AIC CORPORATION BERHAD

(Incorporated in Malaysia)
Company No: 194514-M

QUARTERLY UNAUDITED FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

Contents

AIC Corporation Berhad
Condensed unaudited consolidated statements of comprehensive income for the year ended 31 December 2010

	Current quarter 31.12.2010 RM'000	Preceding year corresponding quarter 31.12.2009 RM'000	Current period 31.12.2010 RM'000	Preceding year corresponding period 31.12.2009 RM'000
Revenue	37,575	37,940	167,400	133,380
Operating expenses	(39,942)	(34,772)	(155,518)	(125,219)
Other operating income	2,426	4170	7,697	5,203
Profit from operations	59	7,338	19,579	13,364
Interest income	111	128	262	446
Finance costs	(331)	(698)	(2,424)	(3,129)
Profit/(Loss) before taxation	(161)	6,768	17,417	10,681
Tax expense	504	(1,614)	(1,571)	(1,750)
Profit for the period	343	5,154	15,846	8,931
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	343	5,154	15,846	8,931
Profit/(Loss) attributable to:				
Owners of the Company	445	5,069	15,480	8,517
Minority interest	(102)	85	366	414
Profit for the period	343	5,154	15,846	8,931
Total comprehensive income/(loss) attributable to:				
Owners of the Company	445	5,069	15,480	8,517
Minority interests	(102)	85	366	414
Total comprehensive income for the period	343	5,154	15,846	8,931
Basic earnings per ordinary share (sen)	0.26	2.92	8.90	4.90
Diluted earnings per ordinary share (sen)	0.22	N/A	7.74	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 31 December 2010

	31.12.2010 RM'000	(Restated) 31.12.2009 RM'000
Non current assets		
Property, plant and equipment	104,175	104,927
Other investment	13,456	6,990
Investment property	11,033	2,011
Intangible assets	4,326	4,326
Total non current assets	132,990	118,254
Current assets		
Receivables, deposits and prepayments, including derivatives	40,014	40,256
Inventories	19,901	16,668
Current tax assets	145	1,511
Cash and cash equivalents	16,697	21,076
Total current assets	76,757	79,511
TOTAL ASSETS	209,747	197,765
Equity attributable to owners of the Company		
Share capital	173,873	173,873
Reserves	(39,801)	(57,036)
	134,072	116,837
Minority interest	10,103	9,731
Total equity	144,175	126,568
Long term and deferred liabilities		
Borrowings	17,275	26,853
Deferred tax liabilities	8,760	9,859
Total long term and deferred liabilities	26,035	36,712
Current liabilities		
Deferred income – government grant	-	552
Payables and accruals	27,752	23,687
Tax liabilities	740	17
Borrowings	11,045	10,229
Total current liabilities	39,537	34,485
Total liabilities	65,572	71,197
TOTAL EQUITY AND LIABILITIES	209,747	197,765
Net assets per share attributable to owners of the Company (RM)	0.77	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 year ended 31 December 2010

	31.12.2010 RM'000	(Restated) 31.12.2009 RM'000
Cash flows from operating activities		
Profit before taxation	17,417	10,681
Adjustments for:		
Allowance for doubtful debts (net)	151	405
Allowance for inventories obsolescence	411	-
Amortisation of government grant	(552)	(859)
Bad debts written off	-	146
Change in fair value of other investment	(3,297)	-
Depreciation	14,085	15,117
Dividend income	(259)	(148)
Gain on disposal of non-current assets held for sale	(2,596)	-
Impairment loss on inventories	92	-
Impairment loss on property, plant and equipment	685	-
Interest expense	2,424	3,003
Interest income	(262)	(446)
Inventories written off	51	483
Property, plant and equipment written off	2	1
Reversal of impairment loss on other investment	-	(2,073)
Share-based payments	-	(13)
Unrealised foreign exchange loss/(gain)	558	(341)
Other non-cash items	(149)	-
Operating profit before working capital changes	28,761	25,956
Changes in working capital:		
Inventories	(3,787)	107
Receivables, deposits and prepayments	121	(8,560)
Payables and accruals	3,685	5,544
Cash generated from operations	28,780	23,047
Interest income received	262	446
Taxation refunded	1,286	51
Taxation paid	(1,802)	(1,527)
Net cash generated from operating activities	28,526	22,017
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,680)	(7,093)
Purchase of other investment	(1,535)	-
Dividend received	194	111
Proceeds from disposal of other investment	30	-
Proceeds from disposal of property, plant and equipment	128	-
Proceeds from disposal of non-current assets held for sale	4,600	-
Purchase of investment property	(11,033)	-
Net cash used in investing activities	(20,296)	(6,982)

