



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

PART I - UNAUDITED RESULTS FOR THE 2ND QUARTER AND HALF YEAR ENDED 30 JUNE 2010

1(a)(i) INCOME STATEMENT FOR THE 2ND QUARTER AND HALF YEAR ENDED 30 JUNE 2010

In S\$'000	2Q2010	2Q2009	+/- %	1H2010	1H2009	+/- %
Revenue	97,320	70,653	37.7%	172,623	125,825	37.2%
Cost of sales	(89,447)	(63,923)	39.9%	(157,416)	(113,306)	38.9%
Gross profit	7,873	6,730	17.0%	15,207	12,519	21.5%
Gross Margin %	8.1%	9.5%	-1.4ppt	8.8%	9.9%	-1.1ppt
Other income	126	269	-53.2%	306	543	-43.6%
Selling and marketing expenses	(1,326)	(1,310)	1.2%	(2,568)	(2,488)	3.2%
Administrative expenses	(2,962)	(2,456)	20.6%	(5,663)	(4,989)	13.5%
Other expenses	(52)	(356)	-85.4%	(197)	(266)	-25.9%
Finance costs (Note 1)	(6)	(43)	-86.0%	(18)	(77)	-76.6%
Share of profit of jointly-controlled entity (net of tax)	85	22	286.4%	76	104	-26.9%
Profit before income tax	3,738	2,856	30.9%	7,143	5,346	33.6%
% of revenue	3.8%	4.0%	-0.2ppt	4.1%	4.2%	-0.1ppt
Income tax expense	(717)	(335)	114.0%	(1,108)	(861)	28.7%
Profit for the period	3,021	2,521	19.8%	6,035	4,485	34.6%
Attributable to:						
Equity holders of the Company	3,008	2,521	19.3%	6,007	4,485	33.9%
% of revenue	3.1%	3.6%	-0.5ppt	3.5%	3.6%	-0.1ppt
Non-controlling interest	13	-	nm	28	-	nm
	3,021	2,521	19.8%	6,035	4,485	34.6%
No. of shares	453,440	453,111		453,385	453,040	
Earnings per share (in cents)						
Basic	0.66	0.56		1.32	0.99	
Diluted	0.66	0.56		1.32	0.98	

STATEMENT OF COMPREHENSIVE INCOME FOR THE 2ND QUARTER AND HALF YEAR ENDED 30 JUNE 2010

Profit for the period	3,021	2,521	19.8%	6,035	4,485	34.6%
Translation difference relating to financial statements of foreign subsidiaries	201	1,065	-81.1%	382	289	32.2%
Exchange differences on monetary items forming part of net investment in a foreign operation	(43)	130	-133.1%	146	456	-68.0%
Total comprehensive income for the period	3,179	3,716	-14.5%	6,563	5,230	25.5%
Attributable to:						
Equity holders of the Company	3,166	3,716	-14.8%	6,535	5,230	25.0%
Non-controlling interest	13	-	nm	28	-	nm
Total comprehensive income for the period	3,179	3,716	-14.5%	6,563	5,230	25.5%

nm - not meaningful



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

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

In S\$'000	2Q2010	2Q2009	+/- %	1H2010	1H2009	+/- %
Staff costs (Note 2)	5,241	4,840	8.3%	9,889	9,087	8.9%
Directors' remuneration	96	96	-	188	195	-3.6%
Depreciation of property, plant and equipment (Note 3)	293	302	-3.0%	485	594	-18.4%
Amortisation of intangible assets (Note 3)	33	76	-56.6%	59	182	-67.6%
Provision/(Write-back) for bad debts (Note 4)	6	(49)	112.2%	76	(41)	285.4%
Exchange loss (Note 5)	41	263	-84.4%	127	74	71.6%
Other income comprises:						
Interest income	21	26	-19.2%	44	49	-10.2%
Others (Note 6)	105	243	-56.8%	262	494	-47.0%
	126	269	-53.2%	306	543	-43.6%

Notes:

