TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

PART I - UNAUDITED RESULTS FOR THE 1ST QUARTER ENDED 31 MARCH 2019

1(a)(i) INCOME STATEMENT FOR THE 1ST QUARTER ENDED 31 MARCH 2019

In S$'000	1Q2019	1Q2018	+/- %
Revenue	78,408	120,106	-34.7%
Cost of sales	(70,833)	(113,364)	-37.5%
Gross profit (Note 1a)	**7,575**	**6,742**	12.4%
Gross margin % (Note 1b)	*9.7%*	*5.6%*	*4.1 ppt*
Other income	182	182	-
Selling and marketing expenses	(2,054)	(2,231)	-7.9%
Administrative expenses	(4,258)	(4,165)	2.2%
Other expenses (Note 2)	(39)	56	nm
Net finance costs (Notes 3a and 3b)	(334)	(182)	83.5%
Operating profit before income tax	**1,072**	**402**	166.7%
% of revenue	*1.4%*	*0.3%*	*1.1 ppt*
Share of profit of associate (net of tax) (Note 4)	43	230	-81.3%
Profit before income tax	**1,115**	**632**	76.4%
% of revenue	*1.4%*	*0.5%*	*0.9 ppt*
Income tax expense (Note 5)	(393)	(269)	46.1%
Profit for the period	722	363	98.9%
Attributable to:			
Equity holders of the Company	**723**	**350**	106.6%
% of revenue	*0.9%*	*0.3%*	*0.6 ppt*
Non-controlling interests	(1)	13	nm
	722	363	98.9%
Weighted average number of shares (in '000)	454,387	454,388	
Earnings per share (in cents)			
Basic	0.16	0.08	
Diluted	0.16	0.08	

nm - not meaningful

TELECHOICE INTERNATIONAL LIMITED
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STATEMENT OF COMPREHENSIVE INCOME FOR THE 1ST QUARTER ENDED 31 MARCH 2019

In S$'000	1Q2019	1Q2018	+/- %
Profit for the period	722	363	98.9%
Items that may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiaries	(17)	(363)	-95.3%
Share of foreign currency translation differences of associate	(12)	(19)	-36.8%
Exchange differences on monetary items forming part of net investment in foreign operations	33	(196)	nm
Total comprehensive income for the period	726	(215)	nm
Attributable to:			
Equity holders of the Company	727	(228)	nm
Non-controlling interests	(1)	13	nm
Total comprehensive income for the period	726	(215)	nm

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

In S$'000	1Q2019	1Q2018	+/- %
Staff costs (Note 6)	12,517	11,430	9.5%
Provision of directors' remuneration, included in staff costs	118	128	-7.8%
Depreciation of property, plant and equipment (Note 7)	325	521	-37.6%
Depreciation of right-of-use assets (Note 8)	883	-	nm
Amortisation of intangible assets	122	121	0.8%
Provision for bad debts and bad debts write off/(back)	4	(3)	nm
Exchange loss/(gain) (Note 9)	24	(134)	nm
Write down/(back) of inventories to net realisable value (Note 10)	367	(289)	nm
Finance costs (Note 3a)	358	239	49.8%
Finance income (Note 3b)	(24)	(57)	-57.9%
Adjustments for under provision of tax in respect of prior years (Note 11)	1	30	-96.7%

nm - not meaningful

Notes:

(1a) In 1Q2019, PCS and ICT divisions reported higher gross profit against previous period.

(1b) In 1Q2019, PCS and ICT divisions reported higher gross margins against previous period.

(2) Higher other expenses in 1Q2019 was mainly due to a net exchange loss compared to a net exchange gain in 1Q2018.

(3a) Higher finance cost in 1Q2019 was due to higher interest expenses from higher bank borrowings at higher interest rate. There was also lease interest recognised arising from adoption of SFRS(I) 16 *Leases*.

(3b) Finance income decreased due to lower interest accretion income in 1Q2019.

(4) Share of profit of associate was from MVI Systems Limited. The lower share of profit was due to lesser major projects completed in 1Q2019.

(5) Income tax expense was higher due to higher taxable profit recognised in 1Q2019.

(6) Higher staff costs in 1Q2019 due to increase in headcount to support the Engineering projects in Indonesia.

(7) In 1Q2019, depreciation of property, plant and equipment was lower compared to 1Q2018 due to certain assets being fully depreciated.

(8) Adoption of SFRS(I) 16 *Leases* with effect from 1 January 2019.

(9) In 1Q2019, the net exchange loss arose from USD cash and net receivables balances due to the weakening of USD against SGD. In 1Q2018, the net exchange gain arose from net USD payables balances due to the weakening of USD against SGD.

