



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

QUARTERLY UNAUDITED FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2009

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AIC Corporation Berhad
Condensed unaudited consolidated income statements for the period ended 31 March 2009

	Current year quarter 31.3.2009 RM'000	Preceding year corresponding quarter 31.3.2008 (Restated) * RM'000	Current period 31.3.2009 RM'000	Preceding year corresponding period 31.3.2008 (Restated) * RM'000
Continuing operations:				
Revenue	23,074	30,719	23,074	30,719
Operating expenses	(24,597)	(30,890)	(24,597)	(30,890)
Other operating income	373	357	373	357
(Loss)/Profit from operations	(1,150)	186	(1,150)	186
Interest income	92	72	92	72
Finance costs	(866)	(1,058)	(866)	(1,058)
Loss before taxation	(1,924)	(800)	(1,924)	(800)
Tax expense	(47)	240	(47)	240
Loss for the period from continuing operations	(1,971)	(560)	(1,971)	(560)
Discontinued operations:				
Loss for the period from discontinued operations, net of tax	-	(1,305)	-	(1,305)
Loss for the period	(1,971)	(1,865)	(1,971)	(1,865)
Attributable to:				
Equity holders of the Company	(1,931)	(1,936)	(1,931)	(1,936)
Minority interest	(40)	71	(40)	71
Loss for the period	(1,971)	(1,865)	(1,971)	(1,865)
Basic loss per ordinary share (sen)				
- from continuing operations	(1.11)	(0.51)	(1.11)	(0.51)
- from discontinued operations	-	(1.05)	-	(1.05)
	(1.11)	(1.56)	(1.11)	(1.56)
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

Note:

* Restated to exclude the results of the display division which was classified as discontinued operations in the second quarter of 2008, 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 2008)



AIC Corporation Berhad

Condensed unaudited consolidated balance sheets as at 31 March 2009

	31.3.2009	(Audited) 31.12.2008
	RM'000	RM'000
Non current assets		
Property, plant and equipment	101,904	105,247
Other investment	4,917	4,917
Investment property	1,569	1,578
Intangible assets	4,326	4,326
Prepaid lease payments	7,926	7,968
Total non current assets	120,642	124,036
Current assets		
Prepaid lease payments	170	170
Receivables, deposits and prepayments	27,682	32,239
Inventories	15,717	17,258
Current tax assets	1,348	1,348
Cash and cash equivalents	19,925	17,329
Total current assets	64,842	68,344
TOTAL ASSETS	185,484	192,380
Equity attributable to equity holders of the Company		
Share capital	173,873	173,873
Reserves	(67,473)	(65,540)
	106,400	108,333
Minority interest	9,277	9,317
Total equity	115,677	117,650
Long term and deferred liabilities		
Borrowings	34,659	32,882
Deferred income – government grant	337	552
Deferred tax liabilities	8,466	8,466
Total long term and deferred liabilities	43,462	41,900
Current liabilities		
Deferred income – government grant	859	859
Payables and accruals	11,164	18,476
Tax liabilities	730	1,010
Borrowings	13,592	12,485
Total current liabilities	26,345	32,830
Total liabilities	69,807	74,730
TOTAL EQUITY AND LIABILITIES	185,484	192,380
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.61	0.62

(The condensed unaudited consolidated balance sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008)



AIC Corporation Berhad
Condensed unaudited consolidated cash flow statements for the period ended 31 March 2009

	31.3.2009	31.3.2008
	RM'000	(Restated) *
		RM'000
Cash flows from operating activities		
Loss before taxation from continuing operations	(1,924)	(800)
Adjustments for:		
Allowance for doubtful debts	366	101
Allowance for inventories obsolescence	289	-
Amortisation of government grant	(215)	(215)
Amortisation of prepaid lease payments	42	36
Depreciation	3,715	2,897
Interest expense	866	1,058
Interest income	(92)	(72)
Share-based payments	(2)	96
Unrealised foreign exchange gain	(747)	(182)
Other non-cash items	-	(1)
Operating profit before working capital changes	2,298	2,918
Changes in working capital:		
Inventories	1,253	206
Trade and other receivables	4,192	5,662
Trade and other payables	(6,565)	(8,048)
Cash generated from operations	1,178	738
Interest income received	92	72
Taxation paid	(329)	-
Net cash generated from operating activities	941	810
Cash flows from investing activity		
Purchase of property, plant and equipment	(362)	(124)
Net cash used in investing activity	(362)	(124)

