AIC CORPORATION BERHAD

(Incorporated in Malaysia)
Company No: 194514-M

QUARTERLY UNAUDITED FINANCIAL REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2011

Contents

AIC Corporation Berhad
Condensed unaudited consolidated statements of comprehensive income for the period ended 30 September 2011

	Current quarter 30.9.2011 RM'000	Preceding year corresponding quarter 30.9.2010 RM'000	Current period 30.9.2011 RM'000	Preceding year corresponding period 30.9.2010 RM'000
Discontinued operations				
Revenue	31,143	43,886	103,486	129,825
Operating expenses	(30,308)	(39,913)	(98,231)	(115,576)
Other operating income	2,803	4,362	7,453	5,271
Profit from operations	3,638	8,335	12,708	19,520
Interest income	99	64	242	151
Finance costs	(440)	(605)	(1,452)	(2,093)
Profit before taxation	3,297	7,794	11,498	17,578
Tax expense	(591)	(756)	(1,646)	(2,075)
Profit for the period	2,706	7,038	9,852	15,503
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	2,706	7,038	9,852	15,503
Profit attributable to:				
Owners of the Company	2,784	6,946	9,973	15,035
Non-controlling interests	(78)	92	(121)	468
Profit for the period	2,706	7,038	9,852	15,503
Total comprehensive income attributable to:				
Owners of the Company	2,784	6,946	9,973	15,035
Non-controlling interests	(78)	92	(121)	468
Total comprehensive income for the period	2,706	7,038	9,852	15,503
Basic earnings per ordinary share (sen)	1.60	3.99	5.74	8.65
Diluted earnings per ordinary share (sen)	1.39	N/A	4.98	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 2010)

AIC Corporation Berhad
Condensed unaudited consolidated statement of financial position as at 30 September 2011

	30.9.2011 RM'000	Audited 31.12.2010 RM'000
Non current assets		
Property, plant and equipment	-	104,175
Other investment	-	13,456
Investment property	-	11,033
Goodwill on consolidation	-	4,326
Total non current assets	-	132,990
Current assets		
Receivables, deposits and prepayments	-	40,139
Inventories	-	19,901
Current tax assets	-	145
Cash and cash equivalents	-	16,697
Assets of disposal group classified as held for sale	202,182	-
Total current assets	202,182	76,882
TOTAL ASSETS	202,182	209,872
Equity attributable to owners of the Company		
Share capital	173,873	173,873
Reserves	(37,082)	(39,711)
Reserves of disposal group classified as held for sale	7,343	-
	144,134	134,162
Non-controlling interests	9,987	10,108
Total equity	154,121	144,270
Long term and deferred liabilities		
Borrowings	-	17,283
Deferred tax liabilities	-	8,791
Total long term and deferred liabilities	-	26,074
Current liabilities		
Payables and accruals	-	27,752
Tax liabilities	-	740
Borrowings	-	11,038
Liabilities of disposal group classified as held for sale	48,061	-
Total current liabilities	48,061	39,530
Total liabilities	48,061	65,604
TOTAL EQUITY AND LIABILITIES	202,182	209,874
Net assets per share attributable to owners of the Company (RM)	0.83	0.77

(The condensed unaudited consolidated statement of financial position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)

AIC Corporation Berhad
Condensed unaudited consolidated statements of cash flow for the period ended 30 September 2011

	30.9.2011 RM'000	30.9.2010 RM'000
Discontinued operations		
Cash flows from operating activities		
Profit before taxation	11,498	17,578
Adjustments for:		
Amortisation of government grant	-	(552)
Change in fair value of other investment	(7,076)	(746)
Depreciation	10,533	10,527
Dividend income	(438)	(232)
Gain on disposal of investment properties	-	(2,596)
Interest expense	1,452	2,093
Interest income	(242)	(151)
Property, plant and equipment written off	1	-
(Reversal)/Impairment loss on receivables	(21)	20
Unrealised foreign exchange (gain)/loss	(1,288)	988
Other non-cash items	297	(510)
Operating profit before working capital changes	14,716	26,419
Changes in working capital:		
Inventories	(909)	(3,554)
Receivables, deposits and prepayments	7,172	(5,368)
Payables and accruals	(8,388)	540
Cash generated from operations	12,591	18,037
Interest income received	242	151
Taxation paid	(2,047)	(519)
Net cash generated from operating activities	10,786	17,669
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,364)	(7,550)
Purchase of other investment	-	(1,535)
Dividend received	328	174
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
Additions in investment property	(12)	(11,033)
Net cash used in investing activities	(3,048)	(15,186)

