

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your ordinary shares in AT Systematization Berhad (644800-X) ("AT" or "our Company"), you should at once hand this Abridged Prospectus together with the Notice of Provisional Allotment ("NPA") and Rights Subscription Form ("RSF") to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Free Warrants (as defined herein), which is the subject of this Abridged Prospectus should be addressed to our Share Registrar, Tricor Investor Services Sdn Bhd (118401-V) at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

This Abridged Prospectus, together with the NPA and RSF are only despatched to our shareholders who have provided our Share Registrar with a registered address in Malaysia and whose names appear on our Record of Depositors not later than 5.00 p.m. on 7 January 2014. This Abridged Prospectus together with the NPA and RSF, are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Free Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders (as defined herein) and their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers as to whether the acceptance or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue with Free Warrants would result in the contravention of any laws of such countries or jurisdictions. Neither we nor M&A Securities Sdn Bhd (15017-H) ("M&A Securities") shall accept any responsibility or liability in the event that any acceptance or renunciation made by the Entitled Shareholders or their renounee(s) (if applicable) are or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

A copy of this Abridged Prospectus has been registered with the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Free Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these documents.

Approval for the Rights Issue with Free Warrants has been obtained from our shareholders at the Extraordinary General Meeting held on 3 December 2013. Approval-in-principle has also been obtained from Bursa Malaysia Securities Berhad (635998-W) ("Bursa Securities") via its letter dated 23 October 2013 for the admission of the Warrants (as defined herein) to the Official List of Bursa Securities and the listing of the Rights Shares (as defined herein), Warrants and new AT Shares (as defined herein) to be issued upon exercise of the Warrants on the ACE Market of Bursa Securities. The Warrants will be admitted to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd (165570-W) that all the Central Depository System accounts of the Entitled Shareholders have been duly credited and notices of allotment have been despatched to the Entitled Shareholders. Admission of the Warrants to the Official List of Bursa Securities and the listing of the Rights Shares, Warrants and new AT Shares to be issued upon exercise of the Warrants on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Free Warrants.

All the documentation relating to this Rights Issue with Free Warrants including this Abridged Prospectus, together with the NPA and RSF, have been seen and approved by our Board of Directors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in these documents false or misleading.

M&A Securities, being the Adviser for this Rights Issue with Free Warrants, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Free Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.



AT SYSTEMATIZATION BERHAD

(Company No. 644800-X)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 196,845,765 NEW ORDINARY SHARES OF RM0.10 EACH IN AT ("RIGHTS SHARES") TOGETHER WITH UP TO 196,845,765 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) RIGHTS SHARE TOGETHER WITH ONE (1) WARRANT FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.10 EACH IN AT SUBSCRIBED AT 5.00 P.M. ON 7 JANUARY 2014 AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE

Adviser



M&A SECURITIES SDN BHD (15017-H)

(A Wholly-Owned Subsidiary of Insas Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date	: Tuesday, 7 January 2014 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	: Wednesday, 15 January 2014 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	: Tuesday, 21 January 2014 at 4.00 p.m.
Last date and time for acceptance and payment	: Friday, 24 January 2014 at 5.00 p.m.*
Last date and time for excess application and payment	: Friday, 24 January 2014 at 5.00 p.m.*

* or such later date and time as our Directors may determine and announce not less than two (2) Market Days (as defined herein) before the stipulated date and time.

This Abridged Prospectus is dated 7 January 2014

ALL TERMS AND ABBREVIATIONS USED HEREIN SHALL HAVE THE SAME MEANINGS AS THOSE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

THIS ABRIDGED PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH FREE WARRANTS FOR WHICH ANY OF THE PERSON SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires, the following definitions and abbreviations shall apply throughout this Abridged Prospectus, NPA and RSF:-

“Abridged Prospectus”	:	This Abridged Prospectus issued by us dated 7 January 2014
“Act”	:	The Companies Act, 1965 as amended from time to time and any re-enactment thereof
“Amendment”	:	Amendment to our Company’s existing Memorandum of Association to facilitate the issuance of new AT Shares pursuant to the Rights Issue with Free Warrants and the issuance of new AT Shares in the future arising from the exercise of Warrants
“AMLR”	:	ACE Market Listing Requirements
“AT” or “Company”	:	AT Systematization Berhad (644800-X)
“AT Group” or “Group”	:	AT and its subsidiaries, collectively
“AT Share(s)” or “Share(s)”	:	Ordinary share(s) of RM0.10 each in AT
“Board”	:	Board of Directors
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W)
“CDS”	:	Central Depository System
“CDS Account(s)”	:	A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depositories) Act, 1991 and the rules of Bursa Depository for the recording of deposits or withdrawal of securities and dealings in such securities by the depositor
“Code”	:	Malaysian Code on Take-overs and Mergers, 2010, as amended from time to time and any re-enactment thereof
“Deed Poll”	:	The deed poll executed by our Company on 11 December 2013 constituting the Warrants
“EGM”	:	Extraordinary general meeting
“Entitled Shareholders”	:	Our shareholders whose names appear on our Record of Depositors on the Entitlement Date
“Entitlement Date”	:	At 5.00 p.m. on 7 January 2014, being the time and date which the Entitled Shareholders must be registered in our Record of Depositors with Bursa Depository in order to be entitled to participate in the Rights Issue with Free Warrants
“EPS”	:	Earnings per share
“Exercise Price”	:	Price at which one (1) Warrant is exercisable into one (1) AT Share, being RM0.12, subject to such adjustments as may be allowed under the Deed Poll
“FPE”	:	Financial period ended/ending, as the case may be
“FYE”	:	Financial year ended/ending, as the case may be
“Increase in Authorised Share Capital”	:	Increase in the authorised share capital of AT from RM25,000,000 comprising 250,000,000 AT Shares to RM100,000,000 comprising 1,000,000,000 AT Shares
“Issue Price”	:	The issue price pursuant to the Rights Issue with Free Warrants of RM0.10 per Rights Share
“LPD”	:	9 December 2013, being the latest practicable date prior to the issuance of this Abridged Prospectus
“Market Day(s)”	:	A day on which Bursa Securities is open for trading in securities

DEFINITIONS (CONT'D)

"M&A Securities"	:	M&A Securities Sdn Bhd (15017-H)
"Maximum Scenario"	:	Assuming all Entitled Shareholders subscribe in full for their entitlements pursuant to the Rights Issue with Free Warrants
"Minimum Scenario"	:	Assuming none of the Entitled Shareholders subscribe for their entitlements and only MSW subscribes for the Rights Shares pursuant to his Undertaking
"MSW"	:	Mak Siew Wei, an executive director and shareholder of AT
"NA"	:	Net assets
"NPA"	:	Notice of Provisional Allotment in relation to the Rights Issue with Free Warrants
"Proposals"	:	Rights Issue with Free Warrants, Increase in Authorised Share Capital and Amendment, collectively
"Record of Depositors"	:	A record of depositors established by Bursa Depository under the rules of Bursa Depository, as amended from time to time
"Rights Issue with Free Warrants"	:	Renounceable rights issue of up to 196,845,765 Rights Shares together with up to 196,845,765 Warrants on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing AT Share subscribed, at an issue price of RM0.10 per Rights Share
"Rights Shares"	:	Up to 196,845,765 new AT Shares to be issued pursuant to the Rights Issue with Free Warrants
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form in relation to the Rights Issue with Free Warrants
"SGD"	:	Singapore Dollars
"Undertaking"	:	Irrevocable undertaking by MSW, to subscribe in full for his entitlement and additional Rights Shares via excess application pursuant to the Rights Issue with Free Warrants amounting to 86,000,000 Rights Shares
"USD"	:	United States Dollar
"Warrants"	:	Up to 196,845,765 free detachable warrants to be issued pursuant to the Rights Issue with Free Warrants
"5D-WAMP"	:	5-day volume weighted average market price

References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

TABLE OF CONTENTS

	Page
CORPORATE DIRECTORY	v
LETTER TO OUR SHAREHOLDERS CONTAINING:-	
1. INTRODUCTION	1
2. DETAILS OF THE RIGHTS ISSUE WITH FREE WARRANTS	
2.1 Details of the Rights Issue with Free Warrants	2
2.2 Basis of determining the issue price of the Rights Shares and the exercise price of the Warrants	3
2.3 Ranking of the Rights Shares and new AT Shares to be issued pursuant to the exercise of the Warrants	4
2.4 Salient terms of the Warrants	4
2.5 Director’s Undertaking	5
2.6 Details of other corporate exercises	5
3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION	
3.1 General	6
3.2 NPA	6
3.3 Last date and time of acceptance and payment	6
3.4 Procedure for full acceptance and payment	6
3.5 Procedure for part acceptance	8
3.6 Procedure for sale/transfer of provisional allotment of Rights Shares with Warrants	8
3.7 Procedure for acceptance by renounees	9
3.8 Procedure for excess application	9
3.9 Form of issuance	10
3.10 Laws of foreign jurisdictions	11
4. RATIONALE FOR THE RIGHTS ISSUE WITH FREE WARRANTS	12
5. UTILISATION OF PROCEEDS	13
6. RISK FACTORS	
6.1 Risks relating to the Rights Issue with Free Warrants	15
6.2 Risks relating to our Group	16
7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS	
7.1 Overview and prospects of the global economy	22
7.2 Overview and prospects of the Malaysian economy	23
7.3 Overview and prospects of the manufacturing sector in Malaysia	23
7.4 Future prospects of our Group	24
8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH FREE WARRANTS	
8.1 Share capital	25
8.2 Earnings and EPS	25
8.3 Dividend	26

TABLE OF CONTENTS (CONT'D)

	Page	
8.4	Substantial shareholders' shareholdings	26
8.5	NA and gearing	26
9.	WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS	
9.1	Working capital	28
9.2	Borrowings	28
9.3	Material commitments	28
9.4	Contingent liabilities	28
10.	TERMS AND CONDITIONS	29
11.	FURTHER INFORMATION	29
APPENDICES		
I.	CERTIFIED EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH FREE WARRANTS PASSED AT OUR EGM HELD ON 3 DECEMBER 2013	30
II.	SALIENT TERMS OF THE WARRANTS	33
III.	INFORMATION ON OUR COMPANY	36
IV.	PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 28 FEBRUARY 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON	42
V.	AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 28 FEBRUARY 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON	55
VI.	UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF OUR GROUP FOR THE SIX (6) MONTHS PERIOD ENDED 31 AUGUST 2013	111
VII.	DIRECTORS' REPORT	126
VIII.	ADDITIONAL INFORMATION	128

CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Age	Address	Nationality	Occupation
Dato' Sri Ahmad Said Bin Hamdan <i>(Independent Non-Executive Chairman)</i>	61	No 3, Jalan Pekaka 8/15F Seksyen 8 Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Ir. Auniah Binti Ali <i>(Executive Director)</i>	53	2579/3 Jalan Selangor Bukit Persekutuan 50480 Kuala Lumpur	Malaysian	Company Director
Mak Siew Wei <i>(Executive Director)</i>	38	30, Jalan Sepah Puteri 5/16 Bandar Seri Utama 47810 Kota Damansara Selangor Darul Ehsan	Malaysian	Company Director
Dr Ch'ng Huck Khoon <i>(Independent Non-Executive Director)</i>	44	No. 28, Jalan Deva Pada 10400 George Town Pulau Pinang	Malaysian	Businessman
Chang Vun Lung <i>(Independent Non-Executive Director)</i>	37	No. 18, Jalan BS 9/5B Taman Bukit Serdang, Seksyen 9 43300 Seri Kembangan Selangor Darul Ehsan	Malaysian	Accountant

AUDIT COMMITTEE

Name	Designation	Directorship
Dato' Sri Ahmad Said Bin Hamdan	Chairman	Independent Non-Executive Chairman
Dr Ch'ng Huck Khoon	Member	Independent Non-Executive Director
Chang Vun Lung	Member	Independent Non-Executive Director

COMPANY SECRETARIES

Angelina Cheah Gaik Suan (MAICSA No. 7035272)
Lee Mei Mei (MAICSA No. 7062284)
c/o Suite S-21-H, 21st Floor
Menara Northam
55, Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Tel: 04-210 7118

REGISTERED OFFICE

Suite S-21-H, 21st Floor
Menara Northam
55, Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Tel: 04-210 7118

CORPORATE DIRECTORY (CONT'D)

HEAD/MANAGEMENT OFFICE

Plot 82, Lintang Bayan Lepas
Bayan Lepas Industrial Park, Phase IV
11900 Pulau Pinang
Tel: 04-644 7771
E-mail: ats@ate.com.my
Website: www.ate.com.my

PRINCIPAL BANKERS

Public Bank Berhad (6463-H)
1&3, Jalan Relau
11900 Pulau Pinang
Tel: 04-644 3097

CIMB Bank Berhad (13491-P)
8th floor, Bangunan KWSP
Lot 3009 Off Lebuah Tenggiri 2
Bandar Seberang Jaya
13700 Seberang Jaya Pulau Penang
Tel: 04-397 8033

AUDITORS

Crowe Horwath (AF 1018)(Prior to 26 August 2013)
Chartered Accountants
17.01 Menara Boustead Penang
39 Jalan Sultan Ahmad Shah
10050 Penang
Tel: 04-227 7061

Baker Tilly Monteiro Heng (AF 0117)
Chartered Accountants
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel: 03-2297 1000

REPORTING ACCOUNTANTS

UHY (AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2279 3088

REGISTRAR

Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2264 3883

**SOLICITORS FOR THE RIGHTS ISSUE
WITH FREE WARRANTS**

Lee Choon Wan & Co
No 12, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
Tel: 03-2093 0078

CORPORATE DIRECTORY (CONT'D)

**ADVISER FOR THE RIGHTS ISSUE
WITH FREE WARRANTS**

M&A Securities Sdn Bhd (15017-H)
No. 45-3, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2284 2911

STOCK EXCHANGE LISTING

ACE Market of Bursa Securities

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AT SYSTEMATIZATION BERHAD

(Company No. 644800-X)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Suite S-21-H, 21st Floor
Menara Northam
55, Jalan Sultan Ahmad Shah
10050 Pulau Pinang

7 January 2014

Directors:

Dato' Sri Ahmad Said Bin Hamdan (*Independent Non-Executive Chairman*)
Ir Auniah Binti Ali (*Executive Director*)
Mak Siew Wei (*Executive Director*)
Dr Ch'ng Huck Khoon (*Independent Non-Executive Director*)
Chang Vun Lung (*Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 196,845,765 NEW ORDINARY SHARES OF RM0.10 EACH IN AT TOGETHER WITH UP TO 196,845,765 FREE DETACHABLE WARRANTS ON THE BASIS OF ONE (1) RIGHTS SHARE TOGETHER WITH ONE (1) WARRANT FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.10 EACH IN AT SUBSCRIBED AT 5.00 P.M. ON 7 JANUARY 2014 AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE

1. INTRODUCTION

Our shareholders had at an EGM held on 3 December 2013 approved the Rights Issue with Free Warrants.

A certified extract of the ordinary resolutions pertaining to the Rights Issue with Free Warrants which was passed at the said EGM is set out in Appendix I of this Abridged Prospectus.

Bursa Securities had vide its letter dated 23 October 2013 approved in-principle the following:-

- (i) Admission to the Official List of Bursa Securities and the listing of and quotation for up to 196,845,765 Warrants to be issued pursuant to the Rights Issue with Free Warrants;
- (ii) Listing of and quotation for up to 196,845,765 Rights Shares to be issued pursuant to the Rights Issue with Free Warrants; and
- (iii) Listing of and quotation for up to 196,845,765 new AT Shares to be issued arising from the exercise of the Warrants.

The abovesaid Bursa Securities' approval-in-principle is subject to the following conditions:-

Conditions	Status of Compliance
(i) AT and M&A Securities must fully comply with the relevant provisions under the AMLR pertaining to the implementation of the Rights Issue with Free Warrants;	To be complied
(ii) AT and M&A Securities to inform Bursa Securities upon the completion of the Rights Issue with Free Warrants;	To be complied
(iii) AT to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Free Warrants is completed; and	To be complied
(iv) AT is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed (pursuant to the exercise of the Warrants) as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

The official listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Rights Issue with Free Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders/renounees are ready for crediting and notices of allotment have been despatched to them.

On 10 December 2013, M&A Securities, on our behalf, announced that the issue price for the Rights Shares has been fixed at RM0.10 per Rights Share, and the exercise price of the Warrants has been fixed at RM0.12 per Warrant.

On 20 December 2013, M&A Securities, on our behalf, announced that the Entitlement Date has been fixed at 5.00 p.m. on 7 January 2014.

No person is authorised to give any information or make any representation not contained herein in connection with the Rights Issue with Free Warrants and if given or made, such information or representation must not be relied upon as having been authorised by M&A Securities or us.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH FREE WARRANTS

2.1 Details of the Rights Issue with Free Warrants

The Rights Issue with Free Warrants involves a renounceable rights issue of up to 196,845,765 Rights Shares together with up to 196,845,765 Warrants at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing AT Share subscribed. The Rights Shares together with Warrants will be offered to our Entitled Shareholders. The Rights Shares will be offered to our shareholders whose names appear on our Record of Depositors as at the Entitlement Date.

The Rights Issue with Free Warrants is renounceable in full or in part. Accordingly, Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. The Rights Shares which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s). It is the intention of our Board to allocate the excess Rights Shares in a fair and equitable manner on a basis to be determined by our Board, in a manner as disclosed under Section 3.8 herein.

Our shareholders who renounce their entitlements to the Rights Shares will not be entitled to the Warrants and shall be deemed to have also renounced their entitlements to the Warrants. Our shareholders who accept only part of the Rights Shares shall only be entitled to the Warrants in the proportion to their acceptance of the Rights Shares. The Warrants will be immediately detached from the Rights Shares upon issuance and separately traded.

The Warrants shall only be issued to applicants who successfully subscribe for the Rights Shares pursuant to the Rights Issue with Free Warrants. Should the Entitled Shareholders renounce all or any part of their entitlements to the Rights Shares, they will not be entitled to the Warrants attached thereto. The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares. The Warrants will be detached from the Rights Shares immediately upon issue and will be traded separately on the ACE Market of Bursa Securities. Any Rights Shares with Warrants not taken up or allotted for any reasons, if any, will be made available for application under the excess Rights Shares with Warrants application.

As you are an Entitled Shareholder and the Rights Shares are prescribed securities, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares with Warrants which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Free Warrants. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants if you so choose to.

Any dealing in our securities will be subject to, inter-alia, the provisions of the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998, the rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares with Warrants will be credited directly into the respective CDS Accounts of the successful applicants. No physical AT Shares or Warrant certificates will be issued but notices of allotment will be despatched to the successful applicants.

2.2 Basis of determining the issue price of the Rights Shares and exercise price of the Warrants

(a) Rights Shares

Our Board had on 10 December 2013 fixed the issue price of the Rights Shares at RM0.10 per Rights Share after taking into consideration the following:

- (i) the 5D-WAMP of AT Shares up to and inclusive of 9 December 2013 of RM0.127, being the market day immediately preceding the price-fixing date on 10 December 2013;
- (ii) the movement of AT's Share price for the past one (1) year; and
- (iii) the par value of AT Shares of RM0.10 each.

The issue price of RM0.10 per Rights Share represents:

- (a) a discount of approximately 21.3% from the 5D-WAMP of AT Shares up to and inclusive of 9 December 2013 of RM0.127 per Share, being the market day immediately preceding the price-fixing date on 10 December 2013; and
- (b) a discount of approximately 11.5% to the theoretical ex-rights price of AT Shares of RM0.113 based on the 5D-WAMP up to and inclusive of 9 December 2013 of RM0.127.

(b) Warrants

Our Board had on 10 December 2013 fixed the exercise price for the Warrants at RM0.12 per Warrant after taking into consideration the following:

- (i) the 5D-WAMP of AT Shares up to and inclusive of 9 December 2013 of RM0.127 being the market day immediately preceding the price fixing date for the Warrants on 10 December 2013;
- (ii) the theoretical ex-rights price of AT Shares of RM0.113 based on the 5D-WAMP of AT Shares up to and inclusive of 9 December 2013 of RM0.127; and
- (iii) the par value of AT Shares of RM0.10 each.

The exercise price of RM0.12 per Warrant represents:

- (a) a discount of approximately 5.5% from the 5D-WAMP of AT Shares up to and inclusive of 9 December 2013 of RM0.127 per Share, being the market day immediately preceding the price-fixing date on 10 December 2013; and
- (b) a premium of approximately 6.2% to the theoretical ex-rights price of AT Shares of RM0.113 based on the 5D-WAMP up to and inclusive of 9 December 2013 of RM0.127.

2.3 Ranking of the Rights Shares and new AT Shares to be issued pursuant to the exercise of the Warrants

The Rights Shares shall, upon allotment and issue, rank pari passu in all respects with the then existing issued and fully paid-up Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid, the entitlement date of which is prior to the date of allotment of the Rights Shares.

The new AT Shares to be issued pursuant to exercise of the Warrants, if any, shall, upon allotment and issue, rank pari passu in all respects with the then existing issued and fully paid-up Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or distributions which may be declared, made or paid, the entitlement date of which is prior to the date of the allotment of the new AT Shares.

2.4 Salient terms of the Warrants

Please refer to Appendix II of this Abridged Prospectus for the salient terms of the Warrants.

2.5 Director's Undertaking

The Rights Issue with Free Warrants will be implemented on the basis that there will be a minimum level of subscription. The minimum subscription level had been determined by our Board after taking into consideration factors which include among others, the funding requirements of our Group and the Undertaking. Our Board intends to raise minimum proceeds of RM8,600,000 and the intended amount is earmarked for the level of funds required for partial repayment of bank borrowings, working capital, to partially finance the construction of our factory building extension and defrayment of estimated expenses for the Proposals.

To meet the minimum subscription level, MSW has provided an irrevocable written undertaking to subscribe for 86,000,000 Rights Shares together with 86,000,000 Warrants. In view of the Undertaking and minimum subscription level, underwriting arrangement will not be required for the Rights Issue with Free Warrants.

As at the LPD, MSW holds directly 6,120,000 Shares, representing a 3.1% equity interest in AT. As such, MSW's subscription under the Rights Issue with Free Warrants shown as below will be RM8.6 million.

	<-----Undertaking to subscribe for----->										
	Shareholding as at the LPD		Rights entitlements			Excess Rights Shares with Warrants			Total		
			No. of Shares	No. of Warrants	%*	No. of Shares	No. of Warrants	%*	No. of Shares	No. of Warrants	%*
	('000)	%*	('000)	('000)	%*	('000)	('000)	%*	('000)	('000)	%*
MSW	6,120	3.1	6,120	6,120	3.1	79,880	79,880	40.6	86,000	86,000	43.7

Note:

* The percentages of the Rights Shares with Warrants are computed based on 196,845,765 Rights Shares and 196,845,765 Warrants to be issued pursuant to the Rights Issue with Free Warrants.

Pursuant to the Undertaking, MSW has confirmed that he has sufficient financial resources to subscribe for 86,000,000 Rights Shares with Warrants and such confirmation has been verified by M&A Securities. Notwithstanding the above, in the event where the minimum subscription level is not achieved, the implementation of the Rights Issue with Free Warrants will be terminated and all considerations received for the Rights Shares with Warrants will be refunded within fifteen (15) market days from the date of termination, to all subscribers of the Rights Shares.

Our Company confirms that the Undertaking will not give rise to any consequences of a mandatory offer obligation under the Code immediately after the implementation of the Rights Issue with Free Warrants. However, should MSW exercise his Warrants such that his resulting shareholdings in AT increases above 33%, he is obliged under Part III of the Code to undertake a mandatory offer for all the remaining AT Shares not already held by him after the exercise of the Warrants.

MSW does not intend to undertake a mandatory offer to acquire all the remaining AT Shares not already held by him after the exercise of the Warrants. As such, MSW shall seek the relevant exemption under the Code from the abovementioned mandatory offer obligation should it arise.

2.6 Details of other corporate exercises

As at the LPD, save for the Proposals, our Board confirms that there is no other outstanding corporate exercise which we intend to undertake, which have been announced but pending completion.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION

3.1 General

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares with Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Free Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such provisionally allotted Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants if you choose to do so.

3.2 NPA

The provisional allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the provisionally allotted Rights Shares with Warrants will be by book entries through CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository. Entitled Shareholders and/or their renounees (if applicable) are required to have valid and subsisting CDS Accounts when making their applications.

3.3 Last date and time of acceptance and payment

The last date and time for acceptance and payment for the Rights Shares with Warrants is 5.00 p.m. on 24 January 2014, or such other later date and time as may be determined and announced by our Board at their absolute discretion. Where the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

3.4 Procedure for full acceptance and payment

Acceptance and payment for the Rights Shares with Warrants provisionally allotted to you as an Entitled Shareholder or your renounee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE), EXCESS APPLICATION FOR THE RIGHTS ISSUE WITH FREE WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS, ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

You or your renounee(s) (if applicable) accepting the provisionally allotted Rights Shares are required to complete Part I(a) and II of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be despatched by **ORDINARY POST** or **DELIVERED BY HAND** using the envelope provided (at your own risk) to our Share Registrar at the following address:

Tricor Investor Services Sdn Bhd

Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 24 January 2014, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board, not less than two (2) Market Days before the stipulated date and time.

One (1) RSF can only be used for acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of more than one (1) CDS Account. If successful, Rights Shares with Warrants subscribed by you or your renounee(s) (if applicable) will be credited into the respective CDS Accounts as stated on the completed RSF.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

You and/or your renounee(s) (if applicable) should take note that a trading board lot for the Rights Shares with Warrants will comprise 100 Rights Shares and 100 Warrants each respectively. Successful applicants of the Rights Shares will be given free attached Warrants on the basis of one (1) Warrant for every one (1) Rights Share successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share, which will be accompanied with one (1) Warrant. Fractions of the Warrant (if any) arising from the Rights Issue with Free Warrants will be dealt with by our Board as they may deem fit.

If acceptance and payment for the Rights Shares with Warrants provisionally allotted to you and/or your renounee(s) (if applicable) is not received by our Share Registrar by 5.00 p.m. on 24 January 2014, being the last date and time for acceptance and payment, or any other extended date and time as may be determined and announced by our Board at their discretion, you and/or your renounee(s) (if applicable) will be deemed to have declined the provisional allotment made to you and/or your renounee(s) and it will be cancelled. Such Rights Shares with Warrants not taken up will be allotted to the applicants applying for excess Rights Shares with Warrants. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons.

You or your renounee(s) (if applicable) who lose, misplace or for any other reasons require another copy of the RSF may obtain additional copies from your stockbroker, Bursa Securities' website (<http://www.bursamalaysia.com>), our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN "RM" FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "AT RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME, ADDRESS AND CDS ACCOUNT OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH FREE WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH FREE WARRANTS.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH FREE WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

3.5 Procedure for part acceptance

You can accept part of your provisionally allotted Rights Shares with Warrants. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share which will be accompanied with one (1) Warrant.

You must complete both Part I(a) of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.4 of this Abridged Prospectus.

The portion of the provisionally allotted Rights Shares with Warrants that have not been accepted shall be allotted to the applicants applying for excess Rights Shares with Warrants.