(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 year ended 31 December 2010
(continued)

	31.12.2010 RM'000	(Restated) 31.12.2009 RM'000
Cash flows from financing activities		
Interest paid	(2,424)	(3,003)
Increase in deposits pledged	(28)	(40)
Repayment of bank borrowings – net	(10,182)	(8,285)
Net cash used in financing activities	(12,634)	(11,328)
Net (decrease)/increase in cash and cash equivalents	(4,404)	3,707
Cash and cash equivalents at beginning of period	20,129	16,422
Cash and cash equivalents at end of period	15,725	20,129
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	4,582	7,361
Deposits with licensed banks (excluding deposits pledged)	6,165	2,807
Short term placement funds	4,978	9,961
	15,725	20,129

(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 year ended 31 December 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	-	-	15,480	15,480	366	15,846
At 31 December 2010	173,873	11,780	(51,581)	134,072	10,103	144,175

	← 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 income 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

(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 the financial instruments at the beginning of the financial period were recognised as 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	104,927	97,427
Investment property	2,011	1,543
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 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 31.12.2010 RM'000	**Financial year 31.12.2010 RM'000**
Tax expense – Malaysia		
- Current	548	2,551
- Under provision in prior years	47	119
Deferred tax		
- Current	(1,008)	(1,008)
- Over provision in prior years	(91)	(91)
	(504)	1,571

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

The effective tax rate of the Group for the current financial year is lower than the statutory tax rate due mainly to reinvestment allowances claimed and utilised 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.

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 ("Prodelcon"), 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.

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 year.

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 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 31 December 2010 is as follows:

	Cost RM'000	**Book value RM'000**	**Market value RM'000**
Total quoted investments	13,827	13,456	13,456

9. Valuation of property, plant and equipment

As at 31 December 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	17,275
Current	11,045
Total Group borrowings	28,320

As at 31 December 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 year.

As at 31 December 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 year and up to the date of this report.

13. Segmental information

Analysis by business segments being the primary basis of the Group's segment reporting for the financial year ended 31 December 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	1,829	120,357	45,214	167,400
Internal turnover	2,833	-	1,034	3,867
Total turnover	4,662	120,357	46,248	171,267
Results				
Segment results	2,830	6,571	10,178	19,579
Finance costs				(2,424)
Interest income				262
Profit before taxation				17,417
Taxation				(1,571)
Profit for the period				15,846
Other comprehensive income for the year, net of tax				-
Total comprehensive income for the year				15,846
Minority interest				(366)
Total comprehensive income attributable to owners of the Company				15,480

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 year end

Save as disclosed below, there are no material events subsequent to the year end.

A fire ("Fire") occurred on 16 January 2011, at the plating department of the factory premises of Prodelcon. From the initial investigation, the cause of the Fire was the result of an electrical short circuit occurring in one of the equipment located in the plating department of Prodelcon. The management of Prodelcon is in the midst of compiling the documents and information in order to submit insurance claims for losses related to the Fire. Prodelcon has sub-contracted out the plating work to third party vendor since 18 January 2011. The Fire has resulted in damages in certain plant and equipment and inventories of Prodelcon. The total cost and net book value of the said damaged plant and equipment amounted to RM1.0 million and RM0.7 million respectively whereas the carrying value of the damaged inventories totalled RM0.1 million. The impairment for these damaged assets have sinced been provided for in these consolidated financial statements for the financial year ended 31 December 2010.

