

**UNIFIED COMMUNICATIONS HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration no.: 200211129W)

**Second Quarter Financial Statements and Dividend Announcement  
for the Period Ended 30 June 2006****PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS****1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

Set out below are the financial statements for the second quarter ended 30 June 2006

**Consolidated Income Statement**

	Group			Group		
				6 months ended 30 June		
	Q2 2006	Q2 2005	Inc/(dec)	2006	2005	Inc/(dec) (C)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	3,188	5,741	(44)	6,368	12,155	(48)
Cost of sales	(1,587)	(2,496)	(36)	(3,429)	(5,880)	(42)
<b>Gross profit</b>	<b>1,601</b>	<b>3,245</b>	<b>(51)</b>	<b>2,939</b>	<b>6,275</b>	<b>(53)</b>
Other operating income	41	25	64	64	164	(61)
Technical support expenses	(1,050)	(1,549)	(32)	(2,284)	(3,081)	(26)
Distribution costs	(783)	(939)	(17)	(1,510)	(1,915)	(21)
Administrative expenses	(430)	(476)	(10)	(864)	(922)	(6)
Other operating expenses	(138)	(18)	>100	(410)	(43)	>100
<b>(Loss)/Profit from operations</b>	<b>(759)</b>	<b>288</b>	<b>&gt;(100)</b>	<b>(2,065)</b>	<b>478</b>	<b>&gt;(100)</b>
Finance costs	(26)	(33)	(21)	(68)	(88)	(23)
Share of results of an associated company	105	31	>100	191	48	>100
<b>(Loss)/Profit before tax</b>	<b>(680)</b>	<b>286</b>	<b>&gt;(100)</b>	<b>(1,942)</b>	<b>438</b>	<b>&gt;(100)</b>
Income tax	(25)	(49)	(49)	(56)	(81)	(31)
<b>Net (loss)/profit for the financial period</b>	<b>(705)</b>	<b>237</b>	<b>&gt;(100)</b>	<b>(1,998)</b>	<b>357</b>	<b>&gt;(100)</b>
<b>Attributable to:</b>						
Shareholders of the Company	(691)	71	>(100)	(2,034)	125	>(100)
Minority interest	(14)	166	>(100)	36	232	>84
<b>Net (loss)/profit for the financial period</b>	<b>(705)</b>	<b>237</b>	<b>&gt;(100)</b>	<b>(1,998)</b>	<b>357</b>	<b>&gt;(100)</b>

**1(a)(ii) Notes to income statements**

The following items have been included in arriving at profit from operations:

	Group			Group		
				6 months ended 30 June		
	Q2 2006	Q2 2005	Inc/(dec)	2006	2005	Inc/(dec) (C)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Amortisation of development costs and intellectual property	109	129	(16)	258	256	1
Write-back of allowance for doubtful receivables	-	-	-	-	(105)	(100)
Foreign exchange loss /(gain)	96	(15)	>(100)	336	(37)	>(100)
Depreciation of plant and equipment	471	550	(14)	1,036	1,031	0
Gain on disposal of plant and equipment	(14)	-	100	(17)	(10)	70

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**Balance Sheets**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>As at 30/6/2006</b>	<b>As at 31/12/2005</b>	<b>As at 30/6/2006</b>	<b>As at 31/12/2005</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	1,081	929	14	12
Trade and other receivables	15,846	18,730	9,465	9,592
Finance lease receivable	340	209	-	-
Inventories	5,871	6,402	-	-
Other current assets	859	979	30	29
	<b>23,997</b>	<b>27,249</b>	<b>9,509</b>	<b>9,633</b>
<b>Non- current assets</b>				
Investment in an associated company	403	255	-	-
Investments in subsidiaries	-	-	22,526	22,526
Plant and equipment	7,312	8,386	29	33
Intangible assets	2,165	2,150	-	-
Deferred income tax assets	611	611	-	-
Finance lease receivable	564	378	-	-
	<b>11,055</b>	<b>11,780</b>	<b>22,555</b>	<b>22,559</b>
<b>Total assets</b>	<b>35,052</b>	<b>39,029</b>	<b>32,064</b>	<b>32,192</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	5,427	5,736	114	133
Current income tax liabilities	104	86	-	-
Borrowings	1,215	2,691	-	-
	<b>6,746</b>	<b>8,513</b>	<b>114</b>	<b>133</b>
<b>Non - current liabilities</b>				
Borrowings	56	81	-	-
Deferred income tax liabilities	58	58	-	-
	<b>114</b>	<b>139</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>6,860</b>	<b>8,652</b>	<b>114</b>	<b>133</b>
<b>Net assets</b>	<b>28,192</b>	<b>30,377</b>	<b>31,950</b>	<b>32,059</b>
<b>EQUITY</b>				
Share capital <sup>(A)</sup>	31,948	31,948	31,948	31,948
Foreign currency translation reserve	(659)	(469)	-	-
Retained earnings/(accumulated losses)	(3,209)	(1,175)	2	111
<b>Shareholders' equity</b>	<b>28,080</b>	<b>30,304</b>	<b>31,950</b>	<b>32,059</b>
Minority interest	112	73	-	-
	<b>28,192</b>	<b>30,377</b>	<b>31,950</b>	<b>32,059</b>

