

# UNIFIED COMMUNICATIONS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company registration no.: 200211129W)

## Full Year Financial Statements and Dividend Announcement for the Year Ended 31 December 2005

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), 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 year ended 31 December 2005.

#### Consolidated Income Statement

	Group	Proforma Group		Group	
	12 months ended 31 Dec			12 months ended 31 Dec	
	2005 <sup>(A)</sup>	2004 <sup>(B)</sup>	Inc/(dec)	2004 <sup>(C)</sup>	Inc/(dec) <sup>(D)</sup>
	S\$'000	S\$'000	%	S\$'000	%
Revenue	21,073	17,998	17	17,856	18
Cost of sales	(12,142)	(10,578)	15	(10,403)	17
<b>Gross profit</b>	<b>8,931</b>	<b>7,420</b>	<b>20</b>	<b>7,453</b>	<b>19</b>
Other operating income	441	1,080	(59)	1,078	(59)
Technical support expenses	(5,534)	(4,255)	30	(4,105)	35
Distribution costs	(3,544)	(4,035)	(12)	(3,927)	(10)
Administrative expenses	(2,435)	(2,521)	(3)	(2,414)	(1)
Other operating expenses	(107)	(2,124)	(95)	(2,123)	(95)
<b>Loss from operations</b>	<b>(2,248)</b>	<b>(4,435)</b>	<b>(49)</b>	<b>(4,038)</b>	<b>(44)</b>
Finance costs	(184)	(122)	51	(116)	59
Share of results of an associated company	154	64	141	64	>100
<b>Loss before tax</b>	<b>(2,278)</b>	<b>(4,493)</b>	<b>(49)</b>	<b>(4,090)</b>	<b>(44)</b>
Income tax	(48)	911	(105)	904	>(100)
<b>Net loss for the financial period</b>	<b>(2,326)</b>	<b>(3,582)</b>	<b>(35)</b>	<b>(3,186)</b>	<b>(27)</b>
<b>Attributable to:</b>					
Shareholders of the Company	(2,343)	(3,581)	(35)	(3,190)	(27)
Minority interest	(17)	1	>(100)	(4)	>100
<b>Net loss for the financial period</b>	<b>(2,326)</b>	<b>(3,582)</b>	<b>(35)</b>	<b>(3,186)</b>	<b>(27)</b>

n.m.: not meaningful

<sup>(A)</sup> Group income statement for the financial year from 1 January 2005 to 31 December 2005

<sup>(B)</sup> Proforma Group income statement for the financial year from 1 January 2004 to 31 December 2004

**1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)**

© *Group income statement comprises the consolidated financial results of the Company for the year ended 31 December 2004 and the financial results of its subsidiaries acquired on 15 January 2004 pursuant to the Group restructuring exercise, for the financial period from 15 January 2004 to 31 December 2004*

(D) *Group financial year ended 31 December 2005 compared to Group financial year ended 31 December 2004*

**(a) Explanatory Notes**

For the purpose of this announcement:

(i) The Group's proforma income statement for the year ended 31 December 2004 is prepared for illustrative purposes only. The proforma income statement is prepared based on certain assumptions and after making certain adjustments to show how the income statement of the Group for the year ended 31 December 2004 would have been if the Group restructuring exercise had been in place since 1 January 2004.

(ii) The proforma income statement of the Group, because of its nature, may not give a true picture of the Group's financial results. The proforma income statement of the Group is not necessary indicative of results of the operations or related effects on the financial position that would have been attained had the Group actually existed earlier.

