



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

QUARTERLY UNAUDITED FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2009

Contents

	Page
Condensed unaudited consolidated income statements.....	2
Condensed unaudited consolidated balance sheets.....	3
Condensed unaudited consolidated cash flow statements.....	4
Condensed unaudited consolidated statements of changes in equity.....	6
Explanatory notes.....	7



AIC Corporation Berhad

Condensed unaudited consolidated income statements for the period ended 30 September 2009

	Current year quarter 30.9.2009 RM'000	Preceding year corresponding quarter 30.9.2008 RM'000	Current period to-date 30.9.2009 RM'000	Preceding year corresponding period 30.9.2008 RM'000
Continuing operations:				
Revenue	38,776	36,787	95,440	96,403
Operating expenses	(33,752)	(33,136)	(90,447)	(91,281)
Other operating income	196	778	1,033	1,548
Profit from operations	5,220	4,429	6,026	6,670
Interest income	127	90	318	196
Finance costs	(750)	(756)	(2,431)	(2,304)
Profit before taxation	4,597	3,763	3,913	4,562
Tax expense	(90)	(129)	(136)	114
Profit for the period from continuing operations	4,507	3,634	3,777	4,676
Discontinued operations:				
Loss for the period from discontinued operations and loss/gain on disposal of subsidiaries, net of tax	-	(570)	-	(6,149)
Profit/(Loss) for the period	4,507	3,064	3,777	(1,473)
Attributable to:				
Equity holders of the Company	4,237	2,810	3,448	(1,937)
Minority interest	270	254	329	464
Profit/(Loss) for the period	4,507	3,064	3,777	(1,473)
Basic earnings/(loss) per ordinary share (sen)				
- from continuing operations	2.44	2.12	1.98	2.95
- from discontinued operations	-	(0.36)	-	(4.30)
	2.44	1.76	1.98	(1.35)
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 September 2009

	30.9.2009	(Audited)
	RM'000	31.12.2008
		RM'000
Non current assets		
Property, plant and equipment	99,248	105,247
Other investment	4,917	4,917
Investment properties	1,552	1,578
Intangible assets	4,326	4,326
Prepaid lease payments	7,926	7,968
Total non current assets	117,969	124,036
Current assets		
Prepaid lease payments	170	170
Receivables, deposits and prepayments	40,966	32,239
Inventories	15,820	17,258
Current tax assets	1,536	1,348
Cash and cash equivalents	19,614	17,329
Total current assets	78,106	68,344
TOTAL ASSETS	196,075	192,380
Equity attributable to equity holders of the Company		
Share capital	173,873	173,873
Reserves	(62,105)	(65,540)
	111,768	108,333
Minority interest	9,646	9,317
Total equity	121,414	117,650
Long term and deferred liabilities		
Borrowings	29,700	32,882
Deferred income – government grant	-	552
Deferred tax liabilities	8,466	8,466
Total long term and deferred liabilities	38,166	41,900
Current liabilities		
Deferred income – government grant	766	859
Payables and accruals	23,598	18,476
Tax liabilities	70	1,010
Borrowings	12,061	12,485
Total current liabilities	36,495	32,830
Total liabilities	74,661	74,730
TOTAL EQUITY AND LIABILITIES	196,075	192,380

Net assets per share attributable to ordinary equity holders of the Company (RM)

0.64

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 September 2009

	30.9.2009	30.9.2008
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation from continuing operations	3,913	4,562
Adjustments for:		
Allowance for doubtful debts	462	62
Allowance for inventories obsolescence	289	-
Amortisation of government grant	(644)	(644)
Amortisation of prepaid lease payments	127	111
Bad debts written off	-	197
Depreciation	11,165	9,011
Gain on disposal of property, plant and equipment	-	(44)
Interest expense	2,431	2,304
Interest income	(318)	(196)
Share-based payments	(13)	80
Unrealised foreign exchange gain	(298)	(756)
Other non-cash items	2	(130)
Operating profit before working capital changes	17,116	14,557
Changes in working capital:		
Inventories	1,149	966
Trade and other receivables	(9,189)	14,371
Trade and other payables	5,420	(2,468)
Cash generated from operations	14,496	27,426
Interest income received	318	196
Taxation refunded	48	38
Taxation paid	(1,315)	(263)
Net cash generated from operating activities	13,547	27,397
Cash flows from investing activities		
Net cash flow from acquisition of a subsidiary	-	(19,146)
Proceeds from disposal of a subsidiary	-	1,000
Proceeds from other investment	-	270
Proceeds from disposal of property, plant and equipment	-	47
Purchase of property, plant and equipment	(5,225)	(5,436)
Net cash used in investing activities	(5,225)	(23,265)