<sup>(A)</sup> On 30 January 2006, in accordance with the (Companies) Amendment Act 2005, the concept of “par value” and “authorised capital” were abolished and on that date, the share of the Company ceased to have par value. In addition, the amount standing in the share premium reserve had become part of the Company’s share capital

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

Group As at 30/6/2006		Group As at 31/12/2005	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,215	-	2,691	-

**Amount repayable after one year**

Group As at 30/6/2006		Group As at 31/12/2005	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
56	-	81	-

**Details of any collateral**

The Group’s secured facilities comprise of trade lines, bank overdrafts and hire purchase.

The trade lines and bank overdrafts are secured by way of:

- (i) corporate guarantee from a subsidiary in Singapore;
- (ii) corporate guarantees from the Company to banks for facilities extended to its wholly-owned subsidiaries; and
- (iii) a charge on fixed deposit of RM518,500 (S\$224,580).

The hire purchase is secured by plant and equipment of a subsidiary with a net book value of RM274,000 (S\$119,000) (31.12.2005: S\$158,000).

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Consolidated Cash Flow Statement**

			6 months ended 30 June	
	Q2 2006	Q2 2005	2006	2005
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities:</b>				
Profit/(loss) before tax and after share of results of an associated company	(680)	286	(1,942)	438
Adjustments for :				
Amortisation of development costs and intellectual property	109	129	258	256
Depreciation of plant and equipment	471	550	1,036	1,031
Gain on disposals of plant and equipment	(14)	-	(17)	(10)
Interest expense	26	33	68	88
Interest income	(38)	(2)	(39)	(6)
Share of results of an associated company	(105)	(31)	(191)	(48)
Foreign currency translation adjustments	(163)	150	(134)	426
<b>Operating cash flow before working capital changes</b>	<b>(394)</b>	<b>1,115</b>	<b>(961)</b>	<b>2,175</b>
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries				
Inventories	657	(230)	532	(25)
Finance lease receivable	(154)	-	(107)	-
Trade and other receivables	1,690	184	3,006	(415)
Trade and other payables	(838)	(421)	(309)	(1,247)
Cash from operations	961	648	2,161	488
Income tax paid	(1)	(32)	(2)	(64)
Interest paid	(26)	(33)	(68)	(88)
<b>Net cash flow from operating activities</b>	<b>934</b>	<b>583</b>	<b>2,091</b>	<b>336</b>
<b>Cash flows from investing activities:</b>				
Purchases of plant and equipment	(53)	(1,160)	(243)	(3,214)
Proceeds from disposals of plant and equipment	50	81	55	81
Development costs paid	(148)	(102)	(291)	(215)
Interest received	38	2	39	6
<b>Net cash flow from/(used in) investing activities</b>	<b>(113)</b>	<b>(1,179)</b>	<b>(440)</b>	<b>(3,342)</b>

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)

			6 months ended 30 June	
	Q2 2006	Q2 2005	2006	2005
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from financing activities:</b>				
Proceeds from borrowings	-	1,519	833	4,815
Repayments of borrowings	(1,005)	(2,625)	(2,779)	(4,985)
Repayments of finance leases	(12)	(12)	(24)	(24)
<b>Net cash flow from/(used in) financing activities</b>	<b>(1,017)</b>	<b>(1,118)</b>	<b>(1,970)</b>	<b>(194)</b>
<b>Net change in cash and cash equivalents</b>	<b>(196)</b>	<b>(1,714)</b>	<b>(319)</b>	<b>(3,200)</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>444</b>	<b>2,692</b>	<b>567</b>	<b>4,178</b>
<b>Cash and cash equivalents at end of the financial period</b> <i>(Note 1)</i>	<b>248</b>	<b>978</b>	<b>248</b>	<b>978</b>

