Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus.

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. All enquiries concerning the Rights Issue with Warrants, which is the subject matter of this Abridged Prospectus, should be addressed to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur (Tel: +603 – 2783 9299).

This Abridged Prospectus, together with the NPA and RSF (collectively, the "**Documents**"), will be despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 22 September 2016 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 22 September 2016. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia, are not intended to be (and will not 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 Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue with Warrants, application for Excess Rights Shares with Warrants B, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants would result in the contravention of any law of such countries or jurisdictions. We, Mercury Securities and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares with Warrants B or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants made by any Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) are residents.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. Copies of the Documents have also been lodged with the Companies Commission of Malaysia who takes no responsibility for the contents of the Documents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM convened on 3 June 2016. Approval has been obtained from Bursa Securities via its letter dated 20 April 2016 for the admission of the Warrants B to the Official List and the listing and quotation of the new securities arising from the Rights Issue with Warrants and the new Shares to be issued upon exercise of the Warrants B on the ACE Market of Bursa Securities (subject to the conditions specified in the said letter), which will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them. However, such admission, listing and quotation are not an indication that Bursa Securities recommends the Rights Issue with Warrants and are in no way reflective of the merits of the Rights Issue with Warrants.

The Board has seen and approved the Documents 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 which, if omitted, would make any statement in the Documents false or misleading.

Mercury Securities, being the Principal Adviser for the Rights Issue with 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 Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.

AT SYSTEMATIZATION BERHAD
(644800-X)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 759,824,495 NEW ORDINARY SHARES OF RM0.03 EACH IN ATS ("ATS SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.06 PER RIGHTS SHARE TOGETHER WITH UP TO 379,912,247 FREE WARRANTS IN ATS ("WARRANTS B") ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) FREE WARRANT B FOR EVERY TWO (2) EXISTING ATS SHARES HELD BY THE ENTITLED SHAREHOLDERS OF ATS AT 5.00 P.M. ON 22 SEPTEMBER 2016

Principal Adviser

Mercury Securities Sdn Bhd
(Company No. 113193-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	Thursday, 22 September 2016 at 5.00 p.m.
Last date and time for:	
Sale of Provisional Allotments	Thursday, 29 September 2016 at 5.00 p.m.
Transfer of Provisional Allotments	Wednesday, 5 October 2016 at 4.00 p.m.
Acceptance and payment	Monday, 10 October 2016 at 5.00 p.m.
Excess Rights Shares with Warrants B Application and payment	Monday, 10 October 2016 at 5.00 p.m.

This Abridged Prospectus is dated 22 September 2016

ALL TERMS USED HEREIN ARE AS DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM 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.

SHAREHOLDERS / INVESTORS SHOULD RELY ON THEIR 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.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE 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 WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THE ABRIDGED PROSPECTUS, TOGETHER WITH THE NPA AND RSF (COLLECTIVELY, THE "DOCUMENTS") IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

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DEFINITIONS

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

Abridged Prospectus	-	This abridged prospectus in relation to the Rights Issue with Warrants
Act	-	Companies Act, 1965, as amended from time to time and any re-enactment thereof
Additional Warrants A	-	Additional Warrants A to be issued to the existing holders of Warrants A arising from the Adjustments
Adjustments	-	Adjustments to the number and exercise price of the outstanding Warrants A, as the case may be, as a result of the Rights Issue with Warrants in accordance with provisions of Deed Poll A
ATS or the Company	-	AT Systematization Berhad (Company No. 644800-X)
ATS Group or the Group	-	Collectively, ATS and its subsidiaries
ATS Share(s) or Share(s)	-	Ordinary share(s) of the Company with par value of RM0.03 each in ATS
Base Case Scenario	-	Assuming that none of the existing Convertible Securities are exercised / converted into new ATS Shares on or prior to the Entitlement Date and all the Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) fully subscribe to their entitlements of the Rights Shares with Warrants B
BNM	-	Bank Negara Malaysia
Board	-	Board of Directors of ATS
Bursa Depository	-	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	-	Bursa Malaysia Securities Berhad (635998-W)
By-Laws	-	The By-laws governing the SIS Options as may be amended, varied or supplemented from time to time
CDS	-	Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account(s)	-	Securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
Closing Date	-	10 October 2016 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares with Warrants B
CMSA	-	Capital Markets and Services Act, 2007, of Malaysia as may be amended from time to time and any re-enactment thereof
Code	-	Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time and any re-enactment thereof
Convertible Securities	-	Collectively, the SIS Options and the Warrants A

Corporate Exercises	-	Collectively, the Par Value Reduction and the Rights Issue with Warrants
Deed Poll A	-	Deed poll constituting the Warrants A dated 11 December 2013
Deed Poll B	-	Deed poll constituting the Warrants B dated 5 September 2016
EGM	-	Extraordinary general meeting
Entitled Shareholder(s)	-	Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date
Entitlement Date	-	22 September 2016, at 5.00 p.m., being the date on which shareholders' names must be registered in ATS's Record of Depositors in order to be entitled to participate in the Rights Issue with Warrants
EPS	-	Earnings per Share
Excess Rights Shares with Warrants B	-	Rights Shares with Warrants B which are not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) prior to the Closing Date
Excess Rights Shares with Warrants B Application(s)	-	Application(s) for additional Rights Shares with Warrants B in excess of the Provisional Allotments
Exercise Period	-	Any time within a period of three (3) years commencing from and including the date of issue of the Warrants B to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the third (3rd) anniversary from the date of issue of the Warrants B. Any Warrants B not exercised during the Exercise Period will thereafter lapse and cease to be valid
Exercise Price	-	RM0.03, being the price at which one (1) Warrant B is exercisable into one (1) ATS Share, subject to adjustments in accordance with the provisions of the Deed Poll B
Exercising Warrant B Holders	-	Warrant B Holders who exercise their Warrants B
Foreign-Addressed Shareholder(s)	-	Shareholder(s) who have not provided to the Company a registered address in Malaysia or an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue with Warrants by the Entitlement Date
FPE	-	Financial period ended
FYE	-	Financial year(s) ended / ending 28 February or 29 February, as the case may be
GP	-	Gross profit
kW	-	Kilowatts
kWh	-	Kilowatt-hours
Listing Requirements	-	ACE Market Listing Requirements of Bursa Securities, including any amendments made thereto from time to time

LPD	-	1 September 2016, being the latest practicable date prior to the printing of this Abridged Prospectus
LTD	-	2 September 2016, being the last trading day prior to the date of the fixing of the issue price of the Rights Shares
Market Day(s)	-	Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	-	Assuming that all the existing Convertible Securities are exercised / converted into new ATS Shares on or prior to the Entitlement Date and all the Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) fully subscribe to their entitlements of the Rights Shares with Warrants B
Mercury Securities or the Principal Adviser	-	Mercury Securities Sdn Bhd (113193-W)
Minimum Scenario	-	Assuming that none of the Convertible Securities are exercised / converted into new ATS Shares prior to the Entitlement Date and all the Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) fully subscribe to their entitlements of the Rights Shares with Warrants B and the Rights Issue with Warrants is undertaken on the Minimum Subscription Level
Minimum Subscription Level	-	Minimum subscription level of 100,000,000 Rights Shares together with 50,000,000 Warrants B based on the issue price of RM0.06 per Rights Share to arrive at RM6 million
MW	-	Megawatt
NA	-	Net assets
NPA	-	Notice of provisional allotment in relation to the Rights Issue with Warrants
O&G	-	Oil and gas
Official List	-	A list specifying all securities which have been admitted for listing on the ACE Market of Bursa Securities and not removed
Par Value Reduction	-	Reduction of the issued and paid-up share capital of the Company via cancellation of RM0.07 of the par value of every existing ordinary share of RM0.10 each in the Company pursuant to Section 64 of the Act, which was completed on 22 July 2016
PAT	-	Profit after taxation
PBT	-	Profit before taxation
Provisional Allotments	-	The Rights Shares with Warrants B provisionally allotted to Entitled Shareholders
Record of Depositors	-	A record of security holders provided by Bursa Depository under the Rules of Bursa Depository
Rights Issue with Warrants	-	Renounceable rights issue of up to 759,824,495 Rights Shares together with up to 379,912,247 free detachable Warrants B on the basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) existing ATS Shares held by the Entitled Shareholders on the Entitlement Date

Rights Shares	-	New ATS Shares to be allotted and issued pursuant to the Rights Issue with Warrants
RM and sen	-	Ringgit Malaysia and sen, respectively
RSF	-	Rights subscription form in relation to the Rights Issue with Warrants
Rules of Bursa Depository	-	The rules of Bursa Depository as issued pursuant to the SICDA
Rules on Take-overs, Mergers and Compulsory Acquisitions	-	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA, as amended from time to time
SC	-	Securities Commission Malaysia
sf	-	Square feet
SGD	-	Singapore Dollars
Share Premium Reduction	-	Reduction of the Company's entire share premium account pursuant to Sections 60(2) and 64 of the Act, which was completed on 22 July 2016
Share Registrar	-	Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Shareholders	-	Registered holders of ATS Shares
SICDA	-	Securities Industry (Central Depositories) Act, 1991 of Malaysia and includes any amendments from time to time and any re-enactment thereof
SIS	-	Existing share issuance scheme of the Company
SIS Options	-	Options which may be granted under the SIS pursuant to the By-Laws, where each holder of the SIS Options can subscribe for one (1) new ATS Share for every one (1) SIS Option held
sqm	-	Square metres
TERP	-	Theoretical ex-rights price
Undertaking	-	Written undertaking from the Undertaking Shareholder dated 21 March 2016 pursuant to which the Undertaking Shareholder has irrevocably and unconditionally undertaken, amongst others, to subscribe in full for his entitlement under the Rights Issue with Warrants and take up additional Rights Shares not taken up by other Entitled Shareholders by way of excess shares application, to the extent such that the aggregate subscription of Rights Shares under the Rights Issue with Warrants (including the subscription for excess shares application) received by the Company amounts to not less than RM6 million, details of which are set out in Section 3 of this Abridged Prospectus
Undertaking Shareholder	-	Mr Mak Siew Wei, the Executive Director of the Company
USD	-	United States Dollar
VWAP	-	Volume weighted average price

Warrants A	-	Outstanding ATS warrants 2014 / 2019 issued by the Company as constituted by the Deed Poll A and expiring on 28 January 2019
Warrants B	-	Up to 379,912,247 free detachable warrants in ATS to be allotted and issued pursuant to the Rights Issue with Warrants
Warrant A Holder(s)	-	The holder(s) of the Warrants A
Warrant B Holder(s)	-	The holder(s) of the Warrants B

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

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

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty that the Company's plans and objectives will be achieved.

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CORPORATE DIRECTORY

AT SYSTEMATIZATION BERHAD
(644800-X)

(Incorporated in Malaysia under the Companies Act, 1965)

BOARD OF DIRECTORS

Name *(Designation)*	Address	Nationality	Profession
Dato' Nik Ismail Bin Dato' Nik Yusoff *(Independent Non-Executive Chairman)*	No 3, Jalan Oniks Dua 7/11B Seksyen 7 40000 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Mak Siew Wei *(Executive Director)*	30, Jalan Sepah Puteri 5/16 Bandar Seri Utama 47810 Kota Damansara Selangor	Malaysian	Company Director
Dato' Ir. Auniah Binti Ali *(Executive Director)*	2579/3 Jalan Selangor Bukit Persekutuan 50480 Kuala Lumpur W. Persekutuan (KL)	Malaysian	Company Director
Dr. Ch'ng Huck Khoon *(Independent Non-Executive Director)*	No. 28 Jalan Deva Pada 10400 George Town Pulau Pinang	Malaysian	Company Director
Chang Vun Lung *(Independent Non-Executive Director)*	No. 18, Jalan BS 9/5B Taman Bukit Serdang Seksyen 9 43300 Seri Kembangan Selangor Darul Ehsan	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Dr. Ch'ng Huck Khoon	Chairman	Independent Non-Executive Director
Dato' Nik Ismail Bin Dato' Nik Yusoff	Member	Independent Non-Executive Chairman
Chang Vun Lung	Member	Independent Non-Executive Director

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CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARY	:	Angelina Cheah Gaik Suan (MAICSA 7035272) Lee Mei Mei (MAICSA 7062284) Suite S-21-H, 21st Floor Menara Northam 55, Jalan Sultan Ahmad Shah 10050 Penang Tel : +604 - 210 7118 Fax : +604 - 210 7111
REGISTERED OFFICE	:	Suite S-21-H 21st Floor Menara Northam 55, Jalan Sultan Ahmad Shah 10050 Penang Tel : +604 - 210 7118 Fax : +604 - 210 7111
HEAD OFFICE	:	Lot 11.2, Level 11 Menara Lien Hoe No. 8, Persiaran Tropicana Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Tel : +603 - 7887 8330 Fax : +603 - 7887 8331
AUDITORS AND REPORTING ACCOUNTANTS	:	Baker Tilly Monteiro Heng (AF 0117) Baker Tilly MH Tower Level 10, Tower 1, Avenue 5 Bangsar South City, 59200 Kuala Lumpur Tel : +603 - 2297 1000 Fax : +603 - 2282 9980
SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS	:	Mah-Kamariyah & Philip Koh 3A07, Block B, Phileo Damansara II 15 Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya Selangor Darul Ehsan Tel : +603 - 7956 8686 Fax : +603 - 7956 2208
INDEPENDENT MARKET RESEARCHER	:	Smith Zander International Sdn Bhd Level 23, Premier Suite, One Mont' Kiara 1 Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Tel : +603 - 2785 6822 Fax : +603 - 2785 6922
PRINCIPAL BANKER	:	CIMB Bank Berhad Menara Bumiputra Commerce No. 11, Jalan Raja Laut 50350 Kua la Lumpur Tel : +603 - 6204 7788 Fax : +603 - 2288 1653/1654

CORPORATE DIRECTORY (CONT'D)

SHARE REGISTRAR	:	Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Wilayah Persekutuan Malaysia Tel : +603 - 2783 9299 Fax : +603 - 2783 9222
PRINCIPAL ADVISER	:	Mercury Securities Sdn Bhd L-7-2, No. 2, Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel : +603 - 6203 7227 Fax : +603 - 6203 7117
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	ACE Market of Bursa Securities

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Company No. 644800-X

AT SYSTEMATIZATION BERHAD
(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 Penang
Malaysia

22 September 2016

Board of Directors

Dato' Nik Ismail Bin Dato' Nik Yusoff *(Independent Non-Executive Chairman)*
Mak Siew Wei *(Executive Director)*
Dato' Ir. Auniah Binti Ali *(Executive Director)*
Dr. Ch'ng Huck Khoon *(Independent Non-Executive Director)*
Chang Vun Lung *(Independent Non-Executive Director)*

To: Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 759,824,495 RIGHTS SHARES TOGETHER WITH UP TO 379,912,247 FREE WARRANTS B ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) FREE WARRANT B FOR EVERY TWO (2) EXISTING ATS SHARES HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON THE ENTITLEMENT DATE

1. INTRODUCTION

On 1 April 2016, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Rights Issue with Warrants.

On 20 April 2016, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 20 April 2016, granted its approval for the following:-

(i) admission of the Warrants B to the Official List;

(ii) listing and quotation of the Rights Shares and Warrants B;

(iii) listing and quotation of the Additional Warrants A; and

(iv) listing and quotation of the new ATS Shares to be issued pursuant to the exercise of the Warrants B and Additional Warrants A.

The approval of Bursa Securities is subject to the following conditions:-

Condition	Status of compliance
(i) ATS and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	To be met
(ii) ATS and Mercury Securities to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be met
(iii) ATS 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 Warrants is completed; and	To be met
(iv) ATS to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants B as at the end of each quarter together with a detailed computation of listing fees payable.	To be met

The Board is pleased to inform that the Shareholders had, during the EGM held on 3 June 2016, approved, amongst others, the Rights Issue with Warrants. A certified true extract of the resolutions approving, amongst others, the Rights Issue with Warrants at the said EGM is attached in Appendix III of this Abridged Prospectus.

On 5 September 2016, Mercury Securities had, on behalf of the Board, announced that the Board had on even date resolved to fix the issue price of the Rights Shares at RM0.06 per Rights Share as well as the Exercise Price at RM0.03 per Warrant B.

On 6 September 2016, Mercury Securities had, on behalf of the Board, announced that the Entitlement Date for the Rights Issue with Warrants has been fixed at 5.00 p.m. on 22 September 2016.

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

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE WITH WARRANTS AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE WITH WARRANTS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

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2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

In accordance with the terms of the Rights Issue with Warrants as approved by the relevant authorities as well as Shareholders and subject to the terms of this Abridged Prospectus and the accompanying documents, the Rights Issue with Warrants entails a provisional allotment of up to 759,824,495 Rights Shares together with up to 379,912,247 free Warrants B on a renounceable basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) existing Shares held by Entitled Shareholders on the Entitlement Date, at an issue price of RM0.06 per Rights Share.

As the Rights Shares and Warrants B are prescribed securities, the respective CDS Accounts of Entitled Shareholders will be duly credited with the number of Provisional Allotments they are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. Entitled Shareholders will find enclosed in this Abridged Prospectus, the NPA notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts and the RSF to enable Entitled Shareholders to subscribe for the Provisional Allotments as well as to apply for Excess Rights Shares with Warrants B if Entitled Shareholders so choose to. However, only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and RSF.

The Warrants B are attached to the Rights Shares without any cost and will be issued only to Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) who subscribe for the Rights Shares. The Warrants B are exercisable into new ATS Shares and each Warrant B will entitle the Warrant B Holder to subscribe for one (1) new ATS Share at the Exercise Price. The Warrants B will be immediately detached from the Rights Shares upon issuance and traded separately. The Warrants B will be issued in registered form and constituted by the Deed Poll B. The salient terms of the Warrants B are set out in Section 2.5 of this Abridged Prospectus.

Any dealings in the Company's securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, Warrants B and the new Shares to be issued and allotted upon the exercise of the Warrants B will be credited directly into the respective CDS Accounts of successful applicants and Exercising Warrant B Holders (as the case may be). No physical certificates will be issued to the Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), nor will any physical share certificates be issued for the new Shares to be issued arising from the exercise of the Warrants B.

The Rights Issue with Warrants are renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Rights Issue with Warrants. However, the Rights Shares and Warrants B cannot be renounced separately, and only Entitled Shareholders who subscribe for the Rights Shares will be entitled to the Warrants B. As such, the Entitled Shareholders who renounce all of their Rights Share entitlements will not be entitled to the Warrants B. If the Entitled Shareholders accept only part of their Rights Share entitlements, they shall be entitled to the Warrants B in proportion to their acceptance of the Rights Share entitlements.

The Rights Shares with Warrants B that are not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), if applicable, shall be made available for Excess Rights Shares with Warrants B Applications.

Fractional entitlements arising from the Rights Issue with Warrants, if any, will be dealt with by the Board in such manner and on such terms and conditions as the Board at its absolute discretion deems fit or expedient and in the best interests of the Company.

Notice of allotment will be despatched to Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) within eight (8) Market Days from the last date for acceptance and payment of the Rights Shares with Warrants B or such other period as may be prescribed by Bursa Securities.

The Rights Shares and Warrants B will be admitted to the Official List and the listing and quotation of these securities will commence two (2) Market Days upon the receipt of an application for quotation for these securities as specified under the Listing Requirements, which will include amongst others, confirmation that all notices of allotment have been despatched to the successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of successful applicants have been duly credited.

2.2 Basis of determining the issue price of the Rights Shares and the Exercise Price

Issue price of the Rights Shares

The Board had fixed the issue price of the Rights Shares at RM0.06 per Rights Share, after taking into consideration the following:-

(i) the funding requirements of the Group, details of which are set out in Section 5 of this Abridged Prospectus;

(ii) the TERP(1) of RM0.0498 per ATS Share, calculated based on the five (5)-day VWAP of ATS Shares up to and including the LTD of RM0.0496; and

(iii) the trading and liquidity of ATS Shares.

The issue price of the Rights Shares represents a premium of approximately 20.48% to the aforementioned TERP.

Note:-

(1) TERP is computed as follows:-

$$TERP = \frac{(A \times X) + (B \times Y) + (C \times Z)}{A + B + C}$$

where:-

A = Number of Rights Shares

B = Number of Warrants B

C = Number of existing Shares

X = Issue price of the Rights Shares

Y = Exercise Price

Z = Five (5)-day VWAP of ATS Shares up to and including the LTD

and the ratio of A:B:C is 2:1:2, in accordance with the entitlement basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) existing Shares held.

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Exercise Price

The Board had fixed the Exercise Price at RM0.03 per Warrant B, after taking into consideration, amongst others, the following:-

(i) the par value of ATS Shares of RM0.03 each; and

(ii) the TERP of ATS Shares.

The Exercise Price represents a discount of approximately 39.76% to the aforementioned TERP.

2.3 Ranking of Rights Shares and new ATS Shares arising from the exercise of the Warrants B and the Convertible Securities

Rights Shares

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

New ATS Shares arising from the exercise of Warrants B

The new ATS Shares to be issued pursuant to the exercise of the Warrants B shall, upon allotment, issuance and full payment of the exercise price of the Warrants B, rank *pari passu* in all respects with the then existing issued and fully paid-up ATS Shares, save and except that the new ATS Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the new ATS Shares arising from the exercise of the Warrants B.

New ATS Shares arising from the exercise of the Warrants A

The new ATS Shares to be issued pursuant to the exercise of the Warrants A shall, upon allotment, issuance and full payment of the exercise price of the Warrants A, rank *pari passu* in all respects with the then existing issued and fully paid-up ATS Shares, save and except that the new ATS Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the new ATS Shares arising from the exercise of the Warrants A.

As at the LPD, there are 196,845,765 outstanding Warrants A in the Company. The Warrants A will expire on 28 January 2019.

New ATS Shares arising from the exercise of the SIS Options

The new ATS Shares to be issued pursuant to the exercise of the SIS Options shall, upon allotment, issuance and full payment of the exercise price of the SIS Options, rank *pari passu* in all respects with the then existing issued and fully paid-up ATS Shares, save and except that the new ATS Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the new ATS Shares arising from the exercise of the SIS Options.

As at the LPD, 129,918,100 SIS Options have been granted but none of them have been exercised yet. These granted SIS Options will expire on 28 October 2020.

2.4 Last date and time for acceptance and payment

The Closing Date is 5.00 p.m. on **10 October 2016**.

2.5 Salient terms of the Warrants B

The salient terms of the Warrants B to be issued pursuant to the Rights Issue with Warrants are set out below:-

Issuer	:	ATS
Issue size	:	Up to 379,912,247 Warrants B to be issued pursuant to the Rights Issue with Warrants
Form and detachability	:	The Warrants B will be issued in registered form and constituted by the Deed Poll B to be executed by the Company. The Warrants B which are to be issued with the Rights Shares will be immediately detached from the Rights Shares upon allotment and issuance and will be traded separately on Bursa Securities.
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants B shall be 100 units of Warrants B, or such other number of units as may be prescribed by Bursa Securities.
Tenure of the Warrants B	:	Three (3) years commencing on and including the date of issuance of the Warrants B.
Exercise Period	:	The Warrants B may be exercised at any time within a period of three (3) years commencing from and including the date of issue of the Warrants B to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the third (3rd) anniversary from the date of issue of the Warrants B. Any Warrants B not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Exercise Price	:	The Exercise Price has been fixed at RM0.03, subject to adjustments in accordance with the provisions of the Deed Poll B.
Subscription rights	:	Each Warrant B shall entitle its registered holder to subscribe for one (1) new ATS Share at any time during the Exercise Period at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll B.

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Mode of exercise	:	Warrant B Holders are required to lodge a subscription form with the Company's registrar, duly completed, signed and stamped together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia for the aggregate of the Exercise Price payable when exercising their Warrants B to subscribe for new ATS Shares. The payment of such fee must be made in Ringgit Malaysia.
Adjustments to the Exercise Price and/or the number of Warrants B	:	Subject to the provisions of the Deed Poll B, the Exercise Price and/or the number of unexercised Warrants B in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants B, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the provisions of the Deed Poll B. Any adjustment to the Exercise Price will be rounded up to the nearest one (1) sen and in no event shall any adjustment (otherwise than upon the consolidation of ordinary shares into shares of a larger par value) involve an increase in the Exercise Price or result in the Exercise Price falling below the par value of the ordinary shares for the time being.
Rights of the Warrant B Holders	:	The Warrants B do not confer on their holders any voting rights or participation in any forms of distribution and/or offer of further securities in the Company until and unless such holders of the Warrants B exercise their Warrants B for new ATS Shares in accordance with the conditions of the Deed Poll B and such new ATS Shares have been allotted and issued to such holders.
Ranking of the new ATS Shares to be issued pursuant to the exercise of the Warrants B	:	The new ATS Shares to be issued pursuant to the exercise of the Warrants B in accordance with the provisions of the Deed Poll B shall, upon allotment, issuance and full payment of the Exercise Price of the Warrants B, rank pari passu in all respects with the then existing issued and fully paid-up ATS Shares, save and except that the new ATS Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the Entitlement Date of which is prior to the date of allotment of the new ATS Shares arising from the exercise of the Warrants B.
Rights of the Warrant B Holders in the event of winding up, liquidation, compromise and/or arrangement	:	Where a resolution has been passed by the Company for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one (1) or more companies, then:- (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of the Warrants B (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Warrants B; and

		(ii) in any other cases, every Warrants B holder shall be entitled to exercise his / her Warrants B at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding up of the Company or within six (6) weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new ATS Shares to the Warrant B Holder credited as fully paid subject to the prevailing laws, and such Warrant B holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if he / she had on such date been the holder of the new ATS Shares to which he / she would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above six (6) weeks, all Subscription Rights of the Warrants B shall lapse and cease to be valid for any purpose.
Modification of rights of the Warrant B Holders	:	Save as otherwise provided in the Deed Poll B, a special resolution of the Warrant B Holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant B Holders.
Modification of the Deed Poll B	:	Any modification to the terms and conditions of the Deed Poll B may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll B. Any of such modification shall however be subject to the approval of Bursa Securities (if so required). The Company in consultation with an approved adviser, appointed by the Company for the purposes of the Deed Poll B, may from time to time without the consent or sanction of the Warrant B Holders make any modification (except to provisions for convening meetings of the Warrant B Holders) to the Deed Poll B which will not be materially prejudicial to the interest of the Warrant B Holders or is to correct any typographical errors or relate purely to administration matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia.
Transferability	:	The Warrants B shall be transferable in the manner provided under the SICDA and the Rules of Bursa Depository.
Deed Poll	:	The Warrants B are constituted by the Deed Poll B.
Governing laws	:	The Warrants B and the Deed Poll B shall be governed by the laws of Malaysia.

2.6 Details of other intended corporate exercises which have been approved

As at the LPD, save for the Rights Issue with Warrants, the Board confirms that there are no other corporate exercises which have been approved by the regulatory authorities but pending completion.

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3. SHAREHOLDER'S UNDERTAKING

The Company intends to raise a minimum of RM6 million from the Rights Issue with Warrants to meet the funding requirements of the Group, which will be channelled towards the proposed utilisation as set out in Section 5 of this Abridged Prospectus.

In view of the above, the Board has determined to undertake the Rights Issue with Warrants on the Minimum Subscription Level.

To meet the Minimum Subscription Level, the Company has procured the Undertaking from the Undertaking Shareholder *(an Executive Director of ATS)*. Details of the Undertaking is as follows:-

Minimum Scenario

Undertaking Shareholder	Existing direct shareholdings as at the LPD		Minimum Rights Shares to be subscribed for pursuant to the Undertaking			Direct shareholdings after the Rights Issue with Warrants	
			Subscription based on				
	No. of Shares	%(1)	Entitlement	Excess shares application	Total	No. of Shares	%(2)
Mak Siew Wei	2,768,500	0.64	2,768,500	97,231,500	(3)100,000,000	102,768,500	19.28

Notes:-

(1) Based on the issued and paid-up share capital of 433,060,630 ATS Shares as at the LPD.

