Enhancing The Future of Communications

annual report 2006

UCHL

unified communications holdings limited

Contents

Corporate Vision

"To be a key developer and supplier of information and communications technology products & customised solutions in Asia, by assisting our customers and partners to create, maintain and increase their competitive advantage."

Corporate Profile

In 1998, Unified Communications was established as a provider of telecommunications proprietary and customised solutions, as well as a distributor of telecommunications products for the industry.

From a single office in Malaysia, the Group today has a global network of six offices located in Singapore, Malaysia, Philippines, Thailand, Hong Kong and China, and various service support arrangements in Shenzhen (China), Jakarta (Indonesia), Karachi and Islamabad (Pakistan). Through these offices, the Group serves customers in the ASEAN region, Greater China, West Asia, Indochina and the Middle East.

In 2004, Unified Communications Holdings Limited ("UCHL") was listed on the main board of the Singapore Exchange. Today, UCHL has four principal business areas targeting telecom operators, service providers and enterprises.

unified communications

Using its core technology in voice-switching and mobile data, Unified Communications develops a wide range of network infrastructure and solutions for innovative mobile value-added services (VAS). The services include software and system development, solution and system implementation, operations support and turnkey provisioning for telecom operators and telecom service providers.

Ahead Mobile
click mobile dreams

Founded as a partnership between Unified Communications and Ahead Mobile Inc. (AMI), Korea, Ahead Mobile Sdn Bhd (AMSB) focuses on developing rich media and content-driven applications as well as VAS for mobile networks. These content and media-driven solutions are offered to mobile network operators as a means of promoting growth in Average Revenue per User (ARPU) of their subscriber base. During the year, AMI's interest in AMSB was acquired by Mr Lee Yang Dong, CEO and founding member of both AMI and AMSB.

globeOSS

Incorporated in February 2006, GlobeOSS Sdn Bhd specialises in the global mobile roaming segment of the telecoms industry. This newly formed business unit provides global roaming quality of service (QoS) monitoring and management solutions to telecom operators. These services enable network operators to assure the stability and quality of their roaming services to subscribers.

attrix™

Attrix Technology was established as a distributor of telecom products. Attrix has since expanded beyond this initial scope and now distributes the full suite of IT solutions, from network security to wireless applications, as well as emerging technologies products in areas of wireless, IP, biometrics and many more for carriers and enterprises.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Unified Communications Holdings Limited for the financial year ended 31 December 2006.

2006 was a year during which we pressed on with our strategy to focus on opportunities within the mobile communications market across our home region in South East Asia, and also further afield in South Asia and the Middle East. Our Group saw successful implementation of network and value added services (VAS) applications and solutions such as Personalised Ringback Tones (PRBT) and Back Ground Music (BGM) for new and existing customers in these regions.

Closer to home, our VAS joint venture business in Malaysia – Ahead Mobile Sdn Bhd – had also seen growth in the revenue of its location-based VAS and premium SMS services that are operated on a revenue-sharing model with operators.

2006 was the maiden year of operations for our subsidiary, GlobeOSS Sdn Bhd, a business unit founded to address the growing demand from telecommunications operators for outsourced Operations Support Systems (OSS) and related services. Considerable progress was made during the year by this new business unit of the Group in establishing itself within this buoyant market segment.

PERFORMANCE REVIEW

Overall, the Group saw a decline in revenue whereby the Group achieved a total revenue of S$16.0 million for the year, a decline of S$5.1 million or a 24% decrease over the preceding financial year and a net loss of S$4.6 million in 2006 as compared to a net loss of S$2.3 million in 2005.

Our Proprietary Solutions business was affected by transitional effects of our continued emphasis on addressing primarily the Tier-1 telecommunications market, where projects are fewer in number but larger in value, and with higher quality of revenue. Several such projects during the year were affected by movements in implementation timetables, resulting in a delays in initiation of projects originally anticipated to be awarded and completed during the year under review.

Our Distribution business also recorded a revenue decline compared to the preceding year due to decline in sales generated by the Telecoms products division of this business segment. The growth secured in our IT products division was not sufficient to offset this decline.

The contraction in revenue for both businesses had contributed to the net loss recorded for 2006. However, a sizeable portion of the net loss recorded was also attributable to impairment provisions made for the year including fair value provisions set aside for certain long-standing accounts receivables of the Group where payment terms had been restructured.

These provisions, classified as “other operating expenses” had also substantially diminished the impact of savings in key operating expenses made by our management during the year. Our key operating expense had been reduced from S$11.5 million in 2005 to S$9.2 million in 2006, which reflected savings of S$2.3 million.

Chairman's Statement

PROSPECTS AND FUTURE DIRECTION

The Directors remain optimistic with regard to the telecommunications industry and our Group's long term prospects.

To secure a return to growth and profitability, the Group will continue to realign and optimize its resources to effectively and efficiently deliver its solutions and services and to continue to focus on the Tier-1 telecommunications market and boost its recurring service and maintenance income.

The Group is well positioned to benefit from growing opportunities in the vibrant telecommunications markets of South East Asia, South Asia and the Middle East for both network and VAS solutions within our Proprietary Solutions and OSS businesses.

Our emphasis on regions with nascent telecommunications markets and prospects for development will augur well for the Group's business. Pertaining to more mature markets, we shall seek more innovative solutions for value-added services to spur our income and profitability growth over their consolidation phase.

DIVIDENDS

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2006.

BOARD ROOM CHANGES

On behalf of the Board, I wish to register our sincere appreciation to our former Non-Executive Chairman Dato' Ahmad Sebi, who had resigned from the board during the year, for his guidance and valuable contribution to the Group. And to our new board member, Mr Anton Syazi, we wish him a warm welcome to the board.

IN GRATITUDE

To the regulatory authorities, we wish to express our appreciation for their continued guidance. To our customers, shareholders and business partners, we thank you for your invaluable support, belief and trust in us - our people, technologies and capabilities. Last, but definitely not least, I would like to thank all of the people that make up the Unified Communications Group, for their commitment, passion and dedication in building a business that continuously delivers innovative solutions and services.

Lee Su Nie
Chairman
06 April 2007

Operational and Financial Review

Company Overview, Objectives And Strategy

The Unified Communications Group comprises business units operating in four principal business areas : Unified Communications, a software and system development business that develops, markets and implements proprietary solutions for the telecommunications industry; Ahead Mobile, a partnership founded by the Group with Ahead Mobile Inc. of Korea which develops and delivers content-driven applications and value-added services (VAS) for mobile telecommunications; Attrix Technology, a distributor of telecommunications and information technology products; and finally GlobeOSS, a business that provides Operations Support Systems (OSS) and services to telecommunications operators.

The Group seeks to be a profit-enhancing partner for all our customers. The commitment of our people and our businesses is to help our customers deliver increased profits and profitability. We deliver this by continuously developing new solutions and services that create and enable new revenue streams or reduce the cost of service delivery.

UNIFIED COMMUNICATIONS

Unified Communications represents the proprietary solutions business of the Group which designs and develops proprietary software and systems that encompass a wide range of telecommunications network infrastructure and VAS solutions for the VoIP and mobile telecommunications markets. This business of the Group carries out its research and development activities primarily in its Malaysian operations hub while sales, professional services, systems integration and technical support functions are spread across its various points of presence across the region and abroad. Unified Communications has offices in Singapore, Thailand, Hong Kong, China and the Philippines, complemented by various service support arrangements in Indonesia and Pakistan. Through its offices and service support arrangements, this business serves a broad variety of customers in South East Asia, South Asia, the Middle East and the USA.

The objective of this business is to design, develop, market and deploy innovative proprietary software and systems that represent revenue-enhancing or efficiency-improving solutions for both VoIP and mobile telecommunications operators. The business' proprietary software and systems are separated into three principal product groups: the first being network infrastructure (signalling and messaging) solutions and the second, mobile roaming solutions and thirdly, value-added services (VAS) applications and solutions such as Personalised Ringback Tones (PRBT) and Background Music services (BGM) over mobile.

This business has geographical focus on the developing telecommunications markets of South East Asia, South Asia and the Middle East. The marketing and distribution of its proprietary solutions in these focus territories are carried out directly by the business or in collaboration with in-country partners, resellers and other agency channels. The solutions designed and developed by the business are engineered to offer competitive strengths in scalability, flexibility and quick time-to-market.

Unified Communications, representing the Proprietary Solutions Business of the Group, continues to implement the following broad strategies to develop and grow its business:

1 Focus on mobile data and mobile VAS solution development;

2 Expand recurring revenue streams via managed services; and

3 Grow with the developing telecommunications markets.

AHEAD MOBILE

Ahead Mobile Sdn Bhd (AMSB), designs, develops, implements and operates value-added-services (VAS) for the Malaysian mobile telecommunications market on a subscription-fee or transactions-based revenue model. This joint-venture business of the Group set up with Ahead Mobile Inc. (AMI) of Korea, focuses on content-driven and location-based applications or VAS, such as 'Friend Finder' location identification and notification services delivered via short messaging service (SMS), and premium SMS services. During the year, the interest of AMI in AMSB was disposed off in full to Mr Lee Yang Dong, the founder and CEO of both AMSB and AMI. The profile of Mr Lee Yang Dong is provided in Page 12 of this Annual Report.

The objective of this business is to identify opportunities for VAS that suit the growing Malaysian telecommunications market for mobile data-driven services, and to tap into the growth in popularity of enhanced messaging and location-based and location-aware applications. This business anticipates the continued growth in mobile data-and content driven VAS in Malaysia and is positioned to participate in this growth through its steadfast commitment to developing and expanding its portfolio of VAS solutions that are tailored to the specific qualities and features of the Malaysian mobile telecommunications market.

ATTRIX TECHNOLOGY

Attrix Technology, the distribution business of the Group, is a distributor of telecommunications and information technology (IT) equipment, products and appliances. This business focuses on distributing telecommunications equipment and products that are utilised by both telecommunications operators and also enterprises for enabling voice telecommunications services. More recently, this business has expanded its portfolio of products to include IT equipment, products and appliances within the areas of network security, network optimisation and high-speed wireless connectivity.

Attrix Technology is headquartered in Singapore, where all its key management, business support, logistics, inventory management and administration functions are centralised. Attrix Technology distributes its portfolio of products across South East Asia, South Asia and China through various reseller partners and agents.

This distribution business of the Group leverages the breadth and depth of industry knowledge and expertise of its people in telecommunications and IT, to offer value-added services to its reseller partners, agents and end-customers. This, coupled with its selective approach to acquiring distributorship rights to differentiated niche products within telecommunications and IT industries, represent the key competitive strengths of the business.

GlobeOSS

GlobeOSS Sdn Bhd is the OSS business of the Group that is engaged in the growing outsourced Operations Support Systems (OSS) market segment of the telecommunications industry. This business currently provides global roaming quality of service (QoS) monitoring and management solutions to telecom operators. Its services and solutions enable network operators to assure the stability and quality of their roaming services to subscribers.

Based in Malaysia, this specialised business addresses the South East Asian market for OSS services and solutions through direct engagement with telecommunications operators or through various resellers and teaming partners.

GlobeOSS Sdn Bhd seeks to design, develop and deliver additional service quality monitoring and management solutions to complement its existing global roaming solutions, to in turn, establish the business as a key player in the regional market for OSS and QoS management solutions and services.

OPERATING REVIEW

The financial year ended 31 December 2006 was a year during which both our proprietary solutions and distribution businesses underwent significant rationalisation and streamlining in all areas of operations. This operations rationalisation and streamlining process which culminated in a reduction in our overall operating cost base was executed during the year as part of our management team's efforts to ensure the successful implementation of our long term growth strategy while minimising any adverse, short-term financial impact of executing the long-term growth strategy.

The Group's long term growth strategy, especially for its proprietary solutions business, continues to be centred on addressing opportunities in the mobile telecommunications market. This timely move in emphasis in our proprietary solutions business away from the Tier-2 telecommunications market (representing VoIP telecommunications service providers) to the Tier-1 market (primarily mobile telecommunications network operators) had already been initiated in 2005. Effecting this change in emphasis and focus for our long-term growth strategy has not been without its challenges in 2006, especially in continuing to manage any short-term financial impact of adopting such a strategic focus.

The Tier-1 market in our view, is represented by mobile telecommunications network operators which typically have greater complexity in their infrastructure, needs and requirements than their Tier-2 telecommunications operator counterparts. Sales cycles for the provision of solutions and systems such as those offered by our proprietary solutions business to the Tier-1 market are generally longer in duration and greater in complexity. The opportunities within the Tier-1 market however, involve higher-value and higher-quality of revenue for our proprietary solutions business than that offered by the Tier-2 market.

In adopting this focus on the Tier-1 market, the management team of the Group believed that it was necessary in 2006 to more aggressively address the operating cost structure of our core proprietary solutions business, to minimise fixed costs and impact on our Group's profitability during this period where sales pipelines for the Tier-1 market were being filled and where the longer sales and implementation cycle for secured projects may extend the timing gap between when a solution is sold and when it is completed and recognised as revenue for the Group.

The effects of this timing gap and longer sales cycle typical to the Tier-1 market are reflected in the financial performance of the proprietary solutions business, and the overall performance of the Group in 2006.

PERFORMANCE ANALYSIS

Group Summary

Group revenue for the year was S$16.0 million, corresponding to a decline of S$5.1 million on the result achieved in 2005. Of the S$16.0 million in Group revenue for 2006, S$11.0 million was generated by the proprietary solutions business, S$4.2 million by the distribution business and S$0.8 million by the OSS business.

For both the proprietary solutions and distribution businesses of the Group, the sales results achieved in 2006 represent a reduction against the performance recorded in the preceding year. For the proprietary solutions business this decline in revenue is attributable to both the timing gap and longer sales cycle associated with Tier-1 customer sales and delays and changes in project implementation timetables for the year. The distribution business meanwhile had been adversely affected during the year by increased pricing pressure for its telecommunications products and equipment and slower than anticipated growth of its IT products and equipment division. The Group's new OSS business meanwhile delivered an encouraging result in its first year of operations.