**Explanatory Notes:**

Note 1

	As at 30 June	
	2006	2005
	S\$'000	S\$'000
Cash and cash equivalents	1,082	1,593
Bank overdrafts	(609)	(394)
Restricted deposits	(225)	(221)
Cash and cash equivalents per consolidated cash flow statement	<b>248</b>	<b>978</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

**Statement of Changes in Equity for the Second Quarter ended 30 June 2006**

	Issued and fully paid					
	Number of shares	Share capital	Foreign currency translation reserve	Retained earnings/ (accumulated losses)	Minority interest	Total
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Period ended 30/6/2006</b>						
<b><u>Group</u></b>						
Balance at 1/4/2006	319,572,675	31,948	(403)	(2,518)	109	29,136
Foreign currency translation differences recognised directly in equity	-	-	(256)	-	17	(239)
Net profit/(loss) for the financial period	-	-	-	(691)	(14)	(705)
<b>Total recognised gains/(loss) for the financial period</b>	<b>-</b>	<b>-</b>	<b>(256)</b>	<b>(691)</b>	<b>3</b>	<b>(944)</b>
<b>Balance at 30/6/2006</b>	<b>319,572,675</b>	<b>31,948</b>	<b>(659)</b>	<b>(3,209)</b>	<b>112</b>	<b>28,192</b>
<b><u>Company</u></b>						
Balance at 1/4/2006	319,572,675	31,948	-	50	-	31,998
Transfer of share premium reserve to share capital	-	-	-	-	-	-
Net loss for the financial period	-	-	-	(48)	-	(48)
<b>Total recognised losses for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(48)</b>	<b>-</b>	<b>(48)</b>
<b>Balance at 30/6/2006</b>	<b>319,572,675</b>	<b>31,948</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>31,950</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)**

**Statement of Changes in Equity for the Second Quarter ended 30 June 2005**

	Issued and fully paid		Share premium	Foreign currency translation reserve	Retained earnings/ (accumulated losses)	Minority interest	Total
	Number of shares	Share capital					
		S\$'000					
<b>Period ended 30/6/2005</b>							
<b><u>Group</u></b>							
Balance at 1/4/2005	319,572,675	25,566	6,382	(529)	1,222	122	32,763
Foreign currency translation differences recognised directly in equity	-	-	-	317	-	-	317
Net profit for the financial period	-	-	-	-	71	166	554
<b>Total recognised gains for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>317</b>	<b>71</b>	<b>166</b>	<b>554</b>
<b>Balance at 30/6/2005</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>(212)</b>	<b>1,293</b>	<b>288</b>	<b>33,317</b>
<b><u>Company</u></b>							
Balance at 1/4/2005	319,572,675	25,566	6,382	-	(16)	-	31,932
Net loss for the financial period	-	-	-	-	(75)	-	(75)
<b>Total recognised losses for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(75)</b>	<b>-</b>	<b>(75)</b>
<b>Balance at 30/6/2005</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>-</b>	<b>(91)</b>	<b>-</b>	<b>31,857</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

None



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)

**Statement of Changes in Equity for the Six Months ended 30 June 2006**

	Issued and fully paid		Share premium	Foreign currency translation reserve	Retained earnings/ (accumulated losses)	Minority interest	Total
	Number of shares	Share capital					
		S\$'000					
			S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Period ended 30/6/2006</b>							
<b>Group</b>							
Balance at 1/1/2006	319,572,675	25,566	6,382	(469)	(1,175)	73	30,377
Transfer of share premium reserve to share capital	-	6,382	(6,382)	-	-	-	-
Balance at 1/1/2006 restated	319,572,675	31,948	-	(469)	(1,175)	73	30,377
Foreign currency translation differences recognised directly in equity	-	-	-	(190)	-	3	(187)
Net profit/(loss) for the financial period	-	-	-	-	(2,034)	36	(1,998)
<b>Total recognised gains/(losses) for the financial period</b>	-	-	-	<b>(190)</b>	<b>(2,034)</b>	<b>39</b>	<b>(2,185)</b>
<b>Balance at 30/6/2006</b>	<b>319,572,675</b>	<b>31,948</b>	<b>-</b>	<b>(659)</b>	<b>(3,209)</b>	<b>112</b>	<b>28,192</b>
<b>Company</b>							
Balance at 1/1/2006	319,572,675	25,566	6,382	-	111	-	32,059
Transfer of share premium reserve to share capital	-	6,382	(6,382)	-	-	-	-
Balance at 1/1/2006 restated	319,572,675	31,948	-	-	111	-	32,059
Net loss for the financial period	-	-	-	-	(109)	-	(109)
<b>Total recognised losses for the financial period</b>	-	-	-	-	<b>(109)</b>	-	<b>(109)</b>
<b>Balance at 30/6/2005</b>	<b>319,572,675</b>	<b>31,948</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>31,950</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)