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

The following items have been included in arriving at (loss)/profit from operations:

	Group	Proforma Group		Group	
	12 months ended 31 Dec			12 months ended 31 Dec	
	2005 <sup>(A)</sup>	2004 <sup>(B)</sup>	Inc/(dec)	2004 <sup>(C)</sup>	Inc/(dec) <sup>(D)</sup>
	S\$'000	S\$'000	%	S\$'000	%
Allowance for doubtful receivables	3	1,791	n.m.	1,791	n.m.
Amortisation of development costs and intellectual property	518	517	n.m.	495	5
Negative goodwill recognised (included in "Other operating income")	-	(1,034)	(100)	(1,034)	(100)
Write-back of allowance for doubtful receivables	(237)	-	100	-	100
Write-down of inventories	31	283	(89)	283	(89)
Plant and equipment written off	-	101	(100)	101	(100)
Foreign exchange loss/(gain)	(55)	168	67	168	67
Depreciation of plant and equipment	2,118	1,314	61	1,265	67
Gain on disposal of plant and equipment	(37)	-	n.m.	-	n.m.

n.m.: not meaningful

(A) *Notes to the Group income statement for the financial year from 1 January 2005 to 31 December 2005*

(B) *Notes to the Proforma Group income statement for the financial year from 1 January 2004 to 31 December 2004*

(C) *Notes to the Group income statement as disclosed in section 1(a)(i) of this announcement*

(D) *Group financial year ended 31 December 2005 compared to Group financial year ended 31 December 2004*

**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**

	Group		Company	
	As at 31/12/2005	As at 31/12/2004	As at 31/12/2005	As at 31/12/2004
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	929	4,683	12	2,659
Trade and other receivables	19,293	19,382	9,592	7,046
Inventories	6,402	7,459	-	-
Other current assets	1,003	904	29	28
	<b>27,627</b>	<b>32,428</b>	<b>9,633</b>	<b>9,733</b>
<b>Non-current assets</b>				
Investment in an associated company	255	111	-	-
Investments in subsidiaries	-	-	22,526	22,526
Plant and equipment	8,386	7,011	33	40
Intangible assets	2,150	2,116	-	-
Deferred income tax assets	611	621	-	-
Negative goodwill	-	(4,360)	-	-
	<b>11,402</b>	<b>5,499</b>	<b>22,559</b>	<b>22,566</b>
<b>Total assets</b>	<b>39,029</b>	<b>37,927</b>	<b>32,192</b>	<b>32,299</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	5,736	6,330	133	303
Current income tax liabilities	86	98	-	-
Borrowings	2,691	3,332	-	-
	<b>8,513</b>	<b>9,760</b>	<b>133</b>	<b>303</b>
<b>Non-current liabilities</b>				
Borrowings	81	125	-	-
Deferred income tax liabilities	58	17	-	-
	<b>139</b>	<b>142</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>8,652</b>	<b>9,902</b>	<b>133</b>	<b>303</b>
<b>Net assets</b>	<b>30,377</b>	<b>28,025</b>	<b>32,059</b>	<b>31,996</b>
<b>EQUITY</b>				
Share capital	25,566	25,566	25,566	25,566
Share premium	6,382	6,382	6,382	6,382
Foreign currency translation reserve	(468)	(786)	-	-
Retained earnings/(accumulated losses)	(1,176)	(3,192)	111	48
<b>Shareholders' equity</b>	<b>30,304</b>	<b>27,970</b>	<b>32,059</b>	<b>31,996</b>
Minority interest	73	55	-	-
	<b>30,377</b>	<b>28,025</b>	<b>32,059</b>	<b>31,996</b>

**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 31/12/2005</b>		<b>Group As at 31/12/2004</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>
2,691	-	3,332	-

**Amount repayable after one year**

<b>Group As at 31/12/2005</b>		<b>Group As at 31/12/2004</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>
81	-	125	-

**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\$226,429).

The hire purchase is secured by plant and equipment of a subsidiary with a net book value of RM363,000 (S\$158,000) (31.12.2004: S\$210,000).

