

**UNIFIED COMMUNICATIONS HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration no.: 200211129W)

**Third Quarter Financial Statements and Dividend Announcement  
for the Period Ended 30 September 2006****PART 1 - 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 Third quarter ended 30 September 2006

**Consolidated Income Statement**

	Group			Group		
				9 months ended 30 Sept		
	Q3 2006	Q3 2005	Inc/(dec)	2006	2005	Inc/(dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	4,483	4,780	(6)	10,852	16,935	(36)
Cost of sales	(2,617)	(2,971)	(12)	(6,046)	(8,851)	(32)
<b>Gross profit</b>	<b>1,866</b>	<b>1,809</b>	<b>3</b>	<b>4,806</b>	<b>8,084</b>	<b>(41)</b>
Other operating income	70	157	(55)	134	290	(54)
Technical support expenses	(1,103)	(1,353)	(18)	(3,388)	(4,435)	(24)
Distribution costs	(709)	(852)	(17)	(2,219)	(2,767)	(20)
Administrative expenses	(426)	(595)	(28)	(1,290)	(1,517)	(15)
Other operating expenses	(71)	(72)	(1)	(481)	(83)	>100
<b>(Loss)/Profit from operations</b>	<b>(373)</b>	<b>(906)</b>	<b>(59)</b>	<b>(2,438)</b>	<b>(428)</b>	<b>&gt;100</b>
Finance costs	(21)	(44)	(52)	(89)	(132)	(33)
Share of results of an associated company	149	53	181	340	101	>100
<b>(Loss)/Profit before tax</b>	<b>(245)</b>	<b>(897)</b>	<b>(73)</b>	<b>(2,187)</b>	<b>(459)</b>	<b>&gt;100</b>
Income tax	32	(85)	>(100)	(24)	(166)	(86)
<b>Net (loss)/profit for the financial period</b>	<b>(213)</b>	<b>(982)</b>	<b>(78)</b>	<b>(2,211)</b>	<b>(625)</b>	<b>&gt;100</b>
<b>Attributable to:</b>						
Shareholders of the Company	(159)	(1,087)	(85)	(2,193)	(962)	>100
Minority interest	(54)	105	>(100)	(18)	337	>(100)
<b>Net (loss)/profit for the financial period</b>	<b>(213)</b>	<b>(982)</b>	<b>(78)</b>	<b>(2,211)</b>	<b>(625)</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		Inc/(dec) %	Group		Inc/(dec) %
				9 months ended 30 Sept		
	Q3 2006	Q3 2005		2006	2005	
	S\$'000	S\$'000		S\$'000	S\$'000	
Amortisation of development cost and intellectual property	192	131	47	451	387	17
Write-back of allowance for doubtful receivables	-	(131)	-	-	(236)	(100)
Write-down of inventories	-	63	-	-	63	-
Foreign exchange loss/(gain)	14	31	(55)	350	(6)	>(100)
Depreciation of plant and equipment	454	648	(30)	1,490	1,678	(11)
Gain on disposal of plant and equipment	(33)	(26)	27	(50)	(36)	39

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</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>30/9/2006</b>	<b>31/12/2005</b>	<b>30/9/2006</b>	<b>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	1,217	929	8	12
Trade and other receivables	14,891	18,730	9,397	9,592
Finance lease receivables	509	209	-	-
Inventories	5,365	6,402	-	-
Other current assets	810	979	32	29
	<b>22,792</b>	<b>27,249</b>	<b>9,437</b>	<b>9,633</b>
<b>Non-current assets</b>				
Investment in an associated company	580	255	-	-
Investments in subsidiaries		-	22,526	22,526
Plant and equipment	7,615	8,386	27	33
Intangible assets	2,049	2,150	-	-
Deferred income tax assets	611	611	-	-
Finance lease receivable	279	378	-	-
	<b>11,134</b>	<b>11,780</b>	<b>22,553</b>	<b>22,559</b>
<b>Total assets</b>	<b>33,926</b>	<b>39,029</b>	<b>31,990</b>	<b>32,192</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	5,258	5,736	85	133
Current income tax liabilities	100	86	-	-
Borrowings	600	2,691	-	-
	<b>5,958</b>	<b>8,513</b>	<b>85</b>	<b>133</b>
<b>Non-current liabilities</b>				
Borrowings	57	81	-	-
Deferred income tax liabilities	45	58	-	-
	<b>102</b>	<b>139</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>6,060</b>	<b>8,652</b>	<b>85</b>	<b>133</b>
<b>Net assets</b>	<b>27,866</b>	<b>30,377</b>	<b>31,905</b>	<b>32,059</b>
<b>EQUITY</b>				
Share capital	31,948	31,948	31,948	31,948
Foreign currency translation reserve	(791)	(469)	-	-
Retained earnings/(accumulated losses)	(3,368)	(1,175)	(43)	111
<b>Shareholders' equity</b>	<b>27,789</b>	<b>30,304</b>	<b>31,905</b>	<b>32,059</b>
Minority interest	77	73	-	-
	<b>27,866</b>	<b>30,377</b>	<b>31,905</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**