**Statement of Changes in Equity for the Six Months ended 30 June 2005**

	Issued and fully paid		Share premium	Foreign currency translation reserve	Retained earnings/ (accumulated losses)	Minority interest	Total
	Number of shares	Share capital					
		S\$'000					
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Period ended 30/6/2005</b>							
<b>Group</b>							
Balance at 1/1/2005	319,572,675	25,566	6,382	(786)	(3,192)	55	28,025
Negative goodwill recognised	-	-	-	-	4,360	-	4,360
Balance at 1/1/2005, restated	319,572,675	25,566	6,382	(786)	1,168	55	32,385
Foreign currency translation differences recognised directly in equity	-	-	-	574	-	1	575
Net profit for the financial period	-	-	-	-	125	232	357
<b>Total recognised gains for the financial period</b>	-	-	-	574	125	233	932
<b>Balance at 30/6/2005</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>(212)</b>	<b>1,293</b>	<b>288</b>	<b>33,317</b>
<b>Company</b>							
Balance at 1/1/2005	319,572,675	25,566	6,382	-	48	-	31,996
Net loss for the financial period	-	-	-	-	(139)	-	(139)
<b>Total recognised losses for the financial period</b>	-	-	-	-	(139)	-	(139)
<b>Balance at 30/6/2005</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>-</b>	<b>(91)</b>	<b>-</b>	<b>31,857</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

None

**2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

These figures have neither been audited nor reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation for the current financial period as compared to the most recent audited financial statements of the Group for the financial year ended 31 December 2005.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group		Group	
	Q2 2006	Q2 2005	6 months ended 30 June	
	cents	cents	2006	2005
			cents	cents
Based on the weighted average number of ordinary shares on issue	(0.2)	(0.02) <sup>(1)</sup>	(0.6)	0.04 <sup>(1)</sup>
On fully diluted basis (detailing any adjustments made to the earnings)	n.a. <sup>(2)</sup>	n.a. <sup>(2)</sup>	n.a. <sup>(2)</sup>	n.a. <sup>(2)</sup>

n.a.: not applicable.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends (continued)**

- (1) For comparative purposes, the earnings per ordinary share of the Group have been computed based on the net profit after tax from the financial statements of the relevant financial period and the weighted average number of ordinary shares issued of 319,572,675 shares for Q2 2006 and Q2 2005.
- (2) Diluted earnings per share have not been calculated as no diluting events existed during these periods. No share options were granted to any employees during these periods.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	As at 30/6/2006		As at 31/12/2005	
	Group	Company	Group	Company
	cents	cents	cents	cents
Net asset value per ordinary share <sup>(1)</sup>	8.79	10.00	9.48	10.03

- (1) The net asset value per ordinary share of the Group and the Company have been computed based on the net asset value of the Group and the Company at the relevant financial period end and the existing issued share capital of 319,572,675 shares.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

**Review of results for the second quarter ended 30 June 2006 as compared to corresponding quarter ended 30 June 2005**

Sales analysed by business segments for the quarter under review is as follows: -

	Q2 2006	Sales mix	Q2 2005	Sales mix
	S\$'000	%	S\$'000	%
<b>Proprietary Solutions</b>	1,910	60	4,376	76
<b>Distribution</b>	1,132	36	1,365	24
<b>Operation &amp; System Support</b>	146	4	-	-
<b>Total</b>	3,188	100	5,741	100

The Group's sales for Q2 2006 recorded a decrease of S\$2.6 million or 44% compared to Q2 2005. The decrease in sales was primarily due to a reduction in sales from the Proprietary Solutions business segment.

Sales for the Group's Distribution business segment in Q2 2006 also recorded a decrease of S\$0.2 million or 17% compared to Q2 2005, as a result of a shift in focus away from the distribution of Telecoms Products towards IT and Emerging Technologies Products. These new business units of the Group's Distribution business segment have continued to build market share but have yet to contribute significantly to overall results.

Overhead expenses on the other hand decreased by approximately S\$0.6million or 19% as compared to Q2 2005. This reduction is a result of the Group's continued efforts in rationalising operating expenses and overheads.