(10) In 1Q2019 there were higher inventory provisions due to higher stock balances held. In 1Q2018, there was a write back on inventories for mobile phones which have been sold.

(11) Adjustments for under provision of tax in 1Q2019 and 1Q2018 were due to the differences in final tax assessment and tax estimates made in the prior year.

TELECHOICE INTERNATIONAL LIMITED
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1(b)(i) STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

In S$'000	Group		Company	
	31/03/2019	31/12/2018	31/03/2019	31/12/2018
Non-current assets				
Subsidiaries	-	-	35,268	34,542
Associate	2,265	2,234	-	-
Property, plant and equipment	1,399	1,635	184	239
Right-of-use assets (Note 1)	10,643	-	6,235	-
Intangible assets	12,859	12,952	299	347
Deferred tax assets	1,112	909	15	15
Trade and other receivables	1,153	1,148	-	-
	29,431	**18,878**	**42,001**	**35,143**
Current assets				
Inventories	24,466	20,258	20,911	17,386
Contract assets	36,058	32,473	-	-
Trade and other receivables	49,135	54,510	11,507	12,460
Cash and cash equivalents	18,800	28,759	3,366	10,277
	128,459	**136,000**	**35,784**	**40,123**
Total assets	**157,890**	**154,878**	**77,785**	**75,266**
Equity				
Share capital	21,987	21,987	21,987	21,987
Other reserves	6,939	6,789	13,495	13,349
Accumulated profits	42,540	41,994	10,697	11,301
Equity attributable to equity holders of the Company	**71,466**	**70,770**	**46,179**	**46,637**
Non-controlling interests	(3)	685	-	-
Total equity	**71,463**	**71,455**	**46,179**	**46,637**
Non-current liabilities				
Lease liabilities (Note 1)	7,294	-	5,099	-
Provisions	209	162	-	-
Trade and other payables	84	79	-	-
	7,587	**241**	**5,099**	-
Current liabilities				
Trade and other payables	42,106	56,633	11,265	19,610
Contract liabilities	6,448	4,732	-	-
Provision	157	155	-	-
Current tax payable	723	338	19	19
Loans and borrowings	25,923	21,324	14,000	9,000
Lease liabilities (Note 1)	3,483	-	1,223	-
	78,840	**83,182**	**26,507**	**28,629**
Total liabilities	**86,427**	**83,423**	**31,606**	**28,629**
Total equity and liabilities	**157,890**	**154,878**	**77,785**	**75,266**

Notes:

(1) The Group adopted SFRS(I) 16 *Leases* with effect from 1 January 2019 based on the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 *Leases* is recognised as an adjustment to the opening balance of accumulated profits at 1 January 2019, with no restatement of comparative information (see section 5 below).

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1(b)(ii) GROUP BORROWINGS*

In S$'000	As at 31/03/2019	As at 31/12/2018
Amount repayable in one year or less		
Bank loan – unsecured	25,923	21,324
Amount repayable after one year		
Bank loan – unsecured	-	-
Total	25,923	21,324

Details of any collateral

Nil

*Group borrowings exclude the lease liabilities recognised following the adoption of SFRS(I) 16 *Leases.*

TELECHOICE INTERNATIONAL LIMITED
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1(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE 1ST QUARTER ENDED 31 MARCH 2019

In S$'000	1Q2019	1Q2018
Operating Activities		
Profit before income tax	1,115	632
Adjustments for:		
Amortisation of intangible assets	122	121
Depreciation of property, plant and equipment	325	521
Depreciation of right-of-use assets	883	-
Finance costs	358	239
Finance income	(24)	(57)
Loss/(gain) on disposal of property, plant and equipment and intangible assets	1	(1)
Provision/(write back of) warranties	2	(4)
Share-based payments expenses	146	90
Share of profit of an associate	(43)	(230)
Cash from operating profit before working capital changes	2,885	1,311
Changes in working capital	(15,271)	(4,815)
Cash generated from operations	(12,386)	(3,504)
Income tax paid	(212)	(270)
Net cash outflow from operating activities	**(12,598)**	**(3,774)**
Investing Activities		
Acquisition of non-controlling interests	(600)	-
Purchase of intangible assets	(29)	(17)
Purchase of property, plant and equipment	(103)	(83)
Proceeds from disposal of property, plant and equipment	8	7
Interest received	3	7
Net cash outflow from investing activities	**(721)**	**(86)**
Financing Activities		
Interest paid	(340)	(203)
Proceeds from bank loans	14,586	3,089
Repayment of short term bank loans	(9,987)	(7,679)
Payment of lease liabilities	(857)	-
Net cash inflow/(outflow) from financing activities	**3,402**	**(4,793)**
Net decrease in cash and cash equivalents	(9,917)	(8,653)
Cash and cash equivalents at beginning of period	28,759	42,926
Effect of exchange rate changes on balances held in foreign currencies	(42)	(137)
Cash and cash equivalents at end of period	**18,800**	**34,136**

Cash flows from operating activities

Net cash outflow in 1Q2019 was attributed to the negative change in working capital due to higher inventories and higher contract assets held. Higher inventories balances were for phone sales in 2Q2019. Higher contract assets balances represent revenue to be recognised in FY2019. There were also lower trade payables from advance payment made.

