AIC CORPORATION BERHAD

(Incorporated in Malaysia)
Company No: 194514-M

QUARTERLY UNAUDITED FINANCIAL REPORT

FOR THE PERIOD ENDED 30 JUNE 2010

Contents

AIC Corporation Berhad
Condensed unaudited consolidated statements of comprehensive income for the period ended 30 June 2010

	Current year quarter 30.6.2010 RM'000	Preceding year corresponding quarter 30.6.2009 RM'000	Current period 30.6.2010 RM'000	Preceding year corresponding period 30.6.2009 RM'000
Revenue	44,909	33,590	85,939	56,664
Operating expenses	(38,958)	(32,098)	(75,663)	(56,695)
Other operating income	726	465	909	838
Profit from operations	6,677	1,957	11,185	807
Interest income	38	98	87	190
Finance costs	(627)	(815)	(1,488)	(1,681)
Profit/(Loss) before taxation	6,088	1,240	9,784	(684)
Tax expense	(638)	-	(1,319)	(47)
Profit/(Loss) for the period	5,450	1,240	8,465	(731)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income/(loss) for the period	5,450	1,240	8,465	(731)
Profit/(Loss) attributable to:				
Owners of the Company	5,201	1,142	8,089	(789)
Minority interest	249	98	376	58
Profit/(Loss) for the period	5,450	1,240	8,465	(731)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	5,201	1,142	8,089	(789)
Minority interests	249	98	376	58
Total comprehensive income/(loss) for the period	5,450	1,240	8,465	(731)
Basic earnings/(loss) per ordinary share (sen)	2.99	0.66	4.65	(0.45)
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

(The condensed unaudited consolidated statements of comprehensive income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009)

AIC Corporation Berhad
Condensed unaudited consolidated statement of financial position as at 30 June 2010

	30.6.2010 RM'000	(Restated) 31.12.2009 RM'000
Non current assets		
Property, plant and equipment	99,638	105,395
Other investment	9,976	6,990
Investment property	10,994	1,543
Intangible assets	4,326	4,326
Total non current assets	124,934	118,254
Current assets		
Non-current assets held for sale	2,004	-
Receivables, deposits and prepayments, including derivatives	47,035	40,256
Inventories	19,727	16,668
Current tax assets	1,381	1,511
Cash and cash equivalents	10,798	21,076
Total current assets	80,945	79,511
TOTAL ASSETS	205,879	197,765
Equity attributable to owners of the Company		
Share capital	173,873	173,873
Reserves	(47,192)	(57,036)
	126,681	116,837
Minority interest	10,113	9,731
Total equity	136,794	126,568
Long term and deferred liabilities		
Borrowings	22,076	26,853
Deferred tax liabilities	9,859	9,859
Total long term and deferred liabilities	31,935	36,712
Current liabilities		
Deferred income – government grant	122	552
Payables and accruals	25,552	23,687
Tax liabilities	859	17
Borrowings	10,617	10,229
Total current liabilities	37,150	34,485
Total liabilities	69,085	71,197
TOTAL EQUITY AND LIABILITIES	205,879	197,765
Net assets per share attributable to owners of the Company (RM)	0.73	0.67

(The condensed unaudited consolidated statement of financial position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009)

AIC Corporation Berhad
Condensed unaudited consolidated statements of cash flow for the period ended 30 June 2010

	30.6.2010 RM'000	30.6.2009 RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation	9,784	(684)
Adjustments for:		
Allowance for doubtful debts	21	366
Allowance for inventories obsolescence	-	289
Amortisation of government grant	(429)	(429)
Change in fair value of other investment	182	-
Depreciation	7,060	7,499
Dividend income	(232)	-
Interest expense	1,488	1,681
Interest income	(87)	(190)
Share-based payments	-	(13)
Unrealised foreign exchange loss/(gain)	388	(274)
Other non-cash items	(4)	2
Operating profit before working capital changes	18,171	8,247
Changes in working capital:		
Inventories	(3,059)	2,820
Trade and other receivables	(6,710)	(5,075)
Trade and other payables	1,476	(313)
Cash generated from operations	9,878	5,679
Interest income received	87	190
Taxation refunded	-	48
Taxation paid	(288)	(505)
Net cash generated from operating activities	9,677	5,412
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,137)	(462)
Purchase of other investment	(1,535)	-
Dividend received	174	-
Proceeds from disposal of other investment	30	-
Proceeds from disposal of property, plant and equipment	14	-
Purchase of investment property	(10,994)	-
Net cash used in investing activities	(13,448)	(462)