3.6 Procedure for sale/transfer of provisional allotment of Rights Shares with Warrants

As the provisionally allotted Rights Shares with Warrants are prescribed securities, you may sell/transfer all or part of your entitlement to the Rights Shares with Warrants to one (1) or more person(s) through your stockbrokers without first having to request for a split of the provisional allotted Rights Shares with Warrants standing to the credit of your CDS Accounts. To dispose of all or part of your entitlement to the Rights Shares with Warrants, you may sell such entitlement on the open market or transfer to such persons as may be allowed pursuant to the rules of Bursa Depository.

In selling/transferring all or part of your provisionally allotted Rights Shares with Warrants, you and/or your renounee(s) (if applicable) need not deliver any document including the RSF, to any stockbroker. However, you and/or your renounee(s) (if applicable) must ensure that there is sufficient provisional allotment of Rights Shares with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

Purchasers or transferees of the provisionally allotted Rights Shares with Warrants may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar as stated above or at our Registered Office. This Abridged Prospectus and RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

3.7 Procedure for acceptance by renounees

Renounees who wish to accept the provisionally allotted Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers, our Share Registrar, our Registered Office, or from Bursa Securities' website (<http://www.bursamalaysia.com>) and complete the RSF, submit the same together with the remittance in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 3.4 of this Abridged Prospectus also applies to renounees who wish to accept the provisionally allotted Rights Shares with Warrants.

RENOONEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENT OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND RSF CAREFULLY.

3.8 Procedure for excess application

As an Entitled Shareholder, you and/or your renounee(s) (if applicable) may apply for excess Rights Shares with Warrants in addition to the Rights Shares with Warrants provisionally allotted to you and/or your renounee(s) by completing Part I(b) of the RSF (in addition to Part I(a) and II and forward it (together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to our Share Registrar at the address set out above, so as to arrive not later than 5.00 p.m. on 24 January 2014, being the last time and date for acceptance and payment, or such extended time and date as may be determined by our Board.

Payment for the excess Rights Shares with Warrants applied for should be made in the same manner as described above, except that the Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia crossed "**A/C PAYEE ONLY**" and made payable to "**AT EXCESS RIGHTS ISSUE ACCOUNT**" and endorsed on the reverse side with the name, address and CDS Account of the applicant in block letters to be received by our Share Registrar.

It is the intention of our Board to allot the excess Rights Shares with Warrants applied for under Part I(b) of the RSF, if any, on a fair and equitable basis and in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for excess Rights Shares with Warrants on a pro-rata basis calculated based on priority as follows:- (a) the shareholdings of the applicants in AT on the Entitlement Date; and (b) the quantum of excess Rights Shares with Warrants applied for; and

- (iii) thirdly, for allocation to transferee(s) and/or renounee(s) who have applied for excess Rights Shares with Warrants on a pro-rata basis based on the quantum of their respective excess Rights Shares with Warrants applied for.

Nevertheless our Board reserves the right to allot any excess Rights Shares with Warrants applied under Part I(b) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in Section 3.8 (i)-(iii) are achieved. Our Board also reserves the right to accept any excess Rights Shares with Warrants application, in full or in part, without assigning any reason.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS.

APPLICANTS ARE NOT ALLOWED TO WITHDRAW THE RSF AND PAYMENT ONCE THEY HAVE BEEN LODGED WITH OUR SHARE REGISTRAR.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.

APPLICANTS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THEIR REMITTANCE BEING REPRESENTED FOR PAYMENT.

3.9 Form of issuance

Bursa Securities has already prescribed our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions or inaccuracy in the CDS Account number may result in the application being rejected.

No physical Rights Share or Warrant certificates will be issued to you under the Rights Issue with Free Warrants. Instead, the Rights Shares with Warrants will be credited directly into your CDS Accounts. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors within eight (8) Market Days from the last time and date for acceptance and payment of the Rights Issue with Free Warrants.

Any person who intends to subscribe for the Rights Shares with Warrants as a renounee by purchasing the provisional allotment of Rights Shares with Warrants from an Entitled Shareholder will have his Rights Shares with Warrants credited directly as prescribed securities into his CDS Account.

The excess Rights Shares with Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Warrants, will be credited directly as prescribed securities into his CDS Account.

3.10 Laws of foreign jurisdictions

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue with Free Warrants will not be made or offered in any foreign jurisdiction. Foreign Entitled Shareholders or their renounees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Free Warrants only to the extent that it would be lawful to do so.

M&A Securities, other experts, our Company and our directors and officers would not, in connection with the Rights Issue with Free Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or their renounees (if applicable) are or may be subjected to. Foreign Entitled Shareholders or their renounees (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. M&A Securities, other experts, our Company and our directors and officers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders or renounees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be sent to the foreign Entitled Shareholders or their renounees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders or their renounees (if applicable) may collect the Abridged Prospectus including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

Foreign Entitled Shareholders or their renounees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders or their renounee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against M&A Securities or us in respect of their rights and entitlements under the Rights Issue with Free Warrants. Such foreign Entitled Shareholders or their renounee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Free Warrants.

By signing any of the forms accompanying this Abridged Prospectus, the NPA, and the RSF, the foreign Entitled Shareholders or their renounees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) M&A Securities, other experts, our Company and our directors and officers that:

- (i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Free Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renounees (if applicable) are or may be subjected to;
- (ii) they have complied with the laws to which they are or may be subjected to in connection with the acceptance or renunciation;

- (iii) they are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subjected to;
- (iv) they are aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) they have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants; and
- (vi) they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders or their renoucees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in its absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

4. RATIONALE FOR THE RIGHTS ISSUE WITH FREE WARRANTS

After taking into consideration the current financial position of our Company and the various methods of fund-raising available, our Board is of the view that the Rights Issue with Free Warrants is the most appropriate means of fund raising due to the following reasons:

- (a) The Rights Issue with Free Warrants will enable our Company to raise the funds required without incurring additional interest costs as compared to other means of financing such as through bank borrowings or the issuance of debt instruments;
- (b) The Rights Issue with Free Warrants provides an opportunity for the existing shareholders to further participate in the equity of our Company. The Undertaking allows MSW to extend his support for the Rights Issue with Free Warrants which will facilitate our Company in raising the necessary funds;
- (c) The Warrants attached to the Rights Shares are expected to enhance the attractiveness of the subscription by the Entitled Shareholders for the Rights Shares to be issued;

- (d) Subscription to the Rights Shares and accordingly the Warrants would enable the Entitled Shareholders to benefit from any potential capital appreciation arising thereof;
- (e) Our Company is also able to raise additional capital as and when any of the Warrants are exercised in future without incurring additional financing cost and minimise any potential cash outflow in respect of interest servicing; and
- (f) The Rights Issue with Free Warrants will involve the issuance of new AT Shares without diluting the existing shareholders' equity interest assuming all Entitled Shareholders fully subscribe for their respective entitlements under the Rights Issue with Free Warrants and fully exercise their Warrants subsequently.

The Rights Issue with Free Warrants will partially fund our factory extension which is expected to increase our production capacity as currently our existing fabrication factory is operating at 83.0% of maximum capacity. The expansion of our production capacity will allow us to cater for additional production orders as well as acquisition of new clientele. In addition, the proceeds arising from the Rights Issue with Free Warrants will enable our Group to gain interest savings from the repayment of bank borrowings.

The Rights Issue with Free Warrants, whilst an interim measure to address the current financial position of our Group, is undertaken, coupled with the private placement exercise of 17,895,000 new AT Shares which was completed on 15 March 2013, the potential new businesses (i.e. glove counting machines, wheel-chair washing machines and fabrication of medical equipment and hydraulic actuator and fusible lock system for the oil and gas equipment parts) that are being considered by our Board and management to increase our Group's business revenue streams is anticipated to adequately address our Group's financial concerns.

5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.10 per Rights Share, gross proceeds of up to RM19,684,577 is expected to be raised which shall be utilised as follows:

Purpose	Minimum Scenario RM	Maximum Scenario RM	Timeframe for utilisation
Repayment of bank borrowings ⁽ⁱ⁾	2,800,000	12,600,000	Within 6 months from the listing of the Rights Shares
Working capital ⁽ⁱⁱ⁾	2,500,000	3,784,577	Within 12 months from the listing of the Rights Shares
Partially finance the construction of factory building extension ⁽ⁱⁱⁱ⁾	2,800,000	2,800,000	Within 12 months from the listing of the Rights Shares
To defray expenses relating to the Proposals ^(iv)	500,000	500,000	Within 3 months from the listing of the Rights Shares
Total	8,600,000	19,684,577	

Notes:

- (i) Total borrowings as at the LPD are approximately RM14.4 million. The partial repayment of borrowings under the Minimum Scenario is expected to generate interest savings of approximately RM0.16 million per annum. The repayment of outstanding borrowings under the Maximum Scenario is expected to generate interest savings of approximately RM0.69 million per annum, excluding a one-off cost of discharge for the full repayment of borrowings.

- (ii) A breakdown of the utilisation of working capital is as follows:

Description	Minimum Scenario RM	Maximum Scenario RM
To set up operation-site for our Group's manufacturing of food waste conversion system machines*	2,500,000	2,500,000
Promotion and marketing expenses for our Group's food waste conversion system machines#	-	1,000,000
To replace the wear and tear of our Group's existing machineries and equipment	-	284,577
	<u>2,500,000</u>	<u>3,784,577</u>

* Our Group had on 10 March 2013 commenced development of a prototype waste conversion system utilising microbial solutions in the conversion of food waste into fertilizer, for the fabrication and manufacturing of food waste machineries. The operation-site is being planned to be set-up at our Group's existing factory at Plot 82, Lintang Bayan Lepas, Bayan Lepas Industrial Park, Phase IV, 11900 Pulau Pinang, and includes the purchase of fixtures and fittings, hiring of eight (8) staff and purchase of machine parts. The set-up of the site is expected to commence upon the completion of the Rights Issue with Free Warrants, tentatively in the first quarter of 2014, with operations expected to commence two (2) months upon the set-up of the site. Our Group estimates to manufacture approximately 35 units of the machines, costing in aggregate approximately RM2.0 million, which will be used in our marketing activities and trial runs to be conducted over the period of two (2) years. Upon the completion of prototyping and the trial run period, our Group anticipates to launch our food waste conversion machines as an alternative waste disposal solution to local small and medium food eateries and education institutions.

In the event the funds utilised for the promotion, and marketing of the food waste project is lower than the amount budgeted, the excess funds will be utilised for the replacement of wear and tear of our Group's machineries.

- (iii) Our Group's existing fabrication factory at 49, Hilir Sungai Keluang 2, Bayan Lepas Industrial Park, Phase 4, 11900 Pulau Pinang is currently operating at 83.0% of maximum capacity. Our Group will be undertaking an extension of our factory by approximately 11,000 square feet to expand our production capacity from approximately 6,000 units to 10,000 units. The total expansion cost is approximately RM5.4 million and is expected to be funded approximately 40% by bank borrowings, 10% by internally generated funds and 50% from the proceeds of the Rights Issue with Free Warrants.

The said construction of the factory extension is expected to commence in the first quarter of 2014 and is expected to be completed within nine (9) months from the commencement of construction. A total of ten (10) additional machineries for the expansion is expected to be funded via lease/hire purchase, at an estimated aggregate purchase consideration of RM6.0 million.

- (iv) The estimated expenses comprise professional fees, fees to be paid to the relevant authorities, printing and advertising charges and miscellaneous charges which are estimated at RM500,000 for the Proposals. If the actual expenses incurred pursuant to the Proposals are higher than the amount budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for working capital. In the event the actual expense is less than the allocated amount, the excess allocated amount shall be utilised for the working capital purposes of our Group.

Pending utilisation of the proceeds from the Rights Issue with Free Warrants for the above purpose, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

The exact quantum of proceeds that may be raised from the exercise of the Warrants would depend on the actual number of Warrants exercised. The proceeds from the exercise of the Warrants will be received on an "as and when basis" over the tenure of Warrants.

Based on an exercise price of RM0.12 per Warrant, our Company is expected to raise gross proceeds of up to RM23.62 million from the full exercise of the Warrants, under the Maximum Scenario. Any proceeds arising from the exercise of Warrants in the future shall be utilised for capital expenditure, investment opportunities and/or working capital of our Group. Our Board has yet to determine the exact allocation on these stated utilisation categories.

6. RISK FACTORS

In running our business activities, we face risks which may have potential impact to our Group's performance unless proper anticipation and mitigation measures are exercised.

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Free Warrants. You should take note that these risk factors are not exhaustive. There may be additional risk factors, which are not disclosed below, that are not presently known to us or that we currently deem to be less significant, which may materially and adversely affect our business, financial condition, results of operation and prospects.

6.1 Risks relating to the Rights Issue with Free Warrants

(a) Potential Dilution

Entitled Shareholders who do not accept their provisional offer of the Right Shares will have their proportionate ownership and voting interest in our Company reduced and the percentage enlarged issued and paid-up share capital represented by their shareholdings in our Company will also be reduced accordingly.

(b) Delay in or abortion of the Rights Issue with Free Warrants

The Rights Issue with Free Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

- (i) force majeure events or events/circumstances, such as war, hostilities, riot, earthquake, epidemic, flood, fire and storm, which are beyond the control of our Company and Adviser, arising prior to the implementation of the Rights Issue with Free Warrants; or
- (ii) our director as set out in Section 2.5 above who has given his Undertaking to subscribe for the Rights Issue with Free Warrants may not fulfil or be able to fulfil his obligation.

In this respect, our Company will exercise our best endeavour to ensure the successful implementation of the Rights Issue with Free Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue with Free Warrants.

(c) Investment and capital market risk

The market price of our Shares are influenced by, among others, the prevailing market sentiments, the volatility of equity markets, movements in interest rates, and our financial performance. In view of this, there is no assurance that the market price of the Rights Shares upon or subsequent to the listing of and quotation for the Rights Shares will trade or be above the issue price of RM0.10 or be at a level that meets the specific investment objectives or targets of any other holder of the Rights Shares.

(d) Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter-alia, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

6.2 Risks relating to our Group**(a) Business risks**

Our Group is not insulated from general business risk as well as certain risks inherent in the industry in which it operates. For example, our Group may be affected by a general downturn in the global, regional and national economies, specifically, the Malaysian economy, entry of new players, constraints in labour supply, increase in labour costs, changes in law and tax legislation affecting the industry, increase in costs of new machinery and or additional engineering equipment, changes in business and credit conditions and equipment failure.

Our Group seeks to limit these business risks through, inter-alia, prudent management policies maintaining good business relationships with our customers and suppliers, effective cost controls, expansion of our customer base and business through increasing our range of services and markets, ensure quality solutions and products, close production and capacity supervision and planning, effective human resource management and regular equipment maintenance and renewal. However, despite the mitigating efforts by our Company, there is no assurance that any change in any of these business risks will not have a material adverse effect on our Group's business.

(b) Political, economic and regulatory risks

The performance of our Group is correlated to the overall economic and political conditions both domestically and internationally. Like all other business entities, adverse developments in political, economic and regulatory conditions in Malaysia could unfavourably affect our financial position and business prospects. These risks include, among others, risks of war, changes in economic conditions, changes in interest rates and unfavourable changes in government policies such as introduction of new regulations, methods of taxation and tariffs.

Our Group has taken efforts to diversify our range of services and markets to mitigate any possible adverse impact on our Group from any adverse development in political, economic and regulatory authorities.

However, there is no assurance that adverse political, economic and regulatory factors will not materially affect our Group's operations, financial performance and future prospects.

(c) Production/operational risks

Our Group's revenue and operation results are dependent on our production process running smoothly and efficiently and could be adversely affected by many factors, which may include, inter-alia, changes in our Group's operating expenses, debt collection problems, the ability of our Group to control unforeseen costs, competition, availability of human resources, the responsiveness of our Group in increasing our production capacity, the ability of our Group to develop and market new products on a timely basis and other business risks common to going concerns. Such operational risks can be controlled and monitored by our management. In order to minimise such operational risks, our Group maintains cost management and a conducive working environment, foster good customer relationships and continuously sourcing for marketing leads and opportunities.

Meanwhile, the disruption of electricity supply is another operational risk to our Group in view of our production lines which are dependent on electricity supply for our smooth operations. In this respect, our Group has limit this risk with the installation of a back-up generator for contingency purposes. Nevertheless, as our Group's operating premises are situated within established industrial zone in Bayan Lepas, Pulau Pinang, our Group has never experienced any serious disruption to the electricity supply that had materially affected our operations.

(d) Production delay

We are currently operating at 83% capacity on average, with our fabrication of industrial and engineering parts factory currently operating close to maximum capacity. Any production interruptions caused by unexpected machine failure, downtime, interrupted transportation of raw materials and power outages will cause production delays and affect our delivery schedules.

We have implemented production planning procedures to ensure smooth operations. Our production planning will forecast our production for the next three (3) months. Through this method, we are able to allocate the necessary resources to meet our customers' production schedules.

To mitigate machine downtime, we carry out regular inspection and maintenance on our machineries and equipment to ensure they are operating efficiently and effectively. We also work closely with our machine suppliers to provide immediate repair in case there is any machine downtime. In any event, we have not experienced any significant machine breakdown which has resulted in a major production delay.

Although we take precautions in the maintenance of our machineries and equipment, there can be no assurance that the machineries and equipment will not break down and impact the revenue and earnings of our Group.

(e) Dependency on experienced management and key personnel

Our Board recognises and believes that our Group's continued success depends, to a significant extent, on the abilities and continuing efforts of our key management and key technical personnel. The loss of any key management, and/or key technical personnel could adversely affect our Group's continued ability to manage the operations effectively and competitively. The loss of any of our key members of the senior management without suitable and timely replacements may adversely affect our continued ability to compete effectively in the industry. Our Group's future success will also depend upon our ability to attract and retain skilled personnel.

As such, our Group has made continuous efforts to develop a dynamic management team and groom younger management personnel to ensure continuity of the quality and dynamism in the management team. Efforts have been made by our Group to promote long-term commitment amongst our key management personnel through incentives, opportunities and development programme in all key functions of our Group's operations. Our Group also continuously reviews our remuneration packages to ensure competitiveness and takes appropriate measures and programmes to attract new personnel as well as to retain existing staff.

However, we cannot provide any assurance that the above measures will be successful in attracting and retaining our key management personnel or ensuring a smooth transition should changes occur.

We recognise the importance of our Group's ability to attract and retain our key management and technical personnel, and have in place remuneration packages which are on par with industry standards for employees, as well as providing a good working environment which promotes productivity and loyalty. Efforts are made to continuously attract new skilled personnel to strengthen our existing team.

Although we seek to limit the dependence on key management and technical personnel through the efforts mentioned above, there is no assurance that any change in the key management and technical personnel structure will not have a material adverse effect on our Group's future performance.

(f) Shortage of skilled labour and dependence on supply of foreign labour

The nature of our business is such that it is dependent on the availability of skilled labour. In Malaysia, there is a shortage of skilled labour for the manufacturing industry. In addition, our business is also labour intensive and we may experience difficulty in attracting employees to work in our manufacturing facilities. We are also dependent on the supply of foreign labour. As at the LPD, foreign workers account for approximately 35% of the total workers of our Group.

In view of the above, any review of policies in relation to foreign labour by the Government may adversely affect our Group's operations. To mitigate the risk of possible disruptions to the operations due to a shortage of foreign labour, we have adopted measures to ensure the retention of foreign workers by providing training, competitive remuneration, housing and amenities and a harmonious working environment. Nevertheless, no assurance can be given that any changes in immigration and labour policies by the Government in respect of foreign labour will not affect our Group's operations.

(g) Dependency on the hard disk drive and semiconductor industries

Our Group manufactures precision components and fabrication of precision tools, moulds, dies, jigs and fixtures for use in precision engineering applications primarily for the hard-disk drive and semiconductor industries. As at November 2013, hard disk drive and semiconductor industries contributed 54.9% and 14.1% of our Group's total revenue.

Recognising this risk, our management is continuously trying to increase our customer base by expanding our scope of solutions and products to cater for different application markets. Over the past year, we have upgraded our technical and production capabilities and we have started to offer fabrication of medical machinery equipment parts and hydraulic actuator and fusible lock system for the oil and gas equipment parts.

We are currently working on securing projects with new customers who are in line with our Group's objectives of diversifying our revenue stream, thereby reducing our dependency on the two (2) main industries, as well as increasing our profit margins through enhancement of solutions and after sales service to our customers.

(h) Dependency on key customers

In addition to our Group's dependency on primarily the hard-disk drive and semiconductor industries, our Group's customers in the hard-disk drive and semiconductor industries are limited to several key customers. As such, our Group is also fairly dependent on these key customers. As transactions with our customers are generally entered into on an open purchase order basis, as opposed to a long term contractual agreement, our major customers can make demands on us, including demands on service and pricing. We supply solutions, services and products to our key customers and our ability to maintain a long term relationship with our customers is essential to our future performance.

If we were to lose our key customers or require us to reduce our prices before we are able to reduce our cost, or if our key customers were to suffer financial hardship, our operating results would be materially and adversely affected as our level of orders would also be affected. In addition, if our key customers require us to reduce our prices, this could also result in a decrease in our revenue and gross margins, which would have a material adverse effect on our operating and financial results.

Our management is aware of our Group's dependency on the key industries and key customers and is continuously trying to increase our customer base by expanding our scope of solutions and products to cater for different application markets.

Nevertheless, our position and reliance on the continued orders from these two (2) key industries / key customers is mitigated as our key customers are multinationals (MNCs) and in order to be an approved supplier to MNCs, our Group is subject to various levels of audit, not only on product quality conformance, but also manufacturing and process control requirements. Due to the laborious and time-consuming selection process of an approved supplier, our MNC customers are not inclined to switching suppliers, unless there are product quality issues and inability to deliver on schedule. Our business relationship with our key customers go back almost ten (10) years, and over the years, we have fostered a solid relationship with our key customers.

(i) Project risks

Our Group's design and manufacture of industrial automation system segment are on a project basis and are subjected to the following risk factors:

- (i) Fixed cost price contracts, of which, the price is determined at bid time, based on estimates. Our Group may underestimate project costs in tendering or bidding for a project. In such an event, our Group may incur cost overruns, which will reduce profits or incur losses;
- (ii) Clients may delay or cancel their projects. Delays may arise from unanticipated difficulties in developing the solutions. Project delays may affect profit margins arising from additional time spent negotiating and resolving issues. Additional costs may also be incurred as a result of these delays; and
- (iii) Failure to implement projects that fully satisfy the requirements and expectations of our clients, which may lead to project delays, affecting profit margins and additional costs arising from additional time spent negotiating and resolving issues.

Our Group does not have any long-term contracts with our customers for our design and manufacture of industrial automation system segment. Once a contract has been performed, there can be no assurance that these customers will continue to use our Group's solutions and services or will continue to maintain their relationships with our Group. In this regard, our Group endeavours to provide good customer service and after sales service to our customers.

(j) Quality assurance

Quality, after sales service, cost and price are several key attributes that are important to our business. Our operating results could be adversely affected if we are not able to:

- (i) Maintain overall technical competence and quality of our solutions and products as required by our customers;
- (ii) Develop new solutions and products in a timely manner that have changes in overall specifications or features that our customers may require for their business needs;
- (iii) Meet the delivery schedules and reliability as required by our customers;
- (iv) Provide after sales customer service and support as required by our customers; and
- (v) Maintain competitive cost structures in terms of our products, taking into account our cost of production inputs.

We have been consistently been able to meet the delivery schedules as required by our customers. As an ISO certified company, we have stringent quality policies and procedures to ensure all our products manufactured are of highest quality and with near zero defects. We conduct in-production quality control throughout our manufacturing process as well as conduct test and inspections on our final products to ensure near zero defects before we deliver them to our customers.

With strict implementation of our quality policies, controls, procedures and programmes, we have not experienced product defects which have materially and adversely affected our Group's reputation.

In spite of our stringent quality policies, controls, procedures and programmes, there can be no assurance that we can guarantee our solutions and products have no defects and impact our Group's revenue and earnings.

(k) Fluctuation in raw material prices

The raw materials used by our Group include aluminum, stainless and mild steel and plastic. We acquire most of our raw materials from local suppliers. Any increase in raw materials price may affect our profit margin if we are unable to pass on the cost to our customers.

Nevertheless, our Board believes that the volatility of our raw material cost is manageable, as our supply orders are based on production orders and not long-term supply contracts. Generally, most of our products are sold based on the production forecast and the amounts of raw material purchased using the same forecast. We do not take open positions in raw material purchases. As such, the impact of the price movement of our raw materials would be minimal, since the fluctuation in cost of raw materials would be passed on to our customers within the same or next cycle of orders.

Notwithstanding the above, no assurance can be given that any fluctuation in raw material prices will not affect the future profitability of our Group.

(l) Foreign currency exchange fluctuation

Our Group transacts certain sales in USD and SGD. As such, we are exposed to foreign currency exchange losses or gains arising from timing differences. Any appreciation or depreciation of foreign currencies against the RM will expose our Group to incurring foreign currency exchange gains or losses due to fluctuations in the exchange of foreign currencies to RM.

If the need arises, our Group will use hedging techniques such as forward foreign exchange contracts to mitigate the risk of foreign currency exchange fluctuations. However, the risk of foreign currency exchange fluctuations is, to a certain extent, mitigated by the managed float mechanism adopted by Bank Negara Malaysia on the RM.

There can be no assurance that such efforts will successfully protect our Group against any foreign currency exchange fluctuation which will not have an impact on our Group's revenue and earnings. Notwithstanding the above, our Group's sales transactions in foreign currency only contributes approximately 8.6% of our Group's total revenue as at November 2013 and as such, any foreign currency exchange fluctuation is not expected to have a material and impact on our Group's revenue and financial performance.

(m) Fire breakout and other emergencies and adequacy of insurance coverage

Our Group is aware of the adverse consequences arising from inadequate insurance coverage that could cripple our business operations.

We have taken precautions to minimise risks of fire outbreaks by installing fire hydrants, fire extinguishers, and sprinklers throughout our factories, and training our employees in basic fire-fighting techniques. Our Group also has a dedicated maintenance team to conduct regular maintenance on our machinery and equipment, and our staff is trained to solve the majority of the production interruptions in which we may face.

A further precautionary step is to ensure that we have adequate insurance coverage for our operations. We have also taken precautionary step by adequately insured for fire for our office equipment, plants, machineries, premises and all-risks policies for our machines. The insurance policies and coverage are reviewed by our Group on a yearly basis.

However, despite all the precautions we have taken to limit these risks, there is no assurance that our Group's insurance coverage would be comprehensive enough to reflect the replacement cost of the assets or any consequential loss our Group may suffer.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

7.1 Overview and prospects of the global economy

Global economic growth remained modest in the first half of 2013, averaging 2.5%. In the United States of America, private demand, supported by a highly accommodative monetary policy contributed to growth, while the fiscal consolidation measures had a negative effect. Economic activity in Japan picked up in response to Abenomic's monetary easing and fiscal stimulus measures aimed at ending deflation and boosting growth. The Euro Area growth remained subdued, though on a quarter-on-quarter basis, gross domestic product ("GDP") was positive in the second quarter of 2013 after six (6) quarters of recession. The euro area continues to be affected by high unemployment as well as large public and private debts which restrain borrowing and affect growth.

Global economic activity is expected to strengthen moderately during the second half of 2013, with the whole year growth projected at 2.9%. Economic expansion will continue to be supported by growth in major emerging and developing economies, reinforced by strengthening in the advanced economies, particularly in the United States of America where activity is expected to intensify as fiscal consolidation eases and monetary conditions stay supportive.