- (1) Interest expenses in 2Q2010 and 1H2010 was lower than same periods last year due to lower borrowings.
- (2) Staff costs in 2Q2010 and 1H2010 was higher than same periods last year due to salary increment and higher headcount.
- (3) Decrease in depreciation and amortization expenses for the current review periods as some of the assets had been fully depreciated.
- (4) Write-back in provision for bad debts in 2Q2009 & 1H2009 was mainly from N-Wave Telecoms (Malaysia) Sdn Bhd. The provision in 1H2010 was attributed to receivables due to entities in Engineering.
- (5) Lower unrealised exchange loss in 2Q2010 and higher unrealised exchange loss in 1H2010 than comparative periods last year arose mainly from cash balances and work-in-progress denominated in USD.
- (6) Reduction in jobs credit granted by the Singapore Government by \$0.14M in 2Q2010 and \$0.24M in 1H2010 against same periods last year.



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

1(b)(i) STATEMENT OF FINANCIAL POSITION AS AT

In S\$'000	Group		Company	
	30/6/2010	31/12/2009	30/6/2010	31/12/2009
<u>Non-current assets</u>				
Subsidiaries	-	-	14,092	14,031
Jointly-controlled entity	1,361	1,248	955	955
Property, plant and equipment	2,216	2,260	79	112
Intangible assets	195	107	-	-
Deferred tax assets	329	137	120	38
	4,101	3,752	15,246	15,136
<u>Current Assets</u>				
Inventories	16,861	17,648	15,532	13,677
Work-in-progress	7,964	7,334	-	-
Trade and other receivables	34,009	29,247	17,360	16,764
Cash and cash equivalent	38,010	46,642	20,348	29,922
	96,844	100,871	53,240	60,363
Total Assets	100,945	104,623	68,486	75,499
Equity attributable to equity holders of the Company				
Share Capital	21,782	21,707	21,782	21,707
Other Reserves	14,797	14,260	13,531	13,522
Accumulated profits	31,696	33,625	21,265	24,413
Total equity	68,275	69,592	56,578	59,642
Non-controlling interest	67	39	-	-
Total equity	68,342	69,631	56,578	59,642
Non-current liabilities				
Deferred tax liabilities	261	241	-	-
<u>Current Liabilities</u>				
Trade and other payables	28,225	27,842	10,053	11,197
Provision for warranties	273	212	50	56
Current tax payable	2,224	1,836	1,805	1,604
Financial liabilities	-	3,000	-	3,000
Deferred income	1,620	1,861	-	-
	32,342	34,751	11,908	15,857
Total liabilities	32,603	34,992	11,908	15,857
Total equity and liabilities	100,945	104,623	68,486	75,499

Group total assets decreased by \$3.7M due to lower cash balances with dividend payment of \$7.9M in 2Q2010. This was offset by higher receivables due from related companies and work-in-progress. Group total liabilities decreased by \$2.4M with the repayment of bank borrowings, but was offset by higher payables and tax provisions.

1(b)(ii) GROUP BORROWING

In S\$'000	As at 30/6/2010	As at 31/12/2009
Amount repayable in one year or less		
Unsecured	-	3,000
Amount repayable after one year	Nil	Nil
Details of any collateral	Nil	Nil



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

1(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE 2ND QUARTER AND HALF YEAR ENDED 30 JUNE 2010

