



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

QUARTERLY UNAUDITED FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009

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AIC Corporation Berhad
Condensed unaudited consolidated income statements for the year ended 31 December 2009

	Current year quarter 31.12.2009 RM'000	Preceding year corresponding quarter 31.12.2008 RM'000	Current year 31.12.2009 RM'000	Preceding year 31.12.2008 RM'000
Continuing operations:				
Revenue	37,940	30,069	133,380	126,472
Operating expenses	(34,771)	(38,388)	(125,219)	(129,672)
Other operating income	4,170	5,172	5,203	6,720
Profit/(Loss) from operations	7,339	(3,147)	13,364	3,520
Interest income	129	152	446	350
Finance costs	(698)	(917)	(3,129)	(3,221)
Profit/(Loss) before taxation	6,770	(3,912)	10,681	649
Tax expense	(1,614)	(1,974)	(1,750)	(1,860)
Profit/(Loss) for the year from continuing operations	5,156	(5,886)	8,931	(1,211)
Discontinued operations:				
Loss for the year from discontinued operations and gain on disposal of operations, net of tax	-	-	-	(6,149)
Profit/(Loss) for the year	5,156	(5,886)	8,931	(7,360)
Attributable to:				
Equity holders of the Company	5,071	(5,604)	8,517	(7,541)
Minority interest	85	(282)	414	181
Profit/(Loss) for the year	5,156	(5,886)	8,931	(7,360)
Basic earnings/(loss) loss per ordinary share (sen)				
- from continuing operations	2.92	(3.22)	4.90	(0.92)
- from discontinued operations	-	-	-	(4.08)
	2.92	(3.22)	4.90	(5.00)
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 31 December 2009

	31.12.2009	(Audited)
	RM'000	31.12.2008
		RM'000
Non current assets		
Property, plant and equipment	97,299	105,247
Other investment	6,990	4,917
Investment property	1,543	1,578
Intangible assets	4,326	4,326
Prepaid lease payments	7,926	7,968
Total non current assets	118,084	124,036
Current assets		
Prepaid lease payments	170	170
Receivables, deposits and prepayments	40,162	32,239
Inventories	16,668	17,258
Current tax assets	1,511	1,348
Cash and cash equivalents	21,076	17,329
Total current assets	79,587	68,344
TOTAL ASSETS	197,671	192,380
Share capital	173,873	173,873
Reserves	(57,036)	(65,540)
	116,837	108,333
Minority interest	9,731	9,317
Total equity	126,568	117,650
Long term and deferred liabilities		
Borrowings	26,853	32,882
Deferred income – government grant	-	552
Deferred tax liabilities	9,859	8,466
Total long term and deferred liabilities	36,712	41,900
Current liabilities		
Deferred income – government grant	552	859
Payables and accruals	23,671	18,476
Tax payable	17	1,010
Borrowings	10,151	12,485
Total current liabilities	34,391	32,830
Total liabilities	71,103	74,730
TOTAL EQUITY AND LIABILITIES	197,671	192,380
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.67	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 year ended 31 December 2009

	31.12.2009	31.12.2008
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation from continuing operations	10,681	649
Adjustments for:		
Allowance for diminution in value of other investment/(no longer required)	(2,073)	7,375
Allowance for doubtful debts (net)	405	326
Amortisation of government grant	(859)	(859)
Amortisation of prepaid lease payments	170	154
Bad debts written off	146	199
Depreciation	14,947	12,758
Dividend income	(148)	-
Gain on disposal of property, plant and equipment	-	(113)
Interest expense	3,129	3,115
Interest income	(446)	(350)
Inventories written off	289	46
Negative goodwill	-	(4,539)
Other investment recovered	-	(270)
Unrealised foreign exchange gain	(341)	(93)
Other non-cash items	28	188
Operating profit before working capital changes	25,928	18,489
Changes in working capital:		
Inventories	301	3,100
Trade and other receivables	(8,474)	27,221
Trade and other payables	5,498	(30,724)
Cash generated from operations	23,253	18,086
Interest income received	446	350
Taxation refunded	48	853
Taxation paid	(1,527)	(691)
Net cash generated from operating activities	22,220	18,598
Cash flows from investing activities		
Net cash outflow from acquisition of subsidiary	-	(19,146)
Proceeds from disposal of property, plant and equipment	-	121
Proceeds from disposal of subsidiary	-	1,000
Purchase of property, plant and equipment	(7,093)	(5,502)
Dividend received	110	-
Proceeds from other investment	-	270
Net cash used in investing activities	(6,983)	(23,257)