AIC Corporation Berhad
Condensed unaudited consolidated statements of cash flow for the period ended 30 September 2011
(continued)

	30.9.2011 RM'000	30.9.2010 RM'000
Discontinued operations		
Cash flows from financing activities		
Interest paid	(1,452)	(2,093)
Increase in deposits pledged	-	(28)
Repayment of bank borrowings – net	(7,899)	(7,596)
Net cash used in financing activities	(9,351)	(9,717)
Net decrease in cash and cash equivalents	(1,613)	(7,234)
Cash and cash equivalents at beginning of period	15,722	20,129
Cash and cash equivalents at end of period	14,109	12,895
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	6,863	3,746
Deposits with licensed banks (excluding deposits pledged)	2,510	4,451
Short term placement funds	4,736	4,698
	14,109	12,895

(The condensed unaudited consolidated statements of cash flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)

AIC Corporation Berhad
Condensed unaudited consolidated statements of changes in equity for the period ended 30 September 2011

	Attributable to owners of the Company							
	Share capital RM'000	Share premium RM'000	Non-distributable reserves RM'000	Reserves of disposal group classified as held for sale RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2011	173,873	4,437	7,343	-	(51,492)	134,161	10,108	144,269
Reserves attributable to disposal group held for sale	-	-	(7,343)	7,343	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	-	9,973	9,973	(121)	9,852
At 30 September 2011	173,873	4,437	-	7,343	(41,519)	144,134	9,987	154,121

	Attributable to owners of the Company						
	Share capital RM'000	Share premium RM'000	Non-distributable reserves RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2010							
- as previously stated	173,873	4,437	7,343	(68,816)	116,837	9,731	126,568
- effect of adopting FRS 139	-	-	-	1,755	1,755	6	1,761
- as restated	173,873	4,437	7,343	(67,061)	118,592	9,737	128,329
Total comprehensive income for the period	-	-	-	15,035	15,035	468	15,503
At 30 September 2010	173,873	4,437	7,343	(52,026)	133,627	10,205	143,832

(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 2010)

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 2010.

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 2010.

i) Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011 the Group has applied FRS 3, *Business Combinations* (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

Under FRS 3 (revised), the definition of a business has been broadened, which will result in more acquisitions being treated as business combinations.

Acquisitions on or after 1 January 2011
For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any minority (will be known as non-controlling) interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Any non-controlling interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and /or future service.

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

ii) Loss of control

The Group applied FRS 127, *Consolidated and Separate Financial Statements* (revised) since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be recognised as cost on initial measurement of the investment.

iii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Since the beginning of the reporting period, the Group has applied FRS 127, *Consolidated and Separate Financial Statements* (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

In the previous years, where losses applicable to the non-controlling interests exceed the their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

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 July 2011

- Amendments to IC 14, *Prepayments of a Minimum Funding Requirement*
- IC 19, *Extinguishing Financial Liabilities with Equity Instruments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- IC 15, *Arrangements for the Construction of Real Estate*

The Group plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 January 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012 except for IC Interpretation 19, Amendments to IC Interpretation 14 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 or which requires extended disclosures, is not expected to have any financial impact to the current and prior periods' financial statements upon their first adoption.

Following the announcement by the Malaysian Accounting Standards Board on 1 August 2008, the Group's financial statements will be prepared in accordance with the International Financial Reporting Standards ("IFRS") framework for annual periods beginning on 1 January 2012.

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

Save as disclosed below, there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial period to-date.

