

**AZTECH CONTINUES GROWTH MOMENTUM
WITH 1st HALF NET PROFIT OF \$7.2 MILLION
(75% INCREASED COMPARE WITH 1H FY2005)**

1H FY2006 vs 1H FY2005	
▲	Net profit up <u>75%</u> to \$7.2 million
▲	Turnover up <u>20%</u> to \$101.1 million
▲	EBITDA up <u>67%</u> to \$12.9 million
▲	Earning per share <u>74%</u> to 1.79 cents
✓	Interim Dividend of \$0.005 per share

(* Denomination of figures in Singapore dollar*)

On the Right Track:

- Result of strategy to deliver high-mix businesses, efficient end-to-end manufacturing solutions and a large product portfolio to strengthen Aztech's foothold on the global arena
- Strong demand from existing customers as well as secured orders from new customers
- 1H FY2006 vs 1H FY2005
 - ODM/OEM: \$47.1 million from \$45.5 million
 - Contract Manufacturing: \$40.9 million from \$26.4 million
 - Retail Distribution: \$13.1 million from \$12.1 million
- Efficiency of manufacturing improved gross margin to 19% from 18%

Singapore, 31 July 2005 – Aztech Systems Ltd, a global leader in data communication, voice communication, multimedia, contract manufacturing and retail distribution, today reported a half year net profit of \$7.2 million on revenue of \$101.1 million announced for the financial year ended 30 June 2006.

“Continuing a excellent year-on-year revenue increase since 2003, our first half of 2006 saw an impressive financial performance with revenue hitting a high \$101.1 million. Comparing with the first half of last year, I'm thrilled to say that our net profit attributable to shareholders increased by 75% to \$7.2 million.



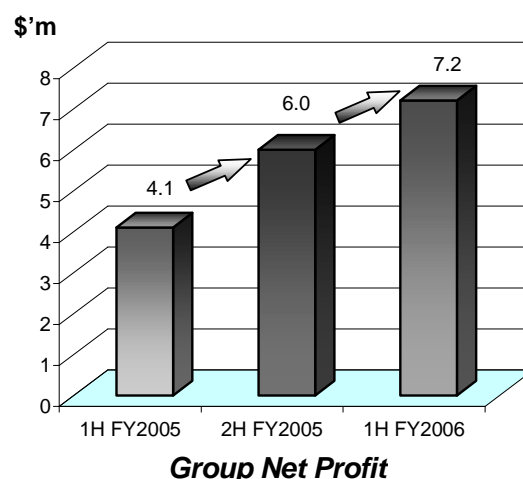
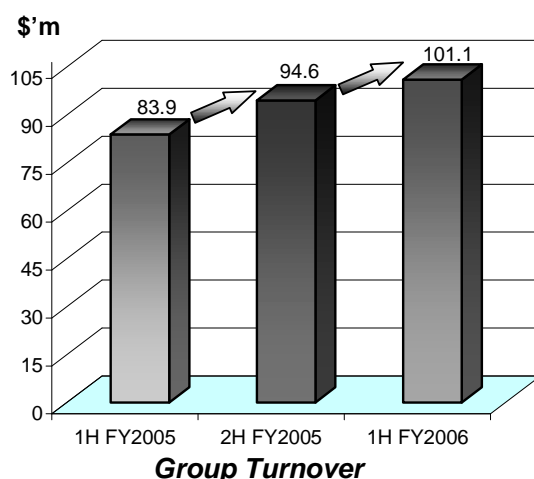
SGX LISTED



AZTECH SYSTEMS LTD

Company Reg. No 198601642R

This surge in performance is clearly the result of our strategy to deliver high-mix businesses, efficient end-to-end manufacturing solutions and a large product portfolio to strengthen Aztech's foothold on the global arena," said Mr Michael Mun, CEO & President of Aztech Systems Ltd.



Following three consecutive years of very strong growth, Aztech once again has had a strong start to the year with positive growth, fueled by strong demand from existing customers as well as secured orders from new customers. Looking ahead, Aztech envisage greater collaborations with customers to deliver premium brand and innovative products and services.

"A distinct result of our excellent half year performance is that we are delivering on the promises we have made to our shareholders. With the good results, we are pleased to declare an interim dividend of \$0.005 per share." added Mr. Mun.

FY2006 Performance

The good half-year revenue, for the first time in the past three years, exceeded \$101.1million. This was backed by relatively strong contribution from all three-business segments of the Group, namely ODM/OEM Sales, Contract Manufacturing and Retail Distribution.

