

**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 2007**

**PART 1 - 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 first quarter ended 31 March 2007

**Consolidated Income Statement**

	<b>Group</b>		<b>Inc/(dec) %</b>
	<b>Quarter ended</b>		
	<b>31 March</b>		
	<b>2007</b>	<b>2006</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	
Revenue	2,398	3,180	(25)
Cost of sales	(1,887)	(1,842)	2
<b>Gross profit</b>	<b>511</b>	<b>1,338</b>	<b>(62)</b>
Other operating income	28	23	22
Technical support expenses	(994)	(1,234)	(19)
Distribution costs	(522)	(727)	(28)
Administrative expenses	(373)	(434)	(14)
Other operating expenses	(259)	(272)	(5)
<b>Loss from operations</b>	<b>(1,609)</b>	<b>(1,306)</b>	<b>23</b>
Finance costs	(14)	(42)	(67)
Share of result of an associated company	206	86	>100
<b>Loss before tax</b>	<b>(1,417)</b>	<b>(1,262)</b>	<b>12</b>
Income tax	(9)	(31)	(71)
<b>Net loss for the financial year</b>	<b>(1,426)</b>	<b>(1,293)</b>	<b>10</b>
<b>Attributable to:</b>			
Shareholders of the Company	(1,462)	(1,343)	9
Minority interest	36	50	(28)
<b>Net loss for the financial year</b>	<b>(1,426)</b>	<b>(1,293)</b>	<b>10</b>

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

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

	<b>Group</b>		<b>Inc/(dec)</b> %
	<b>Quarter ended</b>		
	<b>31 March</b>		
	<b>2007</b>	<b>2006</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	
Amortisation of development cost and intellectual property	195	149	31
Foreign exchange loss	247	239	3
Depreciation of plant and equipment	505	565	(11)
Finance lease income	(19)	(14)	36

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>31/3/2007</b>	<b>31/12/2006</b>	<b>31/3/2007</b>	<b>31/12/2006</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	1,140	1,085	16	21
Trade and other receivables	13,454	14,423	9,700	9,712
Finance lease receivables	480	472	-	-
Inventories	3,687	3,275	-	-
	<b>18,761</b>	<b>19,255</b>	<b>9,716</b>	<b>9,733</b>
<b>Non-current assets</b>				
Investment in an associated company	916	702	-	-
Investments in subsidiaries	-	-	22,526	22,526
Plant and equipment	7,676	8,040	22	24
Intangible assets	1,894	2,069	-	-
Deferred income tax assets	601	590	-	-
Finance lease receivable	84	205	-	-
Trade receivables	1,364	1,723	-	-
	<b>12,535</b>	<b>13,329</b>	<b>22,548</b>	<b>22,550</b>
<b>Total assets</b>	<b>31,296</b>	<b>32,584</b>	<b>32,264</b>	<b>32,283</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	6,129	6,357	287	277
Current income tax liabilities	117	107	-	-
Borrowings	598	380	-	-
	<b>6,844</b>	<b>6,844</b>	<b>287</b>	<b>277</b>
<b>Non-current liabilities</b>				
Borrowings	23	34	-	-
Deferred income tax liabilities	58	58	-	-
	<b>81</b>	<b>92</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>6,925</b>	<b>6,936</b>	<b>287</b>	<b>277</b>
<b>Net assets</b>	<b>24,371</b>	<b>25,648</b>	<b>31,977</b>	<b>32,006</b>
<b>EQUITY</b>				
Share capital	31,948	31,948	31,948	31,948
Foreign currency translation reserve	(470)	(618)	-	-
Retained earnings/(accumulated losses)	(7,283)	(5,821)	29	58
<b>Shareholders' equity</b>	<b>24,195</b>	<b>25,509</b>	<b>31,977</b>	<b>32,006</b>
Minority interest	176	139	-	-
	<b>24,371</b>	<b>25,648</b>	<b>31,977</b>	<b>32,006</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</b>		<b>Group</b>	
<b>As at 31/3/2007</b>		<b>As at 31/12/2006</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
S\$'000	S\$'000	S\$'000	S\$'000
598	-	380	-

**Amount repayable after one year**

<b>Group</b>		<b>Group</b>	
<b>As at 31/3/2007</b>		<b>As at 31/12/2006</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
S\$'000	S\$'000	S\$'000	S\$'000
23	-	34	-

**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 RM537,700 (S\$236,100)

The hire purchase is secured by plant and equipment of a subsidiary with a net book value of RM170,000 (S\$75,000) (31.12.2006: S\$91,000).