The decline in Group revenue to S$16.0 million had contributed to the net loss of $4.6 million recorded for the year. This loss for the year had however been dampened by the positive results achieved in the management team's efforts to rationalise and streamline the operating cost base of the Group. This rationalisation and streamlining of key operating costs for the Group had delivered S$2.3 million in savings when compared to preceding year results, in which a reduction in the three key operating expense groupings of technical support, distribution and administrative expenses from S$11.5 million (2005) to S$9.2 million (2006) was secured. The bulk of these cost savings was derived from reductions in personnel expenses and office space-related overheads.

The positive outcome achieved in the rationalisation and streamlining of key operating costs for the Group was however offset by impairment provisions made for the year, relating to certain receivables, plant and equipment and inventory of the Group. These impairment provisions, classified as 'other operating expenses' amount to S$1.4 million, of which S$0.6 million relate primarily to fair value provisions set aside for certain long-standing accounts receivables of the Group that have been subjected to a restructuring of payment terms.

The Group's management team is committed to actively reviewing operating costs on an ongoing basis to seek out further opportunities for savings and efficiency improvements while time is given for the Group's long term strategy to yield its full benefit.

UNIFIED COMMUNICATIONS - PROPRIETARY SOLUTIONS BUSINESS

The proprietary solutions business recorded revenue of S$11.0 million for the year, representing a decline of S$3.9 million from the preceding year's result. Sales generated from Malaysia and Singapore declined against 2005 results due to reduced sales to Tier-2 telecommunications and fixed line operators in these territories, with this in turn, being attributable to the shift in focus towards addressing Tier-1 mobile operator opportunities.

Other ASEAN territories for the proprietary solutions business - including Thailand and Indonesia – did not suffer a decline in sales performance against 2005 results since in these territories, the proprietary solutions business has predominantly had Tier-1 mobile telecommunications network operators as customers. The management team of the Group believes that the future prospects for the proprietary solutions business within the Tier-1 markets of South East Asia, South Asia and the Middle East are positive, and are expected to, in due course, more than offset the decline in sales to the Tier-2 market.

Apart from pursuing business development opportunities across its focus territories, the proprietary solutions business had, during the year, continued to maintain the Group's commitment to research, development and innovation by completing significant enhancements to its mobile telecommunications solution portfolio across all three product categories of mobile network infrastructure, mobile roaming solutions and VAS.

Within the business' mobile network infrastructure product category, improvements were made on the USSD gateway and USSD Menu Browser system. 'USSD' is a menu-based user interface available in all mobile handsets without requiring pre-provisioning necessary for alternatives such as WAP. Due to its convenience, it is widely used in various telecommunications markets as the primary mode for subscribers to access new services, do self customer-care or customer self-service and also to perform transactions. In the recent enhancements carried out by the business for an Indonesian mobile network operator, the USSD system facilitated the deployment of various USSD applications including 'Top Me Up', 'Call Me Back', and 'Collect Call'. These applications enable prepaid users to contact another party even when they cannot make normal outbound calls due to low remaining credit balance in their mobile phone account.

For example, the 'Top Me Up' application in the USSD system enables the prepaid subscribers with insufficient balance to send a 'USSD' code to a friend who will then be able to help purchase and top up the balance. 'Call Me Back' on the other hand allows subscribers to send the USSD code to have the other party call back. When using the Collect Call feature the subscribers send a USSD code to the network which will request the party being called to accept the call charges. The called party can accept or reject this request.

In 2006, the proprietary solutions business had also successfully installed new SMS systems. In Taiwan, a high-availability SMS system was deployed to handle large numbers of SMS broadcasts by enterprises (for example, banks and travel agencies). Enterprises can use an XML-based interface provided with the SMS system to easily integrate into their legacy backend systems. Through the system, enterprises are able to check the delivery status of each SMS broadcast.

The final key enhancement developed and released in 2006 for the mobile network infrastructure product category was a new release of the Missed Call Notification solution which has a significantly higher transaction capacity and supports various features to turn missed calls into revenue.

2006 also saw increased interest from mobile telecommunications network operators in the region for enhanced services for roaming mobile users. Based on our extensive experience in signalling solutions, the proprietary solutions business developed its mobile roaming product category to include a wide variety of roaming applications such as Advanced Welcome SMS, Optimal Routing, International Call Correction and Visitor Local Number. These mobile roaming solutions were successfully installed in, among others, mobile networks in Indonesia, Bangladesh, and Malaysia during the year.

For its third product category of VAS, the proprietary solutions business enhanced its existing Personalised Ringback Tone (PRBT) systems in service in Greater China (including Hong Kong, Taiwan and China) and the Middle East. New features such as Gift RBT, Copy RBT, Bundled RBT and Ringtone Download were added to the product suite. During the year, after partnering with an Indian Content Provider, the proprietary solutions business was awarded with the project to implement its first PRBT system in India through a public tender. Based on the same platform, the business also developed an innovative application called Background Music (BGM) which allows callers to play back pre-downloaded background music or sound-effects during mobile conversation. The BGM system had successful installations in Malaysia and Thailand in 2006. New features such as 'PlayList Download', were added to this solution throughout the year so as to increase the Average Revenue Per User (ARPU) that can be generated by the solution.

In addition to enhancements and developments within its three key product categories, the proprietary solutions business had also developed, in 2006, two new solution suites:

1 A 3G Video Application Platform, which is intended to integrate into 3G / IMS (IP Multimedia Services) mobile networks to enable delivery to the mobile of video content and applications. A trial of this system was installed in Hong Kong, and has undergone testing with different 3G handsets in 2006; and

2 Mobile Number Portability (MNP) related systems and solutions which are required to facilitate the implementation of number portability for mobile network operators, fixed-line operators and application service providers, and content providers to the mobile telecommunications industry. These systems and solutions were developed during the year in anticipation of mobile number portability initiatives within the region.

While the proprietary solutions business was engaged in the research, development and enhancement of solutions and applications, it had also sought to further improve its operational efficiency by rationalising its personnel resources as well as significantly improving the working capital efficiency of the business by proactively reducing the business' inventory holdings throughout the year.

ATTRIX TECHNOLOGY – DISTRIBUTION BUSINESS

The distribution business of the Group faced a challenging year in 2006, recording revenue of S$4.2 million, corresponding to a decline of S$1.9 million from the prior year's result. The bulk of this decline in sales is attributable to lower sales achieved by the telecommunications equipment and products division of the business. In 2006, intensification of competitive and pricing pressures within the business' market segment for telecommunications equipment and products in its home territories of Singapore and Malaysia – principally Dialogic telecommunications cards and Quintum VoIP equipment – had resulted in a decline in revenue for this division of the business.

The IT division of the business, which had secured various distributorship rights for new products and appliances throughout the year, continued to build its market share in 2006. However, the growth anticipated from the IT division for the year was not realised to the extent needed to offset the decline in sales suffered by the telecommunications division.

During the second half of 2006, the distribution business underwent streamlining and rationalisation of its personnel resources, product portfolio and also inventory holdings to deliver a reduction in direct and indirect operating costs of the business by the end of the year. The management team of the distribution business had implemented this rationalisation initiative in the second half of 2006 in readiness for slower than anticipated progress being made in growing the IT division of the business.

GLOBEOSS – OSS BUSINESS

In its maiden year of operations, the OSS business of the Group showed a promising start by securing commercial and trial customers within the South East Asia for its portfolio of OSS services and solutions. During the year, the business successfully designed, developed and launched its range of roaming quality-of-service monitoring and management solutions named 'Roamer Assure', comprising the core application for roaming quality of service monitoring and management offered on a monthly subscription fee, and complementary solutions and services such as Active Test, Revenue Assurance, Analytic System and Integrated Service Management (ISM).

Considerable groundwork was carried out in 2006 by the OSS business to promote, trial and gain market acceptance of its solutions and services. The management team of the OSS business is optimistic that the benefits of the groundwork and pre-sales activities conducted in 2006 will be realised in 2007.

AHEAD MOBILE – JOINT VENTURE VAS DEVELOPER AND SERVICE PROVIDER

2006 was another positive year for this joint-venture associate business of the Group, as its VAS solutions currently in service in Malaysia enjoyed a significant increase in take-up. Its core 'Friend Finder' location-based-service (LBS) usage and subscription levels grew at a rapid clip during the year, being also aided by the establishment during the year of inter-carrier connectivity for this service in Malaysia (to allow for subscribers from the two different networks to use the service rather than be confined only to users within the same network). This business' premium SMS service – currently in service with one of the telco in Malaysia, had similarly delivered significant improvements in take up and revenue growth during the year. As a direct result of these performance improvements in its underlying VAS solutions, total revenue for this business increased from S$0.8 million in 2005 to S$1.9 million in 2006, with net profit rising from S$0.4 million in 2005 to S$1.3 million in 2006.

Ahead Mobile has also invested in enhancements of the premium SMS service during the year, culminating in the launch in November 2006 of the 'Emoticons' add-on feature for the existing premium SMS service. In addition, in August 2006, Ahead Mobile assumed ownership of the Mobile Background Music (BGM) service originally deployed with one of the telco carrier in Malaysia by the Group's proprietary solutions business. With its proven expertise in operating and growing VAS, the Group is optimistic that Ahead Mobile will develop and grow this BGM service to achieve its potential.

Towards the end of the year, in December 2006, this business introduced a further enhancement to its LBS service by developing and launching Point-of-Interest (POI) LBS services to locate dealers (Find Dealer) for a telco and locate wi-fi networks (Find WiFi).

With the growing interest from mobile network operators in relevant, revenue-enhancing VAS with popular appeal, Ahead Mobile's focus on continuously developing and launching innovative VAS for the Malaysian market is expected to deliver further growth in the coming years.

GOING FORWARD

Going forward, the Group will continue to implement its development strategy of:

1 **Focusing on and growing mobile-data and VAS business areas** – the Group will continue to focus its collective efforts and investment in developing new solutions and services for mobile data and VAS.

2 **Expanding recurring revenue streams via managed services** – type income. The Group will continue to place emphasis on increasing the proportion of Group revenue that is derived from revenue-share, subscription or transactions-based recurring income.

3 **Growing with the developing telecommunications market** – the prospects for growth in the regions of emphasis for the Group – South East Asia, South Asia and the Middle East – are positive and further improving. The Group intends to secure future growth and profitability by participating in the growth of the telecommunications industries in these developing markets.

Much effort has been invested in 2006 to rationalise and streamline the operations of the Group to support the implementation of our long-term development strategy. In 2007 and beyond, in tandem with the execution of growth strategies to capture market opportunities, the Group expects to further our efforts to improve the effectiveness and operational efficiency of our businesses to return the Group to profitability.

Wong Tze Leng
Chief Executive Officer
06 April 2007

Board of Directors

Ms Lee Su Nie
Non-Executive Chairman

Ms Lee Su Nie, a Non-Executive Director of the Company since 18 December 2003, has been appointed as the Non-Executive Chairman in place of Dato' Ahmad Sebi Bakar who resigned as Director and Non-Executive Chairman of the Company with effect from 22 June 2006. She is also the Chief Executive Officer of Advance Synergy Berhad.

In 1985, she joined Kassim Chan Management Consultants Sdn. Bhd. where she provided management consultancy services. Ms Lee joined the Corporate Finance Department of Rakyat Merchant Bankers Berhad in 1989. In 1991, she left Rakyat Merchant Bankers Berhad to join Perdana Merchant Bankers Berhad (now known as Southern Investment Bank Berhad). Ms Lee subsequently left her position as First Vice President, Corporate Finance of the Bank to join Advance Synergy Berhad in 1995, and presently holds directorships in several private companies within the Advance Synergy Berhad group of companies.

Ms Lee graduated from the University of Birmingham, United Kingdom, with a Bachelor of Commerce (Accounting) degree in 1983 and went on to pursue her Masters of Science (Business Administration) at the University of Bath, United Kingdom, in 1984.

Ms Lee is also a Fellow of the Association of Chartered Certified Accountants.

Mr Wong Tze Leng
Chief Executive Officer and Executive Director

Mr Wong Tze Leng is both the Executive Director and CEO and was appointed to the Board on 27 December 2002. Mr Wong has over 15 years' experience in the information technology industry, with specific expertise in the telecommunications sector. He started his career in 1988 as an Engineer in the Singapore Institute of Standards & Industrial Research's design and development centre. He gained specialised expertise in computer telephony technology when he joined Federal Computer Services Pte Ltd in 1990 as a Software Engineer and later progressed to the position of Software Manager.

In 1993, he joined Dialogic as an Applications Engineer and was later promoted to the position of Business Development Director for the Asia Pacific region. During his career with Dialogic, he established a close rapport and working relationship with numerous IT companies and telcos in the Asia Pacific region. In 1998, he left Dialogic and founded the Group. Mr Wong graduated from Monash University, Victoria, Australia, with a Bachelors degree in Computer Science in 1985 and subsequently obtained a Bachelors degree in Electrical and Electronic Engineering in 1987 from the same university.

Mr Anton Syazi Ahmad Sebi
Deputy Chief Executive Officer and Executive Director

Mr Anton Syazi Ahmad Sebi has been appointed as Deputy Chief Executive Officer since December 2005 and was appointed to the board on 22 June 2006. He is also currently the General Manager – Corporate Development of Advance Synergy Berhad (ASB) and Executive Director of Advansa Pty Ltd and Home Cinema Studio Pty Ltd, both subsidiaries of ASB.

Prior to joining ASB as Assistant General Manager- Business Development in June 2001, Mr Anton was with the South East Asia Investment Banking Division of Credit Suisse First Boston.

Mr Anton is tasked to identify and develop new business opportunities for the Unified Communications Group, specifically overseeing and carrying out feasibility and preliminary market studies for new business opportunities and strategic planning. Mr Anton is also responsible for reviewing and overseeing the implementation of operations strategies, strategic business processes and operational improvement projects within the Group to achieve the Group's overall business objectives and goals.

Mr Anton graduated from the London School of Economics, University of London, with a Bachelor of Science in Economics. He has a Master of Arts in Finance from Webster University Graduate Studies Center, London. He also holds an Investment Management Certificate awarded by the UK Society of Investment Professionals.

Mr Chuah Seong Phaik
Independent Director

Mr Chuah Seong Phaik was appointed to our Board on 18 December 2003.