As disclosed in Note 13 below, the AIC Business (as defined in Note 13) fall within the ambit of Discontinued Operations and Disposal Group Classified as Held for Sale under FRS 5, Non-current Assets Held for Sale and Discontinued Operations.

As a result of the above:

(i) all assets, liabilities and related reserves of the Group as at 30 September 2011 have been classified and presented on the consolidated statements of financial position, as 'held for sale' in accordance with FRS 5;

(ii) the entire results of the Group for the current quarter and period and preceding year corresponding quarter and period have been presented on the consolidated statements of comprehensive income as "Discontinued Operations" in accordance with FRS 5; and

(iii) the cash flows of the Group for the current period and preceding year corresponding period have been presented on the consolidated statements of cash flows as "Discontinued Operations" in accordance with FRS 5.

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 30.9.2011 RM'000	**Financial period to-date 30.9.2011 RM'000**
Tax expense, Malaysia – current	591	1,646

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

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 certain non-taxable income.

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.

Prodelcon Sdn Bhd, a wholly owned subsidiary of the Company had on 21 April 2011 entered into a sale and purchase agreement with Penang Development Corporation for the purchase of a parcel of leasehold land for a cash consideration of RM2.97 million. The acquisition has been completed subsequent to the period end.

8. Purchase or disposal of quoted securities

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

Investment in quoted securities as at 30 September 2011 is as follows:

	Cost RM'000	Book value (Fair value through profit or loss) RM'000	Market value RM'000
Total quoted investments	13,787	20,532	20,532

9. Valuation of property, plant and equipment

As at 30 September 2011, the valuations of land and building have been brought forward, without amendments from the audited financial statements as at 31 December 2010.

10. Borrowings

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

	Total RM'000
Non-Current	9,178
Current	11,244
Total Group borrowings	20,422

As at 30 September 2011, 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 September 2011, 26,230,129 Warrants C of the Company 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 period to-date and up to the date of this report.

Prodelcon Sdn Bhd, a wholly owned subsidiary of the Company had on 21 March 2011 acquired the entire equity interest, comprising 2 ordinary shares of RM1.00 each in Isotrax Engineering Sdn Bhd for a total cash consideration of RM2.

13. Corporate proposals

Save as disclosed below, there are no corporate proposals that were announced but not completed within 7 days from the date of issue of this quarterly report.

On 29 July 2011, Maybank Investment Bank Berhad ("Maybank IB"), being the adviser to AIC in respect of the Proposed Disposal (as defined below) had announced on behalf of the Board of Directors of the Company ("Board") that the Company had received an offer ("Offer") of even date from Temasek Formation Berhad ("TFB") (then known as Temasek Formation Sdn Bhd), a company whose major shareholder and director, namely Datuk Goh Tian Chuan ("Datuk Goh") is also a major shareholder and Executive Chairman of the Company, to acquire the entire business and undertakings, including all assets and liabilities of the Company ("AIC Business") ("Proposed Disposal").

Together with the Offer, TFB simultaneously made offers on substantially the same terms and conditions to acquire the entire businesses and undertakings, including all assets and liabilities, of Jotech Holdings Berhad ("Jotech") ("Jotech Business") and AutoV Corporation Berhad ("AutoV") ("AutoV Business"). Such simultaneous offers, together with the Offer (collectively known as the "Merger Exercise Offer"), shall constitute a single consolidated offer as at 29 July 2011 for the purposes of achieving the merger of the businesses and undertakings of AIC, Jotech and AutoV (collectively known as "Target Companies"), including all assets and liabilities of the Target Companies as at completion of the Proposed Disposal in accordance with the terms of the Merger Agreement (as defined below) ("Completion").

On 24 August 2011, Maybank IB announced on behalf of the Board that the non-interested Directors of AIC have decided to accept the Offer, subject to, among others the approval of the shareholders of AIC and relevant authorities, where required. As the Merger Exercise Offer represents a related party transaction in view of Datuk Goh's substantial shareholdings in the Target Companies, OSK Investment Bank Berhad ("OSK") has been appointed by AIC to advise the non-interested Directors and the non-interested shareholders of AIC.