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**

	Year ended 31 Dec	
	2005	2004 <sup>(A)</sup>
	S\$'000	S\$'000
<b>Cash flows from operating activities:</b>		
Operating loss before tax and after share of results of an associated company	(2,278)	(4,090)
Adjustments for :		
Amortisation of development costs and intellectual property	519	495
Negative goodwill recognised	-	(1,034)
Depreciation of plant and equipment	2,118	1,265
Plant and equipment written off	-	101
Gain/(loss) on disposals of plant and equipment	(37)	1
Interest expense	184	116
Interest income	(19)	(43)
Share of results of an associated company	(154)	(64)
Foreign currency translation adjustments	213	(677)
<b>Operating cash flow before working capital changes</b>	<b>546</b>	<b>(3,930)</b>
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries		
Restricted deposits placed with financial institutions	-	581
Inventories and work in progress	1,094	(1,893)
Finance Lease Receivable	173	-
Trade and other receivables	679	5,894
Trade and other payables	(596)	(1,357)
Cash from operations	1,896	(705)
Income tax paid	(89)	(474)
Interest paid	(184)	(116)
<b>Net cash flow from operating activities</b>	<b>1,623</b>	<b>(1,295)</b>
<b>Cash flows from investing activities:</b>		
Acquisition of subsidiaries, net of cash acquired	-	452
Investment in an associated company	-	(69)
Purchases of plant and equipment	(4,358)	(5,059)
Proceeds from disposals of plant and equipment	165	8
Development costs paid	(519)	(319)
Interest received	19	43
<b>Net cash flow from investing activities</b>	<b>(4,693)</b>	<b>(4,944)</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)**

	Year ended 31 Dec	
	2005	2004 <sup>(A)</sup>
	S\$'000	S\$'000
<b>Cash flows from financing activities:</b>		
Proceeds from issuances of ordinary shares	-	10,640
Payments of share issue costs and listing expenses	-	(1,218)
Proceeds from borrowings	8,639	8,784
Repayments of borrowings	(9,132)	(7,747)
Repayments of finance leases	(48)	(42)
<b>Net cash flow from financing activities</b>	<b>(541)</b>	<b>10,417</b>
<b>Net change in cash and cash equivalents</b>	<b>(3,611)</b>	<b>4,178</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>4,178</b>	<b>*</b>
<b>Cash and cash equivalents at end of the financial year</b> (Note 1)	<b>567</b>	<b>4,178</b>

*Notes*

\* Denotes S\$2.00

<sup>(A)</sup> Consolidated cash flow statement comprises the cash flows of the Company for the nine months ended 31 December 2004 and the cash flows of its subsidiaries from 15 January 2004 to 31 December 2004.

**Explanatory Notes:**

Note 1

	As at 31 December	
	2005	2004
	S\$'000	S\$'000
Cash and balances	929	4,683
Bank overdrafts	(136)	(290)
Restricted deposits	(226)	(215)
<b>Cash and cash equivalents</b>	<b>567</b>	<b>4,178</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 Financial Year ended 31 December 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
<b>Year ended 31/12/2005</b>							
<b><u>Group</u></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	-	-	-	318	(1)	2	319
<b>Net gains recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>318</b>	<b>(1)</b>	<b>2</b>	<b>319</b>
Net (loss)/profit for the financial year	-	-	-	-	(2,343)	17	(2,326)
<b>Total recognised gains/(losses) for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>318</b>	<b>(2,343)</b>	<b>19</b>	<b>(2,007)</b>
<b>Balance at 31/12/2005</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>(468)</b>	<b>(1,176)</b>	<b>74</b>	<b>30,378</b>
<b><u>Company</u></b>							
Balance at 1/1/2005	319,572,675	25,566	6,382	-	48	-	31,996
Net profit for the financial year	-	-	-	-	63	-	63
<b>Total recognised profit for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63</b>	<b>-</b>	<b>63</b>
<b>Balance at 31/12/2005</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>-</b>	<b>111</b>	<b>-</b>	<b>32,059</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 year ended 31 December 2004**