Mr Chuah has extensive experience in audit, finance and management including eight years as the Finance Director of a main board listed company on the Bursa Malaysia Securities Berhad (formerly known as Kuala Lumpur Stock Exchange). He is the founder and Managing Partner of Messrs Paul Chuah & Co. He is currently an Independent Non-Executive Director of A.A. Anthony Securities Sdn Bhd, a subsidiary of Multi-Purpose Holdings Berhad Group.

Mr Chuah is a fellow of the Institute of Chartered Accountants in England and Wales, a Chartered Accountant of the Malaysian Institute of Accountants, a Certified Public Accountant with the Malaysian Institute of Certified Accountants and an Associate Member of the Institute of Internal Auditors of Malaysia.

Mr Phuah Peng Hock
Independent Director

Mr Phuah Peng Hock was appointed to our Board on 18 December 2003. He is the founder and Managing Director of Aviha Consulting Pte Ltd, a management consultancy company focusing in business process upgrading with Information Technology.

He started out as a Design Engineer before switching to the business development field. In 1990, he joined Dynacast (S) Pte Ltd, a British-based die-casting company involved in regional marketing work. He then moved on to Ugimagnetic (S) Pte Ltd, a European-based manufacturer of magnet assembly for disk drives, as Marketing Manager in 1992. In 1994, he joined a company set up by the Economic Development Board of Singapore, as a Senior Consultant, where he was involved in various areas of management consultancy. He co-founded Advisor Associates (S) Pte Ltd, specialising in growth mentorship consultancy, in 2000.

He holds a Bachelor of Engineering (Hon) from the University of Strathclyde, UK, Graduate Diplomas in Marketing Management (Marketing Institute of Singapore) and Marketing (Chartered Institute of Marketing, UK), as well as a Masters degree in Entrepreneurship & Innovation from Swinburne University of Technology, Australia in 1994.

Key Management Team

Mr Lee Yang Dong
Chief Executive Officer
Ahead Mobile Sdn Bhd

Mr Lee Yang Dong is the CEO of Ahead Mobile Sdn Bhd since it established in November 2003. A joint venture company between Unified Communications Sdn Bhd and Ahead Mobile Inc., Korea (AMI)

Mr Lee has 20 years of experience in the IT and Telecommunications business. Mr. Lee is also the CEO and founder of AMI since its establishment in February 2000, and has been managing the company's business of providing Location-Based Services (LBS), developing the business with LG Telecom and Hyundai Autos. Prior to founding AMI, he was the CEO of LG Internet Inc., a member company of the LG Group in Korea, a position he held between 1997 to 2000. Mr Lee joined Samsung Group as a Manager in Samsung SDS and has since held several positions in Samsung from 1989 until 1997 with last position as General Manager of Samsung's Global Network Division. After graduating from Yale University, he worked as programmer in Merrin Financial Inc. in the US, before joining Samsung in 1989. He has held several directorships in several IT companies, and has also served as professor in the Chosun University of Korea.

Mr Lee graduated with a Bachelor of Engineering in Seoul National University in 1983, and subsequently obtained a Masters Degree in Computer Science from Yale University in 1985.

Mr Ann Wan Kuan
Chief Executive Officer
GlobeOSS Sdn Bhd

Mr Ann Wan Kuan is the CEO of GlobeOSS Sdn Bhd a subsidiary of the Group established in February 2006.

Mr Ann has been in the IT and Telecommunications industry specifically in the Operation Support Systems (OSS) arena for more than 14 years.

Prior to the setting up GlobeOSS with the Group, Mr Ann was the CEO and founder of Acian Technologies Sdn Bhd, a company he founded to focus on OSS outsourcings and mobile blogging services.

Mr Ann started his career as system engineer with Alcatel in 1993 and later joined Hewlett-Packard in 1994 before progressing to the position of South East Asia Manager for OSS. During his tenure at Hewlett-Packard, Mr Ann had undertaken various strategic roles from system engineer, solution architect, technical consultant, account sales management, consulting manager to General Management. He left Hewlett-Packard and join Agilent Technologies as Asia Pacific OSS Manager in year 2000 and was progressed to the position of Malaysian General Manager & Director of the Asia Pacific Service Organization. During the same tenure he also took on the role of Managing Director for Agilent Technologies Sales Malaysia. He left Agilent in 2004 to found Acian Technologies Sdn Bhd.

Mr Ann Wan Kuan graduated with a first class Bachelors Degree in Electronic Engineering from University of Manchester Institute of Science and Technology in year 1993.

Mr Lee Chee Leong
General Manager
Attrix Technology

Mr Lee Chee Leong joined Attrix Technology as General Manager in February 2005.

Mr Lee has 17 years of working experience spanning technical pre-sales, sales and strategic account management, product management and marketing, international business development, venture capital funding and business management.

Prior to joining the Group, Mr Lee has held various key regional executive positions at Electronic Data Systems Unigraphics, Digital Equipment Corp Asia Pacific, Multinational Automated Clearing House Asia, Engineering Computer Services, S&I Technologies Asia and Tech Pacific.

Mr Lee is a mechanical and production engineering graduate of the Nanyang Technological University. In 2001, he completed his executive MBA studies at the California State University Hayward. He also attended the Manufacturing Enterprise Leadership Program at Electronic Data Systems Corporation, Troy, Michigan.

Mr Ching joined the Group in 2002 as Head of the Product Planning and Management Group of Unified Communications and was later appointed as the Director of our Product and Technologies Group. The main function of this Group within Unified Communications is to initiate and manage the development of innovative telecommunications products and solutions.

With more than 14 years of experience in the development, sales and marketing of telecommunications products and services, Mr Ching has a sound base of industry know-how and keen insight into the evolving needs of telecommunications operators.

Prior to joining Unified Communications, Mr Ching was the Director of Telecom System Development in Spotcast Communications. From 1996 to 2000, he served as Technical Manager of Octel Communication Pacific Limited. In 1995, Mr Ching was Unit Head of an in-house development team in Hong Kong Telecom.

Mr Ching graduated with First Class Honours in Information Technology from the City University of Hong Kong. He qualified as a Chartered Engineer and gained membership of the Institute of Electrical Engineers in 1996.

Mr Ching Ming Wai
Director of Product and Technologies Group

Mr Ho Ting Sai
Director of Professional Services Group

Mr Ho Ting Sai is currently our Director of Professional Services (PS) and a Director of Attrix Technology Singapore. His main areas of responsibility are technical management of the Group project and service delivery function as well as post sales support.

Mr Ho joined Unified Singapore on 1 March 1999 as Vice President (Operations) and subsequently assumed the role of Sales Director of the Group and later the Director of PS. He has more than 10 years of experience in the info-communications and technology industry with core competencies in telecommunications products and services.

Prior to joining the Group, Mr Ho was an R&D engineer in Agilis Communications Pte Ltd from 1994 to 1995 and a Product Manager in Dialogic from 1995 to 1998. Mr Ho graduated from the Nanyang Technology University with a Bachelor of Engineering (Hons) degree in Electrical and Electronic Engineering in 1994.

Key Management Team

Mr Chua Kee Huat joined the Group in August 2004 as the Director of Business Development and Strategic Alliance responsible for the Group's marketing and strategic alliance in the region. He has over 16 years of general management and technology experience in Asia and the USA. His extensive experience spanned the healthcare, networking, utilities, consulting, telecommunications/cellular, retail and manufacturing industries.

Mr Chua started his career as a Programmer Analyst in the USA and has since moved across various industries, managing projects, software development, technical support, operations and consulting services in Asia Pacific and the USA. Prior to joining the Group, Mr Chua was providing security consulting services and lecturing for a private education institution in Singapore. From 2000 to 2001, he was the South Asia Pacific Regional Manager for the Support & Services Division within Intel targeting the Internet market. He was the Assistant Vice President, Commercial for a local telco, responsible for the company's sales, marketing, channel sales and business development between 2001 and 2003.

Mr Chua attained his MBA from California State University-Hayward in 2001 and is an active member of the California State University-Hayward Alumni (Singapore) where he was the founding member and President, since December 2001. He attained his Bachelor of Science in Management Computer Systems from the University of Wisconsin-Whitewater.

Mr Chua Kee Huat
Director of Business Development and Strategic Alliance

Key Management Team

Ms Chin Wei Li
Group Financial Controller

Ms Chin Wei Li joined the Group in January 2001 as Group Financial controller.

Prior to joining the Group, she was a Senior Manager in the audit assurance services group of PricewaterhouseCoopers Malaysia. She has gained extensive experience in auditing public listed companies in various industries including property, finance and banking, timber and publishing while working with the international accounting firm.

Ms Chin is a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant of the Malaysian Institute of Accountants.

Corporate Information

BOARD OF DIRECTORS	Lee Su Nie (Non-Executive Chairman) Wong Tze Leng (Chief Executive Officer) Anton Syazi Ahmad Sebi (Deputy Chief Executive Officer) Chuah Seong Phaik (Independent Director) Phuah Peng Hock (Independent Director)
COMPANY SECRETARIES	Lim Ka Bee, ACIS Lathika Devi Amma d/o K R Piliay, ACIS
REGISTERED OFFICE AND BUSINESS ADDRESS	390 Havelock Road #04-06 King's Centre Singapore 169662
SHARE REGISTRAR	Lim Associates (Pte) Ltd 3 Church Street #08-01 Samsung Hub Singapore 049483
AUDITORS	BDO Raffles Certified Public Accountants Partner-in-charge: Ng Geok Mui Appointed from the financial year ended 31 December 2005
BANKERS	DBS Bank Ltd CIMB Bank Berhad HSBC Bank Malaysia Berhad

Corporate Governance Report

The Board of Directors (Board) and Management of Unified Communications Holdings Limited ("the Company") remain committed to observing and maintaining a high standard of corporate governance to protect the interests of shareholders and other stakeholders and to promote investors' confidence. This report describes the Company's corporate governance practices with reference to the principles of the Singapore' Code of Corporate Governance' introduced in April 2001 and revised in July 2005 (the "Code")and the extent of compliance thereto.

Principle 1: The Board's conduct of its Affairs

The direction and control of the Group rests firmly with the Board as it effectively assumes the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investments and operations of the Group.

In addition to its statutory duties, the Board has identified its principal functions as follows:-

1. Approving the Group's strategic plans, key operational initiatives, major investments and divestments and funding requirements;

2. Approving the annual budget, reviewing the performance of the business and approving the release of the quarterly and year end results announcement of the Group to shareholders;

3. Providing guidance in the overall management of the business and affairs of the Group;

4. Overseeing the processes for risk management, financial reporting and compliance; and

5. Approving the recommended framework of remuneration for the Board and key executives by the Remuneration Committee.

The Board has established three (3) committees namely, Audit, Nominating and Remuneration Committees. The Board accepts that whilst these Committees have the authority to examine any particular issue and report back to the Board with their recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

The Board meets at least four (4) times a year, with additional meetings convened as warranted by particular circumstances as deemed appropriate by the Board. The Company has provided for telephonic and video conference meetings in its Articles of Association. During the financial year ended 31 December 2006, four (4) meetings were held.

The attendance of the Directors at Board and Board Committees, as well as the frequency of such meeting during the financial year is tabulated below:-

Directors' Attendance at Board and Board Committee Meetings

	Board		Audit Committee		Remuneration Committee		Nominating Committee	
Name	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**
Dato' Ahmad Sebi Bakar #	4	2	n.a	n.a	n.a	n.a	n.a	n.a
Lee Su Nie *	4	3	4	3	1	1	1	1
Wong Tze Leng	4	4	n.a	n.a	n.a	n.a	n.a	n.a
Anton Syazi Ahmad Sebi **	4	2	n.a	n.a	n.a	n.a	n.a	n.a
Chuah Seong Phaik	4	4	4	4	1	1	1	1
Phuah Peng Hock	4	4	4	4	1	1	1	1

Dato' Ahmad Sebi Bakar resigned as a Director and Non-Executive Chairman on 22 June 2006
* Ms Lee Su Nie was appointed the Non-Executive Chairman on 22 June 2006.
** Mr Anton Syazi Ahmad Sebi is the son of Dato'Ahmad Sebi Bakar, the former Non-Executive Chairman of the Company. He was appointed to the Board on 22 June 2006.

n.a.Not applicable

Principle 1: The Board's conduct of its Affairs (Continue)

Matters which are specifically reserved to the Board for decision include those involving business plans and budgets, material acquisitions and disposals of assets, corporate or financial restructuring, corporate strategy, share issuances, dividends, and any major decisions that may have an impact on the Group.

All newly appointed Directors will be given briefings by Management on the history, business operations and corporate governance practices of the Group. The Directors will also be briefed on new updates in the requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Companies Act or other regulations/statutory requirements from time to time for them to keep pace with changes in the regulatory requirements and commercial risks.

Principle 2: Board Composition and Balance

The Board currently comprises five (5) Directors, all of whom, except for the Chief Executive Officer ("CEO") and Deputy Chief Executive Officer ("Deputy CEO"), are non-executive and two of whom are independent. The Board is supported by various committees, namely, the Nominating Committee, the Audit Committee and the Remuneration Committee. The Board is able to exercise objective judgment independently from Management and no individual or small group of individuals dominate the decisions of the Board.

The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board, is appropriate for effective decision making. The Board is made up of Directors who are qualified and experienced in various fields including engineering, business administration, accountancy and finance. The profiles of each of the Directors is provided in Pages 10 and 11 of this Annual Report.

Annually, non-executive directors' meeting(s) would be arranged for non-executive directors to meet without the presence of Management.

Principle 3 : Chairman and Chief Executive Officer

Ms Lee Su Nie is the Non-Executive Chairman of the Board and Mr Wong Tze Leng is the CEO of the Company. Mr Anton Syazi Ahmad Sebi is the Deputy CEO of the Company.

The Board having considered the number of Non-Executive and Independent Directors on the Board, as well as the size and scope of the affairs and operations of the Group, is of the view that its current structure, has strong independent element which enables the independent exercise of objective judgment on corporate affairs of the Group. This is reinforced by the establishment of the various Committees of which both Mr Wong Tze Leng and Mr Anton Syazi Ahmad Sebi are not members.

As the Chairman, Ms Lee is responsible for, among others,

(a) scheduling meetings of the Board and setting the Board meeting agenda in consultation with the Company's senior management;

(b) exercising control over quality, quantity and timeliness of the flow of information between Management and the Board; and

(c) ensuring compliance with the Company's guidelines on corporate governance.