Segment Revenue	1H FY2006		1H FY2005		% Change
	(\$' m)	%	(\$' m)	%	
ODM/OEM	47.1	47%	45.5	54%	+4%
Contract Manufacturing	40.9	40%	26.4	31%	+55%
Retail	13.1	13%	12.1	15%	+8%
Total	101.1	100%	84.0	100%	+20%



SGX LISTED



AZTECH SYSTEMS LTD

Company Reg. No 198601642R

During the 1H FY2006, the Asia Pacific market has overtaken to be Aztech's largest market despite Europe taking the lead previously.

Segment Revenue	1H FY2006		1H FY2005		% Change
	(\$' m)	%	(\$' m)	%	
Asia Pacific	40.0	40%	29.1	34%	+38%
Europe	35.0	35%	29.5	35%	+19%
North and South America	20.8	20%	20.6	25%	+1%
Others	5.3	5%	4.8	6%	+10%
Total	101.1	100%	84.0	100%	+20%

Aztech's gross margin improved from 18% in 1H FY2005 to 19% in 1H FY2006. This was despite a surge in oil prices, increase in labor and utility costs, higher depreciation charged for machinery and the new factory in Dong Guan, China. The profitability of the Group is achieved because of its higher margin products and efficiency of manufacturing as a result of consolidated operations into a single plant. In addition, the Group's on-going material cost down exercise cushioned the impact of its higher operating costs.

The total operating expenses grew by 14% to \$13.6 million of which selling and distribution costs increased by 11% to \$4.1 million in 1H FY2006. The Group has been actively involved in marketing activities like advertising and trade exhibitions, which are part of the Group's strategy to broaden its market presence brand awareness and increase customer base. Such activities have led to an increase of \$0.5 million in selling and distribution costs as compared to 1H FY2005.

The Group obtained a healthy balance sheet as at 30 June 2006, which reflected total assets of \$134.1 million, total liabilities of \$64.3 million, a net debt to equity ratio of 7% and shareholders' funds of \$69.8 million.

Outlook for 2H FY2006

While economic conditions remain challenging for the remaining 2006, Aztech's relentless focus on enhancing its operational excellence and technological edge with new products should generate a steady flow of business. With the convergence of technology heading towards internet-powered, Aztech is positioned strategically to take on growth with its locally R&D and manufactured data and voice communication solutions. The Group targets to enlarge its customer base and product portfolio with an impressive line-up of new products, which will be launched in 2H FY2006. Some of these products include the dual phone Skype/PSTN DECT, complete IPPBX Internet telephony for small/medium enterprises and a Homeplug Wireless extension kit.



CERT. NO : TL-2004-0008
TL 9000 R3.0 / 3.5



CERT. NO : 2004-1-0668
SS ISO 9001 : 2000

SGX LISTED



AZTECH SYSTEMS LTD

Company Reg. No 198601642R

Aztech

“Our financial performance is right on track and we are very pleased with our strong results. This is especially so given the volatility in today’s economic market. We trust that our quality business strategy and marketing initiatives will work to ensure our fundamentals remain ahead of the market,” added Mr. Michael Mun.

About Aztech Systems Ltd.

Incorporated in 1986, Aztech Systems Ltd is a multi-national company providing OEM/ODM design and manufacturing services, contract manufacturing and retail service. Headquartered in Singapore and with over 2,200 employees worldwide, Aztech manufacturing facility is located in Dong Guan, China. Aztech R&D centres are located in Singapore, Hong Kong, Shenzhen and Dong Guan, China. Its five sales offices are located in Singapore, Hong Kong, USA, Germany and Malaysia. With strong design experience and technology focus in data and voice communication as well as multimedia, Aztech designs and manufactures xDSL modems, Analog modems, Broadband Residential Gateway, Wireless 802.11 b/g devices, HomePlugs, IP-PBX System, IP Phones, VoIP Adaptors, SMS Colour DECT Phones, Digital MP3 Audio Players and Multimedia Speakers. Aztech also provides Contract Manufacturing Service including PCBA and box build assemblies, plastic tooling and plastic injection. For more information on Aztech and its products, please visit its website at www.aztech.com.

For media/publications/press interviews and product reviews:

Contact Mr. Gary Tan - Marketing Manager, Tel: 98489309 or gary.tan@aztech.com



SGX LISTED



AZTECH SYSTEMS LTD

Company Reg. No 198601642R