

Full Year Financial Statement for the Year Ended 31 December 2006

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 2006	FY 2005	+/- %
	RM'000	RM'000	
Revenue	58,955	133,720	(55.9)
Cost of Sales	(50,382)	(97,731)	(48.4)
Gross Profit	8,573	35,989	(76.2)
Gross Profit Margin	14.5%	26.9%	(46.1)
Other Operating Income	225	2,142	(89.5)
Administrative Expenses	(8,918)	(7,062)	26.3
Selling and Distribution expenses	(360)	(398)	(9.5)
Other operating expenses	(49,973)	(6,422)	678.2
(Loss)/Profit Before Interest and Tax	(50,453)	24,249	(308.1)
Finance Costs	(443)	(349)	26.9
(Loss)/Profit before tax	(50,896)	23,900	(313.0)
Tax expense	(2,136)	(6,449)	(66.9)
Net (Loss)/ Profit after tax	(53,032)	17,451	(403.9)
Attributable to:			
Equity holders of the Company	(52,937)	17,427	
Minority interests	(95)	24	
	(53,032)	17,451	
(Loss)/Earnings per share (RM cents) - Basic	(31.0)	11.7	

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

	Group	
	FY 2006	FY 2005
	RM'000	RM'000
Other Income (Including Interest Income)	225	2,142
Depreciation of Property, Plant and Equipment	(4,404)	(2,730)
Net Foreign Exchange Loss	(3,215)	(15)
Loss on Disposal of Property, Plant and Equipment	(88)	(161)
Allowance for Doubtful Debt	(41,213)	-
Allowance for Slow Moving Stocks	(3,335)	-

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.

RM'000	Group		Company	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Current assets				
Cash and bank balances	9,093	24,691	122	17,662
Inventories	7,559	11,060	-	-
Trade receivables	14,357	70,681	-	-
Other receivables and prepayments	7,679	4,243	26,767	9,708
Total current assets	38,688	110,675	26,889	27,370
Non-current assets				
Investment in subsidiaries	-	-	83,730	83,730
Property, plant and equipment	55,699	57,473	-	-
Deferred tax assets	6	6	-	-
Total non-current assets	55,705	57,479	83,730	83,730
Total assets	94,393	168,154	110,619	111,100
Current liabilities				
Other payables	10,117	8,525	165	135
Income tax payable	2,584	5,532	-	-
Trade payables	6,815	20,489	-	-
Current portion of finance leases	112	136	-	-
Current portion of long-term bank loan	5,841	477	-	-
Total current liabilities	25,469	35,159	165	135
Non-current liabilities				
Long term bank loan	2,872	3,224	-	-
Finance leases	143	307	-	-
Deferred tax liabilities	78	75	-	-
Total Non-current liabilities	3,093	3,606	-	-
Total liabilities	28,562	38,765	165	135
Capital, reserves and minority interests:				
Share capital	110,752	107,096	110,752	107,096
Share premium	-	3,656	-	3,656
Reserves	(44,990)	18,465	(298)	213
Equity attributable to equity holders of the Company	65,762	129,217	110,454	110,965
Minority interest	69	172	-	-
Total equity	65,831	129,389	110,454	110,965
Total liabilities and equity	94,393	168,154	110,619	111,100

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

Group		Group	
As at 31/12/2006 (RM'000)		As at 31/12/2005 (RM'000)	
Secured (Note)	Unsecured	Secured (Note)	Unsecured
5,841	112	477	136

Amount repayable after one year

Group		Group	
As at 31/12/2006 (RM'000)		As at 31/12/2005 (RM'000)	
Secured (Note)	Unsecured	Secured (Note)	Unsecured
2,872	143	3,224	307

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% (2005 – 7.5%) per annum. The loan is repayable by monthly principal repayment of RM39,735 per month up to 2013.

The revolving credit facility of RMB 12 million with a fixed interest rate of 6.12% per annum granted to subsidiary company, Advance Modules (Shanghai) Co Ltd is secured by the guarantee of another subsidiary company, Advance Modules Semiconductor Packaging (Shanghai) Co Ltd. The loan here is repayable by way of 3 monthly installments of RMB4 million each commencing from 27th July 2007.

