



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

PART I - UNAUDITED RESULTS FOR THE 1ST QUARTER ENDED 31 MARCH 2011

1(a)(i) INCOME STATEMENT FOR THE 1ST QUARTER ENDED 31 MARCH 2011

In S\$'000	1Q2011	1Q2010	+/- %
Revenue	93,959	75,303	24.8%
Cost of sales	(82,824)	(67,969)	21.9%
Gross profit	11,135	7,334	51.8%
Gross Margin %	11.9%	9.7%	2.2ppt
Other income	228	180	26.7%
Selling and marketing expenses (Note 1)	(2,701)	(1,242)	117.5%
Administrative expenses (Note 1)	(4,010)	(2,701)	48.5%
Other expenses (Note 1)	(641)	(145)	342.1%
Finance costs (Note 2)	(77)	(12)	541.7%
Share of losses of jointly-controlled entity (net of tax)	(61)	(9)	577.8%
Profit before income tax	3,873	3,405	13.7%
<i>% of revenue</i>	4.1%	4.5%	-0.4 ppt
Income tax expense (Note 3)	(597)	(391)	52.7%
Profit for the period	3,276	3,014	8.7%
Attributable to:			
Equity holders of the Company	3,027	2,999	0.9%
<i>% of revenue</i>	3.2%	4.0%	-0.8 ppt
Non-controlling interests	249	15	nm
	3,276	3,014	8.7%
No. of shares (in '000)	453,223	453,227	
Earnings per share (in cents)			
Basic	0.67	0.66	
Diluted	0.67	0.66	

STATEMENT OF COMPREHENSIVE INCOME FOR THE 1ST QUARTER ENDED 31 MARCH 2011

Profit for the period	3,276	3,014	8.7%
Translation difference relating to financial statements of foreign subsidiaries	60	181	-66.9%
Exchange differences on monetary items forming part of net investment in a foreign operation	59	189	-68.8%
Total comprehensive income for the period	3,395	3,384	0.3%
Attributable to:			
Equity holders of the Company	3,146	3,369	-6.6%
Non-controlling interests	249	15	nm
Total comprehensive income for the period	3,395	3,384	0.3%

nm - not meaningful



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

In S\$'000	1Q2011	1Q2010	+/- %
Staff costs (Note 4)	8,567	4,652	84.2%
Directors' remuneration	98	92	6.5%
Depreciation of property, plant and equipment (Note 5)	362	192	88.5%
Amortisation of intangible assets (Note 6)	380	26	nm
Provision for bad debts (Note 7)	10	70	-85.7%
Exchange loss (Note 8)	130	86	51.2%
Other income comprises:			
Interest income	78	23	239.1%
Others (Note 9)	150	157	-4.5%
	228	180	26.7%

Notes:

- (1) S & I Systems Pte Ltd ("**S&I**") was acquired on 1 November 2010. Significant increase in the operating expenses in 1Q2011 over 1Q2010 was due to the consolidation of S&I's accounts.
- (2) Interest expense in 1Q2011 was higher than 1Q2010 mainly due to borrowings by S&I.
- (3) Income tax expense for 1Q2011 was higher than 1Q2010 mainly due to profit contribution from S&I in 1Q2011 and tax write-back in 1Q2010.
- (4) Higher staff costs in 1Q2011 mainly attributable to S&I.
- (5) Increase in depreciation recorded from S&I and new retail outlets.
- (6) Amortisation of intangible assets in 1Q2011 was higher than last year due to the recognition of intangible assets arising from the acquisition of S&I in 4Q2010
- (7) Provision for bad debts in 1Q2010 mainly attributed to Engineering.
- (8) Exchange loss arose mainly from cash balances, trade receivables and work-in-progress denominated in USD.
- (9) Included in 1Q2010 were jobs credit granted by the Singapore Government of \$0.1M. In 1Q2011, this amount includes rental income received by S&I.



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

In S\$'000	Group		Company	
	31/3/2011	31/12/2010	31/3/2011	31/12/2010
<u>Non-current assets</u>				
Subsidiaries	-	-	27,523	27,494
Jointly-controlled entity	1,301	1,371	955	955
Property, plant and equipment	2,500	2,788	86	106
Intangible assets	10,146	10,508	-	-
Deferred tax assets	471	430	189	95
Unbilled receivables	679	2,907	-	-
	15,097	18,004	28,753	28,650
<u>Current Assets</u>				
Inventories	23,229	29,999	19,957	23,026
Work-in-progress	9,730	7,709	-	-
Trade and other receivables	39,733	44,708	12,171	15,421
Cash and cash equivalent	39,820	34,687	22,873	19,213
	112,512	117,103	55,001	57,660
Total Assets	127,609	135,107	83,754	86,310
Equity attributable to equity holders of the Company				
Share Capital	21,817	21,782	21,817	21,782
Other Reserves	14,225	14,327	13,468	13,689
Accumulated profits	41,140	38,113	27,220	26,112
Total equity	77,182	74,222	62,505	61,583
Non-controlling interests	1,573	1,324	-	-
Total equity	78,755	75,546	62,505	61,583
Non-current liabilities				
Deferred tax liabilities	956	1,068	-	-
Financial liabilities	167	830	-	-
Current Liabilities				
Bank overdraft	-	193	-	-
Trade and other payables	36,028	42,298	19,006	17,783
Provision for warranties	299	297	43	40
Current tax payable	2,942	2,598	2,200	1,904
Financial liabilities	4,390	8,264	-	5,000
Deferred income	4,072	4,013	-	-
	47,731	57,663	21,249	24,727
Total liabilities	48,854	59,561	21,249	24,727
Total equity and liabilities	127,609	135,107	83,754	86,310

