash And cash equivalents at end of year</b>	<b>28,915</b>	<b>30,351</b>

Net cash flow from operating activities

In 1Q2005, cash flow from operations of \$4.2 M was offset by \$5.8M of working capital requirements, resulting in cash outflow in operating activities of \$1.6 M.

Compared to 1Q2004, cash flow from operating activities decreased mainly due to prepayment to suppliers and increase in trade balances with related corporation. This was partially offset by reduction in trade receivables and inventories.

Net cash flow from investing activities

Net cash outflow was higher in 1Q2005 compared to 1Q2004 mainly for purchases of property, plant and equipment.

Net cash flow from financing activities

The cash inflow of \$1.8 M and \$7.6 M in 1Q2005 and 1Q2004 respectively was mainly due to withdrawal of short term fixed deposit(s) placed with a related corporation.

**1d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2005**

The Group (in S\$'000)	Share capital	Share premium	Accumulated profits	Merger reserve	Goodwill written off	Equity compensation reserve	Exchange translation reserve	Total	Minority interest	Total equity
At 1 January 2004	8,000	0	2,383	17,591	(2,105)	0	225	26,094	553	26,647
Translation differences relating to financial statements of foreign subsidiaries	0	0	0	0	0	0	(97)	(97)	(2)	(99)
Net profit for the year	0	0	4,306	0	0	0	0	4,306	17	4,323
<b>At 31 March 2004</b>	<b>8,000</b>	<b>0</b>	<b>6,689</b>	<b>17,591</b>	<b>(2,105)</b>	<b>0</b>	<b>128</b>	<b>30,303</b>	<b>568</b>	<b>30,871</b>
At 1 January 2005	8,840	9,905	10,862	17,591	(2,105)	0	(11)	45,082	317	45,399
Effect of adopting FRS102 - cost of share based payment	0	0	(877)	0	0	877	0	0	0	0
Effect of adopting FRS103 - Business Combination	0	0	97	0	0	0	0	97	0	97
At 1 January 2005, restated	8,840	9,905	10,082	17,591	(2,105)	877	(11)	45,179	317	45,496
Translation differences relating to financial statements of foreign subsidiaries	0	0	0	0	0	0	(33)	(33)	(2)	(35)
Cost of share based payment	0	0	0	0	0	164	0	164	0	164
Net profit for the year	0	0	4,212	0	0	0	0	4,212	(23)	4,189
<b>At 31 March 2005</b>	<b>8,840</b>	<b>9,905</b>	<b>14,294</b>	<b>17,591</b>	<b>(2,105)</b>	<b>1,041</b>	<b>(44)</b>	<b>49,522</b>	<b>292</b>	<b>49,814</b>

1d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2005

The Company (in S\$'000)	Share capital	Share premium	Accumulated profits	Merger reserve	Equity compensation reserve	Total equity
At 1 January 2004	8,000	0	8,270	13,300	0	29,570
Net profit for the year	0	0	2,464	0	0	2,464
<b>As at 31 March 2004</b>	<b>8,000</b>	<b>0</b>	<b>10,734</b>	<b>13,300</b>	<b>0</b>	<b>32,034</b>
At 1 January 2005	8,840	9,905	11,698	13,300	0	43,743
Effect of adopting FRS102 - cost of share based payment	0	0	(272)	0	272	0
At 1 January 2005, restated	8,840	9,905	11,426	13,300	272	43,743
Cost of share based payment	0	0	0	0	71	71
Net profit for the year	0	0	2,587	0	0	2,587
<b>As at 31 March 2005</b>	<b>8,840</b>	<b>9,905</b>	<b>14,013</b>	<b>13,300</b>	<b>343</b>	<b>46,401</b>

## 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
<b>Balance as at 1 January 2005, ordinary shares of \$0.02 each</b>	442,000,000	\$'000 8,840
Issues of shares	0	0
Issues of shares under Employee Share Option Scheme	0	0
<b>Balance as at 31 March 2005, ordinary shares of \$0.02 each</b>	442,000,000	8,840

### B) Employee Share Options

As at 31 March 2005, there were unexercised options over 19,100,000 (31 March 2004: 0) unissued ordinary shares of \$0.2079 each under the TeleChoice Pre-IPO 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 preparation of the current period financial statements compared to those used in the annual report for the financial year ended 31 December 2004, except for the following new Financial Reporting Standards ("FRS") that are mandatory for financial years beginning on or after 1 January 2005:

FRS 102      Share-based Payment  
FRS 103      Business Combination

The impact of the changes in accounting policies are as follows:

### FRS 102 Share-based Payment

As a result of adopting FRS102, the Group and the Company made a negative adjustment to the opening retained earnings as at 1 January 2005 by \$0.9 M and \$0.3 M respectively. Likewise, a positive adjustment was made to the opening equity compensation reserve of the Group and the Company by the same amount.