Prior to Board Meetings, all Directors are provided with board papers so that the Directors have complete and timely information to enable them to be adequately prepare for the Meetings.

The roles of the Chairman and CEO are separate and their responsibilities are clearly formalised. The CEO manages the business of the Group and implements the Board's decisions.

Principle 6: Access to Information

The Board is provided with complete and timely information prior to Board meetings on an on-going basis. The Directors have separate and independent access to the Company's senior management and the Company Secretary at all times. The CEO and the Deputy CEO also keep the Non-Executive Directors informed, in between Board meetings, on the status of on-going initiatives by the Group. Should the Directors, whether as a group or individually, require independent professional advice, such professionals (who will be selected with the approval of the Non-Executive Chairman or the Chairman of the Committee requiring such advice) will be appointed at the Company's expense.

Where a decision has to be made before a the Company's Board meeting is convened, a Directors' Resolutions is circulated in accordance with the Articles of Association of the Company and the Directors are provided with the necessary information that will allow them to make informed decisions. The CEO will also ensure that management promptly answers any queries raised by the Directors.

The Company Secretary attends the Company's Meetings and is responsible for ensuring that Board procedures are followed. The Company Secretary assists senior management in ensuring that the Company complies with rules and regulations which are applicable to the Company.

Principle 4: Board Membership
Principle 5: Board Performance

To facilitate a formal and transparent process for the appointment of new Directors, the Board has formed the Nominating Committee ("NC") which comprises:-

Mr Chuah Seong Phaik	(Chairman)
Mr Phuah Peng Hock	(Member)
Ms Lee Su Nie	(Member)

All three Committee members are Non-Executive Directors of the Company. Except for Ms Lee Su Nie, the other members of the Committee are Independent Directors.

The principal functions of the NC are:-

1. To make recommendations to the Board on all board appointments having regard to the Director's contribution and performance;

2. To determine annually whether a Director is independent;

3. To decide whether or not each Director is able to and has adequately carried out his duties as a Director of the company in particular where the Director concerned has multiple board representations;

4. To decide on how the Board's performance may be evaluated and propose objective performance criteria to the Board; and

5. To assess the effectiveness of our Board as a whole and assess the contributions by each individual Director to the effectiveness of our Board and to disclose the assessment annually.

The role of the NC is to oversee the appointment and induction process for Directors. Candidates are selected for their character, judgment and business acumen. New Directors will be appointed based on NC's recommendations. Where a Director has multiple board representations, the NC will evaluate whether or not a Director is able to and has been adequately carrying out his or her duties as Director of the Group.

The independence of each Director is reviewed annually by the NC based on the Code's definition of what constitutes an Independent Director. Based on this review, the NC confirms the independence of the Directors concerned.

Pursuant to the Articles of Association of the Company:-

(a) one third of the Directors shall retire from office at every AGM; and

(b) Directors appointed during the course of the financial year must submit themselves for re-election at the next AGM of the Company.

The NC has adopted guidelines for annual assessment of the effectiveness of the Board as a whole and of the contribution of each individual director to the effectiveness of the Board.

Principle 7 : Remuneration Committee
Principle 8 : Level and Mix of Remuneration

The Remuneration Committee ("RC") comprises all Non-Executive Directors with the majority being independent:-

Mr Phuah Peng Hock	(Chairman)
Mr Chuah Seong Phaik	(Member)
Ms Lee Su Nie	(Member)

The RC's role include reviewing and recommending to the Board an appropriate and competitive framework of the remuneration for the Board and key executives of the Group to ensure that it commensurates with their responsibilities and performance. No Director will be involved in deciding his own remuneration.

The Executive Director, who is also our CEO, Mr Wong Tze Leng has renewed his service agreement for a further period of three (3) years with the Company on 19 December 2006. The Service Agreement covers the terms of employment, specifically salary and other benefits.

In setting remuneration packages, the RC took into account the performance of the Group as well as the Directors and Key Executives by aligning their interests with those of the shareholders and linking rewards to corporate and individual performance as well as industry benchmarks. The review of remuneration packages takes into consideration the longer term interests of the Group. The RC's recommendation are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. The payment of Directors' fees is subject to the approval by shareholders.

Principle 9: Disclosure on Remuneration

The annual remuneration of the Directors for the financial year is disclosed within the bands of remuneration as follows:-

Name	Up to S$250,000
Dato' Ahmad Sebi Bakar	X(2)
Lee Su Nie	X(2)
Wong Tze Leng	X(1)
Anton Syazi Ahmad Sebi	X(2)
Chuah Seong Phaik	X(2)
Phuah Peng Hock	X(2)

(1) Pursuant to the Service Agreement, Mr Wong Tze Leng's remuneration consists of fixed salary, performance bonus and benefits in kind

(2) The remuneration in the form of Directors' fees is subject to the approval by the shareholders at the forthcoming AGM.

Save as disclosed above, there are no other existing service agreement entered into between the Company and any of the Company's Directors.

Remuneration of Key Employees

Details of remuneration paid to the Top Five (5) Executives (who are not Directors of the Company) of the Group for the financial year is set out below. For competitive reasons, the Company is only disclosing the bands of remuneration of each executive for the financial year under review as follows:-

Name	Up to S$250,000
Ho Ting Sai	X
Lee Chee Leong	X
Chua Kee Huat	X
Ching Wai Ming	X
Chin Wei Li	X

During the financial year, there is no employee or executive officer who is related to a Director, and whose remuneration exceeds S$150,000 per annum.

Principle 10: Accountability of the Board and Management

In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's and Group's performance, position and prospects. The management will provides the Board with appropriately detailed management accounts of the Company's performance, position and prospects on a quarterly basis.

Principle 11: Audit Committee
Principle 12: Internal controls

The Audit Committee ("AC") comprises:-

Mr Chuah Seong Phaik	(Chairman)
Mr Phuah Peng Hock	(Member)
Ms Lee Su Nie	(Member)

Except for Ms Lee Su Nie, who is not an independent Director, the Committee members are all independent Non-Executive Directors. The members have had many years of experience in accounting, audit and business and financial management. The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC.

Specifically, the AC shall meet on a periodic basis to perform the following functions among others:-

(a) To review with the external and internal auditors their respective audit plans, their evaluation of the system of internal controls, their audit report, their management letter and our management response;

(b) To review the Group's quarterly management reports and announcements before they are submitted to the Board for approval;

(c) To review internal control procedures and ensure co-ordination between the external auditors and our management, review the assistance given by the Management to the internal and external auditors, and discuss problems and concerns, if any, arising from the audits, and any matters which the auditors may wish to discuss (in the absence of the Management where appropriate);

(d) To review compliance with the Listing Manual and the Best Practices Guide of the SGX-ST and the Code, effectiveness of financial and accounting control systems and management of exposure to financial and business risks;

(e) To review and discuss with the external auditors any suspected fraud and irregularity, or suspected infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and our management's response;

(f) To consider the appointment and re-appointment of the external auditors and to review the level of audit fees;

(g) To review the adequacy of the internal audit function;

(h) To review and where appropriate, approve interested person transactions; and

(i) To undertake such other reviews and projects as may be requested by the Board and to report to the Board its findings from time to time on matters arising therefrom and requiring the attention of the AC.

Minutes of the AC meetings are regularly submitted to the Board for its information and review. The AC meets with the external and internal auditors, without the presence of Management, at least once a year.

The AC is also authorised to investigate any matter within its terms of reference. It has full access to and the co-operation of Management and the full discretion to invite any Director or Executive Officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. As there are no non-audit services rendered to the Company by the external auditors, the AC is satisfied that there is no prejudice to the independence and objectivity of the external auditors and is pleased to recommend their re-appointment.

The Group is in the process of implementing a 'whistle-blowing' policy where staff of the Group can raise concerns on any possible improprieties in relation to financial reporting and other matters.

Principle 12: Internal controls
Principle 13: Internal Audit

The Board recognises the importance of maintaining a sound system of internal control to safeguard the interests of the shareholders and the Group's assets. The Group seeks to continuously improve its internal controls. In the absence of any evidence to the contrary, the Board believes that the current system of internal controls maintained and in place throughout the year and up to the date of this report, is adequate to meet the needs of the Company in its current business environment.

The system of internal control provides reasonable and adequate assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

The AC, has with the assistance of the independent and internal auditors, reviewed the effectiveness of the Group's material internal controls as set out in their report on significant controls to the AC. The Management with the assistance of the Internal Audit Department ("IA"), follows up on the external auditors' recommendations as part of its role in the review of the Company's internal control system.

The functions of the Internal Auditors are undertaken by the Group Internal Audit Department of the ultimate holding company, Advance Synergy Berhad, a main board listed company of Bursa Malaysia Securities Berhad. The Internal Auditors report directly to the Chairman of the AC on audit matters, and to the CEO of Advance Synergy Berhad on administrative matters. The AC reviews IA's reports and its activities and also reviews and approves the annual IA plans and resources to ensure that IA has the capabilities to adequately perform its functions.

During the year, the Internal Auditors have carried out operational and internal control reviews based on prioritised risk areas identified and appropriate steps have been taken to address the findings and recommendations.

Principle 14 and 15: Communications with the Shareholders

(a) <u>Communications with Shareholders</u>

The Company does not practice selective disclosures. In line with the continuous obligations of the Company pursuant to the SGX-ST's Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to the shareholders on a timely basis through:
(i) SGXNET announcements and news release;
(ii) Annual Report prepared and issued to all shareholders; and
(iii) Company's website at ***www.unifiedcomms.com*** at which shareholders can access information on the Group.

(b) <u>Greater Shareholder Participation</u>

At general meetings, shareholders of the Company are given the opportunity to air their views and ask Directors or Management questions regarding the Company.

The Articles allow a member of the Company to appoint not more than two (2) proxies to attend and vote at general meetings. For the time being, the Board is of the view that this is adequate to enable shareholders to participate in general meetings of the Company and is not proposing to amend their Articles to allow votes in absentia. Separate resolutions on each distinct issue are tabled at general meetings.

Dealing In Securities
(SGX-ST's Listing Manual Rule 710(2))

The Company has adopted the SGX-ST's Best Practices Guide in relation to dealings in the Company's securities by its officers. The Company has informed its officers not to deal in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, or one month before announcement of the Company's full year results, and ending on the date of announcement of the relevant results.

The Directors and executives are also expected to observe insider trading laws at all time even when dealing in securities within permitted trading time.

Risk Management
(SGX-ST's Listing Manual Rule 1207 (4)(d))

The practice of risk management is undertaken by the CEO and senior officers of each business division under the review of the Board. The Group regularly reviews and improves its business and operational activities to take into accounts the risk management perspective. The Company seeks to identify areas of significant business risks as well as to formulate appropriate measures to control and mitigate these risks.

The Group's financial risk management is discussed under Note 26 to the Financial Statements, on Pages 54 to 56 of this Annual Report.

The effectiveness of the Group risk management practice and the risk exposure of the Group will continue to be reviewed by the Board in light of changes in the operational environment.

Interested Person Transactions Policy
(SGX-ST's Listing Manual Rule 907)

The Company has adopted an internal policy in respect of any transaction with interested persons and has procedures established for the review and approval of the Company's interested person transactions. Particulars of the interested person transactions for the financial year ended 31 December 2006, disclosed in accordance with Rule 907 of the SGX-ST's Listing Manual were as follows:-

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Advance Synergy Capital Berhad	183	212	-	-

Notes: The Company does not have any shareholders' mandate pursuant to Rule 920 of the Listing Manual of SGX-ST.

Material Contracts
(SGX-ST's Listing Manual Rule 1207 (8))

Save for the IPTs, no material contract involving the Directors or controlling shareholders of the Company has been entered into by the Company or any of its subsidiaries since the end of previous financial year and no such contract subsisted at the end of the financial year.

Financial Statement

The Directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2006.

1. Directors

The Directors of the Company in office at the date of this report are:-

Lee Su Nie
Wong Tze Leng
Anton Syazi Ahmad Sebi (Appointed on 22 June 2006)
Chuah Seong Phaik
Phuah Peng Hock

2. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

3. Directors' interests in shares or debentures

According to the register of directors' shareholdings, kept by the Company for the purpose of Section 164 of the Singapore Companies Act, Cap. 50 ("Act"), none of the Directors holding office at the end of the financial year had any interest in the share capital or debentures of the Company or related corporations, except as detailed below:

	Shareholdings registered in the name of Directors		**Shareholdings in which a Director is deemed to have an interest**	
	At 1.1.2006/ date of appointment	**At 31.12.2006**	**At 1.1.2006/ date of appointment**	**At 31.12.2006**
The Company				
Unified Communications Holdings Limited				
(Ordinary shares of $0.08 each)				
Wong Tze Leng	19,034,329	19,034,329	-	-
Ultimate holding corporation				
Advance Synergy Berhad				
(Stock unit of RM1.00 each)				
Anton Syazi Ahmad Sebi	-	-	5,899,397	5,899,397
(Warrants 2000/2008 to subscribe for stock unit of RM1.00 each)				
Anton Syazi Ahmad Sebi	-	-	7,738,000	7,738,000

There were no changes in any of the above-mentioned interests between the end of the financial year and 21 January 2007.

4. Directors' contractual benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the financial statements and except for remuneration received in their capacity as executive of related corporations.

5. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries as at the end of the financial year.