(2) Based on the enlarged issued and paid-up share capital of 533,060,630 ATS Shares after the Rights Issue with Warrants, pursuant to the Minimum Subscription Level and excluding any exercise of Warrants B.

(3) This represents RM6 million (based on the issue price of RM0.06) and 18.76% of the enlarged issued and paid-up share capital after the Rights Issue with Warrants under the Minimum Scenario.

Pursuant to the Undertaking, the Undertaking Shareholder has:-

(i) irrevocably and unconditionally warranted that he shall not sell or in any other way dispose of or transfer his existing interest in the Company or any part thereof during the period commencing from the date of the Undertaking up to the Entitlement Date; and

(ii) confirmed that he has sufficient financial means and resources to subscribe in full for his entitlement under the Rights Issue with Warrants and take up additional Rights Shares not taken up by other Entitled Shareholders by way of excess shares application, to the extent such that the aggregate subscription of Rights Shares under the Rights Issue with Warrants (including the subscription for excess shares application) received by the Company amounts to not less than RM6 million. Mercury Securities has verified the sufficiency of financial resources of the Undertaking Shareholder for the purpose of subscribing the Rights Shares pursuant to the Undertaking.

The Undertaking Shareholder has confirmed that the Undertaking will not give rise to any consequence of mandatory offer obligation under the Code and Rules on Take-overs, Mergers and Compulsory Acquisitions immediately after the Rights Issue with Warrants.

In the event that the Undertaking Shareholder triggers an obligation to undertake a mandatory offer under the Code and Rules on Take-overs, Mergers and Compulsory Acquisitions pursuant to the Undertaking, a separate announcement will be made. Consequently, an application to the SC will be made on behalf of the Undertaking Shareholder as well as persons acting in concert for an exemption to undertake the mandatory offer under the Code and Rules on Take-overs, Mergers and Compulsory Acquisitions.

Nonetheless, the Undertaking Shareholder has confirmed that he will at all times observe and ensure compliance with the provisions of the Code and Rules on Take-overs, Mergers and Compulsory Acquisitions and will seek from the SC the necessary exemptions from undertaking such mandatory offer, if required.

As the Minimum Subscription Level will be fully satisfied via the Undertaking, the Company will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders.

The Undertaking is not expected to result in any breach in the public shareholding spread requirement by the Company under Rule 8.02(1) of the Listing Requirements.

4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants will enable the Company to raise funds and channel them towards the proposed utilisation as set out in Section 5 of this Abridged Prospectus.

After due consideration of the various options available, the Board is of the opinion that the Rights Issue with Warrants is the most suitable means of fund raising for the Company for the following reasons:-

(i) it will involve the issuance of new ATS Shares without diluting the Entitled Shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Rights Issue with Warrants and exercise their Warrants B subsequently;

(ii) it provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis; and

(iii) it will enable the Company to raise the requisite funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs.

The free Warrants B which are attached to the Rights Shares are intended to provide an added incentive to Entitled Shareholders to subscribe for the Rights Shares. In addition, the free Warrants B will provide Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants B and will allow Entitled Shareholders to further participate in the future growth of the Company as and when the Warrants B are exercised.

The exercise of the Warrants B in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, the exercise of the Warrants B will increase Shareholders' funds and lower the Company's gearing level, thereby providing the Company with flexibility in terms of the options available to meet its funding requirements.

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5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.06 per Rights Share, the gross proceeds to be raised from the Rights Issue with Warrants will be utilised in the following manner:-

Utilisation of proceeds	Expected timeframe for utilisation from completion of the Rights Issue with Warrants	Minimum Scenario RM'000	(1)Base Case Scenario RM'000	(2)Maximum Scenario RM'000
(i) Construction of Solar PV Plant	Within six (6) months	2,000	2,000	2,000
(ii) Acquisition of specialised machineries	Within 12 months	4,000	8,000	8,000
(iii) Repayment of bank borrowings	Immediate	-	6,315	6,315
(iv) Working capital	Up to 24 months	-	9,089	28,694
(v) Estimated expenses for the Corporate Exercises	Immediate	(3)-	580	580
Total		**6,000**	**25,984**	**45,589**

Notes:-

(1) Any additional proceeds raised in excess of the RM6 million under the Minimum Scenario will be allocated up to its respective maximum allocation under the Base Case Scenario in the following order:-

(i) estimated expenses for the Corporate Exercises;
(ii) acquisition of specialised machineries;
(iii) repayment of bank borrowings; and
(iv) working capital.

(2) Any additional proceeds raised in excess of the RM26.0 million under the Base Case Scenario will be allocated for working capital.

Notwithstanding the above, the Board wishes to highlight that the illustrative amount of up to RM45.6 million under the Maximum Scenario is based on the assumption that all the Convertible Securities are fully exercised prior to the Entitlement Date.

The Board is of the view that it is unlikely for all the outstanding Warrants A to be exercised prior to the Entitlement Date in view of, amongst others, the following:-

(i) the last transacted market price of ATS Shares as at the LPD of RM0.045;
(ii) the exercise price of RM0.12 for the Warrants A; and
(iii) the remaining tenure of approximately 29 months from the LPD for the Warrants A (expiring on 28 January 2019).

(3) Under the Minimum Scenario, the estimated expenses for the Proposals of RM0.6 million will be funded via internally generated funds.

(i) Construction of Solar PV Plant

On 1 March 2016, the Company's wholly-owned subsidiary, AT Precision Tooling Sdn Bhd ("**ATP**"), has secured a feed-in approval for renewable energy quota allocation ("**RE Quota**") from the Sustainable Energy Development Authority Malaysia[1] ("**SEDA**") to construct a solar photovoltaic installation ("**Solar PV Plant**") under the Feed-in Tariff[2] ("**FiT**") Programme to supply renewable energy with capacity of 300kW.

On 11 May 2016, ATP signed a REPPA with TNB for the sale and delivery of renewable energy by ATP to TNB for a concession period of 21 years commencing from the first date of supply of renewable energy to TNB.

Arising from the above, ATP intends to construct a 300kW Solar PV Plant ("**300kW Plant**") on one (1) of its two (2) existing factories located in Bayan Lepas, Penang. The total construction cost for the 300kW Plant is estimated to be RM3 million, comprising as follows:-

Cost breakdown	RM'000
Solar panels	1,030
Hardware such as inverters, mounting structure, wiring, switch board, monitoring system and meter	1,545
Project management, consultation and supervision costs and other miscellaneous costs	255
Goods and services tax (6%)	170
Total	**3,000**

The construction is expected to commence immediately upon completion of the Rights Issue with Warrants and is expected to be completed within six (6) months from commencement of construction.

To meet the funding requirement of RM3 million for the 300kW Plant, the Company has earmarked proceeds of RM2 million from the Rights Issue with Warrants and the balance cost of RM1 million will be financed via bank borrowings which may be in the form of a soft loan to be granted under the Green Technology Financing Scheme.

The Company intends to apply for a soft loan under the Green Technology Financing Scheme instead of allocating additional proceeds from the Rights Issue with Warrants in order to:-

(i) capitalise on the attractive borrowing terms under the Green Technology Financing Scheme (the Malaysian government will bear 2% of the total interest rate or profit and Credit Guarantee Corporation Malaysia Berhad will provide a guarantee of 60% on the financing amount); and

(ii) free up proceeds from Rights Issue with Warrants so that they can be allocated for other purposes e.g. acquisition of specialised machineries.

For information purposes, the Group has an existing Solar PV Plant with capacity of 425kW ("**425kW Plant**") on its other existing factory in Bayan Lepas, Penang. A summary of the details of the existing 425kW Plant and the proposed 300kW Plant are as follows:-

Details	Existing 425kW Plant	Proposed 300kW Plant
Capacity	425kW	300kW
Size	2,760 sqm	2,711 sqm
Location	Plot 82 Lintang Bayan Lepas, Phase IV Bayan Lepas Industrial Park 11900 Bayan Lepas Penang	Plot 49 Hilir Sungai Keluang 2, Phase IV Bayan Lepas Industrial Park 11900 Bayan Lepas Penang

Details	Existing 425kW Plant	Proposed 300kW Plant
Current status	Operational	To be constructed
Current use of building	Manufacturing plant for industrial automation systems	Manufacturing plant for fabrication of industrial and engineering parts
Date of REPPA	17 November 2015	11 May 2016
Concession period	21 years	21 years
Total estimated energy generated per annum	616MWh	414MWh
Total estimated value of energy generated per annum	RM0.54 million	RM0.33 million

Both the 425kW Plant and the 300kW Plant do not and are not expected to affect the output of the manufacturing plants in their respective buildings.

(ii) Acquisition of specialised machineries

On 24 March 2016, Fong's & AT Venture Sdn Bhd ("**FATV**"), a 75%-owned subsidiary of ATP, signed a purchase agreement ("**BPA**") with FEM, one of ATP's major customer and a 25% shareholder of FATV.

Under the BPA, FATV shall manufacture, supply and deliver high precision machine components to one of FEM's major customer, namely Rieter Group, in accordance with the specifications set out in the BPA. The salient features of the BPA are as follows:-

Salient features	Details
Tenure	Five (5) years with automatic renewal for a further one (1) year unless it is terminated in writing by either of the parties with twelve (12) months' notice to the end of the contractual term.
Product	High precision machine components such as aluminium profiles. The machine components are to be used by Rieter Group for the manufacturing of machinery used in the textile industry.
Supply and delivery	FATV shall supply such quantities of special machine components as may be ordered by FEM from time to time and deliver the same to Rieter Group directly at designated locations worldwide.
Value	The machine components to be purchased by FEM shall not be lesser than SGD2.9 million (approximately RM8.7 million(1)) in value per annum for the first two (2) years (i.e. a total of SGD5.8 million or approximately RM17.3 million).

Note:-

(1) Based on BNM's exchange rate of SGD1:RM2.9892 as at the LPD.

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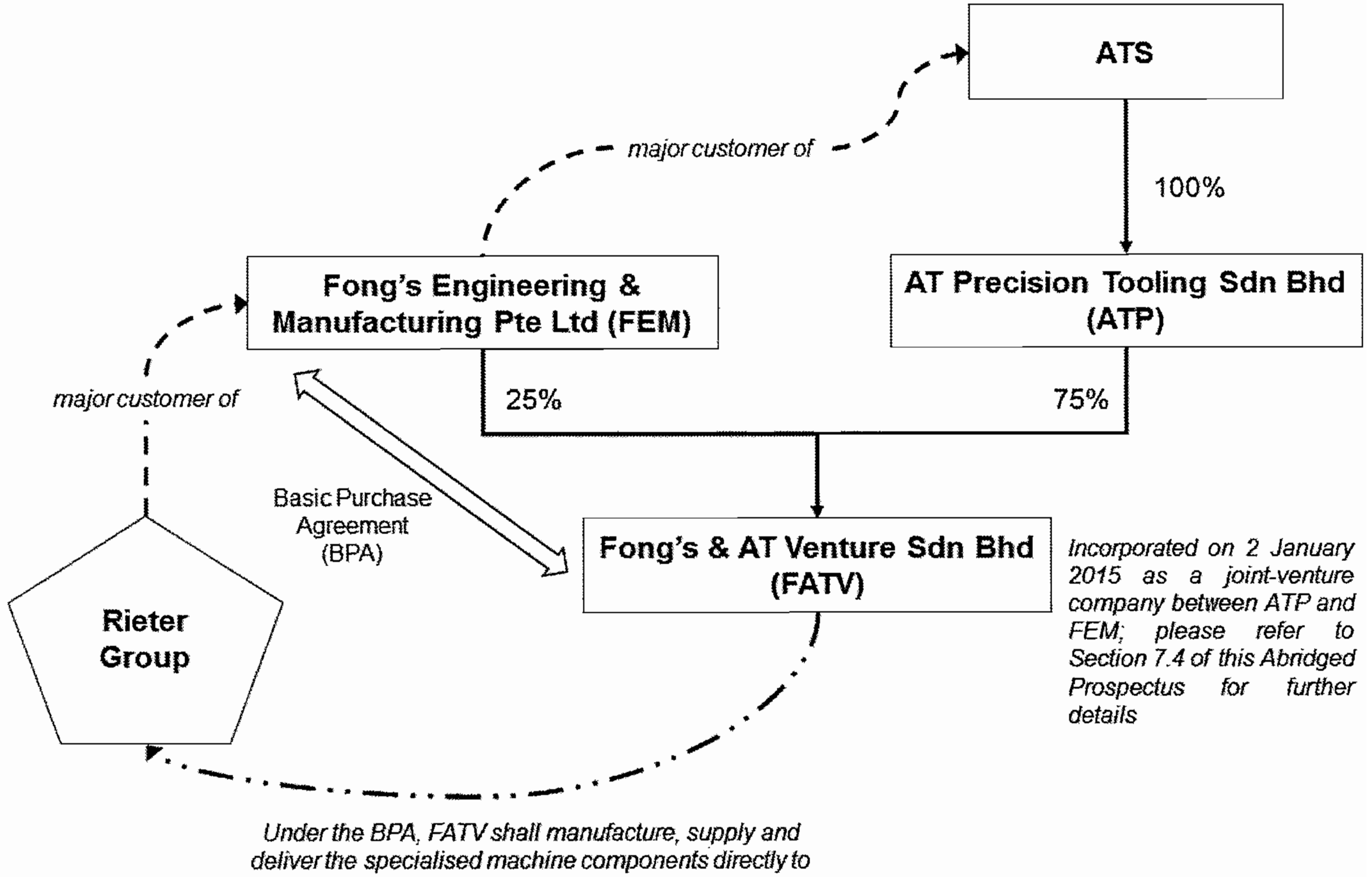
The relationship between the parties involved are as follows:-



Based on publicly available sources, Rieter Group:-

- *Is listed on the SIX Swiss Exchange*
- *Develops and manufactures machinery, systems and components used to convert natural and man-made fibres and their blends into yarns*
- *Is a deading global supplier of systems for short-staple fiber spinning and is the only supplier worldwide to cover spinning preparation processes as well as all four (4) final spinning processes currently established on the market*

To manufacture components that meet the specifications set out in the BPA, FATV would need to acquire six (6) new specialised tooling machineries as the manufacturing of those components cannot be achieved by current production methods and machineries of the Group at this point in time.

Based on quotations obtained by FATV, the estimated cost of acquiring those machineries are as follows:-

Machineries	Quantity	Cost per unit USD'000	Cost per unit RM'000[1]	Total RM'000
Double column machining center	1	425	1,733	1,733
Traveling column vertical machining center	4	400	1,631	6,524
Coordinate measuring machine	1	230	938	938
Total				**9,195**

Note:-

(1) *Based on BNM's exchange rate of USD1:RM4.0770 as at the LPD.*

To meet the above funding requirement, the Company has earmarked proceeds of up to RM8 million from the Rights Issue with Warrants under the Base Case Scenario and Maximum Scenario and the balance cost will be financed via internally-generated funds and/or bank borrowings.

For information purposes, the usage of these machineries is not solely limited to producing a specific type of machine component for this particular customer or the textile industry. These machineries can also be used to manufacture other types of specialised machine components with customised specifications depending on the customer's desired usage. These customers may include those from the semi-conductor, medical and O&G industries, amongst others.

(iii) Repayment of bank borrowings

As at the LPD, the total bank borrowings[1] of the Group stood at approximately RM6.3 million.

The Company has earmarked proceeds from the Rights Issue with Warrants of up to RM6.3 million[2] under the Base Case Scenario and Maximum Scenario for the repayment of the Group's bank borrowings[1].

Based on the prevailing interest rate of the Group's bank borrowings[1] of 4.95% per annum, the repayment of borrowings is expected to result in annual interest savings of RM312,593 per annum under the Base Case Scenario and Maximum Scenario.

Notes:-

(1) *Excluding hire purchase facilities of approximately RM5.5 million.*

(2) *The Group's bank borrowings comprise term loans from CIMB Bank Berhad which are subject to monthly repayments. If there is any surplus of funds following full repayment of those borrowings, such surplus shall be reallocated for working capital purposes.*

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(iv) Working capital

The balance of the proceeds to be raised from the Rights Issue with Warrants will be utilised for the Group's working capital purposes, which is expected to increase in tandem with the growth of its business, in the following manner:-

Utilisation	Percentage allocation (%)	Allocation Base Case Scenario RM'000	Maximum Scenario[3] RM'000
Day-to-day operating expenses[1]	60.0	5,453	17,216
Statutory related expenses and other administrative expenses[2]	40.0	3,636	11,478
Total	**100.0**	**9,089**	**28,694**

Notes:-

(1) These include, amongst others, plant maintenance costs, payments to trade creditors and incidental costs in relation to the Solar PV Plants such as professional consultancy fees, inspection and certification costs and other project staff related costs. The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating requirements of the Group at the relevant time.

(2) These include, amongst others, utilities, staff salaries, transportation costs, marketing costs and other miscellaneous items. The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual administrative requirements of the Group at the relevant time.

(3) Notwithstanding the above, the Board wishes to highlight that the illustrative amount of up to RM28.8 million is based on the assumption that all the Convertible Securities are exercised prior to the Entitlement Date. The Board is of the view that it is unlikely for all the Convertible Securities to be exercised prior to the Entitlement Date in view of the reasons set out in footnote (2) of Section 5 of this Abridged Prospectus.

(v) Estimated expenses for the Corporate Exercises

The breakdown of the estimated expenses for the Corporate Exercises are as follows:-

Estimated expenses	Amount RM'000
Professional fees	470
Fees to relevant authorities	75
Printing, despatch and advertising expenses	35
Total	**580**

If the actual expenses incurred are higher than budgeted, the deficit will be funded from the portion allocated for working capital and/or internally-generated funds. Conversely, any surplus of funds following payment of expenses will be utilised for working capital purposes.

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The actual gross proceeds to be raised from the Rights Issue with Warrants will depend on the actual number of Rights Shares that will be eventually issued.

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

Based on the exercise price of RM0.03 per Warrant B, the Company will raise gross proceeds of up to RM11.4 million upon full exercise of the Warrants B under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants B in the future will be used to finance future working capital requirements including day-to-day operating expenses, statutory related expenses and other administrative expenses as illustrated in Section 5(iv) above. The exact breakdown cannot be determined at this juncture and would be dependent on the actual requirements at the relevant time.

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6. RISK FACTORS

You should carefully consider, in addition to the other information contained in this Abridged Prospectus, the following risk factors (which may not be exhaustive) before subscribing for or investing in the Rights Issue with Warrants:-

6.1 Risks relating to the Rights Issue with Warrants

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

The Rights Issue with Warrants may be delayed or cancelled if there is a material adverse change of events or circumstances, which is beyond the control of the Company and the Principal Adviser.

In the event of failure in the completion of the Rights Issue with Warrants, all application monies received pursuant to the Rights Issue with Warrants will be refunded without interest to the Entitled Shareholders and or their renouncee(s) *(if applicable)* who have subscribed for the Rights Shares in accordance with Section 243 of the CMSA *(except for the costs of purchasing the provisional allotment of the Rights Shares with Warrants B and any expenses associated therewith)* and if any such monies is not repaid within 14 days after it becomes liable, the Company and its officers shall be liable to return such money with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made.

In the event that the Rights Issue with Warrants is cancelled after the Rights Shares and Warrants B have been validly allotted to the Entitled Shareholders and/or their renounce(s) *(if applicable)*, a return of monies of the Entitled Shareholders and/or their renounce(s) *(if applicable)* can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of the Shareholders by way of a special resolution in a general meeting, consent of the creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be recovered within a short period of time or at all under such circumstances.

(ii) Capital market risk

The market price of the new securities arising from the Rights Issue with Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuation. The respective price of the Company's securities is influenced by, amongst others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates and the outlook of the industry in which the Company operates in. In view of this, there can be no assurance that the ATS Shares (together with the Rights Shares and any new Shares issued pursuant to the exercise of the Warrants) will trade at or above the TERP disclosed in Section 2.2 of this Abridged Prospectus after completion of the Rights Issue with Warrants.

The Warrants B are new instruments issued by the Company. Therefore, there can be no assurance that an active market for the Warrants B will develop upon listing on Bursa Securities, or if developed, will be sustainable. In addition, there is no assurance that the Warrants B will be "in-the-money" during the Exercise Period.

Accordingly, there is no assurance that the market price of the Warrants B will be at a level that meets the specific investment objectives or targets of any subscriber of the Warrants B.

(iii) Forward-looking statements and other information

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

All forward-looking statements are based on the estimates and assumptions made by the Company, unless stated otherwise, and although the Board believes these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, but are not limited to, those set out in this Abridged Prospectus.

In view of this and other uncertainties, the inclusion of any forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty by the Company, the Principal Adviser and/or other advisers that the plans and objectives of the Group will be achieved.

Further, certain information in this Abridged Prospectus is extracted or derived from available government publications or other publicly available sources. Neither the Company nor the Principal Adviser and/or any other advisers have independently verified such information.

6.2 Risks relating to the Group

(i) Business risks

The Group is principally involved in the fabrication of industrial and engineering parts as well as the design and manufacturing of industrial automation systems. The Group is not insulated from general business risks as well as certain risks inherent in the industries in which it operates. These may include, amongst others, shortages of equipment or raw materials, constraints in labour supply, increase in labour costs, changes in law and tax legislation affecting the industry, increase in costs of new machinery, changes in business and credit conditions, equipment failure and factory accidents.

(ii) Political, economic and regulatory risks

The financial performance of the Group is partly dependent on the overall economic and political conditions both domestically and internationally. Adverse changes in the political, economic and regulatory conditions in Malaysia could materially affect the financial performance of the Group. These risks include, amongst others, economic downturn, unfavorable changes in monetary policy relating to interest rates, unfavorable changes in fiscal policy relating to taxation, unfavorable changes in exchange control regulations or introduction of new rules or regulations in the manufacturing sector and unfavorable changes in the political landscape.

As these risks are beyond the Group's control, there is no assurance that any adverse political, economic and regulatory developments will not materially affect the financial performance of the Group.

(iii) Dependency on the hard disk drive ("HDD") and semiconductor industries

The Group designs and manufactures precision components and fabricates precision tools, moulds, dies, jigs and fixtures for use in precision engineering applications primarily for the hard-disk drive and semiconductor industries. For the FYE 2016, the hard-disk drive and semiconductor industries contributed 38.77% and 31.70% of the Group's total revenue respectively.

Any adverse development in the hard-disk drive and semiconductor industries may adversely affect the Group's revenue and earnings.

(iv) Dependency on experienced management and key personnel

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

(v) Dependency on key customers

The Group's customers in the HDD and semiconductor industries are limited to several key customers. For the FYE 2016, these key customers contributed 38.77% and 25.19% of the Group's total revenue respectively. As such, the Group is also fairly dependent on these key customers. As transactions with customers are generally entered into on an open purchase order basis, as opposed to a long-term contractual agreement, the major customers can make demands on the Group, including demands on service and pricing. The Group supplies solutions, services and products to the key customers. Hence, the ability to maintain a long-term relationship with the customers is essential to the Group's performance.

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(vi) Inconsistent production of solar energy

As stated in Section 5 of this Abridged Prospectus, part of the proceeds from the Proposed Rights Issue with Warrants will be utilised for the construction of a Solar PV Plant which will extract solar energy from sunlight to generate electricity for sale to TNB.

The amount of solar energy that can be extracted by the Solar PV Plant is dependent on the availability of sunlight, which in turn is dependent on various factors such as the unpredictable weather conditions throughout the year. Prolonged cloudy or rainy days may lead to fewer hours of sunlight being received.

There is no assurance that the changes in the amount of sunlight received due to erratic weather conditions will not materially affect the production of electricity by the Solar PV Plant or that the Solar PV Plant will be able to generate a consistent amount of electricity all year round.

(vii) Foreign currency exchange fluctuation

The Group transacts certain sales in USD and SGD. For the FYE 2016, the Group's sales transactions in foreign currency contributed 28.18% of the Group's total revenue. As such, the Group is exposed to foreign currency exchange gains or losses arising from timing differences between billings, actual receipt of payments and conversion / translation into RM.

There is no assurance that any foreign currency exchange fluctuation will not have an impact on the Group's revenue and earnings.

(viii) Production delay

The Group's fabrication and manufacturing operations are highly dependent on the performance of its machineries. Hence, any production interruptions caused by unexpected machine failure, downtime, interrupted transportation of raw materials or power outages will cause production delays and affect delivery schedules.

There is no assurance that the Group's machineries and equipment will not break down and adversely affect the financial performance of the Group.

(ix) Production / operational risks

The Group's operations and financial performance are dependent on the smooth and efficient running of the production process. However, the production process could be adversely affected by many unforeseen factors, including changes in the Group's operating expenses, debt collection problems, unforeseen costs, the Group's responsiveness in increasing its production capacity to cater for increased orders and other operational risks such as disruption in electricity supply.

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(x) Project risk

The Group's industrial automation segment relies on projects secured by the Group, which are subjected to the following risk factors:-

(i) fixed cost price contracts, whereby the price is determined at the point of bidding based on estimates. The Group may underestimate project costs in tendering or bidding for a project. In such event, the Group may incur cost overruns that will reduce profits or result in losses;

(ii) customers may delay or cancel projects. Delays may arise from unanticipated difficulties in developing appropriate solutions. Project delays may affect profit margins due to the additional time spent negotiating and resolving issues. Other additional costs may also be incurred as a results of such delays; and

(iii) failure to implement projects that fully satisfy the requirements and expectations of customers may lead to project delays that will affect profit margins and result in additional costs arising from additional time spent negotiating and resolving issues.

The Group does not have any long-term contracts with customers for its industrial automation segment. Once a contract has been performed, there is no assurance that these customers will continue to use the Group's solutions and services or will continue to maintain their relationships with the Group.

(xi) Quality assurance

Quality is one of the key attributes that is important to the Group's businesses. The Group's financial performance could be adversely affected if the Group is unable to:-

(i) maintain overall technical competence and quality of the solutions and products as required by customers;

(ii) develop new solutions and products in a timely manner that have changes in overall specifications or features that the customers may require for their business needs;

(iii) meet the delivery schedules and reliability as required by the customers;

(iv) provide after sales customer service and support as required by the customers; and

(v) maintain competitive cost structures in terms of products.

There is no assurance that the Group can continuously guarantee the high quality of its solutions and products.

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

The Group's manufacturing operations are susceptible to interruptions due to a fire breakout and/or other emergencies, which could have adverse consequences including an adverse impact on the Group's financial performance.

There is no assurance that the Group's insurance coverage would be comprehensive enough to reflect the replacement cost of the assets or any consequential loss that the Group may suffer.

7. INDUSTRY OVERVIEW AND PROSPECTS

7.1 Malaysian economy

The Malaysian economy expanded by 4.0% in the second quarter of 2016 (1Q 2016: 4.2%). Private sector expenditure remained the key driver of growth (6.1%; 1Q 2016: 4.5%), and contributed towards the continued expansion in domestic demand. However, growth was affected by the continued decline in net exports and a significant drawdown in stocks. While real exports registered a better performance (1.0%; 1Q 2016: -0.5%) due to higher demand for manufactured products, real imports increased at a faster rate of 2.0% (1Q 2016: 1.3%) on account of improvement in growth of capital and intermediate goods. As a result, net exports continued to register a negative growth during the quarter, albeit at a slower pace of -7.0% (1Q 2016: -12.4%). The drawdown in stocks was attributed to lower production in agriculture and manufactured products. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 0.7% (1Q 2016: 1.0%).