Group total assets decreased by \$7.5M due to: (i) collection of trade receivables, (ii) higher inventories as at 31 December 2010 as shipments were received towards end of the year end, (iii) decrease in handsets purchases in 1Q2011.

Group total liabilities decreased by \$10.7M mainly due to lower payables and repayment of bank loans.



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1(b)(ii) GROUP BORROWING

In S\$'000	As at 31/03/2011	As at 31/12/2010
Amount repayable in one year or less		
Bank loan – unsecured	4,390	7,464
Bank loan – secured	-	800
Total	4,390	8,264
Bank overdraft	-	193
Amount repayable after one year		
Bank loan – unsecured	167	230
Bank loan – secured	-	600
Total	167	830

Details of any collateral

The secured bank loan as at 31 December 2010 relates to an arrangement between one of the subsidiaries and a financial institution to assign all the subsidiary's rights, title and interest in, to and under a sales and maintenance contract entered between a customer and the subsidiary. The subsidiary had made an early final repayment of the loan in March 2011.



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1(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE 1ST QUARTER ENDED 31 MARCH 2011

In S\$'000	1Q2011	1Q2010
Operating Activities		
Profit before income tax	3,873	3,405
Adjustments for:		
Accretion of deferred income	58	99
Amortisation of intangible assets	380	26
Depreciation of property, plant and equipment	362	192
Interest expense	77	12
Interest income	(78)	(23)
Loss on disposal of a subsidiary	135	-
Provision for warranties	2	(1)
Share of profits of jointly-controlled entity	61	9
Value of employees services received for issue of share options	78	51
Cash from operating profit before working capital changes	4,948	3,770
Changes in working capital	6,103	(3,045)
Cash generated from operations	11,051	725
Income tax paid	(381)	(97)
Net cash inflow from operating activities	10,670	628
Investing Activities		
Purchase of intangible assets	-	(12)
Purchase of property, plant and equipment	(100)	(110)
Interest received	78	23
Net cash outflow from investing activities	(22)	(99)
Cash Flows From Financing Activities		
Balances with related corporations (non-trade)	(423)	358
Interest paid	(77)	(12)
Proceeds from issue of shares under Pre-IPO Share Option Scheme	29	-
Purchase of treasury shares	(293)	-
Proceed from bank loans	2,471	-
Repayment of short term bank loans	(7,008)	(1,000)
Net cash outflow from financing activities	(5,301)	(654)
Net increase/(decrease) in cash and cash equivalents	5,347	(125)
Cash and cash equivalents at beginning of period	34,494	46,642
Effect of exchange rate differences on balances held in foreign currency	(21)	62
Cash and cash equivalents at end of period	39,820	46,579

Cash flows from operating activities

Higher net cash inflow in 1Q2011 was mainly due to positive changes in working capital. There were lower inventories and receivables, offset by lower payables. The negative changes in working capital in 1Q2010 were mainly due to higher receivables and inventories, offset by increased payables.

Cash flows from investing activities

Capital expenditure in 1Q2011 and 1Q2010 was \$0.1M.

Cash flow from financing activities

The higher cash outflow in 1Q2011 was mainly due to net repayment in bank borrowings and purchase of treasury shares.



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1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 1ST QUARTER ENDED 31 MARCH 2011

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 January 2010	21,707	33,625	14,260	69,592	39	69,631
Total comprehensive income for the period	-	2,999	370	3,369	15	3,384
Value of employee services received for issue of share option	-	-	51	51	-	51
At 31 March 2010	21,707	36,624	14,681	73,012	54	73,066
At 1 January 2011	21,782	38,113	14,327	74,222	1,324	75,546
Total comprehensive income for the period	-	3,027	119	3,146	249	3,395
Issue of 137,500 ordinary shares under share option scheme at \$0.2079 per share	29	-	-	29	-	29
Share options exercised	6	-	(6)	-	-	-
Purchase of treasury shares	-	-	(293)	(293)	-	(293)
Value of employee services received for issue of share option	-	-	78	78	-	78
At 31 March 2011	21,817	41,140	14,225	77,182	1,573	78,755
COMPANY						
At 1 January 2010	21,707	24,413	13,522	59,642	-	59,642
Total comprehensive income for the period	-	2,370	-	2,370	-	2,370
Share-based payments to employees of Company's subsidiaries	-	-	17	17	-	17
Value of employee services received for issue of share option	-	-	34	34	-	34
At 31 March 2010	21,707	26,783	13,573	62,063	-	62,063
At 1 January 2011	21,782	26,112	13,689	61,583	-	61,583
Total comprehensive income for the period	-	1,108	-	1,108	-	1,108
Issue of 137,500 ordinary shares under share option scheme at \$0.2079 per share	29	-	-	29	-	29
Share options exercised	6	-	(6)	-	-	-
Purchase of treasury shares	-	-	(293)	(293)	-	(293)
Share-based payments to employees of Company's subsidiaries	-	-	30	30	-	30
Value of employee services received for issue of share option	-	-	48	48	-	48
At 31 March 2011	21,817	27,220	13,468	62,505	-	62,505



