

ACHIEVA LIMITED

Half Year Financial Statements Announcement for the Period ended 30 June 2006

The Directors are pleased to make the following announcement of the unaudited results for the financial period ended 30 June 2006.

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

Group Income Statement for the half-year ended 30 June 2006

	Group		
	H1 2006 S\$'000	H1 2005 S\$'000	+ / (-) %
Revenue	288,556	304,886	(5)
Cost of sales	(269,436)	(288,191)	(7)
Gross Profit	19,120	16,695	15
Other revenue	1,090	583	87
Personnel expenses	10,311	8,903	16
Facilities expenses	978	883	11
Selling expenses	2,671	2,331	15
Administrative expenses	1,861	1,493	25
Total operating expenses	(15,821)	(13,610)	16
Profit before provisions	4,389	3,668	20
Impairment loss for trade debts, net	(289)	(107)	NM
Provision for stock obsolescence, net	(218)	(372)	(41)
Profit from operating activities	3,882	3,189	22
Financial expenses, net	(1,314)	(1,064)	24
Net loss on changes in interest of subsidiary and associated companies	-	(19)	NM
Share of operating losses of associated companies	(292)	(326)	(10)
Profit before taxation	2,276	1,780	28
Taxation	(666)	(588)	13
Profit for the financial period	1,610	1,192	35
Attributable to:			
- Equity holders of the Company	1,659	1,348	23
- Minority interests	(49)	(156)	(69)
	1,610	1,192	35

NM: not meaningful

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

Notes

Profit after taxation is stated after (charging)/crediting:

	H1 2006 S\$'000	H1 2005 S\$'000	+ / (-) %
Interest income	424	204	NM
Bank Charges	(382)	(413)	(8)
Interest on borrowings	(1,563)	(879)	78
Foreign exchange gain, net	631	228	NM
Financial expenses, net	(1,314)	(1,064)	24
Depreciation	(441)	(419)	5
Gain on sale of properties, plant & equipment	10	6	67

(ii) Adjustments for under or over provision of tax of previous years:

Under-provision of current tax in respect of prior years	99	3	NM
--	----	---	----

1.1 The increase in other revenue was mainly due to higher marketing fee from principals and higher interest rates enjoyed on fixed deposits.

1.2 Higher interest expenses was mainly due to higher interest rates and higher borrowings.

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	
	30-Jun-06	31-Dec-05	30-Jun-06	31-Dec-05
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	2,047	1,754	589	535
Investment in subsidiary companies	-	-	27,124	27,124
Investment in associated companies	4,141	4,576	-	-
Other investment	168	168	-	-
Loans to subsidiary companies	-	-	27,423	9,726
Goodwill	2,128	2,128	-	-
Deferred tax assets	1,211	1,297	-	-
	9,695	9,923	55,136	37,385
Current assets				
Stocks	65,020	58,909	-	-
Trade debtors	77,056	77,745	-	-
Other debtors	5,016	5,816	380	500
Amounts due from subsidiary companies	-	-	11,364	29,567
Amounts due from related parties	15	92	3	33
Fixed deposits	15,223	11,851	692	1,303
Cash and bank balances	14,867	17,574	371	798
	177,197	171,987	12,810	32,201
Current liabilities				
Amounts due to bankers, unsecured	52,328	38,904	2,395	2,498
Trade creditors	47,982	57,043	-	-
Other creditors and accruals	11,450	9,028	525	532
Amounts due to subsidiary companies	-	-	7,389	7,468
Amounts due to related parties	303	471	-	1
Convertible bond	5,988	5,966	5,988	5,966
Obligations under finance lease contracts	63	44	-	10
Provision for taxation	1,972	2,556	592	1,042
	120,086	114,012	16,889	17,517
Net current assets	57,111	57,975	(4,079)	14,684
Non-current liabilities				
Obligations under finance lease contracts	59	89	-	-
Deferred tax liabilities	627	578	39	39
	(686)	(667)	(39)	(39)
	66,120	67,231	51,018	52,030
Equity				
Share capital	52,242	52,242	52,242	52,242
Reserves	11,169	12,151	(1,224)	(212)
Equity attributable to equity holders of the Company	63,411	64,393	51,018	52,030
Minority interests	2,709	2,838	-	-
	66,120	67,231	51,018	52,030