Cash flows from investing activities

Net cash outflow in 1Q2019 was due to partial consideration paid to acquire the remaining shares of a subsidiary from a non-controlling shareholder.

Cash flow from financing activities

Net cash inflow in 1Q2019 was due to additional bank loans. Payment of lease liabilities was disclosed following the adoption of SFRS(I) 16 *Leases*.

TELECHOICE INTERNATIONAL LIMITED
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1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE 1ST QUARTER ENDED 31 MARCH 2019

In S$'000	Share capital	Accumulated profits	Other reserves	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
GROUP						
At 1 January 2018	**21,987**	**45,196**	**7,551**	**74,734**	**390**	**75,124**
Total comprehensive income for the period	-	350	(578)	(228)	13	(215)
Share-based payments expenses	-	-	90	90	-	90
At 31 March 2018	**21,987**	**45,546**	**7,063**	**74,596**	**403**	**74,999**
At 1 January 2019	**21,987**	**41,994**	**6,789**	**70,770**	**685**	**71,455**
Effect of adoption of SFRS(I) 16	-	(177)	-	(177)	-	(177)
Adjusted balance at 1 January 2019	**21,987**	**41,817**	**6,789**	**70,593**	**685**	**71,278**
Total comprehensive income for the period	-	723	4	727	(1)	726
Acquisition of non-controlling interests	-	-	-	-	(687)	(687)
Share-based payments expenses	-	-	146	146	-	146
At 31 March 2019	**21,987**	**42,540**	**6,939**	**71,466**	**(3)**	**71,463**
COMPANY						
At 1 January 2018	**21,987**	**12,119**	**13,286**	**47,392**	**-**	**47,392**
Total comprehensive income for the period	-	3,532	-	3,532	-	3,532
Share-based payments to employees of Company's subsidiaries	-	-	29	29	-	29
Share-based payments expenses	-	-	62	62	-	62
At 31 March 2018	**21,987**	**15,651**	**13,377**	**51,015**	**-**	**51,015**
At 1 January 2019	**21,987**	**11,301**	**13,349**	**46,637**	**-**	**46,637**
Effect of adoption of SFRS(I) 16	-	(110)	-	(110)	-	(110)
Adjusted balance at 1 January 2019	**21,987**	**11,191**	**13,349**	**46,527**	**-**	**46,527**
Total comprehensive income for the period	-	(494)	-	(494)	-	(494)
Share-based payments to employees of Company's subsidiaries	-	-	41	41	-	41
Share-based payments expenses	-	-	105	105	-	105
At 31 March 2019	**21,987**	**10,697**	**13,495**	**46,179**	**-**	**46,179**

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

A) Share Capital

As at 31 March 2019, the share capital of the Company amounted to $21.987 million comprising 454,387,185 issued ordinary shares excluding treasury shares. (31 March 2018: 454,387,796 ordinary shares excluding treasury shares; 31 December 2018: 454,387,185 ordinary shares excluding treasury shares).

During the quarter ended 31 March 2019, there was no issuance of new ordinary shares.

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

As at 31 March 2019, the number of outstanding shares granted under the Company's RSP and PSP were 4,643,885 (31 March 2018: 5,875,855) and 3,400,000 (31 March 2018: 2,995,320) respectively.

C) Treasury Shares

During the quarter ended 31 March 2019, the Company did not purchase any of its ordinary shares from the market. As at 31 March 2019, there were 35,315 (31 March 2018: 34,704) treasury shares representing approximately 0.0078% of the total issued share capital of the Company.

D) Subsidiary holdings

As at 31 March 2019, none of the Company's subsidiaries held any shares in the Company (31 March 2018: Nil).

