

ACHIEVA

GROUP OF COMPANIES

ACHIEVA LIMITED

240 Macpherson Road,
#02-02 Pines Industrial Building,
Singapore 348674.
Tel: (65) 6841 4898 Fax: (65) 6841 4896
Website: <http://www.achieva.com.sg>
Reg. No. 1993-07251-M

News Release

ACHIEVA POSTS 23% INCREASE IN NET PROFIT OF S\$1.66 MILLION ON A TURNOVER OF S\$289 MILLION FOR FIRST HALF OF FY 2006

- **Group's Electronic Components division grew 32% in turnover to S\$135 million**
- **The Peripherals division continued to show improved profitability, recording a net profit of S\$2 million**

Singapore, August 7, 2006 - Mainboard-listed Achieva Limited ("Achieva"), one of Asia Pacific's knowledge-based, value-added distributors and solutions providers focusing on electronics and digital lifestyle products, today reported a 23% increase in net profit of S\$1.66 million on a group turnover of S\$289 million for the first half of FY 2006. The Group's earning per share (EPS) increased by 22% to 0.33 cents compared with 0.27cents in 1HFY2005.

While both the Group's core business divisions were profitable during the first half of the year, the improved net profit was mainly due to higher profit contributions from the Group's peripherals division.

Group turnover was 5% lower than the corresponding period last year due to a 24% decline in sales in the peripherals division, particularly in the Australian and China markets. This was in line with the Group's strategy to focus on profitability by providing higher value and better margin products.

The Group's associated companies continued to incur losses, albeit lower, as potential government contracts tender on the point of sale, global positioning system and smart card business have yet to be announced.

The Group also incurred higher operating expenses from \$13.6 million to \$15.8 million, reflecting the Group's continued expansion of its electronic components business in North Asia as well as growing its in-house ASTONE team under the peripherals division.

Segmental Performance

Sales from the Group's electronic components division contributed 47% or S\$135 million to Group turnover, up from 34% in the first half of FY2005 whilst the peripherals division contributed 53% or S\$153 million compared to 66% in the first half of FY2005.

The change in the business mix reflects the Group strategy of growing its semiconductors business, particularly in North Asia and its focus on driving profitability by providing higher value-added and better margin products in the peripherals division.

The electronic components division recorded an overall increase of 32% in turnover, reflecting robust expansion of its North Asia business. The North Asia Group recorded an increase of 71% in turnover to S\$81 million. The Group achieved revenue of S\$54 million in South Asia. This was marginally lower than the S\$55 million recorded in the first half of FY2005 due to the completion of a major one-off contract. While revenue improved, the Group's net profit eased 16% to S\$1.6 million due to challenging market conditions and price erosion.

The peripherals division, which recorded lower sales of 24%, recorded a higher profit of S\$2.0 million compared to S\$1.2 million in the previous corresponding period, mainly from improved margins in line with its strategy to focus on profitability and higher value added products.

Looking Forward

Commenting on the Group's first half year's results, President and CEO, Henry Lim said: "The Group's first half results demonstrated that our strategy of focusing on higher value added products and profitability has delivered positive results. Market conditions remain very competitive, but we have managed to gain market share and remained profitable for our electronic components division. While the global semiconductor industry has reported average growth rate of about 9% in the past months, our electronic components division had recorded a 32% increase in turnover. Our peripherals division had also continued to improve. This division registered a 67% rise in net profit despite the intense competition in the digital consumer electronics market. We will continue to drive growth in both our core businesses by adding new higher value-added products with better margins in all our markets across Asia Pacific.

Going forward, the Group will continue to pursue the expansion of its electronic components division in both North and South Asia. It will continue to strengthen its presence to capitalize on the continued global shift of manufacturing activities to Asia.

The Group will also grow its peripherals division by focusing on emerging markets in the region.

At the same time, the Group will continue to improve its efficiency through operation excellence and quality of business.

About Achieva:

Listed on the Mainboard of the Singapore Exchange since June 2000, Achieva is one of Asia-Pacific's top value-added distributors and solutions providers focusing on electronics and digital lifestyle products. With corporate headquarters in Singapore and its operations spanning the Asia-Pacific region, the Achieva Group represents in excess of 30 product brands. Currently, the Group has staff strength of about 500, serving a growing customer base of about 6,000 in the Asia-Pacific region. The Group's business operations are grouped under two product sectors or groups – Peripherals and Electronic Components.

Issued on behalf of Achieva Limited**For more information, please contact:**

Ms Tham Moon Yee / Ms See Tho Pik Yee

Stratagem Consultants Pte Ltd

Tel : 65 6227 0502

Fax : 65 6227 5663

Email: tmy@stratagemconsultants.com/pikyee@stratagemconsultants.com