

# **AT SYSTEMATIZATION BERHAD**

(Company no. 644800-X)  
(and its subsidiaries)  
(Incorporated in Malaysia)

## **NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MAY 2008**

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### **1. BASIS OF PREPARATION OF INTERIM FINANCIAL REPORT**

The interim financial report is unaudited and has been prepared in compliance with FRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and the requirements as set out in Appendix 9B of the revamped Listing Requirements of Bursa Malaysia Securities Berhad for MESDAQ Market.

These notes to interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group for the financial period ended 31 May 2008.

The accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 29 February 2008.

### **2. AUDITORS' REPORT**

The auditors' report on the financial statements of the Company and its subsidiaries for the financial year ended 29 February 2008 were not subject to any qualification.

### **3. SEASONALITY OR CYCLICALITY OF INTERIM OPERATION**

The Group's operation is, to a certain extent, dependent on the cyclical nature of the electronics and semiconductors industries.

### **4. UNUSUAL ITEMS**

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

### **5. CHANGES IN ESTIMATES**

There were no changes in the nature and amount of estimates reported that have a material effect in the quarter under review.

### **6. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities in the Company during the quarter under review.

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### 7. DIVIDEND PAID

No dividend has been declared or paid during the quarter under review.

### 8. SEGMENT REPORTING

Segment information is presented in respect of the Group's geographical and business segments. The primary format, geographical segments, is based on the Group's management and internal reporting structure.

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets, interest-earning assets, interest-bearing liabilities, income tax assets and liabilities and their related income and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

#### Geographical Segments by Location of Assets

The following information is presented in respect of the three geographical locations of the Group's operation, namely Malaysia, other South East Asia countries and the People's Republic of China (China).

	Malaysia RM'000	Other SEA countries RM'000	China RM'000	Consolidated RM'000
<b>REVENUE</b>				
External revenue	6,469	686	134	7,289
<b>RESULTS</b>				
Segment results	692	(152)	(223)	317
Interest income				0
Interest expense				(302)
Tax expense				(10)
Profit after tax				5
<b>ASSETS</b>				
Segment assets	42,519	5,249	2,541	50,309
Income tax assets				43
Total assets				50,352
<b>LIABILITIES</b>				
Segment liabilities	4,996	1,080	406	6,482
Interest-bearing liabilities				18,569
Income tax liabilities				370
Total liabilities				25,421
Capital expenditure	84	14	-	98
Depreciation	695	55	8	758

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### 8. SEGMENT REPORTING (cont'd)

#### Geographical Segments by Location of Customers

The Group's external revenues by geographical locations of customers are as follow:-

	Period ended 31-May-08 RM'000
Malaysia	5,477
South East Asia other than Malaysia	1,491
China, Hong Kong and Taiwan	177
United States of America and United Kingdom	144
	<hr/>
	7,289
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#### Business Segments

The Group is principally engaged in the design and manufacture of equipment and machinery and fabrication of industrial and engineering parts. Business segment information has not been prepared as the Group's revenue, operating results, assets, liabilities, capital expenditure, depreciation and other non-cash expenses are mainly confined to one business segment.

### 9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Group did not revalue any of its property, plant and equipment during the quarter under review.

### 10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the end of the interim period that have not been reflected in this interim financial report.

### 11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter under review.

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### **12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

#### **(a) Contingent liabilities**

There was no contingent liability as at 23 July 2008 (being a date not earlier than 7 days before the date of this announcement).

#### **(b) Contingent assets**

There was no contingent asset as at 23 July 2008 (being a date not earlier than 7 days before the date of this announcement).

### **13. REVIEW OF PERFORMANCE**

The Group recorded revenue of RM7.3 million for the current quarter, representing an increase of 12% as compared to corresponding quarter of preceding year. The Group posted a profit before tax of RM15,000 as compared to a loss of RM2.7 million in the corresponding quarter of preceding year, mainly due to completion of higher margin projects in current quarter coupled with cost control measures resulting in reducing operating costs.

### **14. VARIATION OF RESULTS AGAINST IMMEDIATE PRECEDING QUARTER**

The Group's revenue for the quarter increased by RM2.4 million as compared to the immediate preceding quarter. The Group registered a profit before tax of RM15,000 as compared to a loss of RM4.6 million in the preceding quarter, mainly due to the increase in revenue and projects with higher margin completed in current quarter.

### **15. CURRENT YEAR PROSPECTS**

The Group is currently reviewing its business model to strive for operational excellence. The directors expect the current year's performance to be better than last year.

### **16. VARIANCE FROM PROFIT FORECAST AND PROFIT GUARANTEE**

The Group has not provided any profit forecast or profit guarantee in public document.

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### 17. TAX EXPENSE

	Individual quarter ended 31-May-08 RM'000	Cumulative quarter ended 31-May-08 RM'000
Tax based on results for current period	10	10

The Group's effective tax rate is higher than the statutory tax rate applicable to the Group due to certain expenses which are not deductible for tax purposes.

### 18. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no disposal of unquoted investment and/or properties for the quarter under review.

### 19. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

There was no purchase or disposal of quoted securities during the quarter under review.

### 20. STATUS OF CORPORATE PROPOSAL

There was no corporate proposal announced but not completed as at 23 July 2008 (being a date not earlier than 7 days before the date of this announcement).

### 21. GROUP BORROWINGS AND DEBT SECURITIES

	As at 31-May-08 RM'000
Short term borrowings:-	
<u>Secured</u>	
Bank overdraft	3,170
Hire purchase payables	925
Term loan	1,503
Banker acceptance	71
	<u>5,669</u>
Long term borrowings:-	
<u>Secured</u>	
Hire purchase payables	2,346
Term loan	10,554
	<u>12,900</u>

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### 21. GROUP BORROWINGS AND DEBT SECURITIES (CONT'D)

Borrowings denominated in foreign currency:

	Book Value as at 31-May-08 THB'000	As at 31-May-08 RM'000
Thai Baht / Ringgit equivalent	<u>7,669</u>	<u>767</u>

### 22. OFF BALANCE SHEET FINANCIAL INSTRUMENT

The Group does not have any financial instrument with off balance sheet risk as at 23 July 2008 (being a date not earlier than 7 days before the date of this announcement).

### 23. MATERIAL LITIGATION

As at 23 July 2008, the Group is not engaged in any material litigation either as a plaintiff or defendant and the directors do not have any knowledge of any proceeding pending or threatened against the Group which might materially and adversely affect the financial position or business of the Group.

### 24. EARNINGS PER SHARE

	Individual Quarter		Cumulative Period	
	Quarter Ended 31-5-2008	Quarter Ended 31-5-2007	3 Months Ended 31-5-2008	3 Months Ended 31-5-2007
Profit attributable to equity holders of the parent (RM'000)	21	(2,722)	21	(2,722)
Weighted average number of ordinary shares in issue ('000)	178,950	167,450	178,950	167,450
Earnings per share(sen)	0.01	(1.62)	0.01	(1.62)

The Company does not have any dilutive potential ordinary shares during the financial period/year.

### 25. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no inter-company transactions other than those occurred in the ordinary course of business. There were no transactions with the directors other than their remuneration package paid, in accordance with the terms and conditions of their appointment.