

Full Year Financial Statement for the Year Ended 31 December 2007

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		+/- %
	FY 2007	FY 2006	
	RM'000	RM'000	
Revenue	24,091	60,518	(60.2)
Cost of Sales	<u>(28,916)</u>	<u>(51,864)</u>	(44.3)
Gross Profit	(4,825)	8,654	(155.8)
Gross Profit Margin	(20)	14	
Other Operating Income	33,088	793	4,072.5
Selling and distribution expenses	(393)	(360)	9.1
Administrative Expenses	(13,561)	(12,370)	9.6
Other operating expenses	<u>(23,385)</u>	<u>(53,181)</u>	(57.9)
(Loss)/Profit from operation	(8,076)	(56,464)	(85.7)
Finance Costs	<u>(755)</u>	<u>(443)</u>	70.4
Loss before tax	(8,831)	(56,907)	(85.5)
Tax expenses	<u>-</u>	<u>(2,034)</u>	(100.0)
Loss after Tax	<u><u>(8,831)</u></u>	<u><u>(58,941)</u></u>	(85.0)
Attribution to :			
Equity holders of the Company	(8,777)	(58,846)	
Minority interest	<u>(54)</u>	<u>(95)</u>	
	<u><u>(8,831)</u></u>	<u><u>(58,941)</u></u>	
(Loss)/Earnings per share (RM cents)- Basic	(5.1)	(34.4)	

Operating profit/(loss) is arrived at after crediting / (charging)

	FY 2007	Group FY 2006
	RM'000	RM'000
Other income (Write Back of Provision for Doubtful Debts)	30,817	-
Other income (including Interest Income)	2,251	793
Depreciation of Property, Plant and Equipment	(8,355)	(7,441)
Net Foreign Exchange Loss	(1,336)	(3,231)
Allowance for Doubtful Debt	(2,513)	(41,213)
Allowance for Slow Moving Stocks	(620)	(3,520)
Impairment Loss on Equipment	(12,446)	(2,865)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
	RM'000	RM'000	RM'000	RM'000
Current Assets				
Cash and bank balance	515	9,083	153	122
Inventories	4,306	7,559	-	-
Trade receivables	1,027	18,252	-	-
Other receivables and prepayments	25,488	7,285	29,529	26,719
Total current assets	31,336	42,179	29,682	26,841
Non-current assets				
Investment in subsidiaries	-	-	23,730	83,730
Property, plant and equipment	48,575	49,911	-	-
Deferred tax assets	160	86	-	-
Total non-current assets	48,735	49,997	23,730	83,730
Total assets	80,071	92,176	53,412	110,571
Current liabilities				
Other payables & accrual	11,900	9,523	1,211	294
Provision for income Tax	2,546	2,584	-	-
Trade payables	4,506	7,028	-	-
Current portion of finance leases	822	112	-	-
Current portion of long-term bank loan	428	5,841	-	-
Total current liabilities	20,202	25,088	1,211	294
Non-current liabilities				
Long term bank loan	2,553	2,872	-	-
Finance leases	2,274	143	-	-
Deferred tax liabilities	52	57	-	-
Amounts Owing To Director	-	3,985	-	-
Total Non-current liabilities	4,879	7,057	-	-
Total liabilities	25,081	32,145	1,211	294
Net assets	54,989	60,031	52,201	110,277
<u>Capital, reserves and minority interest</u>				
Share capital	110,752	110,752	110,752	110,752
Share premium	-	-	-	-
Reserves	4,003	264	3,739	-
Currency translation reserve	(616)	(648)	-	-
(Accumulated losses)/Revenue reserve	(59,183)	(50,406)	(62,290)	(475)
	54,956	59,962	52,201	110,277
Minority interest	33	69	-	-
Total Equity	54,989	60,031	52,201	110,277

1(b) (ii) Amount repayable in one year or less, or on demand

Group		Group	
As at 31/12/2007 (RM'000)		As at 31/12/2006 (RM'000)	
Secured (Note)	Unsecured	Secured (Note)	Unsecured
428	822	5,841	112

Amount repayable after one year

Group		Group	
As at 31/12/2007 (RM'000)		As at 31/12/2006 (RM'000)	
Secured (Note)	Unsecured	Secured(Note)	Unsecured
2,553	2,274	2,872	143

