

**UNIFIED COMMUNICATIONS HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration no.: 200211129W)

**First Quarter Financial Statements and Dividend Announcement  
for the Period Ended 31 March 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 first quarter ended 31 March 2006

**Consolidated Income Statement**

	<b>Group</b>	<b>Group</b>	
	<b>Q1 2006</b>	<b>Q1 2005</b>	<b>Inc/(dec)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Revenue	3,180	6,414	(50)
Cost of sales	(1,842)	(3,384)	(46)
<b>Gross profit</b>	<b>1,338</b>	<b>3,030</b>	<b>(56)</b>
Other operating income	23	140	(84)
Technical support expenses	(1,234)	(1,532)	(19)
Distribution costs	(727)	(975)	(25)
Administrative expenses	(434)	(447)	(3)
Other operating expenses	(272)	(25)	>100
<b>(Loss)/Profit from operations</b>	<b>(1,306)</b>	<b>191</b>	<b>&gt;(100)</b>
Finance costs	(42)	(56)	(25)
Share of results of an associated company	86	17	>100
<b>(Loss)/Profit before tax</b>	<b>(1,262)</b>	<b>152</b>	<b>&gt;(100)</b>
Income tax	(31)	(32)	(3)
<b>Net (loss)/profit for the financial period</b>	<b>(1,293)</b>	<b>120</b>	<b>&gt;(100)</b>
<b>Attributable to:</b>			
Shareholders of the Company	(1,343)	54	>(100)
Minority interest	50	66	(24)
<b>Net (loss)/profit for the financial period</b>	<b>(1,293)</b>	<b>120</b>	<b>&gt;(100)</b>

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

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

	<b>Group</b>	<b>Group</b>	
	<b>Q1 2006 <sup>(A)</sup></b>	<b>Q1 2005 <sup>(B)</sup></b>	<b>Inc/(dec)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Amortisation of development costs and intellectual property	149	127	>100
Write-back of allowance for doubtful receivables	-	(105)	(100)
Foreign exchange loss /(gain)	239	(23)	>100
Depreciation of plant and equipment	565	481	17
Gain on disposal of plant and equipment	(3)	(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 31/3/2006</b>	<b>As at 31/12/2005</b>	<b>As at 31/3/2006</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	1,072	929	13	12
Trade and other receivables	17,852	18,730	9513	9,592
Finance lease receivable	216	209	-	-
Inventories	6,527	6,402	-	-
Other current assets	546	979	47	29
	<b>26,213</b>	<b>27,249</b>	<b>9,573</b>	<b>9,633</b>
<b>Non- current assets</b>				
Investment in an associated company	324	255	-	-
Investment s in subsidiaries	-	-	22,526	22,526
Plant and equipment	8,022	8,386	31	33
Intangible assets	2,156	2,150	-	-
Deferred income tax assets	611	611	-	-
Finance lease receivable	324	378	-	-
	<b>11,437</b>	<b>11,780</b>	<b>22,557</b>	<b>22,559</b>
<b>Total assets</b>	<b>37,650</b>	<b>39,029</b>	<b>32,130</b>	<b>32,192</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	6,265	5,736	132	133
Current income tax liabilities	102	86	-	-
Borrowings	2,019	2,691	-	-
	<b>8,386</b>	<b>8,513</b>	<b>132</b>	<b>133</b>
<b>Non - current liabilities</b>				
Borrowings	70	81	-	-
Deferred income tax liabilities	58	58	-	-
	<b>128</b>	<b>139</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>8,514</b>	<b>8,652</b>	<b>132</b>	<b>133</b>
<b>Net assets</b>	<b>29,136</b>	<b>30,377</b>	<b>31,998</b>	<b>32,059</b>
<b>EQUITY</b>				
Share capital <sup>(A)</sup>	31,948	25,566	31,948	25,566
Share premium <sup>(A)</sup>	-	6,382	-	6,382
Foreign currency translation reserve	(403)	(469)	-	-
Retained earnings/(accumulated losses)	(2,518)	(1,175)	50	111
<b>Shareholders' equity</b>	<b>29,027</b>	<b>30,304</b>	<b>31,998</b>	<b>32,059</b>
Minority interest	109	73	-	-
	<b>29,136</b>	<b>30,377</b>	<b>31,998</b>	<b>32,059</b>

**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. (continued)**

**Note to the Balance Sheets**

<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 shares 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**

<b>Group As at 31/3/2006</b>		<b>Group As at 31/12/2005</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
2,019	-	2,691	-

**Amount repayable after one year**

<b>Group As at 31/3/2006</b>		<b>Group As at 31/12/2005</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
70	-	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\$228,000).

