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UNIFIED COMMUNICATIONS HOLDINGS LIMITED

**PRESS RELEASE - UNIFIED COMMUNICATIONS POSTS 2Q04 NET PROFIT OF
S\$742, 000**



UCHL-2Q04 Press Relea

Submitted by Wong Tze Leng, Company Director on 11/08/2004 to the SGX



PRESS RELEASE

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**Unified Communications posts 2Q04
 net profit of \$742,000**

- *This brings net profit for the first six months to \$1 million on sales of \$11.3 million*
- *Intensifies efforts on long-term growth strategies*

Financial Highlights

(S\$m)	3 months ended 31 March						6 months ended 30 June		
	2Q04	1Q04	% change	2Q04	2Q03	% change	1H04	1H03	% change
Revenue	6.2	5.1	22	6.2	9.0	(31)	11.3	12.8	(12)
Profit before tax	0.9	0.3	194	0.9	3.6	(75)	1.2	3.7	(68)
Net profit	0.7	0.3	189	0.7	3.4	(78)	1.0	3.4	(71)

SINGAPORE – 11 August 2004 – Mainboard-listed **Unified Communications Holdings Limited** (“Unified Communications”), an award-winning provider of proprietary products and custom ised solutions for the telecommunications industry, today reported net profit of \$742,000 on sales of \$6.2 million, for the second quarter ended 30 June 2004.

This latest 2Q results is more than double the earnings of \$0.3 million achieved in the first quarter, bringing net profit for the first six months of FY2004 to \$1 million on sales of \$11.3 million, compared with net profit of \$3.4 million on sales of \$12.8 million in the corresponding period last year.

Based on the weighted average number of 309,495,327 shares, earnings per share for the first six months decreased to 0.32 cents from 1.22 cents in the last corresponding period. Net asset value per share based on the issued share capital of 319,572,675 shares rose to 11.0 cents as at 30 June 2004, compared to 8.9 cents as at 31 December 2003.

The overall reduction in sales during the second quarter is mainly attributed to the Group's intensified efforts to focus on its long-term growth strategies in the proprietary solutions business segment, including:

- Focusing on new, innovative voice and mobile applications, which serve as value-added services for telecommunications operators;
- Increasing its recurring revenue stream by focusing on revenue-sharing programmes with customers; and
- Expanding into the emerging telecommunications markets.

Commenting on the results, Mr Wong Tze Leng, CEO of Unified Communications said, "It is a calculated move on the management's part to focus on long-term growth strategies. From the beginning of this year, we have implemented several plans which we believe will cement the Group's growth in the long run. For example, we secured deals that are based on revenue-sharing programme, so as to strengthen our Group's recurring revenue stream. Over the years, the Group has grown and built up a good track record, and we are ready to focus on a more sustainable growth."

In the second quarter of 2004, Unified Communications entered into three revenue-sharing contracts with major telcos in the region, namely *Personalised Ring Back Tone* for MobiTel, *Friend Finder Service* for Maxis and *Personalised Ring Back Tone* for Green City Concept and DST Communications which is expected to have the full service launched in September this year.

Mr Wong added, "Had these programmes been charged based on a one-time project fee, the Group would have recorded better performance for the second quarter. Adopting a revenue-sharing model for these projects means that short-term profits will be compromised as the results will not be apparent immediately. It would also take some time for our customers' subscriber base to grow."

On an operating level, the Group's profit declined at a higher rate than its revenue due to a lower gross profit margin and higher operating expenses, brought about by higher staff costs and related expenses for the technical and distribution support divisions, in line with the Group's expansion.

Revenue by Business Segments

Due to the Group's intensified efforts to focus on its long-term growth strategy in its proprietary solutions business, revenue from this segment was correspondingly reduced. Revenue from the proprietary solutions business for the six months of FY2004 declined 13% to \$8.8 million, when compared to \$10.0 million in the corresponding period last year.

Distribution business dipped slightly by 8% to \$2.6 million, from \$2.8 million last year.

New and Recurring Revenue Projects in the Pipeline

Currently, Unified Communications is in the midst of finalising one more personalised ring back tone revenue-sharing contract with a major telecommunication operator in the Greater China market. The personalised ring back tone system is expected to be launched in September this year.

Recently, the Group announced that it has launched a new wholesale switching service, *Virtua-Telco* and has secured its first deal with Telekom Malaysia (S) Pte Ltd to provide the all-in-one managed switch service for 12 months.

In addition, marking its first foray into Central Asia, the Group has also signed a deal with Uzmacom, a leading GSM network operator in Uzbekistan, to provide the *Prepaid Mobile Platform and SMS Centre*. The contract was sealed through the Group's reseller, Upload Media.

“We are excited about these developments as they bring us closer in our pursuit for long-term growth. For example, our entry into Uzbekistan, where the telecommunications’ industry is still in its infancy stage, will give us the first-mover advantage in reaping the growth potential of this emerging market,” said Mr Wong.

“The launch of our *Virtua-Telco* service will also allow us to tap into a new niche market and further strengthen the Group’s recurring revenue stream,” he added.

Unified Communications has also secured several projects, some of which are to provide the Missed Call Notification service to several major telcos in the region, who currently enjoy high mobile usage rate.

Despite the short-term impact on profits arising from its long-term growth strategy, the Group believes that the telecommunications industry in Asia remains buoyant with the continued deregulation of the market and the increasing demand for innovative mobile solutions due to the rapid growth in mobile penetration.

Moving forward, the Group will continue to ride on the industry opportunities, develop solutions and secure projects that support its long-term growth strategy.

“The management strongly believes that the adopted strategy will benefit the Group in the long run. The short-term impact on our earnings pattern will be compensated by a steady growth in our revenue stream. Barring any unforeseen circumstances, the Group remains optimistic about its prospects,” said Mr Wong.

About Unified Communications

Established in 1998, Unified Communications is an award-winning provider of proprietary products and customised solutions in the telecommunications industry. Based on its proprietary platforms, UniLink and MExLink, the Group develops a wide range of mobile, voice services, carrier network and interactive solutions for telecommunications industry players such as telco operators, service providers and enterprises.

The Group has 2 software and system development centres in Kuala Lumpur and the Multimedia Super Corridor ("MSC") in Cyberjaya, 5 offices in Singapore, Malaysia, Philippines, Hong Kong and Thailand, and various service support arrangements in Beijing and Shenzhen (China), Jakarta (Indonesia), Karachi (Pakistan) and Los Angeles (USA). Its customer base spans across the ASEAN region, Greater China, West Asia, Indochina, the Middle East and the USA, and includes SingTel, Starhub, Telekom Malaysia, Smart Communications, KG Telecom, China Telecom, Saudi Telecom and Global Telecom.

To date, Unified Communications has won several accolades. It was ranked 45th in the Deloitte Touche Tohmatsu "Asia Pacific Technology Fast 500" programme and first in Malaysia's Golden Bull Awards in 2003. In 2002, it was ranked 9th in the Enterprise 50 Awards. The Group was also awarded MSC status by the Multimedia Development Corporation in Malaysia in 2000, two years after the Group's establishment.

For more information about Unified Communications, please visit www.unifiedcomms.com

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