Global economic activity is forecast to strengthen moderately in 2014. The outlook for advanced economies are expected to improve with output expanding 2% (2013: 1.2%) supported by the easing of fiscal consolidation and a highly accommodative monetary policy in the United States of America and Europe. The United States of America's economy is expected to gain momentum, backed by continued recovery in the property sector and higher household wealth. The European Economic Region, growth is forecast to recover to 1% (2013: -0.4%), driven by smaller fiscal reductions, stronger external demand and improvement of lending conditions to the private sector. In contrast, growth in Japan is projected to decelerate to 1.2% (2013: 2%) as the fiscal stimulus lapses and the consumption tax is increased.

Emerging markets and developing economies are forecast to expand 5.1% (2013: 4.5%) with developing Asia continuing to lead the uptake. Growth in China is projected to decelerate to 7.3% (2013: 7.6%) due to continued restructuring from investment-driven growth towards a more balanced and higher quality growth based on domestic consumption. India's growth is expected to accelerate to 5.1% (2013: 3.8%) as infrastructure improvements ease supply bottlenecks and external demand strengthens.

Global inflationary pressures are projected to remain subdued due to large output gaps in advanced economies. Also commodity prices have declined amid improved supply conditions and lower demand from emerging markets. Inflation in advanced economies is forecast to increase to 1.7% (2013: 1.2%) while in emerging markets and developing economies, inflation is likely to ease to 5.7% (2013: 6.3%). Meanwhile, world trade volume is expected to increase 4.9% (2013: 2.9%) with strengthening demand in the European Union and the United States of America as well as intra-regional demand in East Asia.

Against these developments, global growth in 2014 is anticipated to increase 3.6% (2013: 2.9%).

(Source: Economic Report 2013/2014, Ministry of Finance)

7.2 Overview and prospects of the Malaysian economy

The Malaysian economy registered real GDP growth of 4.2% during the first half of 2013. The prospects of stronger recovery in advanced economies coupled with moderate, but steady growth in China are expected to create a positive outlook for Malaysian exports. While the impact of the fed tapering in its quantitative easing programme remains a lingering concern, the Malaysian real GDP is expected to register growth of 4.5% - 5% in 2013 (2012: 5.6%) supported by its resilient domestic economy and improving exports during the second half of 2013. In tandem with strong domestic demand, the services and manufacturing sectors are expected to drive growth. On the supply side, growth is expected to be supported by expansion in all economic sectors as strong domestic consumption.

Headline inflation is expected to increase an average 2% - 2.5% (2012: 1.6%) due to subsidy reduction in domestic fuel prices. Inflation is, however, expected to be mitigated by moderating energy and global food prices. In tandem with the expansion in economic activities, the gross national income is estimated to expand 5.5% to RM955.2 billion with per capita income increasing 4.2% to RM32,144 (2012: 4.9%; RM905.2 billion; 3.6%; RM30,856).

The Malaysian economy is expected to expand further by 5%-5.5% in 2014, supported by favourable domestic demand and an improving external environment. Growth will be private led, supported by strong private capital spending while private consumption continues to be resilient. This is in tandem with the continued recovery of growth across advanced economies as well as stronger regional trade activities which is evident in the second half of 2013.

Domestic demand is expected to continue its strong growth momentum driven by the private sector and strong fundamentals including low unemployment, rising household income and sustained customer confidence. Private investments are also expected to grow in line with increasing external demand and increasing domestic activity. Labour market conditions are expected to be favourable with the unemployment rate at 3.1% supported by increased employment, particularly in the services-related industries and export-oriented manufacturing industries in tandem with strong domestic consumption and improving external demand while headline inflation is expected to remain manageable at 2% – 3% in 2014 as global food prices, are expected to remain stable. Domestic demand-driven inflation is expected to remain modest, amid increased capacity expansion and improved productivity.

(Source: Economic Report 2013/2014, Ministry of Finance)

7.3 Overview and prospects of the manufacturing sector in Malaysia

The outlook for the manufacturing sector is expected to improve, given the continued recovery in manufacturing activity, particularly the electrical and electronic ("E&E") subsector. Value-added manufacturing sector expanded at a slower pace of 1.9% during the first six (6) months of 2013 (January – June 2012: 5.1%). Output of the sector increased 2.7% during the first eight (8) months of 2013 (January – August 2012: 4.6%) underpinned by resilient domestic-oriented industries amid moderate growth in the export-oriented industries.

Output from domestic-oriented industries continued to be the mainstay of growth, expanding 5.5% (January – August 2012: 7.9%) driven by construction-related and higher transport equipment production while export-oriented industries registered a slower growth of 1.7% (January – August 2012: 3.5%). However, in line with strong private investment, the sector continued to attract domestic and foreign investments, with approved investments valued at RM28.3 billion during the first seven (7) months of 2013.

The capacity utilisation rate remained high at 80.7% during the second quarter of 2013 (Q1 2013: 77.8%). Latest manufacturing indicators such as the Purchasing Managers' Index and global chip sales point to a continuing recovery in global manufacturing activity which augurs well for Malaysia's manufacturing output.

In the E&E subsector, output was sustained at 1.9% during the first eight (8) months of 2013 (January – August 2012: 1%). The global semiconductor industry is showing signs of recovery as reflected in higher global chip sales and the book-to-bill ratio which continued to rise above 1 during the first half of 2013. In tandem with these developments, the output of Malaysian electronic products, in particular semiconductor devices as well as electronic valves, tubes and printed circuit boards grew favourably by 9.6% and 25.7%, respectively. In comparison, the slowdown of office and accounting machinery as well as computers and computer peripherals persisted, albeit decreasing moderately by 1.4%. The slowdown was partly due to higher output of ultrabooks and tablets, which cushioned the slower growth of personal computers.

The manufacturing sector is projected to grow 3.8% in 2014 (2013: 3.2%).

(Source: Economic Report 2013/2014, Ministry of Finance)

7.4 Future prospects of our Group

Our Group's core business is in (a) fabrication of industrial and engineering parts and (b) design and manufacture of industrial automation system and machinery; primarily for the E&E and semiconductors subsectors. In the last financial year, our Group undertook a streamlining of our operations with the closure of non-performing overseas units amid slowdown in global demand, declining orders for personal computers from advanced economies and growing popularity for solid-state drive, affecting the manufacturing output of hard-disk drive components.

Notwithstanding the above, value-added manufacturing sector is expected to grow 4.9% (2012: 4.2%), with the E&E subsector expected to grow further, driven by higher demand for electronic equipment and parts as well as semiconductors, in line with the economic recovery in advanced economies.

(Source: Economic Report 2012/2013, Ministry of Finance)

Whilst our Group remains cautiously optimistic on the outlook of the global economy, our Board intends to invest in product development to upscale the value chain whilst continuing to focus on our fabrication of industrial and engineering parts business. Our Board had at the end of last year, identified the higher precision manufacturing for medical equipment as a new market for growth. Our Group has recently commenced operations for the fabricating of medical equipment with the delivery of our Group's first batch of four (4) units of Computer Numerical Control ("CNC") machines in March 2013 and our Board intends to increase orders for medical equipment precision manufacturing. With our Group's fabrication parts segment currently running at almost full capacity, our Board intends to increase our production capacity by approximately 40% with the acquisition of ten (10) additional units of machineries. The expansion of our production capacity will allow us to cater for additional production orders as well as acquisition of new clientele.

For our industrial automation system and machinery segment, our Board anticipates that food waste conversion system is a potential avenue for growth. Our Group has commenced development of a prototype for the fabrication and manufacturing of food waste machines which can be customised to specific clients' requirements. Our Board is confident that the movement into this new market will provide a fresh and recurring revenue stream.

In tandem with seeking opportunities for business growth, we continuously review our operations, adopting cost cutting measures by streamlining processes and investment in new machineries to increase productivity. With the abovementioned plans having put in place, coupled with the E&E industry having been identified as one of the national key economic areas under the Tenth Malaysia Plan and the Government's efforts to intensify to move the E&E industry up the value chain, our Group is optimistic that we are able to weather challenges ahead.

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH FREE WARRANTS

The Increase in Authorised Share Capital and Amendment are not expected to have any effect on our share capital, earnings and EPS, dividend, substantial shareholders' shareholdings, NA and gearing.

The effects of the Rights Issue with Free Warrants on our share capital, consolidated earnings and EPS, dividend, substantial shareholders' shareholdings, NA and gearing are as follows:

8.1 Share capital

The proforma effects of the Rights Issue with Free Warrants on our issued and paid-up share capital are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of AT Shares	RM	No. of AT Shares	RM
Existing issued and paid-up share capital	196,845,765	19,684,577	196,845,765	19,684,577
Shares to be issued pursuant to the Rights Issue with Free Warrants	86,000,000	8,600,000	196,845,765	19,684,577
After the Rights Issue with Free Warrants	282,845,765	28,284,577	393,691,530	39,369,154
Shares to be issued assuming full exercise of the Warrants	86,000,000	8,600,000	196,845,765	19,684,577
Enlarged issued and paid-up share capital	368,845,765	36,884,577	590,537,295	59,053,731

8.2 Earnings and EPS

The Rights Issue with Free Warrants is not expected to have any material effect on the consolidated earnings and EPS for our Group for the FYE 28 February 2014 as the Rights Issue with Free Warrants is only expected to be completed in the first quarter of 2014 and the proceeds to be raised are only expected to be utilised within six (6) to twelve (12) months from the date of the listing of the Rights Shares. However, the Rights Issue with Free Warrants is expected to contribute positively to the future earnings of our Group as and when the benefit from the utilisation of proceeds, particularly the expansion of our Group's factory building, is realised.

However, our EPS for the FYE 28 February 2014 and future financial years may be proportionately diluted as a result of the increase in the number of our Shares in issue after the Rights Issue with Free Warrants, and as and when the Warrants are exercised into new AT Shares. Although the exercise of the Warrants into new AT Shares is expected to dilute our EPS as a result of the increase in our issued and paid-up share capital, over time, the utilisation of proceeds raised from the exercise of Warrants is expected to contribute positively to the future earnings of our Group which as stated in Section 5, shall be utilised for capital expenditure, investment opportunities and/or working capital.

Notwithstanding the above, the actual impact on our Group's earnings and consolidated EPS will depend on amongst others, the actual number of Rights Shares and Warrants issued and the level of returns generated from the utilisation of proceeds raised from the Rights Issue with Free Warrants.

8.3 Dividend

Any potential effect of the Rights Issue with Free Warrants on the dividends to be declared for the future financial years will be dependent on the dividend rate to be determined after taking into consideration the future financial performance of our Group.

8.4 Substantial shareholders' shareholdings

Minimum Scenario:

There are no substantial shareholders in our Company. The proforma effects on the substantial shareholders based on the Minimum Scenario in respect of MSW who has provided his Undertaking is as follows:

	As at the LPD				(I) After the Rights Issue with Free Warrants				(II) After (I) and full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
MSW	6,120	3.1	-	-	92,120	32.6	-	-	178,120	48.3	-	-

Maximum Scenario:

The Rights Issue with Free Warrants will not have any effect on the shareholdings of our shareholders. However, assuming all Entitled Shareholders subscribe in full for their entitlements under the Rights Issue with Free Warrants and exercise in full their Warrants, there will be no effect to the percentage shareholdings of our shareholders, but the number of AT Shares held by each shareholder will increase proportionately.

8.5 NA and gearing

Based on the audited consolidated financial statements of our Group as at 28 February 2013, the proforma effects of the Rights Issue with Free Warrants and assuming the utilisation of proceeds, full conversion of the Warrants on the consolidated NA and gearing of our Group are shown below:

Minimum Scenario

	Audited as at 28.02.2013 RM'000	I After the private placement [@] RM'000	II After I and Rights Issue with Free Warrants [^] RM'000	III After II and the utilisation of proceeds RM'000	IV After III and full exercise of Warrants RM'000
Share capital	19,175	19,685	28,285	28,285	36,885
Share premium	11,517	11,517	11,517	11,017 [@]	12,737 ^{**}
Revaluation surplus	218	218	218	218	218
Currency translation reserve	11	11	11	11	11
Warrant reserves	-	-	7,783 [*]	7,783	-
Other reserves	-	-	(7,783)	(7,783)	-
Accumulated losses	(17,454)	(17,454)	(17,454)	(17,454)	(17,454)
NA	13,467	13,977	22,577	22,077	32,397

		I	II	III	IV
	Audited as at 28.02.2013 RM'000	After the private placement [@] RM'000	After I and Rights Issue with Free Warrants [^] RM'000	After II and the utilisation of proceeds RM'000	After III and full exercise of Warrants RM'000
No. of AT Shares (^000)	191,751	196,846	282,846	282,846	368,846
NA per AT Share (RM)	0.07	0.07	0.08	0.08	0.09
Borrowings	14,782	14,782	14,782	11,982 ^{^^}	11,982
Gearing (times) ^{##}	1.10	1.06	0.65	0.54	0.37

Maximum Scenario

		I	II	III	IV
	Audited as at 28.02.2013 RM'000	After the private placement [@] RM'000	After I and Rights Issue with Free Warrants [^] RM'000	After II and the utilisation of proceeds RM'000	After III and full exercise of Warrants RM'000
Share capital	19,175	19,685	39,369	39,369	59,054
Share premium	11,517	11,517	11,517	11,017 ^{@@}	14,953 ^{**}
Revaluation surplus	218	218	218	218	218
Currency translation reserve	11	11	11	11	11
Warrant reserves	-	-	17,815 [#]	17,815	-
Other reserves	-	-	(17,815)	(17,815)	-
Accumulated losses	(17,454)	(17,454)	(17,454)	(17,454)	(17,454)
NA	13,467	13,977	33,661	33,161	56,782
No. of AT Shares (^000)	191,751	196,846	393,692	393,692	590,537
NA per AT Share (RM)	0.07	0.07	0.09	0.08	0.10
Borrowings	14,782	14,782	14,782	2,182 ⁺	2,182
Gearing (times) ^{##}	1.10	1.06	0.44	0.07	0.04

Notes:

@ Adjusted for the issuance of 5,095,000 new AT Shares ("Placement Shares"), issued at RM0.10 per Placement Share, pursuant to the second tranche of AT's private placement exercise completed on 15 March 2013

^ Adjusted for the issue of the Rights Shares at an issue price of RM0.10 per Rights Share.

* The warrants reserve amount arises after taking into consideration the cost arising from the issuance of 86,000,000 Warrants based on the theoretical fair value of the Warrants of RM0.0905 per Warrant which was arrived at based on the Black Scholes option valuation model obtained from Bloomberg as at the LPD.

The warrants reserve amount arises after taking into consideration the cost arising from the issuance of 196,845,765 Warrants based on the theoretical fair value RM0.0905 per Warrant which was arrived at based on the Black Scholes option valuation model obtained from Bloomberg as at the LPD.

@@ Based on the estimated expenses incidental to the Proposals of RM500,000.

** Adjusted for the exercise of the Warrants at an exercise price of RM0.12 per Warrant.

^^ After repayment of borrowings of RM2.8 million pursuant to the utilisation of proceeds.

+ After repayment of borrowings of RM12.6 million pursuant to the utilisation of proceeds.

Based on borrowings over shareholders' equity.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds of the Rights Issue with Free Warrants, cash in hand, cashflow generated from our operations and banking facilities available, our Group will have adequate working capital to meet our business requirements due within a period of twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group had total outstanding bank borrowings as at follows:

Fixed rate interest bearing borrowings:	
Currency (RM)	RM'000
Short-term borrowings	2,252
Long-term borrowings	<u>11,925</u>
Sub-total	<u>14,177</u>
Floating rate interest bearing borrowings:	
Currency (RM)	RM'000
Short-term borrowings	198
Long-term borrowings	<u>-</u>
Sub-total	<u>198</u>

After having made all reasonable enquiries and to the best knowledge of our Board, there has not been any default on payments of either interest or principal sums by our Group, in respect of any borrowings during the FYE 28 February 2013 and for the subsequent financial periods up to the LPD.

9.3 Material Commitments

Save as disclosed below, as at the LPD, our Board, after having made all reasonable enquiries, is not aware of any material commitments, incurred or known to be incurred, which may have a material impact on the results or financial position of our Group as at the LPD.

	RM
Commitment for purchase of machineries:-	
Approved but not contracted	1,148,000

The abovementioned commitments are for the purchase of production equipment. The purchase of production equipment shall be funded by way of hire-purchase financing.

9.4 Contingent liabilities

Save as disclosed below, as at the LPD, our Board, after having made all reasonable enquiries, is not aware of any other contingent liabilities incurred or known to be incurred which upon becoming enforceable, may have a material impact on the net profit or NA of our Group:

	RM
Financial guarantees granted to subsidiaries	22,216,000
- Actual amount utilised	14,375,000

10. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants pursuant to the Rights Issue with Free Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll, the NPA and RSF enclosed herewith.

11. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of,
AT SYSTEMATIZATION BERHAD




DATO' SRI AHMAD SAID BIN HAMDAN
Independent Non-Executive Chairman

CERTIFIED EXTRACT OF THE ORDINARY RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH FREE WARRANTS PASSED AT OUR EGM HELD ON 3 DECEMBER 2013

CERTIFIED TRUE COPY

AT SYSTEMATIZATION BERHAD
(Company No. 644800-X)
(Incorporated in Malaysia)


.....
Secretary
Angelina Cheah Gaik Suan
(MAICSA 7035272)

Extract of Minutes of the Extraordinary General Meeting of the Company held at Level 4, 13 DEC 2013
Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410
Petaling Jaya, Selangor Darul Ehsan on Tuesday, December 3, 2013 at 10.30 a.m.

2. **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 196,845,765 NEW ORDINARY SHARES OF RM0.10 EACH IN AT (“RIGHTS SHARES”) TOGETHER WITH UP TO 196,845,765 FREE DETACHABLE WARRANTS (“WARRANT(S)”) ON THE BASIS OF ONE (1) RIGHTS SHARE TOGETHER WITH ONE (1) WARRANT FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.10 EACH IN AT (“PROPOSED RIGHTS ISSUE WITH FREE WARRANTS”)**

It was resolved that the following was approved as Ordinary Resolution 1:-

“THAT, subject to the approval of Ordinary Resolution 2, Special Resolution 1 and subject further to the approval of all relevant authorities, including but not limited to the approval being obtained from Bursa Malaysia Securities Berhad (“Bursa Securities”) for the listing of and quotation for all the Rights Shares and Warrants to be issued hereunder and all the new ordinary shares of RM0.10 each in AT (“AT Shares” or “Shares”) to be issued arising from the exercise of the Warrants (whether in its original form or with or subject to any condition, modification, variation and/or amendment imposed by Bursa Securities), the approval be and is hereby given to the Directors of the Company:

- (a) To allot and issue by way of a renounceable rights issue up to 196,845,765 Rights Shares, together with up to 196,845,765 Warrants, on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing AT Share held by the shareholders of AT whose names appear in the Record of Depositors of AT as at the close of business on an entitlement date to be determined (“Entitlement Date”) by the Board of Directors of AT (“Board”) (“Entitled Shareholders”)
- (b) To constitute the Warrants upon the terms and conditions of a deed poll to be executed by AT (“Deed Poll”), the principal terms of which are set out in Section 2.1 of the Circular to Shareholders dated 11 November 2013;
- (c) To allot and issue such number of additional Warrants pursuant to the adjustments under the Deed Poll and to adjust from time to time the exercise price of the Warrants as a consequence of the adjustments under the provisions in the Deed Poll and/or to effect such modifications, variations and/or amendments as may be imposed/ required/ permitted by Bursa Securities and any other relevant authorities or parties or otherwise; and
- (d) To allot and issue such number of new AT Shares arising from the exercise of the Warrants during the tenure of the Warrants;

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever shall be made available for excess applications in such manner as the Directors of the Company shall determine at their absolute discretion;

THAT the Directors of the Company be and are hereby empowered and authorised to deal with any fractional entitlements that may arise from the Proposed Rights Issue with Free Warrants in such manner and on such terms and conditions as the Directors of the Company in their absolute discretion as they may deem fit or think expedient or in the best interest of the Company;

...2/-

AT SYSTEMATIZATION BERHAD

(Company No. 644800-X)

(Incorporated in Malaysia)

-2-

Extract of Minutes of the Extraordinary General Meeting of the Company held at Level 4, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, December 3, 2013 at 10.30 a.m. (Continued...)

2. PROPOSED RIGHTS ISSUE WITH FREE WARRANTS (CONTINUED...)

THAT the proceeds of the Proposed Rights Issue with Free Warrants be utilised for the purposes as set out in Section 2.1.5 of the Circular to Shareholders of the Company dated 11 November 2013, and the Directors of the Company be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors of the Company may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

THAT the Rights Shares and the new AT Shares to be issued pursuant to the exercise of the Warrants shall upon allotment, rank pari passu in all respects with the then existing issued and fully paid-up shares in the capital of the Company, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to the shareholders of the Company, the Entitlement Date of which is prior to the date of allotment of the Rights Shares and the new AT Shares to be issued arising from the exercise of the Warrants respectively;

THAT the Rights Shares and Warrants and the new AT Shares to be issued pursuant to the exercise of the Warrants shall be listed on Bursa Securities;

THAT the Directors of the Company be and are hereby authorised to enter into and execute the Deed Poll upon the terms set out in the Circular to the Shareholders of the Company dated 11 November 2013 with full powers to assent to any conditions, variations, modifications and/or amendments as may be imposed or permitted by the relevant authorities or as may be deemed necessary by the Directors of the Company, and, subject to all provisions and adjustments contained in the Deed Poll, to assent to any modification and/or amendment to the exercise price, exercise period and/or number of Warrants as may be required or permitted to be revised as a consequence of any adjustments under the provisions of the Deed Poll, with full powers to implement and give effect to the terms and conditions of the Deed Poll, and to take all steps as they may deem fit or expedient in order to implement, finalise and give full effect to the Deed Poll;

THAT the Directors of the Company be and are hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Rights Issue with Free Warrants with full power to assent to any conditions, variations, modifications and/ or amendments as may be required by any relevant authorities or deemed necessary by the Directors of the Company in the best interest of the Company, and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Free Warrants; 2013

Signature of ANGELINA CHEAH GAIK SUAN
Secretary, MAICSA 7035272

...3/-

AT SYSTEMATIZATION BERHAD
 (Company No. 644800-X)
 (Incorporated in Malaysia)

-3-

Extract of Minutes of the Extraordinary General Meeting of the Company held at Level 4, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, December 3, 2013 at 10.30 a.m. (Continued...)

2. PROPOSED RIGHTS ISSUE WITH FREE WARRANTS (CONTINUED...)

AND THAT in order to implement, complete and give full effect to the Proposed Rights Issue with Free Warrants, approval is given to the Directors of the Company to do or to procure to be done all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient, and/or appropriate to implement, give full effect to and complete the Proposed Rights Issue with Free Warrants, with full powers to assent to any condition, modification, variation, and/or amendment thereto as the Directors of the Company may deem fit in connection with the Proposed Rights Issue with Free Warrants.”

3. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

It was resolved that the following be approved as Ordinary Resolution 2:-

“**THAT**, subject to the passing of Ordinary Resolution 1 and Special Resolution 1, the authorised share capital of the Company be increased from RM25,000,000 (Ringgit Malaysia Twenty Five Million) only divided into 250,000,000 ordinary shares of RM0.10 each to RM100,000,000 (Ringgit Malaysia One Hundred Million) only divided into 1,000,000,000 ordinary shares of RM0.10 each by the creation of 750,000,000 ordinary shares of RM0.10 each in the share capital of the Company.”

4. PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY

It was resolved that the following was approved as Special Resolution 1:-

“**THAT**, subject to the passing of Ordinary Resolution 1 and Ordinary Resolution 2, the Memorandum of Association of the Company be amended by deleting the first sentence of Clause 6 in its entirety and substituting in place thereof the following sentence:-”


Stamped
 the subsequent pages of the
 certified true copy of the main
 page dated 13 DEC 2013
 Name of ANGELINA CHEAH GAIK SUAN
 SINCERE / M / ICSA 7035272

Existing first sentence of Clause 6 of the Memorandum of Association	Proposed amendment to the first sentence of Clause 6 of the Memorandum of Association
“6. The share capital of the Company is RM25,000,000.00 divided into 250,000,000 ordinary shares of RM0.10 each.”	“6. The share capital of the Company is RM100,000,000.00 divided into 1,000,000,000 ordinary shares of RM0.10 each.”



 Director

CERTIFIED TRUE EXTRACT



 Director

Dated: December 3, 2013

SALIENT TERMS OF THE WARRANTS

Terms	Details
Issue Size	: Up to 196,845,765 Warrants to subscribe for up to 196,845,765 new AT Shares to be issued to the Entitled Shareholders pursuant to the Rights Issue with Free Warrants.
Deed Poll	: The Warrants will be issued in registered form and are constituted by the Deed Poll.
Detachability	: The Warrants which are to be issued pursuant to the Rights Issue with Free Warrants are immediately detachable upon allotment and issue of the Rights Shares. The Warrants will be traded separately.
Exercise Rights	: Each Warrant entitles the registered holder to subscribe for one (1) new AT Share at the Exercise Price at any time during the Exercise Period and shall be subject to adjustments in accordance with the provisions of the Deed Poll.
Exercise Price	: The exercise price of the Warrants is RM0.12 per Warrant. The exercise price and the number of outstanding Warrants shall be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.
Exercise Period	: The Warrants may be exercised at any time during the tenure of the Warrants of five (5) years including and commencing from the date of issue of the Warrants and ending at 5.00 p.m. on the expiry date, provided that such a day falls on a day which is not a market day, otherwise, on the preceding market day. The Warrants not exercised during the Exercise Period will thereafter lapse and become void.
Mode of Exercise	: The registered holder of Warrants shall pay cash by way of banker's draft or cashier's order or money order or postal order drawn on a bank operating in Malaysia or post office in Malaysia for the aggregate Exercise Price payable when exercising the Warrants and subscribing for new AT Shares.
Adjustment in the Exercise Price and/or the number of Warrants in the event of alteration to the share capital	: Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of Warrants held by each holder of Warrants shall be adjusted by our Board in consultation with an approved adviser appointed by our Company for the purposes of the Deed Poll in the event of alteration to the share capital of our Company, in accordance with the provisions as set out in the Deed Poll.
Modification of rights of Warrant holder	: Save as otherwise provided in the Deed Poll, a special resolution of the Warrant holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant holders.

Terms

Details

- Rights in the event of winding up, liquidation or an event of default : Where a resolution has been passed by our Company for a members' voluntary winding-up or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies:-
- (a) for the purpose of such a winding-up, compromise or arrangement (other than consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holders or some persons designated by them for such purposes by special resolution, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrant holders; and
 - (b) in any other case, every Warrant holder shall be entitled at any time within six (6) weeks after the granting of the court order or the last approval being granted (whichever is later), by irrevocable surrender of his Warrants together with payment of the relevant subscription monies, to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement, exercised the subscription rights represented by such Warrants and be entitled to receive out of the assets which would be available in liquidation if he had on such date been the holder of the new AT Shares to which he would have become entitled pursuant to such exercise; and the liquidator of our Company shall give effect to such election accordingly. Upon the expiry of the above six (6) weeks, all exercise rights of the Warrants shall lapse and cease to be valid for any purpose.
- Board Lot : The Warrants are tradeable upon listing in board lots of 100 units carrying the right to subscribe for 100 new AT Shares or such other number of units as may be prescribed by Bursa Securities.
- Rights of Warrant holders : The Warrant holders are not entitled to any voting rights in any general meeting of our Company or to participate in any dividends, rights, allotments and/or distributions and/or offer of further securities in our Company until and unless such Warrant holders are issued with new AT Shares arising from their exercise of the Warrants.
- Status of the new AT Shares to be issued pursuant to the exercise of the Warrants : The new AT Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing AT Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid, the entitlement date of which is prior to the date of allotment of the new AT Shares.
- Further Issues : Subject to the provisions of the Deed Poll, our Company will be at liberty to issue shares or other securities convertible to shares to shareholders either for cash or as bonus distribution and further subscription rights upon such terms and conditions as our Company sees fit. Warrant holders will not have any participating rights in such issue unless the Warrant holder becomes a shareholder of our Company by exercising his Exercise Rights or otherwise resolved by our Company in general meeting.