The hire purchase is secured by plant and equipment of a subsidiary with a net book value of RM310,000 (S\$135,000) (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**

	<b>Q1 2006</b>	<b>Q1 2005</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities:</b>		
Profit/(loss) before tax and after share of results of an associated company	(1,262)	152
Adjustments for :		
Amortisation of development costs and intellectual property	149	127
Depreciation of plant and equipment	565	481
Gain on disposals of plant and equipment	(3)	(10)
Interest expense	42	56
Interest income	(1)	(4)
Share of results of an associated company	(86)	17
Foreign currency translation adjustments	29	275
<b>Operating cash flow before working capital changes</b>	<b>(567)</b>	<b>1,060</b>
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries		
Inventories	(125)	205
Finance lease receivable	47	-
Trade and other receivables	1,316	599
Trade and other payables	529	826
Cash from operations	1,200	(160)
Income tax paid	(1)	(32)
Interest paid	(42)	(56)
<b>Net cash flow from/(used in) operating activities</b>	<b>1,157</b>	<b>(248)</b>
<b>Cash flows from investing activities:</b>		
Purchases of plant and equipment	(190)	(2,054)
Proceeds from disposals of plant and equipment	5	-
Development costs paid	(143)	(113)
Interest received	1	4
<b>Net cash flow used in investing activities</b>	<b>(327)</b>	<b>(2,163)</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)**

	<b>Q1 2006</b>	<b>Q1 2005</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	833	3,296
Repayments of borrowings	(1,774)	(2,359)
Repayments of finance leases	(12)	(12)
<b>Net cash flow from/(used in) financing activities</b>	<b>(953)</b>	<b>925</b>
<b>Net change in cash and cash equivalents</b>	<b>(123)</b>	<b>(1,486)</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>567</b>	<b>4,178</b>
<b>Cash and cash equivalents at end of the financial period (Note 1)</b>	<b>444</b>	<b>2,692</b>

**Explanatory Notes:**

Note 1

	<b>Q1 2006</b>	<b>Q1 2005</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash and cash equivalents	1,072	3,290
Bank overdrafts	(400)	(381)
Restricted deposits	(228)	(217)
<b>Cash and cash equivalents per consolidated cash flow statement</b>	<b>444</b>	<b>2,692</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 First Quarter ended 31 March 2006**

	Issued and fully paid						
	Number of shares	Share capital	Share premium	Foreign currency translation reserve	Retained earnings/ (accumulated losses)	Minority interest	Total
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Period ended 31/3/2006</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 <sup>(A)</sup>	-	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	-	-	-	66	-	(14)	52
Net (loss)/profit for the financial period	-	-	-	-	(1,343)	50	(1,293)
<b>Total recognised gains/(losses) for the financial period</b>	-	-	-	<b>66</b>	<b>(1,343)</b>	<b>36</b>	<b>(1,241)</b>
<b>Balance at 31/3/2006</b>	<b>319,572,675</b>	<b>31,948</b>	<b>-</b>	<b>(403)</b>	<b>(2,518)</b>	<b>109</b>	<b>29,136</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 <sup>(A)</sup>	-	6,382	(6,382)	-	-	-	-
Balance at 1/1/2006. restated	319,572,675	31,948	-	-	111	-	32,059
Net loss for the financial period	-	-	-	-	(61)	-	(61)
<b>Total recognised losses for the financial period</b>	-	-	-	-	<b>(61)</b>	-	<b>(61)</b>
<b>Balance at 31/3/2006</b>	<b>319,572,675</b>	<b>31,948</b>	<b>-</b>	<b>-</b>	<b>(50)</b>	<b>-</b>	<b>31,998</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 shares 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(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 First Quarter ended 31 March 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 31/3/2005</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	-	-	-	257	-	1	258
<b>Net gains recognised directly in equity</b>	-	-	-	<b>257</b>	-	<b>1</b>	<b>258</b>
Net profit for the financial period	-	-	-	-	54	66	120
<b>Total recognised gains for the financial period</b>	-	-	-	<b>257</b>	<b>54</b>	<b>67</b>	<b>378</b>
<b>Balance at 31/3/2005</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>(529)</b>	<b>1,222</b>	<b>122</b>	<b>32,763</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	-	-	-	-	(64)	-	(64)
<b>Total recognised losses for the financial period</b>	-	-	-	-	<b>(64)</b>	-	<b>(64)</b>
<b>Balance at 31/3/2005</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	-	<b>(16)</b>	-	<b>31,932</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**

