

Full Year Financial Statement Announcement

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

	Current 2nd half 2006 S\$'000	Previous 1st half 2006 S\$'000	Change %	Current Year 31/12/2006 S\$'000	Previous Year 31/12/2005 S\$'000	Change %
Revenue	308,304	288,556	7%	596,860	611,377	-2%
Cost of sales	(286,889)	(269,436)	6%	(556,325)	(574,199)	-3%
Gross profit	21,415	19,120	12%	40,535	37,178	9%
Other operating income	878	1,090	-19%	1,968	1,510	30%
Gross profit margin	7%	7%		7%	6%	
Personnel expenses	(9,975)	(10,311)	-3%	(20,286)	(18,756)	8%
Facilities expenses	(1,018)	(978)	4%	(1,996)	(1,865)	7%
Selling expenses	(3,196)	(2,671)	20%	(5,867)	(5,724)	2%
Administrative expenses	(1,935)	(1,861)	4%	(3,796)	(3,599)	5%
Profit before provisions	6,169	4,389	41%	10,558	8,744	21%
Impairment loss for freehold properties	-	-	NM	-	(160)	NM
Impairment loss for other investment	(111)	-	NM	(111)	-	NM
Impairment loss for trade receivables, net	(1,541)	(289)	NM	(1,830)	(845)	NM
Provision for inventories obsolescence, net	(752)	(218)	NM	(970)	(765)	27%
Profit from operating activities	3,765	3,882	-3%	7,647	6,974	10%
Financial expenses, net	(618)	(1,314)	-53%	(1,932)	(2,698)	-28%
Gain on change in interest of subsidiary companies, net	-	-	NM	-	9	NM
Loss on disposal of a subsidiary company	-	-	NM	-	(28)	NM
Share of operating losses of associated company	(345)	(292)	18%	(637)	(1,295)	-51%
Profit before taxation	2,802	2,276	23%	5,078	2,962	71%
Taxation	(402)	(666)	-40%	(1,068)	(1,116)	-4%
Profit for the period/year	2,400	1,610	49%	4,010	1,846	117%
Net profit margin	1%	1%		1%	0%	
Attributable profit to:						
Equity holders of the Company	2,259	1,659	36%	3,918	2,303	70%
Minority interest	141	(49)	NM	92	(457)	NM
	2,400	1,610	49%	4,010	1,846	NM

NM : Not Meaningful

Note to Income Statement

	Current 2nd half 2006 S\$'000	Previous 1st half 2006 S\$'000	Change %	Current Year 31/12/2006 S\$'000	Previous Year 31/12/2005 S\$'000	Change %
Interest income	610	424	44%	1,034	643	61%
Operating expenses						
<i>Included in operating expenses are:</i>						
Depreciation and amortisation	(474)	(441)	7%	(915)	(946)	-3%
Employee share-based expenses	(4)	(3)	NM	(7)	(114)	-94%
Financial expenses, net	(618)	(1,314)	-53%	(1,932)	(2,698)	-28%
Bank charges	(400)	(382)	5%	(782)	(797)	-2%
Interest on borrowings	(1,575)	(1,563)	1%	(3,138)	(2,159)	45%
Foreign exchange gain	1,357	631	115%	1,988	258	671%
Gain/(Loss) on disposal of property, plant and equipment	(8)	10	NM	2	(4)	NM

Tax Expenses

Under provision of current tax in respect of prior years	0	(99)	NM	(99)	(44)	NM
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1(b)(i) A balance sheet (for the issuer and group), together with a comparative statements at the end of the immediately preceding financial year

	Group		Company	
	Unaudited 31/12/2006 S\$'000	Audited 31/12/2005 S\$'000	Unaudited 31/12/2006 S\$'000	Audited 31/12/2005 S\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	1,910	1,754	561	535
Investment in subsidiaries	-	-	27,124	27,124
Investment in associate	3,717	4,576	-	-
Other investment	57	168	-	-
Loans to subsidiaries	-	-	26,465	9,726
Goodwill	2,128	2,128	-	-
Deferred tax assets	1,618	1,297	-	-
	9,430	9,923	54,150	37,385
CURRENT ASSETS				
Inventories	62,517	58,909	-	-
Trade and other receivables	76,053	83,653	8,879	30,100
Cash and cash equivalents	28,752	29,425	837	2,101
	167,322	171,987	9,716	32,201
CURRENT LIABILITIES				
Trade and other payables	53,423	66,542	5,240	8,001
Interest-bearing liabilities	53,517	44,914	8,307	8,474
Provision for taxation	2,859	2,556	150	1,042
	109,799	114,012	13,697	17,517
NET CURRENT ASSETS/(LIABILITIES)	57,523	57,975	(3,981)	14,684
NON-CURRENT LIABILITIES				
Interest-bearing liabilities	(62)	(89)	-	-
Deferred tax liabilities	(136)	(578)	(39)	(39)
	(198)	(667)	(39)	(39)
NET ASSETS	66,755	67,231	50,130	52,030
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
Share capital	52,242	25,013	52,242	25,013
Reserves	11,741	39,380	(2,112)	27,017
	63,983	64,393	50,130	52,030
Minority interests	2,772	2,838	-	-
TOTAL EQUITY	66,755	67,231	50,130	52,030