In S\$'000	2Q2010	2Q2009	1H2010	1H2009
Operating Activities				
Profit before income tax	3,738	2,856	7,143	5,346
Adjustments for:				
Accretion of deferred income	(245)	(28)	(146)	50
Amortisation of intangible assets	33	76	59	182
Depreciation of property, plant and equipment	293	302	485	594
Interest expense	6	43	18	77
Interest income	(21)	(26)	(44)	(49)
Provision for warranties	62	28	61	21
Share of profits of jointly-controlled entity	(85)	(22)	(76)	(104)
Value of employees services received for issue of share options	107	29	158	57
Cash from operating profit before working capital changes	3,888	3,258	7,658	6,174
Changes in working capital	(820)	(4,051)	(3,866)	(13,450)
Cash generated from operations	3,068	(793)	3,792	(7,276)
Income tax paid	(793)	(1,410)	(890)	(1,435)
Net cash inflow/(outflow) from operating activities	2,275	(2,203)	2,902	(8,711)
Investing Activities				
Loan (to)/repayment from jointly-controlled entity	-	(354)	-	(354)
Proceeds from disposal of investment in associate		650	-	10,218
Dividend from jointly-controlled equity	-	-	-	167
Purchase of intangible assets	(136)	-	(148)	(1)
Purchase of property, plant and equipment	(309)	(129)	(419)	(223)
Interest received	21	26	44	49
Net cash (outflow)/inflow from investing activities	(424)	193	(523)	9,856
Cash Flows From Financing Activities				
Balances with related corporations (non-trade)	(429)	(257)	(71)	(90)
Dividend paid	(7,936)	(9,062)	(7,936)	(9,062)
Interest paid	(6)	(43)	(18)	(77)
Proceeds from issue of shares under Pre-IPO Share Option Scheme	62	31	62	31
Purchase of treasury shares	(136)	-	(136)	-
Proceed from bank loan	-	1,500	-	1,500
Repayment of short term bank loan	(2,000)	-	(3,000)	-
Net cash outflow from financing activities	(10,445)	(7,831)	(11,099)	(7,698)
Net decrease in cash and cash equivalents	(8,594)	(9,841)	(8,720)	(6,553)
Cash and cash equivalents at beginning of period	46,579	45,840	46,642	42,609
Effect of exchange rate differences on balances held in foreign currency	25	141	88	84
Cash and cash equivalents at end of period	38,010	36,140	38,010	36,140

Cash flows from operating activities

Net cash in 2Q2010 & 1H2010 was positive with higher operating profits and lower negative changes in working capital. The negative change in working capital in 1H2010 was mainly due to higher receivables from related companies and work-in progress and lower trade payables offset by lower inventories. The net cash outflow in 2Q 2009 & 1H2009 was mainly attributed to higher inventories.



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

Cash flows from investing activities

Higher capital expenditures were incurred for the review periods in 2010. The net cash inflow in 2Q2009 & 1H2009 was from the disposal of investment in associate and dividend payment received from a jointly-controlled entity.

Cash flow from financing activities

There was lower dividend payment in 2Q2010. The higher cash outflow in 2Q2010 & 1H2010 was mainly due to repayment of bank borrowings as compared to additional bank borrowings in 2009.



TELECHOICE INTERNATIONAL LIMITED

(REG. NO. 199802072R)

1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 2ND QUARTER AND HALF YEAR ENDED 30 JUNE 2010

In S\$'000	Share capital	Accumulated profits	Other reserves	Total attributable to equity holders of the Company	Non controlling interest	Total equity
GROUP						
At 1 April 2009	21,066	33,199	13,135	67,400	-	67,400
Total comprehensive income for the period	-	2,521	1,195	3,716	-	3,716
Issue of 150,000 ordinary shares under share option scheme at \$0.2079 per share	31	-	-	31	-	31
Value of employee services received for issue of share option	-	-	29	29	-	29
FY2008 final dividend of 2.0 cents per share (one-tier tax exempt)	-	(9,062)	-	(9,062)	-	(9,062)
Capitalisation of shareholder loan into a subsidiary	-	-	-	-	22	22
At 30 June 2009	21,097	26,658	14,359	62,114	22	62,136
At 1 April 2010	21,707	36,624	14,681	73,012	54	73,066
Total comprehensive income for the period	-	3,008	158	3,166	13	3,179
Issue of 300,000 ordinary shares under share option scheme at \$0.2079 per share	62	-	-	62	-	62
Share options exercised	13	-	(13)	-	-	-
Value of employee services received for issue of share option	-	-	107	107	-	107
Purchase of treasury shares	-	-	(136)	(136)	-	(136)
FY2009 final dividend of 1.75 cents per share (one-tier tax exempt)	-	(7,936)	-	(7,936)	-	(7,936)
At 30 June 2010	21,782	31,696	14,797	68,275	67	68,342
At 1 January 2009	21,066	31,235	13,557	65,858	-	65,858
Total comprehensive income for the period	-	4,485	745	5,230	-	5,230
Issue of 150,000 ordinary shares under share option scheme at \$0.2079 per share	31	-	-	31	-	31
Value of employee services received for issue of share option	-	-	57	57	-	57
FY2008 final dividend of 2.0 cents per share (one-tier tax exempt)	-	(9,062)	-	(9,062)	-	(9,062)
Capitalisation of shareholder loan into a subsidiary	-	-	-	-	22	22
At 30 June 2009	21,097	26,658	14,359	62,114	22	62,136
At 1 January 2010	21,707	33,625	14,260	69,592	39	69,631
Total comprehensive income for the period	-	6,007	528	6,535	28	6,563
Issue of 300,000 ordinary shares under share option scheme at \$0.2079 per share	62	-	-	62	-	62
Share options exercised	13	-	(13)	-	-	-
Value of employee services received for issue of share option	-	-	158	158	-	158
Purchase of treasury shares	-	-	(136)	(136)	-	(136)
FY2009 final dividend of 1.75 cents per share (one-tier tax exempt)	-	(7,936)	-	(7,936)	-	(7,936)
At 30 June 2010	21,782	31,696	14,797	68,275	67	68,342