6. Audit committee

The Audit Committee comprises the following members:

Chuah Seong Phaik (Chairman)
Phuah Peng Hock
Lee Su Nie

The Audit Committee carried out the following functions in accordance with Section 201B(5) of the Companies Act:

(a) reviewed the scope and the results of the internal audit procedures with the internal auditors;
(b) reviewed the audit plan of the Company's auditors and their audit report on the weaknesses of internal accounting controls arising from their statutory audit;
(c) reviewed the assistance given by the Company's management to the auditors; and
(d) reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the year ended 31 December 2006 before their submission to the Board of Directors, as well as the auditors' report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board of Directors that BDO Raffles be nominated for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

7. Independent auditors

BDO Raffles, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

LEE SU NIE
Director

WONG TZE LENG
Director

Singapore
06 April 2007

Statement by Directors

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

We state that, in the opinion of the Directors of Unified Communications Holdings Limited,

(a) the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006 and the results, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Act and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

LEE SU NIE
Director

WONG TZE LENG
Director

Singapore
06 April 2007

We have audited the accompanying financial statements of Unified Communications Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 28 to 62 which comprise the balance sheets of the Group and of the Company as at 31 December 2006, and the consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

BDO Raffles
Certified Public Accountants

Singapore
06 April 2007

Consolidated Profit and Loss Account

For The Financial Year Ended 31 December 2006

	Note	Group 2006 $'000	Group 2005 $'000
Revenue	4	16,022	21,073
Cost of sales		(9,801)	(12,142)
Gross profit		6,221	8,931
Other operating income	4	262	441
Expenses:			
Technical support expenses		(4,301)	(5,534)
Distribution costs		(2,796)	(3,544)
Administrative expenses		(2,105)	(2,379)
Other operating expenses		(2,209)	(165)
Finance costs	5	(85)	(184)
Share of results of an associated company		515	143
Loss before income tax	6	(4,498)	(2,291)
Income tax	8	(103)	(35)
Loss after income tax		(4,601)	(2,326)
Attributable to:			
Equity holders of the Company		(4,646)	(2,343)
Minority interest		45	17
		(4,601)	(2,326)
Loss per share			
Basic and Diluted (cents)	9	1.45	0.73

The accompanying notes form an intergral part of these financial statements.

		Group		Company	
	Note	2006 $'000	2005 $'000	2006 $'000	2005 $'000
ASSETS					
Current assets					
Cash and cash equivalents	10	1,085	929	21	12
Trade and other receivables	11	14,423	19,709	9,712	9,621
Finance lease receivables	12	472	209	-	-
Inventories	13	3,275	6,402	-	-
		19,255	27,249	9,733	9,633
Non-current assets					
Investment in an associated company	15	702	255	-	-
Investments in subsidiaries	16	-	-	22,526	22,526
Plant and equipment	17	8,040	8,386	24	33
Intangible assets	18	2,069	2,150	-	-
Deferred income tax assets	22	590	611	-	-
Finance lease receivables	12	205	378	-	-
Trade receivables	11	1,723	-	-	-
		13,329	11,780	22,550	22,559
Total assets		32,584	39,029	32,283	32,192
LIABILITIES					
Current liabilities					
Trade and other payables	19	6,357	5,736	277	133
Current income tax liabilities		107	86	-	-
Borrowings	20	380	2,691	-	-
		6,844	8,513	277	133
Non-current liabilities					
Borrowings	20	34	81	-	-
Deferred income tax liabilities	22	58	58	-	-
		92	139	-	-
Total liabilities		6,936	8,652	277	133
Net assets		25,648	30,377	32,006	32,059
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	23	31,948	25,566	31,948	25,566
Share premium	23	-	6,382	-	6,382
Foreign currency translation reserves	24	(618)	(469)	-	-
(Accumulated losses)/Retained profits		(5,821)	(1,175)	58	111
Shareholders' equity		25,509	30,304	32,006	32,059
Minority interest		139	73	-	-
Total equity		25,648	30,377	32,006	32,059

The accompanying notes form an intergral part of these financial statements.

Consolidated Statement of Changes In Equity

For The Financial Year Ended 31 December 2006

		← Attributable to equity holders of the Company →					Minority interest	Total equity
	Note	Share capital $'000	Share premium $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total $'000	$'000	$'000
Balance at 1 January 2006		25,566	6,382	(469)	(1,175)	30,304	73	30,377
Foreign currency translation differences recognised directly in equity	24	-	-	(149)	-	(149)	-	(149)
Net (loss) /profit for the financial year		-	-	-	(4,646)	(4,646)	45	(4,601)
Total recognised income and expenses for the financial year		-	-	(149)	(4,646)	(4,795)	45	(4,750)
Subscription of shares by minority interest		-	-	-	-	-	21	21
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	23	6,382	(6,382)	-	-	-	-	-
Balance at 31 December 2006		31,948	-	(618)	(5,821)	25,509	139	25,648

		← Attributable to equity holders of the Company →					Minority interest	Total equity
	Note	Share capital $'000	Share premium $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total $'000	$'000	$'000
Balance at 1 January 2005		25,566	6,382	(786)	1,168	32,330	55	32,385
Foreign currency translation differences recognised directly in equity	24	-	-	317	-	317	1	318
Net (loss) /profit for the financial year		-	-	-	(2,343)	(2,343)	17	(2,326)
Total recognised income and expenses for the financial year		-	-	317	(2,343)	(2,026)	18	(2,008)
Balance at 31 December 2005		25,566	6,382	(469)	(1,175)	30,304	73	30,377

The accompanying notes form an intergral part of these financial statements.

Consolidated Cash Flow Statement

For The Financial Year Ended 31 December 2006

	Note	2006 $'000	2005 $'000
Cash flows from operating activities			
Loss before income tax		(4,498)	(2,291)
Adjustments for:-			
Amortisation of development costs and intellectual property	18	605	518
Depreciation of plant and equipment	17	1,988	2,118
Impairment loss on plant and equipment	17	192	-
Allowance/(write back) for impairment of trade receivables	4 & 6	931	(234)
Allowance for inventory obsolescence	4 & 6	203	-
Net gain on disposals of plant and equipment	4 & 6	(62)	(37)
Interest expense	5	85	184
Interest income	4	(94)	(82)
Share of results of an associated company	15	(515)	(143)
Foreign currency translation adjustments		(120)	216
Operating cash flow before working capital changes		(1,285)	249
Change in operating assets and liabilities			
Inventories		1,193	1,637
Finance lease receivables		118	(587)
Trade and other receivables		2,596	913
Trade and other payables		621	(596)
Cash from operations		3,243	1,616
Income tax paid		(23)	(89)
Interest paid		(85)	(184)
Net cash flow from operating activities		3,135	1,343
Cash flows from investing activities			
Purchases of plant and equipment	17	(547)	(4,141)
Proceeds from disposals of plant and equipment		265	165
Development costs paid	18	(533)	(519)
Deposits placement with a licensed bank		(8)	-
Interest received		9	19
Dividend received from associated company		67	-
Subscription of shares by minority interest		21	-
Net cash flow used in investing activities		(726)	(4,476)
Cash flows from financing activities			
Finance lease income		85	63
Proceeds from borrowings		1,149	8,639
Repayments of borrowings		(3,598)	(9,132)
Repayments of finance leases		(47)	(48)
Net cash flow used in financing activities		(2,411)	(478)
Net change in cash and cash equivalents		(2)	(3,611)
Cash and cash equivalents at beginning of financial year		567	4,178
Cash and cash equivalents at end of financial year	10	565	567

The accompanying notes form an intergral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General corporate information

Unified Communications Holdings Limited (the "Company") is incorporated and domiciled in Singapore and is publicly traded on the Singapore Exchange Securities Trading Limited. The address of its registered office is at 390 Havelock Road, #04-06 King's Centre, Singapore 169662.

The principal activities of the Company are that of an investment holding company and the provision of management services. The principal activities of its subsidiaries and associated company are disclosed in note 30 to the financial statements.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise judgement in the process of applying the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity are disclosed in Note 3.

In 2006, the Company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2006:

FRS 19 (Amendment) Employee Benefits
FRS 21 (Amendment) The Effects Of Changes In Foreign Exchange Rates
FRS 32 (Amendment) Financial Instruments: Disclosure and Presentation
FRS 39 (Amendment) Financial Guarantee Contracts
INT FRS 104 Determining Whether an Arrangement Contains a Lease

The adoption of the above new/revised FRSs and INT FRS has no significant impact on the financial statements.

FRS and INT FRS not yet effective

The Group and Company has not adopted the FRS and INT FRS that have been issued but not yet effective until future periods. The Directors do not expect the adoption of the following FRS that are relevant to the Company's operations to have a material impact on the financial statements of the Group and of the Company in the initial period of application except as disclosed below:

		Effective date (Annual periods beginning on or after)
FRS 1 (Amendment)	: Presentation of Financial Statements	1 January 2007
FRS 107	: Financial Instruments: Disclosures	1 January 2007

FRS 107 – Financial Instruments: Disclosures and FRS 1 (Amendment) – Presentation of Financial Statements (Capital Disclosures)

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The Amendment to FRS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The Group will apply FRS 107 and Amendment to FRS 1 from annual period beginning 1 January 2007.

2. Summary of significant accounting policies (Continued)

(b) Revenue recognition

Revenue comprises the fair value for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts.

(i) Sale of goods

Revenue from sale of goods is recognised when the Group has delivered the products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

For sale of equipment made on behalf of third party suppliers or on an agency basis, revenue representing commission is recognised on delivery of the products to customers.

(ii) Revenue from service contracts

Revenue and profit from contracts are recognised on an individual contract basis using the percentage of completion method, when the stage of contract completion can be reliably determined, costs to date can be clearly identified, and the total revenue to be received and costs to complete can be reliably estimated. The percentage of completion is estimated by management with reference to the stage of completion of the obligations under the contract with the customer. Where it is probable that a loss will arise from a contract, the excess of total estimated costs over revenue is recognised as an expense immediately.

(iii) Revenue from maintenance contracts

Revenue from maintenance contracts is recognised on a straight line basis over the period of the respective contracts.

(iv) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(c) Group accounting

(i) Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest. Please refer to note 2(e)(iii) for the accounting policy on goodwill on acquisition of subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

2. Summary of significant accounting policies (Continued)

(c) Group accounting (Continued)

(i) Subsidiaries (Continued)

Minority interest is that part of net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of post-acquisition fair values of the subsidiaries' identifiable assets and liabilities, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are taken to the consolidated profit and loss account, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority are taken to the consolidated profit and loss account until the minority's share of losses previously taken to the consolidated profit and loss account are fully recovered.

Please refer to note 2(k) for the Company's accounting policy on investments in subsidiaries.

(ii) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies in the consolidated balance sheet includes goodwill (net of accumulated amortisation) identified on acquisition, where applicable. Please refer to note 2(e)(iii) for the Group's accounting policy on goodwill.

Equity accounting involves recording investments in associated companies initially at cost. In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition results is recognised in the profit and loss account and its share of post-acquisition movements in reserves is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associated companies to ensure consistency of accounting policies with those of the Group.

Please refer to note 2(k) for the Company's accounting policy on investments in associated companies.

(iii) Transaction costs

Costs directly attributable to an acquisition are included as part of the cost of acquisition.

(d) Plant and equipment

All plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (note 2(f)).

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

Office equipment, furniture and renovation	5 years
Computers, telecommunications, research and development equipment	3 - 5 years
Motor vehicles	5 years

Capital work-in-progress comprising mainly telecommunications equipment are not depreciated until they are ready for their intended use.

2. Summary of significant accounting policies (Continued)

(d) Plant and equipment (Continued)

The residual values and useful lives of plant and equipment are reviewed and adjusted as appropriate, at each balance sheet date.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the costs can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

On disposal of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the profit and loss account.

(e) Intangible assets

(i) Research and development costs

Research expenditure is recognised as an expense when incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent year.

Development costs that have been capitalised are amortised from the commencement of commercial production of the product to which they relate on a straight line method over the period of their expected benefit, not exceeding a period of 5 years.

(ii) Intellectual property

Expenditure on acquired intellectual property is capitalised and amortised using the straight-line method over the period of their expected benefits, not exceeding a period of 5 years.

Acquired intellectual property is stated at cost less accumulated amortisation and accumulated impairment losses (note 2(f)).

(iii)Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets of subsidiary companies or associated companies when acquired.

Negative goodwill represents excess of fair value of the Group's share of net identifiable assets acquired over the cost of acquisition.

Negative goodwill was derecognised by crediting accumulated profits on 1 January 2005.

(f) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the profit and loss account unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

2. Summary of significant accounting policies (Continued)

(f) Impairment of non-financial assets (Continued)

(i) Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

(ii) Reversals of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Financial assets

Financial assets within the scope of FRS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method less impairment losses. Gains and losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Group classifies the following financial assets as loans and receivables:

- Cash and cash equivalents
- Trade and other receivables, including amounts due from subsidiaries and associates.

(h) Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

(i) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Assets carried at cost

If there is objective evidence that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. Summary of significant accounting policies (Continued)

(i) Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss account.

(j) Contract work-in-progress

Contract work-in-progress is stated at the aggregate of contract costs incurred to date plus profits recognised based on the value of work completed less progress billings and provision for foreseeable losses.

Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as due from customers on contracts, under trade and other receivables. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on contracts, under trade and other payables.

(k) Investments

Investments in subsidiaries and associated company are stated at cost less accumulated impairment losses in the Company's balance sheet. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is taken to the profit and loss account.

(l) Trade and other receivables

Trade and other receivables, classified and accounted as loans and receivables under FRS 39, are recognised initially at original invoiced amount, which represents fair value, and are subsequently carried at amortised cost using the effective interest method, less allowance for impairment.

An allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. The amount of allowance is recognised in the profit and loss account.

(m) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group is the lessee

Plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease. The corresponding liability is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charge and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit and loss account.

Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

The Group is the lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

2. Summary of significant accounting policies (Continued)

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all cost of purchase and other costs in bringing the inventories to their present locations and conditions. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(o) Financial liabilities

Financial liabilities include trade payables, which are normally settled on 30 to 90 day terms, other payables, amounts due to related companies and interest bearing loans and borrowings. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are initially recognised at fair value for consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

(p) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(q) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments, other than for the acquisition of businesses are taken to equity as deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issuance of new equity instruments for the acquisition of businesses are included in the cost of acquisition as part of the purchase consideration.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(s) Income tax

Income tax for the financial year comprises current and deferred tax. Income tax is recognised in the statement of profit and loss account except to the extent that it relates to items recognised directly in equity, in which case such income tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted at the balance sheet date, and any adjustment to income tax payable in respect of previous financial years.

Deferred tax is provided using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date, unless the deferred tax liability arises from an initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction affects neither the accounting profit or loss nor taxable profit or loss.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2. Summary of significant accounting policies (Continued)

(t) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the balance sheet date.

(u) Foreign currency translation

Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). The consolidated financial statements are presented in Singapore Dollars, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transactions. Foreign currency monetary assets and liabilities are translated into the functional currency at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the profit and loss account.

