

UNIFIED COMMUNICATIONS HOLDINGS LIMITED

Company Registration. 200211129W

QUARTERLY UPDATE PURSUANT TO LISTING RULE 1313(2) FOR THE QUARTER ENDED 30 SEPTEMBER 2008

On 5 March 2008, Unified Communications Holdings Limited (“UHL” or “the Group”) was included on the Watch List pursuant to Listing Rule 1311.

Further to Listing Rule 1313 (2), the Board of Directors of UHL wishes to provide the following updates for the quarter ended 30 September 2008:

(a) Update on Financial Situation

As announced on 14 November 2008, the Group recorded a net profit after tax of S\$0.7 million for the quarter ended 30 September 2008, as compared to a net loss of S\$0.8 million for the corresponding quarter in 2007. This marks another significant year-on-year improvement of almost S\$1.6 million in the bottom line performance of the Group for the second quarter of the financial year.

The improvement in the profit performance of the Group in the third quarter of this year (as compared to that achieved in 2007) was driven by:

- (i) The steady growth in income from recurrent revenue streams and revenue from higher margin solution or system sales by the Group’s Proprietary Solutions segment, which resulted in an improved gross profit margin being achieved. Further, our Operation Support Systems (OSS) segment had also secured new projects to further augment the revenue growth and profitability of the Group;
- (ii) The significant reduction in operating expenses of S\$0.6 million, or 26.5%, stemming from proactive operating cost containment measures in the Proprietary Solutions segment, as well as the substantial reduction in the operating expenses of the Distribution segment associated with the Group’s exit from this business segment during the third quarter of 2008; and
- (iii) Net foreign exchange gain of S\$0.4 million attributable to higher revaluation gain(s) from USD denominated assets.

In addition, the Group achieved earnings before interest, taxation, depreciation and amortization (“EBITDA”) of S\$1.2 million for the quarter ended 30 September 2008, representing a S\$1.5 million improvement on the negative EBITDA of S\$0.3 million recorded by the Group for the same quarter in 2007.

The Group’s improved financial performance for the quarter ended 30 September 2008, as compared to the corresponding period in 2007, reaffirms the significant progress being achieved by the Group in the execution of its three key strategies to deliver revenue growth and tangible improvements in profitability.

The financial performance of the Group for the quarter ended 30 September 2008 also represents the third consecutive quarter of positive profit performance delivered by the Group for the financial year ending 31 December 2008.

On the back of three consecutive quarters of net profitability achieved so far in the current financial year, the Group is cautiously optimistic that this performance can be sustained for the remainder of the current financial year as the Group's key strategies continue to be increasingly realized.

(b) Update on Future Direction

The Group will continue to strive towards maintaining profitability guided by the growth strategies that have been adopted– the same strategies that have resulted in the return of the Group to net profitability in the first three quarters of the current financial year.

Management's focus will continue to be applied on driving improvements in the growth and profitability delivered by the Group's Proprietary Solutions and Operational Support Systems (OSS) business segments. This involves continued efforts in executing the strategies and tactics to strengthen the Group's position within the following businesses and markets:

- (i) mobile data and value-add-services (VAS) solutions/ applications;
- (ii) recurring revenue streams via managed services; and
- (iii) the fast-growing telecommunications markets of South East Asia, South Asia and the Middle East.

The Group continues to believe that the majority of the mobile telecommunications markets worldwide continue to offer significant opportunities for profitable growth, especially within the business areas and market segments being targeted and addressed by the Group. The demand for mobile data and VAS solutions and services, as well as managed services relating to mobile network OSS in particular, remains robust and is not expected to abate. The currency and relevance of the Group's solutions technologies and know-how to these specific segments or business areas within the overall telecommunications markets continue to offer the most lucrative business opportunities for the Group.

As such, the Group will be maintaining its current direction and focus on the high-growth mobile telecommunications markets of South East Asia, South Asia and the Middle East, in the specific market segments of mobile data and VAS solutions, managed services and OSS that are addressed by both the Proprietary Solutions and OSS business segments of the Group.

In line with the Group's intention to progressively exit from the loss-making Distribution business segment in 2008, as reported in the quarterly update issued for the preceding quarter, the Group effected the discontinuation of this segment's operations in the current quarter ended 30 September 2008. This will allow the Group to pursue profitable business opportunities related only to the provision of solutions and services to the mobile telecommunications market from the quarter ended 30 September 2008 onwards.

(c) Update on Initiatives to Facilitate Removal from the Watch List

The Group's growth and development strategies adopted in 2006 to deliver improvements in financial and operating performance have continued to show tangible results in the current quarter and nine-month period ended 30 September 2008.

The positive results from the ongoing execution of these growth strategies within the Proprietary Solutions and OSS business segments in the upcoming quarter, as well as the discontinuation of operations of the loss-making Distribution business segment in the quarter ended 30 September 2008, are expected to progressively contribute to the improvement in the profit performance of the Group, which will facilitate the Group in meeting one of the criteria for removal from the Watch List.

The Group's continued efforts in the remaining quarter of the current financial year to:

1. further strengthen its solutions portfolio, its product development, solution delivery and implementation functions; and
2. bolster sales and marketing channels within its regions of focus;

is believed to aid the facilitation of meeting the said criteria.

As part of these efforts, the Group has further undertaken to reorganize its Proprietary Solutions business segment's business activities, products and human capital into distinct, complementary and self determining business units during the remaining half of the current financial year. Further operational and financial performance improvement is expected to be realized from this internal reorganization and realignment, which upon completion, is believed to enable the Group to better align and focus its people, competencies and other resources to further enhance the execution of the Group's specific growth strategies and tactics.

Given the current environment and market conditions in the equity markets, executive plans are also being revisited by the Group to reinvigorate and intensify its investor communication and investor relations activities and initiatives at an appropriate time. This is believed to help increase awareness in the investing community of the Group's improving performance and future potential, which is in turn, expected to improve the likelihood for the market value (and market capitalization) of the Group's shares to more faithfully reflect the improvements achieved in underlying performance of the Group's businesses, and the value of its future growth potential.

By Order of the Board

Anton Syazi Ahmad Sebi
Executive Director

Date: 28 November 2008