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**

	Quarter ended	
	31 March	
	2007	2006
	S\$'000	S\$'000
<b>Cash flows from operating activities:</b>		
Loss before tax and after share of results of an associated company	(1,417)	(1,262)
Adjustments for:		
Amortisation of development costs and intellectual property	195	149
Depreciation of plant and equipment	505	565
Plant and equipment written off	2	-
Loss/(gain) on disposals of plant and equipment	1	(3)
Interest expense	15	42
Interest income	(20)	(15)
Share of results of an associated company	(206)	(86)
Foreign currency translation adjustment	100	29
<b>Operating cash flow before working capital changes</b>	<b>(825)</b>	<b>(581)</b>
Changes in operating assets and liabilities		
Inventories	(414)	(125)
Finance lease receivable	113	47
Trade and other receivables	1,191	1,316
Trade and other payables	(227)	529
Cash (used in)/from operations	(162)	1,186
Income tax refund/(paid)	121	(1)
Interest paid	(15)	(42)
<b>Net cash flow (used in)/from operating activities</b>	<b>(56)</b>	<b>1,143</b>
<b>Cash flows from investing activities:</b>		
Purchase of plant and equipment	(116)	(190)
Proceeds from disposals of plant and equipment	-	5
Development costs paid	-	(143)
Interest received	1	1
<b>Net cash flow used in investing activities</b>	<b>(115)</b>	<b>(327)</b>
<b>Cash flows from financing activities:</b>		
Finance lease interest income	19	14
Proceeds from borrowings	363	833
Repayments of borrowings	(50)	(1,774)
Repayments of finance leases	(11)	(12)
<b>Net cash flow from/(used in) financing activities</b>	<b>321</b>	<b>(939)</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)

	Quarter ended	
	31 March	
	2007	2006
	S\$'000	S\$'000
Net change in cash and cash equivalents	150	(123)
Cash and cash equivalents at beginning of the financial period	565	567
Cash and cash equivalents at end of the financial period (Note 1)	715	444

Explanatory Notes:

Note 1

	As at 31 March	
	2007	2006
	S\$'000	S\$'000
Cash and cash equivalents	1,140	1,072
Bank overdrafts	(189)	(228)
Restricted deposits	(236)	(400)
Cash and cash equivalents per consolidated cash flow statement	715	444

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 31 March 2007**

	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 31/13/2007</b>						
<b>Group</b>						
Balance at 1/1/2007	319,572,675	31,948	(618)	(5,821)	139	25,648
Foreign currency translation differences recognised directly in equity	-	-	-	-	1	1
Net profit/(loss) for the financial period	-	-	148	(1,462)	36	(1,278)
<b>Total recognised income/(expenses) for the financial period</b>	-	-	<b>148</b>	<b>(1,462)</b>	<b>37</b>	<b>(1,277)</b>
<b>Balance at 31/3//2007</b>	<b>319,572,675</b>	<b>31,948</b>	<b>(470)</b>	<b>(7,283)</b>	<b>176</b>	<b>24,371</b>
<b>Company</b>						
Balance at 1/1/2007	319,572,675	31,948	-	58	-	32,006
Net loss for the financial period	-	-	-	(29)	-	(29)
<b>Total recognised expenses for the financial period</b>	-	-	-	<b>(29)</b>	-	<b>(29)</b>
<b>Balance at 31/3/2007</b>	<b>319,572,675</b>	<b>31,948</b>	-	<b>29</b>	-	<b>31,977</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 First Quarter 31 March 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>Year ended 31/3/2006</b>						
<b>Group</b>						
Balance at 1/1/2006	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 financial period	-	-	-	(1,343)	50	(1,293)
<b>Total recognised income/(expenses) 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>(403)</b>	<b>(2,518)</b>	<b>109</b>	<b>29,136</b>
<b>Company</b>						
Balance at 1/1/2006	319,572,675	31,948	-	111	-	32,059
Net loss for the financial period	-	-	-	(61)	-	(61)
<b>Total recognised expenses 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>50</b>	-	<b>31,998</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 financial year 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 year 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 year as compared to the most recent audited financial statements of the Group for the financial year ended 31 December 2006.