(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 September 2009
(continued)

	30.9.2009	30.9.2008
	RM'000	RM'000
Cash flows from financing activities		
Interest paid	(2,431)	(2,304)
Increase in deposits pledged	(40)	-
Repayment of bank borrowings – net	(3,606)	(25,456)
Proceeds from rights issue	-	28,853
Net cash (used in)/generated from financing activities	(6,077)	1,093
Net increase in cash and cash equivalents from continuing operations	2,245	5,225
Net cash flow from discontinued operations	-	944
Cash and cash equivalents of discontinued operations disposed	-	(3,810)
Cash and cash equivalents at beginning of period	16,422	9,272
Cash and cash equivalents at end of period	18,667	11,631
Cash and cash equivalents comprise:		
Cash and bank balances	10,206	4,931
Deposits placed with licensed banks (excluding deposits pledged)	4,852	6,700
Short term placement funds	3,609	-
	18,667	11,631

(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 September 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 profit for the period	-	-	3,448	3,448	329	3,777
Share-based payments	-	(13)	-	(13)	-	(13)
Reversal of equity compensation reserve due to the expiration of the Company's employees' share option scheme	-	(400)	400	-	-	-
At 30 September 2009	173,873	11,780	(73,885)	111,768	9,646	121,414

	← 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	-	-	(1,937)	(1,937)	464	(1,473)
Shares issued	56,353	-	-	56,353	-	56,353
Realisation of reserve on disposal of assets classified as held for sale	-	(1,997)	-	(1,997)	-	(1,997)
Share-based payments	-	80	-	80	-	80
At 30 September 2008	173,873	13,756	(60,329)	127,300	9,600	136,900

(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. 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.

7. 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 September 2009 is as follows:

	Cost RM'000	Book value RM'000	Market value RM'000
Total quoted investments	12,292	4,917	7,080



8. Taxation

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

	Current quarter 30.9.2009 RM'000	Financial period to-date 30.9.2009 RM'000
Tax expense – Malaysia		
- Current	70	116
- Under provision in prior years	20	20
	<hr/>	<hr/>
	90	136

The tax expense for the Group for the current quarter and financial period to-date relates mainly to the taxable income from the semiconductor and precision tooling and automation segments.

The effective tax rate of the Group for the current quarter and financial period to-date is lower than the statutory tax rate due mainly to losses incurred by the investment holding segment and reinvestment allowances being claimed by the semiconductor and precision tooling and automation segments.

9. Valuation of property, plant and equipment

As at 30 September 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	29,700
Current	<hr/> 12,061
Total Group borrowings	<hr/> 41,761

As at 30 September 2009, all the borrowings are secured and there are no foreign currency denominated borrowings.

11. Material events subsequent to the balance sheet date

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

12. Seasonal and cyclical factors

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



13. 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 September 2009.

The Company's employees' share option scheme which became effective on 3 September 2004 had expired on 2 September 2009. All the 2,163,000 employees' share options which was unexercised as at 2 September 2009 has lapsed and ceased to be exercisable thereafter.

As at 30 September 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.

14. Changes in composition of the Group

Save as disclosed below, there was no change in the Group structure for the financial period to-date.

- i) The Company had on 17 March 2009, divested its entire equity interest in AIC dotCom Sdn Bhd, a wholly owned dormant subsidiary 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.

15. Contingent liabilities/assets

As at 30 September 2009, the Company had executed corporate guarantees in favour of licensed banks and financial institutions of up to a limit of RM39.1 million and USD0.2 million for credit facilities granted to its subsidiaries. Out of the total banking facilities secured by corporate guarantees, a total borrowing of RM17.9 million were outstanding at the period end.

