

# **AT SYSTEMATIZATION BERHAD**

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

## **NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 NOVEMBER 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 30 November 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
REVENUE				
External revenue	19,735	3,167	1,746	24,648
RESULTS				
Segment results	1,496	(207)	(585)	704
Interest income				0
Interest expense				(1,015)
Tax expense				(38)
Profit after tax				(349)
ASSETS				
Segment assets	42,522	5,815	2,573	50,910
Income tax assets				72
Total assets				50,982
LIABILITIES				
Segment liabilities	6,442	1,360	206	8,008
Interest-bearing liabilities				17,900
Income tax liabilities				393
Total liabilities				26,301
Capital expenditure	1,532	35	9	1,576
Depreciation	2,140	166	23	2,329

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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:-

	Cumulative period ended 30-Nov-08 RM'000
Malaysia	18,372
South East Asia other than Malaysia	4,285
China, Hong Kong and Taiwan	1,789
United States of America and United Kingdom	202
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	24,648

#### 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 15 January 2009 (being a date not earlier than 7 days before the date of this announcement).

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

There was no contingent asset as at 15 January 2009 (being a date not earlier than days before the date of this announcement).

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

For the current quarter under review, the Group's revenue was RM7.2 million as compared to RM7.3 million of the previous corresponding quarter. The Group posted a loss before tax of RM545,000 as compared to a profit of RM28,000 in the previous corresponding quarter, mainly due to lower revenue contributed from its automation solutions while its revenue from precision tooling increased.

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

For the current quarter under review, the Group recorded revenue of RM7.2 million as compared to RM10.2 million in the immediate preceding quarter, representing a decrease of 29.3%. The decrease in revenue was mainly due to slowdown in demand for the Group's industrial automation solutions. On the back of lower revenue from its industrial automation solutions, the Group posted a loss before tax of RM545,000 as compared to a profit before tax of RM218,000 in the preceding quarter.

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

Against the current economic uncertainties affecting global market place, many customers continue to scale down or defer capital expenditure. In view of the continuing slowdown in demand for the Group's industrial automation equipments, the directors expect to face a challenging fourth quarter.

Efforts have been made to facilitate the completion of new product development and thus commercialization of the new product in the mid of 2009.

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

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

### 17. TAX EXPENSE

	Individual quarter ended 30-Nov-08 RM'000	Cumulative quarters ended 30-Nov-08 RM'000
Tax based on results for current period	<u>13</u>	<u>38</u>

There is a tax charge despite the Group incurring a loss due to certain subsidiaries recorded profit before tax for the financial period ended 30 November 2008.

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

There was no disposal of unquoted investments 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 15 January 2009 (being a date not earlier than 7 days before the date of this announcement).

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### 21. GROUP BORROWINGS AND DEBT SECURITIES

		As at 30-Nov-08 RM'000
Short term borrowings:-		
<u>Secured</u>		
Bank overdraft		2,880
Hire purchase payables		1,090
Term loan		1,550
Banker acceptance		192
		<hr/>
		5,712
Long term borrowings:-		
<u>Secured</u>		
Hire purchase payables		2,355
Term loan		9,833
		<hr/>
		12,188
Borrowings denominated in foreign currency:		
	Book Value as at 30-Nov-08 THB'000	As at 30-Nov-08 RM'000
Thai Baht / Ringgit equivalent	<hr/>	<hr/>
	5,516	562

### 22. OFF BALANCE SHEET FINANCIAL INSTRUMENT

The Group does not have any financial instrument with off balance sheet risk as at 15 January 2009 (being a date not earlier than 7 days before the date of this announcement).

### 23. MATERIAL LITIGATION

As at 15 January 2009 (being a date not earlier than 7 days before the date of this announcement), 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.

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### 24. EARNINGS/(LOSS) PER SHARE

	Individual Quarter		Cumulative Period	
	Quarter Ended	Quarter Ended	9 Months Ended	9 Months Ended
	30-11-2008	30-11-2007	30-11-2008	30-11-2007
Profit/(loss) attributable to equity holders of the parent (RM'000)	(546)	2	(323)	(3,430)
Weighted average number of ordinary shares in issue ('000)	178,950	171,495	178,950	168,459
Earnings/(loss) per share(sen)	(0.30)	0	(0.18)	(2.04)

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

### 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.