	<b>Group</b>	<b>Group</b>
	<b>Q1 2006</b>	<b>Q1 2005</b>
	<b>cents</b>	<b>cents</b>
Based on the weighted average number of ordinary shares on issue	(0.42) <sup>(1)</sup>	0.02 <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.: not applicable.

<sup>(1)</sup> For comparative purposes, the earnings/(loss) per ordinary share of the Group have been computed based on the net profit/(loss) 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 Q1 2006 and Q1 2005.

<sup>(2)</sup> Diluted earnings/(loss) 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 31/3/2006		As at 31/12/2005	
	Group	Company	Group	Company
	cents	cents	cents	cents
Net asset value per ordinary share <sup>(1)</sup>	9.08	10.01	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 first quarter ended 31 March 2006 as compared to corresponding quarter ended 31 March 2005**

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

	Q1 2006	Sales mix	Q1 2005	Sales mix
	S\$'000	%	S\$'000	%
<b>Proprietary Solutions</b>	2,095	66	4,577	71
<b>Distribution</b>	1,053	33	1,837	29
<b>Operational Support</b>	32	1	-	-
<b>Total</b>	3,180	100	6,414	100

The Group's sales for Q1 2006 recorded a decrease of S\$3.2 million or 50% compared to Q1 2005. The decrease in sales was primarily due to a reduction in sales from the Proprietary Solutions business segment.

The 54% decrease in Proprietary Solutions sales was largely attributable to the Group's continued shift in focus away from the 'Tier 2' telecommunications market 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 contributed significantly to the Q1 2006 result.

Sales for the Group's Distribution business segment in Q1 2006 also decreased by S\$0.8 million or 43% compared to Q1 2005, as a result of a shift in focus away from the distribution of Telecoms Products towards IT and Emerging Technologies Products. This new business area for the Group's Distribution business segment was established in the 2<sup>nd</sup> half of 2005 and has yet to contribute significantly to the overall results..

The Group's new Operation Support Services ('OSS') business unit, established late last year to focus on servicing to the fast growing international mobile roaming business for mobile network operators. This business unit provides global roaming quality-of-service management solutions to assist telecom operators to improve their roaming operational performance while maintaining the stability and quality of their roaming network. Current quarter sales represent the monthly subscription fee for Global Roamer from Digi commencing from March 2006 for a 12 months contractual period. The project was secured in the last quarter of 2005.

**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 (continued)**

Overhead expenses on the other hand decreased by approximately S\$0.3 million or 7% as compared to Q1 2005. The 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\$0.5 million with loss before tax at S\$1.3 million for Quarter 1 2006 as compared to a profit before tax of S\$0.2 million for Quarter 1 2005 with EBITDA reported at S\$0.8 million. The loss in Quarter 1 2006 was mainly due to lower sales recorded during the current quarter.

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

Current assets decreased by S\$1.0 million or 4% from S\$27.2 million as at 31 December 2005 to S\$26.2 million as at 31 March 2006. This was mainly due to 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\$0.3 million was mainly attributable to depreciation charged for plant and equipment.

Total liabilities decreased from S\$8.7 million as at 31 December 2005 to S\$8.5 million as at 31 March 2006, a decrease of approximately S\$0.1 million or 2%. This was mainly due to the settlement of short-term bank borrowings, and offset by slight increase in trade and other payables.

**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 deregulation and 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; and
- To grow the developing telecommunications markets by participating in the growth of developing and emerging telecommunications markets such as South East Asia, Indochina, South Asia and the Middle East.

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 31 March 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 May 2005