	Group	
	30-Jun-06	31-Dec-05
Inventory turns	8.3	9.7
No. of days	44.0	37.6
Debtors turns	7.5	7.9
No. of days	48.7	46.2

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

	30-Jun-06		31-Dec-05	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Amount repayable in one year or less, or on demand	63	58,316	44	44,870
(b) Amount repayable after one year	59	-	89	-
Total	122	58,316	133	44,870

The unsecured short-term borrowings of S\$58.3 million as at 30 June 2006 relate mainly to short-term trust receipts for inventory purchases.

The secured debts of the Group relate mainly to hire purchase agreements of motor vehicles.

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	
	H1 2006 S\$'000	H1 2005 S\$'000
Cash flows from operating activities:		
Profit before taxation	2,276	1,780
Adjustments for :		
Share of losses of associated companies	292	326
Depreciation	441	419
Amortisation of discount on convertible bond	(22)	(22)
Net loss on changes in interest of subsidiary and associated companies	-	19
Property, plant and equipment written off	3	1
Gain on disposal of property, plant and equipment	(10)	(6)
Share-based payment expense	6	87
Interest expense	1,563	879
Interest income	(424)	(204)
Currency realignment	(2,457)	63
Operating profit before working capital changes	1,668	3,342
Increase in stocks	(6,112)	(12,445)
Decrease/(increase) in debtors	1,336	(8,120)
Increase in creditors and trust receipts	6,903	27,694
Cash flows generated from operations	3,795	10,471
Interest paid	(1,563)	(879)
Interest received	424	204
Income taxes paid	(1,016)	(165)
Net cash flows from operating activities	1,640	9,631
Cash flows from investing activities:		
Purchase of property, plant and equipment	(768)	(426)
Proceeds from sale of property, plant and equipment	17	-
Net cash flows used in investing activities	(751)	(426)
Cash flows from financing activities:		
Repayment of finance lease	(11)	(51)
Advances (to)/from related parties	(213)	463
Proceeds from minority interest for issuance of shares of subsidiary companies	-	722
Proceeds from issuance of shares of the Company pursuant to the options schemes	-	86
Net cash flows (used in)/from financing activities	(224)	1,220
Net increase in cash and cash equivalents	665	10,425
Cash and cash equivalents at beginning of financial period	29,425	24,686
Cash and cash equivalents at end of financial period	30,090	35,111