(The condensed unaudited consolidated statements of cash flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009)

AIC Corporation Berhad
Condensed unaudited consolidated statements of cash flow for the period ended 30 June 2010
(continued)

	30.6.2010 RM'000	30.6.2009 RM'000
Cash flows from financing activities		
Interest paid	(1,488)	(1,681)
Increase in deposits pledged	(28)	(40)
Repayment of bank borrowings – net	(5,020)	(1,512)
Net cash used in financing activities	(6,536)	(3,233)
Net (decrease)/increase in cash and cash equivalents	(10,307)	1,717
Cash and cash equivalents at beginning of period	20,129	16,422
Cash and cash equivalents at end of period	9,822	18,139
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	6,688	8,050
Deposits with licensed banks (excluding deposits pledged)	2,744	7,588
Short term placement funds	390	2,501
	9,822	18,139

(The condensed unaudited consolidated statements of cash flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009)

AIC Corporation Berhad
Condensed unaudited consolidated statements of changes in equity for the period ended 30 June 2010

	← Attributable to owners of the Company →					
	Share capital RM'000	**Non-distributable reserves RM'000**	**Accumulated losses RM'000**	**Total RM'000**	**Minority interest RM'000**	**Total equity RM'000**
At 1 January 2010						
- as previously stated	173,873	11,780	(68,816)	116,837	9,731	126,568
- effect of adopting FRS 139	-	-	1,755	1,755	6	1,761
- as restated	173,873	11,780	(67,061)	118,592	9,737	128,329
Total comprehensive income for the period	-	-	8,089	8,089	376	8,465
At 30 June 2010	173,873	11,780	(58,972)	126,681	10,113	136,794

	← Attributable to equity holders of the Company →					
	Share capital RM'000	**Non-distributable reserves RM'000**	**Accumulated losses RM'000**	**Total RM'000**	**Minority interest RM'000**	**Total equity RM'000**
At 1 January 2009	173,873	12,193	(77,733)	108,333	9,317	117,650
Total comprehensive (loss)/income for the period	-	-	(789)	(789)	58	(731)
Share-based payments	-	(13)	-	(13)	-	(13)
At 30 June 2009	173,873	12,180	(78,522)	107,531	9,375	116,906

(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 2009)

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 do not include all the information required for the full annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2009.

2. Significant Accounting Policies

Save as disclosed below, the significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009.

i) FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments and the new accounting policies are as follows:

I. Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

II. Financial instrument categories and subsequent measurement

The Group categorises financial instruments as follows:

Financial assets

a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group has the positive intention and the ability to hold to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specially designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with gain or loss recognised in profit or loss.

III. Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose term requires delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

IV. Hedge accounting

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period is recognised in profit or loss. The gain or loss on the hedged item, except for hedge item is categorised as available-for-sale, attributable to the hedged risk is adjusted to the carrying amount of the hedged item and recognised in profit or loss. For a hedge item categorised as available-for-sale, the fair value gain or loss attributable to the hedge risk is recognised in profit or loss.

Fair value hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

Hedge of a net investment
A hedge of a net investment is a hedge in the interest of the net assets of a foreign operation. In a net investment hedge, the portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on disposal of the foreign operation.

V. Derecognition
A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

Investment in equity securities
Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries and associates were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates are now categorised and measured as fair value through profit or loss, or as available-for-sale as detailed above.

Prior to the adoption of FRS 139, current investments were carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments. With the adoption of FRS 139, current investments are now categorised and measured as fair value through profit or loss as detailed above.