Note: Details of any collateral

The term loan is secured by a first fixed charge over the freehold land and building of the Group. The average effective borrowing rate is 7.5% (2006 – 7.5%) per annum. The loan is repayable by monthly principal repayment of RM39,735 per month up to 2013.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	31-Dec-07	31-Dec-06
	RM'000	RM'000
Cash flow from operating activities:		
Net(loss)/profit before tax and minority interests	(8,831)	(56,907)
Adjustment for :		
Depreciation on property, plant and equipment	8,355	7,441
Impairment loss on equipment	12,446	2,865
Allowance for doubtful debt of trade receivables	282	41,014
Allowance for doubtful debt of other receivables	2,231	198
Allowance for inventories obsolescence	620	3,520
Allowance for doubtful debt written back	(30,817)	-
Interest income	(13)	(22)
Interest expenses	755	443
Foreign exchange loss/(gain)	1,336	-
Loss/(Gain) on disposal of plant and equipment	(24)	91
Operating (Loss)profit before working capital changes	(13,660)	(1,357)
Trade and other receivables	27,600	8,175
Inventories	2,632	(19)
Trade and other payables	(4,130)	(8,478)
Cash generated in operations	12,442	(1,679)
Interest paid	(755)	(443)
Income tax paid	(38)	(5,087)
Net cash generated in operation	11,649	(7,209)
Cash Flows from investing activities		
Purchase of property, plant and equipment	(20,979)	(4,626)
Proceeds on disposal of plant and equipment	32	86
Interest received	13	22
Net cash used in investing activities	(20,934)	(4,518)
Cash Flows from financing activities		
Proceeds from issuing warrants	3,910	-
Warrants issue expenses	(171)	-
Drawdown of term loan	-	5,413
Repayment of term loans	(5,732)	(401)
Repayment of lease obligations	2,841	(188)
Dividends paid	-	(8,723)
Net cash (used in)/generated from financing activities	848	(3,899)
Net (decrease)/increase in cash and bank balances	(8,437)	(15,626)
Cash and bank balance at beginning of year	9,083	24,691
Effect of exchange balances at end of year	(131)	18
Cash and bank balances at end of year	515	9,083

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Share Capital	Share Premium	Reserve and Expansion Fund	Warrants Reserve	Exchange Reserve	Retained Earning	Attributable to Equity Holders of the Company	Minority Interest	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as 1 Jan 2006	107,096	3,656	264	-	1,038	17,163	129,217	172	129,389
Dividends	-	-	-	-	-	(8,723)	(8,723)	-	(8,723)
Loss for the year	-	-	-	-	-	(58,846)	(58,846)	(95)	(58,941)
Currency translation difference	-	-	-	-	(1,686)	-	(1,686)	(8)	(1,694)
Effect of Companies (Amended) Act 2005	3,656	(3,656)	-	-	-	-	-	-	-
Balance as at 31.12.06	110,752	-	264	-	(648)	(50,406)	59,962	69	60,031
Balance as at 01.01.07	110,752	-	264	-	(648)	(50,406)	59,962	69	60,031
Loss for the year	-	-	-	-	-	(8,777)	(8,777)	(54)	(8,831)
Currency translation difference	-	-	-	-	32	-	32	18	50
Issue of Warrants	-	-	-	3,910	-	-	3,910	-	3,910
Warrants Issued Expenses	-	-	-	(171)	-	-	(171)	-	(171)
Balance at 31.12.2007	110,752	-	264	3,739	(616)	(59,183)	54,956	33	54,989

*Issued share capital of \$3 (Equivalent to RM7)

During the year under review, the Company issued 34,181,875 warrants at an issue price of S\$0.05 with an exercise price of S\$0.17 for each new Share of the Company.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at end of the corresponding period of the immediately preceding financial year.

Share Capital Changes

	No. of shares	S\$'000	RM'000
Ordinary shares at 1 Jan 2007	170,909,375	48,855	107,096
Share premium account converted as share capital as at 1 Jan 2007	-	1,633	3,656
Ordinary shares at 31 Dec 2007	170,909,375	49,488	110,752

As at 31 December 2007, there were 34,181,875 warrants remained unexercised. Each warrant will entitle its holder to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of S\$0.17 for each new share. If all the warrants are fully exercised, an additional 34,181,875 ordinary shares will be issued.

	No. of shares	S\$'000	RM'000
Ordinary shares at 1 Jan 2007	170,909,375	48,855	110,752
Exercise of warrants	34,181,875	5,810	13,384
Ordinary shares if all warrants exercised	205,091,250	54,665	124,136

1.(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31 December 2007	31 December 2006
Total number of issued shares (excluding treasury shares)	170,909,375	170,909,375

1.(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been reviewed or audited.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements of the current reporting period as compared with its recently audited financial statements for the financial year ended 31 December 2006.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

- (a) Based on the weighted average number of ordinary shares on issue; and
 (b) On a fully diluted basis (assuming the all outstanding warrants are fully exercised).