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital S\$'000	Share Premium S\$'000	Capital Reserve S\$'000	Share- based Compen- sation Reserve S\$'000	Accumu- lated Profits/ (Losses) S\$'000	Foreign Currency Translation Reserve S\$'000	Equity attribu- table to Equity- holders S\$'000	Minority Interests S\$'000	Total Equity S\$'000
The Group									
Balance at 1 January 2005	24,957	27,199	979	221	10,466	(1,910)	61,912	3,204	65,116
Foreign currency translation	-	-	-	-	-	980	980	130	1,110
Share-based payment expense	-	-	-	87	-	-	87	-	87
Net income and expenses directly recognised in equity	-	-	-	87	-	980	1,067	130	1,197
Profit for the financial period	-	-	-	-	1,348	-	1,348	(156)	1,192
Total recognised income and expenses for the financial period	-	-	-	87	1,348	980	2,415	(26)	2,389
Issue of shares	56	30	-	-	-	-	86	-	86
Balance at 30 June 2005	25,013	27,229	979	308	11,814	(930)	64,413	3,178	67,591
Balance at 1 January 2006	25,013	27,229	979	335	12,769	(1,932)	64,393	2,838	67,231
Foreign currency translation	-	-	-	-	-	(2,647)	(2,647)	(80)	(2,727)
Share-based payment expense	-	-	-	6	-	-	6	-	6
Net income and expenses directly recognised in equity	-	-	-	6	-	(2,647)	(2,641)	(80)	(2,721)
Profit for the financial period	-	-	-	-	1,659	-	1,659	(49)	1,610
Total recognised income and expenses for the financial period	-	-	-	6	1,659	(2,647)	(982)	(129)	(1,111)
Transfer to share capital	27,229	(27,229)	-	-	-	-	-	-	-
Balance at 30 June 2006	52,242	-	979	341	14,428	(4,579)	63,411	2,709	66,120
The Company									
Balance at 1 January 2005	24,957	27,199	477	221	(5,778)	-	47,076	-	47,076
Share-based payment expense	-	-	-	87	-	-	87	-	87
Net income and expenses directly recognised in equity	-	-	-	87	-	-	87	-	87
Loss for the financial period	-	-	-	-	(607)	-	(607)	-	(607)
Total recognised income and expenses for the financial period	-	-	-	87	(607)	-	(520)	-	(520)
Issue of shares	56	30	-	-	-	-	86	-	86
Balance at 30 June 2005	25,013	27,229	477	308	(6,385)	-	46,642	-	46,642
Balance at 1 January 2006	25,013	27,229	477	335	(1,024)	-	52,030	-	52,030
Share-based payment expense	-	-	-	6	-	-	6	-	6
Net income and expenses directly recognised in equity	-	-	-	6	-	-	6	-	6
Loss for the financial period	-	-	-	-	(1,018)	-	(1,018)	-	(1,018)
Total recognised income and expenses for the financial period	-	-	-	6	(1,018)	-	(1,012)	-	(1,012)
Transfer to share capital	27,229	(27,229)	-	-	-	-	-	-	-
Balance at 30 June 2006	52,242	-	477	341	(2,042)	-	51,018	-	51,018

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.

Issue of shares during the financial period:

	Number of shares	Paid-up Capital S\$
<u>Ordinary Shares</u>		
Balance at 1 January 2006	500,261,696	25,013,085
Transfer from Share Premium	-	27,229,176
Balance at 30 June 2006	500,261,696	52,242,260

On 30 January 2006, in accordance with the Companies (Amendment) Act 2005, the concepts of “par value” and “authorized capital” was abolished and on that date, the shares of the Company ceased to have a par value. In addition, the amount standing in the share premium had become part of the Company’s share capital.

Outstanding un-issued shares under options and convertible bond:

As at 30 June 2006, there were 56,971,284 (31 Dec 2005: 57,331,284) un-issued shares under options and convertible bond as follows:

	Number of Shares	
	30-Jun-06	31-Dec-05
Share options under Achieva Share Option Scheme	23,637,951	23,997,951
Shares issued upon conversion of convertible bond	33,333,333	33,333,333
	56,971,284	57,331,284

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

The financial statements have not been audited or reviewed by the Company’s auditors.

3. Where the figures have been audited, 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 recent audited annual statements have been applied.

The Group had applied the same accounting policies and methods of computation for the current reporting period compared with those of the audited financial statements as at 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.

Refer to paragraph 4 above.

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: (i) Based on the weighted average number of ordinary shares on issue; and (ii) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	30-Jun-06	30-Jun-05
Earnings per Ordinary Share for the period based on net profit attributable to equity holders:		
(i) Basic	0.33 cents	0.27 cents
(ii) On a fully diluted basis	0.33 cents	0.27 cents

Earnings used for the calculation of Earnings per Ordinary Share:

	Group	
	30-Jun-06	30-Jun-05
	\$'000	\$'000
Profit for the financial period attributable to equity holders	1,659	1,348
Interest expense on convertible bond (net of tax)	119	82
Profit used to determine diluted earning per share	1,778	1,430

Number of shares used for the calculation of Earnings per Ordinary Share:

	Number of shares	
	30-Jun-06	30-Jun-05
Weighted average number of ordinary shares in issue applicable to basic earnings per share	500,261,696	500,025,398
Effect of dilutive securities:		
Convertible bond	33,333,333	33,333,333
Share options	470,777	3,963,867
Shares applicable to diluted earnings per share	534,065,806	537,322,598

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 period reported on and (b) immediately preceding financial year.