Transactions of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- assets and liabilities are translated at the closing rate at the balance sheet date;
- income and expenses are translated at average exchange rates;
- all resulting exchange differences are taken to the foreign currency translation reserve.

(v) Dividend

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

(w) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

(x) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Deferred tax assets

The Group recognises deferred tax assets for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that is probable that taxable profit will be available against which the deductible temporary differences, carried forward of unused tax assets and unused tax losses can be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet and are recognised to the extent it has become probable that future taxable profit will allow the deferred tax assets to be recovered and that sufficient profit will be available to allow the benefit of part or all of the deferred tax assets to be utilised. The carrying amount of the Group's deferred tax assets as at 31 December 2006 was S$590,000 (2005: S$611,000).

Impairment of plant and equipment

Plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flow. The impairment loss on plant and equipment charged to profit and loss account for the financial year ended 2006 was S$192,000 (2005:S$nil). The carrying amount of the Group's plant and equipment as at 31 December 2006 was S$8,040,000 (2005:S$ 8,386,000).

Impairment of investment in subsidiaries and amounts due from subsidiaries

The Group follows the guidance of FRS 36-Impairment of Assets and FRS 39 - Financial Instruments : Recognition and Measurement in determining the possible impairment on investment in subsidiaries and the recoverability of amounts due from subsidiaries. The determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Impairment of intangible assets

The Group determines whether the intangible assets are impaired on an annual basis. This requires an estimation of the value in use of the cash generating units to which the intangible assets are being allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's intangible assets at 31 December 2006 was S$2,069,000 (2005:S$2,150,000).

Allowances for impairment of trade receivables

The policy for allowances for trade receivables is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. In particular, extensive credit analysis was done for a major customer, whose balance outstanding at 31 December 2006 amounted to S$6,012,000 which is approximately 42% of the total trade receivables. In addition, the Group has entered into agreements with certain customers to re-schedule the repayment of the amount owed by those customers. At balance sheet date, the balance owed by those customers, net of provision for impairment, amounted to S$2,970,000 (2005:S$nil). If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The allowance for impairment of trade receivables charged to profit and loss account for the financial year ended 2006 was S$945,000 (2005:S$3,000).

3. Critical accounting estimates and judgements (Continued)

Allowances for slow moving and obsolete inventories

The Group carries out an inventory review on a product-by-product basis at each balance sheet date and make allowance for slow moving and obsolete items. Net realisable value is estimated based primarily on the latest invoice prices and current market conditions. The net allowance for impairment of inventories charged to profit and loss account for the financial year was S$203,000 (2005:S$nil).

4. Operating income

	Group	
	2006	**2005**
	$'000	**$'000**
Revenue:		
Distribution of telecommunications products	4,248	6,108
Operation support systems	748	-
Proprietary solutions, software and services	11,026	14,965
Total revenue	16,022	21,073
Other operating income:		
- interest income from bank	9	19
- finance lease income	85	63
- write back of allowance for impairment of receivables	14	237
- foreign exchange gain	-	55
- gain on disposal of plant and equipment	63	41
- write back of inventories	19	26
- other income	72	-
Total other operating income	262	441
	16,284	21,514

5. Finance costs

	Group	
	2006	**2005**
	$'000	**$'000**
Interest expense:		
- bank borrowings	77	176
- finance lease liabilities	8	8
	85	184

6. Loss before income tax

Loss before income tax is arrived at after charging:

	Group	
	2006	**2005**
	$'000	**$'000**
Allowance for impairment of trade receivables	945	3
Allowance for impairment of deposits	-	24
Impairment loss on plant and equipment	192	-
Allowance for inventory obsolescence	222	-
Amortisation of development costs and intellectual property (included in 'cost of sales') (note 18)	605	518
Depreciation of plant and equipment (note 17)	1,988	2,118
Foreign exchange losses – net	778	-
Inventories		
- cost of inventories recognised as an expense (included in 'cost of sales')	6,879	9,722
- inventories written off	36	31
Loss on disposals of plant and equipment	1	4
Rental expense - operating lease	767	908

7. Staff costs

	Group	
	2006	**2005**
	$'000	**$'000**
Wages and salaries	4,030	5,126
Employer's contribution to defined contribution plans including Central Provident Fund	395	527
Staff welfare benefits	105	145
	4,530	5,798

The above includes key management's remuneration as disclosed in note 28(b).

8. Income tax

	Group	
	2006	**2005**
	$'000	**$'000**
Tax expense /(credit) attributable to results is made up of:		
Current income tax	47	(8)
Deferred income tax	-	44
	47	36
Under /(Over) provision in preceding financial years		
- current income tax	35	(1)
- deferred income tax	21	-
	103	35

The income tax expense on results differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	Group	
	2006	**2005**
	$'000	**$'000**
Loss before income tax	(4,498)	(2,291)
Tax calculated at a tax rate of 20%	(899)	(458)
Effect of different tax rates in other countries	(185)	12
Expenses not deductible for tax purposes	161	149
Temporary differences at zero tax rate due to pioneer status	417	(207)
Deferred tax not recognised in profit and loss account	701	564
Tax exempt income	(127)	-
Utilisation of tax losses previously not recognised	(14)	(11)
Under /(Over) provision in preceding financial years	56	(1)
Share of results of associated company	(7)	(13)
Tax expense	103	35

A subsidiary of the Company in Malaysia has been granted pioneer status incentive as a Multimedia Super Corridor ("MSC") company under the Promotion of Investment Act, 1986 for a period of five years from 21 December 2000 to 20 December 2005 and a renewal have been approved for a further five year period commencing from 21 December 2005 to 20 December 2010. As a MSC status company, the subsidiary enjoys certain incentives, including five years pioneer status tax exemption on profits generated from the MSC qualifying activities for the same period.

9. Loss per share

The basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2006	2005
Net loss attributable to equity holders of the Company ($'000)	(4,646)	(2,343)
Weighted average number of ordinary shares in issue during the financial year ('000)	319,573	319,573
Basic loss per share (cents)	1.45	0.73
Diluted loss per share (cents)	1.45	0.73

Diluted loss per share is the same as basic loss per share because the Company does not have potential dilutive shares.

10. Cash and cash equivalents

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Cash at bank and on hand	851	703	21	12
Short-term bank deposits	234	226	-	-
	1,085	929	21	12

The carrying amounts of cash and cash equivalents approximate their fair value.

A short-term bank deposit amounting to $233,800 (2005: $226,429) was a restricted deposit placed with a bank to secure banking facilities for companies in the Group.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Singapore Dollar	196	90	19	10
Malaysia Ringgit	405	427	-	-
United States Dollar	290	146	2	2
Thai Baht	117	233	-	-
Others	77	33	-	-
	1,085	929	21	12

Short-term bank deposits have a weighted average maturity of 12 months (2005: 12 months) from the end of the financial year with the following weighted average effective interest rates:

	Group		Company	
	2006	2005	2006	2005
Malaysia Ringgit	3.7%	3.7%	-	-

The exposure of cash and cash equivalents to interest rate risks is disclosed in note 26 (ii).

For the purposes of the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	Group	
	2006 $'000	2005 $'000
Cash and bank balances	1,085	929
Less:		
- Bank overdrafts (Note 20)	(286)	(136)
- Restricted deposit	(234)	(226)
Cash and cash equivalents per consolidated cash flow statement	565	567

11. Trade and other receivables

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Current				
Trade receivables				
- related corporations	11	9	-	-
- third parties	14,395	17,691	-	-
	14,406	17,700	-	-
Less: Allowance for impairment of receivables - third parties	(1,920)	(1,450)	-	-
Trade receivables – net	12,486	16,250	-	-
Proprietary solutions contracts:				
- due from customers (note 14)	453	1,605	-	-
Deposit	212	223	13	14
Less: Allowance for impairment of deposit	(24)	(24)	-	-
Prepayment	332	780	17	15
Other receivables:				
- amounts due from subsidiaries (non-trade)	-	-	9,639	9,549
- staff advances	2	14	-	-
- amounts due from an associated company (non-trade)	-	41	-	-
- amount due from ultimate holding corporation (non-trade)	47	-	-	-
- income tax recoverable	201	213	-	-
- sundry	714	607	43	43
	14,423	19,709	9,712	9,621
Non-Current				
Trade receivables - third parties	2,181	-	-	-
Less: Allowance for impairment of receivables - third parties	(458)	-	-	-
	1,723	-	-	-

Non-trade amounts due from related corporations are unsecured, interest free and are repayable on demand.

Management believes that no significant additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

The carrying amounts of trade and other receivables approximate their fair value. The exposure to interest rate risks of trade and other receivables respectively are disclosed in note 26(ii).

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Singapore Dollar	1,091	1,667	9,712	9,621
Malaysia Ringgit	2,343	5,071	-	-
United States Dollar	11,922	12,621	-	-
Others	790	350	-	-
	16,146	19,709	9,712	9,621

12. Finance lease receivables

	Group 2006 $'000	Group 2005 $'000
Gross receivables due:		
- not later than one year	542	257
- later than one year but not later than 5 years	220	407
	762	664
Less: Unearned finance income	(85)	(77)
Net investment in finance leases	677	587
The net investment in finance leases may be analysed as follows:-		
- not later than one year	472	209
- later than one year but not later than 5 years	205	378
	677	587

Finance lease receivables are denominated in the following currencies:

	Group 2006 $'000	Group 2005 $'000
Singapore Dollar	302	-
Malaysia Ringgit	375	587
	677	587

13. Inventories

	Group 2006 $'000	Group 2005 $'000
At cost	3,948	6,872
Less: Allowance for obsolete inventories	(673)	(470)
	3,275	6,402
Represented by:		
At cost	3,230	6,357
At net realisable value	45	45
	3,275	6,402
Movement in allowance for obsolete inventories:		
At beginning of year	470	496
Transfer from/(to) profit and loss account (net)	203	(26)
At end of year	673	470

14. Contract work-in-progress

	Group 2006 $'000	Group 2005 $'000
Aggregate contract costs recognised and recognised profits to date	1,517	2,021
Less: Progress billings	(1,064)	(416)
	453	1,605
Due from customers on proprietary solutions contracts (note 11)	453	1,605

15. Investment in an associated company

	Group 2006 $'000	Group 2005 $'000
Investment at cost	69	69
At beginning of the financial year	255	111
Exchange differences	(1)	1
Share of results (net of tax)	515	143
Dividend received (net of tax)	(67)	-
At end of the financial year	702	255
The summarised financial information of the associated company is as follows:		
- Assets	1,793	756
- Liabilities	37	118
- Revenues	1,863	781
- Net profit	1,288	353

Details of the associated company are included in note 30.

16. Investments in subsidiaries

	Company 2006 $'000	Company 2005 $'000
Investments, at cost	22,526	22,526

Details of the subsidiaries are included in note 30.

17. Plant and equipment

Group	Office equipment, furniture and renovation $'000	Computers, tele-communications, research and development equipment $'000	Motor vehicles $'000	Capital work-in-progress $'000	Total $'000
Cost					
At 1 January 2006	942	7,129	319	3,079	11,469
Additions	29	518	-	-	547
Disposals	(62)	(166)	(43)	-	(271)
Transfer from inventories	-	1,198	-	534	1,732
Transfer to finance lease receivables	-	(502)	-	-	(502)
Exchange differences	(3)	(38)	2	-	(39)
At 31 December 2006	906	8,139	278	3,613	12,936
Accumulated depreciation					
At 1 January 2006	342	2,602	139	-	3,083
Depreciation charge	214	1,703	71	-	1,988
Disposals	(19)	(26)	(23)	-	(68)
Transfer to finance lease receivables	-	(293)	-	-	(293)
Exchange differences	8	(14)	-	-	(6)
At 31 December 2006	545	3,972	187	-	4,704
Impairment loss recognised during the year and balance at 31 December 2006	-	-	-	192	192
Net book value					
At 31 December 2006	361	4,167	91	3,421	8,040

17. Plant and equipment (Continued)

Group	Office equipment, furniture and renovation $'000	Computers, tele-communications, research and development equipment $'000	Motor vehicles $'000	Capital work-in-progress $'000	Total $'000
Cost					
At 1 January 2005	750	5,946	314	1,082	8,092
Additions	186	1,416	-	2,539	4,141
Disposals	(7)	(178)	-	-	(185)
Transfer to inventories	-	(126)	-	(542)	(668)
Exchange differences	13	71	5	-	89
At 31 December 2005	942	7,129	319	3,079	11,469
Accumulated depreciation					
At 1 January 2005	107	912	62	-	1,081
Depreciation charge	233	1,810	75	-	2,118
Disposals	(3)	(50)	-	-	(53)
Transfer to inventories	-	(88)	-	-	(88)
Exchange differences	5	18	2	-	25
At 31 December 2005	342	2,602	139	-	3,083
Net book value					
At 31 December 2005	600	4,527	180	3,079	8,386

Company	Office equipment, furniture and renovation $'000
Cost	
At 1 January 2006	46
Additions	-
At 31 December 2006	46
Accumulated depreciation	
At 1 January 2006	13
Depreciation charge	9
At 31 December 2006	22
Net book value	
At 31 December 2006	24

	Office equipment, furniture and renovation $'000
Cost	
At 1 January 2005	44
Additions	2
At 31 December 2005	46
Accumulated depreciation	
At 1 January 2005	4
Depreciation charge	9
At 31 December 2005	13
Net book value	
At 31 December 2005	33

The carrying amount of motor vehicles held under finance leases at 31 December 2006 amounted to $91,000 (2005: $158,000).

18. Intangible assets

Group	Development cost $'000	Intellectual property $'000	Total $'000
Cost			
At 1 January 2005	553	2,132	2,685
Development cost recognised as an asset	519	-	519
Exchange differences	(3)	-	(3)
At 31 December 2005	1,069	2,132	3,201
Development cost recognised as an asset	533	-	533
Exchange differences	2	-	2
At 31 December 2006	1,604	2,132	3,736
Accumulated amortisation and impairment losses			
At 1 January 2005	48	447	495
Amortisation charge for the year	57	461	518
Exchange difference	10	28	38
At 31 December 2005	115	936	1,051
Amortisation charge for the year	150	455	605
Exchange differences	3	8	11
At 31 December 2006	268	1,399	1,667
Carrying amount			
At 31 December 2005	954	1,196	2,150
At 31 December 2006	1,336	733	2,069

Intellectual property comprises rights and titles to mobile solutions.

