



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

PART I - UNAUDITED RESULTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2008

1(a)(i) STATEMENT OF PROFIT AND LOSS FOR THE 3RD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2008

In S\$'000s	2008	2007	+/- %	2008	2007	+/- %
	3Q			9M		
Revenue	85,762	92,764	-7.5	274,327	294,659	-6.9
Cost of sales	(77,750)	(83,369)	-6.7	(247,671)	(267,116)	-7.3
Gross profit	8,012	9,395	-14.7	26,656	27,543	-3.2
<i>Gross Margin %</i>	9.3%	10.1%	-0.8 pt	9.7%	9.3%	0.4 pt
Other income	333	616	-45.9	1,050	1,760	-40.3
Selling and marketing expenses	(1,493)	(1,527)	-2.2	(4,454)	(4,715)	-5.5
Administrative expenses	(3,316)	(3,948)	-16.0	(10,566)	(11,834)	-10.7
Other expenses	261	(576)	-145.3	(394)	(496)	-20.5
Finance costs	(34)	(63)	-46.0	(134)	(80)	67.5
Share of profit of associated company (net of tax)	428	-	nm	803	-	nm
Share of profit of jointly-controlled entity (net of tax)	24	36	-33.3	146	70	108.6
Profit before income tax	4,215	3,933	7.2	13,107	12,248	7.0
<i>% of revenue</i>	4.9%	4.2%	0.7 pt	4.8%	4.2%	0.6 pt
Income tax expense	(818)	(971)	-15.8	(2,465)	(2,986)	-17.4
Profit for the period	3,397	2,962	14.7	10,642	9,262	14.9
Attributable to:						
Equity holders of the Company	3,397	2,962	14.7	10,642	9,262	14.9
<i>% of revenue</i>	4.0%	3.2%	0.8 pt	3.9%	3.1%	0.8 pt
Minority interests	-	-	-	-	-	-
	3,397	2,962	14.7	10,642	9,262	14.9

No. of shares 452,912 451,697 452,220 450,780

Earnings per share (in cents)

Basic 0.75 0.66 2.35 2.05

Diluted 0.75 0.65 2.35 2.05

nm: not meaningful



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

In S\$'000s	2008	2007	+/- %	2008	2007	+/- %
	3Q			9M		
Staff costs (note 1)	6,244	5,417	15.3	18,225	16,401	11.1
Directors' remuneration	113	113	-	353	351	0.6
Depreciation of property, plant and equipment (note 2)	260	383	-32.1	965	1,233	-21.7
Amortisation of intangible assets (note 2)	135	178	-24.2	406	549	-26.0
Provision for bad debts (note 3)	28	890	-96.8	120	1,823	-93.4
Exchange loss/(gain) (note 4)	(351)	463	175.7	110	192	-42.7
Other income comprises:						
Service income	251	276	-9.1	704	770	-8.6
Interest income (5)						
-banks	16	96	-83.3	80	404	-80.2
-jointly-controlled entity	-	10	<i>nm</i>	-	26	<i>nm</i>
Others	66	234	-71.8	266	560	-52.5
	333	616	-45.9	1,050	1,760	-40.3

nm: not meaningful

Note:

- (1) Staff cost increase was mainly attributable to increase in headcount by Engineering to support projects in Indonesia.
- (2) Lower capital expenditure in prior periods had resulted in a decrease in depreciation and amortisation expenses.
- (3) There was a one-time provision for bad debts for a major Indonesia customer in Personal Communications Solutions Services in 9M2007.
- (4) Intra-company loans had increased. Exchange difference arose mainly from revaluation of these loans. Exchange gain in 3Q08 resulted in lower exchange loss in 9M08.
- (5) Lower interest income was due to lower excess cash balances and lower interest rate for the year.