Inflation, as measured by the annual change in the Consumer Price Index ("**CPI**"), declined to 1.9% in the second quarter of 2016 (1Q 2016: 3.4%), due mainly to the lapse of the impact of the Goods and Services Tax ("**GST**"), which was implemented in April 2015. The decline in inflation was observed in all twelve CPI categories.

The RM and most regional currencies depreciated against the USD during the quarter due to uncertainties surrounding US monetary policy. The RM, however, faced stronger depreciation pressure due to continued volatility in global crude oil prices and lower weightage of certain Malaysian stocks during the rebalancing of the Morgan Stanley Capital International Emerging Markets Index. The depreciation was, however, partially offset in June as expectations of a delay in a US interest rate increase resurfaced amid the release of weaker-than-expected US labour market data.

Growth of the Malaysian economy is expected to be 4-4.5%. Domestic demand will continue to be the main driver of growth, supported primarily by private sector spending. Private consumption is projected to expand further, underpinned by continued growth in wages and employment, as well as additional disposable income from Government measures. While the growth in private investment has moderated due to lower capital expenditures in the oil and gas sector, overall investment will remain supported by the implementation of infrastructure development projects and capital spending in the manufacturing and services sectors. Exports are projected to remain weak given the subdued global demand. Overall, while domestic conditions remain resilient, uncertainties in the external environment may pose downside risks to Malaysia's growth prospects.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2016, BNM)

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7.2 Overview and outlook of the manufacturing sector in Malaysia

The manufacturing sector expanded by 4.1% in the second quarter of 2016 (1Q 2016: 4.5%). Growth in the export-oriented industries benefited mainly from the higher production of semiconductors and petrochemical-related products. The electronics and electrical products cluster expanded by 8.5%. The domestic-oriented industries were supported by sustained production of food and beverages and construction-related materials. Motor vehicle output, on the other hand, remained weak.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2016, BNM)

The sales value of the manufacturing sector in June 2016 grew 2.9% (RM1.5 billion) to record RM55.8 billion as compared to RM54.3 billion reported a year ago. Total employees engaged in the manufacturing sector in June 2016 was 1,022,882 persons, a decrease of 0.1% or 1,318 persons as compared to 1,024,759 persons in June 2015. Salaries & wages paid in June 2016 increased by 5.0% (RM152.6 million) to record RM3,181.6 million. Productivity increased by 3.0% to record RM54,585 as compared with the same month of the previous year.

The Industrial Production Index (IPI) in June 2016 posted a higher growth of 5.3% as compared to 2.8% registered in May 2016. The expansion was driven by positive growth in all sectors: manufacturing (4.7%), mining (6.3%) and electricity (8.7%). The manufacturing sector continued to expand at 4.7% in June 2016 after registering a growth of 3.7% in May 2016. The growth in June 2016 was supported by three major sub-sectors; electrical and electronics products (9.1%), petroleum, chemical, rubber and plastic products (5.0%) and wood products, furniture, paper products, printing (10.1%).

(Source: Press releases by the Department of Statistics, Malaysia dated 11 August 2016)

The manufacturing sector expanded by 4.9% in 2015 (2014: 6.2%), attributable mainly to the continued strength of the export-oriented industries. The performance of the export-oriented industries was primarily driven by strong production growth in the electronics and electrical (E&E) cluster, particularly in the consumer-based electrical segment and selected semiconductor components. Growth was further supported by the primary-related cluster *(comprising chemicals and chemical products, petroleum products, textiles, wearing apparel and footwear, wood and wood products, rubber products, off-estate processing and paper products)* due mainly to sustained regional demand for chemical products. The domestic-oriented industries, however, moderated mainly as a result of slower growth in the consumer-related cluster *(comprising food products, transport equipment, beverages, tobacco products and others)*.

Growth in the manufacturing sector is expected to moderate to 4.1% in 2016 mainly due to slower expansion in the export-oriented industries. The expected softening in regional demand will affect the performance of the primary-related cluster. While the electronics and electrical (E&E) cluster will remain supportive of growth, the weakening demand from emerging market economies and the strength of the US dollar is likely to weigh down on global demand for electronic goods. Growth in the domestic-oriented industries is also expected to soften in line with weaker domestic demand conditions.

With the modest growth in demand from the advanced economies, investment in the manufacturing sector is expected to be driven by the expansion of capacity in the export-oriented manufacturing industries such as E&E and resource-based manufacturers. Furthermore, manufacturers are also expected to increase their capital spending to support the adoption of automation in order to increase efficiency and productivity, given the more competitive business environment.

(Source: BNM's Annual Report 2015)

7.3 Overview and outlook of the energy utility industry in Malaysia

Malaysia has a good mix of energy resources that comprise renewable and non-renewable sources. Malaysia's non-renewable fossil fuel sources are oil, natural gas and coal, while its renewable energy sources include biomass, solar and hydro. While Malaysia is a net energy exporter, concerns about energy security, fluctuations in crude oil pricing and climate change are driving significant changes in how energy and electricity specifically, is generated, transmitted and consumed in Malaysia. Thus, renewable energy resources are becoming attractive for sustainable energy development in Malaysia as these renewable sources of energy are abundant in Malaysia, with the significant ones being hydropower, solar and biomass.

Energy supply in Malaysia, as measured by total installed capacity for non-renewable and renewable energy, increased from 24,831 megawatts ("**MW**") in 2010 to 30,875 MW in 2014 at a compound annual growth rate ("**CAGR**") of 5.60%. Growth in energy supply is directly impacted by growth in demand for electricity. For the period between 2010 and 2014, electricity demand in Malaysia, as measured by sales of electricity, grew from 99,485 gigawatt hours ("**GWh**") to 121,698 GWh at a CAGR of 5.17%. Smith Zander International Sdn Bhd projects electricity demand in Malaysia to increase from 121,698 GWh in 2014 to 145,500 GWh in 2017 at a CAGR of 6.14% on the back of economic growth and greater usage of electrical and electronic products.

Total installed capacity for renewable energy is a measure of total supply of renewable energy power. Total installed capacity for commissioned renewable energy installations under the FIT mechanism increased from 94.19 MW in 2012 to 375.99 MW in 2015 at a CAGR of 58.63%. Over the same period, total installed capacity for commissioned solar PV installations increased from 31.53 MW to 260.15 MW at a staggering CAGR of 102.07%. The contribution of commissioned solar PV installations over total commissioned renewable energy installations in the country has almost doubled from 33.47% in 2012 to 63.26% in 2015, indicating a rise in the potential of solar power as a key renewable power source in Malaysia.

Renewable energy was announced as the fifth fuel in the 8th Malaysia Plan, and subsequently in the 11th Malaysia Plan, it was targeted that renewable energy sources including biomass, biogas, solar PV and small hydropower are targeted to reach 7.8% of total installed capacity in Peninsular Malaysia and Sabah by 2020. The Renewable Energy Act 2011 (Act 725) was ratified to promote investments in renewable energy, as well as provide a structured approach via the FIT mechanism to encourage individuals and companies to actively participate in supplying renewable energy to Malaysia's national electricity grid.

The FIT mechanism also provides for a captive demand market for renewable energy in that feed-in approval holders (communities, individuals and companies) have guaranteed access to the national electricity grid whereby power utility firms are legally obliged to accept all electricity generated by feed-in approval holders at a contractually fixed FIT rate for an effective period. Feed-in approval holders (individuals and companies) of solar PV are guaranteed access to Malaysia's national electricity grid for a period of 21 years at FIT rates that are higher than FIT rates offered for biogas, biomass and small hydropower.

The annual power generation for commissioned solar PV installations increased from 4.71 GWh in 2012 to 249.52 GWh in 2015 at a CAGR of 275.57%. Comparatively, annual power generation for other commissioned renewable energy installations comprising biomass, biogas and small hydropower increased from 137.74 GWh to 327.91 GWh over the same period at a CAGR of 33.53%. Annual power generation for commissioned solar PV installations is a measure of total demand for solar power.

In terms of contribution to total annual power generation for commissioned renewable energy installations, the annual power generation for commissioned solar PV installations has risen from 3.31% in 2012 to 43.21% in 2015, in tandem with the increase in commissioned solar PV installations, marking the significance and increasing prospects in actual demand for solar power as a renewable energy.

Anticipating greater demand for electricity following the Government's target to achieve the status of high income nation by 2020, a total of over 9,000 MW of installed capacity comprising renewable and non-renewable energy sources is expected to become operational between 2015 and 2020. Under the FIT mechanism, a total of 571.80 MW of renewable energy capacity is under "Plants in Progress" and expected to become operational between 2016 and 2019, where solar PV comprises 80.69 MW as at 1 September 2016. "Plants in Progress" refers to installations that have been granted with feed-in approvals under the FIT mechanism but have yet to achieve the FIT commencement date. Allocations for solar PV installations under the FIT mechanism are made available frequently, as the shorter lead time for implementation and higher volume response for approvals enables them to be allocated and set up within shorter periods of time.

(Source: Independent Market Research Report on the Energy Utility and Solar Photovoltaic Industry in Malaysia by Smith Zander International Sdn Bhd)

7.4 Prospects and future plans for the Group

Moving forward, the Group will continue to operate its existing businesses with main focus on fabrication of industrial and engineering parts. The Group will leverage on its existing network of customers which are mainly in the E&E industries, while at the same time leverage on its strategic partnership with FEM via FATV, being the Group's joint venture company with FEM.

FATV, which is 75% owned by ATP *(a wholly-owned subsidiary of ATS)* and 25% owned by FEM, was incorporated on 2 January 2015 following a joint venture agreement dated 5 November 2014 between ATP and FEM. The purpose of the joint venture arrangement is for ATP and FEM to collaborate in the area of manufacturing parts for the O&G, life science, electronics, aerospace and other industries operations and to position FATV as FEM's manufacturing arm outside Singapore to meet FEM's customers' job orders and requirements.

Following the joint venture, ATP has entered into a BPA with FEM to manufacture, supply and deliver high precision machine components such as aluminium profiles to FEM for FEM's major customer, namely Rieter Group, for a period of five (5) years with automatic renewal for a further one (1) year. Further details are set out in Section 5(ii) of this Abridged Prospectus.

The strategic partnership with FEM is expected to bring in new business opportunities for the Group and open its doors to customers from other previously untapped sectors such as the O&G and aerospace industries. The expected timeframe for the Group to tap into these other sectors cannot be determined at this juncture.

Besides that, the strategic partnership with FEM allows the Group to have the opportunity to tap on the technical know-how and expertise of FEM which has prior experience in serving multi-national customers from an array of industries. The joint venture with FEM is expected to enhance the technical knowledge of the Group's staff as well as the Group's research and development capabilities. This bodes well for the development of the Group's business as it strives to be a market leader and pre-eminent supplier for engineering solutions to customers worldwide.

Meanwhile, to broaden the Group's revenue base, the Group has also been involved in the generation of solar energy via the FiT Programme conducted by SEDA. The Group's existing 425kW Plant was constructed on the rooftop of one of the Group's existing premises in Bayan Lepas, Penang while the proposed 300kW Plant will also be constructed on the rooftop of another of the Group's existing premises in Bayan Lepas, Penang. This initiative provides an alternative source of income to the Group.

The Malaysian manufacturing sector has remained resilient despite the challenges affecting the Malaysian economy such as the depreciation in Ringgit Malaysia. In this respect, the Group will adopt a prudent approach towards its manufacturing operations. The Group is expected to benefit from its participation in the FiT Programme, which is driven by the government's initiative to promote renewable energy in Malaysia. Moving forward, despite the challenging economic environment in Malaysia in the immediate future, the Group is expected to perform commendably with its business plan of strategically partnering with FEM to expand its customer base and build its technical capabilities, as well as earning additional income through the FiT Programme.

(Source: Management of ATS)

8. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Share capital

The pro forma effects of the Rights Issue with Warrants on the issued and paid-up share capital of the Company are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital	No. of Shares	Share capital
Issued and paid-up share capital as at the LPD	433,060,630	12,991,819	433,060,630	12,991,819
Arising from the exercise of all the granted SIS Options	-	-	129,918,100	3,897,543
Arising from the exercise of all the outstanding Warrants A	-	-	196,845,765	5,905,373
To be issued pursuant to the Rights Issue with Warrants	100,000,000	3,000,000	759,824,495	22,794,735
	533,060,630	15,991,819	1,519,648,990	45,589,470
To be issued assuming full exercise of the Warrants B	50,000,000	1,500,000	379,912,247	11,397,367
Enlarged issued and paid-up share capital	**583,060,630**	**17,491,819**	**1,899,561,237**	**56,986,837**

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8.2 NA and gearing

The pro forma effects of the Rights Issue with Warrants on the NA and gearing of the Group are as follows:-

Minimum Scenario

Group Level	Audited as at 29 February 2016 RM'000	(I) After subsequent events[1] RM'000	(II) After (I) and the Rights Issue with Warrants[2][3] RM'000	(III) After (II) and assuming full exercise of the Warrants B[5] RM'000
Share capital	43,306	12,992	15,992	17,492
Share premium	10,768	5,914	6,834	8,334
Warrant reserves	17,125	17,125	18,625	17,125
Revaluation reserve	6,615	6,615	6,615	6,615
SIS Options reserves	-	3,602	3,602	3,602
Accumulated losses	(35,168)	(3,602)	(3,602)	(3,602)
Shareholders' equity / NA	**42,646**	**42,646**	**48,066**	**49,566**
No. of Shares in issue ('000)	433,061	433,061	533,061	583,061
NA per Share (RM)	0.10	0.10	0.09	0.09
Total borrowings (RM'000)	10,750	10,750	[4]16,945	16,945
Gearing (times)	0.25	0.25	0.35	0.34

Notes:-

(1) After accounting for the following:-

(i) Par Value Reduction which entails the reduction of the par value of every existing ATS Share via the cancellation of RM0.07 and Share Premium Reduction which entails the reduction of the Company's entire share premium account, which collectively gave rise to a total credit of RM41,082,285, to set-off against the accumulated losses; and

(ii) granting of 18,069,900 and 111,848,200 SIS Options at their allocated fair values of RM0.0279 and RM0.0277 per SIS Option respectively.

(2) Based on the Minimum Subscription Level of 100,000,000 Rights Shares together with 50,000,000 Warrants B at an issue price of RM0.06 per Rights Share.

(3) After accounting for the warrant reserve based on the issuance of 50,000,000 Warrants B at an allocated fair value of RM0.03 per Warrant B (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of approximately RM0.58 million.

(4) The Group will be obtaining additional borrowings of RM1 million and RM5.2 million for the construction of Solar PV Plant and acquisition of specialised machineries respectively to cover the shortfall between their respective funding requirements and their allocated proceeds under the Minimum Scenario, as set out in Section 5 of this Abridged Prospectus.

(5) Based on the Exercise Price of RM0.03 per Warrant B.

Base Case Scenario

Group Level	Audited as at 29 February 2016 RM'000	(I) After subsequent events[1] RM'000	(II) After (I) and the Rights Issue with Warrants[2][3] RM'000	(III) After (II) and assuming full exercise of the Warrants B[6] RM'000
Share capital	43,306	12,992	25,984	32,480
Share premium	10,768	5,914	11,830	18,326
Warrant reserves	17,125	17,125	23,621	17,125
Revaluation reserve	6,615	6,615	6,615	6,615
SIS Options reserves	-	3,602	3,602	3,602
Accumulated losses	(35,168)	(3,602)	(3,602)	(3,602)
Shareholders' equity / NA	**42,646**	**42,646**	**68,050**	**74,546**
No. of Shares in issue ('000)	433,061	433,061	866,122	1,082,652
NA per Share (RM)	0.10	0.10	0.08	0.07
Total borrowings (RM'000)	10,750	10,750	[4][5]6,630	6,630
Gearing (times)	0.25	0.25	0.10	0.09

Notes:-

(1) After accounting for the following:-

(i) Par Value Reduction which entails the reduction of the par value of every existing ATS Share via the cancellation of RM0.07 and Share Premium Reduction which entails the reduction of the Company's entire share premium account, which collectively gave rise to a total credit of RM41,082,285, to set-off against the accumulated losses; and

(ii) granting of 18,069,900 and 111,848,200 SIS Options at their allocated fair values of RM0.0279 and RM0.0277 per SIS Option respectively.

(2) Assuming all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements at the issue price of RM0.06 per Rights Share.

(3) After accounting for the warrant reserve based on the issuance of 216,530,315 Warrants B at an allocated fair value of RM0.03 per Warrant B (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Corporate Exercises of approximately RM0.58 million.

(4) The Company has earmarked proceeds from the Rights Issue with Warrants of RM6.3 million under the Base Case Scenario for the repayment of the Group's bank borrowings (save for hire purchase facilities).

(5) The Group will be obtaining additional borrowings of RM1 million and RM1.2 million for the construction of Solar PV Plant and acquisition of specialised machineries respectively to cover the shortfall between their respective funding requirements and their allocated proceeds under the Base Case Scenario, as set out in Section 5 of this Abridged Prospectus.

(6) Based on the Exercise Price of RM0.03 per Warrant B.

Maximum Scenario

Group Level	Audited as at 29 February 2016 RM'000	(I) After subsequent events[1] RM'000	(II) After (I) and assuming full exercise of the Convertible Securities[2] RM'000	(II) After (I) and the Rights Issue with Warrants B[3][4] RM'000	(III) After (II) and assuming full exercise of the Warrants B[7] RM'000
Share capital	43,306	12,992	22,795	45,590	56,987
Share premium	10,768	5,914	46,955	57,773	69,170
Warrant reserves	17,125	17,125	6,615	11,397	-
Revaluation reserve	6,615	6,615	-	6,615	6,615
SIS Options reserves	-	3,602	-	-	-
Accumulated losses	(35,168)	(3,602)	(3,602)	(3,602)	(3,602)
Shareholders' equity / NA	**42,646**	**42,646**	**72,763**	**117,773**	**129,170**
No. of Shares in issue ('000)	433,061	433,061	759,825	1,519,649	1,899,561
NA per Share (RM)	0.10	0.10	0.10	0.08	0.07
Total borrowings (RM'000)	10,750	10,750	10,750	[5][6]6,630	6,630
Gearing (times)	0.25	0.25	0.12	0.06	0.05

Notes:-

(1) *After accounting for the following:-*

   (i) *Par Value Reduction which entails the reduction of the par value of every existing ATS Share via the cancellation of RM0.07 and Share Premium Reduction which entails the reduction of the Company's entire share premium account, which collectively gave rise to a total credit of RM41,082,285, to set-off against the accumulated losses; and*

   (ii) *granting of 18,069,900 and 111,848,200 SIS Options at their allocated fair values of RM0.0279 and RM0.0277 per SIS Option respectively.*

(2) *Based on the exercise price of RM0.05 per SIS Option and RM0.12 per Warrant A.*

(3) *Assuming all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements at the issue price of RM0.06 per Rights Share.*

(4) *After accounting for the warrant reserve based on the issuance of 379,912,247 Warrants B at an allocated fair value of RM0.03 per Warrant B (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and deducting estimated expenses incidental to the Corporate Exercises of approximately RM0.58 million.*

(5) *The Company has earmarked proceeds from the Rights Issue with Warrants of RM6.3 million under the Maximum Scenario for the repayment of the Group's bank borrowings (save for hire purchase facilities).*

(6) *The Group will be obtaining additional borrowings of RM1 million and RM1.2 million for the construction of Solar PV Plant and acquisition of specialised machineries respectively to cover the shortfall between their respective funding requirements and their allocated proceeds under the Maximum Scenario, as set out in Section 5 of this Abridged Prospectus.*

(7) *Based on the Exercise Price of RM0.03 per Warrant B.*

8.3 Substantial shareholders' shareholdings

The substantial shareholder of the Company based on the register of substantial Shareholders as at the LPD and the pro forma effects of the Rights Issue with Warrants on its shareholdings is as follows:-

Minimum Scenario

	As at the LPD				(I) After the Proposed Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	**No. of shares**	**%(1)**	**No. of shares**	**%(1)**	**No. of shares**	**%(3)**	**No. of shares**	**%(3)**
Asiabio Capital Sdn Bhd	39,369,100	9.09	-	-	39,369,100	7.39	-	-
Asia Bioenergy Technologies Berhad	-	-	(2)39,369,100	9.09	-	-	(2)39,369,100	7.39
Mak Siew Wei	2,768,500	0.64	-	-	102,768,500	19.28	-	-

	(II) After (I) and assuming full exercise of the Warrants B			
	Direct		Indirect	
Substantial shareholders	**No. of shares**	**%(4)**	**No. of shares**	**%(4)**
Asiabio Capital Sdn Bhd	39,369,100	6.75	-	-
Asia Bioenergy Technologies Berhad	-	-	(2)39,369,100	6.75
Mak Siew Wei	152,768,500	26.20	-	-

Notes:-

(1) *Based on the issued and paid-up share capital of 433,060,630 ATS Shares as at the LPD.*
(2) *Deemed interested by virtue of its interest in Asiabio Capital Sdn Bhd.*
(3) *Based on the enlarged issued and paid-up share capital of 533,060,630 ATS Shares, under the Minimum Scenario.*
(4) *Based on the enlarged issued and paid-up share capital of 583,060,630 ATS Shares, under the Minimum Scenario.*

Maximum Scenario

Substantial shareholders	As at the LPD				(I) Assuming full granting and/or exercise of the Convertible Securities			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%(1)	No. of shares	%(1)	No. of shares	%(3)	No. of shares	%(3)
Asiabio Capital Sdn Bhd	39,369,100	9.09	-	-	39,369,100	5.18	-	-
Asia Bioenergy Technologies Berhad	-	-	(2)39,369,100	9.09	-	-	(2)39,369,100	5.18
Mak Siew Wei	2,768,500	0.64	-	-	(6)38,116,700	5.02	-	-

Substantial shareholders	(II) After the Proposed Rights Issue with Warrants				(III) After (I), (II) and assuming full exercise of the Warrants B			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%(4)	No. of shares	%(4)	No. of shares	%(5)	No. of shares	%(5)
Asiabio Capital Sdn Bhd	78,738,200	5.18	-	-	98,422,750	5.18	-	-
Asia Bioenergy Technologies Berhad	-	-	(2)78,738,200	5.18	-	-	(2)98,422,750	5.18
Mak Siew Wei	76,233,400	5.02	-	-	95,291,750	5.02	-	-

Notes:-

(1) Based on the issued and paid-up share capital of 433,060,630 ATS Shares as at the LPD.
(2) Deemed interested by virtue of its interest in Asiabio Capital Sdn Bhd.
(3) Based on the enlarged issued and paid-up share capital of 759,824,495 ATS Shares, assuming all the 129,918,100 SIS Options and 196,845,765 Warrants A are fully granted and/or exercised.
(4) Based on the enlarged issued and paid-up share capital of 1,519,648,990 ATS Shares, under the Maximum Scenario.
(5) Based on the enlarged issued and paid-up share capital of 1,899,561,237 ATS Shares, under the Maximum Scenario.
(6) Assuming the 35,348,200 SIS Options granted to Mak Siew Wei are fully exercised.

8.4 Earnings and EPS

The effects of the Rights Issue with Warrants on the consolidated earnings and EPS of ATS for the FYE 2017 will depend on, amongst others, the number of Rights Shares to be issued and the level of returns generated from the utilisation of the proceeds to be raised from the Rights Issue with Warrants.

As the Group registered LAT for the FYE 29 February 2016 and the level of returns generated from the utilisation of the proceeds to be raised from the Rights Issue with Warrants cannot be reliably estimated at this juncture, the effects of the Rights Issue with Warrants on the LPS (or potential EPS) of the Company cannot be illustrated.

However, assuming that the consolidated earnings of ATS remains unchanged, the consolidated EPS of ATS will be diluted as a result of the increase in the number of ATS Shares in issue following the issuance of the Rights Shares and the new ATS Shares arising from the exercise of the Warrants B.

8.5 Convertible securities

As at the LPD, save for the granted SIS Options and outstanding Warrants A, ATS does not have any other outstanding convertible securities.

The Rights Issue with Warrants will give rise to an adjustment to the number and exercise price of the granted SIS Options and outstanding Warrants A pursuant to the provisions of the By-Laws and the Deed Poll A respectively.

The notices setting out the details of the abovementioned adjustments will be despatched to the holders of SIS Options and Warrant A Holders respectively in due course.

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

9.1 Working capital

The Board is of the opinion that, after taking into consideration the funds generated from the Company's operations, the banking facilities available to the Group as well as the proceeds to be raised from the Rights Issue with Warrants, the Group will have sufficient working capital available for a period of twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, the Group's total outstanding borrowings (all of which are interest bearing) and denominated in RM are set out as follows:-

Borrowings	Total RM'000
Short term borrowings	2,203
Long term borrowings	9,659
Total	**11,862**

There has not been any default on payments of either interest and/or principal sums on any of the above borrowings throughout the past one (1) financial year and subsequent financial period up to the LPD.

9.3 Contingent liabilities

As at the LPD, there are no contingent liabilities which upon becoming due or enforceable may have a material impact on the profits or NA value of the Group.

9.4 Material commitments

Save as disclosed below, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial results or position of the Group:-

Capital commitments	RM'000
Capital commitment in respect of purchase of machinery and installation of security system as part of refurbishment of factory	
- approved but not contracted for	3,682
- contracted but not provided for	42

10. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

Full instructions for the acceptance of and payment for the Provisional Allotments as well as Excess Rights Shares with Warrants B Applications and the procedures to be followed should you and/or your transferee(s) and/or your renouncee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement are set out in this Abridged Prospectus and the RSF. You and/or your transferee(s) and/or your renouncee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with Section 232(2) of the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptance of and/or payment for the Provisional Allotments which do not conform strictly to the terms of this Abridged Prospectus, the RSF or the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of the Board.

10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments that you are entitled to subscribe for in full or in part under the terms and conditions of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Rights Shares with Warrants B that you have been provisionally allotted as well as to apply for Excess Rights Shares with Warrants B if you choose to do so. This Abridged Prospectus and the RSF are also available at the Registered Office, the Share Registrar or on Bursa Securities' website (http://www.bursamalaysia.com).

10.2 NPA

The Provisional Allotments are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the NPA will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your transferee(s) and/or your renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the applications.

10.3 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Allotments allotted to you must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus, the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of the Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement to the Provisional Allotments, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at the following address:-

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603 - 2783 9299
Fax : +603 - 2783 9222

so as to arrive not later than 5.00 p.m. on **Monday, 10 October 2016**, being the last date and time for the acceptance and payment for the Rights Shares with Warrants B.

If you lose, misplace or for any other reason require another copy of the RSF, you may obtain additional copies from the Registered Office, the Share Registrar or Bursa Securities' website (http://www.bursamalaysia.com).

One (1) RSF must be used for acceptance of the Provisional Allotments standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of Provisional Allotments standing to the credit of more than one (1) CDS Account. The Rights Shares with Warrants B accepted by you will be credited into the CDS Account(s) where the Provisional Allotments are standing to the credit.

Successful applicants to the Rights Shares with Warrants B will be given the Warrants B on the basis of one (1) Warrant B for every two (2) Rights Shares successfully subscribed for. The minimum number of Rights Shares with Warrants B that can be accepted is two (2) Rights Shares with one (1) Warrant B. However, you should take note that a trading board lot comprises 100 Shares. Fractions of a Rights Share and/or Warrant B arising from the Rights Issue with Warrants will be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company.

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

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of a banker's draft or cashier's Order or money order or postal order drawn on a bank or post office in Malaysia and which must be made payable to **"AT RIGHTS ISSUE ACCOUNT"**, crossed **"ACCOUNT PAYEE ONLY"** and endorsed on the reverse side with your name in block letters and your CDS Account number, and must be received by the Share Registrar by 5.00 p.m. on **Monday, 10 October 2016**. The payment must be made for the exact amount payable for the Rights Shares accepted. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU AND/OR YOUR TRANSFEREE(S) AND/OR YOUR RENOUNCEE(S) BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

PROOF OF POSTAGE SHALL NOT CONSTITUTE PROOF OF RECEIPT BY OUR SHARE REGISTRAR OR THE COMPANY.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

ALL RIGHTS SHARES AND WARRANTS B TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING SUCH RIGHTS SHARES AND THE WARRANTS B INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR TRANSFEREE(S) AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE OR WARRANT CERTIFICATES WILL BE ISSUED.

If acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by 5.00 p.m. on **Monday, 10 October 2016**, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

The Board will then have the right to allot any Rights Shares with Warrants B not validly taken up to applicants applying for the Excess Rights Shares with Warrants B in the manner as set out in Section 10.6 of this Abridged Prospectus.

10.4 Procedures for part acceptance

If you do not wish to accept the Rights Shares with Warrants B provisionally allotted to you in full, you are entitled to accept part of your entitlements that can be subscribed / applied for. The minimum number of Rights Shares with Warrants B that may be accepted is two (2) Rights Shares with one (1) Warrant B. Fractions of a Rights Share and Warrant B arising from the Rights Issue with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interests of the Company. Applicants should take note that a trading board lot comprises 100 Shares and 100 Warrants respectively.

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares with Warrants B which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to the Share Registrar in the same manner as set out in Section 10.3 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.5 Procedures for sale or transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Allotments to one (1) or more persons, you may do so through your stockbroker during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement on the open market during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository during period up to the last date and time for transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(A) and II of the RSF and delivering the RSF together with the full amount payable on the balance of the Rights Shares with Warrants B applied for to the Share Registrar. Please refer to Section 10.3 of this Abridged Prospectus for the procedures for acceptance and payment.

YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

10.6 Procedures for the Excess Rights Shares with Warrants B Application

If you wish to apply for additional Rights Shares with Warrants B in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable for the Excess Rights Shares with Warrants B applied for, to our Share Registrar so as to arrive not later than 5.00 p.m. on **Monday, 10 October 2016**, being the last time and date for Excess Rights Shares with Warrants B Applications and payment.

Payment for the Excess Rights Shares with Warrants B Application(s) be made in the same manner as set out in Section 10.3 of this Abridged Prospectus except that the banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia must be made payable to **"AT EXCESS RIGHTS ISSUE ACCOUNT"**, crossed **"ACCOUNT PAYEE ONLY"** and endorsed on the reverse side with your name in block letters and your CDS Account number, and must be received by our Share Registrar by 5.00 p.m. on **Monday, 10 October 2016**. The payment must be made for the exact amount payable for the Excess Rights Shares with Warrants B Application(s). Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

It is the intention of the Board to allot the Excess Rights Shares with Warrants B, if any, in a fair and equitable manner in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants B, taking into consideration their respective shareholdings in our Company as at the Entitlement Date;

(iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants B, taking into consideration the quantum of their respective excess application; and

(iv) finally, on a pro-rata basis and in board lots, to the renouncee(s) who have applied for Excess Rights Shares with Warrants B, taking into consideration the quantum of their respective excess application.

Notwithstanding the foregoing, the Board reserves the right to allot any Excess Rights Shares with Warrants B applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interests of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in Section 10.6 (i), (ii), (iii) and (iv) above is achieved. The Board also reserves the right to allot any Excess Rights Shares with Warrants B Application, in full or in part, without assigning any reason thereof.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

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NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS RIGHTS SHARES WITH WARRANTS B APPLICATION OR APPLICATION MONIES IN RESPECT THEREOF. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU AND/OR YOUR TRANSFEREE(S) AND/OR YOUR RENOUNCEE(S) BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

EXCESS RIGHTS SHARES WITH WARRANTS B APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS B APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

10.7 Procedures to be followed by transferee(s) and/or renouncee(s)

As a transferee and/or renouncee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the Excess Rights Shares with Warrants B and/or payment is the same as that which is applicable to Entitled Shareholders as described in Sections 10.3 to 10.6 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you can request the same from the registered office of ATS, the Share Registrar or Bursa Securities' website (http://www.bursamalaysia.com).

TRANSFEREE(S) AND/OR RENOUNCEE(S) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.8 CDS Account

Bursa Securities has already prescribed the Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the new securities arising from the Rights Issue with Warrants are prescribed securities and, as such, all dealings with such securities will be by book entries through CDS Accounts and shall be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares with Warrants B. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares with Warrants B shall signify your consent to receiving such Rights Shares with Warrants B as deposited securities that will be credited directly into your CDS Account. No physical certificates will be issued.

All Excess Rights Shares with Warrants B allotted shall be credited directly into the CDS Accounts of successful applicants. If you have multiple CDS Accounts into which the Provisional Allotments have been credited, you cannot use a single RSF to accept all these Provisional Allotments. Separate RSFs must be used for acceptance of Provisional Allotments credited into separate CDS Accounts. If successful, the Rights Shares with Warrants B that you subscribed for will be credited into the CDS Accounts where the Provisional Allotments are standing to the credit.

10.9 Foreign-Addressed Shareholders

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction other than Malaysia, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The distribution of this Abridged Prospectus, the NPA and the RSF, as well as the acceptance of the Provisional Allotments and the subscription for or the acquisition of the Rights Shares with Warrants B may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

This Abridged Prospectus, the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue with Warrants will not be made or offered or deemed made or offered for acquisition or subscription of any Rights Shares, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue with Warrants to which this Abridged Prospectus relates is only available to Entitled Shareholders receiving this Abridged Prospectus, the NPA and the RSF electronically or otherwise within Malaysia.

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to our Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPA and the RSF.

If you are a Foreign-Addressed Shareholder, the Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia or an address for service in Malaysia if not otherwise stated on our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. The Company will assume that the Rights Issue with Warrants and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue with Warrants and would not be in breach of the laws of any jurisdiction. The Company will further assume that you had accepted the Rights Issue with Warrants in Malaysia and will at all applicable times be subject to the laws of Malaysia.

A Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) may only accept or renounce all or any part of his/their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so, and our Company, the Board and officers, Mercury Securities and/or the advisers named herein ("**Parties**") would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any country or jurisdiction to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or might be subject to.

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The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) shall be solely responsible to seek advice from his/their legal and/or professional advisers as to whether the acceptance or renunciation in any manner whatsoever of his entitlement under the Rights Issue with Warrants would result in the contravention of the laws of the countries or jurisdictions to which he/they is/are or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of his/their entitlements or to any net proceeds thereof.

The Company reserves the right, in our absolute discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of Rights Shares with Warrants B available for excess application by other Entitled Shareholders and/or their transferee(s) and/or their renouncee(s).

Each person, by accepting the delivery of this Abridged Prospectus, the NPA and the RSF, accepting any Provisional Allotments by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Rights Shares with Warrants B, will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:-

(i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) is or might be subject to;

(ii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has complied with the laws to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) is or might be subject to in connection with the acceptance or renunciation;

(iii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or might be subject to;

(iv) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) is/are aware that the Rights Shares with Warrants B can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any other way in accordance with all applicable laws in Malaysia;

(v) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has/have obtained a copy of this Abridged Prospectus and has/have read and understood the contents of this Abridged Prospectus, has/have had access to such financial and other information and has/have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) deem(s) necessary in connection with the Foreign-Addressed Shareholder and/or his transferee and/or his renouncee's decision to subscribe for or purchase the Rights Shares and Warrants B; and

(vi) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has/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 and Warrants B, and is/are and will be able, and is/are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Warrants B.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN-ADDRESSED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE TO THEM. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES AND WARRANTS B UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

11. TERMS AND CONDITIONS

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

12. FURTHER INFORMATION

You are requested to refer to the enclosed Appendices for further information.

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

MAK SIEW WEI
Executive Director

1. HISTORY AND PRINCIPAL ACTIVITIES

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

The principal activities of ATS are investment holding and the provision of management services. The Group is principally involved in the provision of design and manufacture of industrial automation systems and machinery, renewable energy and fabrication of industrial and engineering parts. The principal activities of ATS's subsidiaries are set out in Section 5 of this Appendix.

2. SHARE CAPITAL

The Company's authorised share capital as well as its issued and paid-up share capital as at the LPD are as follows:-

	No. of Shares	Par value RM	Total RM
Authorised share capital	3,333,333,333	RM0.03	100,000,000.00
Issued and paid-up share capital	433,060,630	RM0.03	12,991,818.90

Details of the changes in the Company's issued and fully paid-up share capital for the last three (3) years prior to the LPD are as follows:-

Date of Allotment / Completion	No of Shares Allotted	Par Value (RM)	Consideration / Type of Issue	Cumulative issued and paid-up share capital (RM)
30.1.2014	196,845,765	0.10	Cash / Rights Issue	39,369,153.00
3.8.2015	39,369,100	0.10	Cash / Private Placement	43,306,063.00
22.7.2016	-	0.03	Par value reduction via the cancellation of RM0.07 of the par value of every ordinary shares of RM0.10 each in the issued and paid-up share capital	12,991,818.90

3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Please refer to Section 8.3 of this Abridged Prospectus for information on the substantial shareholders' shareholdings before and after the Rights Issue with Warrants.

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4. DIRECTORS

The details of the Board as at the LPD are set out in the table below:-

Name *(Designation)*	**Age**	**Address**	**Nationality**	**Profession**
Dato' Nik Ismail Bin Dato' Nik Yusoff *(Independent Non-Executive Chairman)*	70	No 3, Jalan Oniks Dua 7/11B Seksyen 7 40000 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Mak Siew Wei *(Executive Director)*	41	30, Jalan Sepah Puteri 5/16 Bandar Seri Utama 47810 Kota Damansara Selangor	Malaysian	Company Director
Dato' Ir. Auniah Binti Ali *(Executive Director)*	56	2579/3 Jalan Selangor Bukit Persekutuan 50480 Kuala Lumpur W. Persekutuan (KL)	Malaysian	Company Director
Dr. Ch'ng Huck Khoon *(Independent Non-Executive Director)*	47	No. 28 Jalan Deva Pada 10400 George Town Pulau Pinang	Malaysian	Company Director
Chang Vun Lung *(Independent Non-Executive Director)*	40	No. 18, Jalan BS 9/5B Taman Bukit Serdang Seksyen 9 43300 Seri Kembangan Selangor Darul Ehsan	Malaysian	Company Director

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

Save as disclosed below, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD.

Minimum Scenario

Director	As at the LPD				(I) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%(1)	No. of shares	%(1)	No. of shares	%(2)	No. of shares	%(2)
Mak Siew Wei	2,768,500	0.64	-	-	102,768,500	19.28	-	-

Director	(II) After (I) and assuming full exercise of the Warrants B			
	Direct		Indirect	
	No. of shares	%(1)	No. of shares	%(1)
Mak Siew Wei	152,768,500	26.20	-	-

Notes:-

(1) Based on the issued and paid-up share capital of 433,060,630 ATS Shares as at the LPD.

(2) Based on the enlarged issued and paid-up share capital of 533,060,630 ATS Shares, under the Minimum Scenario.

(3) Based on the enlarged issued and paid-up share capital of 583,060,630 ATS Shares, under the Minimum Scenario.

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Maximum Scenario

Director	As at the LPD				(I) Assuming full granting and/or exercise of the Convertible Securities			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%(1)	No. of shares	%(1)	No. of shares	%(2)	No. of shares	%(2)
Mak Siew Wei	2,768,500	0.64	-	-	(5)38,116,700	5.02	-	-

Director	(II) After the Rights Issue with Warrants				(III) After (I), (II) and assuming full exercise of the Warrants B			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%(3)	No. of shares	%(3)	No. of shares	%(4)	No. of shares	%(4)
Mak Siew Wei	76,233,400	5.02	-	-	95,291,750	5.02	-	-

Notes:-

(1) Based on the issued and paid-up share capital of 433,060,630 ATS Shares as at the LPD

(2) Based on the enlarged issued and paid-up share capital of 759,824,495 ATS Shares, assuming all the 129,918,100 SIS Options and 196,845,765 Warrants A are fully granted and/or exercised.

(3) Based on the enlarged issued and paid-up share capital of 1,519,648,990 ATS Shares, under the Maximum Scenario.

(4) Based on the enlarged issued and paid-up share capital of 1,899,561,237 ATS Shares, under the Maximum Scenario.

(5) Assuming the 35,348,200 SIS Options granted to Mak Siew Wei are fully exercised.

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5. SUBSIDIARIES

The Company's subsidiaries as at the LPD are as follows:-

Company	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest (%)	Principal activities
AT Engineering Solution Sdn Bhd	15 October 2003; Malaysia	RM2,600,000	100.00	Design and manufacture of industrial automation systems and machinery and renewable energy operators and producer
AT Precision Tooling Sdn Bhd	12 September 2003; Malaysia	RM2,600,000	100.00	Fabrication of industrial and engineering parts and renewable energy operators and producer
Goodmatrix Resources Sdn Bhd	26 April 2012; Malaysia	RM2	100.00	Dormant
Yellow Choice Sdn Bhd	12 December 2012; Malaysia	RM100,000	81.00	Dormant
Subsidiary of AT Precision Tooling Sdn Bhd				
Fong's & AT Venture Sdn Bhd	2 January 2015; Malaysia	RM100,000	75.00	Fabrication of industrial and engineering parts

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6. PROFIT AND DIVIDEND RECORD

The profit and dividend records based on the audited consolidated financial statements of the Group for the past three (3) FYEs 2014 to 2016 as well as the three (3)-month FPEs 31 May 2015 and 31 May 2016 are as follows:-

	Audited			Unaudited	
	FYE 2014	FYE 2015	FYE 2016	FPE 31 May 2015	FPE 31 May 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	21,757	23,398	17,394	4,371	4,391
Cost of sales	(17,064)	(18,582)	(15,765)	(3,806)	(3,919)
GP	**4,693**	**4,816**	**1,629**	**565**	**472**
Other income	1,796	1,967	2,231	438	382
Administrative expenses	(4,363)	(5,834)	(5,896)	(1,429)	(1,745)
Selling and distribution expenses	(110)	(168)	(144)	(23)	(11)
Finance costs	(833)	(372)	(444)	(71)	(162)
PBT / (LBT)	**1,183**	**409**	**(2,624)**	**(520)**	**(1,064)**
Taxation	(182)	301	126	-	-
Profit from discontinued operations, net of tax	109	-	-	-	-
PAT / (LAT)	**1,110**	**710**	**(2,498)**	**(520)**	**(1,064)**
Profit / (loss) from continuing and discontinued operations attributable to:-					
- owners of the Company	1,112	712	(2,543)	(534)	(1,053)
- non-controlling interests	(2)	(2)	45	14	(11)
Earnings / (loss) before interest, tax, depreciation and amortisation	4,113	3,035	347	164	(215)
GP margin (%)	21.57	20.58	9.37	12.93	10.75
PAT / (LAT) margin (%)	5.10	3.03	(14.36)	(11.90)	(24.23)
Weighted average number of Shares in issue ('000)	209,040	393,692	415,958	393,692	433,061
EPS / (LPS) from continuing and discontinued operations					
- basic (sen)	0.53	0.18	(0.61)	(0.14)	(0.24)
- diluted (sen)	0.53	0.18	(0.61)	(0.14)	(0.24)
Dividend (sen)	-	-	-	-	-

Commentary on past financial performance:-

(i) FPE 31 May 2016 vs FPE 31 May 2015

The Group recorded a higher revenue of RM4.39 million for the FPE 31 May 2016 compared to RM4.37 million recorded in the preceding FPE 31 May 2015. The slight increase was mainly due to higher sales from the fabrication business but was partially offset by lower sales from the automation business. Revenue from the fabrication business increased by RM0.37 million following improved orders from the HDD manufacturing industry as well as customers in other business segment. The automation business reported a decrease in revenue by RM0.35 million due to lesser automation projects from customers.

The Group recorded a LAT of RM1.1 million for the FPE 31 May 2016 compared to a LAT of RM0.5 million recorded in the preceding FPE 31 May 2015. The LAT was mainly due to weaker performance in the automation business, coupled with higher hire purchase and term loan interest as well as professional fees incurred in relation to the Corporate Exercises and implementation of the SIS.

(ii) FYE 2016 vs FYE 2015

The Group recorded a lower revenue of RM17.4 million for the FYE 2016 compared to RM23.4 million recorded in the preceding FYE 2015. This was mainly attributable to lower fabrication orders from the HDD manufacturing industry. The global HDD market experienced declining sales due to a few factors, including tough competition from solid-state drives, shift of business and home users from local HDD to centralized cloud server and reduction in demand for desktop personal computers and notebooks following increased consumer preference towards smartphones and tablets.

The Group recorded a LAT of RM2.5 million for the FYE 2016 compared to a PAT of RM0.7 million recorded in the preceding FYE 2015. The LAT was mainly due to lower revenue resulting from lower fabrication sales from the HDD manufacturing industry, higher administrative expenses and finance cost.

(iii) FYE 2015 vs FYE 2014

The Group recorded an increase in revenue of 7.5% to RM23.4 million for the FYE 2015 compared to RM21.8 million recorded in the preceding FYE 2014. This was mainly attributable to higher fabrication and engineering parts orders, particularly exports to the Group's Singapore-based strategic partner, namely Fong's Engineering and Manufacturing Pte Ltd. The Group's industrial automation system and machinery segment also recorded improvement in revenue following the successful delivery of higher value automation projects to customers.

The Group recorded a PAT of RM0.7 million for the FYE 2015 compared to a PAT of RM1.1 million for the FYE 2014. The decrease in PAT was mainly due to delays in completion of certain automation projects resulting in cost overruns. However, this was partially offset by higher rental income and lower finance costs.

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7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of ATS Shares traded on Bursa Securities for the past twelve (12) months up to August 2016 (being the last full trading month prior to the date of this Abridged Prospectus) are as follows:-

	High (RM)	Low (RM)
2015		
September	0.085	0.075
October	0.090	0.075
November	0.095	0.080
December	0.090	0.080
2016		
January	0.080	0.060
February	0.075	0.065
March	0.090	0.070
April	0.075	0.060
May	0.060	0.045
June	0.060	0.045
July	0.055	0.045
August	0.055	0.045

	RM
Last transacted market price on 31 March 2016, being the last Market Day immediately prior to the first announcement of the Corporate Exercises	0.075
Last transacted market price as at the LPD	0.050
Last transacted market price on 19 September 2016, being the Market Day immediately prior to the ex-date for the Rights Issue with Warrants	0.055

(Source: Bloomberg)

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1. SHARE CAPITAL

(i) Save for the Rights Shares, Warrants B and new Shares to be issued pursuant to the exercise of the Warrants B, no securities will 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 LPD, there is only one (1) class of shares in the Company, namely ordinary shares of RM0.03 each in the Company, all of which rank *pari passu* with one another.

(iii) As at the LPD, save as disclosed below and the Rights Shares and Warrants B, no person has been or is entitled to be granted an option to subscribe for any securities of the Company and no capital of the Company is under any option or agreed conditionally or unconditionally to be put under any option:-

(a) 196,845,765 outstanding Warrants A carrying the right to subscribe for one (1) new Share at an exercise price of RM0.12 per Warrant A; and

(b) under the SIS, the Company may grant SIS Options carrying the right to subscribe for new Shares up to but not exceeding 30% of the Company's total issued and paid-up share capital (excluding treasury shares, if any) at any one time throughout the duration of the five (5) years from the effective date of the SIS i.e. 29 October 2015. As at the LPD, 129,918,100 SIS Options have been granted but none of them have been exercised.

2. DIRECTORS' REMUNERATION

An extract of the provision in the Company's Articles of Association in relation to the remuneration of its Directors are as follows:-

Article 115 - Directors' Remuneration

(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 proposed 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 116 – Allowances

The Directors may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general or other meetings of the Company or in connection with the business of the Company.

Article 117 – Special Remuneration

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

(i) render any special or extra services to the Company; or

(ii) 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, there are no other contracts which are material to the Group (not being contracts entered into in the ordinary course of business) which have been entered into by the Group during the two (2) years preceding the date of this Abridged Prospectus:-

(i) Basic purchase agreement dated 1 September 2016 between FATV and Tong Heer Aluminium Industries Sdn Bhd for the supply of a contractual product to FATV for a period of 5 years with automatic renewal for a further 1 year unless it is terminated in writing by either of the parties with 12 months' notice to the end of the contractual term;

(ii) Renewable Energy Power Purchase Agreement dated 11 May 2016 between ATP and Tenaga Nasional Berhad;

(iii) Basic purchase agreement dated 24 March 2016 between FATV and FEM for the manufacture, supply and delivery of high precision machine components such as aluminium profiles to FEM for a period of 5 years with automatic renewal for a further 1 year unless it is terminated in writing by either of the parties with 12 months' notice to the end of the contractual term;

(iv) Renewable Energy Power Purchase Agreement dated 17 November 2015 between ATES and Tenaga Nasional Berhad; and

(v) Joint Venture and Shareholders Agreement dated 5 November 2014 between ATP and FEM to collaborate in the area of oil & gas, life science, electronics, aerospace and other industries operations through forming a new joint venture company, ATP to hold 75% and FEM to hold 25% in the new joint venture company.

4. MATERIAL LITIGATION

As at LPD, neither the Company nor its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Group and, to the best of the Board's knowledge and belief, the Board is not aware of any other proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

5. GENERAL

(i) There are no service contracts or proposed service contracts between the Directors and the Company or any of its subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus;

(ii) Save as disclosed in this Abridged Prospectus and to the best knowledge of the Board, the financial condition and operations of the Group are not affected by any of the following:-

(a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the Group's liquidity;

(b) any material commitment for capital expenditure of the Group;

(c) unusual, infrequent events or transactions or any significant economic changes which materially affect the amount of reported income from operations;

(d) known trends or uncertainties which have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the Group's revenues or operating income; and

(e) material information, including all special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect the Group's profits.

6. CONSENTS

(i) The written consents of the Principal Adviser, Company Secretary, Share Registrar, Solicitors for the Rights Issue with Warrants, Independent Market Researcher, Auditors and Principal Banker for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

(ii) The written consent of the Reporting Accountants for the inclusion in this Abridged Prospectus of their name, letter and report relating to the pro forma consolidated statements of financial position and the audited consolidated financial statements for the FYE 29 February 2016 and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

(iii) The written consent of Bloomberg Finance L.P. for the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

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7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of ATS at Suite S-21-H, 21st Floor, Menara Northam, 55 Jalan Sultan Ahmad Shah, 10050 Penang during normal business hours (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:-

(i) Memorandum and Articles of Association of ATS;

(ii) pro forma consolidated statements of financial position of the Group as at 29 February 2016 together with the Reporting Accountants' report thereon as set out in Appendix IV of this Abridged Prospectus;

(iii) audited consolidated financial statements of the Group for the past two (2) FYEs 2015 and 2016;

(iv) unaudited financial statements of the Group for the three (3)-month FPE 31 May 2016;

(v) the undertaking letter dated 21 March 2016 from the Undertaking Shareholder in relation to the Undertaking referred to in Section 3 of this Abridged Prospectus;

(vi) the Directors' Report as set out in Appendix VII of this Abridged Prospectus;

(vii) material contracts referred to in Section 3 of this Appendix II;

(viii) letters of consent referred to in Section 6 of this Appendix II; and

(ix) Deed Poll B.

8. RESPONSIBILITY STATEMENT

(i) The Board has seen and approved this Abridged Prospectus, together with the NPA and RSF 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 which, if omitted, would make any statement in these documents false or misleading.

(ii) Mercury Securities, being the Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue with Warrants.

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APPENDIX III - CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM HELD ON 3 JUNE 2016

CERTIFIED TRUE COPY
Secretary
Angelina Cheah Gaik Suan
(MAICSA 7035272)
6 SEP 20

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

Minutes of the Extraordinary General Meeting of AT Systematization Berhad ("ATS" or the "**Company**") held at Level 4, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, June 3, 2016 at 10.30 a.m.

Attendance

As per Attendance List

The Meeting commenced at 10.30 a.m. with the requisite quorum being present.

Notice

The Notice convening the Meeting was taken as read.

1. **CHAIRMAN'S ADDRESS**

The Chairman, Dato' Nik Ismail Bin Dato' Nik Yusoff, wished all members present a very good morning and thanked them for their attendance at the Company's Extraordinary General Meeting. After introducing the Board Members, he then requested Ms. Angelina Cheah, the Company Secretary of the Company, to conduct the Meeting on his behalf.

Before proceeding to the next item of the agenda, the Company Secretary informed all present that in accordance to the Malaysian Code on Corporate Governance 2012, substantive resolutions should be voted by poll for good corporate governance purpose. Each resolution put to vote shall be determined by a show of hands unless before or upon the declaration of the results of the show of hands, a poll is demanded pursuant to Article 91 of the Company's Articles of Association.

2. **PROPOSED PAR VALUE REDUCTION INVOLVING THE CANCELLATION OF RM0.07 FROM THE PAR VALUE OF EACH EXISTING ORDINARY SHARE OF RM0.10 EACH IN THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 64 OF THE COMPANIES ACT, 1965 ("ACT") AND THE PROPOSED REDUCTION OF THE COMPANY'S ENTIRE SHARE PREMIUM ACCOUNT PURSUANT TO SECTIONS 60(2) AND 64 OF THE ACT ("PROPOSED CAPITAL REORGANISATION")**

The Company Secretary informed the Meeting about the Proposed Capital Reorganisation as detailed in the Circular to Shareholders dated May 11, 2016.

There being no questions from the floor and on the proposal of Mr. Chieng Siong Kuong and seconded by Dato' Sharman Kristy A/L Michael to consider the Proposed Capital Reorganisation, it was resolved that through the voting results appended below, the following Special Resolution 1 was carried:-

For	Against	Abstain	Total
12	0	4	16

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

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Stamped for Identification for the subsequent pages of the certified true copy of the main page dated :
-6 SEP 2016
Name of: ANGELINA CHEAH GAIK SUAN
Secretary MAICSA 7035272

Minutes of the Extraordinary General Meeting of AT Systematization Berhad ("ATS" or the "**Company**") held at Level 4, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, June 3, 2016 at 10.30 a.m. (Continued…)

2. **PROPOSED PAR VALUE REDUCTION INVOLVING THE CANCELLATION OF RM0.07 FROM THE PAR VALUE OF EACH EXISTING ORDINARY SHARE OF RM0.10 EACH IN THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 64 OF THE COMPANIES ACT, 1965 ("ACT") AND THE PROPOSED REDUCTION OF THE COMPANY'S ENTIRE SHARE PREMIUM ACCOUNT PURSUANT TO SECTIONS 60(2) AND 64 OF THE ACT ("PROPOSED CAPITAL REORGANISATION") (CONTINUED…)**

"**THAT** subject to the sanction of the High Court of Malaya pursuant to Section 64 of the Act as well as the necessary approvals being obtained from the relevant authorities and parties (if required), approval be and is hereby given for the Company to reduce the Company's issued and paid-up share capital from the Company's existing share capital as at the date of application to the High Court of Malaya comprising of ordinary shares of RM0.10 each in the Company ("**Existing Shares**") to ordinary shares of RM0.03 each in the Company via cancellation of RM0.07 from the existing par value of each Existing Share and that the credit arising from such par value reduction shall be utilised by the Company to be set-off against the Company's accumulated losses and the remaining balance (if any) will be credited to the capital reserve account of the Company which shall then be utilised in a manner to be determined by the board of directors of the Company ("**Board**") at a later date and in the best interest of the Company as permitted by the relevant and applicable laws ("**Proposed Par Value Reduction**");

THAT subject to the sanction of the High Court of Malaya pursuant to Sections 60(2) and 64 of the Act as well as the necessary approvals being obtained from the relevant authorities and parties (if required), approval be and is hereby given for the Company to undertake a proposed reduction of the entire share premium account of the Company and that such credit shall be utilised by the Company to be set-off against the Company's accumulated losses ("**Proposed Share Premium Reduction**");

(The Proposed Par Value Reduction and the Proposed Share Premium Reduction are collectively referred to as the "**Proposed Capital Reorganisation**");

AND THAT the Board be and is hereby authorised to take such steps, execute such documents and enter into any arrangements, agreements and/or undertakings with any party or parties as it may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and/or give effect to the Proposed Capital Reorganisation with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed or permitted by the High Court of Malaya and/or as a consequence of any such requirement or as may be deemed fit, necessary, expedient and/or appropriate and in the best interest of the Company."