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 2ND QUARTER AND HALF YEAR ENDED 30 JUNE 2010

In S\$'000	Share capital	Accumulated profits	Other reserves	Total equity
COMPANY				
At 1 April 2009	21,066	25,830	14,082	60,978
Total comprehensive income for the period	-	1,824	-	1,824
Issue of 150,000 ordinary shares under share option scheme at \$0.2079 per share	31	-	-	31
Share-based payments to employees of Company's subsidiaries	-	-	10	10
Value of employee services received for issue of share option	-	-	19	19
FY2008 final dividend of 2.0 cents per share (one-tier tax exempt)	-	(9,062)	-	(9,062)
At 30 June 2009	21,097	18,592	14,111	53,800
At 1 April 2010	21,707	26,783	13,573	62,063
Total comprehensive income for the period	-	2,418	-	2,418
Issue of 300,000 ordinary shares under share option scheme at \$0.2079 per share	62	-	-	62
Share options exercised	13	-	(13)	-
Share-based payments to employees of Company's subsidiaries	-	-	44	44
Value of employee services received for issue of share option	-	-	63	63
Purchase of treasury shares	-	-	(136)	(136)
FY2009 final dividend of 1.75 cents per share (one-tier tax exempt)	-	(7,936)	-	(7,936)
At 30 June 2010	21,782	21,265	13,531	56,578
At 1 January 2009	21,066	24,224	14,054	59,344
Total comprehensive income for the period	-	3,430	-	3,430
Issue of 150,000 ordinary shares under share option scheme at \$0.2079 per share	31	-	-	31
Share-based payments to employees of Company's subsidiaries	-	-	19	19
Value of employee services received for issue of share option	-	-	38	38
FY2008 final dividend of 2.0 cents per share (one-tier tax exempt)	-	(9,062)	-	(9,062)
At 30 June 2009	21,097	18,592	14,111	53,800
At 1 January 2010	21,707	24,413	13,522	59,642
Total comprehensive income for the period	-	4,788	-	4,788
Issue of 300,000 ordinary shares under share option scheme at \$0.2079 per share	62	-	-	62
Share options exercised	13	-	(13)	-
Share-based payments to employees of Company's subsidiaries	-	-	61	61
Value of employee services received for issue of share option	-	-	97	97
Purchase of treasury shares	-	-	(136)	(136)
FY2009 final dividend of 1.75 cents per share (one-tier tax exempt)	-	(7,936)	-	(7,936)
At 30 June 2010	21,782	21,265	13,531	56,578



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

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

A) Share Capital

As at 30 June 2010, the share capital of the Company at \$21.782 million comprised 453,614,500 issued ordinary shares, of which 51,500 are held by the Company as treasury shares. (31 December 2009: 453,314,500 ordinary shares of which 87,500 are held as treasury shares).

B) Employee Share Options

As at 30 June 2010, there were unexercised options of 808,000 (30 June 2009: 2,634,000) unissued ordinary shares of \$0.2079 each under TeleChoice Pre-IPO Share Option Scheme.

C) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")

As at 30 June 2010, the number of outstanding shares granted under the Company's RSP and PSP were 1,878,000 (30 June 2009: 1,989,000) and 2,850,000 (30 June 2009: 2,823,000) respectively.

D) Treasury Shares

During the quarter, a total of 600,000 ordinary shares were repurchased from the market at a total consideration of \$136,100 and 636,000 treasury shares were transferred to participants of the Company's share plan. After the transfer, the treasury shares balance comprised 51,500 treasury shares as at 30 June 2010 (30 June 2009: 87,500) represented approximately 0.01% of the total issued share capital of the Company.

