

AT SYSTEMATIZATION BERHAD

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

NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 AUGUST 2009

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 ACE Market Listing Requirements.

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 August 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 28 February 2009.

2. AUDITORS' REPORT

The auditors' report on the financial statements of the Company and its subsidiaries for the financial year ended 28 February 2009 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>7,192</u>	<u>1,324</u>	<u>1,096</u>	<u>9,612</u>
RESULTS				
Segment results	<u>(1,444)</u>	<u>(696)</u>	<u>109</u>	<u>(2,031)</u>
Interest income				0
Interest expense				(515)
Tax expense				(15)
Loss after tax				<u>(2,561)</u>
ASSETS				
Segment assets	<u>37,669</u>	<u>5,753</u>	<u>2,740</u>	<u>46,162</u>
Income tax assets				49
Total assets				<u>46,211</u>
LIABILITIES				
Segment liabilities	<u>3,315</u>	<u>1,247</u>	<u>480</u>	<u>5,042</u>
Interest-bearing liabilities				19,522
Income tax liabilities				365
Total liabilities				<u>24,929</u>
Capital expenditure	<u>84</u>	<u>6</u>	<u>0</u>	<u>90</u>
Depreciation	<u>1,397</u>	<u>116</u>	<u>17</u>	<u>1,530</u>

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 AUGUST 2009

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 31-Aug-09 RM'000
Malaysia	6,755
South East Asia other than Malaysia	1,631
China, Hong Kong and Taiwan	1,096
United States of America and United Kingdom	130
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	9,612

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

AT Systematization Berhad ("AT") had on 25 August 2009 entered into a share sale agreement to dispose its entire equity interest in AT Newlife Technologies Sdn Bhd for a total cash consideration of RM14,303. None of the directors and major shareholders and persons connected with them has any interest, direct or indirect in the disposal.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 AUGUST 2009

11. CHANGES IN COMPOSITION OF THE GROUP (cont'd)

The Board is of the opinion that the disposal is in the best interest of AT. In consequent to the disposal, AT Newlife Technologies Sdn Bhd will cease to be a subsidiary of AT.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent liabilities

There was no contingent liability as at 20 October 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 20 October 2009 (being a date not earlier than 7 days before the date of this announcement).

13. REVIEW OF PERFORMANCE

The Group's revenue dropped from RM10.17 million recorded in previous corresponding quarter to RM5.03 million in the current quarter. The decrease was due to on-going global economic crisis which had resulted in softer demand for automated equipment. As a result of lower revenue achieved, the Group reported net loss before tax of RM1.22 million in the current quarter as compared to net profit before tax of RM0.21 million in previous corresponding quarter.

14. VARIATION OF RESULTS AGAINST IMMEDIATE PRECEDING QUARTER

For the current quarter under review, the Group's revenue of RM5.03 million was higher than RM4.57 million registered in the immediate preceding quarter. Consequently, the Group registered a lower net loss before tax of RM1.22 million as compared to net loss of RM1.32 million in the immediate preceding quarter.

15. CURRENT YEAR PROSPECTS

The global economic recovery's pace is uncertain. Thus, the Management will continue to implement cost reduction measures to improve financial performance.

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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

	Current quarter ended 31-Aug-09 RM'000	Cumulative quarters ended 31-Aug-09 RM'000
Tax based on results for current period:		
Current tax expense	7	15

There is a tax charge despite the Group incurring a loss due to certain subsidiaries recorded profit before tax for the financial period ended 31 August 2009

18. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

- (i) Referring to Note 11 on the disposal of AT Newlife Technologies Sdn Bhd by AT, the gain on the disposal is negligible.
- (ii) On 26 August 2009, Miako-Tech Engineering Sdn Bhd, a wholly-owned subsidiary of AT has entered into a Sale and Purchase Agreement to dispose of a piece of land at cash consideration of RM1.99 million. The transaction is expected to complete in December 2009 which will result in a gain on disposal of approximately RM0.9 million. In consequent to this event, the asset has been classified as held for sale.

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 20 October 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 31-Aug-09 RM'000	
Short term borrowings:-		
<u>Secured</u>		
Bank overdraft		3,996
Hire purchase payables		1,062
Term loan		1,554
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		6,612
		<hr/>
Long term borrowings:-		
<u>Secured</u>		
Hire purchase payables		1,623
Term loan		11,287
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		12,910
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Borrowings denominated in foreign currency:		
	Book Value as at	As at
	31-Aug-09	31-Aug-09
	THB'000	RM'000
Thai Baht / Ringgit	15,784	1,625
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22. OFF BALANCE SHEET FINANCIAL INSTRUMENT

The Group does not have any financial instrument with off balance sheet risk as at 20 October 2009 (being a date not earlier than 7 days before the date of this announcement).

23. MATERIAL LITIGATION

As at 20 October 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 31-08-2009	Quarter Quarter Ended 31-08-2008	Cumulative Period 6 Months Ended 31-08-2009	6 Months Ended 31-08-2008
(Loss)/profit attributable to equity holders of the parent (RM'000)	(1,215)	201	(2,487)	223
Weighted average number of ordinary shares in issue ('000)	178,950	178,950	178,950	178,950
(Loss)/profit per share(sen)	(0.67)	0.11	(1.39)	0.12

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

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant 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.