On 22 August 2011 and 24 August 2011, Maybank IB announced on behalf of the board of directors of AutoV and Jotech respectively that they have decided to accept the offer from TFB to acquire the AutoV Business ("Proposed AutoV Business Disposal") and Jotech Business ("Proposed Jotech Business Disposal") upon the terms and conditions contained in their respective offer letters dated 29 July 2011 issued by TFB to AutoV and Jotech.

On 15 September 2011, Maybank IB announced on behalf of the Board that AIC had on even date entered into a definitive merger agreement ("Merger Agreement") with TFB, Jotech and AutoV in relation to the Merger Exercise Offer.

The Offer entails the following proposals ("Proposals"):

i) Proposed Disposal;
ii) Proposed Distribution;
iii) Proposed Share Issue;
iv) Proposed Bonus Issue; and
v) Proposed Warrant Scheme

which is further described below.

Proposed Disposal

The Proposed Disposal entails TFB acquiring the AIC Business for a total purchase consideration ("Consideration") equivalent to:

(a) RM1.80 for each ordinary share of RM1.00 each in AIC ("AIC Share"), being 20% above the volume weighted average market price ("VWAMP") of AIC Shares for the five (5) market days up to and including 26 July 2011, being the last trading day prior to the Offer, of RM1.50, multiplied by the total number of outstanding AIC Shares, at a date to be determined later by TFB in consultation with AIC; and

(b) RM1.00 for each Warrant C, being 17.37% above the VWAMP of the Warrants C for the five (5) market days up to and including 26 July 2011, being the last trading day prior to the Offer, of RM0.852, multiplied by the total outstanding number of Warrants C in issue at a date to be determined later by TFB in consultation with AIC.

The Consideration shall be satisfied by the issuance of an equivalent value of new ordinary shares of RM0.10 each in TFB ("TFB Share") at an issue price of RM0.12 per TFB Share, less/excluding such number of TFB Shares to be received by AIC arising from its entitlement to TFB Shares pursuant to its existing 11,600,000 ordinary shares of RM1.00 each in AutoV, being such TFB Shares to which AIC will be entitled to under a proposed distribution, similar to the Proposed Distribution (as defined below), to be undertaken by AutoV in connection with the implementation of the Proposed AutoV Business Disposal under the Merger Exercise Offer.

The Consideration is intended to be distributed/paid to the entitled shareholders of AIC and Warrant C Holders pursuant to the Proposed Distribution and Proposed Warrant Scheme as defined below.

Proposed Distribution

AIC shall, subject to obtaining all requisite approvals, implement a proposed distribution exercise comprising:

(i) a capital reduction exercise ("Proposed Capital Reduction") in accordance with Sections 60(2) and/or 64 of the Companies Act, 1965 ("Act"), involving a reduction of the share capital and/or share premium reserve (if applicable) of AIC via cancellation of AIC's issued and paid-up share capital, which shall require confirmation by the High Court of Malaya pursuant to Sections 60(2) and/or 64 of the Act; and

(ii) a capital repayment exercise ("Proposed Capital Repayment") involving:

(a) the distribution-in-specie of the TFB Shares to be received by AIC upon completion of the Proposed Disposal to all the entitled shareholders of AIC; and

(b) the distribution-in-specie of the TFB Shares to be received by AIC arising from its entitlement to the TFB Shares pursuant to its existing 11,600,000 ordinary shares of RM1.00 each in AutoV held by AIC in AutoV, to all the entitled shareholders of AIC.

(collectively known as the "Proposed Distribution").

Proposed Share Issue

In connection with the Proposed Disposal, TFB shall simultaneously with the implementation of the Proposed Distribution (which will result in the cancellation of the entire share capital of AIC), subscribe for and AIC shall allot and issue 2 new AIC Shares to TFB at an issue price of RM1.00 each ("Proposed Share Issue"). Accordingly, immediately following the completion of the Proposed Distribution and Proposed Share Issue, the share capital of AIC shall be RM2.00, comprising 2 AIC Shares, all of which shall be held by TFB.

