

General Announcement

Reference No **AC-061030-62465**

Company Name : **AIC CORPORATION BERHAD**

Stock Name : **AIC**

Date Announced : **30/10/2006**

Type : **Announcement**

Subject : **AIC CORPORATION BERHAD ("AIC" OR "THE COMPANY")
SERVICES AGREEMENT ENTERED INTO BY AIC SEMICONDUCTOR SDN BHD WITH
OBERTHUR CARD SYSTEMS S.A.**

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1. INTRODUCTION

On behalf of the Board of Directors of AIC, we are pleased to announce that AIC Semiconductor Sdn. Bhd. ("AICS"), a subsidiary of AIC has on 25 October 2006 entered into a services agreement ("Services Agreement") with Oberthur Card Systems S.A. ("Oberthur").

2. BACKGROUND INFORMATION

Listed on the Euronext Stock Exchange (ISIN: FR0000124133) since July 2000, Oberthur is a subsidiary of the François-Charles Oberthur Group.

With sales of 500.8 million Euros in 2005, Oberthur is one of the world's leading providers of card-based solutions, software and applications including SIM (Subscriber Identity Module) and multi-application smart cards as well as services ranging from consulting to personalisation. Innovative products, security expertise and high quality services ensure Oberthur's strong positioning in its main target markets. Oberthur is also the world number one supplier of microprocessor payment cards and of Visa and MasterCard payment cards, leading provider of contactless payment cards.

AICS is incorporated in Malaysia on 15 August 1995. It is principally involved in the design, procurement, sales, assembly and test of integrated circuit chips and other ancillary activities. AIC has an effective equity interest of 75% in AICS.

3. SALIENT TERMS OF THE AGREEMENT

The Services Agreement entails AICS assembling and testing of semiconductor chip modules for Oberthur in accordance with the terms and conditions of the Services Agreement.

The Services Agreement shall be for a period of two (2) years from 25 October 2006 and shall automatically be extended on a year-to-year basis unless or until either party hereto gives the other, three (3) months written notice stating its intention not to renew the Services Agreement.

4. RATIONALE

The Services Agreement represent a major milestone for our semiconductor division and also marks the beginning of a long-term relationship with a renowned smart card system and solutions provider which will mutually benefit the parties as the purchase and supply commitment will provide stability to business, improve time-to-market and utilisation of

production capacity.

The Services Agreement is expected to enhance the overall business and earnings potential of AIC's semiconductor division. The Services Agreement is expected to generate revenues of approximately RM7 million for the first year, ie from 1 November 2006 to 31 October 2007.

5. EFFECTS

a) Share Capital and Substantial Shareholding

The Services Agreement will not have any effect on the share capital and substantial shareholding of the Company.

b) Net Assets ("NA")

The Services Agreement will not have any effect to the consolidated NA of AIC and its subsidiaries ("AIC Group") for the financial year ending 31 December 2006.

c) Earnings

The Services Agreement will not have any material effect to the earnings of the AIC Group for the financial year ending 31 December 2006. However, the Services Agreement is expected to contribute positively to the future earnings of the AIC Group.

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

None of the Directors and substantial shareholders of AIC has any interest, direct or indirect, in the Services Agreement.

7. APPROVALS

The Services Agreement is not subject to the approval of shareholders of AIC or any regulatory authorities.

8. DIRECTORS' STATEMENT

The Board of Directors of AIC is of the opinion that the Services Agreement is in the best interest of the AIC Group.

This announcement is dated 30 October 2006.