Derivatives
Prior to the adoption of FRS 139, derivative contracts were recognised in the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are now categorised as fair value through profit or loss and measured at their fair values with the gain or loss recognised in the profit or loss other than derivatives designated as hedging instrument which are accounted for in accordance with the hedge accounting requirements as described in the hedge accounting policy as detailed above.

Impairment of trade and other receivables
Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Changes on adoption
These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance with the transitional provisions of FRS 139 for the first time adoption, adjustments arising from the remeasuring of the financial instruments at the beginning of the financial period were recognised as an adjustment of the opening balance of retained earnings or other appropriate reserve. Comparatives are not adjusted.

Consequently, the adoption of FRS 139 does not affect the basic and diluted earnings per ordinary share for prior periods. It is not practicable to estimate the impact arising from the adoption of FRS 139 to the current period's basic and diluted earnings per ordinary share.

The application of the above new policies has the following effect:

	Accumulated losses RM'000	Minority interest RM'000
At 1 January 2010, as previously stated	(68,816)	9,731
- fair value of other investment classified as fair value through profit or loss	1,663	-
- recognition of derivatives previously not recognised, net of tax	92	6
At 1 January 2010, as restated	(67,061)	9,737

ii) FRS 140, Investment Property
Before 1 January 2010, an investment property under construction was classified as property, plant and equipment and measured at cost. Such property is stated at cost until construction or development was completed, at which time it would be reclassified at its prevailing carrying value as investment property.

With the amendment made to FRS 140 with effect from 1 January 2010, investment property under construction is classified as investment property.

Hence, the adoption of FRS 140 does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

iii) FRS 8, Operating Segments
As of 1 January 2010, the Group determines and presents operating segments based on the information that internally is provided to the Board of Directors. This change in accounting policy is due to the adoption of FRS 8. Previously operating segments were determined and presented in accordance with FRS 114_{2004}, Segment Reporting.

Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per ordinary share.

iv) FRS 117, Leases
The amendments clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment or investment properties. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

The following comparative figures in the statement of financial position have been restated following the adoption of the amendment to FRS 117:

	As at 31 December 2009	
	As restated	**As previously stated**
	RM'000	**RM'000**
Property, plant and equipment	105,395	97,427
Prepaid lease payments	-	7,968

v) **FRS 101 (revised), Presentation of Financial Statements**

The Group applies revised FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per ordinary share.

The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 15, Agreements for the Construction of Real Estate
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distribution of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments

The Group plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011 except for FRS 1, Amendments to FRS 2, IC Interpretation 12 and IC Interpretation 15 which are not applicable to the Group.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impact to the current and prior periods' financial statements upon their first adoption.

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:

	Current quarter 30.6.2010 RM'000	**Financial period to-date 30.6.2010 RM'000**
Tax expense, Malaysia – current	638	1,319

The tax expense for the Group for the current quarter and financial period to-date relates to the taxable income from our 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 unabsorbed reinvestment allowances being utilised by the semiconductor segment.

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 period to-date.

i) 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; and

ii) Prodelcon Sdn Bhd, a wholly owned subsidiary of the Company had on 30 March 2010 entered into a sale and purchase agreement to dispose of its investment properties, comprising of leasehold lands and buildings for a total cash consideration of RM4.6 million. The disposal was completed on 26 July 2010 and resulted in a gain on disposal of RM2.6 million which will be recognised in the third quarter of this year.

8. Purchase or disposal of quoted securities

Save as disclosed below, there were no additions or disposals of quoted securities for the current quarter and financial period to-date.

i) The Company had on 18 January 2010 acquired quoted shares at a total purchase consideration of RM1.5 million; and

ii) The Company had on 15 April 2010 disposed quoted shares at a total purchase consideration of RM29,762. There was no gain or loss arising as the quoted shares were accounted for at fair value.

Investment in quoted securities as at 30 June 2010 is as follows:

	Cost RM'000	Book value RM'000	Market value RM'000
Total quoted investments	13,787	9,976	9,976

9. Valuation of property, plant and equipment

As at 30 June 2010, the valuations of land and building have been brought forward, without amendments from the audited financial statements as at 31 December 2009.