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1(b)(i) BALANCE SHEET

In S\$'000	Group		Company	
	30/09/2008	31/12/2007	30/09/2008	31/12/2007
<u>Non-current assets</u>				
Subsidiaries	-	-	13,307	13,261
Jointly-controlled entity	1,256	1,295	955	955
Associated company	10,664	9,785	9,760	9,760
Property, plant and equipment	1,674	2,094	185	272
Intangible assets	668	1,015	-	-
Deferred tax assets	652	558	206	90
	14,914	14,747	24,413	24,338
<u>Current Assets</u>				
Inventories	24,782	33,759	23,780	32,473
Work-in-progress	5,495	4,730	-	-
Trade and other receivables	47,616	71,575	21,344	46,900
Cash and cash equivalent	16,136	25,008	4,076	5,969
	94,029	135,072	49,200	85,342
Total Assets	108,943	149,819	73,613	109,680
Equity attributable to equity holders of the Company				
Share Capital	21,066	20,770	21,066	20,770
Other Reserves	15,549	15,489	14,045	13,939
Accumulated profits	27,690	28,352	21,423	24,795
Total equity	64,305	64,611	56,534	59,504
Non current liabilities				
Deferred tax liabilities	99	184	-	-
<u>Current Liabilities</u>				
Trade and other payables	29,258	67,943	4,865	36,538
Provision for warranties	488	434	414	362
Current tax payable	3,276	3,258	2,300	2,276
Financial liabilities	10,000	11,786	9,500	11,000
Deferred income	1,517	1,603	-	-
	44,539	85,024	17,079	50,176
Total liabilities	44,638	85,208	17,079	50,176
Total equity and liabilities	108,943	149,819	73,613	109,680

The decrease in total assets was mainly attributable to the decrease in inventories, trade and other receivables, and lower cash and bank balances. The higher trade and other receivables in December 2007 were due to higher sales activities. The higher year-end inventories were due to buildup in preparation of the festive seasons. Total liabilities decreased mainly from decrease in trade and other payables.



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.1(b)(ii) GROUP BORROWING in S\$'000

	As at 30/9/2008	As at 31/12/2007
Amount repayable in one year or less		
Unsecured	10,000	11,772
Amount repayable after one year	NIL	NIL
Details of any collateral	NIL	NIL



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1(c) CASH FLOW STATEMENT FOR THE 3RD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2008

In S\$'000	2008	2007	2008	2007
	3Q		9M	
Operating Activities				
Profit before taxation	4,215	3,933	13,107	12,248
Adjustments for:				
Accretion of deferred income	24	-	(364)	(1,377)
Amortisation of intangible assets	135	178	406	549
Depreciation of property, plant and equipment	260	383	965	1,233
Interest expense	34	63	134	80
Interest income	(16)	(106)	(80)	(430)
(Gain)/Loss on disposal of property, plant and equipment	(4)	9	(3)	42
Provision for warranties	(20)	1	55	21
Share of profits of associated company & jointly-controlled entity	(452)	(36)	(949)	(70)
Value of employees services received for issue of share options	35	92	106	285
Cash from operating profit before working capital changes	4,211	4,517	13,377	12,581
Changes in working capital	(13,700)	(3,877)	(6,512)	(12,164)
Cash generated from operations	(9,489)	640	6,865	417
Income tax paid	(1,175)	(1,507)	(2,774)	(4,335)
Interest received	16	106	80	430
Net cash inflow/(outflow) from operating activities	(10,648)	(761)	4,171	(3,488)
Investing Activities				
Acquisition of associated company	-	(9,760)	-	(9,760)
Loan repayment/(to) jointly-controlled entity	-	(261)	466	(261)
Dividend from jointly-controlled entity	190	-	190	-
Proceeds from disposal of property, plant and equipment	14	8	83	25
Purchase of intangible assets	(51)	(18)	(74)	(221)
Purchase of property, plant and equipment	(143)	(166)	(673)	(735)
Net cash inflow/(outflow) from investing activities	10	(10,197)	(8)	(10,952)
Financing Activities				
Balances with related corporations (non-trade)	44	(4)	(85)	(32)
Dividend paid	-	-	(11,304)	(5,627)
Interest paid	(34)	(63)	(134)	(80)
Purchase of treasury shares	-	(72)	-	(72)
Proceeds from issue of shares under Pre-IPO Share Option Scheme	62	28	296	331
Proceed from/(repayment of) bank loans	(4,500)	12,000	(1,772)	15,187
Repayment of finance lease	-	-	(14)	-
Net cash inflow/(outflow) from financing activities	(4,428)	11,889	(13,013)	9,707
Net Increase In Cash And Cash Equivalents	(15,066)	931	(8,850)	(4,733)
Cash And Cash Equivalents At beginning of Period/Year	31,137	23,197	25,008	28,941
Effect of exchange rate differences on balances held in foreign currency	65	(210)	(22)	(290)
Cash And Cash Equivalents At End of Period/Year	16,136	23,918	16,136	23,918



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Cash flows from operating activities

In 3Q2008, net cash flow from operating activities was \$9.9M lower than 3Q2007 as a result of negative changes in working capital. The negative changes in working capital were attributable to higher inventories and receivables, and decrease in payables.