<b>Group</b>		<b>Group</b>	
<b>As at 30/9/2006</b>		<b>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>
600	-	2,691	-

**Amount repayable after one year**

<b>Group</b>		<b>Group</b>	
<b>As at 30/9/2006</b>		<b>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>
57	-	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 guarantee from the Company to banks for facilities extended to its wholly-owned subsidiaries; and
- (iii) a charge on fixed deposit of RM518,500 (S\$223,275)

The hire purchase is secured by plant and equipment of a subsidiary with a net book value of RM247,000 (S\$106,000) (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**

			9 months ended 30-Sep	
	Q3 2006	Q3 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	(245)	(897)	(2,187)	(459)
Adjustments for:				
Amortisation of development costs and intellectual property	192	131	451	387
Depreciation of plant and equipment	454	648	1,490	1,678
Gain on disposals of plant and equipment	(33)	(26)	(50)	(36)
Interest expense	21	44	89	132
<i>Interest income</i>	(24)	(1)	(63)	(7)
Share of results of an associated company	(149)	(53)	(340)	(101)
Foreign currency translation adjustment	(104)	37	(238)	461
<b>Operating cash flow before working capital changes</b>	<b>112</b>	<b>(117)</b>	<b>(848)</b>	<b>2,055</b>
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries				
Inventories	505	192	1,037	167
Finance lease receivable	115	-	8	-
Trade and other receivables	1,000	(949)	4,005	(1,363)
Trade and other payables	(169)	1,409	(478)	161
Cash from operations	1,563	535	3,724	1,020
Income tax paid	-	(28)	(2)	(91)
Interest paid	(21)	(44)	(89)	(132)
<b>Net cash flow from operating activities</b>	<b>1,542</b>	<b>463</b>	<b>3,633</b>	<b>797</b>
<b>Cash flows from investing activities:</b>				
Purchase of plant and equipment	(920)	(528)	(1,163)	(3,741)
Proceeds from disposals of plant and equipment	177	66	233	148
Development costs paid	(88)	(121)	(379)	(336)
Interest received	24	1	63	7
<b>Net cash flow from/(used in) investing activities</b>	<b>(807)</b>	<b>(582)</b>	<b>(1,246)</b>	<b>(3,922)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from borrowings	73	2,212	906	7,027
Repayments of borrowings	(546)	(2,990)	(3,325)	(7,975)
Repayments of finance leases	(11)	(12)	(35)	(36)
Proceeds from issuance of shares	21	-	21	-
<b>Net cash flow from/(used in) financing activities</b>	<b>(463)</b>	<b>(790)</b>	<b>(2,433)</b>	<b>(984)</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)

	Q3 2006	Q3 2005	6 months ended	
			30-Sep	
			2006	2005
	S\$'000	S\$'000	S\$'000	S\$'000
Net change in cash and cash equivalents	272	(909)	(46)	(4,109)
Cash and cash equivalents at beginning of the financial period	249	978	567	4,178
Cash and cash equivalents at end of the financial period ( <i>Note 1</i> )	521	69	521	69

