

**Financial Statement for Half Year Ended 30 June 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		+/- %
	30 June 2006 RM'000	30 June 2005 RM'000	
Revenue	32,279	41,380	(22.0)
Cost of Sales	(22,962)	(31,353)	(26.8)
Gross Profit	9,317	10,027	(7.1)
Gross Profit Margin	28.9%	24.2%	4.7
Other Operating Income	117	387	(69.8)
Administrative Expenses	(4,429)	(3,072)	44.2
Selling and Distribution expenses	(174)	(270)	(35.6)
Other operating expenses	(3,889)	(2,813)	38.3
Profit Before Interest and Tax	942	4,259	(77.9)
Finance Cost	(151)	(131)	15.3
Profit before tax	791	4,128	(80.8)
Tax expense	(970)	(962)	0.8
Net (Loss)/ Profit after tax	(179)	3,166	(105.7)
Attributable to:			
Equity holders of the Company	(188)	3,170	(105.9)
Minority interests	9	(4)	n/m
	(179)	3,166	

n/m – not meaningful

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

	Group	
	30 June 2006 RM'000	30 June 2005 RM'000
Other Income (Including Interest Income)	117	387
Depreciation of Property, Plant and Equipment	(2,161)	(1,208)
Net Foreign Exchange Loss	(1,012)	(19)
Loss on Sales of Property, Plant and Equipment	-	(93)

**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	
	30 June 2006	31 Dec 2005	30 June 2006	31 Dec 2005
<b>Current assets</b>				
Cash and bank balances	12,003	24,691	2,253	17,662
Trade receivables	67,772	70,681	-	-
Other receivables and prepayments	4,296	4,243	-	9,708
Amount due from subsidiary company	-	-	33,996	-
Inventories	15,729	11,060	-	-
Total current assets	99,800	110,675	36,249	27,370
<b>Non-current assets</b>				
Property, plant and equipment	55,703	57,473	-	-
Investment in subsidiaries	-	-	83,730	83,730
Deferred tax assets	6	6	-	-
Total non-current assets	55,709	57,479	83,730	83,730
<b>Total assets</b>	155,509	168,154	119,979	111,100
<b>Current liabilities</b>				
Trade payables	11,805	20,489	-	-
Other payables	7,501	8,525	515	135
Current portion of finance leases	136	136	-	-
Current portion of long-term bank loan	477	477	-	-
Income tax payable	4,085	5,532	-	-
Dividend payable	8,723	-	8,723	-
Total current liabilities	32,727	35,159	9,238	135
<b>Non-current liabilities</b>				
Finance leases	246	307	-	-
Long term bank loan	3,025	3,224	-	-
Deferred tax liabilities	79	75	-	-
Total Non-current liabilities	3,350	3,606	-	-
<b>Capital, reserves and minority interests:</b>				
Share Capital	110,752	107,096	110,752	107,096
Share Premium	-	3,656	-	3,656
Reserves and expansion funds	264	264	-	-
Translation reserve	(14)	1,038	-	-
Retained earnings	8,252	17,163	(11)	213
Equity attributable to equity				
Holders of the Company	119,254	129,217	110,741	110,965
Minority Interest	178	172	-	-
Total Equity	119,432	129,389	110,741	110,965
Total liabilities and equity	155,509	168,154	119,979	111,100

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

**Amount repayable in one year or less, or on demand**

<b>As at 30/06/2006 (RM'000)</b>		<b>As at 31/12/2005 (RM'000)</b>	
<b>Secured<sup>(1)</sup></b>	<b>Unsecured</b>	<b>Secured<sup>(1)</sup></b>	<b>Unsecured</b>
477	136	477	136

**Amount repayable after one year**

<b>As at 30/06/2006 (RM'000)</b>		<b>As at 31/12/2005 (RM'000)</b>	
<b>Secured<sup>(1)</sup></b>	<b>Unsecured</b>	<b>Secured<sup>(1)</sup></b>	<b>Unsecured</b>
3,025	246	3,224	307

**Note 1 Details of any collateral**

The 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.