Against 9M2007, the net cash inflow from operating activities for 9M2008 increased by \$7.7M mainly from improvement in working capital and lower income tax paid.

Cash flows from investing activities

In 3Q2008 and 9M2008, there was an improvement in cash flow from investing activities mainly because of acquisition of an associated company of \$9.8M in 3Q2007. In addition, there was a dividend income of \$0.2M received in 3Q2008 and loan repayment of \$0.5M in 1Q2008 from a jointly-controlled entity.

Cash flow from financing activities

The net cash outflow from financing activities in 3Q2008 was due to the repayment of \$4.5M bank loans. The net cash outflow in 9M2008 resulted from higher dividend payment of \$11.3M in 2Q2008.



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1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2007 AND 2008

In S\$'000	Share capital	Accumulated profits	Other Reserves	Total equity
Group				
At 1 July 2007	20,742	20,473	16,464	57,679
Translation differences relating to financial statements of foreign subsidiaries	-	-	(220)	(220)
Net losses recognised directly in equity	-	-	(220)	(220)
Profit for the period	-	2,962	-	2,962
Total recognised income and expense for the period	-	2,962	(220)	2,742
Issue of 137,500 ordinary shares under share option scheme	28	-	-	28
Value of employee services received for issue of share option	-	-	92	92
Purchase of treasury shares	-	-	(72)	(72)
At 30 September 2007	20,770	23,435	16,264	60,469
At 1 July 2008	21,004	24,293	15,014	60,311
Translation differences relating to financial statements of foreign subsidiaries	-	-	500	500
Net income recognised directly in equity	-	-	500	500
Profit for the period	-	3,397	-	3,397
Total recognised income and expense for the period	-	3,397	500	3,897
Issue of 300,000 ordinary shares under share option scheme at \$0.2079 per share	62	-	-	62
Value of employee services received for issue of share option	-	-	35	35
At 30 September 2008	21,066	27,690	15,549	64,305



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1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2007 AND 2008

In S\$'000	Share capital	Accumulated profits	Other reserves	Total equity
Group				
At 1 January 2007	20,439	19,800	16,257	56,496
Translation differences relating to financial statements of foreign subsidiaries	-	-	(206)	(206)
Net losses recognised directly in equity	-	-	(206)	(206)
Profit for the period	-	9,262	-	9,262
Total recognised income and expense for the period	-	9,262	(206)	9,056
Issue of 1,593,000 ordinary shares under share option scheme	331	-	-	331
Value of employee services received for issue of share option	-	-	285	285
Purchase of treasury shares	-	-	(72)	(72)
FY2006 final dividend of 1.25 cents per share (one tier tax exempt)	-	(5,627)	-	(5,627)
At 30 September 2007	20,770	23,435	16,264	60,469
At 1 January 2008	20,770	28,352	15,489	64,611
Translation differences relating to financial statements of foreign subsidiaries	-	-	(46)	(46)
Net income recognised directly in equity	-	-	(46)	(46)
Profit for the period	-	10,642	-	10,642
Total recognised income and expense for the period	-	10,642	(46)	10,596
Issue of 1,423,000 ordinary shares under share option scheme at \$0.2079 per share	296	-	-	296
Value of employee services received for issue of share option	-	-	106	106
FY2007 final dividend of 2.5 cents per share (one tier tax exempt)	-	(11,304)	-	(11,304)
At 30 September 2008	21,066	27,690	15,549	64,305



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1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2007 AND 2008