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 2006 RM'000	31 Dec 2005 RM'000
Cash flows from operating activities:		
(Loss)/Profit before income tax	(50,896)	23,900
Adjustments for:		
Depreciation expense	4,404	2,730
Allowance for doubtful debt	41,213	-
Allowance for slow moving stocks	3,335	-
Interest income	(21)	(106)
Interest expense	443	349
Loss on disposal of plant and equipment	88	161
Excess of interest in fair value of net assets acquired over cost	-	(236)
Operating (loss)/profit before working capital changes	(1,434)	26,798
Trade receivables	15,111	(59,075)
Other receivables and prepayments	(3,436)	(2,317)
Inventories	165	1,150
Trade payables	(13,674)	18,232
Other payables	1,593	700
Cash used in operations	(1,675)	(14,512)
Interest paid	(443)	(349)
Income tax paid	(5,085)	(4,230)
Net cash used in operations	(7,203)	(19,091)
Cash flows (used in)/ from investing activities:		
Acquisition of subsidiary, net of cash acquired	-	23,830
Purchase of property, plant and equipment	(4,626)	(6,405)
Proceeds on disposal of plant and equipment	90	987
Interest received	21	106
Net cash used in investing activities	(4,515)	18,518
Cash flows (used in)/from financing activities:		
Proceeds from issuing shares	-	32,390
Share issue expenses	-	(5,368)
Dividends paid	(8,723)	-
Repayment of obligations under finance leases	(188)	(1,413)
Drawdown/(Repayment) of bank loans	5,012	(425)
Net cash (used in)/from financing activities	(3,899)	25,184
Net effect of exchange rates changes in consolidating subsidiaries	19	80
Net (decrease)/increase in cash	(15,598)	24,691
Cash and bank balances at beginning of year	24,691	*
Cash and bank balances at end of year	9,093	24,691

* RM7

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.

RM'000	Share Capital	Share Premium	Reserve and Expansion Fund	Exchange Reserve	Retained Earnings	Attributable to Equity Holders of the Company	Minority Interest	Total
The Group								
Balance at 1 Jan 2005	*	-	-	-	-	*	-	*
Issue of shares:								
Pursuant to the <i>Restructuring Exercise</i>	83,730	-	-	-	-	83,730	-	83,730
Conversion of notes payable	3,931	-	-	-	-	3,931	-	3,931
Initial public offering	19,435	9,024	-	-	-	28,459	-	28,459
Minority interest on acquisition of subsidiary	-	-	-	-	-	-	148	148
Share issue expenses	-	(5,368)	-	-	-	(5,368)	-	(5,368)
Profit for the year	-	-	-	-	17,427	17,427	24	17,451
Currency realignment	-	-	-	1,038	-	1,038	-	1,038
Transfer	-	-	264	-	(264)	-	-	-
Balance at 31 Dec 2005	107,096	3,656	264	1,038	17,163	129,217	172	129,389
Loss for the year	-	-	-	-	(52,937)	(52,937)	(95)	(53,032)
Currency realignment	-	-	-	(1,795)	-	(1,795)	(8)	(1,803)
Dividend	-	-	-	-	(8,723)	(8,723)	-	(8,723)
Transfer	3,656	(3,656)	-	-	-	-	-	-
Balance at 31 Dec 2006	110,752	-	264	(757)	(44,497)	65,762	69	65,831

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

RM'000	Share Capital	Share Premium	Retained Earnings	Total
The Company				
Balance at 1 Jan 2005	*	-	-	*
Profit for the year	-	-	213	213
Issue of shares:				
Pursuant to the <i>Restructuring Exercise</i>	83,730	-	-	83,730
Conversion of notes payable	3,931	-	-	3,931
Initial public offering	19,435	9,024	-	28,459
Share issue expenses	-	(5,368)	-	(5,368)
Balance at 31 Dec 2005	107,096	3,656	213	110,965
Profit for the year	-	-	8,212	8,212
Dividend	-	-	(8,723)	(8,723)
Transfer	3,656	(3,656)	-	-
Balance at 31 Dec 2006	110,752	-	(298)	110,454

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

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

Share Capital Changes

	No. of shares	S\$'000
Ordinary shares at 1 Jan 2006	170,909,375	47,855
Share premium account converted as share capital as at 30 Jan 2006	-	1,633
Ordinary shares at 31 Dec 2006	170,909,375	49,488

In accordance with the Companies (Amendment) Act 2005, with effect from 30th January 2006, the concept of par value and authorized capital was abolished and the shares of the Company ceased to have a par value. The amount in the premium account as at 30th January 2006 becomes part of the Company's share capital.