Terms	Details
Listing	: Approval-in-principle has been obtained from Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities and for the listing of and quotation for the Warrants and new AT Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities.
Transferability	: The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the rules of Bursa Depository.
Governing Law	: Laws of Malaysia.

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INFORMATION ON OUR COMPANY**1. HISTORY AND BUSINESS**

AT was incorporated in Malaysia on 8 March 2004 under the Act as a public limited company under the name of AT Systematization Berhad. AT was listed on the MESDAQ Market of Bursa Securities (now known as the ACE Market) on 23 February 2005.

The principal activity of our Company is investment holding whilst the principal activities of our subsidiaries are disclosed in Section 5 below.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital is as follows:-

Type	No. of Shares	Par value RM	Total RM
Authorised	1,000,000,000	0.10	100,000,000
Issued and fully paid-up share capital	196,845,765	0.10	19,684,577

Changes in Issued and Paid-Up Share Capital

The changes in our Company's issued and paid-up share capital since incorporation are as follows:

Date of allotment	No. of Shares	Par value RM	Consideration	Total RM
08.03.2004	20	0.10	Subscribers' shares	2
20.12.2004	108,070,500	0.10	Acquisition of AT Engineering Sdn Bhd	10,807,052
20.12.2004	6,323,660	0.10	Acquisitions of Miako-Tech Engineering Sdn Bhd, AT Engineering Solution Sdn Bhd and AT Precision Tooling Sdn Bhd	11,439,418
21.12.2004	3,056,585	0.10	Set off against debt owing	11,745,077
15.02.2005	50,000,000	0.10	Cash	16,745,077
19.10.2007	11,500,000	0.10	Cash	17,895,077
22.08.2012	12,800,000	0.10	Cash	19,175,077
12.03.2013	5,095,000	0.10	Cash	19,684,577

3. BOARD OF DIRECTORS

The age, profession, nationalities and addresses of our Board are set out under the Corporate Directory on Board of Directors of this Abridged Prospectus. The proforma effects of the Rights Issue with Free Warrants on the shareholdings of our Board based on our Register of Directors' shareholdings as at the LPD are as follows:

Minimum Scenario

	As at the LPD			(I) After the Rights Issue with Free Warrants			(II) After (I) and the full exercise of Warrants		
	Direct No. of Shares '000	Indirect No. of Shares '000	%	Direct No. of Shares '000	Indirect No. of Shares '000	%	Direct No. of Shares '000	Indirect No. of Shares '000	%
Dato' Sri Ahmad Said Bin Hamdan	-	-	-	-	-	-	-	-	-
Ir Auniah Binti Ali	-	-	-	-	-	-	-	-	-
MSW	6,120	3.1	-	92,120	32.6	-	178,120	48.3	-
Dr Ch'ng Huck Khoon	-	-	-	-	-	-	-	-	-
Chang Vun Lung	-	-	-	-	-	-	-	-	-

Maximum Scenario

	As at the LPD			(I) After the Rights Issue with Free Warrants			(II) After (I) and the full exercise of Warrants		
	Direct No. of Shares '000	Indirect No. of Shares '000	%	Direct No. of Shares '000	Indirect No. of Shares '000	%	Direct No. of Shares '000	Indirect No. of Shares '000	%
Dato' Sri Ahmad Said Bin Hamdan	-	-	-	-	-	-	-	-	-
Ir Auniah Binti Ali	-	-	-	-	-	-	-	-	-
MSW	6,120	3.1	-	12,240	3.1	-	18,360	3.1	-
Dr Ch'ng Huck Khoon	-	-	-	-	-	-	-	-	-
Chang Vun Lung	-	-	-	-	-	-	-	-	-

4. SUBSTANTIAL SHAREHOLDERS

Based on our Register of Substantial Shareholders as at the LPD, there are no substantial shareholders in our Company.

5. SUBSIDIARIES

Our subsidiaries as at the LPD are as follows:-

Name	Date and place of incorporation	Issued and paid-up capital RM	Effective ownership %	Principal activities
AT Engineering Solution Sdn Bhd	15.10.2003 Malaysia	2,600,000	100	Design and manufacture of industrial automation systems and machinery
AT Precision Tooling Sdn Bhd	12.09.2003 Malaysia	2,600,000	100	Fabrication of industrial and engineering parts
Goodmatrix Resources Sdn Bhd	26.04.2012 Malaysia	2	100	Dormant
AT Engineering Sdn Bhd	11.02.1991 Malaysia	2,600,000	100	Design and manufacture of industrial automation systems and machinery
Yellow Choice Sdn Bhd	12.12.2012 Malaysia	2	100	Dormant
<i>Subsidiaries of AT Engineering Sdn Bhd</i>				
AT Machinery (Suzhou) Co., Ltd (China)	27.11.2000 People's Republic of China	4,104,227	100	In liquidation
Automation Technology Systematization Industries Limited Thailand	21.04.2005 Thailand	2,152,985	100	In liquidation
ATST Corporation Limited (Thailand)	20.04.2005 Thailand	112,129	100	In liquidation
AT Automation Technology Solution Phils., Inc. (Philippines)	09.12.2005 Philippines	70,025	100	Dormant

Name	Date and place of incorporation	Issued and paid-up capital RM	Effective ownership %	Principal activities
Heroic Lake Holdings Limited (Hong Kong)	06.09.2010 Hong Kong	3,927	100	Investment holding

6. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements from the FYE 28 February 2011 to 28 February 2013 and the unaudited consolidated financial statements for the six (6) months ended 31 August 2013 are as follows:

	Audited				Unaudited
	2011 (RM'000)	FYE 28 / 29 February 2012 (RM'000)	2012* (RM'000)	2013*# (RM'000)	six (6) months 31 August 2013 (RM'000)
Revenue	37,215	37,217	27,484	23,187	11,719
Profit/(loss) before taxation	1,253	967	1,552	(4,195)	(301)
<i>Add:</i>					
Finance costs	1,048	959	915	864	411
Depreciation and amortisation	2,940	2,646	2,264	2,301	994
Earnings/(loss) before interest, taxation, depreciation, and amortisation	5,241	4,572	4,731	(1,030)	1,104
Other income	395	759	754	1,099	470
Profit/(loss) after taxation of continued operations	324	231	815	(4,446)	(456)
Profit/(loss) after taxation of discontinued operations	-	-	(585)	(6,395)	-
Taxation expense	(929)	(736)	(736)	(251)	(155)
Non-controlling interests	22	-	-	-	-
Profit/(loss) after taxation and non-controlling interests	302	231	231	(10,841)	(456)
Number of ordinary shares in issue ('000)	178,951	178,951	178,951	191,751	196,856
Gross profit	12,699	9,218	7,539	5,067	2,550

	Audited				Unaudited
	FYE 28 / 29 February				six (6)
	2011	2012	2012*	2013*#	months
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	31 August
					2013
					(RM'000)
Gross profit margin (%)	34.1	24.7	27.4	21.9	21.8
Basic/diluted profit/(loss) per Share (sen)	0.17	0.13	0.13	(5.84)	(0.24)
-Continuing operations	0.17	0.13	0.46	(2.40)	(0.24)
-Discontinued operations	-	-	(0.33)	(3.44)	-

Note:

* Adjusted after taking into consideration discontinued operations.

The audited consolidated financial statement of AT for the FYE 28 February 2013 was qualified due to one of our wholly-owned subsidiaries, AT Machineries (Suzhou) Co Ltd ("the Component") had ceased operations during the financial year and was in the process of dissolution. The accounts of the Component that have been consolidated into the financial statements of our Group have not been audited. All the financial information attributed to the Component was based on its latest unaudited accounts available but without any detailed listing/schedules and supporting source documents. Our management was not able to make available the relevant accounting and other records of the Component. As such, the auditors were not able to carry out any appropriate audit procedures. In addition, the auditors were also unable to ascertain whether the dissolution of the Component would give rise to any additional liability or contingent liability of our Group. Consequently, the auditor could not determine whether any adjustments to the Component's financial information and their effects, if any, were necessary on the financial position of our Group as at 28 February 2013, financial performance and cash flows for the FYE 28 February 2013.

Commentary on financial performance

FYE 28 February 2011

In the FYE 28 February 2011, our Group recorded an improvement in revenue and profit after taxation, with an increase of 35.3% to RM37.2 million and RM0.3 million, respectively arising from improvement in revenue from both the fabrication of industrial and engineering parts segments (increased by 55.8%); and industrial automation system and machinery (increased by 17.3%). The increase in revenue was attributed to higher orders for fabrication of component parts in hard drives, printer heads and tester machines. During the year, our Board had also upgraded our software which improved the execution and speed of design of machines as a measure to improve efficiency in our production processes.

FYE 29 February 2012

In the FYE 29 February 2012, our Group recorded revenue of RM37.2 million and a profit after taxation of RM0.2 million. The revenue recorded was attributed to the improvement of the fabrication of industrial and engineering parts segment which recorded a 4.4% increase in revenue, whilst revenue from industrial automation system and machinery recorded a decline of 7.0%. The slight decline in our Group's profit after taxation in the financial year was due to the write down of RM0.4 million of inventories and the impairment on trade receivables of approximately RM0.3 million in certain subsidiaries.

FYE 28 February 2013

For the FYE 28 February 2013, our Group streamlined and rationalised our business with the closure of certain overseas subsidiaries. After taking into consideration the discontinued operations, our Group recorded a decrease in revenue of RM4.3 million from RM27.5 million in the prior year to RM23.2 million in the FYE 28 February 2013. The decline in revenue was due to lower orders received from our fabrication of industrial and engineering parts segment, which fell by 10.1%, and industrial automation system and machinery, which declined by 60.6%. Our Group incurred a loss after taxation of RM10.8 million against a profit after taxation of RM0.2 million in the prior year, which was due to higher operating costs associated with the discontinuation of certain overseas operations and the impairment for receivables.

Six (6) months ended 31 August 2013

For the six (6) months ended 31 August 2013, our Group recorded revenue of approximately RM11.7 million, a decrease of 23.1% as compared to revenue of approximately RM15.2 million in the preceding corresponding period. The decline in revenue was largely attributed to the closure of our overseas operations, which contributed revenue of RM2.6 million and lower orders for industrial automation system and machinery. In the six (6) months ended 31 August 2013, our Group recorded a lower loss after taxation of approximately RM0.5 million as compared to a loss after taxation of approximately RM3.5 million in the preceding corresponding period due to the closure of our loss making overseas operations and better cost controls arising from organisational and headcount management.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of our Shares as traded on Bursa Securities for the past twelve (12) months are as follows:

	High (RM)	Low (RM)
2013		
January	0.170	0.105
February	0.115	0.080
March	0.120	0.080
April	0.105	0.090
May	0.135	0.080
June	0.125	0.100
July	0.105	0.095
August	0.120	0.095
September	0.175	0.100
October	0.400	0.155
November	0.255	0.125
December	0.140	0.100

The last transacted price of our Shares on 9 May 2013, being the date immediately before the announcement of the Proposals was RM0.090 per Share.

The last transacted price of our Shares on 2 January 2014, being the day prior to the ex-date of the Rights Issue with Free Warrants was RM0.105 per Share.

The last transacted price of our Shares as at the LPD was RM0.120 per Share.

(Source: M&A Securities)

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 28 FEBRUARY 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON



**REPORTING ACCOUNTANTS' LETTER ON
PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Date: **30 DEC 2013**

The Board of Directors
AT Systematization Berhad
Plot 82, Lintang Bayan Lepas
Bayan Lepas Industrial Park
Phase IV, 11900 Penang

Dear Sirs,

**AT SYSTEMATIZATION BERHAD ("AT" OR "COMPANY")
PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28
FEBRUARY 2013**

We have reviewed the Proforma Consolidated Statement of Financial Position of AT and its subsidiaries (collectively referred to as "AT Group") as at 28 February 2013 together with the accompanying notes thereto, for which the Board of Directors of AT ("Board") is solely responsible as set out in the accompanying statements (which we have stamped for the purpose of identification) prepared for inclusion in the Abridged Prospectus of AT dated **07 JAN 2014** in relation to the renounceable rights issue of up to 196,845,765 new ordinary shares of RM0.10 each in AT ("Rights Share(s)") together with up to 196,845,765 free detachable warrants ("Warrant(s)") on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing ordinary share of RM0.10 each subscribed in AT ("AT Share(s)" or "Share(s)") ("Rights Issue with Free Warrants").

Responsibilities

It is the responsibility of the Board to prepare the Proforma Consolidated Statement of Financial Position on the basis described in the Notes to the Proforma Consolidated Statement of Financial Position, for illustrative purposes only.

It is our responsibility to form an opinion, as to the proper compilation of the Proforma Consolidated Statement of Financial Position and to report that opinion to you.

In providing this opinion, we are not responsible in updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Proforma Consolidated Statement of Financial Position, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
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Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

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Basis of opinion

We have conducted our work in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000: Assurance Engagement Other Than Audits or Review of Historical Financial Information. The work that we performed for the purpose of making this letter, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information to the source documents, considering the evidence supporting the adjustments and discussing the Proforma Consolidated Statement of Financial Position with the Board and responsible officers of AT.

We planned and performed our work so as to obtain the information and explanation we considered necessary in order to provide us with reasonable assurance that the Proforma Consolidated Statement of Financial Position have been properly compiled on the basis stated in the accompanying notes using financial statements prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the consolidated statement of financial position and the accounting policies of AT. Our work also involves assessing whether the adjustments made to the information used in the preparation of the Proforma Consolidated Statement of Financial Position are appropriate for the purposes of preparing the Proforma Consolidated Statement of Financial Position.

Opinion

In our opinion, the abovementioned Proforma Consolidated Statement of Financial Position together with the notes thereon (which are provided for illustrative purposes only):

- (i) have been properly compiled on a basis of preparation as stated in the notes thereon; such basis is consistent with the accounting policies normally adopted by the AT Group;
- (ii) the adjustments are appropriate for the purpose of the Proforma Consolidated Statement of Financial Position; and
- (iii) the financial statements used in the preparation of the Proforma Consolidated Statement of Financial Position were prepared in accordance with Financial Reporting Standards issued by Malaysian Accounting Standards Board, and in the manner consistent with both the format of the audited financial statements and the accounting policies of the AT Group for the financial year ended 28 February 2013.

This report has been prepared for the information of the Board for the purpose of inclusion in the Abridged Prospectus of AT in respect of the Rights Issue with Free Warrants as mentioned above. As such, this report is not to be reproduced, referred to in any other document or used for any other purpose without our prior written consent.

Yours faithfully,

UHY
Firm Number: AF 1411
Chartered Accountants

AT Systematization Berhad
Proforma Consolidated Statement of Financial Position as at 28 February 2013

The Proforma Consolidated Statement of Financial Position as set out below have been prepared for illustrative purposes only to show the effect on the Consolidated Statement of Financial Position of the Proforma AT Group as at 28 February 2013 and also based on the assumptions that the following events had been effected on that date.

MINIMUM SCENARIO

	Note	AT Group Level 28.2.2013 RM	After Adjustment for Private Placement RM	Proforma I After Rights Issue with Free Warrants RM	Proforma II After the Utilisation of Proceeds RM	Proforma III After Full Exercise of Warrants RM
NON-CURRENT ASSET						
Property, plant and equipment	3	24,883,387	24,883,387	24,883,387	27,683,387	27,683,387
		<u>24,883,387</u>	<u>24,883,387</u>	<u>24,883,387</u>	<u>27,683,387</u>	<u>27,683,387</u>
CURRENT ASSETS						
Inventories		1,916,599	1,916,599	1,916,599	1,916,599	1,916,599
Trade receivables		4,789,260	4,789,260	4,789,260	4,789,260	4,789,260
Other receivables		1,204,953	1,204,953	1,204,953	1,204,953	1,204,953
Tax recoverable		186,243	186,243	186,243	186,243	186,243
Term deposits with a licensed bank		21,000	21,000	21,000	21,000	21,000
Cash and bank balances	4	1,632,384	2,141,884	10,741,884	4,641,884	14,961,884
		<u>9,750,439</u>	<u>10,259,939</u>	<u>18,859,939</u>	<u>12,759,939</u>	<u>23,079,939</u>
		<u>34,633,826</u>	<u>35,143,326</u>	<u>43,743,326</u>	<u>40,443,326</u>	<u>50,763,326</u>
EQUITY						
Share capital		19,175,077	19,684,577	28,284,577	28,284,577	36,884,577
Share premium		11,516,538	11,516,538	11,516,538	11,016,538 *	12,736,538
Revaluation surplus		217,500	217,500	217,500	217,500	217,500
Currency translation reserve		11,583	11,583	11,583	11,583	11,583
Warrant reserves		-	-	7,783,000	7,783,000	-
Other reserves		-	-	(7,783,000)	(7,783,000)	-
Accumulated losses		(17,453,760)	(17,453,760)	(17,453,760)	(17,453,760)	(17,453,760)
		<u>13,466,938</u>	<u>13,976,438</u>	<u>22,576,438</u>	<u>22,076,438</u>	<u>32,396,438</u>
NON-CURRENT LIABILITIES						
Hire purchase payables		1,218,355	1,218,355	1,218,355	1,218,355	1,218,355
Bank borrowings	5	12,171,856	12,171,856	12,171,856	9,371,856	9,371,856
Deferred tax liabilities		401,000	401,000	401,000	401,000	401,000
		<u>13,791,211</u>	<u>13,791,211</u>	<u>13,791,211</u>	<u>10,991,211</u>	<u>10,991,211</u>
CURRENT LIABILITIES						
Trade payables		3,445,476	3,445,476	3,445,476	3,445,476	3,445,476
Other payables		2,538,478	2,538,478	2,538,478	2,538,478	2,538,478
Hire purchase payables		896,737	896,737	896,737	896,737	896,737
Bank borrowings	5	494,986	494,986	494,986	494,986	494,986
		<u>7,375,677</u>	<u>7,375,677</u>	<u>7,375,677</u>	<u>7,375,677</u>	<u>7,375,677</u>
		<u>34,633,826</u>	<u>35,143,326</u>	<u>43,743,326</u>	<u>40,443,326</u>	<u>50,763,326</u>
No of shares		191,750,765 @ RM0.10 per share	196,845,765 @ RM0.10 per share	282,845,765 @ RM0.10 per share	282,845,765 @ RM0.10 per share	368,845,765 @ RM0.10 per share
Net assets		<u>13,466,938</u>	<u>13,976,438</u>	<u>22,576,438</u>	<u>22,076,438</u>	<u>32,396,438</u>
Net assets per share (RM)		<u>0.07</u>	<u>0.07</u>	<u>0.08</u>	<u>0.08</u>	<u>0.09</u>
Borrowings		<u>14,781,934</u>	<u>14,781,934</u>	<u>14,781,934</u>	<u>11,981,934</u>	<u>11,981,934</u>
Gearing (times)		<u>1.10</u>	<u>1.06</u>	<u>0.65</u>	<u>0.54</u>	<u>0.37</u>

* After deducting estimated expenses in relation to the Rights Issue with Free Warrants of RM500,000.



AT Systematization Berhad
Proforma Consolidated Statement of Financial Position as at 28 February 2013

The Proforma Consolidated Statement of Financial Position as set out below have been prepared for illustrative purposes only to show the effect on the Consolidated Statement of Financial Position of the Proforma AT Group as at 28 February 2013 and also based on the assumptions that the following events had been effected on that date.

MAXIMUM SCENARIO

	Note	AT Group Level 28.2.2013 RM	After Adjustment for Private Placement RM	Proforma I After Rights Issue with Free Warrants RM	Proforma II After the Utilisation of Proceeds RM	Proforma III After Full Exercise of Warrants RM
NON-CURRENT ASSET						
Property, plant and equipment	3	24,883,387	24,883,387	24,883,387	27,683,387	27,683,387
		<u>24,883,387</u>	<u>24,883,387</u>	<u>24,883,387</u>	<u>27,683,387</u>	<u>27,683,387</u>
CURRENT ASSETS						
Inventories		1,916,599	1,916,599	1,916,599	1,916,599	1,916,599
Trade receivables		4,789,260	4,789,260	4,789,260	4,789,260	4,789,260
Other receivables		1,204,953	1,204,953	1,204,953	1,204,953	1,204,953
Tax recoverable		186,243	186,243	186,243	186,243	186,243
Fixed deposit with licensed bank		21,000	21,000	21,000	21,000	21,000
Cash and bank balances	4	1,632,384	2,141,884	21,826,461	5,926,461	29,547,953
		<u>9,750,439</u>	<u>10,259,939</u>	<u>29,944,516</u>	<u>14,044,516</u>	<u>37,666,008</u>
		<u>34,633,826</u>	<u>35,143,326</u>	<u>54,827,903</u>	<u>41,727,903</u>	<u>65,349,395</u>
EQUITY						
Share capital		19,175,077	19,684,577	39,369,154	39,369,154	59,053,731
Share premium		11,516,538	11,516,538	11,516,538	11,016,538 *	14,953,453
Revaluation surplus		217,500	217,500	217,500	217,500	217,500
Currency translation reserve		11,583	11,583	11,583	11,583	11,583
Warrant reserves		-	-	17,814,542	17,814,542	-
Other reserves		-	-	(17,814,542)	(17,814,542)	-
Accumulated losses		(17,453,760)	(17,453,760)	(17,453,760)	(17,453,760)	(17,453,760)
		<u>13,466,938</u>	<u>13,976,438</u>	<u>33,661,015</u>	<u>33,161,015</u>	<u>56,782,507</u>
NON-CURRENT LIABILITIES						
Hire purchase payables		1,218,355	1,218,355	1,218,355	1,218,355	1,218,355
Bank borrowings	5	12,171,856	12,171,856	12,171,856	-	-
Deferred tax liabilities		401,000	401,000	401,000	401,000	401,000
		<u>13,791,211</u>	<u>13,791,211</u>	<u>13,791,211</u>	<u>1,619,355</u>	<u>1,619,355</u>
CURRENT LIABILITIES						
Trade payables		3,445,476	3,445,476	3,445,476	3,445,476	3,445,476
Other payables		2,538,478	2,538,478	2,538,478	2,538,478	2,538,478
Hire purchase payables		896,737	896,737	896,737	896,737	896,737
Bank borrowings	5	494,986	494,986	494,986	66,842	66,842
Tax payable		-	-	-	-	-
		<u>7,375,677</u>	<u>7,375,677</u>	<u>7,375,677</u>	<u>6,947,533</u>	<u>6,947,533</u>
		<u>34,633,826</u>	<u>35,143,326</u>	<u>54,827,903</u>	<u>41,727,903</u>	<u>65,349,395</u>
No of shares		191,750,765	196,845,765	393,691,530	393,691,530	590,537,295
		@ RM0.10 per share	@ RM0.10 per share	@ RM0.10 per share	@ RM0.10 per share	@ RM0.10 per share
Net assets		<u>13,466,938</u>	<u>13,976,438</u>	<u>33,661,015</u>	<u>33,161,015</u>	<u>56,782,507</u>
Net assets per share (RM)		<u>0.07</u>	<u>0.07</u>	<u>0.09</u>	<u>0.08</u>	<u>0.10</u>
Borrowings		<u>14,781,934</u>	<u>14,781,934</u>	<u>14,781,934</u>	<u>2,181,934</u>	<u>2,181,934</u>
Gearing (times)		<u>1.10</u>	<u>1.06</u>	<u>0.44</u>	<u>0.07</u>	<u>0.04</u>

* After deducting estimated expenses in relation to the Rights Issue with Free Warrants of RM500,000.



AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2013**

Basis of Preparation

The Proforma Consolidated Statement of Financial Position have been prepared solely for illustrative purposes based on the accounting policies and bases which are consistent with those adopted in the preparation of the audited financial statements of the AT Group as at 28 February 2013 on the assumption that the following proposals as set out in Notes 1 and 2 had taken place on 28 February 2013.

Fair value of Warrants

The fair value of the Warrants is estimated using Black Scholes Model from Bloomberg Finance based on the following key assumptions:

(a) Exercise Price	RM0.12 per Warrant
(b) Theoretical ex-rights price	RM 0.113 per AT Share (based on 5-day volume weighted average market price up to and including 9 December 2013, of RM0.127)
(c) Borrowing cost	Nil
(d) Expected dividend yield	Nil
(e) Tenure of Warrants	5 years from date of issuance of Warrants
(f) Expected share price volatility	90.889 % (AT determined the expected share price volatility based on 520 days volatility of the historical stock price of AT)

Based on the assumptions and basis described above and applying all the inputs into the Black Scholes Model, the fair value of the Warrant is assumed to approximately RM0.0905 per Warrant as at 9 December 2013 for the purpose of the proforma consolidated statement of financial position as at 28 February 2013.



AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2013**

1. Minimum Scenario

Adjustment for Private Placement

Incorporates the effect of the issuance of 5,095,000 new AT Shares (“Placement Shares”) at RM0.10 per Placement Share. This private placement exercise was completed on 15 March 2013 (“Private Placement”).

1.1 Proforma I

Rights Issue with Free Warrants

Proforma I incorporates the adjustment for the Private Placement and the renounceable rights issue of 86,000,000 Rights Shares together with 86,000,000 Warrants on the basis of one (1) Rights Share with one (1) Warrant for every one (1) existing Share subscribed in AT, at the issue price of RM0.10 per Rights Share.

It is also assumed that the fair value of Warrants is RM0.0905 per Warrant. The actual quantum of Warrants Reserves will only be determined upon issuance of the Warrants. As such, the actual fair value of Warrants may differ from the indicative fair value of Warrants.

The fair value recognised in reserves would be as follows:

Total Warrants (no. of Warrants)	86,000,000
Fair value per Warrant (RM)	0.0905
Total fair value (RM)	7,783,000

1.2 Proforma II

After Proforma I and The Utilisation of Proceeds

Proforma II incorporates the effect of Proforma I and the utilisation of proceeds arising from the Rights Issue with Free Warrants are as follows:

	RM
Repayment of bank borrowings ⁽¹⁾	2,800,000
Working capital ⁽²⁾	2,500,000
Partially finance the construction of factory building extension ⁽³⁾	2,800,000
Defraying estimated expenses relating to the Proposals ^{^ (4)}	500,000
	<u>8,600,000</u>

Note:

[^] Proposals refer to the Rights Issue with Free Warrants, increase in authorised share capital of the Company and the amendment to the Memorandum of Association of the Company.



AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2013**

1.2 Proforma II (Cont'd)

Notes:

- (1) *The partial repayment of AT's outstanding borrowings via the proceeds to be raised from the Rights Issue with Free Warrants. This is expected to generate interest savings of approximately RM0.18 million per annum.*
- (2) *The breakdown of the utilisation of working capital is as follows:*

<i>To set up operation-site for AT Group's manufacturing of food waste conversion system machines*</i>	RM 2,500,000
--	---------------------

- * *AT Group had on 10 March 2013 commenced development of a prototype waste conversion system utilising microbial solutions in the conversion of food waste into fertilizer, for the fabrication and manufacturing of food waste machineries. The operation-site is being planned to be set-up at AT Group's existing factory at Plot 82, Lintang Bayan Lepas, Bayan Lepas Industrial Park, Phase IV, 11900 Pulau Pinang, and includes the purchase of fixtures and fittings, hiring of eight (8) staff and purchase of machine parts. The set-up of the site is expected to commence upon the completion of the Rights Issue with Free Warrants, tentatively in the first quarter of 2014, with operations expected to commence two (2) months upon the set-up of the site. AT Group estimates to manufacture approximately 35 units of the machines, costing in aggregate approximately RM2.0 million, which will be used in marketing activities and trial runs to be conducted over the period of two (2) years. Upon the completion of prototyping and the trial run period, AT Group anticipates to launch our food waste conversion machines as an alternative waste disposal solution to local small and medium food eateries and education institutions.*
- (3) *AT Group's existing fabrication factory at 49, Hilir Sungai Keluang 2, Bayan Lepas Industrial Park, Phase 4, 11900 Pulau Pinang is currently operating close to maximum capacity. AT Group will be undertaking an extension of our factory by approximately 11,000 square feet to expand our production capacity from approximately 6,000 units to 10,000 units. The total expansion cost is approximately RM5.4 million and is expected to be funded approximately 40% by bank borrowings, 10% by internally generated funds and 50% from the proceeds of the Rights Issue with Free Warrants.*

The said construction of the factory extension is expected to commence in the first quarter of 2014 and is expected to be completed within nine (9) months from the commencement of construction. A total of ten (10) additional machineries for the expansion is expected to be funded via lease/hire purchase, at an estimated aggregate purchase consideration of RM6.0 million.

- (4) *The estimated expenses comprise professional fees, fees to be paid to the relevant authorities, printing and advertising charges and miscellaneous charges which are estimated at a RM500,000 for the proposals. If the actual expenses incurred pursuant to the proposals are higher than the amount budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for working capital. In the event that the actual expense is less than the allocated amount, the excess allocated amount shall be utilised for the working capital purposes of the AT Group.*



AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2013

1.3 Proforma III

After Proforma II and Full Exercise of Warrants

Proforma III incorporates the effect of Proforma II and the full exercise of 86,000,000 Warrants at the exercise price of RM0.12 per Warrant into 86,000,000 new Shares in AT.

The amount of proceeds to be received by the Company pursuant to the exercise of the Warrants would depend upon the actual number of Warrants exercised. Such proceeds shall be utilised for capital expenditure, investment opportunities and/or working capital of the AT Group. For illustration purposes, the proceeds will be retained as cash and cash equivalents.

1.4 The movements of the issued and paid-up share capital, share premium and reserves of AT

	Share capital RM	Share premium RM	Revaluation surplus RM	Currency translation reserves RM	Warrants reserves RM	Other reserves RM	Accumulated losses RM
As at 28 February 2013	19,175,077	11,516,538	217,500	11,583	-	-	(17,453,760)
Adjustment for Private Placement	509,500	-	-	-	-	-	-
Rights Issue with Free Warrants	19,684,577	11,516,538	217,500	11,583	-	-	(17,453,760)
Proforma I	8,600,000	-	-	-	7,783,000	(7,783,000)	-
Utilisation of proceeds	28,284,577	11,516,538	217,500	11,583	7,783,000	(7,783,000)	(17,453,760)
Proforma II	28,284,577	11,016,538	217,500	11,583	7,783,000	(7,783,000)	(17,453,760)
Full Exercise of Warrants	8,600,000	1,720,000	-	-	(7,783,000)	7,783,000	-
Proforma III	36,884,577	12,736,538	217,500	11,583	-	-	(17,453,760)



AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2013**

2. Maximum Scenario

Adjustment for Private Placement

Incorporates the effect of the issuance of 5,095,000 new AT Shares at RM0.10 per Placement Share. This private placement exercise was completed on 15 March 2013.

2.1 Proforma I

Rights Issue with Free Warrants

Proforma I incorporates the adjustment for the Private Placement and the renounceable rights issue of up to 196,845,765 Rights Shares together with up to 196,845,765 Warrants on the basis of one (1) Rights Share with one (1) Warrant for every one (1) existing Share subscribed in AT, at the issue price of RM0.10 per Rights Share.

It is also assumed that the fair value of Warrants is RM0.0905 per Warrant. The actual quantum of Warrants Reserve will only be determined upon issuance of the Warrants. As such, the actual fair value of Warrants may differ from the indicative fair value of Warrants.

The fair value recognised in reserves would be as follows:

Total Warrants (no. of Warrants)	196,845,765
Fair value per Warrant (RM)	0.0905
Total fair value (RM)	17,814,542

2.2 Proforma II

After Proforma I and The Utilisation of Proceeds

Proforma II incorporates the effect of Proforma I and the utilisation of proceeds arising from the Rights Issue with Free Warrants are as follows:

	RM
Repayment of bank borrowings ⁽¹⁾	12,600,000
Working capital ⁽²⁾	3,784,577
Partially finance the construction of factory building extension ⁽³⁾	2,800,000
Defraying estimated expenses relating to the Proposals [^] ⁽⁴⁾	500,000
	<u>19,684,577</u>

Note:

[^] Proposals refer to the Rights Issue with Free Warrants, increase in authorised share capital of the Company and the amendment to the Memorandum of Association of the Company.



AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2013**

2.2 Proforma II (Cont'd)

Notes:

(1) The partial repayment of AT's outstanding borrowings via the proceeds to be raised from the Rights Issue with Free Warrants. This is expected to generate interest savings of approximately RM0.78 million per annum, excluding a one-off cost of discharge.

(2) The breakdown of the utilisation of working capital is as follows:

	RM
To set up operation-site for AT Group's manufacturing of food waste conversion system machines*	2,500,000
Promotion and marketing expenses for AT Group's food waste conversion machines#	1,000,000
To replace the wear and tear of the AT Group's existing machineries and equipment	284,577
	3,784,577

* AT Group had on 10 March 2013 commenced development of a prototype waste conversion system utilising microbial solutions in the conversion of food waste into fertilizer, for the fabrication and manufacturing of food waste machineries. The operation-site is being planned to be set-up at AT Group's existing factory at Plot 82, Lintang Bayan Lepas, Bayan Lepas Industrial Park, Phase IV, 11900 Pulau Pinang, and includes the purchase of fixtures and fittings, hiring of eight (8) staff and purchase of machine parts. The set-up of the site is expected to commence upon the completion of the Rights Issue with Free Warrants, tentatively in the first quarter of 2014, with operations expected to commence two (2) months upon the set-up of the site. AT Group estimates to manufacture approximately 35 units of the machines, costing in aggregate approximately RM2.0 million, which will be used in marketing activities and trial runs to be conducted over the period of two (2) years. Upon the completion of prototyping and the trial run period, AT Group anticipates to launch our food waste conversion machines as an alternative waste disposal solution to local small and medium food eateries and education institutions.

In the event the funds utilised for the promotion, and marketing of the food waste project is lower than the amount budgeted, the excess funds will be utilised for the replacement of wear and tear of AT Group's machineries.

(3) AT Group's existing fabrication factory at 49, Hilir Sungai Keluang 2, Bayan Lepas Industrial Park, Phase 4, 11900 Pulau Pinang is currently operating close to maximum capacity. AT Group will be undertaking an extension of our factory by approximately 11,000 square feet to expand our production capacity from approximately 6,000 units to 10,000 units. The total expansion cost is approximately RM5.4 million and is expected to be funded approximately 40% by bank borrowings, 10% by internally generated funds and 50% from the proceeds of the Rights Issue with Free Warrants.

The said construction of the factory extension is expected to commence in the first quarter of 2014 and is expected to be completed within nine (9) months from the commencement of construction. A total of ten (10) additional machineries for the expansion is expected to be funded via lease/hire purchase, at an estimated aggregate purchase consideration of RM6.0 million.

(4) The estimated expenses comprise professional fees, fees to be paid to the relevant authorities, printing and advertising charges and miscellaneous charges which are estimated at a RM500,000 for the proposals. If the actual expenses incurred pursuant to the proposals are higher than the amount budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for working capital. In the event that the actual expense is less than the allocated amount, the excess allocated amount shall be utilised for the working capital purposes of the AT Group.



AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2013

2.3 Proforma III

After Proforma II and Full Exercise of Warrants

Proforma III incorporates the effect of Proforma II and the full exercise of 196,845,765 Warrants at the exercise price of RM0.12 per Warrant into 196,845,765 new Shares in AT.

The amount of proceeds to be received by the Company pursuant to the exercise of the Warrants would depend upon the actual number of Warrants exercised. Such proceeds shall be utilised for capital expenditure, investment opportunities and/or working capital of the AT Group. For illustration purposes, the proceeds will be retained as cash and cash equivalents.

2.4 The movements of the issued and paid-up share capital, share premium and reserves of AT

	Share capital RM	Share premium RM	Revaluation surplus RM	Currency translation reserves RM	Warrants reserves RM	Other reserves RM	Accumulated losses RM
As at 28 February 2013	19,175,077	11,516,538	217,500	11,583	-	-	(17,453,760)
Adjustment for Private Placement	509,500	-	-	-	-	-	-
Rights Issues with Free Warrants	19,684,577	11,516,538	217,500	11,583	-	-	(17,453,760)
Proforma I	39,369,154	11,516,538	217,500	11,583	17,814,542	(17,814,542)	(17,453,760)
Utilisation of proceeds	-	(500,000)	-	-	-	-	-
Proforma II	39,369,154	11,016,538	217,500	11,583	17,814,542	(17,814,542)	(17,453,760)
Full Exercise of Warrants	19,684,577	3,936,915	-	-	(17,814,542)	17,814,542	-
Proforma III	59,053,731	14,953,453	217,500	11,583	-	-	(17,453,760)



AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2013**

3. Property, Plant and Equipment

	Minimum Scenario RM	Maximum Scenario RM
As at 28 February 2013 (Audited)/Proforma I	24,883,387	24,883,387
<i>Utilisation of proceeds from the Rights Issue with Free Warrants:</i>		
Partially finance the construction of factory building extension	2,800,000	2,800,000
As per Proforma II and III	<u>27,683,387</u>	<u>27,683,387</u>

4. Cash and Bank Balances

	Minimum Scenario RM	Maximum Scenario RM
As at 28 February 2013 (Audited)	1,632,384	1,632,384
Private Placement	509,500	509,500
	<u>2,141,884</u>	<u>2,141,884</u>
Proceeds from Rights Issue with Free Warrants	8,600,000	19,684,577
As per Proforma I	10,741,884	21,826,461
<i>Utilisation of proceeds from the Rights Issue with Free Warrants:</i>		
Repayment of bank borrowings	(2,800,000)	(12,600,000)
Partially finance the construction of factory building extension	(2,800,000)	(2,800,000)
Estimated expenses related to the Proposals [^]	(500,000)	(500,000)
As per Proforma II	4,641,884	5,926,461
Full Exercise of Warrants	10,320,000	23,621,492
As per Proforma III	<u>14,961,884</u>	<u>29,547,953</u>

For illustrative purposes, the proceeds for working capital are included in cash and bank balances when received.

Note:

[^] Proposals refer to the Rights Issue with Free Warrants, increase in authorised share capital of the Company and the amendment to the Memorandum of Association of the Company.



AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2013**

5. Bank Borrowings

	Minimum Scenario RM	Maximum Scenario RM
As at 28 February 2013 (Audited)/Proforma I:		
Non-current portion		
Term loans	12,171,856	12,171,856
Repayment of bank borrowings	(2,800,000)	(12,171,856)
	9,371,856	-
Current portion		
Term loans	494,986	494,986
Repayment of bank borrowings	-	(428,144)
	494,986	66,842
As per Proforma II and III	9,866,842	66,842



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 28 FEBRUARY 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)
Company No: 644800-X

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 28 February 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. Other than the cessation of business operations of certain subsidiaries as disclosed in Note 19 to the financial statements, there have been no significant changes in the nature of the principal activities of the Group and the Company during the financial year.

RESULTS

	The Group RM	The Company RM
Loss for the financial year	<u>(10,841,063)</u>	<u>(10,199,871)</u>

DIVIDENDS

No dividends were proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES OR DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM17,895,077 to RM19,175,077 by way of private placement of 12,800,000 new ordinary shares of RM0.10 each at an issue price of RM0.16 per share.

There was no issue of debentures by the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No share options were granted by the Company during the financial year.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

DIRECTORS' REPORT

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance made for doubtful debts inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group or the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group or the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and the Company to meet their obligations as and when they fall due.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)
Company No: 644800-X

DIRECTORS' REPORT**CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or in the financial statements of the Group and the Company that would render any amount stated in the respective financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

DIRECTORS OF THE COMPANY

The directors who served since the date of the last report are:-

Ronnie Lee Rong Yao	
Dato' Sri Ahmad Said Bin Hamdan	
Ir. Auniah Binti Ali	
Wai Chin Yean	(Appointed on 14.6.2012; resigned on 7.1.2013)
Dr. Ch'ng Huck Khoon	(Appointed on 28.6.2012)
Kenny Khaw Chuan Wah	(Appointed on 12.7.2012; resigned on 1.3.2013)
Cham Owi Tong	(Appointed on 1.3.2013)
Chang Yun Lung	(Appointed on 1.3.2013)
Mak Siew Wei	(Appointed on 1.3.2013)
Beh Lai Lien	(Resigned on 13.6.2012)
Wong Pow Keong	(Resigned on 19.7.2012)
Hui Khee Sum @ Hooi Kee Sum	(Resigned on 13.6.2012)

Particulars of the interests in shares in the Company of a director in office at the end of the financial year, as shown in the Register of Directors' Shareholdings, are as follows:-

Name of Director	Number of Ordinary Shares of RM0.10 Each			Balance at 28.2.2013
	Balance at 29.3.2012*	Bought	Sold	
Ronnie Lee Rong Yao	0	500,000	0	500,000

* *Date of appointment*

Save as disclosed above, none of the other directors in office at the end of the financial year held any interests in shares in the Company or its related corporations during the financial year.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)
Company No: 644800-X

DIRECTORS' REPORT

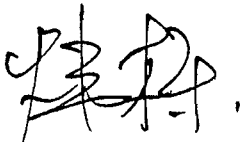
DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the directors' remuneration disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

DATED 25 JUN 2013



Cham Owi Tong



Ronnie Lee Rong Yao

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)
Company No: 644800-X

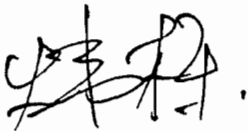
STATEMENT BY DIRECTORS

We, Cham Owi Tong and Ronnie Lee Rong Yao, being two of the directors of AT Systematization Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 10 to 55 give a true and fair view of the financial position of the Group and the Company as at 28 February 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

In the opinion of the directors, the supplementary information set out on page 56 is prepared, in all material respects, in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

DATED 25 JUN 2013



Cham Owi Tong



Ronnie Lee Rong Yao

STATUTORY DECLARATION

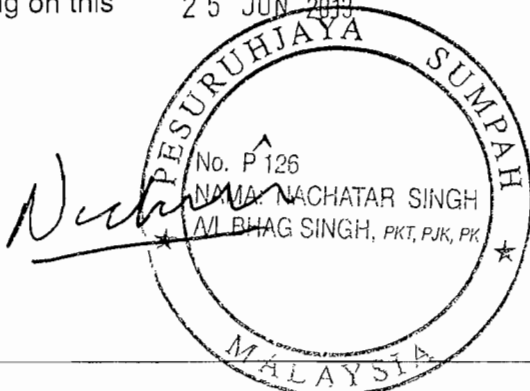
I, Pang Choon Yin, being the officer primarily responsible for the financial management of AT Systematization Berhad, do solemnly and sincerely declare that the financial statements set out on pages 10 to 55 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Pang Choon Yin at Georgetown in the
State of Penang on this 25 JUN 2013



Pang Choon Yin

Before me



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)
Company No: 644800-X

Report on the Financial Statements

We have audited the financial statements of AT Systematization Berhad, which comprise the statements of financial position as at 28 February 2013 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 55.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AT SYSTEMATIZATION BERHAD (cont'd)

(Incorporated in Malaysia)
Company No: 644800-X

Basis for Qualified Opinion

We draw attention to Note 19 to the financial statements. A subsidiary, AT Machinery (Suzhou) Co., Ltd. ("the Component"), ceased its operations during the financial year and is presently in the process of dissolution. The accounts of the Component that have been consolidated into the financial statements of the Group have not been audited. All the financial information attributed to the Component as disclosed in Note 19 was based on its latest unaudited accounts available but without any detailed listings/schedules and supporting source documents. Our responsibilities as part of our audit of the financial statements of the Group should have included obtaining sufficient appropriate audit evidence regarding such financial information of the Component and the consolidation process. As management has not made available to us the relevant accounting and other records of the Component, however, we were unable to carry out any appropriate audit procedures to achieve these objectives. In addition, we were also unable to ascertain whether the dissolution of the Component would give rise to any additional liability or contingent liability of the Group. Consequently, we could not determine whether any adjustments to the Component's financial information as disclosed in Note 19 were necessary and their effects, if any, on the financial position of the Group as at 28 February 2013 and its financial performance and cash flows for the financial year then ended.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Group and the Company as at 28 February 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AT SYSTEMATIZATION BERHAD (cont'd)

(Incorporated in Malaysia)
Company No: 644800-X

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (i) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (ii) We have considered the audited financial statements and the auditors' report of Heroic Lake Holding Limited of which we have not acted as auditors. We have not been able to consider the audited financial statements and the auditors' reports of AT Machinery (Suzhou) Co., Ltd., Automation Technology Systematization Industries Limited, ATST Corporation Limited and AT Automation Technology Solutions Phils., Inc. as the accounts of these subsidiaries have not been audited.
- (iii) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, we are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (iv) The audit reports on the audited financial statements of the subsidiaries of which we have acted as auditors and those of Heroic Lake Holding Limited did not contain any qualification that is material to the financial statements of the Group or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out on page 56 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("the MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AT SYSTEMATIZATION BERHAD (cont'd)

(Incorporated in Malaysia)
Company No: 644800-X

Other Matters

- (i) As stated in Note 2.1 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 March 2012 with a transition date of 1 March 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 29 February 2012 and 1 March 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 29 February 2012 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and the Company for the financial year ended 28 February 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 March 2012 do not contain misstatements that materially affect the financial position as at 28 February 2013 and financial performance and cash flows for the financial year then ended.
- (ii) This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Date: 25 JUN 2013

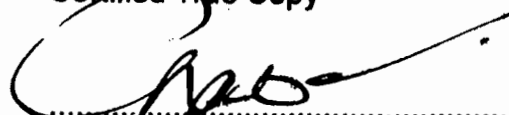
Penang

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Eddy Chan Wai Hun
Approval No: 2182/10/13 (J)
Chartered Accountant

"A"**AT SYSTEMATIZATION BERHAD**(Incorporated in Malaysia)
Company No: 644800-X**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2013**

	Note	28.2.2013 RM	29.2.2012 RM	1.3.2011 RM
NON-CURRENT ASSETS				
Property, plant and equipment	4	24,883,387	27,664,848	28,652,476
Development expenditure	5	0	0	57,821
		<u>24,883,387</u>	<u>27,664,848</u>	<u>28,710,297</u>
CURRENT ASSETS				
Assets held for sale	7	0	0	550,000
Inventories	8	1,916,599	2,488,686	3,574,149
Trade and other receivables	9	5,034,855	11,127,749	9,425,109
Prepayments		959,358	443,715	166,255
Current tax assets		186,243	354	4,380
Cash and cash equivalents	10	1,653,384	3,300,948	3,320,470
		<u>9,750,439</u>	<u>17,361,452</u>	<u>17,040,363</u>
CURRENT LIABILITIES				
Trade and other payables	11	5,983,954	7,199,386	5,454,766
Loans and borrowings - secured	12	1,391,723	3,083,348	4,087,805
Advance payments from customers		0	0	639,281
Current tax liabilities		0	293,834	507,320
		<u>7,375,677</u>	<u>10,576,568</u>	<u>10,689,172</u>
NET CURRENT ASSETS		<u>2,374,762</u>	<u>6,784,884</u>	<u>6,351,191</u>
NON-CURRENT LIABILITIES				
Loans and borrowings - secured	12	13,390,211	11,712,389	12,477,298
Deferred tax liabilities	13	401,000	426,000	475,000
		<u>13,791,211</u>	<u>12,138,389</u>	<u>12,952,298</u>
NET ASSETS		<u>13,466,938</u>	<u>22,311,343</u>	<u>22,109,190</u>
EQUITY				
Share capital	14	19,175,077	17,895,077	17,895,077
Share premium		11,516,538	10,748,538	10,748,538
Revaluation surplus		217,500	217,500	217,500
Currency translation reserve		11,583	62,925	91,390
Accumulated losses		(17,453,760)	(6,612,697)	(6,843,315)
TOTAL EQUITY		<u>13,466,938</u>	<u>22,311,343</u>	<u>22,109,190</u>

Certified True Copy

EDDY CHAN WAI HUN C.A.(M), CPA

Crowe Horwath (AF 1018)

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PARTNER OF CROWE HORWATH

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013**

	Note	2013 RM	2012 RM
Continuing Operations			
Revenue	15	23,186,713	27,484,402
Cost of sales		(18,118,065)	(19,945,062)
Gross profit		<u>5,068,648</u>	<u>7,539,340</u>
Other income		1,098,750	753,579
Administrative and general expenses		(9,445,351)	(5,759,312)
Selling and distribution expenses		(53,182)	(67,016)
Finance costs		(863,856)	(914,996)
(Loss)/Profit before tax	16	<u>(4,194,991)</u>	<u>1,551,595</u>
Tax expense	18	(251,351)	(736,309)
(Loss)/Profit for the financial year of continuing operations		<u>(4,446,342)</u>	<u>815,286</u>
Discontinued Operations			
Loss for the financial year of discontinued operations	19	(6,394,721)	(584,668)
(Loss)/Profit for the financial year		<u>(10,841,063)</u>	<u>230,618</u>
Other comprehensive income:-			
Currency translation differences for foreign operations		(51,342)	(28,465)
Other comprehensive income for the financial year		<u>(51,342)</u>	<u>(28,465)</u>
Total comprehensive income for the financial year		<u>(10,892,405)</u>	<u>202,153</u>
(Loss)/Earnings per share of continuing operations:-			
- Basic (sen)	20	(2.40)	0.46
- Diluted (sen)		<u>(2.40)</u>	<u>0.46</u>
Loss per share of discontinued operations:-			
- Basic (sen)	20	(3.44)	(0.33)
- Diluted (sen)		<u>(3.44)</u>	<u>(0.33)</u>
(Loss)/Earnings per share:-			
- Basic (sen)	20	(5.84)	0.13
- Diluted (sen)		<u>(5.84)</u>	<u>0.13</u>

The annexed notes form an integral part of these financial statements.

Page 11

AT SYSTEMATIZATION BERHAD(Incorporated in Malaysia)
Company No: 644800-X**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013**

	Non-distributable					Total equity RM
	Share capital RM	Share premium RM	Revaluation surplus RM	Currency translation reserve RM	Accumulated losses RM	
Balance at 1 March 2011	17,895,077	10,748,538	217,500	91,390	(6,843,315)	22,109,190
Profit for the financial year	0	0	0	0	230,618	230,618
Currency translation differences for foreign operations (representing other comprehensive income for the financial year)	0	0	0	(28,465)	0	(28,465)
Total comprehensive income for the financial year	0	0	0	(28,465)	230,618	202,153
Balance at 29 February 2012	17,895,077	10,748,538	217,500	62,925	(6,612,697)	22,311,343
Loss for the financial year	0	0	0	0	(10,841,063)	(10,841,063)
Currency translation differences for foreign operations (representing other comprehensive income for the financial year)	0	0	0	(51,342)	0	(51,342)
Total comprehensive income for the financial year	0	0	0	(51,342)	(10,841,063)	(10,892,405)
Issue of shares (representing total transactions with owners)	1,280,000	768,000	0	0	0	2,048,000
Balance at 28 February 2013	19,175,077	11,516,538	217,500	11,583	(17,453,760)	13,466,938

The annexed notes form an integral part of these financial statements.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013**

	Note	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax			
- Continuing operations		(4,194,991)	1,551,595
- Discontinued operations		(6,394,721)	(584,668)
		<u>(10,589,712)</u>	<u>966,927</u>
Adjustments for:-			
Amortisation and depreciation		2,301,532	2,645,671
Gain on disposal of assets held for sale		0	(50,000)
Impairment loss on goodwill		21,918	0
Impairment loss on loans and receivables		1,917,076	301,571
Interest expense		898,712	959,189
Interest income		(67,924)	(2,423)
Inventories written down		2,503,193	352,103
Loss/(Gain) on disposal of property, plant and equipment		38,082	(72,474)
Property, plant and equipment written off		334,259	740
Reversal of impairment loss on loans and receivables		0	(30,000)
Operating (loss)/profit before working capital changes		<u>(2,642,864)</u>	<u>5,071,304</u>
Changes in:-			
Inventories		(1,931,106)	733,360
Receivables and prepayments		3,660,374	(2,251,671)
Payables and advance payments		(1,227,319)	1,162,339
Cash (absorbed by)/generated from operations		<u>(2,140,915)</u>	<u>4,715,332</u>
Interest paid		(898,712)	(959,189)
Tax paid		(756,074)	(1,000,139)
Tax refunded		0	5,370
Net cash (used in)/from operating activities		<u>(3,795,701)</u>	<u>2,761,374</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary, net of cash acquired	21	(10,230)	0
Interest received		67,924	2,423
Proceeds from disposal of assets held for sale		0	600,000
Proceeds from disposal of property, plant and equipment		1,013,093	85,700
Purchase of property, plant and equipment	21	(384,095)	(662,547)
Net cash from investing activities		<u>686,692</u>	<u>25,576</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,048,000	0
Repayment of hire purchase obligations		(1,201,704)	(1,388,670)
Repayment of term loans		(811,584)	(919,695)
Term loan raised		2,980,800	0
Net cash from/(used in) financing activities		<u>3,015,512</u>	<u>(2,308,365)</u>
Currency translation differences		(66,252)	(22,126)
Net (decrease)/increase in cash and cash equivalents		(159,749)	456,459
Cash and cash equivalents brought forward		1,813,133	1,356,674
Cash and cash equivalents carried forward	10	<u>1,653,384</u>	<u>1,813,133</u>

AT SYSTEMATIZATION BERHAD(Incorporated in Malaysia)
Company No: 644800-X**STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2013**

	Note	28.2.2013 RM	29.2.2012 RM	1.3.2011 RM
NON-CURRENT ASSETS				
Property, plant and equipment	4	21,907	30,251	38,596
Investments in subsidiaries	6	2,600,001	3,213,670	5,599,598
		<u>2,621,908</u>	<u>3,243,921</u>	<u>5,638,194</u>
CURRENT ASSETS				
Other receivables	9	7,973,942	12,665,991	10,229,804
Prepayments		85,200	5,550	5,550
Cash and cash equivalents	10	14,490	34,508	32,707
		<u>8,073,632</u>	<u>12,706,049</u>	<u>10,268,061</u>
CURRENT LIABILITIES				
Other payables	11	4,923,363	2,018,922	592,606
		<u>4,923,363</u>	<u>2,018,922</u>	<u>592,606</u>
NET CURRENT ASSETS		<u>3,150,269</u>	<u>10,687,127</u>	<u>9,675,455</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities	13	0	7,000	7,000
NET ASSETS		<u>5,772,177</u>	<u>13,924,048</u>	<u>15,306,649</u>
EQUITY				
Share capital	14	19,175,077	17,895,077	17,895,077
Share premium		11,516,538	10,748,538	10,748,538
Accumulated losses		(24,919,438)	(14,719,567)	(13,336,966)
TOTAL EQUITY		<u>5,772,177</u>	<u>13,924,048</u>	<u>15,306,649</u>

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013**

	Note	2013 RM	2012 RM
Revenue	15	1,120,711	1,877,956
Other income		1,676	828,282
Administrative and general expenses		(11,329,258)	(4,088,839)
Loss before tax	16	<u>(10,206,871)</u>	<u>(1,382,601)</u>
Tax income	18	7,000	0
Loss for the financial year		<u>(10,199,871)</u>	<u>(1,382,601)</u>
Other comprehensive income for the financial year		0	0
Total comprehensive income for the financial year		<u>(10,199,871)</u>	<u>(1,382,601)</u>

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013**

	Share capital RM	Non- distributable Share premium RM	Accumulated losses RM	Total equity RM
Balance at 1 March 2011	17,895,077	10,748,538	(13,336,966)	15,306,649
Loss (representing total comprehensive income) for the financial year	0	0	(1,382,601)	(1,382,601)
Balance at 29 February 2012	<u>17,895,077</u>	<u>10,748,538</u>	<u>(14,719,567)</u>	<u>13,924,048</u>
Loss (representing total comprehensive income) for the financial year	0	0	(10,199,871)	(10,199,871)
Issue of shares (representing total transactions with owners)	1,280,000	768,000	0	2,048,000
Balance at 28 February 2013	<u>19,175,077</u>	<u>11,516,538</u>	<u>(24,919,438)</u>	<u>5,772,177</u>

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013**

	Note	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(10,206,871)	(1,382,601)
Adjustments for:-			
Depreciation		8,344	8,345
Gain on winding up of subsidiary		0	(828,282)
Impairment loss on investments in subsidiaries		613,669	1,086,567
Impairment loss on loans and receivables		6,858,751	1,346,446
Operating (loss)/profit before working capital changes		<u>(2,726,107)</u>	<u>230,475</u>
Changes in:-			
Receivables and prepayments		(2,246,352)	(3,782,633)
Payables		<u>2,904,441</u>	<u>1,426,316</u>
Net cash used in operating activities		<u>(2,068,018)</u>	<u>(2,125,842)</u>
CASH FLOWS FROM INVESTING ACTIVITY			
Capital repayment from subsidiary		<u>0</u>	<u>2,127,643</u>
Net cash from investing activity		<u>0</u>	<u>2,127,643</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from issue of shares		<u>2,048,000</u>	<u>0</u>
Net cash from financing activity		<u>2,048,000</u>	<u>0</u>
Net (decrease)/increase in cash and cash equivalents		(20,018)	1,801
Cash and cash equivalents brought forward		34,508	32,707
Cash and cash equivalents carried forward	10	<u>14,490</u>	<u>34,508</u>

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)
Company No: 644800-X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Suite S-21-H, 21st Floor, Menara Northam, 55 Jalan Sultan Ahmad Shah, 10050 Penang and its principal place of business is located at Plot 82, Lintang Bayan Lepas, Bayan Lepas Industrial Park, Phase IV, 11900 Bayan Lepas, Penang.