In S\$'000	Share capital	Accumulated profits	Other reserves	Total equity
Company				
At 1 July 2007, restated	20,742	22,266	14,053	57,061
Profit for the period	-	2,845	-	2,845
Total recognised income for the period	-	2,845	-	2,845
Issue of 137,500 ordinary shares under share option scheme	28	-	-	28
Share-based payments to employees of Company subsidiaries	-	-	(2)	(2)
Value of employee services received for issue of share option	-	-	54	54
Purchase of treasury shares	-	-	(72)	(72)
As at 30 September 2007	20,770	25,111	14,033	59,914
At 1 July 2008	21,004	18,939	14,010	53,953
Profit for the period	-	2,484	-	2,484
Total recognised income for the period	-	2,484	-	2,484
Issue of 300,000 ordinary shares under share option scheme at \$0.2079 per share	62	-	-	62
Share-based payments to employees of Company subsidiaries	-	-	15	15
Value of employee services received for issue of share option	-	-	20	20
As at 30 September 2008	21,066	21,423	14,045	56,534



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1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2007 AND 2008

In S\$'000 Company	Share capital	Accumulated profits	Other reserves	Total equity
At 1 January 2007	20,439	22,048	13,630	56,117
Effect of adopting INT FRS 108	-	-	320	320
At 1 January 2007, restated	20,439	22,048	13,950	56,437
Profit for the period	-	8,690	-	8,690
Total recognised income for the period	-	8,690	-	8,690
Issue of 1,593,000 ordinary shares under share option scheme	331	-	-	331
Share-based payments to employees of Company subsidiaries	-	-	(6)	(6)
Value of employee services received for issue of share option	-	-	161	161
Purchase of treasury shares	-	-	(72)	(72)
FY2006 final dividend of 1.25 cents per share (one tier tax exempt)	-	(5,627)	-	(5,627)
At 30 September 2007	20,770	25,111	14,033	59,914
At 1 January 2008	20,770	24,795	13,939	59,504
Profit for the period	-	7,932	-	7,932
Total recognised income for the period	-	7,932	-	7,932
Issue of 1,423,000 ordinary shares under share option scheme at \$0.2079 per share	296	-	-	296
Share-based payments to employees of Company subsidiaries	-	-	45	45
Value of employee services received for issue of share option	-	-	61	61
FY2007 final dividend of 2.5 cents per share (one tier tax exempt)	-	(11,304)	-	(11,304)
At 30 September 2008	21,066	21,423	14,045	56,534

Note:

The adoption of INT FRS 108 has resulted in the Company accounting for share options granted to employees of its subsidiaries. The fair value of the options granted is recognized as an increase in the Company's investment in subsidiaries with a corresponding increase in equity over the vesting period.



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1(d)(ii) CHANGES IN COMPANY'S SHARE CAPITAL

A) Movements in Issued and Paid up Capital

	No of ordinary shares	Issued and paid up Capital
Balance as at 1 July 2008	452,864,500	\$'000 21,004
Issues of ordinary shares under share option scheme	300,000	62
Balance as at 30 September 2008	453,164,500	21,066

B) Employee Share Options

As at 30 September 2008, there were unexercised options of 2,784,000 (30 September 2007:4,457,000) unissued ordinary shares of \$0.2079 each under TeleChoice Pre-IPO Share Option Scheme.

C) Treasury Shares

As at 30 September 2008, there were 197,000 (30 September 2007: 300,000) treasury shares representing approximately 0.04% of the total issued share capital of the Company.

2. AUDIT

The figures have not been audited nor 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 2007.

5. CHANGES IN ACCOUNTING POLICIES

Not Applicable

6. EARNINGS PER ORDINARY SHARE (EPS)

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

Group	3Q08	3Q07	9M08	9M07	FY07
Basic	0.75	0.66	2.35	2.05	3.14
Diluted	0.75	0.65	2.35	2.05	3.14



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7. NET ASSET VALUE

	GROUP		
	30.9.08	30.9.07	31.12.07
Net assets value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	14.19	13.39	14.30

	COMPANY		
	30.9.08	30.9.07	31.12.07
Net assets value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	12.48	13.19	13.10

8. REVIEW OF GROUP PERFORMANCE

A) Revenue

i) 3Q08 vs 3Q07

S\$ M s	3Q08	3Q07	Growth	
			\$	%
Personal Communications Solutions Services (PCS)	72.5	76.3	(3.8)	-5%
Telecommunications Services (Telecom)	5.2	6.0	(0.8)	-13%
Network Engineering Services (Engineering)	8.1	10.5	(2.4)	-23%
Total	85.8	92.8	(7.0)	-8%

- **PCS** – The decrease in revenue by \$3.8 M or 5% was mainly from lower local sales.
- **Telecom** – Revenue decreased by \$0.8M or 13% from lower iDD usage attributable to the intense competitive environment and lower mobile data usage, partially offset by increase in contribution from the Malaysian operation.
- **Engineering** – Projects in Indonesia and Singapore recorded lower revenue resulting in the overall revenue to decrease by \$2.4M or 23%.