Proposed Bonus Issue

In order to facilitate the Proposed Distribution, AIC shall, prior to the implementation of the Proposed Capital Reduction, undertake a bonus issue of shares, which shall not be credited to the entitled shareholders of AIC and shall immediately be cancelled pursuant to the Proposed Capital Reduction and which is to be effected by way of capitalising all sums standing to the credit of the share premium account, retained profits and/or any other reserves which may be capitalised, including the net gain arising from the Proposed Disposal ("Proposed Bonus Issue"). The actual number of bonus shares to be issued per AIC Share would be dependent on the amount to be capitalised and the total issued and paid-up capital of AIC, as at the entitlement date for the Proposed Distribution.

Proposed Warrant Scheme

In conjunction with the Proposed Disposal, AIC shall implement a scheme of arrangement under Section 176 of the Act ("Proposed Warrant Scheme") to pay the Warrants C holders their entitlements to the Consideration in consideration for the cancellation of the exercise rights pursuant to the Warrants C and thereafter proceed to cancel all the Warrants C so that all the outstanding Warrants C are effectively and validly cancelled.

Upon Completion, each of the Target Companies will separately apply to Bursa Malaysia Securities Berhad ("Bursa Securities") to be delisted from the Main Market of Bursa Securities and subsequently subject to the requisite approvals being obtained, TFB shall assume the listing status of any one of the Target Companies and be listed on the Main Market of Bursa Securities.

Maybank IB had on 20 October 2011, submitted an application to the Securities Commission in relation to the Proposals.

14. Material events subsequent to the period end

There are no material events subsequent to the period end.

15. Contingent liabilities/assets

As at 30 September 2011, the Company had executed corporate guarantees in favour of licensed banks and financial institutions of up to a limit of RM28.9 million and USD0.3 million for credit facilities granted to its subsidiaries. Out of the total banking facilities secured by corporate guarantees, a total borrowings of RM7.3 million were outstanding at the period end.

16. Segmental information

Analysis by business segments being the primary basis of the Group's segment reporting for the financial period ended 30 September 2011 is as follows:

	Test and assembly and other semiconductor related activities RM'000	Precision tooling and automation RM'000	Investment holding RM'000	Total RM'000
Discontinued operations				
Segment revenue				
Revenue from external customers	66,144	35,726	1,616	103,486
Inter-segment revenue	-	181	510	691
Discontinued operations				
Segment profit before tax	(1,972)	7,401	6,137	11,566
Income/(Expenses) included in the measure of Segment Profit are:				
Change in fair value of other investment	-	-	7,076	7,076
Depreciation	(8,981)	(1,547)	(11)	(10,539)
Interest expense	(446)	(86)	(920)	(1,452)
Interest income	50	92	100	242
Assets of disposal group classified as held for sale				
Segment assets	120,172	39,967	37,773	197,912
Included in the measure of segment assets are:				
Additions to non-current assets other than financial instruments	1,270	2,084	10	3,364
Liabilities of disposal group classified as held for sale				
Segment liabilities	25,429	9,554	13,078	48,061

Reconciliation to consolidated profit before tax as below:

	Financial period ended 30.9.2011 RM'000
Discontinued operations	
Total segment profit	11,566
Consolidation adjustments	(68)
Consolidated profit before tax	11,498

Reconciliation to consolidated total assets as below:

	As at 30.9.2011 RM'000
Assets classified as held for sale	
Total segment assets	197,912
Goodwill on consolidation	4,340
Consolidation adjustments	(70)
Consolidated total assets	202,182

17. Capital commitments

Capital commitments as at 30 September 2011 are as follows:

	RM'000
Approved and contracted for:	
- Purchase of plant and equipment	585
- Purchase of land	1,485
Approved but not contracted for:	
- Purchase of plant and equipment	20,210
Lease agreement ^	7,291
Total	29,571

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 30 September 2011, 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	6,356	171

The above contracts are maturing within a period of about 4 months from 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.

19. Seasonal and cyclical factors

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

20. Material litigation

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

21. Review of performance

The Group's revenue has decreased by RM12.7 million from RM43.9 million in the preceding year corresponding quarter to RM31.1 million for the current quarter with both semiconductor and precision tooling and automation segments recording declines in their respective top lines. This was due to an overall weak demand as a result of the slowing pace of the global economy as well as a weaker USD as the Group's revenue is mainly denominated in USD.