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 6.

The consolidated financial statements set out on pages 10 to 13 together with the notes thereto cover the Company and its subsidiaries ("the Group"). The separate financial statements of the Company set out on pages 14 to 17 together with the notes thereto cover the Company solely.

The presentation currency is Ringgit Malaysia ("RM").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 JUN 2013

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

These are the first MFRS financial statements of the Group and the Company, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The Group and the Company adopted MFRSs on 1 March 2012 with a transition date of 1 March 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 29 February 2012 and 1 March 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 29 February 2012 and related disclosures. The Group and the Company prepared their previous financial statements in accordance with Financial Reporting Standards ("FRSs"). The transition from FRSs to MFRSs has not materially affected the reported financial position, financial performance and cash flows of the Group and the Company.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)
Company No: 644800-X

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013**
2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)
2.1 Basis of Preparation of Financial Statements (cont'd)

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

MFRS (Issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 9 <i>Financial Instruments</i>	1 January 2015
MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11 <i>Joint Arrangements</i>	1 January 2013
MFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13 <i>Fair Value Measurement</i>	1 January 2013
MFRS 119 <i>Employee Benefits</i> (amended in 2011)	1 January 2013
MFRS 127 <i>Separate Financial Statements</i> (amended in 2011)	1 January 2013
MFRS 128 <i>Investments in Associates and Joint Ventures</i> (amended in 2011)	1 January 2013
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to MFRS 1 <i>Government Loans</i>	1 January 2013
Amendments to MFRS 7 <i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127 <i>Investment Entities</i>	1 January 2014
Amendments to MFRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRSs contained in the document entitled " <i>Annual Improvements 2009 - 2011 Cycle</i> "	1 January 2013

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements except as follows:-

MFRS 9 *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets by dividing them into 3 classifications: (1) those measured at amortised cost; (2) those measured at fair value through profit or loss; and (3) those measured at fair value through other comprehensive income. Management foresees that the adoption of these new classifications will not result in any significant changes to the existing measurement bases of financial assets of the Group and the Company.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.1 Basis of Preparation of Financial Statements (cont'd)**MFRS 10 Consolidated Financial Statements

MFRS 10 replaces the consolidation guidance in MFRS 127 *Consolidated and Separate Financial Statements* and IC Interpretation 112 *Consolidation - Special Purpose Entities* by introducing a single consolidation model for all entities based on control. Under MFRS 10, control is based on whether an investor has (1) power over the investee; (2) exposure, or rights, to variable returns from its involvement with the investee; and (3) the ability to use its power over the investee to affect the amount of the returns. Management foresees that the adoption of these new control criteria will not result in any significant changes to the existing composition of the Group.

2.2 Basis of Consolidation

A subsidiary is an entity that is controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

- (a) the aggregate of:-
 - (i) the acquisition-date fair value of the consideration transferred;
 - (ii) the amount of any non-controlling interests; and
 - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)
Company No: 644800-X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Basis of Consolidation (cont'd)

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.7. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

2.3 Property, Plant and Equipment

Property, plant and equipment are stated at cost or at valuation less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.7.

Revaluations of land and buildings are made with sufficient regularity at an interval of not more than five years such that the carrying amounts of the assets do not differ materially from their fair values at the end of the reporting period.

A revaluation increase is recognised in other comprehensive income and accumulated in equity as revaluation surplus or recognised in profit or loss to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation decrease is recognised in profit or loss or recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of the same asset.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.3 Property, Plant and Equipment (cont'd)**

Leasehold land is depreciated on a straight-line basis over the lease terms of 56 to 60 years. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2%
Plant, machinery, tools and equipment	10% - 25%
Furniture, fittings and office equipment	10% - 33%
Motor vehicles	15% - 20%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.4 Research and Development Expenditure

Research expenditure is recognised in profit or loss when incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is recognised in profit or loss when incurred.

Capitalised development expenditure, considered to have finite useful lives, is stated at cost less accumulated amortisation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.7. Amortisation is calculated on a straight-line basis over the estimated commercial lives of the underlying products of 5 years. The amortisation period and method are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.5 Investments in Subsidiaries

As required by the Companies Act 1965, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.7.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)
Company No: 644800-X

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013**

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**2.6 Non-current Assets (or Disposal Groups) Held for Sale**

A non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before the initial classification as held for sale, the carrying amounts of the asset (or all the assets and liabilities of the disposal group) are measured in accordance with applicable MFRSs. Upon classification as held for sale, the asset (or disposal group), other than financial assets within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at the lower of its carrying amount and fair value less costs to sell. Any initial or subsequent write-down to, or any subsequent increase in, fair value less costs to sell is recognised in profit or loss.

2.7 Impairment of Non-financial Assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than inventories and non-current assets (or disposal groups) classified as held for sale, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to sell and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation decrease.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation increase. An impairment loss on goodwill is not reversed.

2.8 Inventories

Inventories of materials and goods are valued at the lower of cost (determined principally on the first-in, first-out basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)
Company No: 644800-X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 Financial Assets

Financial assets of the Group and the Company consist of receivables and cash and cash equivalents.

Recognition and Measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is initially recognised at fair value plus directly attributable transaction costs. After initial recognition, the financial asset is measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial asset is derecognised or impaired as well as through the amortisation process.

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset have expired or all the risks and rewards of ownership have been substantially transferred.

Impairment

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. The gross carrying amount and the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the increased carrying amount does not exceed what the amortised cost would have been had no impairment loss been recognised at the reversal date. The reversal is recognised in profit or loss.

Determination of Fair Values

The carrying amounts of receivables and cash and cash equivalents which are short-term in nature or repayable on demand are assumed to be reasonable approximations of fair values.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Financial Liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings and financial guarantee contracts.

Recognition and Measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value less directly attributable transaction costs. After initial recognition, all financial liabilities, except for financial guarantee contracts, are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the financial liability is derecognised as well as through the amortisation process. After initial recognition at fair value, if any, financial guarantee contracts are measured at the higher of the amount initially recognised less appropriate amortisation and the estimate of any probable obligation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

Determination of Fair Values

The carrying amounts of payables and loans and borrowings which are short-term in nature or repayable on demand are assumed to be reasonable approximations of fair values.

The fair values of long-term loans and borrowings are estimated by discounting the expected future cash flows using the current market interest rates for similar liabilities.

The fair values of financial guarantee contracts are estimated based on probability-adjusted discounted cash flow analysis after considering the probability of default by the debtors.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Leases

Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

A finance lease, including hire purchase, is initially recognised as an asset and liability at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The minimum lease payments are subsequently apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciation policy for depreciable leased assets is consistent with that for equivalent owned assets.

Operating Lease

An operating lease is a lease other than a finance lease.

Lease payments under an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

2.12 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)
Company No: 644800-X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Foreign Currency Transactions and Translation (cont'd)

In translating the financial position and results of a foreign operation whose functional currency is not the presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate whereas income and expenses are translated using the exchange rates at transaction dates. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as currency translation reserve until the foreign operation is disposed of, at which time the cumulative exchange differences previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Any goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation to be expressed in its functional currency and translated into the presentation currency using the closing rate.

2.13 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

2.14 Income Recognition

Income from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Income from the rendering of services is recognised when the services are performed.

Interest income is recognised using the effective interest method.

2.15 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss in the period in which the associated services are rendered by the employee.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Employee Benefits (cont'd)

Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Contributions to defined contribution plans are recognised in profit or loss in the period in which the associated services are rendered by the employee.

Termination Benefits

Termination benefits are recognised in profit or loss when the Group is demonstrably committed to either terminate the employee's employment before the normal retirement date or provide termination benefits as a result of an offer made to encourage voluntary redundancy.

2.16 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.17 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Income Taxes (cont'd)

A deferred tax liability is recognised for all taxable temporary differences whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.18 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, term deposits (including those pledged as security), bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

Sources of Estimation Uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Impairment of non-financial assets

When the recoverable amount of a non-financial asset is determined based on its value in use, estimates on future cash flows and appropriate discount rate are required to determine the present value of those cash flows. The carrying amounts of major non-financial assets subject to impairment assessment are disclosed in Note 4.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY (cont'd)

Sources of Estimation Uncertainty (cont'd)

Allowance for inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates may result in revisions to the valuation of inventories. The carrying amounts of inventories are disclosed in Note 8.

Impairment of loans and receivables

The Group and the Company make allowance for impairment based on an assessment of the recoverability of loans and receivables. Allowance is applied to loans and receivables when there is objective evidence that the balances may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of loans and receivables as disclosed in Note 9.

AT SYSTEMATIZATION BERHAD(Incorporated in Malaysia)
Company No: 644800-X**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****4. PROPERTY, PLANT AND EQUIPMENT**

The Group

Cost/Valuation	Long-term leasehold land RM	Short-term leasehold land RM	Buildings RM	Plant, machinery, tools and equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
Balance at 1 March 2011	2,800,000	1,400,000	14,490,000	17,781,552	6,246,477	2,326,930	378,618	45,423,577
Additions	0	0	0	1,224,508	215,493	237,526	0	1,677,527
Disposals/Write-offs	0	0	0	0	(128,657)	(228,634)	(378,618)	(735,909)
Currency translation differences	0	0	0	(7,549)	(545)	1,528	0	(6,566)
Reclassifications	(2,800,000)	2,800,000	0	0	0	0	0	0
Balance at 29 February 2012	0	4,200,000	14,490,000	18,998,511	6,332,768	2,337,350	0	46,358,629
Representing:-								
- Cost	0	0	0	18,998,511	6,332,768	2,337,350	0	27,668,629
- Valuation	0	4,200,000	14,490,000	0	0	0	0	18,690,000
	0	4,200,000	14,490,000	18,998,511	6,332,768	2,337,350	0	46,358,629
Balance at 1 March 2012	0	4,200,000	14,490,000	18,998,511	6,332,768	2,337,350	0	46,358,629
Additions	0	0	0	295,399	163,583	431,613	0	890,595
Disposals/Write-offs	0	0	0	(3,607,654)	(3,318,807)	(1,269,339)	0	(8,195,800)
Currency translation differences	0	0	0	18,011	14,928	2,058	0	34,997
Balance at 28 February 2013	0	4,200,000	14,490,000	15,704,267	3,192,472	1,501,682	0	39,088,421
Representing:-								
- Cost	0	0	0	15,704,267	3,192,472	1,501,682	0	20,398,421
- Valuation	0	4,200,000	14,490,000	0	0	0	0	18,690,000
	0	4,200,000	14,490,000	15,704,267	3,192,472	1,501,682	0	39,088,421

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****4. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

The Group

	Long-term leasehold land RM	Short-term leasehold land RM	Buildings RM	Plant, machinery, tools and equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
<u>Depreciation and Impairment Loss</u>								
Balance at 1 March 2011	109,892	62,222	628,815	9,248,604	4,686,325	1,713,625	0	16,449,483
Accumulated depreciation	0	0	0	0	0	0	321,618	321,618
Accumulated impairment loss	109,892	62,222	628,815	9,248,604	4,686,325	1,713,625	321,618	16,771,101
Depreciation	48,599	31,111	329,720	1,485,131	397,616	295,673	0	2,587,850
Disposals/Write-offs	0	0	0	0	(127,485)	(215,840)	(321,618)	(664,943)
Currency translation differences	0	0	0	(2,499)	897	1,375	0	(227)
Reclassifications	(158,491)	158,491	0	0	0	0	0	0
Balance at 29 February 2012	0	251,824	958,535	10,731,236	4,957,353	1,794,833	0	18,693,781
Accumulated depreciation	0	0	0	0	0	0	0	0
Accumulated impairment loss	0	251,824	958,535	10,731,236	4,957,353	1,794,833	0	18,693,781
Depreciation	0	84,294	319,511	1,443,743	260,137	193,847	0	2,301,532
Disposals/Write-offs	0	0	0	(2,660,582)	(2,947,599)	(1,202,185)	0	(6,810,366)
Currency translation differences	0	0	0	7,944	10,291	1,852	0	20,087
Balance at 28 February 2013	0	336,118	1,278,046	9,522,341	2,280,182	788,347	0	14,205,034
Accumulated depreciation	0	0	0	0	0	0	0	0
Accumulated impairment loss	0	336,118	1,278,046	9,522,341	2,280,182	788,347	0	14,205,034
<u>Carrying Amount</u>								
Balance at 1 March 2011	2,690,108	1,337,778	13,861,185	8,532,948	1,560,152	613,305	57,000	28,652,476
Balance at 29 February 2012	0	3,948,176	13,531,465	8,267,275	1,375,415	542,517	0	27,664,848
Balance at 28 February 2013	0	3,863,882	13,211,954	6,181,926	912,290	713,335	0	24,883,387

AT SYSTEMATIZATION BERHAD(Incorporated in Malaysia)
Company No: 644800-X**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****4. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

The short-term leasehold land and buildings were revalued on 28 February 2009 based on the market values given by independent professional valuers using the comparison method. Had the short-term leasehold land and buildings been carried at historical cost less accumulated depreciation, the carrying amounts that would have been recognised in the financial statements are as follows:-

	The Group	
	2013 RM	2012 RM
Short-term leasehold land	3,885,985	3,950,561
Buildings	13,380,481	13,686,678
	<u>17,266,466</u>	<u>17,637,239</u>

The short-term leasehold land and buildings have been pledged as security for credit facilities granted to the Group.

The carrying amounts of property, plant and equipment acquired under hire purchase financing which remained outstanding as at the end of the reporting period are as follows:-

	The Group	
	2013 RM	2012 RM
Plant, machinery, tools and equipment	3,074,916	4,445,486
Furniture, fittings and office equipment	0	119,437
Motor vehicles	708,430	407,831
	<u>3,783,346</u>	<u>4,972,754</u>

The Company

	Furniture, fittings and office equipment RM
<u>Cost</u>	
Balance at 1 March 2011	83,443
Movement during the year	<u>0</u>
Balance at 29 February 2012	83,443
Movement during the year	<u>0</u>
Balance at 28 February 2013	<u>83,443</u>

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****4. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

The Company

	Furniture, fittings and office equipment RM
<u>Accumulated Depreciation</u>	
Balance at 1 March 2011	44,847
Depreciation	8,345
Balance at 29 February 2012	<u>53,192</u>
Depreciation	8,344
Balance at 28 February 2013	<u>61,536</u>
<u>Carrying Amount</u>	
Balance at 1 March 2011	<u>38,596</u>
Balance at 29 February 2012	<u>30,251</u>
Balance at 28 February 2013	<u>21,907</u>

5. DEVELOPMENT EXPENDITURE

The Group

	RM
<u>Cost</u>	
Balance at 1 March 2011	400,501
Write-offs	<u>(400,501)</u>
Balance at 29 February 2012	0
Movement during the year	0
Balance at 28 February 2013	<u>0</u>
<u>Accumulated Amortisation</u>	
Balance at 1 March 2011	342,680
Amortisation	57,821
Write-offs	<u>(400,501)</u>
Balance at 29 February 2012	0
Movement during the year	0
Balance at 28 February 2013	<u>0</u>
<u>Carrying Amount</u>	
Balance at 1 March 2011	<u>57,821</u>
Balance at 29 February 2012	<u>0</u>
Balance at 28 February 2013	<u>0</u>

AT SYSTEMATIZATION BERHAD(Incorporated in Malaysia)
Company No: 644800-X**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****6. INVESTMENTS IN SUBSIDIARIES**

The Company

	2013 RM	2012 RM
Unquoted shares, at cost	17,007,050	17,007,050
Impairment losses	<u>(14,407,049)</u>	<u>(13,793,380)</u>
	<u>2,600,001</u>	<u>3,213,670</u>

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Ownership Interest		Principal Activity
		2013	2012	
AT Engineering Sdn. Bhd.	Malaysia	100%	100%	Design and manufacture of industrial automation systems and machinery
AT Engineering Solution Sdn. Bhd.	Malaysia	100%	100%	Design and manufacture of industrial automation systems and machinery
AT Precision Tooling Sdn. Bhd.	Malaysia	100%	100%	Fabrication of industrial and engineering parts
<u>Subsidiaries of AT Engineering Sdn. Bhd.</u>				
AT Machinery (Suzhou) Co., Ltd.*	People's Republic of China	100%	100%	Ceased operations (Note 19)
Automation Technology Systematization Industries Limited*	Thailand	100%	100%	Ceased operations (Note 19)
ATST Corporation Limited*	Thailand	100%	100%	Dormant
AT Automation Technology Solutions Phils., Inc.*	Philippines	100%	100%	Dormant
Heroic Lake Holding Limited	Hong Kong	100%	N/A	Investment holding

* *In the process of dissolution, and consolidated using unaudited accounts*

In September 2012, the Group, through AT Engineering Sdn. Bhd., acquired the entire equity interest in Heroic Lake Holding Limited for cash consideration of RM11,781. The acquisition did not have any significant financial effect to the Group.

AT SYSTEMATIZATION BERHAD(Incorporated in Malaysia)
Company No: 644800-X**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****7. ASSETS HELD FOR SALE**

The Group

	Freehold land and buildings RM
Balance at 1 March 2011	550,000
Disposals	<u>(550,000)</u>
Balance at 29 February 2012	0
Movement during the year	0
Balance at 28 February 2013	<u>0</u>

8. INVENTORIES

The Group

	2013 RM	2012 RM
Raw materials	660,649	1,328,677
Work-in-progress	629,412	487,966
Finished goods	<u>626,538</u>	<u>672,043</u>
	<u>1,916,599</u>	<u>2,488,686</u>

9. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables	5,135,195	13,253,582	0	0
Allowance for impairment	<u>(345,935)</u>	<u>(2,498,570)</u>	0	0
	4,789,260	10,755,012	0	0
Other receivables:-				
- Subsidiaries	0	0	15,342,316	14,013,668
- Allowance for impairment	0	0	<u>(7,377,466)</u>	<u>(1,348,769)</u>
	0	0	7,964,850	12,664,899
- Unrelated parties	<u>245,595</u>	<u>372,737</u>	<u>9,092</u>	<u>1,092</u>
	245,595	372,737	7,973,942	12,665,991
	<u>5,034,855</u>	<u>11,127,749</u>	<u>7,973,942</u>	<u>12,665,991</u>

AT SYSTEMATIZATION BERHAD(Incorporated in Malaysia)
Company No: 644800-X**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****9. TRADE AND OTHER RECEIVABLES (cont'd)**

The currency profile of trade and other receivables is as follows:-

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Ringgit Malaysia	4,509,812	5,918,371	7,973,942	12,665,991
Renminbi	0	1,728,111	0	0
Thai Baht	1,796	2,998,603	0	0
US Dollar	445,208	433,624	0	0
Others	78,039	49,040	0	0
	<u>5,034,855</u>	<u>11,127,749</u>	<u>7,973,942</u>	<u>12,665,991</u>

Trade Receivables

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 day terms.

The movements in allowance for impairment are as follows:-

	The Group	
	2013 RM	2012 RM
Balance at 1 March	2,498,570	2,867,349
Impairment loss recognised	1,917,076	301,571
Impairment loss reversed	0	(30,000)
Impairment loss written off	(4,071,055)	(640,107)
Currency translation differences	1,344	(243)
Balance at 28/29 February	<u>345,935</u>	<u>2,498,570</u>

All the above impairment losses were individually determined after considering the adverse financial conditions of the debtors who have defaulted/delayed in payments.

The ageing analysis of trade receivables not impaired is as follows:-

	The Group	
	2013 RM	2012 RM
Not past due	4,463,544	6,914,621
Past due 1 to 30 days	58,552	1,726,974
Past due 31 to 120 days	197,451	1,129,448
Past due more than 120 days	69,713	983,969
	<u>4,789,260</u>	<u>10,755,012</u>

Trade receivables that are neither past due nor impaired mainly relate to creditworthy customers who have regular transactions and good payment records with the Group.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****9. TRADE AND OTHER RECEIVABLES (cont'd)****Trade Receivables (cont'd)**

Management determines credit risk concentrations in terms of counterparties and geographical areas. As at 28 February 2013, there were 2 (2012 : 2) major customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major customers amounted to RM2,524,444 (2012 : RM4,627,446). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	The Group	
	2013 RM	2012 RM
Malaysia	4,675,395	6,018,559
People's Republic of China	0	1,580,637
Thailand	0	2,781,937
Others	113,865	373,879
	<u>4,789,260</u>	<u>10,755,012</u>

Other Receivables

Other receivables are unsecured and non-interest bearing. The amounts owing by subsidiaries are repayable on demand. The amounts owing by unrelated parties mainly consist of advances and refundable deposits which have no fixed repayment terms.

The movements in allowance for impairment are as follows:-

	The Company	
	2013 RM	2012 RM
Balance at 1 March	1,348,769	2,323
Impairment loss recognised	6,858,751	1,346,446
Impairment loss written off	(830,054)	0
Balance at 28/29 February	<u>7,377,466</u>	<u>1,348,769</u>

All the above impairment losses were individually determined after considering the adverse financial conditions of the debtors who have defaulted/delayed in payments.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****10. CASH AND CASH EQUIVALENTS**

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Term deposits with a licensed bank (fixed rate)	21,000	575,715	0	0
Cash and bank balances	1,632,384	2,725,233	14,490	34,508
	<u>1,653,384</u>	<u>3,300,948</u>	<u>14,490</u>	<u>34,508</u>

The carrying amounts of cash and cash equivalents pledged as security for credit facilities granted to the Group and not freely available for use are as follows:-

	The Group	
	2013 RM	2012 RM
Term deposits with a licensed bank	21,000	575,715
Cash and bank balances	0	451,000
	<u>21,000</u>	<u>1,026,715</u>

The effective interest rate of term deposits as at 28 February 2013 was 3.15% (2012 : 2.50% to 3.15%) per annum.

The currency profile of cash and cash equivalents is as follows:-

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Ringgit Malaysia	1,540,801	2,788,826	14,490	34,508
Renminbi	497	64,768	0	0
Thai Baht	0	57,470	0	0
US Dollar	105,580	379,349	0	0
Others	6,506	10,535	0	0
	<u>1,653,384</u>	<u>3,300,948</u>	<u>14,490</u>	<u>34,508</u>

For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts as follows:-

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash and cash equivalents	1,653,384	3,300,948	14,490	34,508
Bank overdrafts	0	(1,487,815)	0	0
	<u>1,653,384</u>	<u>1,813,133</u>	<u>14,490</u>	<u>34,508</u>

AT SYSTEMATIZATION BERHAD(Incorporated in Malaysia)
Company No: 644800-X**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****11. TRADE AND OTHER PAYABLES**

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade payables	3,445,476	5,521,401	0	0
Other payables:-				
- Subsidiary	0	0	4,579,429	1,962,663
- Director	305,080	0	300,000	0
- Unrelated parties	2,233,398	1,677,985	43,934	56,259
	<u>2,538,478</u>	<u>1,677,985</u>	<u>4,923,363</u>	<u>2,018,922</u>
	<u>5,983,954</u>	<u>7,199,386</u>	<u>4,923,363</u>	<u>2,018,922</u>

The currency profile of trade and other payables is as follows:-

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Ringgit Malaysia	4,452,115	5,157,434	4,923,363	2,018,922
Renminbi	1,510,086	1,589,096	0	0
Thai Baht	6,902	452,856	0	0
Others	14,851	0	0	0
	<u>5,983,954</u>	<u>7,199,386</u>	<u>4,923,363</u>	<u>2,018,922</u>

Trade and other payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Trade Payables

Trade payables are unsecured, non-interest bearing and generally on 30 to 90 day terms.

