



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

**QUARTERLY UNAUDITED FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 30 JUNE 2009**

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**AIC Corporation Berhad**  
**Condensed unaudited consolidated income statements for the period ended 30 June 2009**

	<b>Current year quarter 30.6.2009 RM'000</b>	<b>Preceding year corresponding quarter 30.6.2008 RM'000</b>	<b>Current period to-date 30.6.2009 RM'000</b>	<b>Preceding year corresponding period 30.6.2008 RM'000</b>
<b>Continuing operations:</b>				
<b>Revenue</b>	33,590	28,897	56,664	59,616
Operating expenses	(32,098)	(27,256)	(56,695)	(58,145)
Other operating income	465	414	838	770
<b>Profit from operations</b>	1,957	2,055	807	2,241
Interest income	98	34	190	106
Finance costs	(815)	(490)	(1,681)	(1,548)
<b>Profit/(Loss) before taxation</b>	1,240	1,599	(684)	799
Tax expense	-	3	(47)	243
<b>Profit/(Loss) for the period from continuing operations</b>	1,240	1,602	(731)	1,042
<b>Discontinued operations:</b>				
Loss for the period from discontinued operations and gain on disposal of subsidiaries, net of tax	-	(4,274)	-	(5,580)
<b>Profit/(Loss) for the period</b>	1,240	(2,672)	(731)	(4,538)
<b>Attributable to:</b>				
Equity holders of the Company	1,142	(2,809)	(789)	(4,746)
Minority interest	98	137	58	208
<b>Profit/(Loss) for the period</b>	1,240	(2,672)	(731)	(4,538)
Basic earnings/(loss) per ordinary share (sen)				
- from continuing operations	0.66	1.00	0.45	0.62
- from discontinued operations	-	(2.92)	-	(4.13)
	0.66	(1.92)	0.45	(3.51)
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

**(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 30 June 2009**

	<b>30.6.2009</b>	<b>(Audited)</b>
	<b>RM'000</b>	<b>31.12.2008</b>
		<b>RM'000</b>
<b>Non current assets</b>		
Property, plant and equipment	98,269	105,247
Other investment	4,917	4,917
Investment property	1,561	1,578
Intangible assets	4,326	4,326
Prepaid lease payments	7,926	7,968
<b>Total non current assets</b>	<u>116,999</u>	<u>124,036</u>
<b>Current assets</b>		
Prepaid lease payments	170	170
Receivables, deposits and prepayments	36,948	32,239
Inventories	14,148	17,258
Current tax assets	1,300	1,348
Cash and cash equivalents	19,086	17,329
<b>Total current assets</b>	<u>71,652</u>	<u>68,344</u>
<b>TOTAL ASSETS</b>	<u>188,651</u>	<u>192,380</u>
<b>Equity attributable to equity holders of the Company</b>		
Share capital	173,873	173,873
Reserves	(66,342)	(65,540)
	<u>107,531</u>	<u>108,333</u>
Minority interest	9,375	9,317
<b>Total equity</b>	<u>116,906</u>	<u>117,650</u>
<b>Long term and deferred liabilities</b>		
Borrowings	31,946	32,882
Deferred income – government grant	122	552
Deferred tax liabilities	8,466	8,466
<b>Total long term and deferred liabilities</b>	<u>40,534</u>	<u>41,900</u>
<b>Current liabilities</b>		
Deferred income – government grant	859	859
Payables and accruals	17,889	18,476
Tax liabilities	555	1,010
Borrowings	11,908	12,485
<b>Total current liabilities</b>	<u>31,211</u>	<u>32,830</u>
<b>Total liabilities</b>	<u>71,744</u>	<u>74,730</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>188,651</u>	<u>192,380</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.62	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 30 June 2009**