	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 31/12/2004</b>							
<b><u>Group</u></b>							
Balance at 1/1/2004	2	*	-	-	(2)	-	(2)
Foreign currency translation differences	-	-	-	(786)	-	-	(786)
<b>Net loss recognised directly in equity</b>	-	-	-	<b>(786)</b>	-	-	<b>(786)</b>
Net loss for the financial year	-	-	-	-	(3,190)	4	(3,186)
<b>Total recognised losses for the financial year</b>	-	-	-	<b>(786)</b>	<b>(3,190)</b>	<b>4</b>	<b>(3,972)</b>
Issue of ordinary shares of S\$1 each <sup>(1)</sup>	22,525,812	22,526	-	-	-	-	22,526
Consolidation of ordinary shares of S\$1 each to ordinary shares of S\$2 each	(11,262,907)	-	-	-	-	-	-
Shares split of ordinary shares of S\$2 each to ordinary shares of S\$0.08 each	270,309,768	-	-	-	-	-	-
Issue of ordinary shares of S\$0.08 each pursuant to the initial public offering	38,000,000	3,040	7,600	-	-	-	10,640
Share issue costs	-	-	(1,218)	-	-	-	(1,218)
Minority share of subsidiaries acquired	-	-	-	-	-	51	51
<b>Balance at 31/12/2004</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>(786)</b>	<b>(3,192)</b>	<b>55</b>	<b>28,025</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 year ended 31 December 2004 (continued)**

	Issued and fully paid						
	Number of shares	Share capital	Share premium	Foreign currency translation reserve	Accumulated losses	Minority interest	Total
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Period ended 31/12/2004</b>							
<b><u>Company</u></b>							
Balance at 1/1/2004	2	*	-	-	(2)	-	(2)
Net profit for the financial year	-	-	-	-	50	-	50
<b>Total recognised profit for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>50</b>
Issue of ordinary shares of S\$1 each <sup>(1)</sup>	22,525,812	22,526	-	-	-	-	22,526
Consolidation of ordinary shares of S\$1 each to ordinary shares of S\$2 each	(11,262,907)	-	-	-	-	-	-
Shares split of ordinary shares of S\$2 each to ordinary shares of S\$0.08 each	270,309,768	-	-	-	-	-	-
Issue of ordinary shares of S\$0.08 each pursuant to the initial public offering	38,000,000	3,040	7,600	-	-	-	10,640
Share issue costs	-	-	(1,218)	-	-	-	(1,218)
<b>Balance at 31/12/2004</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>-</b>	<b>48</b>	<b>-</b>	<b>31,996</b>

**Notes**

\* Denotes S\$2.00

<sup>(1)</sup> On 15 January 2004, pursuant to the Group restructuring exercise, the Company issued 22,525,812 ordinary shares of S\$1.00 each to acquire 100% equity interest in Unified Communications Pte Ltd and Unified Communications Sdn Bhd.

**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 2004, except for the adoption of the new Financial Reporting Standards (“FRS”) which become effective for the financial year beginning on or after 1 January 2005. The adoption of these new accounting polices did not give rise to any significant changes to the financial statements, except for the treatment of negative goodwill in accordance with FRS 103 – Business Combinations.

**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**

FRS 103 states that the carrying amount of negative goodwill at the beginning of the first annual period beginning on or after 1 July 2004 that arose from a business combination for which the agreement date was before 1 July 2004 should be derecognised with a corresponding adjustment to the opening balance of retained earnings of that period.

Accordingly, with effect from 1 January 2005, the carrying amount of negative goodwill amounted to S\$4.4 million was adjusted against the opening balance of accumulated losses in accordance with the requirement of FRS 103. As a result, the Group’s opening accumulated losses as at 1 January 2005 of S\$3.2 million has been restated to an opening retained earnings of S\$1.2 million.