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 2005.

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

Not applicable.

6. Earnings per ordinary share of the group for the current 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 (detailing any adjustments made to the earnings).

	Group 31 Dec 2006	Group 31 Dec 2005
(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	(31.0) sen	11.7 sen

There is no dilution of loss/earnings per share as no share options were granted during the year.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the(a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at 31 Dec 2006	As at 31 Dec 2005	As at 31 Dec 2006	As at 31 Dec 2005
Net asset value per ordinary share based on the issued share capital at the end of the year	38.5 sen	75.6 sen	64.6 sen	64.9 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 RM74.8 million or 56% from RM133.7 million in FY2005 to RM58.9 million in FY2006. This was primarily due to the adverse pricing from the intense competition in the semiconductor markets and the lowered working capital in the Company. Revenue from our AM Branded memory modules and flash memory products generated revenues of RM52.3 million or 89% of the group revenue in FY2006 compared to RM116.0 million or 87% of the group revenue in FY2005. Inline with the worldwide shift from DDR1 towards DDR2 devices, the sales of our AM Branded DDR2 products represented 52% of total group revenues at RM31 million in FY2006 compared to 39% of total group revenues at RM52 million in FY2005.

Our sales of flash memory products on the other hand experienced reductions in sales due to the highly volatile & adverse pricing experienced in the flash product prices. Revenues from flash memory products comprise of 0.5% of the group revenue in 2006 compared to 13.4% in FY2005.

Arising from the reduced revenue in FY2006 compared to FY2005, costs of sales also decreased accordingly in FY2006 at RM50.4 million compared to RM97.7 million in FY2005. Gross margins also reduced in FY2006 at 15% compared to 27% for FY2005, as a result of the adverse pricing from the intense market competition coupled with the high prices experienced on main material component, the IC.

Other income recorded in FY2006 was at RM0.22 million compared to RM2.1 million recorded in FY2005. The significant reduction here is mainly caused by the absence of subsidy income by our subsidiary company from their customer in FY2005 to assist on the purchases of raw materials.

Selling and distribution expenses reduced accordingly by 9.5% from RM398K recorded in FY2005 to RM360K in FY2006.

Other operating expenses increased significantly in FY2006 at RM50.0 million compared to FY2005 at RM6.4 million. The increase in other operating expenses was mainly attributed to an abnormal allowance made on the collectibles of the outstanding debt arising from two major sales transactions of FY2005 of RM41.0 million.

Administrative expenses also increased from RM7.1 million recorded in FY2005 to RM8.9 million recorded in FY2006 due to increased costs of payroll and professional fees. Finance costs increased only marginally in FY2006 at RM0.44Million compared against FY2005 at RM0.35 million.

Compared with FY2005 whereby the group achieved profit before tax at RM23.9 million, the group experienced loss before tax at RM50.9 million in FY2006, with a corresponding reduction in tax in FY2006 at RM2.1 million compared against FY2005 at RM6.4 million.

Current assets reduced in FY2006 at RM38.7 million compared against FY2005 at RM110.7 million. This arose mainly from the abnormal allowance made on the outstanding collectibles arising from the two major sales transactions of 2005 together with the lowered sales revenue in FY2006, the unrealized foreign exchange losses from one of the major debtors outstanding since 2005 and the reduced cash & bank balances on hand compared against FY2005. The cash & bank balances reduced in FY2006 at RM9.1 million compared against RM24.7 million, reduction arose from the dividend payout at RM8.7 million and balance sums used to fund the group's operations. Along with the reduced cash inflow from lowered sales in FY2006, this has resulted in a negative cashflow for FY2006 compared to FY2005.

Non current assets recorded marginal changes in FY2006 at RM55.7 million compared against FY2005 at RM57.5 million.

Current liabilities also reduced accordingly in FY2006 at RM25.5 million compared against FY2005 at RM35.1 million as a result of the reduced business activity from the lowered sales. Likewise, non-current liabilities also reduced marginally in FY2006 at RM3.09 million compared against FY2005 at RM3.6 million.