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

Stamped for Identification for the subsequent pages of the certified true copy of the main page dated :
-6 SEP 2016
Name of Secretary : ANGELINA CHEAH GAIK SUAN MAICSA 7036272

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Minutes of the Extraordinary General Meeting of AT Systematization Berhad ("**ATS**" or the "**Company**") held at Level 4, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, June 3, 2016 at 10.30 a.m. (Continued...)

3. **PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENT")**

The Company Secretary informed the Meeting about the Proposed Amendment as detailed in the Circular to Shareholders dated May 11, 2016.

There being no questions from the floor and on the proposal of Madam Ong Eng Eng and seconded by Dato' Sharman Kristy A/L Michael to consider the proposed amendment to the Memorandum of Association of the Company, it was resolved that through the voting results appended below, the following Special Resolution 2 was carried:-

For	Against	Abstain	Total
12	0	4	16

"**THAT** subject to the passing of Special Resolution 1 above as well as the necessary approvals being obtained from the relevant authorities and parties (if required), approval be and is hereby given for the Company to alter, modify, vary and delete the Memorandum of Association of ATS ("**Proposed Amendment**") in the following manner:-

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
The share capital of the Company is RM100,000,000.00 divided into 1,000,000,000 ordinary shares of RM0.10 each.	The share capital of the Company is RM100,000,000.00 divided into 3,333,333,333 ordinary shares of RM0.03 each.

AND THAT the Board be and is hereby authorised to give effect to the Proposed Amendment and to take all steps and do all acts and things in any manner as they may deem necessary to complete, finalise, implement and give full effect to the Proposed Amendment."

4. **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 759,824,495 NEW ORDINARY SHARES OF RM0.03 EACH IN ATS (AFTER THE PROPOSED PAR VALUE REDUCTION) ("ATS SHARES" OR "SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 379,912,247 FREE DETACHABLE WARRANTS IN ATS ("WARRANTS B") ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) FREE WARRANT B FOR EVERY TWO (2) EXISTING ATS SHARES HELD BY THE ENTITLED SHAREHOLDERS OF ATS ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE WITH WARRANTS")**

The Company Secretary informed the Meeting about the Proposed Rights Issue with Warrants as detailed in the Circular to Shareholders dated May 11, 2016.

APPENDIX III - CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM HELD ON 3 JUNE 2016 (CONT'D)

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

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Stamped for Identification for the subsequent pages of the certified true copy of the main page dated :
-6 SEP 2016
PAVALLIKA CHEAH GAIK SUAN
Secretary MAICSA 7036272

Minutes of the Extraordinary General Meeting of AT Systematization Berhad ("**ATS**" or the "**Company**") held at Level 4, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, June 3, 2016 at 10.30 a.m. (Continued...)

4. **PROPOSED RIGHTS ISSUE WITH WARRANTS (CONTINUED...)**

There being no questions from the floor and on the proposal of Mr. Wong Pow Keong and seconded by Mr. Lock Yun Peng to consider the Proposed Rights Issue with Warrants, it was resolved that through the voting results appended below, the following Ordinary Resolution 1 was carried:-

For	Against	Abstain	Total
10	0	6	16

"**THAT** subject to the passing of the Special Resolution 1 and Special Resolution 2 above, the completion of the Proposed Par Value Reduction, the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the admission of the Warrants B to the Official List of the ACE Market of Bursa Securities and the listing and quotation of the Warrants B and new ATS Shares to be issued pursuant to the exercise of the Warrants B and the necessary approvals being obtained from the relevant authorities and parties (if required), approval be and is hereby given for the Company to undertake the Proposed Rights Issue with Warrants as follows:-

(i) to provisionally issue and allot by way of renounceable rights issue of up to 759,824,495 Rights Shares together with up to 379,912,247 Warrants B to the shareholders of the Company ("**Shareholders**") whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined by the Board ("**Entitlement Date**") ("**Entitled Shareholders**"), and/or their renouncee(s), on the basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) ATS Shares held on the Entitlement Date at an issue price to be determined by the Board and on such terms and conditions and in such manner as the Board may determine;

(ii) to enter into and execute the deed poll constituting the Warrants B ("**Deed Poll B**") and to do all acts, deeds and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Deed Poll B wherein each of the Warrants B will carry the rights to subscribe, subject to any adjustment in accordance with the Deed Poll B to be executed, at any time during the "Exercise Period" as defined in the Deed Poll B, for one (1) new Share at an exercise price to be determined by the Board at a later date and that the Common Seal of the Company be affixed to the Deed Poll B in accordance with the provisions of the Articles of Association of the Company;

(iii) to issue and allot in registered form to the Entitled Shareholders (and/or their renounce(s), as the case may be) who subscribe for and are allotted the Rights Shares, each Warrant B conferring the right to subscribe for one (1) new ATS Share at an exercise price to be determined by the Board on the Entitlement Date, subject to the provisions for adjustment to the subscription rights attached to the Warrants B in accordance with the provisions of the Deed Poll B;

APPENDIX III - CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM HELD ON 3 JUNE 2016 (CONT'D)

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

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Minutes of the Extraordinary General Meeting of AT Systematization Berhad ("**ATS**" or the "**Company**") held at Level 4, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 3 June 2016 at 10.30 a.m. (Continued…)

4. **PROPOSED RIGHTS ISSUE WITH WARRANTS (CONTINUED…)**

(iv) to issue and allot such number of additional Warrants B as may be required or permitted to be issued as a result of any adjustments under the provisions of the Deed Poll B ("**Additional Warrants B**") and to adjust from time to time the exercise price of the Warrants B as a consequence of the adjustments under the provisions of the Deed Poll B and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Securities and any other relevant authorities or parties (if required); and

(v) to issue and allot such number of new Shares credited as fully paid-up to the holders of the Warrants B upon their exercise of the relevant Warrants B to subscribe for new Shares during the tenure of the Warrants B, and such further new Shares as may be required or permitted to be issued pursuant to the exercise of the Additional Warrants B and such adjustments in accordance with the provisions of the Deed Poll B;

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renouncee(s) shall be made available for excess applications in such manner and to such persons ("Excess Applicants") as the Board shall determine at its absolute discretion;

THAT the Rights Shares, Warrants B and new Shares to be issued pursuant to the exercise of the Warrants B and Additional Warrants B (if any) shall be listed on the ACE Market of Bursa Securities;

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes as set out in Section 5 of the Circular to Shareholders dated 11 May 2016 and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject (where required) to the approval of the relevant authorities;

THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things, and to execute, enter into, sign, deliver and cause to be delivered for and on behalf of the Company all such transactions, arrangements, agreements and/or documents as it may consider necessary or expedient in order to implement, give full effect to and complete the Rights Issue with Warrants, with full powers to assent to and accept any condition, modification, variation, arrangement and/or amendment to the terms of the Proposed Rights Issue with Warrants as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the aforesaid conditions, modifications, variations, arrangements and/or amendments and to take all steps as it considers necessary in connection with the Rights Issue with Warrants in order to implement and give full effect to the Rights Issue with Warrants;

THAT the Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank pari passu in all respects with the then existing issued and paid-up ATS Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares;

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

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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 Friday, June 3, 2016 at 10.30 a.m. (Continued…)

4. **PROPOSED RIGHTS ISSUE WITH WARRANTS (CONTINUED…)**

THAT the new ATS Shares to be issued pursuant to the exercise of the Warrants B (or the Additional Warrants B, as the case may be) shall, upon allotment, issuance and full payment of the exercise price of the Warrants B (or the Additional Warrants B, as the case may be), rank pari passu in all respects with the then existing issued and paid-up ATS Shares, save and except that the holders of such new ATS Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of such new ATS Shares to be issued pursuant to the exercise of the Warrants B (or the Additional Warrants B, as the case may be);

THAT the Board be and is hereby entitled to deal with all or any of the fractional entitlements of the Rights Shares and the Warrants B arising from the Proposed Rights Issue with Warrants, which are not validly taken up or which are not allotted for any reason whatsoever, in such manner and to such persons as the Board may in its absolute discretion deem fit and in the best interest of the Company (including without limitation to disregard such fractional entitlements altogether);

AND THAT this resolution constitutes specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares, Warrants B, Additional Warrants B (if any) and new Shares to be issued pursuant to or in connection with the Proposed Rights Issue with Warrants have been duly allotted and issued in accordance with the terms of the Rights Issue with Warrants."

5. **CONCLUSION**

There being no further matters to discuss, it was resolved that the Meeting be concluded at 10.45 a.m. with a vote of thanks to the Chair.

Confirmed as a correct record

Dato' Nik Ismail Bin Dato' Nik Yusoff
Chairman

BAKER TILLY

Baker Tilly Monteiro Heng
Chartered Accountants (AF0117)
Baker Tilly MH Tower
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Date: 06 SEP 2016

The Board of Directors
AT Systematization Berhad
Suite S-21-H
21st Floor, Menara Northam
55 Jalan Sultan Ahmad Shah
10050 Penang

PRIVATE & CONFIDENTIAL

Dear Sirs,

AT SYSTEMATIZATION BERHAD ("ATS" or the "Company")

REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of ATS and its subsidiaries (the "Group") as at 29 February 2016 for which the directors of ATS are solely responsible. The Pro Forma Consolidated Statements of Financial Position consists of the Pro Forma Consolidated Statements of Financial Position as at 29 February 2016 together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the directors of ATS have compiled the Pro Forma Consolidated Statements of Financial Position are as described in Note 1 to the Pro Forma Consolidated Statements of Financial Position ("Applicable Criteria").

The Pro Forma Consolidated Statements of Financial Position of the Group as at 29 February 2016 has been compiled by the directors of ATS to illustrate the impact of the renounceable rights issue of up to 759,824,495 new ordinary shares of RM0.03 each in ATS ("ATS shares" or "Shares") ("Rights Shares") together with up to 379,912,247 free detachable warrants in ATS ("Warrants B") on the basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) existing ATS shares held by the entitled shareholders of ATS on 22 September 2016 at 5.00 p.m. ("Rights Issue with Warrants") on the Group's financial position as at 29 February 2016, as if the Rights Issue with Warrants had taken place at 29 February 2016.

As part of this process, information about the Group's financial position has been extracted by the directors of ATS from the audited consolidated financial statements of the Group for the financial year ended 29 February 2016, which were reported by us to the members of ATS on 27 June 2016 without any modification.

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The directors of ATS are responsible for compiling the Pro Forma Consolidated Statements of Financial Position based on the Applicable Criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies *International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, by the directors of ATS based on the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the directors of ATS have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position based on the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Abridged Prospectus of ATS is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or transaction had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue with Warrants would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of ATS in the compilation of the Pro Forma Consolidated Statements of Financial Position of the Group provide a reasonable basis for presenting the significant effects directly attributable to the Rights Issue with Warrants, and to obtain sufficient appropriate evidence about whether:-

(a) The related pro forma adjustments give appropriate effect to those criteria; and

(b) The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

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

In our opinion:-

(i) the Pro Forma Consolidated Statements of Financial Position of the Group has been properly compiled on the basis as set out in the accompanying notes to the Pro Forma Consolidated Statements of Financial Position based on the audited consolidated financial statements of the Group for the financial year ended 29 February 2016 (which have been prepared by the directors of ATS), and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited consolidated financial statements for the financial year ended 29 February 2016 and the adoption of new accounting policy as described in Note 1.2; and

(ii) each material adjustment made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position is appropriate for the purposes of preparing the Pro Forma Consolidated Statements of Financial Position.

Other matters

This report has been prepared for inclusion in the Abridged Prospectus to shareholders of ATS in connection with the Rights Issue with Warrants and is not to be used, circulated, quoted or otherwise referenced to in any document or used for any other purpose without the prior written consent from us. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

....
Baker Tilly Monteiro Heng

AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016

The Pro Forma Consolidated Statements of Financial Position of AT Systematization Berhad ("ATS" or "the Company") and its subsidiaries ("the Group") as at 29 February 2016 as set out below for which the directors of ATS are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of the Group as at 29 February 2016 had the transactions as described in Note 2 and the Rights Issue with Warrants as described in Note 3 been effected on that date, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position.

Minimum Scenario

			Pro Forma I	Pro Forma II
	Audited Consolidated Statement of Financial Position as at 29 February 2016 RM'000	Adjusted Consolidated Statement of Financial Position as at 29 February 2016 RM'000	After the Rights Issue with Warrants B RM'000	After Pro Forma I and Assuming Full Exercise of Warrants B RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	44,144	44,144	56,339	56,339
	44,144	44,144	56,339	56,339
Current assets				
Inventories	2,348	2,348	2,348	2,348
Receivables, deposits and prepayment	9,370	9,370	9,370	9,370
Tax assets	235	235	235	235
Cash and cash equivalents	3,472	3,472	2,892	4,392
Other investments	10	10	10	10
	15,435	15,435	14,855	16,355
TOTAL ASSETS	59,579	59,579	71,194	72,694
EQUITY AND LIABILITIES				
Equity				
Share capital	43,306	12,992	15,992	17,492
Share premium	10,768	5,914	6,834	8,334
Other reserves	23,740	27,342	28,842	27,342
(Accumulated losses) / Retained earnings	(35,168)	(3,602)	(3,602)	(3,602)
Total equity attributable to owners of the Company	42,646	42,646	48,066	49,566
Non-controlling interests	84	84	84	84
Total equity	42,730	42,730	48,150	49,650

BAKER TILLY MONTEIRO HENG ★ For Identification Purposes Only ★ AF0117 Page 1

AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

Minimum Scenario (Continued)

			Pro Forma I	Pro Forma II
	Audited Consolidated Statement of Financial Position as at 29 February 2016 RM'000	Adjusted Consolidated Statement of Financial Position as at 29 February 2016 RM'000	After the Rights Issue with Warrants B RM'000	After Pro Forma I and Assuming Full Exercise of Warrants B RM'000
LIABILITIES				
Non-current liabilities				
Loans and borrowings	8,694	8,694	13,750	13,750
Deferred tax liabilities	2,048	2,048	2,048	2,048
	10,742	10,742	15,798	15,798
Current liabilities				
Loans and borrowings	2,056	2,056	3,195	3,195
Payables, deposits and accruals	4,028	4,028	4,028	4,028
Tax liabilities	23	23	23	23
	6,107	6,107	7,246	7,246
Total Liabilities	16,849	16,849	23,044	23,044
TOTAL EQUITY AND LIABILITIES	59,579	59,579	71,194	72,694
Number of ordinary shares in issued:				
- RM0.10 each ('000)	433,061	-	-	-
- RM0.03 each ('000)	-	433,061	533,061	583,061

Net assets ("NA")(RM'000)	42,646	42,646	48,066	49,566
NA per share (RM)	0.10	0.10	0.09	0.09

BAKER TILLY MONTEIRO HENG ★ For Identification Purposes Only ★ AF0117 Page 2

AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

Base Case Scenario

	Audited Consolidated Statement of Financial Position as at 29 February 2016 RM'000	Adjusted Consolidated Statement of Financial Position as at 29 February 2016 RM'000	Pro Forma I After the Rights Issue with Warrants B RM'000	Pro Forma II After Pro Forma I and Assuming Full Exercise of Warrants B RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	44,144	44,144	56,339	56,339
	44,144	44,144	56,339	56,339
Current assets				
Inventories	2,348	2,348	2,348	2,348
Receivables, deposits and prepayments	9,370	9,370	9,370	9,370
Tax assets	235	235	235	235
Cash and cash equivalents	3,472	3,472	12,561	19,057
Other investments	10	10	10	10
	15,435	15,435	24,524	31,020
TOTAL ASSETS	59,579	59,579	80,863	87,359
EQUITY AND LIABILITIES				
Equity				
Share capital	43,306	12,992	25,984	32,480
Share premium	10,768	5,914	11,830	18,326
Other reserves	23,740	27,342	33,838	27,342
(Accumulated losses) / Retained earnings	(35,168)	(3,602)	(3,602)	(3,602)
Total equity attributable to owners of the Company	42,646	42,646	68,050	74,546
Non-controlling interests	84	84	84	84
TOTAL EQUITY	42,730	42,730	68,134	74,630

BAKER TILLY MONTEIRO HENG ★ For Identification Purposes Only ★ AF0117 Page 3

AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

Base Case Scenario (Continued)

			Pro Forma I	Pro Forma II
	Audited Consolidated Statement of Financial Position as at 29 February 2016 RM'000	Adjusted Consolidated Statement of Financial Position as at 29 February 2016 RM'000	After the Rights Issue with Warrants B RM'000	After Pro Forma I and Assuming Full Exercise of Warrants B RM'000
LIABILITIES				
Non-current liabilities				
Loans and borrowings	8,694	8,694	5,850	5,850
Deferred tax liabilities	2,048	2,048	2,048	2,048
	10,742	10,742	7,898	7,898
Current Liabilities				
Loans and borrowings	2,056	2,056	780	780
Payables, deposits and accruals	4,028	4,028	4,028	4,028
Tax liabilities	23	23	23	23
	6,107	6,107	4,831	4,831
Total Liabilities	16,849	16,849	12,729	12,729
TOTAL EQUITY AND LIABILITIES	59,579	59,579	80,863	87,359
Number of ordinary shares in issued:				
- RM0.10 each ('000)	433,061	-	-	-
- RM0.03 each ('000)	-	433,061	866,122	1,082,652
NA (RM'000)	42,646	42,646	68,050	74,546
NA per share (RM)	0.10	0.10	0.08	0.07

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AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

Maximum Scenario

			Pro Forma I	Pro Forma II	Pro Forma III
	Audited Consolidated Statement of Financial Position as at 29 February 2016 RM'000	Adjusted Consolidated Statement of Financial Position as at 29 February 2016 RM'000	Assuming Full Exercise of SIS Options and Warrants A RM'000	After Pro Forma I and the Rights Issue with Warrants B RM'000	After Pro Forma II and Assuming Full Exercise of Warrants B RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	44,144	44,144	44,144	56,339	56,339
	44,144	44,144	44,144	56,339	56,339
Current assets					
Inventories	2,348	2,348	2,348	2,348	2,348
Receivables, deposits and prepayments	9,370	9,370	9,370	9,370	9,370
Tax assets	235	235	235	235	235
Cash and cash equivalents	3,472	3,472	33,589	62,284	73,681
Other investments	10	10	10	10	10
	15,435	15,435	45,552	74,247	85,644
TOTAL ASSETS	59,579	59,579	89,696	130,586	141,983
EQUITY AND LIABILITIES					
Equity					
Share capital	43,306	12,992	22,795	45,590	56,987
Share premium	10,768	5,914	46,955	57,773	69,170
Other reserves	23,740	27,342	6,615	18,012	6,615
(Accumulated losses) / Retained earnings	(35,168)	(3,602)	(3,602)	(3,602)	(3,602)
Total equity attributable to owners of the Company	42,646	42,646	72,763	117,773	129,170
Non-controlling interests	84	84	84	84	84
TOTAL EQUITY	42,730	42,730	72,847	117,857	129,254

AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

Maximum Scenario (Continued)

			Pro Forma I	Pro Forma II	Pro Forma III
	Audited Consolidated Statement of Financial Position as at 29 February 2016 RM'000	Adjusted Consolidated Statement of Financial Position as at 29 February 2016 RM'000	Assuming Full Exercise of SIS Options and Warrants A RM'000	After Pro Forma I and the Rights Issue with Warrants B RM'000	After Pro Forma II and Assuming Full Exercise of Warrants B RM'000
LIABILITIES					
Non-current liabilities					
Loans and borrowings	8,694	8,694	8,694	5,850	5,850
Deferred tax liabilities	2,048	2,048	2,048	2,048	2,048
	10,742	10,742	10,742	7,898	7,898
Current Liabilities					
Loans and borrowings	2,056	2,056	2,056	780	780
Payables, deposits and accruals	4,028	4,028	4,028	4,028	4,028
Tax liabilities	23	23	23	23	23
	6,107	6,107	6,107	4,831	4,831
Total Liabilities	16,849	16,849	16,849	12,729	12,729
TOTAL EQUITY AND LIABILITIES	59,579	59,579	89,696	130,586	141,983
Number of ordinary shares in issued:					
- RM0.10 each ('000)	433,061	-	-	-	-
- RM0.03 each ('000)	-	433,061	759,825	1,519,649	1,899,561
NA (RM'000)	42,646	42,646	72,847	117,773	129,170
NA per share (RM)	0.10	0.10	0.10	0.08	0.07

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016

1. **Basis of Preparation**

1.1 The Pro Forma Consolidated Statements of Financial Position of the Group as at 29 February 2016, for which the directors of ATS are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of the Group as at 29 February 2016 had the transactions as described in Note 2 and the Rights Issue with Warrants as described in Note 3 been effected on that date, and should be read in conjunction with the notes accompanying the Pro Forma Consolidated Statements of Financial Position.

1.2 The Pro Forma Consolidated Statements of Financial Position of the Group as at 29 February 2016 have been prepared in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited consolidated financial statements for the financial year ended 29 February 2016, which have been prepared in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards and the adoption of the following new accounting policy:-

Share Issuance Scheme ("SIS") Options

Employees of the Group received remuneration in the form of SIS Options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss with a corresponding increase in the SIS Options reserve over the vesting period. The cumulative expenses recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge of credit to profit or loss for a period represents the movement in cumulative expenses recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The SIS Options reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the SIS Options reserve is transferred to share premium if new shares are issued.

1.3 The audited financial statements of ATS for the financial year ended 29 February 2016, which were reported by the auditors to the members of ATS on 27 June 2016 without any modification.

2. **Adjusted Consolidated Statement of Financial Position as at 29 February 2016**

The audited consolidated statement of financial position of ATS as at 29 February 2016 had been adjusted for the following transaction occurred subsequent to 29 February 2016 and up to 1 September 2016, being the latest practicable date prior to the printing of the Abridged Prospectus ("LPD"):-

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

2. **Adjusted Consolidated Statement of Financial Position as at 29 February 2016 (Continued)**

2.1 **Capital Reorganisation**

On 13 July 2016, the Company has obtained approval from the High Court of Malaya on the reduction of the issued and paid-up share capital and share premium amounting RM35.168 million via the cancellation of RM0.07 from the par value of every existing ordinary share of RM0.10 each in the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 ("ACT") ("Par Value Reduction") and the reduction of the Company's share premium account pursuant to Sections 60(2) and 64 of the ACT ("Share Premium Reduction") ("Capital Reorganisation") ("Court Order"). The Capital Reorganisation was affected and completed on 22 July 2016 upon the lodgement of sealed Court Order with Registrar of Companies.

The reduction of the issued and paid-up share capital of ATS amounting to RM35.168 million arising from the Par Value and Share Premium Reduction had been credited to the (Accumulated Losses)/Retained Earnings Account.

The Capital Reorganisation had the following impact on the audited consolidated statement of financial position of the Group as at 29 February 2016:-

	Effects on Total Equity RM'000
Share capital	(30,314)
Share premium	(4,854)
(Accumulated losses)/Retained earnings	35,168
	-

2.2 **SIS Options**

On 27 July 2016, the Company had offered 18,069,900 SIS Options to the Company's eligible directors and employees to subscribe for new ordinary shares in the Company under the SIS in accordance with the SIS by-laws of the Company. The SIS Options were granted at the fair value of RM0.0279 per SIS Option which was estimated using the Binomial Option Pricing Model at the granted date. The value of the SIS Options is based on the relative fair values of the ordinary shares by reference to the following information extracted from the valuation letter by the independent adviser dated 2 September 2016:-

Valuation model	:	Binomial Pricing Model
Share Price on date prior to grant date	:	RM0.05
Exercise price	:	RM0.05 per SIS Option
Expected Option Tenure	:	4.26 years
Share price volatility	:	66.39%
Dividend	:	No dividend
Risk free interest rate	:	3.21% per annum

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

2. Adjusted Consolidated Statement of Financial Position as at 29 February 2016 (Continued)

2.2 SIS Options (Continued)

On 2 August 2016, the Company had offered 111,848,200 SIS Options to the Company's eligible directors and employees to subscribe for new ordinary shares in the Company under the SIS in accordance with the SIS by-laws of the Company. The SIS Options were fully granted at the fair value of RM0.0277 per SIS Option which was estimated using the Binomial Option Pricing Model at the granted date. The value of the SIS Options is based on the relative fair values of the ordinary shares by reference to the following information extracted from the valuation letter by the independent adviser dated 2 September 2016:-

Valuation model	:	Binomial Pricing Model
Share Price on date prior to grant date	:	RM0.05
Exercise price	:	RM0.05 per SIS Option
Expected Option Tenure	:	4.24 years
Share price volatility	:	65.96%
Dividend	:	No dividend
Risk free interest rate	:	3.24% per annum

With the granting of 129,98,100 SIS Options, ATS has recognised the fair values of the SIS Options of approximately RM3.602 million based on the basis as described above. The SIS Options had the following impact on the audited consolidated statement of financial position of the Group as at 29 February 2016:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	**Effects on Total Equity RM'000**
Other reserves	-	3,602
(Accumulated losses)/Retained earnings	-	(3,602)
	-	-

3. Rights Issue with Warrants

Renounceable rights issue of up to 759,824,495 new ordinary shares of RM0.03 each in ATS ("ATS shares" or "Shares") ("Rights Shares") together with up to 379,912,247 free detachable warrants in ATS ("Warrants B") on the basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) existing ATS shares held by the entitled shareholders of ATS on 15 September 2016 at 5.00 p.m. ("Rights Issue with Warrants")

AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

3. **Rights Issue with Warrants (Continued)**

Utilisation of Proceeds from the Rights Issue with Warrants

The proceeds from the Rights Issue with Warrants will be utilised in the following manner:-

	Minimum Scenario RM'000	Base Case Scenario RM'000	Maximum Scenario RM'000
Construction of Solar PV Plant	2,000	2,000	2,000
Acquisition of specialised machineries	4,000	8,000	8,000
Repayment of bank borrowings	-	6,315	6,315
Working capital	-	9,089	28,694
Estimated expenses*	-	580	580
Total	6,000	25,984	45,589

* The estimated expenses of RM0.58 million under the minimum scenario will be funded via internally generated funds.

4. **Pro Forma Consolidated Statements of Financial Position**

4.1 **Minimum Scenario**

The minimum scenario assumes that:-

(i) For the preparation of the Pro Forma Consolidated Statements of Financial Position and for illustrative purpose only; as at LPD, none of the 129,918,100 SIS Options are exercised into new ATS Shares.

(ii) As at LPD, none of the 196,845,765 outstanding ATS warrants 2013/2018 issued by the Company ("Warrants A"), are exercised into new ATS Shares prior to the Rights Issue with Warrants.

(iii) The Rights Issue with Warrants will be undertaken on a minimum subscription level of 100,000,000 Rights Shares together with 50,000,000 Warrants B based on the issue price of RM0.06 per Rights Share ("Minimum Subscription Level").

(iv) The 50,000,000 Warrants B issued pursuant to the Rights Issue with Warrants are fully exercised on an exercise price of RM0.03 each.

AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

4. Pro Forma Consolidated Statements of Financial Position (Continued)

4.1 Minimum Scenario (Continued)

4.1.1 Pro Forma I

Pro Forma I incorporates the cumulative effect of the adjusted consolidated statement of financial position and the Rights Issue with Warrants as described in section 4.1(iii) and the utilisation of proceeds arising from the Rights Issue with Warrants as described in Section 3.

For the preparation of the Pro Forma Consolidated Statements of Financial Position and for illustrative purposes only, the Directors of ATS have allocated a value of RM0.03 per Warrant B based on the fair value of the Warrant B extracted from Bloomberg as at the LPD. The value of the Warrants B is based on the relative fair values of the ordinary shares by reference to the following information extracted from Bloomberg:-

Valuation model	:	Trinomial Pricing Model
Share price	:	RM0.05
Exercise price	:	RM0.03 per Warrant B
Tenure	:	3 years
Volatility	:	80.38%
Dividend	:	No dividend
Interest rate	:	3.34% per annum

As the above variables are subject to change upon the implementation of the Rights Issue with Warrants as described in Note 3.3, the actual quantum of the components of the warrant reserve will only be determined upon issuance of the Warrants B. As such, the actual quantum may differ from the amount computed above.

With the issuance of 50,000,000 Warrants B pursuant to the Rights Issue with Warrants, ATS has recognised the fair value of the Warrants B of approximately RM1.5 million based on the basis as described as above and debited to the (Accumulated Losses)/Retained Earnings Account.

The estimated expenses in relation to the Rights Issue with Warrants of RM0.58 million will be debited to the Share Premium Account.

In completing the construction of a solar photovoltaic installation ("Solar PV Plant") and acquisition of specialised machineries, RM2 million and RM4 million respectively will be debited to the Property, Plant and Equipment Account on the assumption that the costs incurred will meet the criteria for capitalisation where RM3 million and RM9.19 million each for completing the construction of a Solar PV Plant and acquisition of specialised machineries respectively will be paid via the proceeds arising from the Rights Issue with Warrants and the remaining will be funded via internally generated funds and/or bank borrowings.

AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

4. **Pro Forma Consolidated Statements of Financial Position (Continued)**

4.1 **Minimum Scenario (Continued)**

4.1.1 **Pro Forma I (continued)**

The Rights Issue with Warrants will have the following impact on the adjusted consolidated statements of financial position of the Group as at 29 February 2016:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	Effects on Total Liability and Equity RM'000
Property, plant and equipment	12,195	-
Cash and cash equivalents	(580)	-
Loans and borrowings	-	6,195
Share capital	-	3,000
Share premium	-	920
Other reserves	-	1,500
	11,615	11,615

4.1.2 **Pro Forma II**

Pro Forma II incorporates the cumulative effects of Pro Forma I and assuming the full exercise of 50,000,000 Warrants B at the exercise price of RM0.03 as described in Note 4.1(iv).

The full exercise of 50,000,000 Warrants B will have the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group as at 29 February 2016:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity RM'000
Cash and cash equivalents	1,500	-
Share capital	-	1,500
Share Premium	-	1,500
Other reserves	-	(1,500)
	1,500	1,500

4. **Pro Forma Consolidated Statements of Financial Position (Continued)**

4.2 **Base Case Scenario**

The base case scenario assumes that:-

(i) The Rights Issue with Warrants of up to 433,060,630 Rights Shares together with up to 216,530,315 Warrants B will be undertaken on the basis that none of the 129,918,100 SIS Options and none of the 196,845,765 outstanding Warrants A are exercised into new ATS Shares prior to the Rights Issue with Warrants.

(ii) The 216,530,315 Warrants B issued pursuant to the Rights Issue with Warrants will be fully exercised at an exercise price of RM0.03 each.

4.2.1 **Pro Forma I**

Pro Forma I incorporates the Rights Issue with Warrants and the utilisation of proceeds as described in Section 3.

With the issuance of 216,530,315 Warrants B pursuant to the Rights Issue with Warrants, ATS has recognised the fair value of Warrants B of RM6.496 million based on the basis as disclosed in Note 4.1.1 and debited to the (Accumulated Losses)/Retained Earnings Account.

The proceeds arising from the Rights Issue with Warrants earmarked for completing the construction of a Solar PV Plant and acquisition of specialised machineries of RM2 million and RM8 million respectively will be debited to the Property, Plant and Equipment Account on the assumption that the costs incurred will meet the criteria for capitalisation of RM3 million and RM9.19 million each for completing the construction of a Solar PV Plant and acquisition of specialised machineries respectively will be paid via the proceeds arising from the Rights Issue with Warrants and the remaining will be funded via internally generated funds and/or bank borrowings.

The proceeds earmarked for working capital will be included in the cash and cash equivalent account.

The estimated expenses in relation to the Rights Issue with Warrants of RM0.58 million will be debited to the Share Premium Account.

AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

4. **Pro Forma Consolidated Statements of Financial Position (Continued)**

4.2 **Base Case Scenario (Continued)**

4.2.1 **Pro Forma I (Continued)**

The Rights Issue with Warrants will have the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group as at 29 February 2016:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity and Liabilities RM'000
Property, plant and equipment	12,195	-
Cash and cash equivalents	9,089	-
Share capital	-	12,992
Share premium	-	5,916
Other reserves	-	6,496
Loans and borrowings	-	(4,120)
	21,284	21,284

4.2.2 **Pro Forma II**

Pro Forma II incorporates the cumulative effects of Pro Forma I and assuming full exercise of 216,530,315 Warrants B at the exercise price of RM0.03 as described in Note 4.2(ii).

The full exercise of 216,530,315 Warrants B will have the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group as at 29 February 2016:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity RM'000
Cash and cash equivalents	6,496	-
Share capital	-	6,496
Share Premium	-	6,496
Other reserves	-	(6,496)
	6,496	6,496

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

4. Pro Forma Consolidated Statements of Financial Position (Continued)

4.3 Maximum Scenario

The maximum scenario assumes that:-

(i) All 129,918,100 SIS Options in respect of thirty percent (30%) of ATS issued and paid up share capital will be fully exercised into new ATS Shares at an exercise price of RM 0.05 each.

(ii) All 196,845,765 outstanding Warrants A will be fully exercised at an exercise price of RM0.12 each.

(iii) The 379,912,248 Warrants B issued pursuant to the Rights Issue with Warrants will be fully exercised at an exercise price of RM0.03 each.

4.3.1 Pro Forma I

Pro Forma I incorporates the cumulative effect of the adjusted consolidated statement of financial position and assuming full exercise of the SIS Options and outstanding Warrants A as described in Note 4.3 (i) and (ii) respectively.

The full exercise of 129,918,100 SIS Options and 196,845,765 Warrants A will have the following impact on the adjusted consolidated statements of financial position of the Group as at 29 February 2016:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	**Effects on Total Equity RM'000**
Cash and cash equivalents	30,117	-
Share capital	-	9,803
Share premium	-	41,041
Other reserves	-	(20,727)
	30,117	30,117

AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

4. Pro Forma Consolidated Statements of Financial Position (Continued)

4.3 Maximum Scenario (Continued)

4.3.2 Pro Forma II

Pro Forma II incorporates the cumulative effects of Pro Forma I and the Rights Issue with Warrants and the utilisation of proceeds as described in Section 3.

With the issuance of 379,912,248 Warrants B pursuant to the Rights Issue with Warrants, ATS has recognised the fair value of Warrants B of RM11.39 million based on the basis as disclosed in Note 4.1.1 and debited to the (Accumulated Losses)/Retained Earnings Account.

The proceeds arising from the Rights Issue with Warrants earmarked for completing the construction of a Solar PV Plant and acquisition of specialised machineries of RM2 million and RM8 million respectively will be debited to the Property, Plant and Equipment Account on the assumption that the costs incurred will meet the criteria for capitalisation of RM3 million and RM9.19 million each for completing the construction of a Solar PV Plant and acquisition of specialised machineries respectively will be paid via the proceeds arising from the Rights Issue with Warrants and the remaining will be funded via internally generated funds and/or bank borrowings.

The proceeds earmarked for working capital will be included in the cash and cash equivalent account.

The estimated expenses in relation to the Rights Issue with Warrants of RM0.58 million will be debited to the Share Premium Account.

The Rights Issue with Warrants will have the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group as at 29 February 2016:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	**Effects on Total Equity and Liabilities RM'000**
Property, plant and equipment	12,195	-
Cash and cash equivalents	28,695	-
Share capital	-	22,795
Share premium	-	10,818
Other reserves	-	11,397
Loans and borrowings	-	(4,120)
	40,890	40,890

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AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

4. **Pro Forma Consolidated Statements of Financial Position (Continued)**

4.3 **Maximum Scenario (Continued)**

4.3.3 **Pro Forma III**

Pro Forma III incorporates the cumulative effects of Pro Forma II and assuming full exercise of 379,912,248 Warrants B at the exercise price of RM0.03 as described in Note 4.3(iii).

The full exercise of 379,912,248 Warrants B will have the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group as at 29 February 2016:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	**Effects on Total Equity RM'000**
Cash and cash equivalents	11,397	-
Share capital	-	11,397
Share Premium	-	11,397
Other reserves	-	(11,397)
	11,397	11,397

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AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

5. Movements in Share Capital and Reserves

5.1 Minimum Scenario

	Share capital				(Accumulated Losses)/
	Number of Shares '000	Amount RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000
Audited consolidated statement of financial position as at 29 February 2016	433,061	43,306	10,768	23,740	(35,168)
Arising from the Capital Reorganisation	-	(30,314)	(4,854)	-	35,168
Arising from SIS Options granted	-	-	-	3,602	(3,602)
Adjusted consolidated statement of financial position as at 29 February 2016	433,061	12,992	5,914	27,342	(3,602)
Arising from the Rights Issue with Warrants	100,000	3,000	1,500	1,500	-
- defrayment of estimated expenses	-	-	(580)	-	-
As per Pro Forma I	533,061	15,992	6,834	28,842	(3,602)
Arising from assuming full exercise of Warrants B	50,000	1,500	1,500	(1,500)	-
As per Pro Forma II	583,061	17,492	8,334	27,342	(3,602)

AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

5. **Movements in Share Capital and Reserves**

5.2 **Base Case Scenario**

	Share capital Number of Shares '000	Amount RM'000	Share Premium RM'000	Other Reserves RM'000	(Accumulated Losses)/ Retained Earnings RM'000
Audited consolidated statement of financial position as at 29 February 2016	433,061	43,306	10,768	23,740	(35,168)
Arising from the Capital Reorganisation	-	(30,314)	(4,854)	-	35,168
Arising from SIS Options granted	-	-	-	3,602	(3,602)
Adjusted consolidated statement of financial position as at 29 February 2016	433,061	12,992	5,914	27,342	(3,602)
Arising from the Rights Issue with Warrants	433,061	12,992	6,496	6,496	-
- defrayment of estimated expenses	-	-	(580)	-	-
As per Pro Forma I	866,122	25,984	11,830	33,838	(3,602)
Arising from assuming full exercise of Warrants B	216,530	6,496	6,496	(6,496)	-
As per Pro Forma II	1,082,652	32,480	18,326	27,342	(3,602)

AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

5. **Movements in Share Capital and Reserves (Continued)**

5.3 **Maximum Scenario**

	Share capital Number of Shares '000	Amount RM'000	Share Premium RM'000	Other Reserves RM'000	(Accumulated Losses)/ Retained Earnings RM'000
Audited consolidated statement of financial position as at 29 February 2016	433,061	43,306	10,768	23,740	(35,168)
Arising from the Capital Reorganisation	-	(30,314)	(4,854)	-	35,168
Arising from SIS Options granted	-	-	-	3,602	(3,602)
Adjusted consolidated statement of financial position as at 29 February 2016	433,061	12,992	5,914	27,342	(3,602)
Arising from assuming full exercise of SIS Options	196,846	-	-	(3,602)	-
Arising from assuming full exercise of Warrants A	129,918	9,803	41,041	(17,125)	-
As per Pro Forma I	759,825	22,795	46,955	6,615	(3,602)
Arising from the Rights Issue with Warrants	759,824	22,795	11,398	11,397	-
- defrayment of estimated expenses	-	-	(580)	-	-
As per Pro Forma II	1,519,649	45,590	57,773	18,012	(3,602)
Arising from assuming full exercise of Warrants B	379,912	11,397	11,397	(11,397)	-
As per Pro Forma III	1,899,561	56,987	69,170	6,615	(3,602)

AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

6. Movements in Cash and Cash Equivalents

6.1 Minimum Scenario

	RM'000
Audited consolidated statement of financial position as at 29 February 2016	3,472
Arising from the Capital Reorganisation	-
Arising from the SIS Options granted	-
Adjusted consolidated statement of financial position as at 29 February 2016	3,472
Arising from the Rights Issue with Warrants	
- proceeds from issuance of shares	6,000
- payment for construction of Solar PV Plant	(2,000)
- payment for acquisition of specialised machineries	(4,000)
- defrayment of estimated expenses	(580)
As per Pro Forma I	2,892
Arising from assuming full exercise of Warrants B	1,500
As per Pro Forma II	4,392

6.2 Base Case Scenario

	RM'000
Audited consolidated statement of financial position as at 29 February 2016	3,472
Arising from the Capital Reorganisation	-
Arising from the SIS options granted	-
Adjusted consolidated statement of financial position as at 29 February 2016	3,472
Arising from the Rights Issue with Warrants	
- proceeds from issuance of shares	25,984
- payment for construction of Solar PV Plant	(2,000)
- payment for acquisition of specialised machineries	(8,000)
- repayment of bank borrowings	(6,315)
- defrayment of estimated expenses	(580)
As per Pro Forma I *	12,561
Arising from assuming full exercise of Warrants B	6,496
As per Pro Forma II	19,057

* *Included in the cash and cash equivalents are amounts of RM9.089 million arising from the Rights Issue with Warrants earmarked for working capital purposes.*

AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (CONTINUED)

6. Movements in Cash and Cash Equivalents (Continued)

6.3 Maximum Scenario

	RM'000
Audited consolidated statement of financial position as at 29 February 2016	3,472
Arising from the Capital Reorganisation	-
Arising from the SIS options granted	-
Adjusted consolidated statement of financial position as at 29 February 2016	3,472
Arising from assuming full exercise of SIS Options	6,496
Arising from assuming full exercise of Warrants A	23,621
As per Pro Forma I	33,589
Arising from the Rights Issue with Warrants	
- proceeds from issuance of shares	45,590
- payment for construction of Solar PV Plant	(2,000)
- payment for acquisition of specialised machineries	(8,000)
- repayment of bank borrowings	(6,315)
- defrayment of estimated expenses	(580)
As per Pro Forma II *	62,284
Arising from assuming full exercise of Warrants B	11,397
As per Pro Forma III	73,681

* *Included in the cash and cash equivalents are amounts of RM28.694 million arising from the Rights Issue with Warrants earmarked for working capital purposes.*

AT SYSTEMATIZATION BERHAD AND ITS SUBSIDIARIES

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of ATS in accordance with a resolution dated

06 SEP 2016

....	....
Mak Siew Wei	**Dato' Ir. Auniah Binti Ali**
Director	**Director**

CERTIFIED TRUE COPY

BAKER TILLY
MONTEIRO HENG
CHARTERED ACCOUNTANTS
FIRM NO: AF0117

AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2016

AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
29 FEBRUARY 2016

Contents	**Pages**

AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 29 February 2016.

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 set out in Note 10 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year:	(2,497,816)	155,262
Attributable to:-		
Owners of the Company	(2,542,449)	155,262
Non-controlling interests	44,633	-
	(2,497,816)	155,262

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current 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.

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of 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 have satisfied themselves that there were no known bad debts 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 it necessary to write off any bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of 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 method of valuation of assets or liabilities of the Group and of 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 of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of 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 will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

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 the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, except for as disclosed in the financial statements:-

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM39,369,153 to RM43,306,063 by way of private placement with the listing of 39,369,100 ordinary shares of RM0.10 each at an issue price of RM0.10 each on 5 August 2015.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

WARRANTS

Details of the warrants are set out in Note 17(a) to the financial statements.

DIRECTORS OF THE COMPANY

The directors in office since the date of the last report are:-

Dato' Nik Ismail Bin Dato' Nik Yusoff
Dato' Ir. Auniah Binti Ali
Dr. Ch'ng Huck Khoon
Chang Vun Lung
Mak Siew Wei

DIRECTORS' INTERESTS

According to the Registers of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and of its related corporations during the financial year were as follows:-

	Number of Ordinary Shares of RM0.10 Each			
	At 1.3.2015	**Acquired**	**Disposed**	**At 29.2.2016**
Direct Interest				
Mak Siew Wei	9,360,000	-	(6,591,500)	2,768,500

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year.

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 benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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 arrangements 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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 26 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 27 to the financial statements.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

....

MAK SIEW WEI
Director

....

DATO' IR. AUNIAH BINTI ALI
Director

Date: 27 June 2016

AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Revenue	5	17,393,797	23,398,071	842,095	1,146,915
Cost of sales		(15,765,168)	(18,582,145)	-	-
Gross profit		1,628,629	4,815,926	842,095	1,146,915
Other income		2,230,646	1,966,770	643,397	569,351
Administrative and general expenses		(5,895,965)	(5,834,032)	(1,308,466)	(1,379,828)
Selling and distribution expenses		(143,568)	(168,286)	(82,749)	(78,216)
		(6,039,533)	(6,002,318)	(1,391,215)	(1,458,044)
(Loss)/Profit from operations		(2,180,258)	780,378	94,277	258,222
Finance costs		(443,520)	(371,064)	-	-
(Loss)/Profit before tax	6	(2,623,778)	409,314	94,277	258,222
Tax credit/(expense)	7	125,962	300,988	60,985	(135,071)
(Loss)/Profit for the financial year		(2,497,816)	710,302	155,262	123,151
Attributable to:-					
Owners of the Company		(2,542,449)	712,688	155,262	123,151
Non-controlling interests	10	44,633	(2,386)	-	-
(Loss)/Profit for the financial year		(2,497,816)	710,302	155,262	123,151

AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2016 (cont'd)

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
(Loss)/Profit for the financial year		(2,497,816)	710,302	155,262	123,151
Other comprehensive income					
Item that will not be reclassified subsequently to profit or loss					
Revaluation surplus from property, plant and equipment		-	6,550,720	-	-
Total comprehensive (loss)/income for the financial year		(2,497,816)	7,261,022	155,262	123,151
Attributable to:-					
Owners of the Company		(2,542,449)	7,263,408	155,262	123,151
Non-controlling interest		44,633	(2,386)	-	-
Total comprehensive (loss)/income for the financial year		(2,497,816)	7,261,022	155,262	123,151
(Loss)/Earnings per share attributable to the owners of the Company (sen)					
Basic and diluted	8	(0.61)	0.18		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-current assets					
Property, plant and equipment	9	44,143,553	37,976,219	76,638	87,028
Investment in subsidiaries	10	-	-	2,681,003	2,681,003
Other investments	11	-	25,000	-	25,000
		44,143,553	38,001,219	2,757,641	2,793,031
Current assets					
Inventories	12	2,347,715	2,782,549	-	-
Receivables, deposits and prepayments	13	9,369,755	9,210,024	23,139,501	19,202,854
Tax assets		235,465	386,550	100,000	56,900
Cash and cash equivalents	14	3,472,429	3,585,689	562,423	577,876
Other investments	11	10,337	-	10,337	-
		15,435,701	15,964,812	23,812,261	19,837,630
TOTAL ASSETS		59,579,254	53,966,031	26,569,902	22,630,661

AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 29 FEBRUARY 2016 (cont'd)

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity					
Share capital	15	43,306,063	39,369,153	43,306,063	39,369,153
Share premium	16	10,768,042	10,966,787	10,768,042	10,966,787
Other reserves	17	23,740,316	23,893,802	17,125,582	17,125,582
Accumulated losses		(35,168,511)	(32,779,548)	(44,732,546)	(44,887,808)
Total equity attributable to owners of the Company		42,645,910	41,450,194	26,467,141	22,573,714
Non-controlling interests	10	84,534	39,901	-	-
Total equity		42,730,444	41,490,095	26,467,141	22,573,714
Liabilities					
Non-current liabilities					
Loans and borrowings	18	8,694,369	2,886,304	-	-
Deferred tax liabilities	19	2,047,798	2,179,933	-	-
		10,742,167	5,066,237	-	-
Current liabilities					
Loans and borrowings	18	2,055,919	1,202,160	-	-
Payables, deposits and accruals	20	4,028,053	6,207,539	102,761	56,947
Tax liabilities		22,671	-	-	-
		6,106,643	7,409,699	102,761	56,947
Total liabilities		16,848,810	12,475,936	102,761	56,947
TOTAL EQUITY AND LIABILITIES		59,579,254	53,966,031	26,569,902	22,630,661

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2016

	Note	Share Capital RM	<------ Non-Distributable Share Premium RM	Revaluation Reserve RM	Warrant Reserve RM ------->	Accumulated Losses RM	Sub-total RM	Non-Controlling Interests RM	Total Equity RM
At 1 March 2014		39,369,153	10,966,787	217,500	17,125,582	(33,467,236)	34,211,786	17,287	34,229,073
Comprehensive income									
Profit/(Loss) for the financial year		-	-	-	-	712,688	712,688	(2,386)	710,302
Other comprehensive income									
Revaluation surplus from property plant and equipment		-	-	6,550,720	-	-	6,550,720	-	6,550,720
Total comprehensive income/(loss) for the financial year		-	-	6,550,720	-	712,688	7,263,408	(2,386)	7,261,022
Transactions with owners									
(Dilution)/Accretion from change in stake in subsidiaries		-	-	-	-	(25,000)	(25,000)	25,000	-
Total transactions with owners		-	-	-	-	(25,000)	(25,000)	25,000	-
At 28 February 2015		39,369,153	10,966,787	6,768,220	17,125,582	(32,779,548)	41,450,194	39,901	41,490,095

AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATION STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2016 (cont'd)

	Note	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Warrant Reserve RM	Accumulated Losses RM	Sub-total RM	Non-Controlling Interests RM	Total Equity RM
			<------ Non-Distributable ------->						
At 28 February 2015		39,369,153	10,966,787	6,768,220	17,125,582	(32,779,548)	41,450,194	39,901	41,490,095
Comprehensive loss									
(Loss)/Profit for the financial year		-	-	-	-	(2,542,449)	(2,542,449)	44,633	(2,497,816)
Total comprehensive (loss)/income for the financial year		-	-	-	-	(2,542,449)	(2,542,449)	44,633	(2,497,816)
Transactions with owners									
Issue of shares pursuant to private placement	15	3,936,910	(198,745)	-	-	-	3,738,165	-	3,738,165
Realisation of revaluation reserve	17(b)	-	-	(153,486)	-	153,486	-	-	-
Total transactions with owners		3,936,910	(198,745)	(153,486)	-	153,486	3,738,165	-	3,738,165
At 29 February 2016		43,306,063	10,768,042	6,614,734	17,125,582	(35,168,511)	42,645,910	84,534	42,730,444

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2016

			<---Non-Distributable--->			
	Note	Share Capital RM	Share Premium RM	Warrant Reserve RM	Accumulated Losses RM	Total Equity RM
At 1 March 2014		39,369,153	10,966,787	17,125,582	(45,010,959)	22,450,563
Comprehensive income						
Profit for the financial year		-	-	-	123,151	123,151
Total comprehensive income for the financial year		-	-	-	123,151	123,151
At 28 February 2015		39,369,153	10,966,787	17,125,582	(44,887,808)	22,573,714
Comprehensive income						
Profit for the financial year		-	-	-	155,262	155,262
Total comprehensive income for the financial year		-	-	-	155,262	155,262
Transactions with owners						
Issue of shares pursuant to private placement	15	3,936,910	(198,745)	-	-	3,738,165
Total transactions with owners		3,936,910	(198,745)	-	-	3,738,165
At 29 February 2016		43,306,063	10,768,042	17,125,582	(44,732,546)	26,467,141

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Cash flows from operating activities					
(Loss)/Profit before tax		(2,623,778)	409,314	94,277	258,222
Adjustments for:-					
Allowance for slow moving inventories		22,756	-	-	-
Depreciation of property, plant and equipment		2,527,147	2,254,448	16,773	15,781
Impairment loss on receivables		58,164	59,775	-	-
Income distribution from fixed income fund		(15,753)	(180,128)	(15,753)	(180,128)
Interest expense		443,520	371,064	-	-
Interest income		(20,718)	(18,865)	(627,645)	(389,222)
Loss on disposal of property, plant and equipment		127,348	237,356	-	-
Reversal of impairment loss on receivables		(71,920)	(192)	-	-
Unrealised gain on foreign exchange, net		(136,077)	(229,625)	-	-
Operating profit/(loss) before working capital changes		310,689	2,903,147	(532,348)	(295,347)
Inventories		412,078	(800,767)	-	-
Receivables		282,504	(1,732,370)	(3,310,189)	(17,157,646)
Payables		(3,124,494)	1,777,747	45,814	(33,768)
Cash (used in)/generated from operations		(2,119,223)	2,147,757	(3,796,723)	(17,486,761)
Tax refunded		508,998	447,111	160,385	-
Tax paid		(341,415)	(552,471)	(142,500)	(131,221)
Net cash (used in)/from operating activities carried down		(1,951,640)	2,042,397	(3,778,838)	(17,617,982)

AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2016 (cont'd)

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Net cash (used in)/from operating activities brought down		(1,951,640)	2,042,397	(3,778,838)	(17,617,982)
Cash flows from investing activities					
Income distribution received		15,753	180,128	15,753	180,128
Interest received		20,718	18,865	1,187	5,594
Investment in unquoted shares		-	(25,000)	-	(25,000)
Placement of short term fund		(10,337)	-	(10,337)	-
Proceeds from disposal of investment in unquoted shares		25,000	-	25,000	-
Proceeds from disposal of property, plant and equipment		108,000	100,000	-	-
Purchase of property, plant and equipment	9	(5,026,958)	(6,070,518)	(6,383)	(89,246)
Net cash (used in)/from investing activities		(4,867,824)	(5,796,525)	25,220	71,476
Cash flows from financing activities					
Proceeds from private placement	15	3,738,165	-	3,738,165	-
Interest paid		(443,520)	(371,064)	-	-
Repayment of finance lease payables		(995,777)	(1,396,554)	-	-
Drawdown/(Repayments) of term loans		4,265,726	(10,935,499)	-	-
Net cash from/(used in) financing activities		6,564,594	(12,703,117)	3,738,165	-
Net (decrease)/increase in cash and cash equivalents		(254,870)	(16,457,245)	(15,453)	(17,546,506)
Effects of exchange rate changes on cash and cash equivalents		141,610	85,878	-	-
Cash and cash equivalents at beginning of the financial year		3,585,689	19,957,056	577,876	18,124,382
Cash and cash equivalents at end of the financial year		3,472,429	3,585,689	562,423	577,876

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 29 FEBRUARY 2016

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is 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.

The principal place of business is located at Lot 11.2, Level 11, Menara Lien Hoe, No.8, Persiaran Tropicana, 47410 Petaling Jaya, Selangor.

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 10. There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 June 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

2. **BASIS OF PREPARATION** (cont'd)

2.2 **Adoption of amendments/improvements to MFRSs** (cont'd)

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 clarify the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarify that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132. They also clarify that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, Amendments to MFRS 3 clarify that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11) in the financial statements of the joint arrangement itself.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments also clarify that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 or MFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarify the accounting treatment for the accumulated depreciation when an asset is revalued. They clarify that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of amendments/improvements to MFRSs (cont'd)

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments/Improvements to MFRSs		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	Deferred/ 1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interest in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new MFRSs and amendments/improvements to MFRSs, the financial effects of their adoption are currently still being assessed by the Group and the Company.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

MFRS 15 Revenue from Contracts with Customers (cont'd)

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improve the effectiveness of disclosures. The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more that their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(a) Subsidiaries and business combination (cont'd)

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.13(b).