**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>Year ended 31 Dec</b>	
	<b>2005</b>	<b>2004</b>
	<b>cents</b>	<b>cents</b>
Based on the weighted average number of ordinary shares on issue	(0.73) <sup>(1)</sup>	(1.05) <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.

**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 year and the weighted average number of ordinary shares issued of 319,572,675 shares the financial year ended 31 December 2005, and 303,775,367 shares for financial year ended 31 December 2004.
- (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 31/12/2005		As at 31/12/2004	
	Group	Company	Group	Company
	cents	cents	cents	cents
Net asset value per ordinary share <sup>(1)</sup>	9.48	10.03	9.45	10.01

- (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 year 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 year ended 31 December 2005 as compared to corresponding year ended 31 December 2004**

Sales analysed by business segments for the year under review were as follows: -

	12 months ended 31 Dec 2005	Sales mix	12 months ended 31 Dec 2004	Sales mix
	S\$'000	%	S\$'000	%
<b>Proprietary Solutions</b>	14,965	71	11,525	65
<b>Distribution</b>	6,108	29	6,331	35
<b>Total</b>	21,073	100	17,856	100

The Group's sales for the year ended 31 December 2005 recorded an improvement of S\$3.1 million or 18% compared to last year. The increased sales was contributed by higher sales from Proprietary Solutions segment, mainly attributable to improved sales achieved on Mobile solutions products.

**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)**

The Group incurred a loss before tax of S\$2.3 million for the year ended 31 December 2005 as compared to a loss before tax of S\$4.1 million for the year ended 31 December 2004. Earning before interest, tax, depreciation and amortisation (“EBITDA”), however recorded an improvement of S\$0.5 million or EBITDA margin of 2.5%, as compared to Loss before interest, tax, depreciation and amortisation (“LBITDA”) of S\$4.3 million or LBITDA margin of 23.8% in recorded in previous financial year. The increase in EBITDA for the current year was mainly due to higher sales and lower operating expenses incurred compared to previous year.

**Review of the Group's financial position as at 31 December 2005 as compared to the Group's financial position as at 31 December 2004**

Current assets decreased by S\$4.8 million or 15% from S\$32.4 million as at 31 December 2004 to S\$27.6 million as at 31 December 2005. This was mainly due to decrease in cash and cash equivalents utilised for operations and capital expenditures.

The increase in total non-current assets by S\$5.9 million was mainly contributed by the reduction in negative goodwill of S\$4.4 million and the increase in plant and equipment of S\$1.4 million. The reduction in negative goodwill was due to the adjustment of the carrying amount of negative goodwill as at 1 January 2005 against the opening balance of accumulated losses in accordance with FRS 103. The higher plant and equipment was mainly attributable to the acquisitions of equipment for the expansion of revenue sharing projects as well as research and development activities.

Total liabilities reduced from S\$9.9 million as at 31 December 2004 to S\$8.7 million as at 31 December 2005, a decrease of approximately S\$1.2 million or 12%. This was mainly due to the settlement of short-term bank borrowings and amounts owing for the acquisition of intellectual properties.

**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 period 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 prospect. Despite the impact on the Group's performance, the telecommunications industry in Asia is expected to remain buoyant with the continued deregulation of the market and the increasing demand for innovative mobile solutions due to the rapid growth in mobile penetration.

The Group will continue its efforts of:

- investing in new, innovative voice and mobile applications, which serve as value-added services for telecommunications operators;
- strengthening and accelerating the growth of Value Added Service business area;
- expanding its recurring revenue stream by focusing on revenue-sharing programmes with customers; and
- investing in emerging telecommunications markets.

The Group will continue to review its long term strategies and strive towards achieving its objectives.