	<b>30.6.2009</b>	<b>30.6.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
(Loss)/Profit before taxation from continuing operations	(684)	799
Adjustments for:		
Allowance for doubtful debts	366	62
Allowance for inventories obsolescence	289	-
Amortisation of government grant	(429)	(429)
Amortisation of prepaid lease payments	84	72
Depreciation	7,415	5,800
Interest expense	1,681	1,548
Interest income	(190)	(106)
Share-based payments	(13)	88
Unrealised foreign exchange gain	(274)	(564)
Other non-cash items	2	(2)
Operating profit before working capital changes	8,247	7,268
Changes in working capital:		
Inventories	2,820	765
Trade and other receivables	(5,075)	4,906
Trade and other payables	(313)	(7,512)
Cash generated from operations	5,679	5,427
Interest income received	190	106
Taxation refunded	48	38
Taxation paid	(505)	-
<b>Net cash generated from operating activities</b>	<b>5,412</b>	<b>5,571</b>
<b>Cash flows from investing activity</b>		
Purchase of property, plant and equipment	(462)	(2,252)
<b>Net cash used in investing activity</b>	<b>(462)</b>	<b>(2,252)</b>

**(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 30 June 2009**  
(continued)

	<b>30.6.2009</b>	<b>30.6.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>		
Interest paid	(1,681)	(1,548)
Increase in deposits pledged	(40)	-
Repayment of bank borrowings – net	(1,512)	(34,683)
Proceeds from rights issue	-	28,853
<b>Net cash used in financing activities</b>	<u>(3,233)</u>	<u>(7,378)</u>
Net increase/(decrease) in cash and cash equivalents from continuing operations	1,717	(4,059)
Net cash flow from discontinued operations	-	1,018
Cash and cash equivalents of discontinued operations disposed	-	(3,809)
Cash and cash equivalents at beginning of period	16,422	9,272
<b>Cash and cash equivalents at end of period</b>	<u>18,139</u>	<u>2,422</u>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	8,050	2,348
Deposits placed with licensed banks (excluding deposits pledged)	7,588	-
Short term placement funds	2,501	-
	<u>18,139</u>	<u>2,348</u>
Cash and cash equivalents from discontinued operations (included in Assets held for sale)	-	74
	<u>18,139</u>	<u>2,422</u>

**(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 30 June 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			
<b>At 1 January 2009</b>	173,873	12,193	(77,733)	108,333	9,317	117,650
Net (loss)/profit for the period	-	-	(789)	(789)	58	(731)
Share-based payments	-	(13)	-	(13)	-	(13)
<b>At 30 June 2009</b>	<b>173,873</b>	<b>12,180</b>	<b>(78,522)</b>	<b>107,531</b>	<b>9,375</b>	<b>116,906</b>

	← 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 (loss)/profit for the period	-	-	(4,746)	(4,746)	208	(4,538)
Shares issued	28,853	-	-	28,853	-	28,853
Realisation of reserve on disposal of assets classified as held for sale	-	(1,997)	-	(1,997)	-	(1,997)
Share-based payments	-	88	-	88	-	88
<b>At 30 June 2008</b>	<b>146,373</b>	<b>13,764</b>	<b>(63,138)</b>	<b>96,999</b>	<b>9,344</b>	<b>106,343</b>

**(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 and financial period to-date.

### 5. Changes in estimates

There were no changes in the estimates of amounts which give a material effect for the current quarter and financial period to-date.

### 6. Taxation

The tax expense for the current quarter and financial period to-date are as follows:

	<b>Current quarter</b>	<b>Financial period</b>
	<b>30.6.2009</b>	<b>to-date</b>
	<b>RM'000</b>	<b>30.6.2009</b>
		<b>RM'000</b>
Tax expense, Malaysia – current	-	47

The tax expense for the Group for the financial period to-date relates mainly 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 and financial period to-date.

**8. Purchase or disposal of quoted securities**

There were no disposals of quoted securities for the current quarter and financial period to-date.

Investment in quoted securities as at 30 June 2009 is as follows:

	<b>Cost RM'000</b>	<b>Book value RM'000</b>	<b>Market value RM'000</b>
Total quoted investments	12,292	4,917	5,408

**9. Valuation of property, plant and equipment**

As at 30 June 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:

	<b>Total RM'000</b>
Non-Current	31,946
Current	11,908
Total Group borrowings	43,854

As at 30 June 2009, all the borrowings are secured and there are no 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 30 June 2009.

Under the Company's employees' share option scheme which became effective on 3 September 2004, a total of 2,163,000 employees' share options remain unexercised as at 30 June 2009.