(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 year ended 31 December 2009

(continued)

	31.12.2009	31.12.2008
	RM'000	RM'000
Cash flows from financing activities		
Interest paid	(3,129)	(3,115)
Placement of pledged deposits with licensed bank	(40)	-
Repayment of bank borrowings – net	(8,361)	(11,063)
Proceeds from rights issue	-	28,853
Net cash (used in)/generated from financing activities	(11,530)	14,675
Net increase in cash and cash equivalents from continuing operations	3,707	10,016
Net cash flow from discontinued operations	-	944
Cash and cash equivalents of discontinued operations disposed	-	(3,810)
Cash and cash equivalents at beginning of year	16,422	9,272
Cash and cash equivalents at end of year	20,129	16,422
Cash and cash equivalents comprise:		
Cash and bank balances	7,366	6,222
Deposits with licensed banks (excluding deposits pledged)	2,802	10,200
Short term placement funds	9,961	-
	20,129	16,422

(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 year ended 31 December 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 year	-	-	8,517	8,517	414	8,931
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 31 December 2009	173,873	11,780	(68,816)	116,837	9,731	126,568

	← 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
Fair value adjustment for shares issued in consideration on acquisition of a subsidiary	-	(1,537)	(11,800)	(13,337)	-	(13,337)
Realisation of reserve on disposal of assets classified as held for sale	-	(1,997)	-	(1,997)	-	(1,997)
Net loss recognised directly in equity	-	(3,534)	(11,800)	(15,334)	-	(15,334)
Net (loss)/profit for the year	-	-	(7,541)	(7,541)	181	(7,360)
Total recognised income and expense for the year		(3,534)	(19,341)	(22,875)	181	(22,694)
Shares issued	56,353	-	-	56,353	-	56,353
Share-based payments	-	54	-	54	-	54
At 31 December 2008	173,873	12,193	(77,733)	108,333	9,317	117,650

(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 year.

5. Changes in estimates

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

6. Taxation

The tax expense for the current quarter and financial year are as follows:

	Current quarter 31.12.2009 RM'000	Financial year 31.12.2009 RM'000
Tax expense – Malaysia		
- Current	234	350
- Under/(Over) provision in prior years	(13)	7
Deferred tax		
- Current	903	903
- Under provision in prior years	490	490
	<hr/> 1,614	<hr/> 1,750



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

The effective tax rate of the Group for the current quarter and financial year 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.

7. Purchase or sale of unquoted investments/properties

Save as disclosed below, there were no purchases or sales of unquoted investments/properties for the current quarter and financial year.

The Company had on 21 December 2009 announced that AIC Properties Sdn Bhd, a wholly owned subsidiary of the Company had on even date entered into a sale and purchase agreement with Sumbang Hebat Sdn Bhd to acquire a parcel of leasehold land for a total cash consideration of RM10.68 million. The acquisition was completed on 2 February 2010.

8. Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities for the current quarter and financial year.

Investment in quoted securities as at 31 December 2009 is as follows:

	Cost RM'000	Book value RM'000	Market value RM'000
Total quoted investments	12,292	6,990	8,653

9. Valuation of property, plant and equipment

As at 31 December 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 year are as follows:

	Total RM'000
Non-Current	26,853
Current	10,151
Total Group borrowings	37,004

As at 31 December 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 year ended 31 December 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 31 December 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 financial year 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 interests 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 year ended 31 December 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	1,575	106,642	25,163	133,380
Internal turnover	8,866	-	809	9,675
Total turnover	10,441	106,642	25,972	143,055
Results				
Segment results	2,988	9,550	826	13,364
Finance costs				(3,129)
Interest income				446
Profit before taxation				10,681
Taxation				(1,750)
Profit for the year				8,931
Minority interest				(414)
Profit attributable to equity holders of the Company				8,517



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

Save for the completion of the acquisition of a parcel of leasehold land mentioned in Note 7 above, there are no material events subsequent to the balance sheet date.