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

	As at 31/12/2006		As at 31/12/2005	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) Amount repayable in one year or less, or on demand	38	53,479	44	44,870
(b) Amount repayable after one year	62	-	89	-
	100	53,479	133	44,870

Details of any collateral

The unsecured short-term borrowings of S\$47.5 million and S\$6 million as at 31/12/2006 relate mainly to short-term trust receipts for inventory purchases and convertible bond respectively.

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

	Current Year 31/12/2006 S\$'000	Previous Year 31/12/2005 S\$'000
Cash flows from operating activities:		
Profit before taxation	5,078	2,962
Adjustments for:		
Amortisation of discount on convertible bond	-	44
Depreciation	915	946
Gain on change of interest in subsidiary company, net	-	(9)
(Gain)/Loss on disposal of property, plant and equipment	(2)	4
Impairment loss for freehold property	-	160
Impairment loss for other investment	111	-
Interest expenses	3,138	2,115
Interest income	(1,034)	(643)
Loss on disposal of a subsidiary company	-	28
Share of losses of associated company	637	1,295
Share-based payment expense	7	114
Currency realignment	(4,397)	(167)
Operating profit before working capital changes	4,453	6,849
Increase in inventories	(3,608)	(6,422)
Decrease/(Increase) in receivables	7,157	(11,198)
(Decrease)/Increase in payables and trust receipts	(10,692)	15,846
Cash flows (used in)/generated from operations	(2,690)	5,075
Interest paid	(3,138)	(2,115)
Interest received	1,034	643
Income taxes paid	(915)	(125)
Net cash flows (used in)/generated from operating activities	(5,709)	3,478
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	61	48
Purchase of property, plant and equipment	(1,141)	(968)
Proceeds from bank borrowing, net	6,181	-
Net cash flows generated from/(used in) investing activities	5,101	(920)
Cash flows from financing activities		
Advance from related parties	-	377
Proceeds from disposal of a subsidiary company	-	1,099
Proceeds from issuance of shares of the Company pursuant to the employee share options schemes	-	86
Proceeds from minority interest for issuance of shares of subsidiary company	-	722
Repayment of finance lease	(65)	(103)
Net cash flows (used in)/generated from financing activities	(65)	2,181
Net (decrease)/increase in cash and cash equivalents	(673)	4,739
Cash and cash equivalents at beginning of year	29,425	24,686
Cash and cash equivalents at end of year	28,752	29,425

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 S\$'000	Foreign Currency Tran- slation 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 2006	25,013	27,229	979	335	12,769	(1,932)	64,393	2,838	67,231
Foreign currency translation	-	-	-	-	-	(4,335)	(4,335)	(158)	(4,493)
Share-based payment expense	-	-	-	7	-	-	7	-	7
Transfer to share capital *	27,229	(27,229)	-	-	-	-	-	-	-
Transfer to accumulated profits *	-	-	(390)	-	390	-	-	-	-
Net income and expenses directly recognised in equity	27,229	(27,229)	(390)	7	390	(4,335)	(4,328)	(158)	(4,486)
Profit for the financial year	-	-	-	-	3,918	-	3,918	92	4,010
Total recognised income and expenses for the financial year	27,229	(27,229)	(390)	7	4,308	(4,335)	(410)	(66)	(476)
Balance at 31 December 2006	52,242	-	589	342	17,077	(6,267)	63,983	2,772	66,755
Balance at 1 January 2005	24,957	27,199	979	221	10,466	(1,910)	61,912	3,204	65,116
Foreign currency translation	-	-	-	-	-	(22)	(22)	91	69
Share-based payment expense	-	-	-	114	-	-	114	-	114
Net income and expenses directly recognised in equity	-	-	-	114	-	(22)	92	91	183
Profit/(Loss) for the financial year	-	-	-	-	2,303	-	2,303	(457)	1,846
Total recognised income and expenses for the financial year	-	-	-	114	2,303	(22)	2,395	(366)	2,029
Issue of shares at a premium	56	30	-	-	-	-	86	-	86
Balance at 31 December 2005	25,013	27,229	979	335	12,769	(1,932)	64,393	2,838	67,231

