



**AIC CORPORATION BERHAD**  
**(Incorporated in Malaysia)**  
**Company No: 194514-M**

**QUARTERLY UNAUDITED FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 31 MARCH 2008**

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**AIC Corporation Berhad  
Condensed unaudited consolidated income statements for the period ended 31 March 2008**

	<b>Current year quarter 31.3.2008 RM'000</b>	<b>Preceding year corresponding quarter 31.3.2007 (Restated) * RM'000</b>	<b>Current period 31.3.2008 RM'000</b>	<b>Preceding year corresponding period 31.3.2007 (Restated) * RM'000</b>
<b>Continuing operations:</b>				
Revenue	30,969	33,149	30,969	33,149
Operating expenses	(32,699)	(37,022)	(32,699)	(37,022)
Other operating income	606	6,488	606	6,488
<b>(Loss)/Profit from operations</b>	<b>(1,124)</b>	<b>2,615</b>	<b>(1,124)</b>	<b>2,615</b>
Interest income	72	64	72	64
Finance costs	(1,058)	(1,704)	(1,058)	(1,704)
<b>(Loss)/Profit before taxation</b>	<b>(2,110)</b>	<b>975</b>	<b>(2,110)</b>	<b>975</b>
Tax expense	240	40	240	40
<b>(Loss)/Profit for the period from continuing operations</b>	<b>(1,870)</b>	<b>1,015</b>	<b>(1,870)</b>	<b>1,015</b>
<b>Discontinued operations:</b>				
Profit/(Loss) for the period from discontinued operations, net of tax	5	(110)	5	(110)
<b>(Loss)/Profit for the period</b>	<b>(1,865)</b>	<b>905</b>	<b>(1,865)</b>	<b>905</b>
<b>Attributable to:</b>				
Equity holders of the Company	(1,936)	1,252	(1,936)	1,252
Minority interest	71	(347)	71	(347)
<b>(Loss)/Profit for the period</b>	<b>(1,865)</b>	<b>905</b>	<b>(1,865)</b>	<b>905</b>
Basic earnings per ordinary share (sen)				
- from continuing operations	(1.56)	1.29	(1.56)	1.29
- from discontinued operations	0.00	(0.10)	0.00	(0.10)
	<b>(1.56)</b>	<b>1.19</b>	<b>(1.56)</b>	<b>1.19</b>
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

\* Restated to reflect the after-tax results of the discontinued operations as a single amount on the face of the consolidated income statements, in accordance with FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*.

**(The condensed unaudited consolidated income statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)**



**AIC Corporation Berhad**  
**Condensed unaudited consolidated balance sheets as at 31 March 2008**

	<b>31.3.2008</b>	<b>(Audited)</b> <b>31.12.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non current assets</b>		
Property, plant and equipment	93,101	96,441
Intangible assets	5,088	5,088
Prepaid lease payments	6,877	6,913
<b>Total non current assets</b>	<b>105,066</b>	<b>108,442</b>
<b>Current assets</b>		
Prepaid lease payments	145	145
Other investments	45	45
Receivables, deposits and prepayments	32,533	38,936
Inventories	18,760	19,063
Current tax assets	892	892
Assets classified as held for sale	16,136	15,817
Cash and cash equivalents	4,060	7,530
<b>Total current assets</b>	<b>72,571</b>	<b>82,428</b>
<b>TOTAL ASSETS</b>	<b>177,637</b>	<b>190,870</b>
<b>Equity attributable to equity holders of the Company</b>		
Share capital	146,373	117,520
Reserves	(44,559)	(42,719)
	101,814	74,801
Minority interest	9,207	9,136
<b>Total equity</b>	<b>111,021</b>	<b>83,937</b>
<b>Long term and deferred liabilities</b>		
Borrowings	13,837	14,574
Deferred income – government grant	1,291	1,582
Deferred tax liabilities	3,288	3,288
<b>Total long term and deferred liabilities</b>	<b>18,416</b>	<b>19,444</b>
<b>Current liabilities</b>		
Deferred income – government grant	1,298	1,444
Payables and accruals	26,363	34,559
Liabilities classified as held for sale	3,588	3,327
Borrowings	16,951	48,159
<b>Total current liabilities</b>	<b>48,200</b>	<b>87,489</b>
<b>Total liabilities</b>	<b>66,616</b>	<b>106,933</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>177,637</b>	<b>190,870</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.70	0.64