In line with the decrease in revenue and coupled with the higher commodity prices (mainly gold prices), the Group registered a decline in its net profit from RM6.9 million for the preceding year corresponding quarter to RM2.8 million for the current quarter. Included in the precision tooling and automation segment's net profit for the preceding year corresponding quarter was a one-off gain on disposal of investment properties of RM2.6 million.

22. Quarterly analysis

Quarter on quarter, the Group's revenue slid RM4.1 million to register at RM31.1 million versus RM35.3 million in the previous quarter. The decrease was attributable to a decline in the revenue contributions from both the semiconductor and precision tooling and automation segments due mainly to a weaker demand as a result of the slowing pace of the global economy.

In line with the decline in revenue of both the semiconductor and precision tooling and automation segments and coupled with higher average commodity prices (mainly gold prices) in the current quarter, the Group's profit before taxation decreased to RM3.3 million from RM3.4 million for the previous quarter. The decline in the operating results was partly offset by an increase in the fair value gain on other investment of RM1.0 million.

23. Prospects

Due to the current sovereign debt and financial crisis in Europe and the slowing pace of the global economy, the Board is of the view that the remaining period to the end of financial year to be challenging.

24. Profit forecast

Not applicable as no profit forecast was published.

25. Earnings per share

<u>Basic earnings per share</u>
The basic earnings per share for the Group was arrived as follows:

	Current quarter 30.9.2011	**Preceding year corresponding quarter 30.9.2010**	**Current period 30.9.2011**	**Preceding year corresponding period 30.9.2010**
Profit attributable to owners of the Company (RM'000)	2,784	6,946	9,973	15,035
Weighted average number of ordinary shares ('000)	173,873	173,873	173,873	173,873
Basic earnings per share (sen)	1.60	3.99	5.74	8.65

<u>Diluted earnings per share</u>
The diluted earnings per share of the Group was arrived as follows:

	Current quarter 30.9.2011	**Preceding year corresponding quarter 30.9.2010**	**Current period 30.9.2011**	**Preceding year corresponding period 30.9.2010**
Profit attributable to owners of the Company (RM'000)	2,784	N/A	9,973	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)	1.39	N/A	4.98	N/A

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

26. Dividends

The Board does not recommend any dividend in respect of the financial period ended 30 September 2011.

27. Discontinued operations and disposal group classified as held for sale

Pursuant to the Merger Agreement as mentioned in Note 13 above, the AIC Business fall within the ambit of Discontinued Operations and Disposal Group Classified as Held for Sale under FRS 5, Non-current Assets Held for Sale and Discontinued Operations. Accordingly, all assets, liabilities and related reserves of the Group have been classified and presented on the consolidated statements of financial position as 'held for sale' in accordance with FRS 5. As at 30 September 2011, the assets, liabilities and reserves classified as 'held for sale' comprised as follows:

	RM'000
Assets	
Property, plant and equipment	97,005
Other investment	20,532
Investment property	11,045
Goodwill on consolidation	4,340
Receivables, deposits and prepayments	32,693
Inventories	20,810
Current tax assets	672
Cash and cash equivalents	15,085
Assets of disposal group classified as held for sale	202,182
Liabilities	
Borrowings	20,422
Deferred tax liabilities	8,791
Payables and accruals	18,091
Tax liabilities	757
Liabilities of disposal group classified as held for sale	48,061
Net assets of disposal group classified as held for sale	154,121
Reserves	
Revaluation reserve	1,302
Capital reserve	6,041
Reserves of disposal group classified as held for sale	7,343

28. Realised and unrealised profits/losses

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

	As at 30.09.2011 RM'000	**As at 31.12.2010 RM'000**
Realised	(40,998)	(42,586)
Unrealised	(451)	(8,830)
	(41,449)	(51,416)
Consolidation adjustments	(70)	(76)
Total accumulated losses	(41,519)	(51,492)