**Explanatory Notes:**

Note 1

	As at 30 Sept	
	2006	2005
	S\$'000	S\$'000
Cash and cash equivalents	1,217	782
Bank overdrafts	(473)	(491)
Restricted deposits	(223)	(222)
Cash and cash equivalents per consolidated cash flow statement	521	69

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 Third Quarter ended 30 September 2006**

	Issued and fully paid		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
<b>Period ended 30/9/2006</b>						
<b>Group</b>						
Balance at 1/7/2006	319,572,675	31,948	(659)	(3,209)	112	28,192
Foreign currency translation differences recognised directly in equity	-	-	(132)	-	19	(113)
Net loss for the financial period	-	-	-	(159)	(54)	(213)
<b>Total recognised loss for the financial period</b>	<b>-</b>	<b>-</b>	<b>(132)</b>	<b>(159)</b>	<b>(35)</b>	<b>(326)</b>
<b>Balance at 30/9/2006</b>	<b>319,572,675</b>	<b>31,948</b>	<b>(791)</b>	<b>(3,368)</b>	<b>77</b>	<b>27,866</b>
<b>Company</b>						
Balance at 1/7/2006	319,572,675	31,948	-	2	-	31,950
Transfer of share premium reserve to share capital	-	-	-	-	-	-
Net loss for the financial period	-	-	-	(45)	-	(45)
<b>Total recognised losses for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(45)</b>	<b>-</b>	<b>(45)</b>
<b>Balance at 30/9/2006</b>	<b>319,572,675</b>	<b>31,948</b>	<b>-</b>	<b>(43)</b>	<b>-</b>	<b>31,905</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 Third Quarter ended 30 September 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>Period ended 30/9/2005</b>							
<b>Group</b>							
Balance at 1/7/2005	319,572,675	25,566	6,382	(212)	1,293	288	33,317
Foreign currency translation differences recognised directly in equity	-	-	-	59	-	-	59
Net profit/(loss) for the financial period	-	-	-	-	(1,087)	105	(982)
<b>Total recognised gains/(losses) for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>(1,087)</b>	<b>105</b>	<b>(923)</b>
<b>Balance at 30/9/2005</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>(153)</b>	<b>206</b>	<b>393</b>	<b>32,394</b>
<b>Company</b>							
Balance at 1/7/2005	319,572,675	25,566	6,382	-	(91)	-	31,857
Net loss for the financial period	-	-	-	-	(80)	-	(80)
<b>Total recognised losses for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(80)</b>	<b>-</b>	<b>(80)</b>
<b>Balance at 30/9/2005</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>-</b>	<b>(171)</b>	<b>-</b>	<b>31,777</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 Nine Months ended 30 September 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 30/9/2006</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	-	-	-	(322)	-	22	(300)
Net loss for the financial period	-	-	-	-	(2,193)	(18)	(2,211)
<b>Total recognised gains/(losses) for the financial period</b>	-	-	-	(322)	(2,193)	4	(2,511)
<b>Balance at 30/9/2006</b>	<b>319,572,675</b>	<b>31,948</b>	<b>-</b>	<b>(791)</b>	<b>(3,368)</b>	<b>77</b>	<b>27,866</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	-	-	-	-	(154)	-	(154)
<b>Total recognised losses for the financial period</b>	-	-	-	-	(154)	-	(154)
<b>Balance at 30/9/2006</b>	<b>319,572,675</b>	<b>31,948</b>	<b>-</b>	<b>-</b>	<b>(43)</b>	<b>-</b>	<b>31,905</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 Nine Months ended 30 September 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>Period ended 30/9/2005</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	-	-	-	633	-	1	634
Net profit/(loss) for the financial period	-	-	-	-	(962)	337	(625)
<b>Total recognised gains/(losses) for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>633</b>	<b>(962)</b>	<b>338</b>	<b>9</b>
<b>Balance at 30/9/2005</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>(153)</b>	<b>206</b>	<b>393</b>	<b>32,394</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	-	-	-	-	(219)	-	(219)
<b>Total recognised losses for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(219)</b>	<b>-</b>	<b>(219)</b>
<b>Balance at 30/9/2005</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>-</b>	<b>(171)</b>	<b>-</b>	<b>31,777</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	
			9 months ended	
			30-Sep	
	Q3 2006	Q3 2005	2006	2005
cents	cents	cents	cents	
Based on the weighted average number of ordinary shares on issue <sup>(1)</sup>	(0.05)	(0.34)	(0.68)	(0.30)
On fully diluted basis (detailing any adjustments made to the earnings) <sup>(2)</sup>	n.a.	n.a.	n.a.	n.a.