**(The condensed unaudited consolidated balance sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)**



**AIC Corporation Berhad**

**Condensed unaudited consolidated cash flow statements for the period ended 31 March 2008**

	<b>31.3.2008</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>(Restated) *</b>
		<b>RM'000</b>
<b>Cash flows from operating activities</b>		
(Loss)/Profit before taxation from continuing operations	(2,110)	975
Adjustments for:		
Allowance for doubtful debts	101	-
Amortisation of development expenditure	-	210
Amortisation of government grant	(437)	(5,770)
Amortisation of prepaid lease payments	36	36
Depreciation	3,523	5,650
Development expenditure written off	-	304
Gain on disposal of property, plant and equipment	-	(49)
Gain on disposal of other investment	-	(479)
Interest expense	1,058	1,704
Interest income	(72)	(64)
Loss on disposal of an associate	-	433
Share-based payments	96	136
Unrealised foreign exchange gain	(182)	(481)
Other non-cash items	(1)	2
Operating profit before working capital changes	2,012	2,607
Changes in working capital:		
Inventories	304	2,543
Trade and other receivables	6,534	603
Trade and other payables	(8,059)	(6,585)
Cash generated from/(used in) operations	791	(832)
Interest income received	72	64
Taxation refunded	-	40
Taxation paid	-	(2)
<b>Net cash generated from/(used in) operating activities</b>	<b>863</b>	<b>(730)</b>
<b>Cash flows from investing activities</b>		
Development expenditure paid	-	(57)
Proceeds from disposal of an associate, net	-	29,480
Proceeds from disposal of property, plant and equipment	-	53
Proceeds from disposal of other investment	-	716
Purchase of property, plant and equipment	(182)	(174)
<b>Net cash (used in)/generated from investing activities</b>	<b>(182)</b>	<b>30,018</b>

**(The condensed unaudited consolidated cash flow statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)**



**AIC Corporation Berhad**  
**Condensed unaudited consolidated cash flow statements for the period ended 31 March 2008**  
(continued)

	<b>31.3.2008</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>(Restated) *</b>
		<b>RM'000</b>
<b>Cash flows from financing activities</b>		
Interest paid	(1,058)	(1,704)
Government grant received	-	7,018
Repayment of bank borrowings – net	(31,946)	(1,620)
Proceeds from rights issue	28,853	-
	<hr/>	<hr/>
<b>Net cash (used in)/generated from financing activities</b>	<b>(4,151)</b>	<b>3,694</b>
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents from continuing operations	(3,470)	32,982
Net cash flow from discontinued operations	1,160	(214)
Cash and cash equivalents at beginning of period	10,179	10,070
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>7,869</b>	<b>42,838</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	2,282	35,185
Short term placement funds	1,778	3,858
	<hr/>	<hr/>
	4,060	39,043
Cash and cash equivalents from discontinued operations (included in Assets held for sale)	3,809	3,795
	<hr/>	<hr/>
	7,869	42,838
	<hr/>	<hr/>

\* Restated to reflect the net cash flow of the discontinued operations as a single amount on the face of the consolidated cash flow statements, in accordance with FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*.

**(The condensed unaudited consolidated cash flow statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)**



**AIC Corporation Berhad**  
**Condensed unaudited consolidated statements of changes in equity for the period ended 31 March 2008**

	← Attributable to equity holders of the Company →			Total RM'000	Minority interest RM'000	Total equity RM'000
	Share capital RM'000	Non-distributable reserves RM'000	Accumulated losses RM'000			
<b>At 1 January 2008</b>	117,520	15,673	(58,392)	74,801	9,136	83,937
Net profit/(loss) for the period	-	-	(1,936)	(1,936)	71	(1,865)
Shares issued	28,853	-	-	28,853	-	28,853
Share-based payments	-	96	-	96	-	96
<b>At 31 March 2008</b>	146,373	15,769	(60,328)	101,814	9,207	111,021

**(The condensed unaudited consolidated statements of changes in equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)**



**AIC Corporation Berhad**  
**Condensed unaudited consolidated statements of changes in equity for the period ended 31 March 2008**  
(continued)