16. Dividends

The Board of Directors does not recommend any dividend in respect of the financial period ended 30 September 2009.

17. Profit forecast

Not applicable as no profit forecast was published.

18. Material litigation

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

19. 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.



20. Capital commitments

	RM'000
Purchase of plant and equipment:	
- Approved and contracted for	2,088
- Approved but not contracted for	4,175
Lease agreement ^	<u>10,141</u>
Total	<u>16,404</u>

Note:

^ Based on the remaining lease obligation 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.

21. 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>2,150</u>

The above contracts are maturing within a period of 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.

22. Prospects

In view that there are some signs of recovery amidst the ongoing global economic crisis, the Board is cautiously optimistic that the remaining period to the end of the financial year to be satisfactory.



23. Segmental information

Analysis by business segments being the primary basis of the Group's segment reporting for the financial period ended 30 September 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	1,120	77,017	17,303	95,440
Internal turnover	475	-	615	1,090
Total turnover	<u>1,595</u>	<u>77,017</u>	<u>17,918</u>	<u>96,530</u>
Results				
Segment results	(927)	6,356	597	6,026
Finance costs				(2,431)
Interest income				318
Profit before taxation				3,913
Taxation				(136)
Profit for the period				<u>3,777</u>
Minority interest				(329)
Profit attributable to equity holders of the Company				<u>3,448</u>

24. Review of performance

Comparing current period to-date with the preceding year corresponding period to-date, the Group's revenue from continuing operations slid by a marginal 1% or RM1.0 million to RM95.4 million. This was attributable to a drop in the revenue contribution from the semiconductor segment due mainly to the global economic crisis. This drop was partially off set by the revenue contribution from the precision tooling and automation segment which was acquired towards the end of the third quarter last year. The net profit from continuing operations attributable to the shareholders of the Company eased to RM3.8 million for the current period to-date from RM4.2 million for the preceding year corresponding period to-date.

The Group's revenue from continuing operations has increased from RM36.8 million in the preceding year corresponding quarter to RM38.8 million for the current quarter. This was due to the revenue contribution from the precision tooling and automation. Whereas the revenue from the semiconductor segment fell by a marginal 2% as compared to the preceding year corresponding quarter due to decreased volume loadings. The Group's net profit from continuing operations attributable to the shareholders of the Company for the current quarter increased by 25% to RM4.2 million as compared to the preceding year corresponding quarter due mainly to improving margins earned by the semiconductor segment and the profit contribution from the precision tooling and automation segment.



As all the discontinued operations were divested in the third quarter last year, there are no results from the discontinued operations for the current quarter and current period to-date.

25. Quarterly analysis

Comparing the current quarter with the previous quarter, the Group's revenue from continuing operations increased by RM5.2 million or 15% to RM38.8 million for the current quarter. The increase is due to an improvement recorded by both the semiconductor and precision tooling and automation segments.

The Group's profit before taxation more than tripled from RM1.2 million for the previous quarter to RM4.6 million for the current quarter due to higher revenue and improving margins.

26. Earnings per share

Basic earnings per share

The basic earnings per share for the current quarter and financial period to-date have been calculated based on the Group's profit attributable to the equity holders of the Company of RM3.3 million and RM2.5 million respectively 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 to ordinary shares, would be antidilutive.

27. Discontinued operations

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

	Current year quarter 30.9.2009 RM'000	Preceding year corresponding quarter 30.9.2008 RM'000	Current period to-date 30.9.2009 RM'000	Preceding year corresponding period 30.9.2008 RM'000
Revenue	-	174	-	4,428
Loss before tax	-	(555)	-	(7,611)
Tax expense	-	-	-	360
Loss for the period	-	(555)	-	(7,251)
(Loss)/Gain on disposal of subsidiaries	-	(15)	-	1,102
Total	-	(570)	-	6,149
Cash flows from operating activities			-	11,358
Cash flows from investing activities			-	(69)
Cash flows from financing activities			-	(10,345)
Net cash flow			-	944