16. Contingent liabilities/assets

As at 31 December 2009, the Company had executed corporate guarantees in favour of licensed banks and financial institutions of up to a limit of RM26.9 million and USD0.2 million for credit facilities granted to its subsidiaries. Out of the total banking facilities secured by corporate guarantees, total borrowings of RM12.0 million were outstanding at the year end.

17. Capital commitments

	RM'000
Purchase of plant and equipment:	
- Approved and contracted for	501
- Approved but not contracted for	3,733
Lease agreement ^	<u>9,785</u>
Total	<u>14,019</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.



18. Discontinued operations

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

	Current year quarter RM'000	Preceding year corresponding quarter RM'000	Current year RM'000	Preceding year RM'000
Revenue	-	-	-	4,428
Loss before tax	-	-	-	(7,611)
Tax expense	-	-	-	360
Loss for the year	-	-	-	(7,251)
Gain on disposal of discontinued operations	-	-	-	1,102
Total	-	-	-	(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

19. 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>2,350</u>

The above contracts are maturing within a period of five (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.



20. Seasonal and cyclical factors

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

21. Material litigation

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

22. Review of performance

Comparing year on year, the Group's revenue has increased by 5.5% or RM6.9 million to RM133.4 million for the current year. This was attributable to the full year revenue contribution from the precision tooling and automation segment which was acquired towards the end of the third quarter last year. This increase was partially off set by a decline in the revenue contribution from the semiconductor segment. In tandem with the increase in revenue and better product mix, the Group registered a positive turnaround of RM9.9 million or 707% in its results from continuing operations attributable to the shareholders of the Company from a net loss of RM1.4 million for the preceding year to a net profit of RM8.5 million for the current year.

The Group's revenue from continuing operations has increased from RM30.1 million in the preceding year corresponding quarter to RM37.9 million for the current quarter. This was due mainly to the rise in revenue contribution from the semiconductor segment due mainly to increase in volume loadings. The increase was partly offset by a marginal decline in the revenue contribution from the precision tooling and automation segment.

Net profit improved to RM5.2 million from a net loss of RM5.6 million in the preceding year corresponding quarter was partly due to higher revenue and better product mix. Included in the net profit for the current year quarter was an allowance for diminution in value in other investment no longer required of RM2.0 million whereas included in the preceding year corresponding quarter's net loss was the following:

- (i) an impairment loss on other investment amounting to RM7.4 million; and
- (ii) a negative goodwill of RM4.5 million arising from the acquisition of a subsidiary.

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 year.

23. Quarterly analysis

Comparing quarter on quarter, the Group's revenue reduced by 2% or RM0.8 million to RM37.9 million for the current quarter. The revenue contribution from the semiconductor segment declined resulting in the overall drop in the Group's revenue. This decline was partly offset by the increase in revenue contribution from the precision tooling and automation segment. Despite the decrease in revenue, the Group's profit before taxation increase by RM2.2 million for the current quarter as compared to the previous quarter, mainly aided by better product mix and the allowance for diminution in value of other investment no longer required of RM2.0 million.

24. Prospects

In view that there are signs of recovery amidst the ongoing global economic crisis, the Board is cautiously optimistic that the year 2010 to be satisfactory.



25. Profit forecast

Not applicable as no profit forecast was published.

26. Earnings per share

Basic earnings per share

The basic earnings per share of the Group for the current quarter and financial year have been calculated based on the Group's profit attributable to the equity holders of the Company of RM5.1 million and RM8.5 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 and employee share options to ordinary shares, would be antidilutive.

27. Dividends

The Board of Directors does not recommend any dividend in respect of the financial year ended 31 December 2009.