	← Attributable to equity holders of the Company →			Total RM'000	Minority interest RM'000	Total equity RM'000
	Share capital RM'000	Non-distributable reserves RM'000	Accumulated losses RM'000			
<b>At 1 January 2007</b>	104,920	23,259	(61,778)	66,401	16,759	83,160
Realisation of reserve on disposal of assets classified as held for sale	-	(8,742)	8,742	-	-	-
Net gain/(loss) recognised directly in equity	-	(8,742)	8,742	-	-	-
Net profit/(loss) for the period	-	-	1,252	1,252	(347)	905
Total recognised income and expense for the period	-	(8,742)	9,994	1,252	(347)	905
Share-based payments	-	136	-	136	-	136
<b>At 31 March 2007</b>	104,920	14,653	(51,784)	67,789	16,412	84,201

**(The condensed unaudited consolidated statements of changes in equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)**



## Explanatory notes

### 1. Basis of preparation

The quarterly financial report is unaudited and has been prepared in accordance with the Financial Reporting Standard (“FRS”) 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The quarterly financial report should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2007.

The accounting policies, estimates and methods of computation adopted by the Group in this quarterly financial report are consistent with those adopted in the financial statements for the year ended 31 December 2007.

### 2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of FRS 134, *Interim Financial Reporting* which is effective for the financial year beginning 1 January 2008.

The adoption of the FRS134 does not have any financial impact on the Group.

### 3. Qualified audit report

The preceding annual audited financial statements of the Group were reported on without any qualification.

### 4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter.

### 5. Changes in estimates

There were no changes in the estimates of amounts which give a material effect for the current quarter.

### 6. Taxation

The tax expense for the current quarter is as follows:

	<b>Current quarter 31.3.2008 RM’000</b>
Tax expense – Malaysia	
- Over provision in prior years	<u>240</u>

There is no tax expense for the Group for the current quarter as there is no taxable income.





## 7. Purchase or sale of unquoted investments/properties

There were no purchases or sales of unquoted investments/properties for the current quarter.

## 8. Purchase or disposal of quoted securities

There were no additions or disposals of quoted securities for the current quarter.

Investment in quoted securities as at 31 March 2008 as follows:

	<b>Cost RM'000</b>	<b>Book value RM'000</b>	<b>Market value RM'000</b>
Total quoted investments	10	10	13

## 9. Valuation of property, plant and equipment

As at 31 March 2008, the valuations of land and building have been brought forward, without amendments from the audited financial statements as at 31 December 2007.

## 10. Borrowings

The Group borrowings as at the end of the reporting period are as follows:

	<b>RM'000</b>
Secured	20,788
Unsecured	10,000
Total Group borrowings	30,788
Non-Current	13,837
Current	16,951
Total Group borrowings	30,788

As at 31 March 2008, there are no foreign currency denominated borrowings.

## 11. Debt and equity securities

Save as disclosed below, there were no issuances, cancellations, repurchases and repayments of the Company's debt or equity securities for the financial period ended 31 March 2008.

On 12 March 2008, 28,853,142 ordinary shares together with 26,230,129 warrants ("Warrants C") were issued and allotted. The Warrants C has an exercise period of 10 years commencing 12 March 2008 and ending on 9 March 2018 and an exercise price of RM1.00 each for each new ordinary share in the Company.

All the 25,893,096 outstanding Warrants B has expired on 15 January 2008. Warrants B which were not exercised by the above expiry date has lapsed and ceased to be exercisable.

Under the Company's employees' share option scheme which became effective on 3 September 2004, a total of 3,296,000 employees' share options remain unexercised as at 31 March 2008 thereafter.



## 12. Changes in composition of the Group

Save as disclosed below, there was no change in the Group structure for the current quarter and up to the date of this report.

On 14 April 2008, AIC Inspirasi Sdn Bhd, a wholly-owned subsidiary of AIC had completed its divestment of its entire equity interests in Brimal Holdings Sdn Bhd and Autovisor Plastics Sdn Bhd, which represented the electronics division of the Group (and was classified as 'Discontinued Operations' under FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*), to AV Ventures Corporation Berhad ("AVCB") for a total consideration of RM12,291,684, satisfied via the issuance of 9,833,347 new ordinary shares of RM1.00 each in AVCB ("AVCB Shares") at an issue price of RM1.25 per AVCB Share.