**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	
	30 June 2006 RM'000	30 June 2005 RM'000
<b>Cash flows from operating activities:</b>		
Profit before income tax	791	4,129
Adjustments for:		
Depreciation expense	2,161	1,208
Interest expense	151	131
Interest income	(7)	(80)
Loss on disposal of plant and equipment	-	93
Excess on interest in fair value of net assets acquired over cost	-	(236)
Operating profit before working capital changes	3,096	5,245
Trade receivables	2,909	(10,044)
Other receivables and prepayments	(53)	(5,512)
Inventories	(4,669)	(12,107)
Trade payables	(8,684)	5,149
Other payables	(1,022)	566
Cash used in operations	(8,423)	(16,703)
Interest paid	(151)	(131)
Income tax paid	(2,417)	(1,988)
Net cash used in operations	(10,991)	(18,822)
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(1,339)	(3,278)
Proceeds on disposal of plant and equipment	-	319
Interest received	7	80
Net cash used in investing activities	(1,332)	(2,879)
<b>Cash flows from financing activities:</b>		
Repayments of bank loans	(200)	(221)
Repayments of obligations under finance leases	(61)	(888)
Net cash used in financing activities	(261)	(1,109)
<b>Net effect of foreign exchanges in consolidating subsidiaries</b>	(104)	-
Net increase in cash	(12,688)	(22,810)
Cash at beginning of period	24,691	23,829
<b>Cash at end of period</b>	12,003	1,019

**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.**

<b>RM'000</b>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Reserve and Expansion Fund</b>	<b>Exchange Reserve</b>	<b>Retained Earnings</b>	<b>Attributable to Equity Holders of the Company</b>	<b>Minority Interest</b>	<b>Total</b>
<b>The Group</b>								
Balance at 1 Jan 2005	43,001 #	-	-	-	-	43,001	-	43,001
Issue of shares:								
Pursuant to the								
<i>Restructuring Exercise</i>	40,729	-	-	-	-	40,729	-	40,729
Note conversion	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
Profit for the period	-	-	-	-	(188)	(188)	9	(179)
Currency realignment	-	-	-	(1,052)	-	(1,052)	(3)	(1,055)
Dividend	-	-	-	-	(8,723)	(8,723)	-	(8,723)
Transfer	3,656	(3,656)	-	-	-	-	-	-
Balance at 30 Jun 2006	110,752	-	264	(14)	8,252	119,254	178	119,432

RM'000	Share Capital	Share Premium	Retained Earnings	Total
<b>The Company</b>				
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
Note conversion	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 period	-	-	8,499	8,499
Dividend	-	-	(8,723)	(8,723)
Transfer	3,656	(3,656)	-	-
Balance at 30 June 2006	110,752	-	(11)	110,741

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

# *Pro-forma* share capital of the group of RM43.0 million

**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 30 June 2006	170,909,375	49,488

In accordance with the Companies (Amendment) Act 2005, with effect from 30<sup>th</sup> 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 30<sup>th</sup> 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 most 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.**

	<b>Group 30 June 2006</b>	<b>Group 30 June 2005</b>
(Loss)/Earnings per ordinary share for the period based on net profit attributable to shareholders divided by weighted average number of ordinary shares during the year	-0.1 sen	2.3 sen

There is no dilution of EPS 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 30 June 2006	As at 31 Dec 2005	As at 30 June 2006	As at 31 Dec 2005
Net asset value per ordinary share based on the issued share capital at the end of the period/year	69.8 sen	75.6 sen	79.2 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 RM9.1 million or 22.0%, from RM41.4 million in the Half Year ended 30 June 2005 ("1H2005") to RM32.3 million in the Half Year ended 30 June 2006 ("1H2006"). This was primarily due to the volatility of the global semiconductor sector which has adversely impacted/delayed the timing of our potential new orders planned, leading to a lower than expected sales of our AM Branded products and OEM products in the 1H2006. Revenue from our AM Branded products and OEM products decreased by RM5.0 million and RM4.1 million respectively, in 1H2006 as compared to 1H2005.

The decreased in sales of AM Branded products was also partly attributed to management's increased cautious and selective approach in securing customer's orders in order to enhance the credit policies of the Company, in light of the outstanding trade receivables from a major customer.

Market volatility has resulted in the decrease of sales on OEM products, lower orders were placed by our customers in 1H2006 as compared to the previous corresponding period. Costs of sales decreased correspondingly by RM8.4 million or 26.8%, from RM31.4 million in 1H2005 to RM23.0 million in 1H2006, consistent with the decrease in sales volume and revenue of AM branded products in 1H2006.

Whilst the absolute gross profit decreased by 7.1% over the corresponding period, from RM10.0 million in 1H2005 to RM9.3 million in 1H2006, the gross profit margin improved in 1H2006 at 28.8% compared against 24.2% in 1H2005 due to the procurement of integrated circuits ("IC") at an improved pricing.

Other Income decreased by RM0.3 million or 69.8%, from RM0.4 million in 1H2005 to RM0.1 million in 1H2006. This was primarily due to negative goodwill of RM236,000 being fully written off to the Operating Statement in 1H2005 due to adoption of the new FRS103 which became effective in 2005. However, the decrease was offset by the unrealized foreign exchange gain of approximately RM0.1 million in our holding company as a result of the strengthening of the RM, our reporting currency against Singapore dollar.