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)**

<sup>(1)</sup> 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 Q3 2006 and Q3 2005.

<sup>(2)</sup> 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 30/9/2006		As at 31/12/2005	
	Group cents	Company cents	Group cents	Company cents
Net asset value per ordinary share <sup>(1)</sup>	8.72	9.98	9.48	10.03

<sup>(1)</sup> 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 third quarter ended 30 Sept 2006 as compared to corresponding quarter ended 30 Sept 2005**

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

	Q3 2006 S\$'000	Sales mix %	Q3 2005 S\$'000	Sales mix %
<b>Proprietary Solutions</b>	2,761	58	3,001	61
<b>Distribution</b>	1,597	34	1,894	39
<b>Operational &amp; System Support</b>	382	8	-	-
<b>Total</b>	4,740	100	4,895	100

The Group's sales for Q3 2006 recorded a decrease of S\$0.2 million or 3% compared to Q3 2005. The decrease in sales was mainly due to reduction in sales from both Proprietary Solutions and Distribution business segments, partly offset by sales of S\$0.4mil contributed by Operational & System Support business unit during the quarter.

The reduction in sales for the Group's Distribution business segment in Q3 2006 of approximately S\$0.2 million or 16% compared to Q3 2005, was attributable to the shift in focus 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.

**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\$0.6million or 20% as compared to Q3 2005. This reduction is a result of the Group's continued efforts in rationalising operating expenses and overheads.

The Group recorded an improved earnings before interest, tax, depreciation and amortisation ("EBITDA") of S\$0.4 million and a lower loss before tax of S\$0.2 million for Q3 2006, as compared to a loss before interest, tax, depreciation and amortisation ("LBITDA") of S\$0.1 million and a loss before tax of S\$0.9 million achieved in the corresponding period in 2005. The improvement is attributable to the lower overhead expenses incurred as a result of the group's rationalisation exercise on operating expenses during the year.

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

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

	<b>YTD 2006 S\$'000</b>	<b>Sales mix %</b>	<b>YTD 2005 S\$'000</b>	<b>Sales mix %</b>
<b>Proprietary Solutions</b>	6,866	61	11,889	67
<b>Distribution</b>	3,857	34	5,746	33
<b>Operational &amp; System Support</b>	559	5	-	-
<b>Total</b>	11,282	100	17,635	100

The Group's sales for the nine months ended 30 September 2006, decreased by S\$6.3 million or 36% compared to the corresponding period last year. The decrease was mainly attributable to a decrease in sales from both the Proprietary Solutions and Distribution business segments.

The 42% decrease in Proprietary Solutions sales (YTD Sept 2006 against YTD Sept 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 contributed significantly to the current period result.

However, overhead expenses for the six-month period ended 30 Sept 2006 on the other hand, decreased by approximately S\$1.4million or 16% 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\$158k and a loss before tax of S\$2.2 million for the nine month period ended 30 Sept 2006. In comparison, the Group achieved earnings before interest, tax, depreciation and amortisation ("EBITDA") of S\$1.7 million and loss before tax of S\$0.5 million for the corresponding period in 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)**

*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\$4.4 million or 16% from S\$27.2 million as at 31 December 2005, to S\$22.8 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\$0.6 million was mainly attributable to depreciation charged for Plant and Equipment as well as reclassified 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\$6.1 million as at 30 Sept 2006, representing a decrease of approximately S\$2.6 million or 30%. This was mainly due to the settlement of short-term bank borrowings and a decrease in trade and other payables as a result of reductions 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 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.

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

**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/recommended, a statement to that effect**

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

**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  
14 November 2006