	Group 31 Dec 2007	Group 31 Dec 2006
(Loss)/Earnings per ordinary share for the period based on net loss/profit attributable to shareholders divided by weighted average number of ordinary shares during the year	(5.1) sen	(34.4) sen
(Loss)/Earnings per ordinary share for the period based on net loss/profit attributable to shareholders divided by ordinary shares and assuming all outstanding warrants are fully diluted	(4.3) sen	(28.69) sen

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- a) current financial period reported on; and
b) immediately preceding financial year.**

	Group		Company	
	As at 31 Dec 2007	As at 31 Dec 2006	As at 31 Dec 2007	As at 31 Dec 2006
Net asset value per ordinary share (excluding treasury shares) based on the issued share capital at the end of the year	32.2 sen	35.1 sen	30.6 sen	64.5 sen

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; it must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Our revenue decreased by RM36.4 million or 60% from RM60.5 million in FY2006 to RM24.1 million in FY2007. This was primarily due to the excess supply and adverse pricing from the intense competition in the semiconductor markets in which most of our competitors were also adversely affected. The decline was also attributable to the significant fall in production activity of our China subsidiaries. In line with the worldwide shift from DDR1 towards DDR2 devices, the sales volume of our AM branded DDR2 products represented 78% of total volume in FY2007 compared to 52% in FY2006. According to data released by DRAMeXchange, price for 512Mb DDR2 dropped by USD\$4.69 or 80% from USD\$5.88 in Jan 2007 to USD\$1.19 in Nov 2007.

Arising from the reduced revenue in FY2007 compared to FY2006, cost of sales also decreased accordingly in FY2007 at RM28.9 million compared to RM51.9 million in FY2006. Gross margins also reduced significantly from 14% for FY2006 compared to (20%) for FY2007. The significant reduction of the gross margins were mainly due to lower production volume while the production overheads remained fixed. In addition, the lower selling prices of the memory devices also reduced product gross margins.

During the year under review, administrative expenses increased marginally from RM12.4 million to RM13.6million. Other operating expenses dropped from RM53.2 million to RM23.4 million. The fall was mainly attributed to provision for allowance made on the outstanding receivables of RM41.0 million in FY2006. During the year under review, we made provision of RM12.0 million for the impairment for the machinery in our China subsidiaries. Finance cost rose from RM0.4 million in FY2006 to RM0.8 million in FY2007.

We recorded net loss after tax of RM8.8 million for FY 2007 compared to net loss of RM58.9 million in FY2006. The improvement was mainly due to write back RM30.0 million arising from the collection of outstanding receivables where RM41.0 million has been provided for in FY2006.

The Auditors Report for Advance Modules Sdn Bhd for the financial year ended 31 December 2006 contained a disclaimer of opinion as the auditors were unable to obtain satisfactory audit evidence concerning the validity of sales and the resulting trade receivables amounting to USD14.4 million (equivalent to approximately RM54.36 million) recorded in the financial year ended 31 December 2005. During the current financial year, a write back of provision for doubtful debts of approximately RM30 million was made in the financial statements as a result of collection of these debts. We have been advised by the auditors that as the original transaction which gave rise to the debts was qualified in the previous financial year, the write back of provision of doubtful debts will be qualified similarly in the current year's auditors' report.

As at 31 December 2007, current assets stood at RM35.8 million compared to RM42.1 million as at 31 December 2006. Trade receivable fell significantly from RM18.3 million to RM1.0 million mainly due to collection of outstanding receivables which was not provided for in 2006. Prepayments increased mainly due to increase in deposit payments for new machinery for our Shanghai operation.

As at 31 December 2007, non current assets stood at RM48.6 million compared against RM49.9 million as at 31 December 2006. The increase in the purchase of new machinery was partly offset by impairment of asset value of some of the machinery in our China subsidiaries.

During the financial year ended 31 December 2007, the Group made deposit payments and acquired new machineries and equipment amounting to a total of approximately USD11.89 million (equivalent to approximately RM39.98 million) (“Acquisition”). The Board has been informed by the Auditors that as at the date of this announcement, the Auditors do not consider evidence and information made available to them sufficient for them to form an opinion on the validity of the Acquisition . Accordingly, they have recommended the Audit Committee to commission a special audit to look into the validity of the Acquisition. The Board, upon the advice of the Audit Committee, has agreed to appoint an independent auditor to perform a special audit for the Acquisition.

As at 31 December 2007, the cash and bank balances reduced to RM0.5 million compared against RM9.1 million as at 31 December 2006. This was mainly attributable to the loss registered by the Group, increase in purchase of property, plant and equipment, deposit paid for new machinery and repayment of bank loan.

As at 31 December 2007, current liabilities decreased to RM18.8 million compared against RM25.1 million as at 31 December 2006 mainly due to repayment of current loan.