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

A) Share Capital

As at 31 March 2011, the share capital of the Company at \$21.817 million comprised 453,752,000 issued ordinary shares, of which 1,177,500 are held by the Company as treasury shares. (31 December 2010: 453,614,500 ordinary shares of which 51,500 were held as treasury shares).

B) Employee Share Options

As at 31 March 2011, there were unexercised options of 670,500 (31 March 2010: 1,108,000) unissued ordinary shares of \$0.2079 each under The TeleChoice Pre-IPO Share Option Scheme.

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

As at 31 March 2010, the number of outstanding shares granted under the Company's RSP and PSP were 1,878,000 (31 March 2010: 1,419,500) and 2,850,000 (31 March 2010: 2,399,500) respectively.

D) Treasury Shares

As at 31 March 2011, there were 1,177,500 (31 March 2010: 87,500) treasury shares represented approximately 0.03% 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 2010.

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	1Q2011	1Q2010	FY2010
Basic	0.67	0.66	2.74
Diluted	0.67	0.66	2.74



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7. NET ASSET VALUE

	GROUP		COMPANY	
	31/3/2011	31/12/2010	31/3/2011	31/12/2010
Net assets value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	17.05	16.36	13.81	13.58

8. REVIEW OF GROUP PERFORMANCE

A) Revenue

S\$M	1Q2011	1Q2010	Growth	
			\$	%
Personal Communications Solutions Services (PCS)	58.9	61.9	(3.0)	-5%
Info-Comm Technology Services (ICT)	26.8	3.4	23.4	688%
Network Engineering Services (Engineering)	8.3	10.0	(1.7)	-17%
Total	94.0	75.3	18.7	25%

- **PCS** – Revenue decreased by \$3M or 5% mainly from lower regional sales and revenue from a major customer in Singapore. This was mitigated by an increase in prepaid card and retail sales. Revenue from the major customer has been impacted by the dominance of iPhone which the Group does not carry.
- **ICT** – Revenue increased by \$23.4M or 688% mainly from the consolidation of 5 months of revenue from S&I. There was also higher revenue from enterprise solutions services which was partially offset by lower IDD usage attributable to the intense competitive environment.
- **Engineering** – Overall revenue decreased by \$1.7M or 17% from lower power supply projects in Indonesia and products sales in the region. These were offset by higher transmission revenue in Singapore.

B) PBT

S\$M	1Q2011	1Q2010	Growth	
			\$	%
Personal Communications Solutions Services (PCS)	1.7	2.9	(1.2)	-41%
Info-Comm Technology Services (ICT)	1.6	0.1	1.5	nm
Network Engineering Services (Engineering)	0.6	0.4	0.2	50%
Total	3.9	3.4	0.5	15%

- **PCS** - PBT decreased by \$1.2M or 41% as a result of lower revenue and lower margin. The lower margin was attributed to a higher sales mix of lower margin prepaid cards sales and lower rebates received from manufacturers. This was partly mitigated by income from new services in Malaysia.
- **ICT** - The \$1.6M PBT in 1Q2011 was mainly contributed by S&I. This was partly offset by amortization expenses relating to the recognition of intangible assets arising from the acquisition of S&I and share of losses of a jointly controlled entity.
- **Engineering** – PBT increased by \$0.2M or 50% mainly from higher margin. This was offset by higher exchange loss arising from the work-in-progress and cash balance denominated in USD.



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9. VARIANCE FROM PROSPECT STATEMENT

No material variances from previous statement.

10. PROSPECTS

Based on the current outlook and barring any unforeseen circumstances, the Group expects FY2011 operating performance to maintain at last year's level.

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	
	1Q2011	1Q2010
<u>Transactions for the sales of goods and services</u>		
Temasek Holdings (Private) Limited and its Associates	20.0	25.0
<u>Transactions for the purchases of goods and services</u>		
Temasek Holdings (Private) Limited and its Associates	11.0	12.7
Total Interested Person Transactions	31.0	37.7

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



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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 first quarter ended 31 March 2011 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Andrew Loh Sur Jin
President

Date: 13 May 2011