## 13. Segmental information

Analysis by business segments being the primary basis of the Group's segment reporting for the financial period ended 31 March 2008 is as follows:

	Investment Holding RM'000	Test and assembly and other semiconductor related activities RM'000	Display RM'000	Electronics (Discontinued) RM'000	Group RM'000	Less Discontinued Operations RM'000	Continuing Operations RM'000
<b>Turnover</b>							
External turnover	122	30,597	250	3,928	34,897	3,928	30,969
Internal turnover	446	-	-	-	446	-	446
Total turnover	568	30,597	250	3,928	35,343	3,928	31,415
<b>Results</b>							
Segment results	(1,342)	1,522	(1,304)	(355)	(1,479)	(355)	(1,124)
Finance costs					(1,058)	-	(1,058)
Interest income					72	-	72
Loss before taxation					(2,465)	(355)	(2,110)
Taxation					600	360	240
(Loss)/Profit for the period					(1,865)	5	(1,870)
Minority interest					(71)	-	(71)
(Loss)/Profit attributable to equity holders of the Company					(1,936)	5	(1,941)



#### 14. Corporate proposals

Save as disclosed below, there are no corporate proposals that were announced but not completed within 7 days from the date of issue of this quarterly report.

- (i) AIC had on 18 March 2008 completed a rights issue of 28,853,142 new ordinary shares of RM1.00 each in AIC (“AIC Shares”) together with 26,230,129 free new detachable warrants (Warrants C) in the Company (“Rights Issue”). The status of the utilisation of proceeds from the Rights Issue as at 31 March 2008 are as follows:

Purpose	Actual utilisation RM'000	Proposed utilisation RM'000	Balance RM'000	Expected time frame for utilisation of proceeds raised from the Rights Issue
Repayment of a term loan	27,500	27,500	-	Within 1 month upon completion of the Rights Issue
To defray estimated expenses of the Rights Issue	608	1,000	392	Within 1 month upon completion of the Rights Issue
Working capital of our Group	197	353	156	Within 6 months upon completion of the Rights Issue
<b>Total</b>	<b>28,305</b>	<b>28,853</b>	<b>548</b>	

- ii) AIC had on 19 September 2007 announced that it had on 19 September 2007 entered into a conditional sale and purchase agreement with Jotech Holdings Berhad (“Jotech”) to acquire the entire equity interest, comprising of 1,249,000 ordinary shares of RM1.00 each in Prodelcon Sdn Bhd for a purchase consideration of RM53,000,000 to be satisfied by the issuance of 27,500,000 AIC Shares and cash of RM25,500,000 (“Proposed Acquisition of Prodelcon”). The Proposed Acquisition of Prodelcon has received approvals from the Securities Commission and the Ministry of International Trade and Industry on 31 December 2007 and 21 March 2008 respectively. Approval from shareholders of both Jotech and AIC were obtained on 26 and 27 February 2008 respectively. The Proposed Acquisition of Prodelcon is currently pending completion.

#### 15. Material events subsequent to the balance sheet date

Save as disclosed in Note 12, there are no material events subsequent to the balance sheet date.

#### 16. Contingent liabilities/assets

As at 31 March 2008, the Company had executed corporate guarantees in favour of licensed banks and financial institutions of up to a limit of RM51.6 million and USD0.2 million for credit facilities granted to its subsidiaries. Out of the total banking facilities secured by corporate guarantees, a total borrowings of RM30.8 million were outstanding at the period end.



## 17. Capital commitments

	<b>RM'000</b>
Approved and contracted for	
- Purchase of plant and equipment	545
- Proposed Acquisition of Prodelcon	53,000
Approved but not contracted for	
- Purchase of plant and equipment	12,091
Lease agreement ^	<u>12,144</u>
Total	<u>77,780</u>

Note:

^ Based on a 10 year lease agreement with CIMB Trustee Berhad (As Trustee for the Amanah Raya Real Estate Investment Trust) ("CIMB Trustee") to lease certain leasehold land and buildings from CIMB Trustee for its manufacturing and administrative operations.

## 18. Off-balance sheet financial instruments

The Group enters into short-term foreign exchange contracts to hedge its exposure to currency fluctuations affecting certain foreign currency denominated trade receivables.

Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

The financial instruments with off balance sheet risk as at 31 March 2008 are as follows: -

<b>Instrument</b>	<b>Amount</b> USD'000
Foreign exchange forward contracts	<u>5,100</u>

The above contracts are maturing within a period of 5 months from 31 March 2008.

There is minimal credit and market risk because the contracts were executed with an established financial institution.

Gains and losses on foreign exchange contracts are recognised in the income statement upon realisation.

## 19. Seasonal and cyclical factors

There are no material seasonal or cyclical factors affecting the income and performance of the Group.



## 20. Material litigation

Save as disclosed below, there is no material litigation within 7 days from the date of the quarterly report.