(The condensed unaudited consolidated cash flow statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008)



AIC Corporation Berhad
Condensed unaudited consolidated cash flow statements for the period ended 31 March 2009
(continued)

	31.3.2009	31.3.2008
	RM'000	(Restated) *
		RM'000
Cash flows from financing activities		
Interest paid	(866)	(1,058)
Drawdown/(Repayment) of bank borrowings – net	2,883	(31,946)
Proceeds from rights issue	-	28,853
Net cash generated from/(used in) financing activities	2,017	(4,151)
Net increase/(decrease) in cash and cash equivalents from continuing operations	2,596	(3,465)
Net cash flow from discontinued operations	-	1,155
Cash and cash equivalents at beginning of period	16,422	9,272
Cash and cash equivalents at end of period	19,018	6,962
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	4,666	2,282
Deposits with licensed banks (excluding deposits pledged)	12,852	831
Short term placement funds	1,500	40
	19,018	3,193
Cash and cash equivalents from discontinued operations (included in Assets held for sale)	-	3,809
	19,018	7,869

Note:

* Restated to exclude the cash flows of the display division which was classified as discontinued operations in the second quarter of 2008, 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 2008)



AIC Corporation Berhad

Condensed unaudited consolidated statements of changes in equity for the period ended 31 March 2009

	← 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			
At 1 January 2009	173,873	12,193	(77,733)	108,333	9,317	117,650
Net loss for the period	-	-	(1,931)	(1,931)	(40)	(1,971)
Share-based payments	-	(2)	-	(2)	-	(2)
At 31 March 2009	173,873	12,191	(79,664)	106,400	9,277	115,677

	← 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			
At 1 January 2008	117,520	15,673	(58,392)	74,801	9,136	83,937
Net (loss)/profit for the period	-	-	(1,936)	(1,936)	71	(1,865)
Shares issued	28,853	-	-	28,853	-	28,853
Share-based payments	-	96	-	96	-	96
At 31 March 2008	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 2008)



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 2008.

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 2008.

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 2008.

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:

	Current quarter 31.3.2009 RM’000
Tax expense, Malaysia – current	<u>47</u>

The tax expense for the Group for the current quarter relates to the taxable income from our precision tooling and automation segment



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 2009 as follows:

	Cost RM'000	Book value RM'000	Market value RM'000
Total quoted investments	12,292	4,917	4,720

9. Valuation of property, plant and equipment

As at 31 March 2009, the valuations of land and building have been brought forward, without amendments from the audited financial statements as at 31 December 2008.

10. Borrowings

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

	Total RM'000
Non-Current	34,659
Current	13,592
Total Group borrowings	48,251

As at 31 March 2009, all the borrowings are secured and there are no outstanding foreign currency denominated borrowings.

11. Debt and equity securities

There were no issuances, cancellations, repurchases and repayments of the Company's debt or equity securities for the financial period ended 31 March 2009.

Under the Company's employees' share option scheme which became effective on 3 September 2004, a total of 2,215,000 employees' share options remain unexercised as at 31 March 2009.

As at 31 March 2009, 26,230,129 Warrants C which has an exercise period of 10 years commencing 12 March 2008 and ending on 9 March 2018 and an exercise price of RM1.00 for each new ordinary share in the Company remains unexercised.



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.

The Company had on 17 March 2009 divested its entire equity interest, comprising of 2 ordinary shares of RM1.00 each in AIC dotCom Sdn Bhd, a wholly-owned dormant subsidiary of AIC.