Other Payables

Other payables are unsecured and non-interest bearing. The amounts owing to subsidiary and director are repayable on demand. The amounts owing to unrelated parties mainly consist of sundry payables and accruals for operating expenses which are generally due within 14 to 90 days.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****12. LOANS AND BORROWINGS - SECURED**

The Group

	2013 RM	2012 RM
Hire purchase payables (fixed rate)	2,115,092	2,810,296
Bank overdrafts (floating rate)	0	1,487,815
Term loans (floating rate)	12,891,069	10,497,626
Advance repayment of term loan	(224,227)	0
	<u>14,781,934</u>	<u>14,795,737</u>
Disclosed as:-		
- Current liabilities	1,391,723	3,083,348
- Non-current liabilities	13,390,211	11,712,389
	<u>14,781,934</u>	<u>14,795,737</u>

Hire purchase payables are secured against the assets acquired thereunder (Note 4). Other loans and borrowings are secured against certain property, plant and equipment (Note 4) and cash and cash equivalents (Note 10).

The effective interest rates of loans and borrowings as at 28 February 2013 ranged from 4.70% to 8.05% (2012 : 4.77% to 9.20%) per annum.

The currency profile of loans and borrowings is as follows:-

	2013 RM	2012 RM
Ringgit Malaysia	14,781,934	13,695,373
Thai Baht	0	1,100,364
	<u>14,781,934</u>	<u>14,795,737</u>

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)
Company No: 644800-X

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013**

12. LOANS AND BORROWINGS - SECURED (cont'd)**Hire Purchase Payables**

Hire purchase payables are repayable over 3 to 5 years. The repayment analysis is as follows:-

	2013 RM	2012 RM
Minimum hire purchase payments:-		
- Within 1 year	997,120	1,235,976
- Later than 1 year and not later than 2 years	722,009	967,023
- Later than 2 years and not later than 5 years	578,592	869,780
Total contractual undiscounted cash flows	2,297,721	3,072,779
Future finance charges	(182,629)	(262,483)
Present value of hire purchase payables:-		
- Within 1 year	896,737	1,096,196
- Later than 1 year and not later than 2 years	669,400	883,726
- Later than 2 years and not later than 5 years	548,955	830,374
	<u>2,115,092</u>	<u>2,810,296</u>

The carrying amounts of hire purchase payables are reasonable approximations of fair values as their effective interest rates also approximate to the current market interest rates for similar liabilities.

Bank Overdrafts

Bank overdrafts were generally repayable on demand and their carrying amounts would approximate to the remaining contractual undiscounted cash flows.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****12. LOANS AND BORROWINGS - SECURED (cont'd)****Term Loans**

Term loans are repayable over 15 to 17 years. The repayment analysis is as follows:-

	2013 RM	2012 RM
Gross loan instalments:-		
- Within 1 year	1,348,488	1,069,380
- Later than 1 year and not later than 2 years	1,348,488	1,069,380
- Later than 2 years and not later than 5 years	4,045,464	3,208,140
- Later than 5 years	12,193,040	10,215,569
Total contractual undiscounted cash flows	18,935,480	15,562,469
Future finance charges	(6,044,411)	(5,064,843)
Present value of term loans:-		
- Within 1 year	643,376	499,337
- Later than 1 year and not later than 2 years	663,042	514,475
- Later than 2 years and not later than 5 years	2,219,805	1,721,172
- Later than 5 years	9,364,846	7,762,642
	<u>12,891,069</u>	<u>10,497,626</u>

The carrying amounts of term loans are reasonable approximations of fair values as their effective interest rates also approximate to the current market interest rates for similar liabilities.

13. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Balance at 1 March	426,000	475,000	7,000	7,000
Deferred tax income relating to origination and reversal of temporary differences	(19,000)	(28,000)	(7,000)	0
Deferred tax liabilities over provided in prior year	(6,000)	(21,000)	0	0
Balance at 28/29 February	<u>401,000</u>	<u>426,000</u>	<u>0</u>	<u>7,000</u>
In respect of taxable/(deductible) temporary differences of:-				
- Property, plant and equipment	401,000	455,000	N/A	7,000
- Inventories	0	(29,000)	N/A	0
	<u>401,000</u>	<u>426,000</u>	<u>N/A</u>	<u>7,000</u>

AT SYSTEMATIZATION BERHAD(Incorporated in Malaysia)
Company No: 644800-X**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****13. DEFERRED TAX LIABILITIES (cont'd)**

Save as disclosed above, as at 28 February 2013, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group and the Company to the extent of approximately RM952,000 and RM5,000 (2012 : RM929,000 and NIL) respectively. No further deferred tax assets have been recognised for the excess of the deductible temporary differences, unused capital allowances and tax losses over the taxable temporary differences as follows:-

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Deductible temporary differences of financial instruments	221,000	0	0	N/A
Unused capital allowances	2,930,000	2,253,000	6,000	N/A
Unused tax losses	8,668,000	7,138,000	892,000	N/A
Taxable temporary differences of property, plant and equipment	(3,808,000)	(3,717,000)	(20,000)	N/A
	<u>8,011,000</u>	<u>5,674,000</u>	<u>878,000</u>	<u>N/A</u>

14. SHARE CAPITAL

	2013		2012	
	No. of shares	RM	No. of shares	RM
Ordinary shares of RM0.10 each				
Authorised	<u>250,000,000</u>	<u>25,000,000</u>	<u>250,000,000</u>	<u>25,000,000</u>
Issued and fully paid-up:-				
Balance at 1 March	178,950,765	17,895,077	178,950,765	17,895,077
Issued during the year	<u>12,800,000</u>	<u>1,280,000</u>	<u>0</u>	<u>0</u>
Balance at 28/29 February	<u>191,750,765</u>	<u>19,175,077</u>	<u>178,950,765</u>	<u>17,895,077</u>

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM17,895,077 to RM19,175,077 by way of private placement of 12,800,000 new ordinary shares of RM0.10 each at an issue price of RM0.16 per share.

After the reporting period, the issued and fully paid-up share capital of the Company was further increased from RM19,175,077 to RM19,684,577 by way of private placement of 5,095,000 new ordinary shares of RM0.10 each at an issue price of RM0.10 per share.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****15. REVENUE**

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Continuing Operations				
Sale of goods	23,186,713	27,484,402	0	0
Rendering of services	0	0	1,120,711	1,877,956
	<u>23,186,713</u>	<u>27,484,402</u>	<u>1,120,711</u>	<u>1,877,956</u>
Discontinued Operations				
Sale of goods	1,939,030	9,732,345	0	0
	<u>25,125,743</u>	<u>37,216,747</u>	<u>1,120,711</u>	<u>1,877,956</u>

16. (LOSS)/PROFIT BEFORE TAX

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
(Loss)/Profit before tax is arrived at after charging:-				
Amortisation of development expenditure	0	57,821	0	0
Auditors' remuneration	79,651	77,666	20,000	18,000
Depreciation of property, plant and equipment	2,301,532	2,587,850	8,344	8,345
Directors' remuneration:-				
- Fees	356,000	216,000	242,000	216,000
- Other emoluments	1,615,549	1,265,754	1,138,472	1,179,024
Fee expense for financial instruments not at fair value through profit or loss	34,147	23,113	50	57
Impairment loss on goodwill*	21,918	0	0	0
Impairment loss on investments in subsidiaries*	0	0	613,669	1,086,567
Impairment loss on loans and receivables:-				
- Subsidiaries	0	0	6,858,751	1,346,446
- Unrelated parties	1,917,076	301,571	0	0
Interest expense for financial liabilities not at fair value through profit or loss	898,712	959,189	0	0
Inventories written down	2,503,193	352,103	0	0
Loss on disposal of property, plant and equipment	38,082	0	0	0
Property, plant and equipment written off	334,259	740	0	0

* Included in administrative and general expenses

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****16. (LOSS)/PROFIT BEFORE TAX (cont'd)**

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Realised loss on foreign exchange	50	4,718	0	0
Rental of equipment	0	14,306	0	0
Rental of premises	250,654	260,027	0	0
and crediting:-				
Gain on disposal of assets held for sale	0	50,000	0	0
Gain on disposal of property, plant and equipment	0	72,474	0	0
Gain on winding up of subsidiary	0	0	0	828,282
Interest income for financial assets not at fair value through profit or loss	67,924	2,423	0	0
Realised gain on foreign exchange	91,333	53,592	0	0
Rental of premises	732,840	532,140	0	0
Reversal of impairment loss on loans and receivables	0	30,000	0	0
	<u>0</u>	<u>30,000</u>	<u>0</u>	<u>0</u>

17. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Short-term employee benefits	8,886,191	9,543,307	1,432,849	1,342,135
Defined contribution plans	672,053	665,406	101,453	162,600
Termination benefits	332,004	0	0	0
	<u>9,890,248</u>	<u>10,208,713</u>	<u>1,534,302</u>	<u>1,504,735</u>

AT SYSTEMATIZATION BERHAD(Incorporated in Malaysia)
Company No: 644800-X**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****18. TAX EXPENSE/(INCOME)**

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Tax based on results for the year:-				
Malaysian income tax	267,000	794,000	0	0
Deferred tax	(19,000)	(28,000)	(7,000)	0
	<u>248,000</u>	<u>766,000</u>	<u>(7,000)</u>	<u>0</u>
Tax under/(over) provided in prior year:-				
Malaysian income tax	9,351	(8,691)	0	0
Deferred tax	(6,000)	(21,000)	0	0
	<u>251,351</u>	<u>736,309</u>	<u>(7,000)</u>	<u>0</u>
Attributed to:-				
- Continuing operations	251,351	736,309	(7,000)	0
- Discontinued operations	0	0	0	0
	<u>251,351</u>	<u>736,309</u>	<u>(7,000)</u>	<u>0</u>

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate is as follows:-

	The Group		The Company	
	2013 %	2012 %	2013 %	2012 %
Applicable tax rate	(25.00)	25.00	(25.00)	(25.00)
Non-deductible expenses	22.07	51.73	22.79	45.26
Non-taxable income	(0.23)	0.00	0.00	(14.98)
Increase in unrecognised deferred tax assets	5.50	7.95	2.14	0.00
Reinvestment allowances claimed	0.00	(5.46)	0.00	0.00
Utilisation of group relief	0.00	0.00	0.00	(5.28)
Average effective tax rate	<u>2.34</u>	<u>79.22</u>	<u>(0.07)</u>	<u>0.00</u>

19. DISCONTINUED OPERATIONS

The Group

During the financial year, AT Machinery (Suzhou) Co., Ltd. ("ATMS") and Automation Technology Systematization Industries Limited ("ATSI") ceased their operations of design and manufacture of industrial automation systems and machinery.

AT SYSTEMATIZATION BERHAD(Incorporated in Malaysia)
Company No: 644800-X**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****19. DISCONTINUED OPERATIONS (cont'd)**

The cash flows attributed to the discontinued operations are as follows:-

	2013			2012		
	ATMS RM	ATSI RM	Total RM	ATMS RM	ATSI RM	Total RM
Net cash from/(used in) operating activities	(56,342)	(324,634)	(380,976)	(108,419)	(1,382,559)	(1,490,978)
Net cash from/(used in) investing activities	(7,905)	791,743	783,838	(3,086)	(185,911)	(188,997)
Net cash used in financing activities	0	(1,100,364)	(1,100,364)	0	(123,954)	(123,954)
Net cash inflow/(outflow)	<u>(64,247)</u>	<u>(633,255)</u>	<u>(697,502)</u>	<u>(111,505)</u>	<u>(1,692,424)</u>	<u>(1,803,929)</u>

The assets and liabilities of the subsidiaries at the end of the reporting period included in the consolidated statement of financial position are as follows:-

	2013			2012		
	ATMS RM	ATSI RM	Total RM	ATMS RM	ATSI RM	Total RM
Assets						
Property, plant and equipment	0	0	0	54,199	1,025,456	1,079,655
Inventories	78,221	0	78,221	351,468	381,634	733,102
Trade and other receivables	0	1,796	1,796	1,894,079	3,021,807	4,915,886
Cash and cash equivalents	497	0	497	64,744	633,255	697,999
	<u>78,718</u>	<u>1,796</u>	<u>80,514</u>	<u>2,364,490</u>	<u>5,062,152</u>	<u>7,426,642</u>
Liabilities						
Trade and other payables	1,510,086	35,055	1,545,141	1,589,097	481,009	2,070,106
Loans and borrowings	0	0	0	0	1,100,364	1,100,364
	<u>1,510,086</u>	<u>35,055</u>	<u>1,545,141</u>	<u>1,589,097</u>	<u>1,581,373</u>	<u>3,170,470</u>

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****20. (LOSS)/EARNINGS PER SHARE**

The Group

The basic (loss)/earnings per share is calculated by dividing the Group's (loss)/profit for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:-

	2013	2012
(Loss)/Profit for the financial year:-		
- Continuing operations (RM)	(4,446,342)	815,286
- Discontinued operations (RM)	(6,394,721)	(584,668)
	<u>(10,841,063)</u>	<u>230,618</u>
Number of shares in issue as at 1 March	178,950,765	178,950,765
Effect of shares issued	6,663,014	0
Weighted average number of shares in issue	<u>185,613,779</u>	<u>178,950,765</u>
Basic (loss)/earnings per share:-		
- Continuing operations (sen)	(2.40)	0.46
- Discontinued operations (sen)	(3.44)	(0.33)
	<u>(5.84)</u>	<u>0.13</u>

The diluted (loss)/earnings per share equals the basic (loss)/earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

21. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

The Group

Acquisition of Subsidiary

	2013 RM	2012 RM
Receivables	199	0
Cash and cash equivalents	1,551	0
Payables	(11,887)	0
Net liabilities assumed	<u>(10,137)</u>	0
Goodwill	21,918	0
Cash consideration paid	11,781	0
Cash and cash equivalents acquired	(1,551)	0
Acquisition of subsidiary, net of cash acquired	<u>10,230</u>	<u>0</u>

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****21. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)****Purchase of Property, Plant and Equipment**

	2013 RM	2012 RM
Cost of property, plant and equipment purchased	890,595	1,677,527
Amount financed through hire purchase	(506,500)	(1,014,980)
Net cash disbursed	<u>384,095</u>	<u>662,547</u>

22. RELATED PARTY DISCLOSURES

Significant transactions with related parties during the financial year are as follows:-

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Key management personnel compensation:-				
- Short-term employee benefits	2,019,022	1,330,302	1,295,073	1,243,572
- Defined contribution plan	141,049	151,452	85,399	151,452
	<u>2,160,071</u>	<u>1,481,754</u>	<u>1,380,472</u>	<u>1,395,024</u>
Capital repayment from subsidiary	0	0	0	2,127,643
Management fee charged to subsidiaries	<u>0</u>	<u>0</u>	<u>1,120,711</u>	<u>1,877,956</u>

23. SEGMENT REPORTING

The Group

Operating Segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the design, manufacture and fabrication of industrial automation systems, machinery, industrial and engineering parts.

AT SYSTEMATIZATION BERHAD(Incorporated in Malaysia)
Company No: 644800-X**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****23. SEGMENT REPORTING (cont'd)****Geographical Information**

In presenting information about geographical areas, segment revenue is based on the geographical location of customers whereas segment assets are based on the geographical location of assets.

	External Revenue		Non-current Assets	
	2013 RM	2012 RM	2013 RM	2012 RM
Malaysia	21,178,954	25,654,176	24,883,387	26,585,193
People's Republic of China	1,469,152	5,846,416	0	54,199
Thailand	1,197,138	3,637,362	0	1,025,456
Other countries	1,280,499	2,078,793	0	0
	<u>25,125,743</u>	<u>37,216,747</u>	<u>24,883,387</u>	<u>27,664,848</u>

Major Customer

For the financial year ended 28 February 2013, there was 1 (2012 : 1) major customer that contributed 10% or more of the Group's total revenue and the total revenue generated from this major customer amounted to RM11,659,828 (2012 : RM15,724,680).

24. COMMITMENT FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The Group

	2013 RM	2012 RM
Approved but not contracted	1,276,000	0
Contracted but not provided for	1,144,000	0
	<u>2,420,000</u>	<u>0</u>

25. CONTINGENT LIABILITIES - UNSECURED

The Company

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of approximately RM22,270,000 (2012 : RM23,480,000). The total utilisation of these credit facilities as at 28 February 2013 amounted to approximately RM14,782,000 (2012 : RM13,800,000).

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)
Company No: 644800-X

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013

25. CONTINGENT LIABILITIES - UNSECURED (cont'd)

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.10. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

26. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 25.

As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms.

Liquidity Risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****26. FINANCIAL RISK MANAGEMENT (cont'd)****Currency Risk**

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The major functional currency within the Group is Ringgit Malaysia ("RM") whereas the major foreign currency transacted is US Dollar ("USD").

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	The Group	
	(Increase)/ Decrease in Loss 2013 RM	Increase/ (Decrease) in Profit 2012 RM
Appreciation of USD against RM by 10%	50,227	61,896
Depreciation of USD against RM by 10%	<u>(50,227)</u>	<u>(61,896)</u>

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits and loans and borrowings.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments.

AT SYSTEMATIZATION BERHAD(Incorporated in Malaysia)
Company No: 644800-X**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013****26. FINANCIAL RISK MANAGEMENT (cont'd)****Interest Rate Risk (cont'd)**

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss or as available-for-sale, any change in interest rates at the end of the reporting period would not affect its profit or loss or other comprehensive income. For floating rate financial instruments stated at amortised cost, the following table demonstrates the sensitivity of profit or loss to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	The Group	
	(Increase)/ Decrease in Loss 2013 RM	Increase/ (Decrease) in Profit 2012 RM
Increase in interest rates by 50 basis points	(60,055)	(59,968)
Decrease in interest rates by 50 basis points	<u>60,055</u>	<u>59,968</u>

27. CAPITAL MANAGEMENT

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity as follows:-

	The Group	
	2013 RM	2012 RM
Total loans and borrowings	14,781,934	14,795,737
Total equity	<u>13,466,938</u>	<u>22,311,343</u>
Total capital	<u>28,248,872</u>	<u>37,107,080</u>
Debt-to-equity ratio	<u>1.10 : 1</u>	<u>0.66 : 1</u>

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

AT SYSTEMATIZATION BERHAD

(Incorporated in Malaysia)

Company No: 644800-X

SUPPLEMENTARY INFORMATION - REALISED AND UNREALISED PROFITS OR LOSSES

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total accumulated losses of the Company and its subsidiaries:-				
- Realised	(38,254,113)	(17,305,917)	(24,919,438)	(14,712,567)
- Unrealised	716,467	691,467	0	(7,000)
	<u>(37,537,646)</u>	<u>(16,614,450)</u>	<u>(24,919,438)</u>	<u>(14,719,567)</u>
Consolidation adjustments and eliminations	20,083,886	10,001,753	0	0
Total accumulated losses as per statement of financial position	<u>(17,453,760)</u>	<u>(6,612,697)</u>	<u>(24,919,438)</u>	<u>(14,719,567)</u>

The above supplementary information is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF OUR GROUP FOR THE SIX (6) MONTHS PERIOD ENDED 31 AUGUST 2013

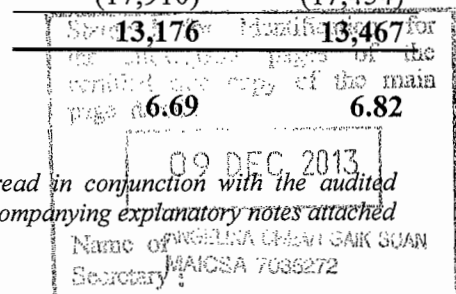
AT SYSTEMATIZATION BERHAD (Company No.644800-X)

Unaudited Interim Financial Report
for 2nd Quarter ended 31 August 2013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

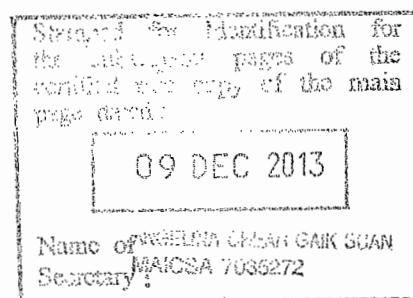
	(Unaudited) As at 31.08.13 RM'000	(Audited) As at 28.02.13 RM'000
NON-CURRENT ASSETS		
Property, Plant and Equipment	24,399	24,883
CURRENT ASSETS		
Inventories	2,272	1,917
Trade Receivables	5,619	4,789
Other Receivables, Deposits and Prepayments	905	1,205
Current Tax Assets	249	186
Cash and Cash Equivalents	1,114	1,653
	10,159	9,750
CURRENT LIABILITIES		
Trade Payables	5,365	3,445
Other Payables and Accruals	870	2,539
Loans and Borrowings	1,348	493
Hire Purchase Payables	948	898
Current Tax Liabilities	-	-
	8,531	7,375
NET CURRENT ASSETS	1,628	2,375
NON-CURRENT LIABILITIES		
Loans and Borrowings	11,046	12,173
Hire Purchase Payables	1,404	1,217
Deferred Tax Liabilities	401	401
	12,851	13,791
NET ASSETS	13,176	13,467
EQUITY:-		
Share Capital	19,685	19,175
Share Premium	11,517	11,517
Revaluation Reserve	217	217
Currency Translation Reserve	(333)	12
Accumulated Losses	(17,910)	(17,454)
TOTAL EQUITY	13,176	13,467
Net Assets Per Share (Sen)		

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 28 February 2013 and the accompanying explanatory notes attached to the interim financial report.



CONDENSED CONSOLIDATED INCOME STATEMENT

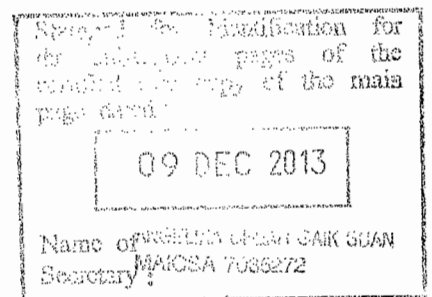
	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	<u>31.08.13</u> RM'000	<u>31.08.12</u> RM'000	<u>31.08.13</u> RM'000	<u>31.08.12</u> RM'000
Revenue	5,597	6,653	11,719	15,245
Other Income	235	508	470	703
Operating Expenses	(5,567)	(9,861)	(12,079)	(18,766)
Operating Profit/(Loss)	265	(2,700)	110	(2,818)
Finance Costs	(194)	(246)	(411)	(485)
Profit/(Loss) before Tax	71	(2,946)	(301)	(3,303)
Tax Expense	(50)	(122)	(155)	(246)
Profit/(Loss) for the Period	21	(3,068)	(456)	(3,549)
Attributable to:				
- Owners of the Company	21	(3,068)	(456)	(3,549)
Earnings/(Loss) Per Share:				
- Basic (Sen)	0.01	(1.67)	(0.23)	(1.95)
- Diluted (Sen)	0.01	(1.67)	(0.23)	(1.95)



The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 28 February 2013 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	<u>31.08.13</u>	<u>31.08.12</u>	<u>31.08.13</u>	<u>31.08.12</u>
	RM'000	RM'000	RM'000	RM'000
Net Profit/(Loss) for the Period	21	(3,068)	(456)	(3,549)
Other Comprehensive Income:-				
Currency Translation Differences for Foreign Operations	(278)	39	(345)	(1)
Other Comprehensive Income for the Period	(278)	39	(345)	(1)
Total Comprehensive Income for the Period	(257)	(3,029)	(801)	(3,550)
Attributable to:				
- Owners of the Company	(257)	(3,029)	(801)	(3,550)



The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 28 February 2013 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Non-Distributable		Accumulated Losses	Total Equity
			Revaluation Surplus	Currency Translation Reserve		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 March 2013	19,175	11,517	217	12	(17,454)	13,467
Issue of share	510	-	-	-	-	510
Total Comprehensive Income for the Financial Period	-	-	-	(345)	(456)	(801)
Balance at 31 August 2013	19,685	11,517	217	(333)	(17,910)	13,176

	Share Capital	Share Premium	Non-Distributable		Accumulated Losses	Total Equity
			Revaluation Surplus	Currency Translation Reserve		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 March 2012	17,895	10,749	217	63	(6,613)	22,311
Issue of shares	1,280	768	-	-	-	2,048
Total Comprehensive Income for the Financial Period	-	-	-	(1)	(3,549)	(3,550)
Balance at 31 August 2012	19,175	11,517	217	62	(10,162)	20,809

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 28 February 2013 and the accompanying explanatory notes attached to the interim financial report.

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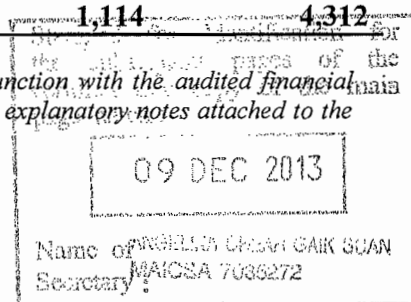
31 AUG 2013

Name of **ANGELINA LIM SUI GAIK SUAN**
Secretary **MAICSA 7036272**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative Quarter	
	<u>31.08.2013</u>	<u>31.08.2012</u>
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss Before Tax	(301)	(3,303)
Adjustments for:-		
Non-Cash Items	1,002	1,767
Non-Operating Items	431	380
Operating Profit/(Loss) Before Working Capital Changes	1,132	(1,156)
Increase in Inventories	(355)	(1,739)
(Increase) / Decrease in Receivables and Prepayments	(530)	1,743
Decrease in Payables	(94)	(845)
Cash generated from / (used in) Operations	153	(1,997)
Interest Paid	(431)	(485)
Tax Paid	(218)	(286)
Net Cash used in Operating Activities	(496)	(2,768)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	-	62
Proceeds from Disposal of Property, Plant and Equipment	522	1,203
Purchase of Property, Plant and Equipment	(155)	(108)
Net Cash generated from Investing Activities	367	1,157
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares	510	2,048
Repayment of Hire Purchase Obligations	(647)	(699)
Repayment of Term Loans	(273)	(215)
Drawdown of Term Loans	-	2,933
Net Cash (used in) / generated from Financing Activities	(410)	4,067
Currency Translation Differences	-	43
Net (Decrease) / Increase in Cash and Cash Equivalents	(539)	2,456
Cash and Cash Equivalents Brought Forward	1,653	1,813
Cash and Cash Equivalents Carried Forward	1,114	4,312
Represented by:-		
Cash and Cash Equivalents	1,114	4,581
Bank Overdrafts	-	(269)
	1,114	4,312

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 28 February 2013 and the accompanying explanatory notes attached to the interim financial report.



PART A - NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORTS**A1) Basis of Preparation**

The interim financial report is unaudited and has been prepared in compliance with Malaysia Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The interim financial reports should be read in conjunction with the audited financial statements for the financial year ended 28 February 2013 and the accompanying notes attached to the interim financial reports.