With the loss registered by the Group and the proceeds from warrants issue, the Group shareholders’ equity decreased to RM55.0 million as at 31 December 2007 compared against RM60.0 million as at 31 December 2006.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The results reported in this Full Year Financial Statement Announcement are in line with the profit guidance statement which was announced on 26 February 2008.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The industry that the Group is operating is subjected to uncertain demand and pricing volatility. The DRAM industry is undergoing changes which may cause sharp cost reduction and expected to be severe as the sub-prime crisis in the US market is expected to discourage consumption. The declines are expected to persist through the remainder of the year, with many competitors facing potential inventory pressures due to over supply to the market. A better business environment may be expected in 2008 if some of the competitors either quit the market or indirectly phase out commodity DRAM production.

According to market research group, IC Insights, *“the outlook for the DRAM market and for most DRAM vendors in 2008 does not improve much. The analysts suggest the current difficult pricing/profitability situation facing many is likely to extend to mid-2008, at which point, seasonal market conditions should bring some relief in the form of upward pricing. However, the overall DRAM market is still forecast to decline 7 percent this year.”*

In view of the above, in order to enhance the Group's competitiveness and profitability, the Group will continue to upgrade the product line up and expand into new business prospect to capitalize on the demand growth of new devices in the consumer markets for electrical and electronic products.

Notwithstanding the above, for the next 12 months, the Group’s cashflow is expected to remain tight which would adversely affect our working capital and consequently our profitability.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend recommended.

(b) (i) Amount per share : Nil

(b) (ii) Previous corresponding period : Nil

11(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

11(d) The date of the dividend is payable.

Not applicable

11(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

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

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Segmented Revenue

Region	2007		2006	
	RM'000	%	RM'000	%
Asia Pacific	6,976	30.6	21,243	35.1
The Americas	15,910	64.5	33,029	54.6
Europe	1,205	4.9	6,246	10.3
Total	24,091	100.0	60,518	100.0

(Loss)/Profit before Income tax

Region	2007		2006	
	RM'000	%	RM'000	%
Asia Pacific	(8,538)	96.6	(56,314)	99.0
The Americas	(272)	0.3	(474)	0.8
Europe	(21)	0.1	(119)	0.2
Total	(8,831)	100.0	(56,907)	100.0

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

In FY2007, the revenue contribution of the Americas reduced to RM15.9 million (65% of total sales revenue) compared against RM33.0 million (55% of total sales revenue) in FY2006. The significant reduction was attributed mainly to the adverse pricing from the intense competition and excess supply in the semiconductor memory markets in which most of our competitors were also adversely affected. Similarly, in FY 2007, revenue contribution of the Asia Pacific segment was reduced to RM7.5 million (31% of total sales revenue) compared against RM21.2 million (35% of total sales revenue) in FY 2006. Meanwhile, for the Europe segment, revenue contribution in FY2007 reduced substantially to RM1.2 million (5.0% of total sales revenue) compared against RM6.2 million (10% of total sales revenue) in FY2006.

Similarly, the profit before tax of the Americas, Asia Pacific & Europe segment registered losses experienced in the three segments. However, it was the Asia Pacific segment that registered the significant losses in FY2007 due to significant fall in production activity of the China subsidiaries while production overhead remained fixed.

15. A breakdown of sales.

	Latest Financial Year RM '000	Previous Financial Year RM '000	% increase/ (decrease)
(a) Sales reported for the first half year	12,225	32,279	(62.1)
(b) Operating (loss)/profit after tax before deducting minority interests reported for the first half year	(7,190)	(179)	3,916.8
(c) Sales reported for second half year	11,866	26,676	(55.5)
(d) Operating (loss)/profit after tax before deducting minority interests reported for second half year.	(1,641)	(52,853)	(96.9)

16. A breakdown of the total annual dividend (in RM value) for the issuer's latest full year and its previous full year.

	Latest Financial Year RM'000	Previous Financial Year RM'000
Ordinary dividends	-	-
Total	-	-

ADDITIONAL INFORMATION

17. Interested Parties Transactions.

In compliance with Rule 920 (1)(a)(ii), the disclosure of the aggregate value of interested person transactions conducted pursuant to the general mandate for the reporting period ended 31 December 2007 in the format set out in Rule 907 is as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$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 \$100,000)
Pen-Interconnect Sdn Bhd	Nil	Nil

In addition to the above, the aggregate value of total sales with Pen-Interconnect for the year ending 31 Dec 2007 (including transactions less than S\$100,000) is set out below:-

Period	Total Value (RM'000)
Aggregate value of total sales with Pen-Interconnect for the FY2007	547

Note: -

(1) This is expressed in RM which is the measurement currency of the Company.

BY ORDER OF THE BOARD

**VINCENT TAN HIAN CHONG
GROUP MANAGING DIRECTOR**