2. AUDIT

The results 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 2018, except for the adoption of new or revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and Interpretations to FRS ("**INT FRS**") which became effective from this financial year as follows:

- SFRS(I) 16: Leases
- SFRS(I) INT 23: Uncertainty over Income Tax Treatments
- Amendments to SFRS(I) 9: Financial Instruments - Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-28: Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures
- Amendments to SFRS(I)1-19: Employee Benefits - Plan Amendment, Curtailment or Settlement

5. CHANGES IN ACCOUNTING POLICIES

In the current financial year, the Group and the Company have adopted all the new and revised SFRS(I)s that are relevant to its operations and effective for annual periods beginning on 1 January 2019. The adoption of these new/revised SFRS(I)s 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, except as stated below:

SFRS(I) 16 Leases

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. The adoption of SFRS(I) 16 resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases was removed. Exceptions to this standard are short-term and low value leases. The accounting for lessors was not changed significantly.

Under the standard, an asset ("**ROU asset**") and a financial liability to pay rentals are recognised in the balance sheet and depreciation charge on the ROU assets and interest expenses on the lease liabilities are recognised in the income statement.

The Group applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group applied the practical expedient to grandfather the definition of a lease on transition. SFRS(I) 16 is applied to lease contracts entered before 1 January 2019 and are identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The adoption of SFRS(I) 16 resulted in adjustments to the Statement of Financial Position of the Group as at 1 January 2019. The differences from the Statement of Financial Position as previously reported at 31 December 2018 are as follows

Statement of Financial Position as at 1 January 2019 In S$'000	**Increase/ (Decrease)**
Property, plant and equipment	(12)
Right-of-use assets	11,039
Lease liabilities	11,204
Accumulated profits	(177)

6. EARNINGS PER ORDINARY SHARE (EPS) (in cents)

Group	**1Q2019**	**1Q2018**	**FY2018**
Basic	0.16	0.08	0.88
Diluted	0.16	0.08	0.88

7. NET ASSET VALUE PER ORDINARY SHARE

	GROUP		**COMPANY**	
	31/03/2019	**31/12/2018**	**31/03/2019**	**31/12/2018**
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in cents):	15.73	15.57	10.16	10.26

8. REVIEW OF GROUP PERFORMANCE

A) Revenue

S$M	1Q2019	1Q2018	Growth	
			$	%
Personal Communications Solutions Services ("**PCS**")	46.5	90.8	(44.3)	(49%)
Info-Communications Technology Services ("**ICT**")	15.3	16.5	(1.2)	(7%)
Network Engineering Services ("**Engineering**")	16.6	12.8	3.8	30%
Group Revenue	78.4	120.1	(41.7)	(35%)

- **PCS** – Revenue decreased in 1Q2019 mainly due to lower equipment sales to a major customer in Singapore and lower prepaid sales. This was partially mitigated by higher channel sales and field and cabling services revenue and commission income.
- **ICT** – Revenue decreased in 1Q2019 mainly due to the sale of the Group's enterprise network products distribution business in 3Q2018. There was also lower software revenue.
- **Engineering –** Revenue increased in 1Q2019 from all countries except for the Malaysian operation.

B) PBT

S$M	1Q2019	1Q2018	Growth	
			$	%
PCS	1.3	1.3	-	-
ICT	(0.5)	(1.0)	0.5	50%
Engineering	0.3	0.3	-	-
Group PBT	1.1	0.6	0.5	83%

- **PCS** –In 1Q2019, both the Malaysian and Singapore operations maintained the PBT. The lower PBT from equipment and prepaid sales were mitigated by higher margin service revenue.
- **ICT** – Lower losses in 1Q2019 was mainly due to higher margin service revenue. There was however a lower share of profit from an associate.
- **Engineering** – PBT maintained in 1Q2019. The higher PBT contribution from the Indonesian operation was offset by the losses from the Malaysian operation. There was also lower PBT contribution from the Philippines operation.

9. VARIANCE FROM PROSPECT STATEMENT

The 1Q 2019 operating performance was broadly in line with the prospect statement made when the full year 2018 financial results were announced.

10. PROSPECTS

Based on the current outlook and barring any unforeseen circumstances, the Group expects operating performance for FY2019 to be maintained at the same level as FY2018. Overall, the operating environment remains challenging and uncertain.

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

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. Interested Person Transactions - DISCLOSURE PURSUANT TO RULE 920(1)(a)(ii)

	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual	
In S$M	**1Q2019**	**1Q2018**
Transactions for the sales of goods and services		
Temasek Holdings (Private) Limited and its Associates	23.5	62.1
Transactions for the purchases of goods and services		
Temasek Holdings (Private) Limited and its Associates	9.8	16.2
Total Interested Person Transactions	**33.3**	**78.3**

There were no interested person transactions during the period under review (excluding transactions less than $100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual).

14. Statement pursuant to Rule 705(5) of the SGX-ST 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 2019 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

Lim Shuh Moh Vincent
President

Date: 15 May 2019