16. Contingent liabilities/assets

As at 31 December 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 USD0.4 million for credit facilities granted to its subsidiaries. Out of the total banking facilities secured by corporate guarantees, a total borrowing of RM11.1 million were outstanding at the year end.

17. Capital commitments

Capital commitments as at 31 December 2010 are as follows:

	RM'000
Purchase of plant and equipment:	
- Approved and contracted for	790
- Approved but not contracted for	21,637
Lease agreement ^	8,360
Total	30,787

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. 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 31 December 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	5,558	125

The above contracts are maturing within a period of about 1 month from the date of this quarterly report.

There is 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.

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

Comparing year on year, the Group's revenue has moved up by RM34.0 million or 26% to RM167.4 million for the current year. On the back of the higher revenue, the Group's net profit almost doubled to RM15.5 million for the current year from RM8.5 million in the previous year.

The Group's revenue for the current quarter slid a nominal 1% or RM0.4 million to register RM37.6 million from RM37.9 million in the preceding year corresponding quarter. This was due mainly to a slide in the revenue contribution from the semiconductor segment. The decrease was partly off-set by an increase in the revenue contribution from the precision tooling and automation segment.

The Group's net profit decreased by RM4.6 million to RM0.4 million for the current quarter as compared with the preceding year corresponding quarter due mainly to the continuous appreciation of the Ringgit against the United States Dollar, the escalating commodity prices and impairment losses of RM0.8 million arising from the fire incident mentioned in Note 15 above.

22. Quarterly analysis

Quarter on quarter, the Group's revenue declined by RM6.3 million from RM43.9 million for the previous quarter, due mainly to a decrease in the revenue contribution from both the semiconductor and precision tooling and automation segments.

In tandem with the decrease in revenue and due also the impairment losses of RM0.8 million resulting from the fire incident mentioned in Note 15 above, the Group registered a nominal loss before taxation of RM0.2 million for the current quarter.

23. Prospects

Amidst the continuous strengthening of the Ringgit Malaysia against the US Dollars and the rising cost of raw materials, the Board is cautiously optimistic that the year 2011 to be satisfactory.

24. Profit forecast

Not applicable as no profit forecast was published.

25. Earnings per share

Basic earnings per share
The basic earnings per share for the Group was arrived as follows:

	Current year quarter 31.12.2010	**Preceding year corresponding quarter 31.12.2009**	**Current year 31.12.2010**	**Preceding year 31.12.2009**
Profit attributable to owners of the Company (RM'000)	445	5,069	15,480	8,517
Weighted average number of ordinary shares ('000)	173,873	173,873	173,873	173,873
Basic earnings per share (sen)	0.26	2.92	8.90	4.90

Diluted earnings per share
The diluted earnings per share of the Group was arrived as follows:

	Current year quarter 31.12.2010	**Preceding year corresponding quarter 31.12.2009**	**Current year 31.12.2010**	**Preceding year 31.12.2009**
Profit attributable to owners of the Company (RM'000)	445	N/A	15,480	N/A
Weighted average number of ordinary shares (basic) ('000)	173,873	N/A	173,873	N/A
Effect of conversion of warrants outstanding ('000)	26,230	N/A	26,230	N/A
Weighted average number of ordinary shares (diluted) ('000)	200,103	N/A	200,103	N/A
Diluted earnings per share (sen)	0.22	N/A	7.74	N/A

As the assumed conversion of the warrants outstanding in the preceding year corresponding quarter and period would be antidilutive, diluted earnings per share was not computed.

26. Dividends

The Board of Directors does not recommend any dividend in respect of the financial year ended 31 December 2010.

27. Realised and unrealised profits/losses

The breakdown of the accumulated losses of the Group into realised and unrealised profits/(losses) as follows:

	As at	
	30.09.2010 RM'000	**31.12.2010 RM'000**
Realised	(41,821)	(42,483)
Unrealised	(10,143)	(9,022)
	(51,964)	(51,505)
Consolidation adjustments	(62)	(76)
Total accumulated losses	(52,026)	(51,581)