**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 financial year reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group	
	31 March	
	2007	2006
	cents	cents
Based on the weighted average number of ordinary shares on issue <sup>(1)</sup>	(0.46)	(0.42)
On fully diluted basis (detailing any adjustments made to the earnings) <sup>(2)</sup>	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 has 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 2007 and Q1 2006.

<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 financial year reported on and (b) the immediate preceding financial year**

	As at 31/3/2007		As at 31/12/2006	
	Group cents	Company cents	Group cents	Company cents
Net asset value per ordinary share <sup>(1)</sup>	7.63	10.01	8.03	10.02

<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/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 year 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 year reported on**

**Review of results for the first quarter ended 31 March 2007 as compared to corresponding quarter ended 31 March 2006**

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

	<b>Q1 2007 S\$'000</b>	<b>Sales mix %</b>	<b>Q1 2006 S\$'000</b>	<b>Sales mix %</b>
<b>Proprietary Solutions</b>	873	36	2,095	66
<b>Distribution</b>	1,359	57	1,053	33
<b>Operation Support Systems (OSS)</b>	166	7	32	1
<b>Total</b>	<b>2,398</b>	<b>100</b>	<b>3,180</b>	<b>100</b>

The Group's Q1 2007 revenue recorded a decrease of S\$0.8 million or 25% compared to the corresponding period last year. The decrease is mainly attributable to the more than 50% decline in sales from Proprietary Solutions segment despite the revenue improvement recorded by both the Distribution and OSS business segments.

The Group's Proprietary Solutions business' sales results in Q1 2007 was adversely affected by project implementation delays. Two major Proprietary Solutions projects with Tier-1 telco end-customers that were expected to be completed during this quarter have been delayed and are now expected to be completed in the later part of the year.

Sales generated by the Group's Distribution business recorded an increase of S\$0.3m or 29% in the current quarter compared to the corresponding quarter in 2006. This improvement in sales is attributable to the successful completion of a large, one-off project involving S\$0.3m worth of Telecom products.

The Group's Operation Support Systems business recorded marginal sales of \$0.2m in Q1 2007 as this business segment continues to be engaged in the early stage of the sales cycle to secure contracts for its systems and services.

Operating expenses for the period ended 31 March 2007 recorded an improvement of approximately S\$0.5mil or 19% reduction in expenses as compared to the corresponding period in 2006, which is in line with the Group's continued effort in its cost rationalisation exercise undertaken in 2006.

As a result of the lower revenue achieved for the year, the Group incurred a loss before interest, tax, depreciation and amortisation ("LBITDA") of S\$0.7million for the period ended 31 March 2007. In comparison, the Group recorded loss before interest, tax, depreciation and amortisation ("LBITDA") of S\$0.5 million for the period ended 31 March 2006.

**Review of the Group's financial position as at 31 March 2007 as compared to the Group's financial position as at 31 December 2006**

Current assets decreased by S\$0.5million or 3% from S\$19.3 million as at 31 December 2006, to S\$18.8 million as at 31 March 2007. This was mainly due to a decrease in trade and other receivables as a result of lower sales recorded during the financial period which the decrease has been partially offset by the increase in inventory of S\$0.4 million. The increase in inventory is mainly attributable to additional purchased in anticipation of new projects for roll out in Q2 2007.

The decrease in total non-current assets by S\$0.8 million was mainly attributable to depreciation charged for Plant and Equipment, amortisation charged on intangibles as well as reduction in non-current trade receivables.

Total liabilities decreased from S\$6.94 million as at 31 December 2006 to S\$6.93 million as at 31 March 2007, representing a reduction of approximately S\$0.01 million or 0.1%. This was mainly due to a decrease in trade and other payables as a result of reduction in purchases. The decreased was however partly offset by the increase in short term borrowings during the period.

**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 financial year 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 Directors believe that the Group, having achieved significant progress in rationalising and streamlining of the operations of the Group, is well positioned to capture growing opportunities in the telecommunications market under its prevailing development strategies. These three key strategies are:

- \* To focus and grow mobile data and value-added services ("VAS") business areas;
- \* To expand and improve the recurring revenue streams via managed services; and
- \* To grow 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 and sustainable growth.

**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 2007.

**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**

No 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  
11th May 2007