

# **AT SYSTEMATIZATION BERHAD**

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

## **NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 28 FEBRUARY 2009**

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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 year ended 28 February 2009.

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	<u>25,260</u>	<u>3,878</u>	<u>2,110</u>	<u>31,248</u>
RESULTS				
Segment results	<u>1,230</u>	<u>(529)</u>	<u>(811)</u>	<u>(110)</u>
Interest income				0
Interest expense				(1,377)
Tax expense				(15)
Profit after tax				<u>(1,502)</u>
ASSETS				
Segment assets	<u>39,634</u>	<u>5,219</u>	<u>2,843</u>	<u>47,696</u>
Income tax assets				28
Total assets				<u>47,724</u>
LIABILITIES				
Segment liabilities	<u>3,976</u>	<u>687</u>	<u>645</u>	<u>5,308</u>
Interest-bearing liabilities				18,194
Income tax liabilities				386
Total liabilities				<u>23,888</u>
Capital expenditure	<u>1,563</u>	<u>117</u>	<u>11</u>	<u>1,691</u>
Depreciation	<u>2,889</u>	<u>221</u>	<u>59</u>	<u>3,169</u>

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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 28-Feb-09 RM'000
Malaysia	23,737
South East Asia other than Malaysia	5,152
China, Hong Kong and Taiwan	2,153
United States of America and United Kingdom	206
	<hr/>
	31,248

#### 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 land and buildings of the Group were revalued on 11 February 2009 based on the values given by independent valuer using the open market value basis.

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

On 10 March 2009, AT Engineering Sdn Bhd, a wholly-owned subsidiary of AT Group has entered into a Sale and Purchase Agreement to dispose of a property at cash consideration of RM0.8 million. This transaction is expected to complete in June 2009.

### 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 April 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 23 April 2009 (being a date not earlier than days before the date of this announcement).

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

The Group recorded revenue of RM6.6 million for the current quarter under review, representing an increase of 35% as compared to RM4.9 million in the corresponding quarter of preceding year. In line with higher revenue achieved and coupled with cost control measures resulted in reduction in operating expenses, the Group posted a loss before tax of RM1.2 million as compared to a loss of RM4.7 million in the corresponding quarter of preceding year. For the financial year ended 28 February 2009, the Group recorded a loss before tax of RM1.5 million as compared to a loss of RM8.4 million in last financial year.

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

For the current quarter under review, the Group recorded revenue of RM6.6 million as compared to RM7.2 million in the third quarter ended 30 November 2008, representing a decrease of 8.1%. The Group posted a loss before tax of RM1.2 million in the current quarter under review, mainly due to additional provisions and write-off on inventories and assets amounting to RM470,000 and RM322,000 respectively in the current quarter.

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

The global economic outlook is still uncertain. Thus, the year 2009 will be a major challenge for the Group. In view of the uncertainty affecting the Group's operation, the Management will continue to implement cost control measures and re-strategize its business to mitigate any adverse impacts arising from current economic situation.

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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 28-Feb-09 RM'000	Cumulative quarters ended 28-Feb-09 RM'000
Tax based on results for current period:		
Current tax expense	6	44
Deferred tax income	(29)	(29)
	<u>(23)</u>	<u>15</u>

There is a tax charge despite the Group incurring a loss due to certain subsidiaries recorded profit before tax for the financial year ended 28 February 2009.

### 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 23 April 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 28-Feb-09 RM'000	
Short term borrowings:-		
<u>Secured</u>		
Bank overdraft		3,943
Hire purchase payables		1,099
Term loan		1,600
		<hr/>
		6,642
		<hr/>
Long term borrowings:-		
<u>Secured</u>		
Hire purchase payables		2,145
Term loan		9,407
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		11,552
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Borrowings denominated in foreign currency:		
	Book Value as at	As at
	28-Feb-09	28-Feb-09
	THB'000	RM'000
Thai Baht / Ringgit equivalent	<hr/>	<hr/>
	12,128	1,243

### 22. OFF BALANCE SHEET FINANCIAL INSTRUMENT

The Group does not have any financial instrument with off balance sheet risk as at 23 April 2009 (being a date not earlier than 7 days before the date of this announcement).

### 23. MATERIAL LITIGATION

As at 23 April 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 Quarter Ended 28-02-2009	Quarter Quarter Ended 29-02-2008	Cumulative Period 12 Months Ended 28-02-2009	12 Months Ended 29-02-2008
Loss attributable to equity holders of the parent (RM'000)	(1,120)	(4,439)	(1,443)	(8,238)
Weighted average number of ordinary shares in issue ('000)	178,950	178,950	178,950	171,315
Loss per share(sen)	(0.63)	(2.48)	(0.81)	(4.81)

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.