Shareholders' equity reduced accordingly in FY2006 at RM65.8 million compared against FY2005 at RM129.2 million. The significant reduction here is caused mainly from the loss position and the dividend of FY2005 paid out in FY2006.

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 24 January 2007.

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 in is subjected to uncertain demand and pricing volatility. Although the memory products market continues to be competitive and challenging, the Group expects the growth in demand for memory products to continue in view of the growth of demand in the consumer markets for electrical & electronic products. In order to enhance the Group's competitiveness and profitability, the Group will continue to upgrade the product line and expand into new business prospect to capitalize on the demand growth of new devices in the consumer markets for electrical & electronic products.

11. Dividend

(a) Current Financial period reported on

Any dividend recommended for the current financial period reported on?

No dividend recommended.

(b) Corresponding period of the immediately preceding financial year

A first and final dividend of 2.21 (SGD-cents) or 5.02 (RM cents converted at Dec 31 2005 rate) was declared.

(c) Date payable

N/A

(d) Book closure date

N/A

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	2006		2005	
	RM'000	%	RM'000	%
Asia Pacific	21,324	36.2	92,346	69.1
The Americas	31,384	53.2	40,450	30.2
Europe	6,247	10.6	924	0.7
Total	58,955	100.0	133,720	100.0

(Loss)/Profit before Income tax

Region	2006		2005	
	RM'000	%	RM'000	%
Asia Pacific	(50,302)	98.9	14,277	59.7
The Americas	(477)	0.9	9,486	39.7
Europe	(117)	0.2	137	0.6
Total	(50,896)	100.0	23,900	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 FY2006, the revenue contribution of the Asia Pacific segment was reduced at RM21.3 million (36% of total sales revenue) compared against RM92.3 million (69% of total sales revenue) in FY2005. The significant reduction here was attributed mainly to the one off large sales transaction from a single customer in Asia Pacific segment, which contributed to the high sales revenue of Asia Pacific segment in FY2005. However, revenue contribution of Europe segment continued to increase in FY2006 at RM6.2 million (11% of the total sales revenue) compared against RM0.9 million (1% of total sales revenue) in FY2005. On the other hand, revenue contribution of the Americas segment reduced at RM31.4 million (53% of total sales revenue) in FY2006 compared against RM40.5 million (30% of total sales revenue) in FY2005.

Similarly, the profit before tax of the Americas, Asia Pacific & Europe segment registered a reduction in profit earnings with losses experienced in the three segments. However, it was the Asia Pacific segment that registered the significant losses in FY 2006 due to the abnormal allowance made on the collectibles arising from two major sales of FY2005.

Overall, the intense competition in the semiconductor markets coupled with the high prices of key components, IC, have contributed to the significant reduction in group revenues and gross margins, leading to the loss experienced thereon in FY2006. Moving forward into FY2007, financial performance may be adversely impacted from working capital constraints if adequate funding does not come in time before the end of March 2007. However, Management is confident of full or partial collections from the major customer balances outstanding and the indemnity proceeds of Mr. Vincent Tan to address any working capital needs.

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	32,279	41,380	(22.0)
(b) Operating (loss)/profit after tax before deducting minority interests reported for the first half year	(179)	3,166	(105.7)
(c) Sales reported for second half year	26,676	92,340	(71.1)
(d) Operating (loss)/profit after tax before deducting minority interests reported for second half year.	(52,853)	14,285	(470.0)

16. A breakdown of the total annual dividend (in dollar 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	8,723	-
Preference dividends	-	-
Total	8,723	-

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 2006 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 2006 (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 FY2006	1,671

Note: -

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

18. Usage of IPO proceeds

The usage of IPO proceeds as at 31st December 2006 are as follows

	As per Prospectus S\$ million	As at 31 Dec 2006 S\$ million
IPO Proceeds Received	12.7	12.7
Utilisation:		
- IPO expenditures	(2.3)	(2.4)
- IC Packaging in Shanghai	(3.5)	(2.9)
- Working capital	(1.9)	(6.1)
- Product development	(2.0)	(0.4)
- Expansion of sales team	(3.0)	-
	<u>(0.0)</u>	<u>0.9</u>

**BY ORDER OF THE BOARD
VINCENT TAN HIAN CHONG
GROUP MANAGING DIRECTOR**