The amortisation is recognised in cost of sales in the profit and loss account.

19. Trade and other payables

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Trade payables	4,110	3,443	-	-
Accrued operating expenses	878	879	269	133
Deposits received	47	43	-	-
Other payables:				
- supplier of intellectual property	226	227	-	-
- amount due to ultimate holding corporation (non-trade)	60	6	-	-
- amount due to a subsidiary (non-trade)	-	-	1	-
- amount due to related corporations (non-trade)	715	566	-	-
- dividend payable	156	156	-	-
- sundry	165	416	7	-
	6,357	5,736	277	133

Non-trade amounts due to the ultimate holding corporation, a subsidiary and related corporations are unsecured, interest free and are repayable on demand. Related corporations are the Company's fellow subsidiaries.

The carrying amounts of trade and other payables approximate their fair value.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Singapore Dollar	1,154	978	277	101
Malaysia Ringgit	1,485	1,602	-	8
United States Dollar	3,317	2,705	-	24
Euro	280	368	-	-
Others	121	83	-	-
	6,357	5,736	277	133

20. Borrowings

	Group 2006 $'000	Group 2005 $'000
Current		
Bank overdrafts (note 10)	286	136
Bank borrowings	49	2,510
Finance lease liabilities (note 21)	45	45
	380	2,691
Non-current		
Finance lease liabilities (note 21)	34	81
Total borrowings	414	2,772

(a) Security granted

The borrowings are covered by corporate guarantees from the Company and a subsidiary, and a charge on a short-term bank deposit of $233,800 (2005: $226,429). Finance lease liabilities of the Group are secured by the rights to the leased motor vehicles (note 17), which would revert to the lessors in the event of default by the Group.

(b) Maturity of borrowings

The bank borrowings have a weighted average maturity of 1.5 month (2005: 1 month) from the end of the financial year.

(c) Currency risk

The carrying amounts of total borrowings are denominated in the following currencies:

	Group 2006 $'000	Group 2005 $'000
Singapore Dollar	231	138
Malaysia Ringgit	183	1,586
United States Dollar	-	1,048
	414	2,772

(d) Interest rate risks

The weighted average effective interest rates of total borrowings at the balance sheet date are as follows:

	2006 SGD	2006 MYR	2006 USD	2005 SGD	2005 MYR	2005 USD
Bank overdrafts	4.25%	8.3%	-	5.8%	7.7%	-
Bank borrowings	-	5.2%	-	-	3.2%	6.9%
Finance lease liabilities	-	6.1%	-	-	6.1%	-

The exposure of current and non-current borrowings to interest rate risks is disclosed in note 26 (ii).

(e) Carrying amounts and fair values

The carrying amounts of current borrowings approximate their fair value. The carrying amounts and fair values of non-current borrowings are as follows:-

	Carrying amounts 2006 $'000	Fair values 2006 $'000	Carrying amounts 2005 $'000	Fair values 2005 $'000
Finance lease liabilities	34	31	81	75

The fair values are determined from the discounted cash flows analysis, using a discount rate based upon the borrowing rate which the Directors expect would be available to the Group at the balance sheet date.

21. Finance lease liabilities

	Group	
	2006	**2005**
	$'000	**$'000**
Minimum lease payments due:		
- not later than one year	54	54
- later than one year but not later than five years	40	95
	94	149
Less: Future finance charges	(15)	(23)
Present value of finance lease liabilities	79	126

The present value of finance lease liabilities may be analysed as follows:-

	Group	
	2006	**2005**
	$'000	**$'000**
Not later than one year (note 20)	45	45
Later than one year (note 20)	34	81
	79	126

Finance lease liabilities are denominated in Malaysia Ringgit.

22. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:-

	Group	
	2006	**2005**
	$'000	**$'000**
Deferred income tax assets		
- to be recovered after more than 12 months	(590)	(611)
Deferred income tax liabilities		
- to be settled after more than 12 months	58	58
	(532)	(553)

The movements in the deferred income tax account are as follows:-

	Group	
	2006	**2005**
	$'000	**$'000**
At beginning of the financial year	(553)	(604)
Exchange differences	-	7
Tax charge to profit and loss account	21	44
	(532)	(553)

22. Deferred income taxes (Continued)

As at 31 December 2006, the Group has unabsorbed tax losses of approximately $7,717,000 (2005: $5,520,000) and unutilised capital allowances of approximately $4,341,000 (2005: $2,886,000) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unabsorbed tax losses and unutilised capital allowances in their respective countries in which the companies operate. Included in these balances are unabsorbed tax losses of approximately $78,000 (2005: $Nil) and unutilised capital allowances of approximately $19,000 (2005: $1,657,000) which have been used to reduce deferred tax liabilities of the Group for the financial year. The deferred tax benefits on the remaining carried forward unabsorbed tax losses and unutilised capital allowances amounting to $9,108,000 (2005: $5,399,000) have not been recognised in the financial statements mainly because it is not probable that future taxable profit will be available against which certain subsidiaries can utilise the benefits and due to the pioneer status of a subsidiary of the Company as disclosed in note 8 to the financial statements.

The movement in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follows:

Group	**Accelerated tax depreciation $'000**	**Others $'000**	**Total $'000**
Deferred income tax liabilities			
2006			
At 1 January 2006 and 31 December 2006	463	7	470
2005			
At 1 January 2005	409	-	409
Charged to profit and loss account	54	-	54
Exchange differences	-	7	7
At 31 December 2005	463	7	470

Deferred income tax assets	**Provisions $'000**	**Tax losses and capital allowances $'000**	**Others $'000**	**Total $'000**
2006				
At 1 January 2006	(7)	(967)	(49)	(1,023)
Charged to profit and loss account	-	21	-	21
At 31 December 2006	(7)	(946)	(49)	(1,002)
2005				
At 1 January 2005	(7)	(957)	(49)	(1,013)
Charged to profit and loss account	-	(10)	-	(10)
At 31 December 2005	(7)	(967)	(49)	(1,023)

23. Share capital and share premium

(a) Authorised ordinary share capital

	Group and Company			
	2006 Shares	**2005 Shares**	**2006 $'000**	**2005 $'000**
At beginning of the financial year	625,000,000	625,000,000	50,000	50,000
Effect of Companies (Amendment) Act 2005	(625,000,000)	-	(50,000)	-
At end of financial year	-	625,000,000	-	50,000

(b) Issued and fully paid ordinary share capital

	Group and Company			
	2006 Shares	**2005 Shares**	**2006 $'000**	**2005 $'000**
At beginning of the financial year	319,572,675	319,572,675	25,566	25,566
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	-	-	6,382	-
At end of financial year	319,572,675	319,572,675	31,948	25,566

Under the Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concepts of par value and authorised share capital were abolished and the amount in the share premium account as at 30 January 2006 became part of the Company's share capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The movements in the share premium account are set out in the Consolidated Statement of Changes in Equity.

24. Foreign currency translation reserve

	Group	
	2006 $'000	**2005 $'000**
At beginning of the financial year	(469)	(786)
Net exchange differences on translation of financial statements of foreign subsidiaries, net of minority interests	(149)	317
At the end of the financial year	(618)	(469)

The foreign currency translation reserve is non-distributable.

25. Commitments

(a) Operating lease commitments

The Group leases various premises and equipment under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Not later than one year	321	355	-	49
Later than one year but not later than five years	238	52	-	-
	559	407	-	49

(b) Capital commitments

Remaining paid-up share capital of a subsidiary company

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Not later than one year	169	485	-	-

26. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks including foreign currency risk, cash flow and fair value interest rate risk, credit risk and liquidity risk. The Group seeks to identify areas of significant risks as well as appropriate measures to control and mitigate these risks.

(i) Price risk

Foreign exchange risk

The Group operates mainly in Asia and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Malaysia Ringgit and United States Dollar.

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group monitors the movement in foreign currency exchange rates closely to ensure action can be taken as appropriate to minimise exposure.

The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure to the net assets of the Group's foreign operations in Malaysia is managed primarily through holding borrowings denominated in Malaysia Ringgit.

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Regarding the Group's exposure to changes in interest rates, primarily due to the Group's borrowings, management's preferred approach is to fix interest rates for longer durations whenever possible.

The Group's interest risk mainly arises from current borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group monitors the movement in interest rates closely to ensure actions can be taken to minimise exposures as considered necessary.

The tables below set out the Group’s and the Company’s exposure to interest rate risks. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

26. Financial risk management (Continued)

Group

	Variable rates	Fixed rates					
	Less than 6 months $'000	Less than 6 months $'000	6 to12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
At 31 December 2006							
Assets							
Cash and cash equivalents	-	-	234	-	-	851	1,085
Trade and other receivables	-	-	-	-	-	16,146	16,146
Finance lease receivables	-	236	236	205	-	-	677
Investments	-	-	-	-	-	702	702
Other assets	-	-	-	-	-	13,974	13,974
Total assets	-	236	470	205	-	31,673	32,584
Liabilities							
Borrowings	335	23	22	34	-	-	414
Other liabilities	-	-	-	-	-	6,522	6,522
Total liabilities	335	23	22	34	-	6,522	6,936

	Variable rates	Fixed rates					
	Less than 6 months $'000	Less than 6 months $'000	6 to12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
At 31 December 2005							
Assets							
Cash and cash equivalents	-	-	226	-	-	703	929
Trade and other receivables	-	-	-	-	-	19,709	19,709
Finance lease receivables	-	105	104	378	-	-	587
Investments	-	-	-	-	-	255	255
Other assets	-	-	-	-	-	17,549	17,549
Total assets	-	105	330	378	-	38,216	39,029
Liabilities							
Borrowings	2,646	23	22	81	-	-	2,772
Other liabilities	-	-	-	-	-	5,880	5,880
Total liabilities	2,646	23	22	81	-	5,880	8,652

26. Financial risk management (Continued)

Company

	Variable rates	Fixed rates					
	Less than 6 months $'000	Less than 6 months $'000	6 to12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
At 31 December 2006							
Assets							
Cash and cash equivalents	-	-	-	-	-	21	21
Trade and other receivables	-	-	-	-	-	9,712	9,712
Investments	-	-	-	-	-	22,526	22,526
Other assets	-	-	-	-	-	24	24
Total assets	-	-	-	-	-	32,283	32,283
Liabilities							
Other liabilities	-	-	-	-	-	277	277
Total liabilities	-	-	-	-	-	277	277

	Variable rates	Fixed rates					
	Less than 6 months $'000	Less than 6 months $'000	6 to12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
At 31 December 2005							
Assets							
Cash and cash equivalents	-	-	-	-	-	12	12
Trade and other receivables	-	-	-	-	-	9,621	9,621
Investments	-	-	-	-	-	22,526	22,526
Other assets	-	-	-	-	-	33	33
Total assets	-	-	-	-	-	32,192	32,192
Liabilities							
Other liabilities	-	-	-	-	-	133	133
Total liabilities	-	-	-	-	-	133	133

(iii) Credit risk

The top 5 debtors comprise 66% of trade receivables, which include a single major customer located in Indonesia making up 42% of the trade receivable. The Group has policies in place to ensure that sales of products and services are made to customers with an acceptable credit history.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintaining flexibility in funding by keeping multi-option credit facilities available.

27. Immediate and ultimate holding corporation

The Company's immediate holding corporation is Worldwide Matrix Sdn Bhd, and the ultimate holding corporation is Advance Synergy Berhad, both incorporated in Malaysia. Worldwide Maxtrix Sdn Bhd is a wholly-owned subsidiary of Advance Synergy Berhad.

28. Related party transactions

In addition to the related party transactions disclosed elsewhere in these financial statements, the following transactions took place between the Group and related parties during the financial year:

(a) Sales and purchases of goods and services

	Group	
	2006	**2005**
	$'000	**$'000**
Sales of goods/services to:		
- other related corporations	58	102
Purchase of goods/services from:		
- other related corporations	11	79
Rental and maintenance fees paid/payable to a commonly controlled entity	183	212

Sales to the related corporations were carried out on terms agreed between the parties.

	Company	
	2006	**2005**
	$'000	**$'000**
Reimbursement of expenses charged to subsidiaries	316	313
Service fee charged to subsidiaries	46	45
Payment made on behalf of subsidiaries	5	540
Payment made on behalf by subsidiaries	74	28

(b) Key management's remuneration

The key management's remuneration includes fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or Company did not incur any costs, the value of the benefit. The key management's remuneration is as follows:

	Group	
	2006	**2005**
	$'000	**$'000**
Key management of the Group:		
Directors		
Salaries and other short-term employee benefits	196	212
Contribution to defined contribution pension plans	7	8
Others		
Salaries and other short-term employee benefits	590	630
Contribution to defined contribution pension plans	34	38

29. Segment information

Primary reporting format - business segments

The Group is organised into three main business segments:

* Provision of telecommunications products and customised solutions for the telecommunications industry ("Proprietary Solutions");

* Distribution of third party telecommunications products and components ("Distribution"); and

* Provision of global roaming quality and service management solutions ("Operation Support Systems")

Others comprise investment holdings and provision of management services by the Company, which did not constitute a separate reportable segment.

Inter-segment transactions are determined on an arm's length basis. Segment assets consist primarily of plant and equipment, intangible assets, inventories, receivables and operating cash, and exclude deferred tax assets and short-term bank deposits. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and borrowings. Capital expenditure comprises additions to plant and equipment and intangible assets.