Selling and Distribution expenses decreased by RM0.1 million, from RM0.3 million in 1H2005 to RM0.2 million in 1H2006, which was consistent with the decrease in revenue over the corresponding period.

Other operating expenses increased by RM1.1 million or 38.3%, from RM2.8 million in 1H2005 to RM3.9 million in 1H2006. The increase was primarily due to a net increase in foreign exchange loss of RM1.1 million in 1H2006 as a result of the delay in amount due from a trade receivable account.

Administrative expenses increased by RM1.3 million or 44.2%, from RM3.1 million in 1H2005 to RM4.4 million in 1H2006. The increase was primarily due to an increase in administrative expenses and professional fees of RM0.6 million in our holding company, Advance Modules Group Limited ("AMG"). The expenses were associated with the requirements of being a listed entity. Finance Costs remained fairly stable, increasing marginally by RM20,000 in 1H2006 as compared to the previous corresponding financial period.

Profit before income tax decreased by RM3.3 million or 80.8%, from RM4.1 million in 1H2005 to RM0.8 million in 1H2006 while provision for taxation remained fairly stable at RM1.0 million in 1H2006. The larger percentage of taxation as compared to the profit before income tax was mainly because our Malaysian subsidiary contributed a larger proportion of our 1H2006 profit as compared to our PRC subsidiaries which generated Loss before income tax for 1H2006. (The tax rate for our Malaysian subsidiary is relatively higher compared to our operations in PRC).

***Balance Sheet***

Current assets decreased marginally by RM10.9 million or 9.8% to RM99.8 million as at 30 June 2006 primarily as a result of the decrease in trade receivables of RM2.9 million and cash and bank balances of RM12.7 million. The trade receivables stood at RM67.8 million which mainly comprise of an amount outstanding from a major customer

which amounted to RM52.8 million which the Group is currently chasing for collection. Cash and Bank balances decreased primarily due to the short term working capital requirements of the Group.

Non-current assets decreased marginally by RM1.8 million to RM55.7 million as at 30 June 2006 primarily due to the depreciation charges for 1H2006.

Current liabilities has decreased marginally by RM2.4 million or 6.9% as a result of the following:

- i) a decrease in Trade payables of RM8.7 million to RM11.8 million as at 30 June 2006, primarily due to payments made to suppliers upon expiry of the credit period granted by suppliers.
- ii) a net decrease in Income Tax payable of RM1.4 million to RM4.1 million as at 30 June 2006 as a result of tax paid during 1H2006; and
- iii) an increase in dividend payable of RM8.7 million as a result the dividend declared for the financial year ended 31 December 2005 (“FY2005”)

Shareholders’ equity decreased by RM9.9 million or 7.7% to RM119.4 million as at 30 June 2006 primarily due to the declaration of dividends for FY2005 of RM8.7 million.

**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 Half Year Financial Statement Announcement are in line with the profit guidance statement which was announced on 9 August 2006.

**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 Group’s performance is subjected to the volatile market conditions affecting assembled memory products, availability and cost of ICs & flash memory raw materials. Notwithstanding the volatility in the demand, supply and price of ICs & flash memory raw materials, the Group remains convinced of the viability of its business and will continue to increase its effort to grow the business by continuously seeking new opportunities within and outside the industry.

**11. Dividend**

- (a) Current Financial period reported on**  
**Any dividend recommended for the current financial period reported on?**

No

- (b) Corresponding period of the immediately preceding financial year**  
**Any dividend recommended for the current financial period reported on?**

No

- (c) Date payable**

Not Applicable

- (e) Book closure date**

Not Applicable

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

The Group did not declare any dividend for the half year ended 30<sup>th</sup> June 2006

**ADDITIONAL INFORMATION**

**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 30 June 2006 in the format set out in Rule 907 is as follows:-

<b>Name of Interested Person</b>	<b>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)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>
<b>Pen-Interconnect Sdn Bhd</b>	Nil	Nil

In addition to the above, the aggregate value of total sales with Pen-Interconnect for the 6 months period ending 30 June 2006 (including transactions less than S\$100,000) is set out below:-

<b>Period</b>	<b>Total Value (RM'000)<sup>1</sup></b>
<b>Aggregate value of total sales with Pen-Interconnect for the 6 months period ending 30 June 2006</b>	<b>1,092</b>

Note: -

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

The initial public offering of the Company's shares was sponsored by Westcomb Capital Pte. Ltd.

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