The Group recorded a loss before interest, tax, depreciation and amortisation ("LBITDA") of S\$0.1 million and a loss before tax of S\$0.7 million for Q2 2006, as compared to earnings before interest, tax, depreciation and amortisation ("EBITDA") of S\$1.0 million and a profit before tax of S\$0.3 million achieved in the corresponding period in 2005. The loss in Q2 2006 was mainly due to lower sales recorded during the same quarter.

The Group's new Operation System Support ('OSS') business unit, which was also established late last year to focus on servicing the fast growing international mobile roaming business for mobile network operators, commenced the commercial delivery and full billing of its services from March 2006, contributing S\$0.15 million to overall sales in Q2.

**Review of results for the six months period ended 30 June 2006 as compared to corresponding period ended 30 June 2005**

Sales analysed by business segments for the quarter under review is as follows: -

	<b>YTD June 2006</b>	<b>Sales mix</b>	<b>YTD June 2005</b>	<b>Sales mix</b>
	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>%</b>
<b>Proprietary Solutions</b>	4,005	63	8,953	74
<b>Distribution</b>	2,185	34	3,202	26
<b>Operation &amp; System Support</b>	178	3	-	-
<b>Total</b>	<b>6,368</b>	<b>100</b>	<b>12,155</b>	<b>100</b>

The Group's sales for the six months ended 30 June 2006, decreased by S\$5.8 million or 48% compared to the corresponding period last year. The decrease was mainly attributable to a decrease in sales from the Proprietary Solutions business segment.

The 55% decrease in Proprietary Solutions sales (YTD June 2006 against YTD June 2005) was largely attributable to the Group's continued shift in focus away from the 'Tier 2' telecommunications market (ASP and SBO market), and towards the mobile communications market, otherwise regarded as the 'Tier 1' market. The longer than expected sales cycle and gestation period for Tier 1 build-and-transfer and revenue sharing projects, coupled with seasonally softer market conditions for the Group's Proprietary Solutions contributed significantly to the current period result.

However, overhead expenses for the six-month period ended 30 June 2006 on the other hand, decreased by approximately S\$0.9million or 15% as compared to the corresponding period last year. The reduction is a result of the group's continued efforts in rationalising operating expenses and overheads.

As a result of the lower revenue achieved, the Group incurred a loss before interest, tax, depreciation and amortisation ("LBITDA") of S\$0.6 million and a loss before tax of S\$1.9 million for the six month period ended 30 June 2006. In comparison, the Group achieved earnings before interest, tax, depreciation and amortisation ("EBITDA") of S\$1.8 million and profit before tax of S\$0.4 million for the corresponding period in 2005.

***Review of the Group's financial position as at 30 June 2006 as compared to the Group's financial position as at 31 December 2005***

Current assets decreased by S\$3.2 million or 12% from S\$27.2 million as at 31 December 2005, to S\$24.0 million as at 30 June 2006. This was mainly due to a decrease in trade and other receivables as a result of lower sales reported during the quarter.

The decrease in total non-current assets by S\$0.7 million was mainly attributable to depreciation charged for Plant and Equipment as well as reclassification of telecommunication equipment from Plant and Equipment to Finance Lease Receivable in compliance of FRS 17 Leases.

Total liabilities decreased from S\$8.7 million as at 31 December 2005 to S\$6.9 million as at 30 June 2006, representing a decrease of approximately S\$1.8 million or 21%. This was mainly due to the settlement of short-term bank borrowings and a decrease in trade and other payables as a result of reduction in direct costs.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

No profit forecast has been issued for the quarter under review.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Barring any unforeseen circumstances, the Directors remain cautiously optimistic about the Group's long-term prospects. The telecommunications industry globally and in the region remains buoyant with the continued development of markets and the increasing demand for innovative mobile solutions due to the rapid growth in mobile penetration.

The Group will continue its efforts in developing business areas that are capable of delivering sustainable growth and profits, involving the following three key strategies: :

- To grow mobile data and value-added services ("VAS") business areas by leveraging existing skills, knowledge and technical capabilities;
- To expand and improve the recurring revenue streams via managed services including operation system & support services; and
- To grow the developing telecommunications markets by participating in the growth of developing and emerging ASEAN telecommunications markets.

The Group will continue to review its long term strategies and strive towards achieving its objectives of delivering profitable growth and sustainable growth in shareholder value.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? None

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

Any dividend declared for the corresponding period of the immediately preceding financial year? None

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared or recommended for the period ended 30 June 2006.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not applicable.

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable.

**15. A breakdown of sales**

Not applicable.

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable.

**BY ORDER OF THE BOARD**

Wong Tze Leng  
Chief Executive Officer  
11 August 2006