A2) Changes in Accounting Policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 28 February 2013 except for the adoption of the following standards, amendments to published standards and interpretations to existing standards which are effective for the financial period commencing on 1 March 2013:

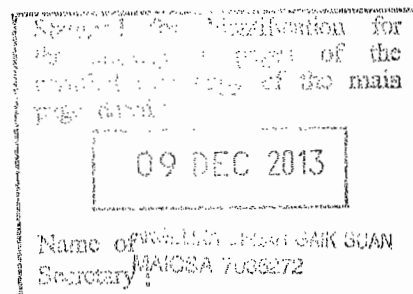
MFRS 10	: Consolidated Financial Statements
MFRS 11	: Joint Arrangements
MFRS 12	: Disclosure of Interests in Other Entities
MFRS 13	: Fair Value Measurement
MFRS 119	: Employees Benefits (Revised)
MFRS 127	: Separate Financial Statements
MFRS 128	: Investments in Associates and Joint Ventures

Amendments to MFRSs:

MFRS 7	: Disclosures – Offsetting Financial Assets and Financial Liabilities
MFRS 10, 11 & 12	: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
MFRS 101	: Presentation of Items of Other Comprehensive Income

Amendments to MFRSs classified as “Annual Improvements 2009 – 2011 Cycle”

The adoption of the above standards, amendments to published standards and interpretations does not give rise to any material effects to the Group. The adoption of MFRS 13, Fair Value Measurement requires fair value disclosures for financial instruments to be included in the interim financial report as disclosed in Note B13.



PART A - NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORTS**A3) Auditors' Report of Preceding Annual Audited Financial Statements**

The auditors' report on the financial statements for the financial year ended 28 February 2013 contains a qualified opinion by the external auditors.

A4) Seasonal or Cyclical Factors

The Group's performance is, to certain extent, dependent on the cyclical nature of the electronics and semiconductors industries.

A5) Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period.

A6) Material Changes in Estimates

There were no changes in estimates that have a material effect for the current quarter and financial period.

A7) Debt and Equity Securities

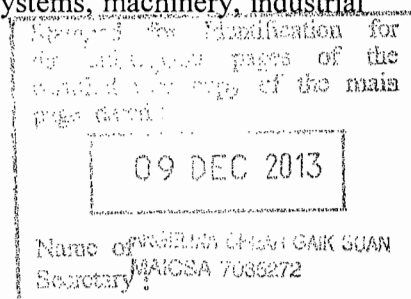
Save as disclosed in Note B7, there were no repurchase and repayment of debt and equity securities, for the current quarter and financial period.

A8) Dividend Paid

There was no dividend paid in the current quarter and financial period.

A9) Segmental Information

Information about operating segments has not been reported separately as the Group's profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the design, manufacture and fabrication of industrial automation systems, machinery, industrial and engineering parts.



PART A - NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORTS**A10) Valuation of Property, Plant and Equipment**

The carrying amount of property, plant and equipment of the Group has been brought forward, without amendment from the previous audited financial statements.

A11) Events After the Reporting Period

As at the date of this announcement, there were no material events subsequent to the end of the interim period that affect the results of the Group.

A12) Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial period, except for the following:

- a) On 6 March 2013, the Group acquired a new subsidiary through acquisition of 2 ordinary shares of RM1.00 each representing 100% of the issued and fully paid-up share capital of Goodmatrix Resources Sdn. Bhd. for a total cash consideration of RM2. The acquisition has no material financial effect to the Group.

A13) Changes in Contingent Liabilities or Contingent Assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of the interim financial statements.

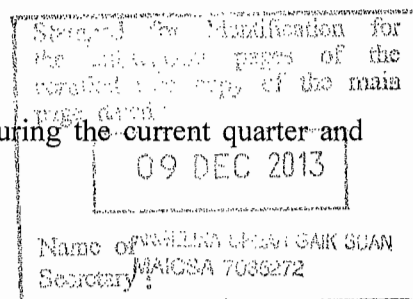
A14) Capital Commitments

Capital commitment in respect of the purchase of property, plant and equipment:

	31.8.2013
	RM'000
Approved but not contracted	1,148
Contracted but not provided for	-
	<u>1,148</u>

A15) Related Party Transactions

There were no significant transactions with related parties during the current quarter and financial period.



PART B - ADDITIONAL INFORMATION REQUIRED UNDER LISTING REQUIREMENTS**B1) Review of Performance**

The Group posted revenue of RM5.6 million for the second quarter ended 31 August 2013, which was RM1.05 million or 15.9% lower as compared to the corresponding quarter of RM6.6 million. The decline was mainly due to the closure of overseas operation unit. These overseas operation unit contributed revenue of RM1.3 million in the corresponding quarter ended 31 August 2012. The decrease was however mitigated by the increase in sales orders from fabrication of engineering parts by RM0.25 million.

Despite lower revenue, the Group recorded pre-tax profit for the current quarter under review of RM0.07 million as compared to pre-tax loss of RM2.9 million in the corresponding quarter. This was mainly contributed by better cost controls measures and the closure of loss making overseas operation unit.

B2) Material Change in the Profit before Taxation of Current Quarter Compared with the Immediate Preceding Quarter

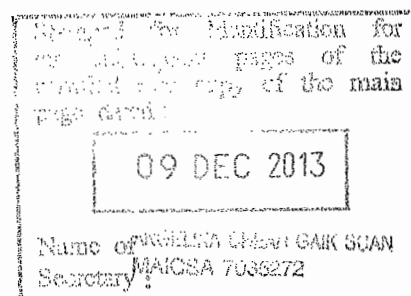
The Group posted pre-tax profit of RM0.07 million for the second quarter ended 31 August 2013, which was RM0.4 million higher as compared to pre-tax loss of RM0.37 million in the preceding quarter. This increase in profit was due to better cost control measures.

B3) Prospects

The Group will continue to focus and expand on the core business in fabrication of industrial and engineering parts and design and manufacture of industrial automation system and machinery. Notwithstanding that, the Group will continuously seek opportunity for business growth and will look for new market opportunities.

B4) Variance between Actual Profit and Forecast Profit

The Group did not issue any profit forecast or profit guarantee during the current quarter and financial period.



PART B - ADDITIONAL INFORMATION REQUIRED UNDER LISTING REQUIREMENTS**B5) Taxation**

	Individual Quarter		Cumulative Quarter	
	<u>31.08.13</u>	<u>31.08.12</u>	<u>31.08.13</u>	<u>31.08.12</u>
	RM'000	RM'000	RM'000	RM'000
Income tax expense	50	122	155	246
Deferred tax transfers	-	-	-	-
	50	122	155	246

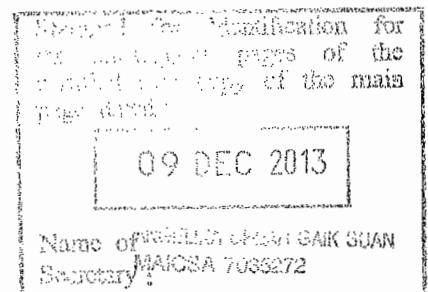
The effective tax rate of the Group in current financial period is higher than that of the statutory income tax rate due to the effect of deferred tax assets not recognised for certain loss making subsidiaries.

B6) Corporate Proposals

- 1) On 6 February 2013, Hong Leong Investment Bank Berhad on behalf of the Board of Directors ("Board") of the Company, announced that the Company is proposing to undertake a private placement of up to 5,095,000 new ordinary shares of RM0.10 each in AT Systematization Berhad ("AT"), representing approximately 2.66% of the issued and paid-up share capital of the Company.

On 5 March 2013, the Board has fixed the issue price for the new ordinary shares in AT to be issued pursuant to the private placement at RM0.10 per share.

On 15 March 2013, 5,095,000 new ordinary shares of RM0.10 each were allotted by the Company at a price of RM0.10 per share to certain identified investor pursuant to the private placement exercise.



PART B - ADDITIONAL INFORMATION REQUIRED UNDER LISTING REQUIREMENTS**B6) Corporate Proposals (Cont'd)**

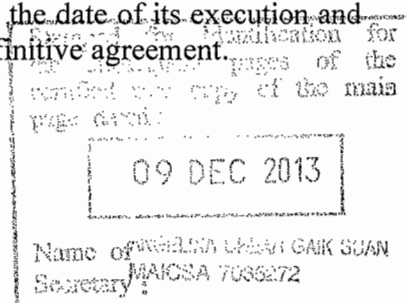
As at 31 August 2013, the status of utilisation of proceeds raised under the private placement exercise which was completed on 15 March 2013 is set out below:

Purpose	Proposed utilisation	Actual utilisation as at 31 August 2013	Balance of unutilised proceeds	Estimated timeframe for the utilisation of proceeds
	RM'000	RM'000	RM'000	
To purchase glove counting machines	300	-	300	Within three (3) months
To fund the development and production of wheel-chair washing machines	189	102	87	Within three (3) months
Estimated expenses in relation to the private placement exercise	20	15	5	Within one (1) month
Total	509	117	392	

- 2) On 11 March 2013, the Company has entered into a Joint Collaboration Agreement with Asia Bioenergy Technologies Berhad ("ASIABIO") to set out the terms of their intention to collaborate in the supply of biotechnology solutions to convert food waste to organic fertilizer. ASIABIO, which is listed in ACE Market Bursa Malaysia Securities Berhad, is involved in technology incubation and investment holding company.

The intention of the parties under the Joint Collaboration Agreement is to work together wherein AT shall be responsible for the fabrication and manufacture and maintenance of the composting machineries as well as secure the approval of the relevant authorities for the Project and ASIABIO, via its subsidiary company, Hexa Bonanza Sdn Bhd ("HBSB"), shall be responsible for the provision of the microbial solutions necessary for the conversion of the food waste into organic fertilizer as well as identification of the composting machinery design for the fabrication by AT.

The Joint Collaboration Agreement shall take effect on the date of its execution and shall continue to be of effect until the execution of a definitive agreement.



PART B - ADDITIONAL INFORMATION REQUIRED UNDER LISTING REQUIREMENTS

B6) Corporate Proposals (Cont'd)

- 3) On 10 May 2013, M&A Securities Sdn Bhd on behalf of the Board announced that the Company is proposing to undertake the followings:
- i) Proposed renounceable rights issue of up to 196,845,765 new ordinary shares of RM0.10 each in AT ("Right Shares") together with up to 98,422,882 free detachable warrants ("Warrant(s)") on basis of two (2) Rights Shares for every two (2) existing ordinary shares of RM0.10 each held in AT ("AT Shares" Or "Shares") together with one (1) warrant for every two (2) Right Shares subscribed ("Proposed Rights Issue with Free Warrants");
 - ii) Proposed increase in the authorised share capital of the Company from RM25,000,000 comprising 250,000,000 AT Shares to RM100,000,000 comprising 1,000,000,000 AT Shares; and
 - iii) Proposed amendment to the Memorandum of Association of AT.
- (Collectively known as the "Proposals")

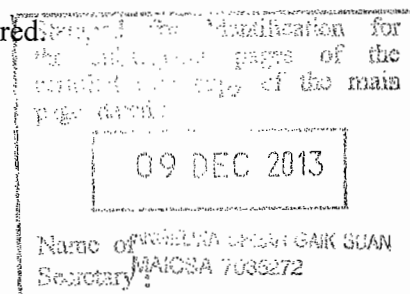
On 5 July 2013, M&A Securities Sdn Bhd on behalf of the Board announced that the Company proposes to vary the Proposed Rights Issue with Free Warrants ("Proposed Variation") to be as follows:

- i) Proposed renounceable rights issue of up to 196,845,765 new ordinary shares of RM0.10 each in AT ("Right Shares") together with up to 196,845,765 free detachable warrants ("Warrant(s)") on basis of one (1) Rights Shares for every (1) existing ordinary shares of RM0.10 each held in AT ("AT Shares" Or "Shares") together with one (1) warrant for every one (1) Right Shares subscribed.

Save for the Proposed Variation, there is no other amendment to the Proposals.

The implementation of the Proposals is subject to approvals being obtained from the following:

- (a) Bursa Malaysia Securities Berhad;
- (b) the shareholders of the Company; and
- (c) any other relevant authorities and/or parties, if required.



PART B - ADDITIONAL INFORMATION REQUIRED UNDER LISTING REQUIREMENTS**B6) Corporate Proposals (Cont'd)**

On 18 July 2012, the Board had announced that, Bank Negara Malaysia (“BNM”) has, vide its letter dated 16 July 2013 (which was received on 18 July 2013), informed the Company that effective 30 June 2013, residents are allowed to issue securities denominated in Ringgit Malaysia to non-residents. However, the issuance of debt securities denominated in Ringgit Malaysia to non-residents is subject to the rules in Notice 2, Rules on Foreign Exchange Administration.

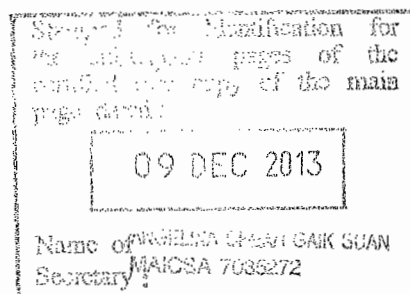
Premised on the foregoing, the Company is not required to seek the approval of BNM for the issuance of the Warrants to non-resident shareholders of the Company pursuant to the Proposed Rights Issue with Free Warrants.

The Company is advised to comply with the rules in Notice 3, Rules on Foreign Exchange Administration, should it decide to utilise any portion of the proceeds from the issuance of Warrants pursuant to the Proposed Rights Issue with Free Warrants to finance its investments overseas.

B7) Borrowings and Debts Securities

Group’s borrowings as at 31 August 2013 are as follows:-

	<u>Secured</u> RM’000	<u>Unsecured</u> RM’000	<u>Total</u> RM’000
Short Term Borrowings:-			
Hire Purchase Payables	948	-	948
Term Loans	1,348	-	1,348
	2,296	-	2,296
Long Term Borrowings:-			
Hire Purchase Payables	1,404	-	1,404
Term Loans	11,046	-	11,046
	12,450	-	12,450
Total	14,746	-	14,746



PART B - ADDITIONAL INFORMATION REQUIRED UNDER LISTING REQUIREMENTS**B8) Material Litigation**

There were no material litigations against the Group as at the date of the interim financial reports. The directors of the Group do not have any knowledge of any proceeding pending or threatened against the Group which might materially and adversely affect the financial position or business of the Group.

B9) Dividend

There was no dividend declared or paid for the current quarter under review.

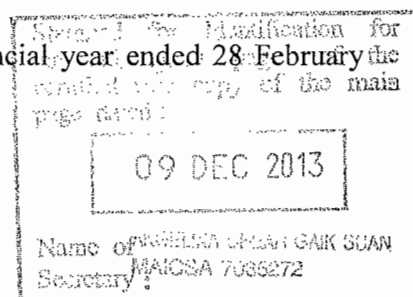
B10) Earnings/(Loss) per Share

The basic earnings/(loss) per share is calculated by dividing the Group's profit/(loss) for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period as follows:-

	Individual Quarter		Cumulative Quarter	
	<u>31.8.2013</u> RM'000	<u>31.8.2012</u> RM'000	<u>31.8.2013</u> RM'000	<u>31.8.2012</u> RM'000
Profit/(Loss) Attributable to Owners of the Company	21	(3,068)	(456)	(3,549)
Weighted Average Number of Shares in Issue	196,846	183,264	196,636	181,107
Earnings/(Loss) Per Share				
- Basic (sen)	0.01	(1.67)	(0.24)	(1.95)
- Diluted (sen)	0.01	(1.67)	(0.24)	(1.95)

B11) Auditors' Report of Preceding Annual Audited Financial Statements

The auditors' report on the financial statements for the financial year ended 28 February 2013 contains a qualified opinion by the external auditors.



DIRECTORS' REPORT



AT SYSTEMATIZATION BERHAD

(Company No 644800 – X)

(Incorporated in Malaysia)

Registered Office:

Suite S-21-H, 21st Floor
Menara Northam
55, Jalan Sultan Ahmad Shah
10050 Pulau Pinang

Date: **30 DEC 2013**

To: **The Entitled Shareholders of AT Systematization Berhad**

Dear Sir/Madam,

On behalf of the Board of Directors (“Board”) of AT Systematization Berhad (“AT” or “Company”), I wish to report that, after making due enquiries in relation to the Company and its subsidiary companies (“Group”) during the period between 28 February 2013, being the date on which the latest audited consolidated financial statements have been made up, and the date hereof, being a date not earlier than fourteen (14) days before the date of this Abridged Prospectus, that:-

- (a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;
- (b) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realizable in the ordinary course of business;
- (d) save as disclosed in Section 9.4 of the Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by any company within the Group;
- (e) since the last audited consolidated financial statements of the Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and
- (f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited consolidated financial statements of the Group.

Yours faithfully,
For and on behalf of the Board
AT SYSTEMATIZATION BERHAD



Mak Siew Wei
Executive Director

ADDITIONAL INFORMATION**1. SHARE CAPITAL**

- (i) Save for the new Shares to be issued pursuant to the exercise of the Warrants, no securities shall be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.
- (ii) As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each, all of which rank pari passu with one another.
- (iii) All the Rights Shares and the new Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue rank pari passu in all respects with the existing issued and paid-up ordinary share capital, save and except that such Shares will not be entitled to any dividends, rights, allotments and/or distributions that may be declared, made or paid prior to the date of allotment of such Shares.
- (iv) As at the date of this Abridged Prospectus, save for the Entitled Shareholders who will be provisionally allotted the Rights Shares with Warrants under the Rights Issue with Free Warrants, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries as of the date of this Abridged Prospectus.
- (v) None of our securities has been issued or agreed to be issued either as fully or partly paid-up otherwise than in cash, within two (2) years immediately preceding the date of this Abridged Prospectus.

2. ARTICLES OF ASSOCIATION

The provisions in our Articles of Association in relation to the remuneration of our directors are as follows:

Article 115

- (1) The fees of the Directors shall from time to time be determined by the Company in General Meeting but the remuneration of the executive Directors shall from time to time be determined by the Board of Directors.
- (2) The fees payable to the Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the increase has been given in the notice convening the meeting.
- (3) The fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover and the remuneration payable to executive Directors may not include a commission on or percentage of turnover.
- (4) Any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.

Article 117

The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:

- (1) render any special or extra services to the Company; or
- (2) to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits, or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary), a commission on or a percentage of turnover.

3. MATERIAL CONTRACTS

Save as disclosed below, we confirm that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past two (2) years preceding the date of this Abridged Prospectus:

- (i) Supplemental deed of transfer dated 19 December 2013, between AT Engineering Sdn Bhd and AT Engineering Solution Sdn Bhd for the amendments made to the deed of transfer, dated 30 October 2013, for the transfer of one (1) piece of land, together with one (1) factory erected thereon, held under No. Hakmilik Pajakan Negeri 4027, No. 12460, Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang, bearing the postal address of Plot 82, Bayan Lepas Industrial Zone, Phase IV, 11900 Pulau Pinang, measuring approximately 10,166 square metres, for a cash consideration of RM10 only. As at 27 December 2013, the abovementioned supplemental deed of transfer is pending completion.
- (ii) Tenancy agreement dated 18 December 2013, between AT and E-Tower Sdn Bhd, for the rental of a corporate office at Lot 11.2, 11th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf and Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan measuring 1,762 square feet, for a term commencing 1 June 2013 till 31 May 2015, at an agreed rental of RM5,286 per month. As at 27 December 2013, the abovementioned tenancy agreement is pending completion.
- (iii) Shareholders' agreement dated 11 November 2013, between AT and Asia Bioenergy Technologies Berhad ("AsiaBio"), for joint investment in Yellow Choice Sdn Bhd ("YC") to venture into biomass processing and related machineries fabrication business, including biomass composting and biomass energy via gasification technologies ("Shareholders' Agreement"). AT and AsiaBio had previously executed a joint collaboration agreement on biomass technologies, dated 11 March 2013. The Shareholders' Agreement is an extension of the said collaboration and shall supercede the joint collaboration agreement. Pursuant to the Shareholders' Agreement, the paid up share capital of YC shall be increased from RM2 to RM100,000. Further, AT shall subscribe for 81,000 ordinary shares of YC of RM1 each and AsiaBio shall subscribe for 19,000 ordinary shares of YC of RM1 each, payable via cash subscriptions, within 30 days from the date of the Shareholders' Agreement or such later period to be mutually agreed by both parties. As at the LPD, the Shareholders' Agreement is pending completion.

- (iv) Deed of transfer dated 28 October 2013, between AT Engineering Sdn Bhd and AT Precision Tooling Sdn Bhd, for the transfer of one (1) piece of land held under No. Hakmilik Pajakan Negeri 2998, No. Lot 12340, Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang bearing the postal address of No. 49, Hilir Sungai Keluang 2, Bayan Lepas Industrial Zone, Phase IV, 11900 Pulau Pinang, measuring approximately 5,218 square metres, for a consideration of RM4.8 million, by way of setting-off debts of the amount of RM4.8 million owing by AT Engineering Sdn Bhd to AT Precision Tooling Sdn Bhd. As at the LPD, the abovementioned deed of transfer is pending completion.
- (v) Tenancy agreement dated 1 July 2013, between AT Engineering Sdn Bhd and Device Semiconductor Sdn Bhd, for the rental of part of the first floor of a two (2) storey factory at Plot 82, Lintang Bayan Lepas, Bayan Lepas Industrial Zone, Phase IV, 11900 Pulau Pinang, measuring 11,000 square feet, for a term commencing 1 July 2013 till 30 June 2015, at an agreed rental of RM20,000 per month. As at the LPD, the abovementioned tenancy agreement is pending completion..
- (vi) Tenancy agreement dated 16 June 2013, between AT Engineering Sdn Bhd and AT Precision Tooling Sdn Bhd, for the rental of one (1) piece of land together with one (1) factory erected thereon known as Plot 49, Hilir Sungai Kluang 2, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Pulau Pinang, measuring 5,218 square metres, for a term commencing 16 June 2013 till 15 June 2014, at an agreed rental of RM18,000 per month. As at the LPD, the abovementioned tenancy agreement is pending completion.
- (vii) Tenancy agreement dated 30 April 2013, between AT Engineering Sdn Bhd and Ceedtec Sdn Bhd, for the rental of the ground floor and first floor of a two (2) storey factory building held under No. Lot 12480, Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang bearing the postal address of Plot 82, Lintang Bayan Lepas, Bayan Lepas Industrial Zone, Phase IV, 11900 Pulau Pinang, measuring 14,425 square feet and 18,000 square feet, respectively, for a term commencing 1 May 2013 till 30 April 2016, at an agreed rental of RM31,013.75 per month for the ground floor, in respect of the first and second year and RM36,000 per month for the first floor, in respect of the first and second year and for the third year, at a market rate of no more than ten (10) percent increase of the monthly rental of the first and second year, whichever is lower. As at LPD, the abovementioned tenancy agreement is pending completion.
- (viii) Third addendum to the rental agreement dated 28 February 2013 between AT Engineering Sdn Bhd and MCT Asia (Penang) Sdn Bhd, for the amendments made to the rental agreement, dated 1 June 2009, including the addendum to the rental agreement, dated 31 March 2011 and the second addendum to the rental agreement, dated 30 April 2012 in relation to the rental of part of the ground floor of a factory at Plot 82, Lintang Bayan Lepas, Bayan Lepas Industrial Park, Phase IV, 11900 Pulau Pinang, measuring approximately 10,000 square feet, for the amended term commencing 1 May 2013 until 30 April 2014, at an agreed rental of RM24,500 per month ("Third Addendum to the Rental Agreement"). As at the LPD, the Third Addendum to the Rental Agreement is pending completion.
- (ix) Agreement dated 21 December 2012, between Heroic Lake Holdings Limited, a wholly owned subsidiary of AT, and Paragon Agroforestry Sdn Bhd ("Paragon") for the appointment of Paragon as the investment and development consultant in relation to oil palm and other related agricultural crops cultivation business in Africa, commencing 21 December 2012 till 20 December 2017, at an agreed engagement fee of USD40,000, together with fees for agro-management service of USD120 per hectare per year, planting advisor visit for USD4 per hectare per visit or USD8 per year and agronomic service of USD5 per hectare per year, payable via cash. As at LPD, the abovementioned agreement is pending completion.

- (x) Deed of termination and mutual release dated 4 December 2012, between AT Engineering Sdn Bhd and Daya Semantan Sdn Bhd ("Daya Semantan") and AT, for the termination of the sale and purchase agreement, dated 3 August 2012 between AT Engineering Sdn Bhd and Daya Semantan in relation to the sale and purchase of a parcel of leasehold land held under title PN4027, Lot 12460, Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang, together with the buildings erected thereon, bearing the postal address of Plot 82, Lintang Bayan Lepas, Bayan Lepas, Bayan Lepas Industrial Park, Phase IV, 11900 Pulau Pinang, measuring approximately 10,166 square metres, at an agreed purchase consideration of RM15,500,000. The abovementioned deed of termination and mutual release was completed on 4 December 2012.
- (xi) Appointment dated 12 October 2012, between Venturian Minerals Sdn Bhd and Heroic Lake Holdings Limited, a wholly owned subsidiary of AT, for the survey and evaluation of potential resources of iron ore in Philippines, at an agreed engagement fee of USD40,000 and associated costs of USD20,000, payable via cash. As at LPD, the abovementioned appointment is pending completion.

4. MATERIAL LITIGATION

Our Board confirms that neither our Company nor any of our subsidiaries are engaged in any material litigation, claims or arbitration as at the LPD, either as plaintiff or defendant, and our Board, after having made all reasonable enquiries, is not aware and does not have any knowledge of any proceedings pending or threatened against our Group, or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

5. GENERAL

- (i) The nature of our business is set out in Section 1, Appendix III of this Abridged Prospectus. Save as disclosed in Section 5, Appendix III of this Abridged Prospectus, there are no corporations that are related to our Company by virtue of Section 6 of the Act as at the date of this Abridged Prospectus.
- (ii) The total estimated expenses of or in connection with the Proposals including professional fees, fees payable to the relevant authorities, registration and other incidental expenses of approximately RM500,000 will be borne by our Company.
- (iii) None of our directors have any existing or proposed service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year of the date of this Abridged Prospectus.
- (iv) Save as disclosed in this Abridged Prospectus, our directors are not aware of any material information including trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.
- (v) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:
 - (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;

- (c) unusual or infrequent events or transactions or significant economic changes which will materially affect the amount of reported income from operations;
- (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact on our Group's revenue or operating income; and
- (e) substantial increase in revenue.

6. WRITTEN CONSENTS

The written consents of our Adviser, Company Secretaries, Principal Bankers, Share Registrar, Auditors and Solicitors for the Rights Issue with Free Warrants to the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

The written consent of Crowe Horwath (being our auditors for the FYE 28 February 2013) and Reporting Accountants to the inclusion in this Abridged Prospectus of their names and letters relating to the audited consolidated financial statements of our Group for the FYE 28 February 2013 and the proforma consolidated statements of financial position of our Group as at the FYE 28 February 2013 respectively, in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are made available for inspection at our Registered Office at Suite S-21-H, 21st Floor, Menara Northam, 55, Jalan Sultan Ahmad Shah, 10050 Pulau Pinang during normal business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:

- (i) Our Memorandum and Articles of Association;
- (ii) Our audited consolidated financial statements for the past two (2) FYEs 29 February 2012 and 28 February 2013;
- (iii) Our unaudited consolidated financial statements for the six (6) months period ended 31 August 2013;
- (iv) The proforma consolidated statements of financial position of our Group as at 28 February 2013 together with the notes and Reporting Accountants' letter thereon as set out in Appendix IV of this Abridged Prospectus;
- (v) The Deed Poll;
- (vi) The Directors' Report as set out in Appendix VII of this Abridged Prospectus;
- (vii) The consent letters referred to in Section 6 of this Appendix;
- (viii) The irrevocable written undertaking letter from MSW as referred to in Section 2.5 of this Abridged Prospectus; and
- (ix) The material contracts referred to in Section 3 of this Appendix.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

M&A Securities, being our Adviser for the Rights Issue with Free Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Free Warrants.

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