3.3 Foreign currency transactions and operations

Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3.4 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

(a) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Revenue and other income (cont'd)

(b) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Management fees

Management fees are recognised when services are rendered.

3.5 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.6 Borrowing Costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begin capitalising borrowing costs when the Group have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised 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 is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Income tax (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3.8 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

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

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

(a) Subsequent measurement (cont'd)

The Group and the Company categorise the financial instruments as follows: (cont'd)

(i) Financial assets (cont'd)

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(a). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

(ii) Financial liabilities

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

(b) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries and jointly control entities as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(c) Regular way purchase or sale of financial assets

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

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

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

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than leasehold lands and buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b).

Leasehold lands and buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on land and buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the leasehold lands and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings in full when the asset is derecognised.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.6.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate items of property, plant and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Leasehold lands are depreciated on a straight-line basis over the remaining lease terms. Other property, plant and equipment are depreciated on the straight line basis to write off the cost of the property, plant and equipment over their estimated useful lives.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Property, plant and equipment (cont'd)

(c) Depreciation (cont'd)

The principal annual rates used for this purpose are:-

Leasehold lands	40 years and 48 years
Buildings	2%
Solar photovoltaic plant	5%
Plant, machinery, tools and equipment	10% - 20%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	15% - 20%
Renovation	10%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.10 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Leases (cont'd)

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.11 Inventories

Inventories are measured at lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a first-in first-out basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.12 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits, highly liquid investments with a maturity of three months or less, that are readily convertible to cash and are subject to an insignificant risk of changes in value.

3.13 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Impairment of assets (cont'd)

(a) Impairment and uncollectibility of financial assets (cont'd)

Loans and receivables

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Impairment of assets (cont'd)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.15 Warrant reserve

Amount allocated in relation to the issuance of warrants are credited to a warrant reserve which is non-distributable. Warrant reserve is transferred to the share premium or retained earnings upon the exercise or expiry of warrants respectively.

3.16 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.17 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Executive Director of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.18 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Fair value measurements (cont'd)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.19 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following.

(a) Measurement of income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expense when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group and the Company recognise liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known. The income tax expense of the Group and the Company are disclosed in Note 7.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

(b) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.9, the Group and the Company review the residual values, depreciation rates and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 9.

(c) Revaluation of leasehold lands and buildings

The Group carries its leasehold lands and buildings at valuation model, with changes in fair values being recognised in other comprehensive income. The Group engages independent valuation specialists to determine the fair value of the leasehold lands and buildings at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued lands and buildings materially differ from the market values.

(d) Impairment of investments in subsidiaries

The directors review the investments in subsidiaries for impairment when there is an indication of impairment. This involves measuring the recoverable amount which includes fair value less costs to sell and valuation techniques. Valuation techniques include discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation. The carrying amounts of the investments in subsidiaries are disclosed in Note 10.

(e) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 21(c).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

(f) Impairment of financial assets

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

For available-for-sale investments, the Group and the Company recognise an impairment loss when there has been a significant or prolonged decline in the market price of the investments. The Group and the Company use its judgement to decide when an impairment loss shall be recognised using past experience of similar investments, historical volatility of the prices and current market conditions. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 21(a).

(g) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance of the subsidiaries. The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 19.

(h) Write-down of obsolete or slow moving inventories

The Group write down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories. The carrying amounts of the Group's inventories are disclosed in Note 12.

5. REVENUE

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Sale of goods	17,393,797	23,398,071	-	-
Management fees	-	-	842,095	1,146,915
	17,393,797	23,398,071	842,095	1,146,915

6. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is arrived at after charging/(crediting):-

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Auditors' remuneration				
- current year	107,000	92,000	37,000	35,000
- over provision in prior financial year	-	(5,660)	-	-
Allowance for slow moving inventories	22,756	-	-	-
Depreciation of property, plant and equipment	2,527,147	2,254,448	16,773	15,781
Net gain on foreign exchange:				
- realised	(257,415)	(45,165)	-	-
- unrealised	(136,077)	(229,625)	-	-
Impairment loss on receivables	58,164	59,775	-	-
Income distribution from fixed income fund	(15,753)	(180,128)	(15,753)	(180,128)
Interest expense	443,520	371,064	-	-
Interest income from:				
- subsidiaries	-	-	(626,458)	(383,628)
- banks	(20,718)	(18,865)	(1,187)	(5,594)
Loss on disposal of property, plant and equipment	127,348	237,356	-	-

6. **(LOSS)/PROFIT BEFORE TAX** (cont'd)

(Loss)/Profit before tax is arrived at after charging/(crediting):- (cont'd)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Personnel expenses (including key management personnel (Note (a))				
- salaries and allowances	5,675,971	5,492,061	495,988	434,923
- contribution to defined contribution plan	435,294	448,058	55,491	37,244
Rental expenses				
- premises	207,437	175,518	45,037	76,518
- motor vehicle	48,000	48,000	48,000	48,000
Rental income	(1,596,165)	(1,460,165)	-	-
Reversal of impairment loss on receivables	(71,920)	(192)	-	-

(a) Included in personnel expenses are the aggregate amounts of remuneration received and receivable by the directors of the Group and of the Company during the financial year as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Executive directors:				
- other emoluments	462,840	560,687	121,240	121,240
- defined contribution plan	66,300	78,735	15,600	15,600
	529,140	639,422	136,840	136,840
Non-executive directors:				
- fees	137,000	132,000	137,000	132,000
- other emoluments	2,000	-	2,000	-
	139,000	132,000	139,000	132,000
	668,140	771,422	275,840	268,840

7. TAX (CREDIT)/EXPENSE

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Current tax:-				
Malaysian income tax				
- Current year	43,671	78,500	-	70,600
- (Over)/Under provision in prior financial year	(37,498)	(53,488)	(60,985)	64,471
	6,173	25,012	(60,985)	135,071
Deferred tax (Note 19):-				
Reversal of temporary differences	(601,588)	(532,300)	-	-
Under provision in prior financial year	469,453	206,300	-	-
	(132,135)	(326,000)	-	-
Total tax (credit)/expense recognised in profit or loss	(125,962)	(300,988)	(60,985)	135,071

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

7. **TAX (CREDIT)/EXPENSE** (cont'd)

The reconciliation of the tax amount at statutory income tax rate to the Group's and the Company's tax (credit)/expense are as follows:-

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
(Loss)/Profit before tax	(2,623,778)	409,314	94,277	258,222
Tax at the Malaysian statutory income tax rate of 24% (2015: 25%)	(629,707)	102,329	22,626	64,556
Deferred tax recognised at different tax rates	-	22,257	-	-
Tax effect arising from:				
- non-deductible expenses	166,838	200,275	13,564	102,659
- non-taxable income	(21,117)	(100,861)	(3,781)	(45,032)
Deferred tax assets not recognised during the financial year	112,277	81,100	2,999	-
Utilisation of reinvestment allowance	(186,208)	(758,900)	-	-
Utilisation of group tax relief	-	-	(35,408)	(51,583)
(Over)/Under provision in prior financial year:				
- current tax	(37,498)	(53,488)	(60,985)	64,471
- deferred tax	469,453	206,300	-	-
Total tax (credit)/expense recognised in profit or loss	(125,962)	(300,988)	(60,985)	135,071

The Group has estimated unabsorbed capital allowances and unutilised tax losses of approximately RM3,398,577 (2015: RM1,455,112) and RM2,478,309 (2015: RM2,566,065) respectively carried forward, available for set off against future taxable profits of the Group.

The Company has estimated unabsorbed capital allowances of approximately RM12,494 (2015: Nil) available for set off against future taxable profits of the Company.

8. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the Group's profit attributable to the owners of the parent by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2016 RM	2015 RM
(Loss)/Profit for the financial year attributable to owners of the Company:	(2,542,449)	712,688
Weighted average number of ordinary shares in issue (unit)	415,957,677	393,691,530
(Loss)/Earnings per share:		
Basic and diluted	(0.61)	0.18

The diluted (loss)/earnings per share is equivalent to the basic (loss)/earnings per share as the Company does not have any dilutive potential ordinary shares during the financial year. The Company's warrants are anti-dilutive for the financial year under review.

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Lands RM	Buildings RM	Solar Photovoltaic Plant RM	Plant, Machinery, Tools and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Renovation RM	Total RM
Group								
Cost/Valuation								
At 1.3.2015								
At cost	-	-	-	15,150,138	3,856,852	1,173,050	295,489	20,475,529
At valuation	12,115,688	16,684,312	-	-	-	-	-	28,800,000
	12,115,688	16,684,312	-	15,150,138	3,856,852	1,173,050	295,489	49,275,529
Additions	-	23,043	5,109,057	3,272,956	166,956	354,134	3,683	8,929,829
Disposals	-	-	-	(1,516,600)	-	-	-	(1,516,600)
At 29.2.2016	12,115,688	16,707,355	5,109,057	16,906,494	4,023,808	1,527,184	299,172	56,688,758
Representing								
At cost	-	-	5,109,057	16,906,494	4,023,808	1,527,184	299,172	27,865,715
At valuation	12,115,688	16,707,355	-	-	-	-	-	28,823,043
	12,115,688	16,707,355	5,109,057	16,906,494	4,023,808	1,527,184	299,172	56,688,758

9. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

	Leasehold Lands RM	Buildings RM	Solar Photovoltaic Plant RM	Plant, Machinery, Tools and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Renovation RM	Total RM
Group								
Accumulated Depreciation								
At 1.3.2015	-	-	-	8,794,205	1,530,036	785,019	190,050	11,299,310
Charge for the financial year	271,523	364,762	-	1,340,763	361,763	158,555	29,781	2,527,147
Disposals	-	-	-	(1,281,252)	-	-	-	(1,281,252)
At 29.2.2016	271,523	364,762	-	8,853,716	1,891,799	943,574	219,831	12,545,205
Net Carrying Amount								
At cost	-	-	5,109,057	8,052,778	2,132,009	583,610	79,341	15,956,795
At valuation	11,844,165	16,342,593	-	-	-	-	-	28,186,758
At 29.2.2016	11,844,165	16,342,593	5,109,057	8,052,778	2,132,009	583,610	79,341	44,143,553

9. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

	Leasehold Lands RM	Buildings RM	Plant, Machinery, Tools and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Renovation RM	Total RM
Group							
Cost/Valuation							
At 1.3.2014							
At cost	-	-	16,363,332	2,311,654	1,103,741	-	19,778,727
At valuation	4,200,000	14,490,000	-	-	-	-	18,690,000
	4,200,000	14,490,000	16,363,332	2,311,654	1,103,741	-	38,468,727
Additions	82,000	3,802,146	1,845,921	1,927,574	107,577	1,800	7,767,018
Disposals	-	-	(940,000)	-	-	-	(940,000)
Adjustment on revaluation	8,688,053	-	-	-	-	-	8,688,053
Elimination of accumulated depreciation on revaluation	(573,512)	(1,888,687)	-	-	-	-	(2,462,199)
Reclassification	(280,853)	280,853	-	(293,689)	-	293,689	-
Written off	-	-	(2,119,115)	(88,687)	(38,268)	-	(2,246,070)
At 28.2.2015	12,115,688	16,684,312	15,150,138	3,856,852	1,173,050	295,489	49,275,529
Representing							
At cost	-	-	15,150,138	3,856,852	1,173,050	295,489	20,475,529
At valuation	12,115,688	16,684,312	-	-	-	-	28,800,000
	12,115,688	16,684,312	15,150,138	3,856,852	1,173,050	295,489	49,275,529

9. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

	Leasehold Lands RM	Buildings RM	Plant, Machinery, Tools and Equipment RM	Furniture, Fittings and Office Equipment RM	Motor Vehicles RM	Renovation RM	Total RM
Group							
Accumulated Depreciation							
At 1.3.2014	420,059	1,581,549	10,105,259	1,589,403	659,505	-	14,355,775
Charge for the financial year	153,453	307,138	1,410,705	189,890	163,782	29,480	2,254,448
Disposals	-	-	(602,644)	-	-	-	(602,644)
Elimination of accumulated depreciation on revaluation	(573,512)	(1,888,687)	-	-	-	-	(2,462,199)
Reclassification	-	-	-	(160,570)	-	160,570	-
Written off	-	-	(2,119,115)	(88,687)	(38,268)	-	(2,246,070)
At 28.2.2015	-	-	8,794,205	1,530,036	785,019	190,050	11,299,310
Net Carrying Amount							
At cost	-	-	6,355,933	2,326,816	388,031	105,439	9,176,219
At valuation	12,115,688	16,684,312	-	-	-	-	28,800,000
At 28.2.2015	12,115,688	16,684,312	6,355,933	2,326,816	388,031	105,439	37,976,219

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Furniture, Fittings and Office Equipment RM
Company	
Cost	
At 1.3.2015	172,689
Addition	6,383
At 29.2.2016	179,072
Accumulated Depreciation	
At 1.3.2015	85,661
Charge for the financial year	16,773
At 29.2.2016	102,434
Net Carrying Amount	
At 29.2.2016	76,638
Company	
Cost	
At 1.3.2014	83,443
Addition	89,246
At 28.2.2015	172,689
Accumulated Depreciation	
At 1.3.2014	69,880
Charge for the financial year	15,781
At 28.2.2015	85,661
Net Carrying Amount	
At 28.2.2015	87,028

(a) The leasehold lands and buildings were revalued on 28 February 2015 based on the market values given by independent professional valuers using the comparison method that makes reference to recent transactions and sales evidences involving other similar properties in the vicinity. The most significant input to this valuation approach is price per square feet of comparable properties. Had the leasehold lands 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:

	Group	
	2016 RM	**2015 RM**
Leasehold lands	3,692,256	3,756,832
Buildings	12,461,889	12,768,086
	16,154,145	16,524,918

9. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

(b) The carrying amounts of property, plant and equipment of the Group that have been pledged as security for credit facilities granted to a subsidiary of the Group as disclosed in Note 18 are as follows:-

	Group	
	2016	**2015**
	RM	**RM**
Leasehold lands	4,753,035	4,586,854
Buildings	5,339,919	5,713,146
	10,092,954	10,300,000

(c) During the financial year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM8,928,829 (2015: RM7,767,018) and RM6,383 (2015: RM89,246) respectively, of which were satisfied as follows:-

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Cash payments	5,026,958	6,070,518	6,383	89,246
Finance lease arrangement	3,391,965	1,696,500	-	-
Payables	510,906	-	-	-
	8,929,829	7,767,018	6,383	89,246

(d) The carrying amounts of property, plant and equipment acquired under finance lease arrangement which remained outstanding as at the end of the reporting period are as follows:

	Group	
	2016	**2015**
	RM	**RM**
Plant, machinery, tools and equipment	5,834,119	4,056,846
Furniture, fittings and office equipment	72,267	-
Motor vehicles	491,500	267,863
	6,397,886	4,324,709

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(e) The fair value of leasehold lands and buildings of the Group are categorised as follows:-

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
Group					
2016					
- Leasehold lands	-	11,844,165	-	11,844,165	11,844,165
- Buildings	-	16,342,593	-	16,342,593	16,342,593
	-	28,186,758	-	28,186,758	28,186,758
2015					
- Leasehold lands	-	12,115,688	-	12,115,688	12,115,688
- Buildings	-	16,684,312	-	16,684,312	16,684,312
	-	28,800,000	-	28,800,000	28,800,000

The valuation of leasehold lands and buildings as at 28 February 2015 is determined by the comparison method of similar properties in the vicinity. There were no transfers between Levels 1 and 2 fair value measurements during the financial years ended 29 February 2016 and 28 February 2015.

10. INVESTMENT IN SUBSIDIARIES

	Company 2016 RM	Company 2015 RM
Unquoted shares, at cost	5,281,002	5,281,002
Less: Accumulated impairment losses	(2,599,999)	(2,599,999)
	2,681,003	2,681,003

The particulars of subsidiaries are as follows:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2016	Effective Equity Interest 2015
AT Engineering Solution Sdn. Bhd.	Malaysia	Design and manufacture of industrial automation systems and machinery; Renewable energy operators and producer	100%	100%
AT Precision Tooling Sdn. Bhd.	Malaysia	Fabrication of industrial and engineering parts	100%	100%

10. INVESTMENT IN SUBSIDIARIES (cont'd)

The particulars of subsidiaries are as follows: (cont'd)

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 2016	Effective Equity Interest 2015
Goodmatrix Resources Sdn. Bhd.	Malaysia	Dormant	100%	100%
Yellow Choice Sdn. Bhd.	Malaysia	Dormant	81%	81%
Subsidiary of AT Precision Tooling Sdn. Bhd.				
Fong's & AT Venture Sdn. Bhd.	Malaysia	Fabrication of industrial and engineering parts	75%	75%

(a) Acquisition of subsidiaries

2015

Fong's & AT Venture Sdn. Bhd.

On 5 November 2014, AT Precision Tooling Sdn. Bhd. ("ATP"), a wholly-owned subsidiary of the Company, entered into a Joint Venture and Shareholders Agreement ("JVSA") with Fong's Engineering & Manufacturing Pte. Ltd. ("FEM") to form Fong's & AT Venture Sdn. Bhd. ("FATV"). FATV was incorporated on 2 January 2015 with initial paid-up share capital of RM2 divided into 2 ordinary shares of RM1 each. Based on the terms and condition stated in the JVSA, ATP had initially acquired 2 ordinary shares of RM1 each in FATV. Subsequently, ATP had subscribed additional 99,998 ordinary shares of RM1 each in FATV. Thereafter, ATP had transferred 25,000 ordinary shares of RM1 each to FEM at no cost. This had resulted in a dilution of interest in FATV from 100% to 75%. A loss on dilution of interest amounting to RM25,000 has been recognised to the Group's accumulated losses in the statement of changes in equity.

10. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) The subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:

	Yellow Choice Sdn. Bhd. RM	Fong's & AT Venture Sdn. Bhd. RM	Total RM
2016			
NCI percentage of ownership interest and voting interest	19%	25%	
Carrying amount of NCI	15,651	68,883	84,534
(Loss)/Profit allocated to NCI	(1,002)	45,635	44,633
2015			
NCI percentage of ownership interest and voting interest	19%	25%	
Carrying amount of NCI	16,653	23,248	39,901
Loss allocated to NCI	(634)	(1,752)	(2,386)

(c) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:

	Yellow Choice Sdn. Bhd. RM	Fong's & AT Venture Sdn. Bhd. RM
2016		
Assets and liabilities		
Non-current assets	-	-
Current assets	84,176	2,608,934
Non-current liabilities	-	-
Current liabilities	(1,800)	(2,333,402)
Net assets	82,376	275,532

10. INVESTMENT IN SUBSIDIARIES (cont'd)

(c) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows: (cont'd)

	Yellow Choice Sdn. Bhd. RM	Fong's & AT Venture Sdn. Bhd. RM
2016		
Results		
Revenue	-	4,062,945
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income for the financial year	(5,272)	182,538
Cash flows (used in)/from operating activities	(5,272)	20,873
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(5,272)	20,873
Dividends paid to NCI	-	-
2015		
Assets and liabilities		
Non-current assets	-	-
Current assets	89,448	99,316
Non-current liabilities	-	-
Current liabilities	(1,800)	(6,323)
Net assets	87,648	92,993
Results		
Revenue	-	-
Loss for the financial year, representing total comprehensive income for the financial year	(3,337)	(7,007)
Cash flows used in operating activities	(3,337)	(684)
Cash flows used in investing activities	-	-
Cash flows from financing activities	-	100,000
Net (decrease)/increase in cash and cash equivalents	(3,337)	99,316
Dividends paid to NCI	-	-

11. OTHER INVESTMENTS

	Group/Company 2016 RM	2015 RM
Non-current		
Available-for-sale financial assets:		
- unquoted shares, at cost	-	25,000
Current		
Held for trading investment:		
Short term fund	10,337	-
Market value of quoted investment	10,337	-

(a) On 1 March 2015, the Company had disposed the 25,000 ordinary shares of RM1 each for Legenda Sonata Sdn. Bhd. for a consideration of RM25,000.

(b) Short term fund represents the investment in money market fund, most of which are placement with Shariah-compliant deposits with licensed financial institutions regulated by Bank Negara Malaysia. The money market fund has no lock period and a redemption notice of only one business day.

12. INVENTORIES

	Group 2016 RM	2015 RM
At cost:		
Raw materials	600,628	477,749
Work-in-progress	1,258,364	1,482,771
Finished goods	488,723	822,029
	2,347,715	2,782,549

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM7,607,370 (2015: RM10,581,144).

(b) The amount of allowance for slow moving inventories which was recognised as an expenses in cost of sales of the Group is RM22,756 (2015: Nil).

13 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade receivables	5,124,715	6,367,494	-	-
Less: Accumulated impairment loss	(140,919)	(254,053)	-	-
	4,983,796	6,113,441	-	-
Other receivables:				
- Subsidiaries	-	-	23,101,222	19,237,193
- Third parties	3,581,048	2,758,382	2,641,864	2,579,377
	3,581,048	2,758,382	25,743,086	21,816,570
Less: Accumulated impairment loss				
- Subsidiaries	-	-	(2,119,918)	(2,119,918)
- Third parties	(911,347)	(911,347)	(911,347)	(911,347)
	(911,347)	(911,347)	(3,031,265)	(3,031,265)
Deposits	1,000,150	886,458	263,338	261,225
Prepayments	716,108	363,090	164,342	156,324
	9,369,755	9,210,024	23,139,501	19,202,854

The foreign currency exposure profile of receivables, deposits and prepayments of the Group is as follows:-

	Group	
	2016	2015
	RM	RM
Singapore Dollar	2,485,045	2,114,253
United States Dollar	104,621	198,508

(a) Trade Receivables

(i) Credit term

The Group's normal trade credit term extended to customers range from 30 to 90 days (2015: 30 to 90 days).

13 RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

(a) Trade Receivables (cont'd)

(ii) Ageing analysis

The ageing analysis of the trade receivables of the Group is as follows:-

	Group 2016 RM	Group 2015 RM
Neither past due nor impaired	4,102,722	4,445,654
1 to 30 days past due not impaired	420,723	657,936
31 to 120 days past due not impaired	456,291	962,635
More than 121 days past due not impaired	4,060	47,216
	881,074	1,667,787
Impaired	140,919	254,053
	5,124,715	6,367,494

Receivables that are neither past due nor impaired
Trade receivables that are neither past due nor impaired are creditworthy debtors with long term relationship and good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired
Trade receivables that are past due but not impaired are creditworthy debtors who, by past trade practices, have paid after the expiry of the trade credit terms and the Group is currently still in active trading with the debtors. The Group does not anticipate recovery problems in respect of these debtors.

Receivables that are impaired
The trade receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:-

	Group Individually impaired 2016 RM	Group Individually impaired 2015 RM
Trade receivables (nominal amounts)	140,919	254,053
Less: Allowance for impairment loss	(140,919)	(254,053)
	-	-

The Group has determined that there are no trade receivables which require collective impairment as full allowance for impairment have always been made for specific debtors that are in significant financial difficulties.

13. RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

(a) Trade Receivables (cont'd)

(ii) Ageing analysis (cont'd)

The movement in allowance for impairment loss of trade receivables is as follows:-

	Group	
	2016	**2015**
	RM	**RM**
At beginning of the financial year	254,053	194,470
Charge for the financial year (Note 6)	58,164	59,775
Reversal of impairment loss (Note 6)	(71,920)	(192)
Written off	(99,378)	-
At end of the financial year	140,919	254,053

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

(i) Amounts owing by subsidiaries is unsecured, bear interest at a rate of 3% (2015: 3%) per annum and is repayable on demand in cash.

(ii) The movements in allowance for impairment loss of other receivables is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
At beginning/end of the financial year	911,347	911,347	3,031,265	3,031,265

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

14. CASH AND CASH EQUIVALENTS

The currency exposure profile of the Group's and Company's cash and cash equivalents is as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Ringgit Malaysia	1,999,330	2,767,126	562,423	577,876
Singapore Dollar	1,207,775	666,454	-	-
United States Dollar	264,779	149,751	-	-
Others	545	2,358	-	-
	3,472,429	3,585,689	562,423	577,876

15. SHARE CAPITAL

	Group/Company			
	2016		2015	
	Number of shares	Amount	Number of shares	Amount
	Unit	RM	Unit	RM
Ordinary shares of RM0.10 each				
Authorised:				
At beginning/end of the financial year	1,000,000,000	100,000,000	1,000,000,000	100,000,000
Issued and fully paid:				
At beginning of the financial year	393,691,530	39,369,153	393,691,530	39,369,153
Issued during the financial year	39,369,100	3,936,910	-	-
At end of the financial year	433,060,630	43,306,063	393,691,530	39,369,153

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM39,369,153 to RM43,306,063 by way of private placement with the listing of 39,369,100 ordinary shares of RM0.10 each at an issue price of RM0.10 each.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual interests.

16. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

During the financial year, the reduction is due to issuance cost in relation to Private Placement.

17. OTHER RESERVES

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Warrant reserve	(a)	17,125,582	17,125,582	17,125,582	17,125,582
Revaluation reserve	(b)	6,614,734	6,768,220	-	-
		23,740,316	23,893,802	17,125,582	17,125,582

(a) Warrant reserve

On 5 February 2014, the Warrants 2014/2019 were issued for free pursuant to the Company's renounceable rights issue. Warrants 2014/2019 are listed on the ACE Market of Bursa Malaysia Securities Berhad.

Each new warrant entitles its registered holder, at any time from the date of its issue up to and including 28 January 2019, to subscribe for one new ordinary share of RM0.10 each in the Company at an exercise price of RM0.12 per share which is subject to adjustments under the terms set out in the Deed Poll dated 11 December 2013 constituting the Warrants 2014/2019.

As at the reporting date, 196,845,765 (2015: 196,845,765) warrants remained unexercised.

The warrants reserve is in respect of the allocated fair value of 196,845,765 free warrants issued in conjunction with rights issue during the financial year ended 28 February 2015. The estimated fair value of the warrants was calculated by applying the Black-Scholes option pricing model. The assumptions used in the calculation were as follows:

Exercise price	RM0.12
Theoretical ex-rights price	RM0.09
Borrowing cost	Nil
Expected dividend yield	Nil
Tenure of warrants	5 years from date of issuance of warrants
Expected volatility	195%

The ordinary shares issued from the exercises of Warrants 2014/2019 shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, distributions or rights, the entitlement date of which is prior to the date of the allotment of the new shares arising from the exercise of Warrants 2014/2019.

17. OTHER RESERVES (cont'd)

(b) Revaluation reserve

	Group 2016 RM	Group 2015 RM
At beginning of the financial year	6,768,220	217,500
Realisation of revaluation reserve	(153,486)	-
Revaluation of property, plant and equipment	-	6,550,720
At end of the financial year	6,614,734	6,768,220

Revaluation reserve represents the surplus on revaluation of leasehold lands and buildings, net of tax, and are not available for distribution to the shareholders by way of dividends.

18. LOANS AND BORROWINGS

	Note	Group 2016 RM	Group 2015 RM
Non-current:			
Secured			
Term loan I	(a)	2,176,352	763,829
Term loan II	(b)	2,523,605	-
Finance lease liabilities	(c)	3,994,412	2,122,475
		8,694,369	2,886,304
Current:			
Secured			
Term loan I	(a)	166,871	234,951
Term loan II	(b)	397,678	-
Finance lease liabilities	(c)	1,491,370	967,209
		2,055,919	1,202,160
Total loans and borrowings		10,750,288	4,088,464
Term loans		5,264,506	998,780
Finance lease liabilities		5,485,782	3,089,684
		10,750,288	4,088,464

18. LOANS AND BORROWINGS (cont'd)

(a) Term loan I

The term loan I bears interest at a rate of 4.95% (2015: 4.95%) and is repayable over a period of 15 years by 180 equal monthly instalments of RM23,259 commencing upon full disbursement of the facility or the first day of the 37th month from the date of first drawdown, whichever is earlier.