- (i) On 20 October 2005, AICD lodged a civil suit against Univision Worldwide Co. Ltd (*formerly known as Metro Sangsa Co. Ltd*) (“the Defendant”), a company incorporated in Korea, at the Seoul District Court in Korea to recover debts owing by the Defendant to AICD amounting to USD1.1 million (equivalent to approximately RM4.0 million) arising from goods supplied by the subsidiary. On 27 October 2006, a judgement was entered against the Defendant for the claim amount of USD1.1 million. AICD is in the midst of enforcing the judgement against the Defendant. The Group had however, taken the prudent stand to make full allowance for the whole amount owed by the Defendant in the fourth quarter of 2005.
- (ii) On 25 January 2007, AICD brought a claim against E-FINE Co. Ltd. (“E-FINE”) in the Seoul Central District Court (“Court”). AICD had entered into a representative agreement with E-FINE for the supply of articles to E-FINE. AICD is claiming USD1,358,094.64 together with interests at the rate of 20% per annum for non-payment of the articles supplied to E-FINE. The parties have appeared in Court on 5 June 2007, 26 June 2007 and 16 October 2007 to hear the claim and the evidence. A hearing fixed for 13 November 2007 was terminated. The chief judge has submitted the matter for arbitration before the date of pleading. The date of arbitration was fixed on 11 December 2007 but the arbitration failed. The last trial was on 25 January 2008. The judicial decision was set for 15 February 2008. As a result of the judicial decision, E-FINE must now pay to AIC the sum of USD1,358,094.64 plus interest. The Group had in the financial year ended 31 December 2006, taken the prudent stand to make an allowance for doubtful debts of RM4.8 million owed by E-FINE.

On 5 March 2007, E-FINE submitted a written reply to AICD’s claim. In that written reply, E-FINE indicated that E-FINE intends to counterclaim against AICD for loss arising from the supply of defective articles by AICD and for the non-payment of commission of USD700,000 by AICD. E-FINE has to date, not proceed with the counterclaim of USD700,000.

## 21. Review of performance

The Group’s revenue from continuing operations has decreased by 6% from RM33.1 million in the preceding year corresponding quarter to RM31.0 million for the current quarter. This was due mainly to the decline in revenue contribution from both display and semiconductor divisions. The revenue contribution from the semiconductor division declined as result of the effects of the depreciation of the United States Dollar against Ringgit Malaysia outweighing the increased in volume loadings.

Excluding the amortisation of government grant of RM5.8 million in the preceding year corresponding quarter, despite the decline in revenue, the Group’s results from continuing operations for the current quarter improved as compared to the preceding year corresponding quarter. This improvement is due mainly to the better performance of both the semiconductor and display divisions.

The discontinued operations of the Group recorded a net profit of RM5,000 for the current quarter as compared to the preceding period corresponding quarter’s net loss of RM110,000.



## **22. Quarterly analysis**

Comparing the current quarter with the previous quarter, the Group's revenue from continuing operations decreased by RM6.1 million to RM31.0 million for the current quarter. The decrease is due mainly to the semiconductor division recording lower sales due to a traditionally weak first quarter.

The Group's results from continuing operations improved from a net loss of RM2.9 million for the previous quarter to a net loss of RM1.9 million for the current quarter.

## **23. Prospects**

As the growth of the semiconductor industry remains positive, barring any possibility of a recession affecting the United States of America, significant further depreciation of the United States Dollar against Ringgit Malaysia and any other unforeseen circumstances, the Board expects the Group's results to be satisfactory for the remaining period to the end of the financial year.

## **24. Profit forecast**

Not applicable as no profit forecast was published.

## **25. Earnings per share**

### Basic earnings per share

The basic earnings per share for the current quarter have been calculated based on the Group's loss attributable to the equity holders of the Company, in respect of the continuing operations and in aggregate, of RM1.9 million, over the weighted average number of ordinary shares in issue of 124,178,934.

The basic earnings per share for the current quarter for the discontinued operations have been calculated based on the profit attributable to the equity holders of the Company from the discontinued operations of RM5,000 over the weighted average number of ordinary shares in issue for the current quarter of 124,178,934.

### Diluted earnings per share

Diluted earnings per share is not applicable as any potential conversion of the Company's warrants and employee share options to ordinary shares, would be antidilutive.

## **26. Dividends**

The Board of Directors does not recommend any dividend in respect of the financial period ended 31 March 2008.