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ii) 9M08 vs 9M07

S\$ M s	9M08	9M07	Growth	
			\$	%
Personal Communications Solutions Services (PCS)	231.2	242.5	(11.3)	-5%
Telecommunications Services (Telecom)	15.4	17.8	(2.4)	-13%
Network Engineering Services (Engineering)	27.7	34.4	(6.7)	-19%
Total	274.3	294.7	(20.4)	-7%

- **PCS** – Revenue declined in 3Q08 for Singapore and lower revenue from overseas operations resulted in an overall decrease in revenue of \$11.3 M or 5%.
- **Telecom** – Revenue decreased by \$2.4M or 13% from lower iDD usage attributable to the intense competitive environment and lower mobile data usage, partially offset by increase in enterprise sales and contribution from the Malaysian operations.
- **Engineering** – Projects in Indonesia recorded higher revenue but this was offset by lower revenue recognition in Singapore resulting in the overall revenue to decrease by \$6.7M or 19%.

B) PBT

i) 3Q08 vs 3Q07

S\$ M s	3Q08	3Q07	Growth	
			\$	%
Personal Communications Solutions Services (PCS)	3.0	2.3	0.7	30%
Telecommunications Services (Telecom)	0.3	1.3	(1.0)	-77%
Network Engineering Services (Engineering)	0.9	0.3	0.6	200%
Total	4.2	3.9	0.3	8%

- **PCS** - The \$0.7M or 30% increase in PBT was mainly from overseas operations. This includes \$0.4 M of profits from the investment in China offset by lower profits in Singapore.
- **Telecom** - The \$1.0M or 77% decrease in PBT was from lower revenue and lower gross margin.
- **Engineering** – PBT increased by \$0.6 M or 200% due to higher gross margin and unrealized exchange gain.



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ii) **9M08 vs 9M07**

S\$ M s	9M08	9M07	Growth	
			\$	%
Personal Communications Solutions Services (PCS)	10.0	7.6	2.4	32%
Telecommunications Services (Telecom)	1.7	3.1	(1.4)	-45%
Network Engineering Services (Engineering)	1.4	1.5	(0.1)	-7%
Total	13.1	12.2	0.9	7%

- **PCS** - PBT increased by \$2.4M or 32%. There were improvements from overseas operations. Profit of \$0.8 M from the investment in China was also included.
- **Telecom** - The \$1.4M or 45% decrease in PBT was from lower revenue and lower gross margin, partially offset by lower operating expenses.
- **Engineering** – PBT decreased by \$0.1 M or 7% due to higher operating expenses partially offset by the increase in gross profit from higher margin projects.

9. **VARIANCE FROM PROSPECT STATEMENT**

None.

10. **PROSPECTS**

Based on the current weak economic conditions and outlook, the Group expects 4Q08 operating performance to be weaker than 4Q07 resulting in FY2008 to be marginally lower than FY2007.

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.**

Nil

(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**

NA

(d) **Books closure date**

NA



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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			
	3Q08	3Q07	9M08	9M07
<u>Transactions for the sales of goods and services</u>	34.3	40.9	136.7	126.9
Temasek Holdings (Private) Limited and its Associates	34.3	40.9	136.7	126.9
<u>Transactions for the purchases of goods and services</u>	1.7	2.1	5.4	6.1
Temasek Holdings (Private) Limited and its Associates	1.7	2.1	5.4	6.1
Total Interested Person Transactions	36.0	43.0	142.1	133.0

Note: All transactions are conducted under the shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual.

14. Statement pursuant to Rule 705(4) of the SGX Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial statements for the third quarter ended 30 September 2008 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Andrew Loh Sur Jin
President

Date: 14 November 2008