	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	Total Equity S\$'000
The Company						
Balance at 1 January 2006	25,013	27,229	477	335	(1,024)	52,030
Share-based payment expense	-	-	-	7	-	7
Transfer to share capital *	27,229	(27,229)	-	-	-	-
Transfer to accumulated profits *	-	-	(390)	-	390	-
Net income and expenses directly recognised in equity	52,242	-	87	342	(634)	52,037
Loss for the financial year	-	-	-	-	(1,907)	(1,907)
Total recognised income and expenses	52,242	-	87	342	(2,541)	50,130
Balance at 31 December 2006	52,242	-	87	342	(2,541)	50,130
Balance at 1 January 2005	24,957	27,199	477	221	(5,778)	47,076
Share-based payment expense	-	-	-	114	-	114
Net income and expenses directly recognised in equity	-	-	-	114	-	114
Profit for the financial year	-	-	-	-	4,754	4,754
Total recognised income and expenses for the financial year	-	-	-	114	4,754	4,868
Issue of shares at a premium	56	30	-	-	-	86
Balance at 31 December 2005	25,013	27,229	477	335	(1,024)	52,030

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

No changes.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited.

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

Yes, the same accounting policies have been applied.

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

No changes.

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

	Group	
	Current Year 31/12/2006	Previous Year 31/12/2005
Earnings per Ordinary Share (S\$ cents)		
(i) Based on the weighted average number of ordinary shares on issues; and	0.78 cents	0.46 cents
(ii) On a fully diluted basis	0.78 cents	0.46 cents

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	
	Current Year	Previous Year	Current Year	Previous Year
Net Asset Value per ordinary share (S\$ cents)	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Based on issued share capital at the end of the financial year	12.79 cents	12.87 cents	10.02 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. 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**

Turnover

Turnover for the 12 months ended 31 December 2006 was S\$596.9 million, compared to S\$611.3 million for the same 12 months period of 2005. The peripherals division contributed S\$290.5 million (49% - 2005:62%) while the semiconductor components division contributed S\$306.3 million (51% - 2005:38%) of the total turnover. The deliberate focus in the change reflects the Group's strategy of growing its semiconductors business, particularly in North Asia.

The 2% decline in turnover for the cumulative 12 months period compared to FY2005 was due to the 23% decline in our peripheral divisions offset by a 32% increase in turnover from our semiconductor components division. The 23% decline in turnover from the peripheral division was due to the Group's continued emphasis on better margin sales. The 32% increase in turnover from our semiconductor components division was due to our continued effort to penetrate the North Asia market resulting in our existing suppliers tapping on our expanding network in North Asia.

Gross profit

The Group continues to operate in a challenging market condition in 2006. Gross profit for the 12 months was S\$40.5 million, compared to S\$37.2 million for the same 12 months period of 2005 – representing an improvement of 9%. Gross profit for the second 6 months period was S\$21.4 million, a 12% improvement over the first 6 months of the year.

The improvement in gross profit is in accordance with our explanation on turnover as our returns on investment in the semiconductor components division are higher than that derived from our peripheral division. However, the expected improvement from margin contribution of the additional revenue from semiconductor components' turnover was lower due to our marketing strategy as we were still in our initial phase of market penetration.

Expenses

Besides the normal inflationary effects on our operating expenses, the increase in operating expenses reflects the Group's continued expansion of its network and offices within the semiconductor components division in the Asia Pacific region.

Financial expenses increased by 45% due mainly to the hike in financial interest rates. Included in the operating expenses is the foreign exchange gain of S\$2 million. Strengthening of the operating currency in the group of companies operating in different countries against the US\$ led to this foreign exchange gain.

Profitability

The Group recorded a profit before tax of S\$5.1 million (2005: S\$3.0 million) for the financial year ended 31 December 2006. Net profit after tax improved by 117% to S\$4 million (2005: S\$1.8 million).