29. Segment information (Continued)

	Proprietary Solutions $'000	Distribution $'000	Operation Support Systems $'000	Others $'000	Elimination $'000	Group $'000
Financial year ended 31 December 2006						
Sales:						
- external sales	11,026	4,248	748	-	-	16,022
- inter-segment sales	-	618	-	46	(664)	-
	11,026	4,866	748	46	(664)	16,022
Segment results	(3,098)	(1,641)	(189)	-	-	(4,928)
Unallocated cost						-
Finance costs						(85)
Share of results of an associated company						515
Loss before Income tax						(4,498)
Income tax						(103)
Loss after Income tax						(4,601)
Segment assets	27,696	2,530	126	98	(243)	30,207
Associated company						702
Unallocated assets						1,675
Consolidated total assets						32,584
Segment liabilities	4,793	4,055	513	278	(3,331)	6,308
Unallocated liabilities						628
Consolidated total liabilities						6,936
Other segment items						
Capital expenditure:						
- Plant and equipment	2,222	50	7	-	-	2,279
- Development cost of intellectual property	533	-	-	-	-	533
Amortisation of development cost and intellectual property	605	-	-	-	-	605
Depreciation of plant and equipment	1,901	86	1	-	-	1,988
Allowance for doubtful receivable written back	(14)	-	-	-	-	(14)
Allowance for impairment of trade receivables	871	74	-	-	-	945
Impairment loss on plant and equipment	192	-	-	-	-	192
Impairment loss on inventories	139	83	-	-	-	222
Inventories written off	36	-	-	-	-	36

29. Segment information (Continued)

	Proprietary Solutions $'000	Distribution $'000	Others $'000	Elimination $'000	Group $'000
Financial year ended 31 December 2005					
Sales:					
- external sales	14,965	6,108	-	-	21,073
- inter-segment sales	-	2,756	45	(2,801)	-
	14,965	8,864	45	(2,801)	21,073
Segment results	(1,229)	(1,019)	(2)	-	(2,250)
Unallocated cost					-
Finance costs					(184)
Share of results of an associated company					143
Loss before Income tax					(2,291)
Income tax					(35)
Loss after Income tax					(2,326)
Segment assets	33,673	2,075	34	(401)	35,381
Associated company	255	-	-	-	255
Unallocated assets					3,393
Consolidated total assets					39,029
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	3,980	159	2	-	4,141
- Development cost of intellectual property	519	-	-	-	519
Amortisation of development cost and intellectual property	518	-	-	-	518
Depreciation of plant and equipment	2,030	79	9	-	2,118
Allowance for doubtful receivable written back	(237)	-	-	-	(237)
Allowance for impairment on trade receivables and deposits	24	3	-	-	27
Inventories written off	-	31	-	-	31

Secondary reporting format - geographical segments

The Group's two business segments operate in four main geographical areas:

- ASEAN - the Company is headquartered in Singapore, and has operations in Singapore and other ASEAN countries. The operations in this area are principally provision of telecommunications products and customised solutions for the telecommunications industry, provision of global roaming quality and service management solution, distribution of third party telecommunications products and components; and

- Greater China, North America and other countries - the operations in these areas are principally provision of telecommunications products and customised solutions for the telecommunications industry, provision of global roaming quality and service management solution and distribution of third party telecommunications products and components.

29. Segment information (Continued)

Sales are based on the country in which the customer is located. Total assets and capital expenditure are shown by the geographical area where the assets are located.

	Sales $'000	Total assets $'000	Capital expenditure $'000
2006			
ASEAN	11,875	26,701	2,812
Greater China	2,388	2,335	-
North America	43	849	-
Other countries	1,716	322	-
	16,022	30,207	2,812
Associated company (note 15)		702	
Unallocated assets		1,675	
		32,584	

	Sales $'000	Total assets $'000	Capital expenditure $'000
2005			
ASEAN	15,521	32,214	4,660
Greater China	3,755	1,815	-
North America	85	921	-
Other countries	1,712	431	-
	21,073	35,381	4,660
Associated company (note 15)		255	
Unallocated assets		3,393	
		39,029	

30. Listing of companies in the Group

Name of companies	Principal activities	Country of incorporation	Equity holding 2006 %	Equity holding 2005 %
Subsidiaries held by the Company				
Unified Communications Pte Ltd [(a)]	Distribution of telecommunications products, design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry	Singapore	100	100
Unified Communications Sdn Bhd [(b)]	Research and development, software engineering, system integration, project management, and maintenance and support services for the telecommunications industry	Malaysia	100	100
Subsidiaries held by the Group				
Unified Communications Limited [(c)]	Distribution of telecommunications products and the provision of design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry	Hong Kong	51	51
Unified (Thailand) Limited [(d)]	Distribution of telecommunications products and the provision of design and development of telecommunications solutions, project management, and maintenance and support services for the telecommunications industry	Thailand	(e)	(e)
Attrix Technology Pte Ltd [(a)]	Distribution of information technology and telecommunications products	Singapore	100	100
AttrixTech Sdn Bhd [(b)]	Distribution of information technology and telecommunications products	Malaysia	100	100
Unified Communications (Shenzhen) Pte Ltd [(f)]	Distribution of telecommunications products, development of localised telecommunications solutions, provide support and maintenance services for the telecommunications industry	People's Republic of China	100	100
GlobeOSS Sdn Bhd [(b)(g)]	Provision of global roaming quality and service management solutions	Malaysia	51	-
Associated company held by the Group				
Ahead Mobile Sdn Bhd [(b)]	Software engineering, system integration, project management, and maintenance and support services for the telecommunications industry	Malaysia	40	40

(a) Audited by BDO Raffles, Singapore
(b) Audited by BDO Binder, Malaysia
(c) Audited by LHT CPA Limited, Hong Kong
(d) Audited by Thai Audited Consultant Limited, Thailand
(e) The total share capital is Thai Baht ("THB") 2,000,000 comprising THB 1,100,000 of fully paid-up preference shares and THB 900,000 of fully paid-up ordinary shares. Unified Communications Pte Ltd subscribed to 100% of the issued and paid-up ordinary shares, and a third party investor subscribed to 100% of the issued and paid-up preference shares.
(f) Audited by Shenzhen Guang Hua Public Accounting Firm. The registered share capital of the company is US$500,000. The paid up capital at 31 December 2006 was US$390,000. On 29 January 2007, the company has applied for a reduction of registered share capital from US$500,000 to US$390,000. Subject to the approval obtained, the remaining paid-up Share Capital of the subsidiary is as disclosed in note 25(b).

30. Listing of companies in the Group (Continued)

(g) During the financial year, the Company's wholly-owned subsidiary, Unified Communications Sdn Bhd incorporated a subsidiary company with 51% equity interest, GlobeOSS Sdn Bhd for a cash consideration of RM51,000.

31. Significant event subsequent to balance sheet date

On 15 January 2007, GlobeOSS Sdn Bhd, a subsidiary company of the Group in Malaysia, was granted Multimedia Super Corridor ("MSC") status under the Promotion of Investment Act 1986 for a period of five years commencing from 15 January 2007 to 14 January 2012. As an MSC Status company, the subsidiary enjoys certain incentives, including a five (5) year pioneer status tax exemption on profits generated from the MSC qualifying activities for the same period.

32. Comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. As a result, the following comparative figures have been adjusted to conform with current year's presentation:

	As previously reported $'000	Reclassification $'000	As restated $'000
Group			
Administrative expenses	2,437	(58)	2,379
Other operating expenses	107	58	165
Trade and other receivables	18,730	979	19,709
Other current assets	979	(979)	-

	As previously reported $'000	Reclassification $'000	As restated $'000
Company			
Trade and other receivables	9,592	29	9,621
Other current assets	29	(29)	-

33. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Unified Communications Holdings Limited on 06 April 2007.

Issued and Paid-up Capital	:	$25,565,814
No. of shares	:	319,572,675
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	3	0.13	1,118	0.00
1,000 - 10,000	1,024	45.21	7,409,289	2.32
10,001 - 1,000,000	1,221	53.91	63,502,939	19.87
1,000,001 and above	17	0.75	248,659,329	77.81
TOTAL	**2,265**	**100.00**	**319,572,675**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	RHB Bank Nominees Pte Ltd	82,200,000	25.72
2	Westcomb Securities Pte Ltd	63,680,000	19.93
3	Raffles Nominees Pte Ltd	44,704,000	13.99
4	CIMB Bank Nominees (S) Sdn Bhd	19,034,329	5.96
5	DMG & Partners Securities Pte Ltd	7,780,000	2.43
6	OCBC Securities Private Ltd	4,677,000	1.46
7	HSBC (Singapore) Nominees Pte Ltd	4,197,000	1.31
8	Orlit Enterprises (S) Pte Ltd	4,000,000	1.25
9	UOB Kay Hian Pte Ltd	3,704,000	1.16
10	United Overseas Bank Nominees Pte Ltd	2,638,000	0.83
11	DBS Vickers Securities (S) Pte Ltd	2,635,000	0.82
12	Phillip Securities Pte Ltd	2,566,000	0.80
13	DBS Nominees Pte Ltd	2,310,000	0.72
14	Kuan Yong Kuan @ Kuang Eng Kong	1,200,000	0.38
15	Citibank Consumer Nominees Pte Ltd	1,174,000	0.37
16	SBS Nominees Pte Ltd	1,110,000	0.35
17	OCBC Nominees Singapore Pte Ltd	1,050,000	0.33
18	HL Bank Nominees (S) Pte Ltd	989,000	0.31
19	Ng Wang @ Ng Chiang Chin	955,000	0.30
20	CIMB-GK Securities Pte. Ltd.	915,000	0.29
TOTAL		**251,518,329**	**78.71**

SUBSTANTIAL SHAREHOLDERS

No.	Name	No. of Shares Direct Interest	No. of Shares Deemed Interest
1	Worldwide Matrix Sdn Bhd	186, 322,939	-
2	Wong Tze Leng	19,034,329	-
3	Advance Synergy Berhad [(a)]	-	186,322,939

(a) By virtue of its shareholdings in Worldwide Matrix Sdn Bhd

Based on the information available to the Company as at 15 March 2007, approximately 36% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with.

Notice Of Annual General Meeting

Unified Communications Holdings Limited
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Hotel Miramar Singapore, 401 Havelock Road, Singapore 169631, Orchid Room on Friday, 27 April 2007 at 3.30 p.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2006 and the Reports of Directors and Auditors thereon. **Resolution 1**

2. To approve the Directors' Fees for the financial year ended 31 December 2006. **Resolution 2**

3. (i) To re-elect the following Directors retiring pursuant to Article 103 of the Company's Articles of Association:-

   (a) Lee Su Nie **Resolution 3**
   (b) Wong Tze Leng **Resolution 4**

   (ii) To re-elect the following Director retiring pursuant to Article 107 of the Company's Articles of Association:-

   Anton Syazi Ahmad Sebi **Resolution 5**

   (See Explanatory Note 1)

4. To re-appoint BDO Raffles as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following with or without modifications:-

Ordinary Resolutions

5. Authority to allot and issue shares

   (a) "That pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

   (i) issue shares in the share capital of the Company whether by way of rights, bonus or otherwise;

   (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

   (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that:

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's issued share capital, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's issued share capital at the time this resolution is passed, after adjusting for:

- new shares arising from the conversion or exercise of convertible securities;
- new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST;
- any subsequent consolidation or subdivision of the Company's shares; and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **Resolution 7**

(See Explanatory Note 2)

6. To transact any other business which may properly be transacted at an Annual General Meeting.

Dated this 12th day of April 2007

By Order of the Board

Lathika Devi Amma d/o K R Pillay
Company Secretary

Explanatory Notes:-

1. The ordinary resolution in item 3 is to re-elect the retiring Directors pursuant to Article 103 and 107 respectively of the Company's Articles of Association:-

   (a) Ms Lee Su Nie will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman and a member of the Audit, Nominating and Remuneration Committees.

   (b) Mr Wong Tze Leng will, upon re-election as a Director of the Company, remain as the Chief Executive Officer.

   (c) Mr Anton Syazi Ahmad Sebi will, upon re-election as a Director of the Company, remain as the Deputy Chief Executive Officer.

2. The ordinary resolution in item 5 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20 percent of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

   Notes:-

   1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies in his/her stead.
   2. A proxy need not be a member of the Company.
   3. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
   4. The instrument appointing a proxy must be deposited at the registered office of the Company at 390 Havelock Road, #04-06 King's Centre, Singapore 169662 not later than 48 hours before the time appointed for the Meeting.

Proxy Form

UNIFIED COMMUNICATIONS HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. For investors who have used their CPF monies to buy Unified Communications Holdings Limited's shares, this Annual Report 2006 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intends and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We____________________________________ (Name) ______________________ (NRIC No./Passport No./Company Registration No.) of ____
____(Address)
being a member/ members of UNIFIED COMMUNICATIONS HOLDINGS LIMITED (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

* and/ or

as *my/our proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Hotel Miramar Singapore, 401 Havelock Road, Singapore 169631, Orchid Room on Friday, 27 April 2007 at 3.30 p.m. and at any adjournment thereof.

* I/We direct *my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the * proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	Resolution No.	For	Against
1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2006 and the Reports of Directors and Auditors thereon.	**Resolution 1**		
2	To approve the Directors' Fees for the financial year ended 31 December 2006.	**Resolution 2**		
3	(i) To re-elect the following Directors retiring pursuant to Article 103 of the Company's Articles of Association:- (a) Lee Su Nie (b) Wong Tze Leng (ii) To re-elect the following Director retiring pursuant to Article 107 of the Company's Articles of Association:- Anton Syazi Ahmad Sebi	 **Resolution 3** **Resolution 4** **Resolution 5**		
4	To re-appoint BDO Raffles as auditors of the Company and to authorise the Directors to fix their remuneration.	**Resolution 6**		
5	To authorise Directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50.	**Resolution 7**		

Dated this ________________day of ____________________ 2007

Total Number of Shares Held

____
Signature(s) of Member(s)/ Common Seal
* Delete accordingly.

IMPORTANT : Please read notes overleaf

Proxy Form

UNIFIED COMMUNICATIONS HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)

Notes :-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 390 Havelock Road, #04-06 King's Centre, Singapore 169662 not later than 48 hours before the time set for the Annual General Meeting.

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares entered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time set for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

List of awards

- MSC status by the Multimedia Development Corporation of Malaysia in December 2000
- Ranked 9th in the Singapore Enterprise 50 Awards in 2002
- Named amongst the prestigious Singapore SME 500 Companies in 2002/2003
- Ranked 1st in Malaysia's Golden Bull Awards in 2003 for being the most outstanding small and medium sized enterprise
- Ranked 45th in the Deloitte Touche Tohmatsu "Asia Pacific Technology Fast 500" programme for being one of the fastest growing and dynamic technology companies in Asia Pacific in December 2003

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