### FRS 103 Business Combination

As a result of adopting FRS103, the Group's negative goodwill of \$0.1 M as at 1 January 2005 was adjusted to opening retained earnings as at that date.

## 5. CHANGES IN ACCOUNTING POLICIES

Refer to paragraph 4



## 6. EARNINGS PER ORDINARY SHARE (EPS)

Group	1Q2005	1Q2004	FY2004
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EPS based on net profits attributable to shareholders:

Based on weighted average number of ordinary shares on issue (in cents)

Basic	0.95	1.08	4.11
Diluted	0.95	1.08	4.09

## 7. NET ASSET VALUE

	GROUP		
	1Q2005	1Q2004	FY2004
Net assets value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	11.20	7.58	10.20

	COMPANY		
	1Q2005	1Q2004	FY2004
Net assets value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	10.50	8.01	9.90

## 8. REVIEW OF GROUP PERFORMANCE

### A) Revenue

S\$ M s	1Q2005	1Q2004	Growth	
			\$	%
Distribution Services	113.0	110.4	2.6	2%
Telecommunications Services	6.6	6.9	(0.3)	-4%
Mobile Network and Engineering Services	5.7	3.2	2.5	78%
Total	125.3	120.5	4.8	4%

- The Group's revenue of \$125.3 M for 1Q2005 was 4% or \$4.8 M higher than 1Q2004.
- The aggregate improvement in revenue from Distribution Services of 2% or \$2.6 M was due to an increase in revenues from Singapore, Indonesia and Malaysia operations.
- Telecommunications Services revenue decreased by 4% or \$0.3 M due to lower iDD and paging usage.
- New projects from major telecommunications operators and vendors in Singapore and Indonesia contributed to the increase in revenue for Mobile Network and Engineering Services by 78% or \$2.5 M.

## B) PBT

S\$ M s	1Q2005	1Q2004	Growth	
			\$	%
Distribution	2.5	3.8	(1.3)	-34%
Telecommunications Services	1.4	0.9	0.5	56%
Mobile Network and Engineering Services	1.3	0.8	0.5	63%
Total	5.2	5.5	(0.3)	-5%

- The Group's PBT of \$5.2 M for 1Q2005 was 5% or \$0.3 M lower as compared to 1Q2004.
- 1Q2005 PBT for Distribution Services decreased by 34% or \$1.3 M. The decrease was mainly due to weaker performance from Indonesia and Australia.
- The 56% or \$0.5 M increase in PBT for Telecommunications Services was mainly due to lower operating expenses in 1Q2005.
- The increase in PBT for Mobile Network and Engineering Services by 63% or \$0.5 M was mainly due to increase in revenue generated from new projects secured from major telecommunications operators and vendors in Singapore and Indonesia.

## 9. VARIANCE FROM PROSPECT STATEMENT

No material variances from the previous statement.

## 10. PROSPECTS

Barring unforeseen circumstances, the business outlook for the Group is expected to remain positive with growth opportunities in all its three business segments, comprising Distribution Services, Telecommunications Services, Mobile Network and Engineering Services.

Overall, the Group expects to maintain its operating performance for FY2005.

*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.**

No interim dividend for the period ended 31<sup>st</sup> March 2005 is recommended.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year. No

(c) Date payable

N/A

(d) Books closure date

N/A

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

N/A

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	
	1Q2005	1Q2004
<b><u>Transactions for the sales of goods and services</u></b>	<b>34.0</b>	<b>34.1</b>
Temasek Holdings (Private) Limited and its Associates	33.4	33.9
Singapore Telecommunications Limited and its Associates	0.6	0.2
<b><u>Transactions for the purchases of goods and services</u></b>	<b>1.6</b>	<b>1.8</b>
Temasek Holdings (Private) Limited and its Associates	0.6	0.8
Singapore Telecommunications Limited and its Associates	1.0	1.0
<b><u>Treasury Transactions</u></b>	<b>0</b>	<b>21.1</b>
Temasek Holdings (Private) Limited and its Associates	0	21.1
<b>Total Interested Person Transactions</b>	<b>35.6</b>	<b>57.0</b>

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: 9 May 2005