13. Segmental information

Analysis by business segments being the primary basis of the Group's segment reporting for the financial period ended 31 March 2009 is as follows:

	Investment holding RM'000	Test and assembly and other semiconductor related activities RM'000	Precision tooling and automation RM'000	Group RM'000
Turnover				
External turnover	392	17,383	5,299	23,074
Internal turnover	115	-	322	437
Total turnover	507	17,383	5,621	23,511
Results				
Segment results	(226)	(305)	(619)	(1,150)
Finance costs				(866)
Interest income				92
Loss before taxation				(1,924)
Taxation				(47)
Loss for the period				(1,971)
Minority interest				40
Loss attributable to equity holders of the Company				(1,931)

14. Corporate proposals

There are no corporate proposals that were announced but not completed within 7 days from the date of issue of this quarterly report.

15. Material events subsequent to the balance sheet date

There are no material events subsequent to the balance sheet date.



16. Contingent liabilities/assets

As at 31 March 2009, the Company had executed corporate guarantees in favour of licensed banks and financial institutions of up to a limit of RM37.8 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 RM21.5 million were outstanding at the period end.

17. Capital commitments

	RM'000
Purchase of plant and equipment:	
- Approved and contracted for	360
- Approved but not contracted for	3,046
Lease agreement ^	<u>10,814</u>
Total	<u>14,220</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.

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 the date of this quarterly report are as follows:

Instrument	Amount USD'000
Foreign exchange forward contracts	<u>800</u>

The above contracts are maturing within a period of about 3 months from the date of this quarterly report.

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

There is no material litigation within 7 days from the date of the quarterly report.

21. Review of performance

The Group's revenue from continuing operations has decreased by 25% from RM30.7 million in the preceding year corresponding quarter to RM23.1 million for the current quarter. This was due to the decline in revenue contribution from the semiconductor division, which resulted from a weak overall demand caused by the economic downturn. The slide was partly offset by the revenue contribution from the precision tooling and automation division, which was acquired in the fourth quarter last year.

In tandem with the decrease in revenue, the net loss from continuing operations attributable to the shareholders of the Company widened from RM0.6 million for the preceding year corresponding quarter to RM2.0 million for the current quarter.

As the discontinued operations have all been divested by the third quarter last year, there is no results from discontinued operations for the current quarter as compared to a net loss from discontinued operations attributable to shareholders of the Company of RM1.3 million for the preceding year corresponding quarter.

22. Quarterly analysis

Comparing the current quarter with the previous quarter, the Group's revenue from continuing operations declined by RM7.0 million to RM23.1 million for the current quarter due to the overall weak demand caused by the economic crisis.

The Group's results from continuing operations improved from a net loss of RM5.6 million for the previous quarter to a net loss of RM2.0 million for the current quarter. The previous quarter's net loss however included an exceptional charge (net) of RM6.1 million comprising as follows:

- (i) an impairment loss on other investment amounting to RM7.4 million; and
- (ii) a deferred tax expense of RM3.2 million incurred by the semiconductor division; offset by
- (iii) a negative goodwill of RM4.5 million arising from the acquisition of a subsidiary.

23. Prospects

Due to the global economic crisis, the Board expects the remaining period to the end of the financial year to be very challenging.

24. Profit forecast

Not applicable as no profit forecast was published.



25. Earnings per share

Basic loss per share

The basic loss per share for the current quarter have been calculated based on the Group's loss attributable to the equity holders of the Company of RM2.0 million, over the weighted average number of ordinary shares in issue of 173,873,659.

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 2009.

27. Discontinued operations

The revenue, results and cash flows of the discontinued operations were as follows:

	Current year quarter 31.3.2009 RM'000	Preceding year corresponding quarter 31.3.2008 RM'000	Current period to-date 31.3.2009 RM'000	Preceding year corresponding period 31.3.2008 RM'000
Revenue	-	4,178	-	4,178
Loss before tax	-	(1,664)	-	(1,664)
Tax expense	-	359	-	359
Loss for the period	-	(1,305)	-	(1,305)
Cash flows from operating activities			-	1,178
Cash flows from investing activities			-	(13)
Cash flows from financing activities			-	(10)
Net cash flow			-	1,155