

# 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 2010

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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 ACE Market Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 28 February 2010.

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 2010

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 2010, except for the adoption of the following new Financial Reporting Standards ("FRS"), amendments to FRSs and IC Interpretations:

<u>Standard/Interpretation</u>	<u>Effective for the financial periods beginning on or after</u>
FRS 8 <i>Operating Segments</i>	1 July 2009
FRS 4 <i>Insurance Contracts</i>	1 January 2010
FRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 101 <i>Presentation of Financial Statements (revised in 2009)</i>	1 January 2010
FRS 123 <i>Borrowing Costs</i>	1 January 2010
FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
Amendments to FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> and FRS127 <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
Amendments to FRS 2 <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010
Amendments to FRS 132 <i>Financial Instruments: Presentation</i>	1 January 2010
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i> , FRS 7 <i>Financial Instruments: Disclosures</i> and IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2010
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"	1 January 2010
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11 <i>FRS 2 - Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14 <i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1 January 2010

The above FRSs, amendments to FRSs and IC Interpretations are not expected to have any material impact on the financial statements of the Group, except for FRS 117 *Leases*.

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### 1. BASIS OF PREPARATION OF INTERIM FINANCIAL REPORT (CONT'D)

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance finance lease and has reclassified the leasehold land to property, plant and equipment. The reclassification has been accounted for retrospectively and certain comparative figures as at 28 February 2010 have been restated as shown below:-

	28 February 2010	
	As restated	Previously stated
Carrying amount	RM'000	RM'000
Property, plant and equipment	29,718	25,601
Prepaid lease payments	-	4,067
Deferred tax liabilities	441	428
Revaluation reserve	217	180

### 2. AUDITORS' REPORT

The auditors' report on the financial statements of the Company and its subsidiaries for the financial year ended 28 February 2010 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.

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### **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.

### **7. DIVIDEND PAID**

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

### **8. SEGMENT REPORTING**

No segment reporting has been prepared as the Group is principally engaged in a single business segment, namely the design and manufacture of equipment and machinery and fabrication of industrial and engineering parts.

### **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.

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

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

There was no contingent liability as at 23 July 2010 (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 2010 (being a date not earlier than 7 days before the date of this announcement).

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### 13. REVIEW OF PERFORMANCE

The Group recorded revenue of RM7.6 million for the first quarter, which is 66.3% higher compared to RM4.5 million for previous corresponding quarter. The higher revenue achieved was mainly due to increase in demand for our core business.

For the current quarter under review, the Group's loss before tax was lower at RM0.1 million against a loss of RM1.3 million in the previous corresponding quarter, due to the higher revenue achieved.

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

For the current quarter under review, the Group recorded revenue of RM7.6 million as compared to RM11.2 million in the immediate preceding quarter ended 28 February 2010. As a result of lower revenue achieved, the Group posted a loss before tax of RM0.1 million against a profit of RM0.9 million in the immediate preceding quarter.

### 15. CURRENT YEAR PROSPECTS

There are signs of recovery in electronic industry which the Group expects to secure higher orders from those subsectors we supported. Barring unforeseen circumstances, the Group is optimistic of achieving higher revenue and profitability for current financial year.

### 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-May-10  
RM'000

Tax based on results for current period:

Current tax expense

50

For the financial period ended 31 May 2010, there is a tax charge despite the Group incurring a loss due to certain subsidiaries recorded profit before tax.

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### 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

Referring to the announcement made on 19 May 2010, 4 June 2010 and 5 July 2010 in relation to the Proposed Special Bumiputera Issue ("the Proposal"), the Board hereby updates the status as follow:-

- (i) The Ministry of International Trade and Industry ("MITI") had vide its letter dated 19 July 2010, agreed to approve the Proposal subject to the approval of the Securities Commission ("SC"). The issuance and allotment of all the 25,600,000 Special Issue Shares are subject to MITI's approval and the allocation to the eligible Bumiputera investors will be determined after obtaining the approval of SC.
- (ii) The Equity Compliance Unit of SC had vide its letter dated 5 July 2010 approved the Proposed Special Bumiputera Issue.
- (iii) The Company has obtained approval from shareholders at the Extraordinary General Meeting duly convened on 26 July 2010.

### 21. GROUP BORROWINGS AND DEBT SECURITIES

	As at 31-May-10 RM'000
Short term borrowings:-	
<u>Secured</u>	
Bank overdraft	3,200
Hire purchase payables	1,181
Term loan	970
	<hr/> 5,351 <hr/>
Long term borrowings:-	
<u>Secured</u>	
Hire purchase payables	2,104
Term loan	11,129
	<hr/> 13,233 <hr/>

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

Borrowings denominated in foreign currency:

	Book Value as at 31-May-10 THB'000	As at 31-May-10 RM'000
Thai Baht / Ringgit	11,402	1,143

### 22. OFF BALANCE SHEET FINANCIAL INSTRUMENT

The Group does not have any financial instrument with off balance sheet risk as at 23 July 2010 (being a date not earlier than 7 days before the date of this announcement).

### 23. MATERIAL LITIGATION

As at 23 July 2010 (being a date not earlier than 7 days before the date of this announcement), the Group is not engaged in any material litigation 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/(LOSS) PER SHARE

	Individual Quarter		Cumulative Period	
	Quarter Ended 31-05-2010	Quarter Ended 31-05-2009	Period Ended 31-05-2010	Period Ended 31-05-2009
Loss attributable to equity holders of the parent (RM'000)	(152)	(1,272)	(152)	(1,272)
Weighted average number of ordinary shares in issue ('000)	178,950	178,950	178,950	178,950
Loss per share(sen)	(0.09)	(0.71)	(0.09)	(0.71)

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.