2. AUDIT

The results have not been audited nor reviewed by 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 2009.

In the current financial period, the Group and the Company have adopted all the new and revised Financial Reporting Standards (FRSs) and Interpretations of FRSs (INT FRSs) that are relevant to its operations and effective for annual periods beginning on 1 January 2010. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group's and the Company's accounting policies and had no material effect on the amounts reported for the current or prior periods.

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	2Q2010	2Q2009	1H2010	1H2009	FY2009
Basic	0.66	0.56	1.32	0.99	2.51
Diluted	0.66	0.56	1.32	0.98	2.51



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

7. NET ASSET VALUE

	GROUP		COMPANY	
	30/6/2010	31/12/2009	30/6/2010	31/12/2009
Net assets value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	15.05	15.36	12.47	13.16

8. REVIEW OF GROUP PERFORMANCE

A) Revenue

S\$M	2Q2010	2Q2009	Growth		1H2010	1H2009	Growth	
			\$	%			\$	%
PCS	81.8	52.6	29.2	56%	143.7	95.4	48.3	51%
Telecoms	3.9	3.9	-	-	7.3	7.7	(0.4)	-5%
Engineering	11.6	14.1	(2.5)	-18%	21.6	22.7	(1.1)	-5%
Total	97.3	70.6	26.7	38%	172.6	125.8	46.8	37%

PCS -- Personal Communications Solutions Services

Telecoms -- Telecommunications Services

Engineering -- Network Engineering Services

- **PCS** – Revenue increased in 2Q2010 and 1H2010 versus same periods last year mainly due to higher regional sales and revenue from the prepaid card business which commenced in end April 2009.
- **Telecoms** – In 2Q2010, the increase in revenue from the enterprise segment was offset by the decrease in revenue from the consumer segment. Revenue decrease in 2Q2010 and 1H2010 was mainly attributed to the discontinued mobile data business.
- **Engineering** – Overall revenue decreased in 2Q2010 and 1H2010 compared to the same periods last year mainly from lower sales of transmission equipment in Singapore. This was mitigated by revenue from radio network planning projects in Indonesia and products sales in the various regions.

B) PBT

S\$M	2Q2010	2Q2009	Growth		1H2010	1H2009	Growth	
			\$	%			\$	%
PCS	3.1	2.0	1.1	55%	5.9	3.8	2.1	55%
Telecoms	0.1	0.3	(0.2)	-67%	0.2	0.7	(0.5)	-71%
Engineering	0.5	0.5	-	-	1.0	0.8	0.2	25%
Total	3.7	2.8	0.9	32%	7.1	5.3	1.8	34%

- **PCS** - PBT was 55% higher compared to the same periods last year as a result of higher revenue.
- **Telecoms** - The lower PBT in 2Q2010 and 1H2010 over the same periods last year was due to lower gross margin attributable to the intense competitive environment and the loss of profit from the discontinued mobile data business, partially offset by lower operating expenses.
- **Engineering** – PBT in 1H2010 was higher than 1H2009 mainly from higher gross margin. These were partially offset by higher unrealised exchange loss arising from cash balances and work-in-progress denominated in USD.



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

9. VARIANCE FROM PROSPECT STATEMENT

No material variances from previous statement.

10. PROSPECTS

Based on 1H2010 performance and the current outlook, and barring any unforeseen circumstances, the Group expects FY2010 operating performance to improve over last year.

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

(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)

In S\$M	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual			
	2Q2010	2Q2009	1H2010	1H2009
<u>Transactions for the sales of goods and services</u>	32.6	38.2	57.6	66.3
Temasek Holdings (Private) Limited and its Associates	32.6	38.2	57.6	66.3
<u>Transactions for the purchases of goods and services</u>	16.2	10.3	28.9	11.9
Temasek Holdings (Private) Limited and its Associates	16.2	10.3	28.9	11.9
Total Interested Person Transactions	48.8	48.5	86.5	78.2

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



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

14. Statement pursuant to Rule 705(5) 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 second quarter and half year ended 30 June 2010 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Andrew Loh Sur Jin
President

Date: 13 August 2010