As at 30 June 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.

- i) The Company had on 17 March 2009 divested its entire equity interest in AIC dotCom Sdn Bhd, a wholly-owned dormant subsidiary of AIC for a cash consideration of RM2; and
- ii) The Group had on 24 July 2009 divested their entire equity interest in Custom Tooling Holdings Sdn Bhd, Cadxcel Sdn Bhd and Inmode Venture Sdn Bhd, three (3) wholly owned dormant subsidiaries for a total cash consideration of RM6.

## 13. Segmental information

Analysis by business segments being the primary basis of the Group's segment reporting for the financial period ended 30 June 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
<b>Turnover</b>				
External turnover	785	45,275	10,604	56,664
Internal turnover	281	-	428	709
Total turnover	1,066	45,275	11,032	57,373
<b>Results</b>				
Segment results	(409)	1,611	(395)	807
Finance costs				(1,681)
Interest income				190
Loss before taxation				(684)
Taxation				(47)
Loss for the period				(731)
Minority interest				(58)
Loss attributable to equity holders of the Company				(789)

## 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 30 June 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 RM18.3 million were outstanding at the period end.

## 17. Capital commitments

	<b>RM'000</b>
Purchase of plant and equipment:	
- Approved and contracted for	3,680
- Approved but not contracted for	6,569
Lease agreement ^	<u>10,482</u>
Total	<u>20,731</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:

<b>Instrument</b>	<b>Amount USD'000</b>
Foreign exchange forward contracts	<u>2,250</u>

The above contracts are maturing within a period of 5 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 increased by RM4.7 million from RM28.9 million in the preceding year corresponding quarter to RM33.6 million for the current quarter. This was due to the revenue contribution from the precision tooling and automation division, which was acquired in the fourth quarter last year. The revenue contribution from the semiconductor division for the current quarter dropped by a marginal 3% as opposed to the preceding year corresponding quarter due to the decrease in volume loadings as a result of the global economic crisis.

Due to the global economic crisis, the Group's net profit from continuing operations attributable to the shareholders of the Company for the current quarter eased to RM1.2 million from RM1.6 million for the preceding year corresponding 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 (after netting off a gain on disposal of subsidiaries of RM1.1 million) attributable to shareholders of the Company of RM4.3 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 increased by 46% or RM10.5 million to RM33.6 million. This increase was due to an improvement recorded by both the semiconductor and precision tooling and automation divisions.

In tandem with the increase in revenue, the Group's results from continuing operations registered a significant turnaround from a net loss of RM1.9 million for the previous quarter to a net profit of RM1.1 million for the current quarter.

## 23. Prospects

There are some signs of recovery amidst the ongoing global economic crisis, the Board is cautiously optimistic and expects the remaining period to the end of the financial year to be satisfactory.

## 24. Profit forecast

Not applicable as no profit forecast was published.

## 25. Earnings/Loss per share

### Basic earnings/loss per share

The basic earnings per share for the current quarter have been calculated based on the Group's profit attributable to the equity holders of the Company of RM1.1 million, over the weighted average number of ordinary shares in issue of 173,873,659.



The basic loss per share for the financial period to-date have been calculated based on the Group's loss attributable to the equity holders of the Company of RM0.8 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 30 June 2009.

**27. Discontinued operations**

The revenue, results and cash flows of the discontinued operations and the gain on disposal of subsidiaries were as follows:

	<b>Current year quarter 30.6.2009 RM'000</b>	<b>Preceding year corresponding quarter 30.6.2008 RM'000</b>	<b>Current period to-date 30.6.2009 RM'000</b>	<b>Preceding year corresponding period 30.6.2008 RM'000</b>
Revenue	-	76	-	4,254
Loss before tax	-	(5,391)	-	(7,056)
Tax expense	-	-	-	359
Loss for the period	-	(5,391)	-	(6,697)
Gain on disposal of subsidiaries	-	1,117	-	1,117
Total	-	(4,274)	-	(5,580)
Cash flows from operating activities			-	1,328
Cash flows from investing activities			-	(69)
Cash flows from financing activities			-	(241)
Net cash flow			-	1,018