	Group		Company	
	30-Jun-06	31-Dec-05	30-Jun-06	31-Dec-05
Net Asset Value per Ordinary Share based on issued share capital at the end of the financial period	12.68 cents	12.87 cents	10.20 cents	10.40 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) 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; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Turnover

For the six months ended 30 June 2006, the Group recorded a turnover of S\$289 million, a decrease of S\$16 million or 5%. The electronic components division contributed 47% or S\$135 million (2005: 34%) whilst the peripherals division contributed 53% or S\$153 million (2005: 66%). The change in mix reflects the Group strategy of growing its semiconductors business, particularly in North Asia.

Lower turnover was mainly due to a decrease of S\$49 million or 24% in the peripherals division. This division recorded lower sales in the Australia and China markets in line with its strategy to focus on profitability by providing higher value-added and better margin products.

The electronic components division recorded an increase of S\$33m or 32% to S\$135 million reflecting continued expansion of its North Asia business. The North Asia Group recorded an increase of 71% in turnover to S\$81 million (2005: S\$47 million). Revenue of S\$54 million (2005: S\$55 million) of South Asia was marginally lower due to the completion of a major one-off contract.

Expenses

The increase in operating expenses reflects the Group's continued expansion of its Components business in North Asia as well as its in-house ASTONE team under the peripherals division.

Total provisioning of S\$0.5 million remains relatively unchanged.

Financial expenses for 2006 was S\$1.3 million as compared to S\$1.1 million in 2005. The higher financial expenses was mainly attributable to higher interest rates on borrowings offset partially by exchange gain.

Profitability

The Group continues to operate in challenging market conditions in 2006. Nonetheless, the Group pre-tax profit of S\$2.3 million for 1H2006 was 28% higher than previous corresponding period. This was mainly due to higher profit from the peripheral division moderated by lower profit from components division and higher borrowing costs.

The peripherals division recorded a higher profit of S\$2.0 million (2005: S\$1.2 million) mainly from improved margins in line with its strategy to focus on profitability.

Profit from the electronic components division for 1H2006 of S\$1.6 million was lower than that of the previous period due to challenging market conditions and price erosion.

The 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.

Net profit attributable to shareholder of S\$1.66 million was an increase of 23% over the previous year.

Balance Sheet

On the balance sheet, the Group recorded higher inventory levels arising from challenging market conditions. Bank borrowings increased correspondingly in line with slower turn of inventory and debtors.

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

Not applicable.

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 electronic components division will continue to strengthen its foothold in South Asia whilst growing its North Asia business. Revenue from the expansion of its Altera and Semtech distributorships is encouraging and will fuel our medium term growth. However, both the electronic components and the peripheral division continue to operate in a competitive market and the margin outlook remains uncertain.

Rising interest rates, foreign exchange volatility and margin pressure will continue to affect the business environment in which the Group operates.

11. Dividend.

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended.

13. Segmental revenue and results.

Turnover and segment results by product group

	Group			
	Turnover		Segment results	
	H1 2006 S\$'000	H1 2005 S\$'000	H1 2006 S\$'000	H1 2005 S\$'000
Peripherals	153,328	202,293	2,049	1,226
Electronic components	135,228	102,593	1,571	1,873
Others	-	-	(162)	(114)
	<u>288,556</u>	<u>304,886</u>	<u>3,458</u>	<u>2,985</u>
Interest income			424	204
Profit from operating activities			<u>3,882</u>	<u>3,189</u>
Financial expenses, net			(1,314)	(1,064)
Net loss on changes in interest of subsidiary and associated companies			-	(19)
Share of operating losses of associated companies			<u>(292)</u>	<u>(326)</u>
Profit before taxation			<u>2,276</u>	<u>1,780</u>
Taxation			<u>(666)</u>	<u>(588)</u>
Profit for the financial period			<u>1,610</u>	<u>1,192</u>

14. Interested Person Transactions.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$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 S\$100,000)	
	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05
	S\$'000	S\$'000	S\$'000	S\$'000
Henry Lim Yong Choon	-	-	1,220	617

BY ORDER OF THE BOARD

Adrian Chan Pengee
Leong Shiao Yee
Joint Company Secretaries
7 August 2006