Peripheral division recorded a 7.7% improvement in net margin from S\$2.6 million in FY2005 to S\$2.8 million in FY2006 while the semiconductor components division recorded a 2.9% decline from S\$4.0 million to S\$3.9 million. The lower than expected net margin contribution for semiconductor division was due partly to our investment in setting up new offices and training of staff in North Asia. The overall 1% improvement in net margin was due mainly to the Group's change in turnover contribution mix and our emphasis on better margin sales in the peripheral division.

The associated companies incurred lower losses as compared to previous years resulting from securing lucrative sales contracts in the smart card businesses in China. This has resulted in our share of associate companies' losses decreasing from S\$1.3 million to S\$0.6 million. Despite the sustained challenging market conditions and uncertainties in both the components and peripherals market, our Group remains profitable for the financial year as the Group has made conscious efforts in the following areas:-

- 1) improving our working capital cycle through further improving efficiencies;
- 2) concentrating on better margin businesses; and
- 3) diversifying market portfolio and customer base;
- 4) streamlining our portfolio of product of line cards to get better gross margins

Balance sheet

The Group recorded a higher inventory level arising from the challenging market conditions. Bank borrowings increased correspondingly in line with the slower turn of inventory.

In June 2006, the Company converted its loans to subsidiary companies of US\$11.3 million to quasi capital. These long term loans are interest bearing.

The amendment of the Companies Act 2005 came into force with effect from 30 January 2006, with one of the important amendments being the removal of the concept of par value and authorized capital. Accordingly, the shares of the Company have no par value and the amount standing to the credit of the Company's share premium account becomes part of the Company's share capital.

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

No variance between prospect statement and actual results.

10. A commentary at the date of the announcement of the 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

Factors that may affect the Group in the next few months and the next 12 months include foreign exchange volatility, potential interest rates fluctuations and the challenging cyclical balance of supply versus demand within the IT industry. Other general factors that may affect the Group's performance are the potential outbreak of H5N1bird flu and the outbreak of war and/or terrorist attacks.

The Group will continue to pursue the expansion of its electronic components division in Asia. We will continue to strengthen our presence to capitalize on the continued global shift of manufacturing activities to Asia. The Group will also continue to explore new investment opportunities to attain better economy of scales and for strategic alliance purposes.

11. Dividend

(a) Current Financial Period Reported On

Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Not applicable

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been proposed or declared.

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**

	Group			
	<u>Revenue</u>		<u>Segment results</u>	
	Current	Previous	Current	Previous
	Year	Year	Year	Year
2006	2005	2006	2005	
S\$'000	S\$'000	S\$'000	S\$'000	
Peripherals	290,518	380,289	2,830	2,628
Electronic components	306,342	231,088	3,911	4,029
Others	-	-	(103)	283
Elimination	-	-	(25)	(610)
	596,860	611,377	6,613	6,330
Interest Income			1,034	644
Profit from operating activities			7,647	6,974
Financial expenses, net			(1,932)	(2,698)
Loss on disposal of a subsidiary company			-	(28)
Net gain on changes in interest of subsidiary companies			-	9
Share of operating losses of associated company			(637)	(1,295)
Profit before taxation			5,078	2,962
Taxation			(1,068)	(1,116)
Profit for the year			4,010	1,846
Profit/(loss) attributable to:				
Equityholders of the Company			3,918	2,303
Minority interests			92	(457)
			4,010	1,846
Note:				
<u>Peripherals - Segment Results</u>				
Profit before provisions			5,092	3,421
Provisions			(2,262)	(793)
			2,830	2,628

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

Not applicable

15. A breakdown of sales

	Current Year 2006 S\$'000	Previous Year 2005 S\$'000	Change %
Sales reported			
First half year	288,556	304,886	-5%
Second half year	308,304	306,491	1%
	<u>596,860</u>	<u>611,377</u>	-2%
Operating profit after tax before deducting minority interests			
First half year	1,610	1,329	21%
Second half year	2,400	517	364%
	<u>4,010</u>	<u>1,846</u>	117%

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

Not applicable

BY ORDER OF THE BOARD

**Adrian Chan Pengee
Leong Shiao Yee
Joint Company Secretaries**

1 March 2007

Press and analysts enquiries

Please contact the following for further information:-

Investor Relations
Achieva Limited
240 Macpherson Road,
#02-02 Pines Industrial Building,
Singapore 348574
E-mail: investor_relations@achieva.com.sg