10. Borrowings

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

	Total RM'000
Non-Current	22,076
Current	10,617
Total Group borrowings	32,693

As at 30 June 2010, 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 current quarter and financial period to-date.

As at 30 June 2010, 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

There was no change in the Group structure for the financial period to-date and up to the date of this report.

13. Non-current assets held for sale

Consequent to the proposed disposal of certain investment properties as mentioned in Note 7(ii), the carrying value of the said investment properties has been classified as "Non-current assets held for sale" in accordance with FRS 5, Non-current Assets Held for Sale and Discontinued Operations, in the statement of financial position of the Group as at 30 June 2010.

The non-current assets held for sale as at 30 June 2010 comprise as follows:

	Amount RM'000
Leasehold land	467
Leasehold buildings	1,537
Total	2,004

No impairment or remeasurement is made on the said investment properties upon reclassification as non-current assets held for sale, as the fair value (represented by the proposed sale consideration less costs to sell) is higher than its carrying amount.

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 period end

There are no material events subsequent to the period end.

16. Contingent liabilities/assets

As at 30 June 2010, the Company had executed corporate guarantees in favour of licensed banks and financial institutions of up to a limit of RM28.9 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 RM12.7 million were outstanding at the period end.

17. Seasonal and cyclical factors

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

18. Material litigation

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

19. Segmental information

Analysis by business segments being the primary basis of the Group's segment reporting for the financial period ended 30 June 2010 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	1,016	62,944	21,979	85,939
Internal turnover	428	-	620	1,048
Total turnover	1,444	62,944	22,599	86,987
Results				
Segment results	(165)	6,984	4,366	11,185
Finance costs				(1,488)
Interest income				87
Profit before taxation				9,784
Taxation				(1,319)
Profit for the period				8,465
Other comprehensive income for the period, net of tax				-
Total comprehensive income for the period				8,465
Minority interest				(376)
Total comprehensive income attributable to owners of the Company				8,089

18. Capital commitments

Capital commitments as at 30 June 2010 are as follows:

	RM'000
Purchase of plant and equipment:	
- Approved and contracted for	7,901
- Approved but not contracted for	18,064
Lease agreement ^	9,073
Total	35,038

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.*

19. Derivatives

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.

There are no financial instruments that have not been recorded in the statement of financial position. With the adoption of FRS139, derivatives are recognised on their respective contract dates. As at 30 June 2010, the Group has the following outstanding derivative financial instruments:

Instrument	**Currency**	**Contract/ Notional value**	**Net fair value**
		RM'000	RM'000
Foreign exchange forward contracts			
- Less than 1 year	USD	656	28

The above contracts have matured prior to the date of this quarterly report.

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

There has been no change in the type or in the provider of the financial instruments.

22. Review of performance

The Group's revenue has increased by RM11.3 million or 34% from RM33.6 million in the preceding year corresponding quarter to RM44.9 million for the current quarter with all segments recording an increase in their respective top line. This was due to an overall improvement in demand as a consequence of the improving global economy.

In line with the increase in revenue, the Group registered an improvement of 373% in its net profit from RM1.1 million for the preceding year corresponding quarter to RM5.2 million for the current quarter.

23. Quarterly analysis

Quarter on quarter, the Group's revenue continue to climb, up by RM3.9 million or 9% from RM41.0 million to RM44.9 million due mainly to an improvement in the revenue contribution from the semiconductor segment. The precision tooling and automation segment however, registered a nominal decline of RM0.3 million or 3% in its revenue contribution.

The Group's profit before taxation increased RM2.4 million to RM6.1 million for the current quarter from RM3.7 million for the previous quarter was mainly in tandem with the increase in revenue and improving margins derived by the semiconductor segment.

24. Prospects

In view of the improving global economy, the Board is cautiously optimistic that the remaining period to the end of financial year 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 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 RM5.2 million and RM8.1 million respectively, over the weighted average number of ordinary shares in issue of 173,873,659.

Diluted earnings per share
Diluted earnings per share are 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 period ended 30 June 2010.