**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 year ended 31 December 2005.

**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**

**Financial year ended 31 December 2005**

	<b>Proprietary Solutions</b>	<b>Distribution</b>	<b>Others</b>	<b>Elimination</b>	<b>Group</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Sales:					
- external sales	14,965	6,108	-	-	21,073
- inter-segment sales	-	2,756	45	(2,801)	-
	<b>14,965</b>	<b>8,864</b>	<b>45</b>	<b>(2,801)</b>	<b>21,073</b>
Segment result	(1,229)	(1,019)	-	-	(2,248)
Unallocated costs					-
Loss from operations					(2,248)
Finance costs					(184)
Share of result of associated company					154
Loss before tax					(2,278)
Tax					(48)
Loss after tax					(2,326)
Minority interest					(17)
Net loss attributable to shareholders					<b>(2,343)</b>
Segment assets	33,673	2,075	34	(401)	35,381
Associated company	255	-	-	-	255
Unallocated assets					3,394
Consolidated total assets					39,030
Segment liabilities	6,233	1,771	-	3,411	4,593
Unallocated liabilities					4,059
Consolidated total liabilities					8,652
Other segment items					
Capital expenditure					
- plant and equipment	4,197	159	2	-	4,358
- development costs and intellectual property	519	-	-	-	519
Amortisation of development costs and intellectual property	518	-	-	-	518
Depreciation of plant and equipment	2,030	79	9	-	2,118
Write back of allowance for doubtful debts	(237)	-	-	-	(237)
Write-down of inventories	-	31	-	-	31

**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 (continued)**

**Financial year ended 31 December 2004 - Group**

	<b>Proprietary Solutions</b>	<b>Distribution</b>	<b>Others</b>	<b>Elimination</b>	<b>Group</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Sales:					
- external sales	11,525	6,331	-	-	17,856
- inter-segment sales	-	4,546	50	(4,596)	-
	<b>11,525</b>	<b>10,877</b>	<b>50</b>	<b>(4,596)</b>	<b>17,856</b>
Segment result	(4,215)	177	-	-	(4,038)
Unallocated costs					-
Loss from operations					(4,038)
Finance costs					(116)
Share of results of associated company					64
Loss before tax					(4,090)
Tax					904
Loss after tax					(3,186)
Minority interest					(4)
Net loss attributable to shareholders					<b>(3,190)</b>
Segment assets	30,453	2,774	40	(2,235)	31,032
Associated company	111				111
Unallocated assets					6,784
Consolidated total assets					37,927
Segment liabilities	4,871	867	-	(846)	4,892
Unallocated liabilities					5,010
Consolidated total liabilities					9,902
Other segment items					
Capital expenditure					
- plant and equipment	4,868	208	44	-	5,120
- development costs and intellectual property	319	-	-	-	319
Amortisation of development costs and intellectual property	495	-	-	-	495
Amortisation of negative goodwill	(987)	(47)	-	-	(1,034)
Depreciation of plant and equipment	1,247	14	4	-	1,265
Write-down of inventories	283	-	-	-	283

**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 (continued)**

	Group					
	Sales		Total assets		Capital expenditure	
	2005	2004	2005	2004	2005	2004
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
ASEAN	15,521	13,722	32,214	25,681	4,877	5,439
Greater China	3,755	1,842	1,815	1,833	-	-
North America	85	267	921	2,475	-	-
Other countries	1,712	2,025	431	1,043	-	-
	<b>21,073</b>	<b>17,856</b>	<b>35,381</b>	<b>31,032</b>	<b>4,877</b>	<b>5,439</b>
Associated company			255	111		
Unallocated assets			3,394	6,784		
			<b>39,030</b>	<b>37,927</b>		

**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**

	Group		
	Year ended 31 Dec		
	2005	2004	Inc/(dec)
	S\$'000	S\$'000	%
Sales reported for first half year	12,155	11,171	9
Operating profit after tax before deducting minority interests reported for first half year	357	1,471	(76)
Sales reported for second half year	8,918	6,685	33
Operating (loss)/profit after tax before deducting minority interests reported for second half year	(2,683)	(4,657)	(42)

**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  
28 February 2006