The term loan I is secured by:
(i) fixed legal charge over the leasehold lands and buildings of the Group (Note 9); and
(ii) corporate guarantee by the Company.

(b) Term loan II

The term loan II bears interest at a rate of 4.95% (2015: Nil) and is repayable over a period of 10 years by 120 equal monthly instalments of RM44,445 commencing upon full disbursement of the facility or the first day of the 37th month from the date of first drawdown, whichever is earlier.

The term loan II is secured by:
(i) fixed legal charge over the leasehold lands and buildings of the Group (Note 9); and
(ii) corporate guarantee by the Company.

(c) Finance lease liabilities

	Group	
	2016	**2015**
	RM	**RM**
Gross instalment payments	6,167,958	3,444,814
Less: Future finance charges	(682,176)	(355,130)
Total present value of finance lease payables	5,485,782	3,089,684

18. LOANS AND BORROWINGS (cont'd)

(c) Finance lease liabilities (cont'd)

	Group 2016 RM	Group 2015 RM
Current		
Payable within 1 year		
Gross instalment payments	1,786,996	1,128,191
Less: Future finance charges	(295,626)	(160,982)
Present value of finance lease payables	1,491,370	967,209
Non-current		
Payable after 1 year but not later than 2 years		
Gross instalment payments	1,495,763	924,528
Less: Future finance charges	(203,705)	(104,077)
Present value of finance lease payables	1,292,058	820,451
Payable after 2 years but not later than 5 years		
Gross instalment payments	2,817,707	1,392,095
Less: Future finance charges	(180,781)	(90,071)
Present value of finance lease payables	2,636,926	1,302,024
Payable later than 5 years		
Gross instalment payments	67,492	-
Less: Future finance charges	(2,064)	-
Present value of finance lease payables	65,428	-
Total present value of finance lease payables	5,485,782	3,089,684
Analysed as:-		
Payable within 1 year	1,491,370	967,209
Payable after 1 year	3,994,412	2,122,475
	5,485,782	3,089,684

The finance lease liabilities of the Group bear effective interest at rates ranging from 4.56% to 6.53% (2015: 4.57% to 6.54%) per annum, and secured by corporate guarantee by the Company.

19. DEFERRED TAX LIABILITIES

	Group 2016 RM	Group 2015 RM
At beginning of the financial year	2,179,933	368,600
Recognised in profit or loss (Note 7)	(132,135)	(326,000)
Revaluation surplus	-	2,137,333
At end of the financial year	2,047,798	2,179,933

Presented after appropriate offsetting as follows:-

	Group 2016 RM	Group 2015 RM
Deferred tax liabilities	4,295,677	3,524,437
Deferred tax assets	(2,247,879)	(1,344,504)
	2,047,798	2,179,933

This is in respect of estimated deferred tax liabilities/(assets) arising from the following temporary differences:

	Group 2016 RM	Group 2015 RM
Deferred tax liabilities		
Taxable temporary differences of property, plant and equipment	2,158,494	1,387,104
Taxable temporary differences in respect of income	48,319	-
Surplus arising from revaluation of property, plant and equipment	2,088,864	2,137,333
	4,295,677	3,524,437
Deferred tax assets		
Deductible temporary differences in respect of expenses	(5,461)	-
Unabsorbed capital allowances	(812,660)	-
Unutilised tax losses	(485,516)	(626,304)
Unutilised reinvestment allowances	(944,242)	(718,200)
	(2,247,879)	(1,344,504)

19. DEFERRED TAX LIABILITIES (cont'd)

The estimated amount of temporary differences for which no deferred tax assets is recognised in the financial statements is as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unabsorbed capital allowances	12,494	-	12,494	-
Unutilised tax losses	455,326	-	-	-
	467,820	-	12,494	-

20. PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade payables	2,189,864	3,232,764	-	-
Other payables:				
Third parties	389,975	1,885,641	43,680	5,239
Deposits received	1,062,633	618,633	-	-
Accruals	385,581	470,501	59,081	51,708
	1,838,189	2,974,775	102,761	56,947
	4,028,053	6,207,539	102,761	56,947

The foreign currency exposure profile of payables, deposits and accruals of the Group is as follows:-

	Group	
	2016	2015
	RM	RM
United States Dollar	32,918	-

(a) Trade Payables

Trade payables are unsecured, interest-free and the normal trade credit terms granted to the Group range from 30 to 90 days (2015: 30 to 90 days).

(b) Other Payables

The other payables owing to third parties mainly consist of sundry payables for operating expenses which are generally due within 14 to 90 days (2015: 14 to 90 days).

21. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Available-for-sale financial assets
(ii) Loans and receivables
(iii) Fair value through profit or loss
(iv) Other financial liabilities

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Financial assets				
Available-for-sale financial assets				
- Unquoted shares	-	25,000	-	25,000
Loan and receivables				
- Receivables and deposits, net of prepayments	8,653,647	8,846,934	22,975,159	19,046,530
- Cash and cash equivalents	3,472,429	3,585,689	562,423	577,876
Financial assets at fair value through profit or loss				
- Short term fund	10,337	-	10,337	-
	12,136,413	12,482,623	23,547,919	19,674,406
Financial liabilities				
Other financial liabilities				
Payables, deposits and accruals	4,028,053	6,207,539	102,761	56,947
Finance lease payables	5,485,782	3,089,684	-	-
Term loans	5,264,506	998,780	-	-
	14,778,341	10,296,003	102,761	56,947

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk.

21. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows. The Group and the Company operates within clearly defined guidelines that are approved by the Board of Directors. It is, and has been throughout the current and previous financial year, the Group's and Company's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below.

(i) Credit risk

Trade and other receivables

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade and other receivables is represented by their carrying amounts in the statements of financial position.

The carrying amount of trade and other receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group and the Company use ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 13. Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. A significant portion of these trade receivables are regular customers that have been transacting with the Group and the Company. Management has taken reasonable steps to ensure that trade receivables are stated at their realisable values. Impairment are made on specific receivables when there is objective evidence that the Group and the Company will not be able to collect all amounts due.

The Group and the Company monitor the results of the subsidiaries and related companies in determining the recoverability of these intercompany balances.

21. **FINANCIAL INSTRUMENTS** (cont'd)

(b) **Financial risk management** (cont'd)

(i) **Credit risk** (cont'd)

Trade and other receivables (cont'd)

Credit risk concentration profile
As at 29 February 2016, there were 2 (2015: 2) major customers that accounted for 10% or more of the Group's total trade receivables and the total outstanding balances due from these major customers amounted to RM3,502,001 (2015: RM4,454,481).

Other financial assets

For other financial assets (including other investments and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Financial guarantees

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 18 to the financial statements. At the reporting date, there was no indication that any subsidiaries would default on repayment.

The financial guarantees have not been recognised as it is unlikely the subsidiaries will default within the guarantee period.

(ii) **Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

21. **FINANCIAL INSTRUMENTS** (cont'd)

(b) **Financial risk management** (cont'd)

(ii) **Liquidity risk** (cont'd)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

		<---------- Contractual Undiscounted Cash Flows ---------->				
	Carrying amount RM	**On demand or within 1 year RM**	**1 to 2 years RM**	**2 to 5 years RM**	**Over 5 years RM**	**Total RM**
2016						
Group						
Financial liabilities:						
Payables, deposits and accruals	3,584,053	3,584,053	-	-	-	3,584,053
Finance lease payables	5,485,782	1,786,996	1,495,763	2,817,707	67,492	6,167,958
Term loans	5,264,506	812,448	812,448	812,448	4,012,063	6,449,407
	14,334,341	6,183,497	2,308,211	3,630,155	4,079,555	16,201,418
Company						
Financial liabilities:						
Payables, deposits and accruals	102,761	102,761	-	-	-	102,761

21. **FINANCIAL INSTRUMENTS** (cont'd)

(b) **Financial risk management** (cont'd)

(ii) **Liquidity risk** (cont'd)

Maturity analysis (cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows: (cont'd)

		<------ Contractual Undiscounted Cash Flows ------>				
	Carrying amount RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM	Total RM
2015						
Group						
Financial liabilities:						
Payables, deposits and accruals	6,207,539	6,207,539	-	-	-	6,207,539
Finance lease payables	3,089,684	1,128,191	924,528	1,392,095	-	3,444,814
Term loans	998,780	279,108	279,108	279,108	264,257	1,101,581
	10,296,003	7,614,838	1,203,636	1,671,203	264,257	10,753,934
Company						
Financial liabilities:						
Payables, deposits and accruals	56,947	56,947	-	-	-	56,947

21. **FINANCIAL INSTRUMENTS** (cont'd)

(b) **Financial risk management** (cont'd)

(iii) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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 functional currency within the Group is Ringgit Malaysia ("RM") whereas the major foreign currency transacted is Singapore Dollar ("SGD") and United States Dollar ("USD").

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk.

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currency balances amounted to RM1,473,099 (2015: RM818,563) for the Group.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in SGD and USD against the functional currency of the Group, with all other variances held constant:

		Group	
		2016	**2015**
		RM	**RM**
		Effect on (loss)/profit for the financial year and equity	
USD/RM	- strengthened by 10% (2015: 10%)	25,573	26,119
	- weakened by 10% (2015: 10%)	(25,573)	(26,119)
SGD/RM	- strengthened by 10% (2015: 10%)	280,654	208,553
	- weakened by 10% (2015: 10%)	(280,654)	(208,553)

(iv) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments would fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities. Interest bearing financial assets includes bank balances with licensed banks and amount owing by subsidiaries. Interest bearing financial liabilities includes finance lease payables and term loans.

21. **FINANCIAL INSTRUMENTS** (cont'd)

(b) **Financial risk management** (cont'd)

(iv) **Interest rate risk** (cont'd)

The term loans of RM5,264,506 (2015: RM998,780) at floating rates expose the Group to cash flow interest rate risk whilst finance lease payables of RM5,485,782 (2015: RM3,089,684) at fixed rates expose the Group to fair value interest rate risk.

The Group adopts a strategy of mixing fixed and floating rate borrowing to minimise exposure to interest a rate risk. The Group also reviews its debt portfolio to ensure favourable rates are obtained.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 basis point higher/lower and all other variables held constant, the Group's (loss)/profit net of tax would increase/decrease by RM20,005 (2015: RM3,745) as a result of exposure to floating rate borrowings.

(c) **Fair value measurement**

The fair value of the following classes of financial assets and liabilities are as follows:

(i) **Cash and cash equivalents, receivables and payables**

The carrying amounts approximate fair values due to the relatively short term maturity of these financial assets and liabilities.

(ii) **Term loans**

The carrying amounts of current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of floating rate term loans approximate fair values as the loans will be re-priced to market interest rate on or near reporting date.

(iii) **Finance lease payables**

The fair value of finance lease payables is estimated using discounted cash flow analysis, based on current lending rate for similar type of lease arrangements.

21. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value measurement (cont'd)

The carrying amounts of the Group's and of the Company's financial assets and liabilities at reporting date approximate their fair values except as follows:

	Group		Company	
	Carrying Amount RM	**Fair Value RM**	**Carrying Amount RM**	**Fair Value RM**
2016				
Financial Liabilities				
Finance lease payables	5,485,782	6,164,539	-	-
2015				
Financial Assets				
Unquoted shares	25,000	*	25,000	*
Financial Liabilities				
Finance lease payables	3,089,684	3,202,911	-	-

* Fair value information has not been disclosed for the Group's and the Company's investment in unquoted shares that are carried at cost because the fair value cannot be measured reliably. Investments in unquoted shares represent investment in ordinary shares of Legenda Sonata Sdn. Bhd., which are not quoted on any market and do not have any comparable industry peer that can be used.

21. **FINANCIAL INSTRUMENTS** (cont'd)

(c) **Fair value measurement** (cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying Amount
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
2016										
Financial assets										
Financial assets at fair value through profit or loss										
- Short term fund	10,337	-	-	10,337	-	-	-	-	10,337	10,337
Financial liabilities										
- Financial lease payables	-	-	-	-	-	-	6,164,539	6,164,539	6,164,539	5,485,782
2015										
Financial liabilities										
- Financial lease payables	-	-	-	-	-	-	3,202,911	3,202,911	3,202,911	3,089,684

During the financial years ended 29 February 2016 and 28 February 2015, there was no transfer between fair value measurement hierarchy.

22. CAPITAL COMMITMENT

	Group 2016 RM	Group 2015 RM
In respect of the factory expansion and refurbishment by a subsidiary of the Group		
- Approved but not contracted for	-	769,594
- Contracted but not provided for	1,070,544	3,213
	1,070,544	772,807

23. FINANCIAL GUARANTEES

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 RM21,140,000 (2015: RM9,133,000). The total utilisation of these credit facilities as at 29 February 2016 amounted to approximately RM10,750,000 (2015: RM4,088,000).

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 3.8. 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.

24. RELATED PARTIES

(a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or to the Company if the Group or the Company has the ability to directly or indirectly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have a related party relationship with its subsidiaries, former subsidiaries, related parties and key management personnel. Related parties refer to companies or enterprise in which certain directors of the Company or persons connected to them have substantial financial interests.

(b) Significant related party transactions

	Company 2016 RM	Company 2015 RM
Received or receivable from subsidiaries		
- Management fee	842,095	1,146,915
- Interest income	626,458	383,628

24. RELATED PARTIES (cont'd)

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group or of the Company.

The remuneration of key management personnel are as follows:-

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Directors of the Group and the Company				
- Fees	137,000	132,000	137,000	132,000
- Other emoluments	464,840	560,687	123,240	121,240
Total short-term employee benefits	601,840	692,687	260,240	253,240
Defined contribution plan	66,300	78,735	15,600	15,600
	668,140	771,422	275,840	268,840

25. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group and the Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 29 February 2016 and 28 February 2015.

The Group and the Company is not subject to any externally imposed capital requirements.

The Group and the Company monitors capital using a gearing ratio, which is total external borrowings divided by total equity. The gearing ratio as at 29 February 2016 and 28 February 2015, which are within the Group's and Company's objectives of capital management are as follows:-

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Total external borrowings	10,750,288	4,088,464	-	-
Total equity	42,730,444	41,490,095	26,467,141	22,573,714
Gearing ratio	25%	10%	*	*

* Not meaningful

26. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 4 June 2014, TA Securities Holdings Berhad ("TA Securities"), on behalf of the Company had announced the Company's proposal to implement a private placement of up to 59,053,700 new ordinary shares of RM0.10 each in the Company, representing not more than ten percent (10%) of the enlarged issued and paid-up capital of the Company (hereinafter referred to as "Proposed Private Placement").

Bursa Malaysia Securities Berhad ("Bursa Malaysia") had vide its letter dated 16 April 2015, approved the application for the listing of and quotation for up to 59,053,700 new ordinary shares pursuant to the Proposed Private Placement.

On 5 August 2015, the Company completed the Private Placement exercise following the listing and quotation of 39,369,100 new ordinary shares of RM0.10 each in the Company.

(b) On 10 March 2015, the Company announced that its wholly-owned subsidiary, AT Engineering Solution Sdn. Bhd. ("ATES") has secured the Feed-in Tariff quota from Sustainable Energy Development Authority Malaysia ("SEDA") on 9 March 2015. On 17 November 2015, ATES entered into a Renewable Energy Power Purchase Agreement with Tenaga Nasional Berhad ("TNB") for the supply and delivery of 425kW renewable energy from solar photovoltaic plant for a concession period of 21 years. SEDA has set a fixed rate-tariff of RM0.6977/kWh and additional bonus rate-tariff ranging from RM0.05/kWh to RM0.1722/kWh at which ATES can sell electricity to TNB during the concession period.

(c) On 14 July 2015, the Company proposed to establish and implement a share issuance scheme of up to thirty percent (30%) of the Company's issued and paid-up share capital (excluding any treasury shares) for the eligible Directors and employees of the Company and its non-dormant wholly-owned subsidiaries ("Proposed SIS").

Bursa Malaysia has vide its letter dated 23 July 2015 (which was received on 30 July 2015) approved the Proposed SIS. On 26 August 2015, the Proposed SIS was approved by the shareholders in the Extraordinary General Meeting and the effective date for the implementation of the SIS is 29 October 2015.

27. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 2 March 2016, the Company announced that its wholly-owned subsidiary, AT Precision Tooling Sdn. Bhd. ("ATP") has secured the Feed-in Tariff quota from SEDA on 1 March 2016 to supply an equivalent or less than 300kW of renewable energy. ATP is expected to sign a Renewable Energy Power Purchase Agreement with TNB for the supply and delivery of renewable energy for a concession period of 21 years. SEDA has set a fixed rate-tariff of RM0.5930/kWh and additional bonus rate-tariff ranging from RM0.05/kWh to RM0.155/kWh at which ATP can sell electricity to TNB during the concession period.

(b) On 24 March 2016, the Company announced that Fong's & AT Venture Sdn. Bhd. ("FATV"), a 75%-owned subsidiary of ATP has entered into a Basic Purchase Agreement ("BPA") with Fong's Engineering & Manufacturing Pte. Ltd. ("FEM") for the manufacture, supply and delivery of high precision machine components such as aluminium profiles to be used in textile machines to FEM's customers. During the term of the BPA, FATV undertakes to supply the machine components exclusively to FEM's customer for a period of five years from its first delivery to FEM.

27. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (cont'd)

(c) On 1 April 2016, Mercury Securities Sdn Bhd ("Mercury Securities"), on behalf of the Company announced that the Company proposes to undertake the following:

(i) proposed par value reduction involving the cancellation of RM0.07 from the par value of every existing ordinary share of RM0.10 each in the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 ("Act") ("Proposed Par Value Reduction") and the proposed reduction of the Company's entire share premium account pursuant to Sections 60(2) and 64 of the Act ("Proposed Share Premium Reduction") (collectively, the "Proposed Capital Reorganisation");
(ii) proposed renounceable rights issue of up to 759,824,495 new ordinary shares of RM0.03 each in ATS ("ATS Shares" or "Shares") (after the Proposed Par Value Reduction) ("Rights Shares") together with up to 379,912,247 free detachable warrants in ATS ("Warrants B") on the basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) existing ATS Shares held by entitled shareholders of ATS ("Entitled Shareholders") on an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights Issue with Warrants"); and
(iii) proposed amendment to the Memorandum of Association of the Company ("Proposed Amendment").

Bursa Malaysia had vide its letter dated 20 April 2016, approved the following:

(i) admission to the Official List and the initial listing and quotation of up to 379,912,247 Warrants B to be issued pursuant to the Proposed Rights Issue with Warrants;
(ii) listing of up to 62,365,310 additional Warrants A arising from the adjustments in accordance with the provisions of the deed poll for Warrants A pursuant to the Proposed Rights Issue with Warrants ("Additional Warrants A");
(iii) listing of up to 759,824,495 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
(iv) listing of up to 379,912,247 new ATS Shares to be issued pursuant to the exercise of Warrants B; and
(v) listing of up to 62,365,310 new ATS Shares to be issued pursuant to the exercise of Additional Warrants A.

The above proposals were approved by the shareholders in an Extraordinary General Meeting dated 3 June 2016.

28. SEGMENT INFORMATION

For management purposes, the Group is organised into operating segments based on a similar basis to that for internal reporting. The Group's chief operation decision maker reviews the decision on resource allocation and assesses the performance of the reportable segment.

(a) Operating segments

The reportable operating segments are as follows:

Fabrication and automation	Fabrication of industrial and engineering parts; design and manufacturing of industrial automation systems and machinery.
Others	Investment holding and provision of management services, neither which are of a sufficient size to be reported separately.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

Reconciliations of reportable segment revenue to the corresponding amounts of the Group are as follows:

	2016 RM	2015 RM
Revenue		
Total revenue for reportable segments	22,073,518	24,544,986
Elimination of inter-segmental revenue	(4,679,721)	(1,146,915)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	17,393,797	23,398,071

28. SEGMENT INFORMATION (cont'd)

(a) Operating segments (cont'd)

	Fabrication and automation RM	Others RM	Adjustments and Eliminations RM	Total RM
2016				
Revenue				
External revenue	17,393,797	-	-	17,393,797
Inter-segment revenue	3,837,626	842,095	(4,679,721)	-
Total revenue	21,231,423	842,095	(4,679,721)	17,393,797
Results				
Interest income	19,531	627,645	(626,458)	20,718
Finance costs	(1,069,978)	-	626,458	(443,520)
Tax credit	52,167	60,985	12,810	125,962
Segment (loss)/profit	(2,665,888)	155,262	12,810	(2,497,816)
Other material non-cash items				
- Allowance for slow moving inventories	(22,756)	-	-	(22,756)
- Depreciation of property, plant and equipment	(2,510,374)	(16,773)	-	(2,527,147)
- Unrealised gain on foreign exchange, net	136,077	-	-	136,077
- Reversal of impairment loss on receivables	71,920	-	-	71,920
- Impairment loss on receivables	(58,164)	-	-	(58,164)
- Loss on disposal of property, plant and equipment	(127,348)	-	-	(127,348)

28. **SEGMENT INFORMATION** (cont'd)

(a) **Operating segments** (cont'd)

	Fabrication and automation RM	Others RM	Adjustments and Eliminations RM	Total RM
2015				
Revenue				
External revenue	23,398,071	-	-	23,398,071
Inter-segment revenue	-	1,146,915	(1,146,915)	-
Total revenue	23,398,071	1,146,915	(1,146,915)	23,398,071
Interest income	18,865	383,628	(383,628)	18,865
Finance costs	(754,692)	-	383,628	(371,064)
Tax (credit)/expense	436,059	(135,071)	-	300,988
Segment profit	579,787	115,214	15,301	710,302
Other material non-cash items				
- Depreciation of property, plant and equipment	2,190,218	15,781	48,449	2,254,448
- Unrealised gain on foreign exchange, net	(229,625)	-	-	(229,625)
- Reversal of impairment loss on receivables	(192)	-	-	(192)
- Impairment loss on receivables	59,775	-	-	59,775
- Loss on disposal of property, plant and equipment	237,356	-	-	237,356

28. SEGMENT INFORMATION (cont'd)

(b) Geographical information

The Group's operations, assets and liabilities are in Malaysia hence no geographical segment is presented.

Segment revenue based on geographical location of the Group's customers is as follows:-

	2016 RM	2015 RM
Malaysia	12,967,268	19,542,918
Singapore	4,426,529	3,855,153
	17,393,797	23,398,071

(c) Major customer information

For the financial year ended 29 February 2016, there was 3 (2015: 2) major customer that contributed 10% or more of the Group's total revenue and the total revenue generated from these major customers amounted to RM12,744,494 (2015: RM15,286,895).

SUPPLEMENTARY INFORMATION ON THE REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad issued a directive pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

The following analysis of realised and unrealised profits or losses included in the retained earnings of the Group and the Company as at 29 February 2016 and 28 February 2015 is presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total accumulated losses of the Company and its subsidiaries:				
- realised	(36,193,048)	(33,676,016)	(44,732,546)	(44,887,808)
- unrealised	(2,047,798)	(2,179,933)	-	-
	(38,240,846)	(35,855,949)	(44,732,546)	(44,887,808)
Less: Consolidation adjustments	3,072,335	3,076,401	-	-
Total accumulated losses as per statements of financial position	(35,168,511)	(32,779,548)	(44,732,546)	(44,887,808)

AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 6 to 81 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 29 February 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 82 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

....
MAK SIEW WEI
Director

....
DATO' IR. AUNIAH BINTI ALI
Director

Date: 27 June 2016

AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, **YONG MAN CHAI**, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 6 to 81 and the supplementary information as set out on page 82 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.

....
YONG MAN CHAI

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 27 June 2016

Before me,

PESURUHJAYA SUMPAH
..........................W.541......
ZULKIFLA MOHD DAHLIM
MALAYSIA

NO: 17, JALAN PETALING
50000 KUALA LUMPUR

BAKER TILLY

Baker Tilly Monteiro Heng
Chartered Accountants (AF0117)
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AT SYSTEMATIZATION BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of AT Systematization Berhad, which comprise the statements of financial position as at 29 February 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 81.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements so as to give a true and fair view in accordance with the 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 controls as the directors determine are 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 controls relevant to the Company'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 Company's internal controls. 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 audit opinion.

BAKER TILLY

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial positions of the Group and of the Company as at 29 February 2016 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia 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 Companies Act, 1965 in Malaysia.

(b) We are satisfied that the financial statements 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.

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment required to be made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 82 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 the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

BAKER TILLY

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

Other Matters

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 contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Heng Fu Joe
No. 2966/11/16(J)
Chartered Accountant

Kuala Lumpur

Date: 27 June 2016

AT SYSTEMATIZATION BERHAD
(Company No: 644800-X)

Condensed Consolidated Statements of Financial Position For 1st Quarter ended 31 May 2016

	(Unaudited) As At 31.5.2016 RM '000	(Audited) As At 29.2.2016 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	44,744	44,144
Current assets		
Inventories	2,141	2,348
Trade receivables	5,381	4,984
Other receivables, deposits and prepayments	4,550	4,386
Tax assets	273	235
Cash and cash equivalents	2,977	3,472
Other investments	10	10
	15,332	15,435
TOTAL ASSETS	60,076	59,579
EQUITY AND LIABILITIES		
Equity		
Share capital	43,306	43,306
Share premium	10,768	10,768
Warrant reserve	17,126	17,126
Revaluation reserve	6,615	6,615
Accumulated losses	(36,222)	(35,169)
	41,593	42,646
Non-controlling interests	74	85
Total equity	41,667	42,731
Liabilities		
Non-current liabilities		
Finance lease payables	3,611	3,994
Bank borrowings	5,879	4,700
Deferred tax liabilities	2,048	2,048
	11,538	10,742
Current liabilities		
Trade payables	3,632	2,189
Other payables & deposits	1,172	1,838
Tax liabilities	11	23
Finance lease payables	1,491	1,491
Bank borrowings	565	565
	6,871	6,106
Total liabilities	18,409	16,848
TOTAL EQUITY AND LIABILITIES	60,076	59,579
Net assets per share (Sen)	9.60	9.85

3The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 29 February 2016 and the accompanying explanatory notes attached to the interim financial report.

AT SYSTEMATIZATION BERHAD
(Company No: 644800-X)

Condensed Consolidated Statements of Comprehensive Income
For 1st Quarter ended 31 May 2016

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	31.5.2016	31.5.2015	31.5.2016	31.5.2015
	RM '000	RM '000	RM '000	RM '000
Revenue	4,391	4,371	4,391	4,371
Cost of sales	(3,919)	(3,806)	(3,919)	(3,806)
Gross profit	472	565	472	565
Other income	382	438	382	438
Administrative and general expenses	(1,745)	(1,429)	(1,745)	(1,429)
Selling and distribution expenses	(11)	(23)	(11)	(23)
	(1,756)	(1,452)	(1,756)	(1,452)
(Loss)/Profit from operations	(902)	(449)	(902)	(449)
Finance costs	(162)	(71)	(162)	(71)
(Loss)/Profit before tax	(1,064)	(520)	(1,064)	(520)
Tax income/(expense)	-	-	-	-
(Loss)/Profit for the period/year	(1,064)	(520)	(1,064)	(520)
Attributable to:-				
Owners of the parent	(1,053)	(534)	(1,053)	(534)
Non-controlling interests	(11)	14	(11)	14
	(1,064)	(520)	(1,064)	(520)
Profit/(Loss) per share attributable to owners of the parent (sen)				
- Basic	(0.24)	(0.14)	(0.24)	(0.14)
- Diluted	(0.24)	(0.14)	(0.24)	(0.14)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 29 February 2016 and the accompanying explanatory notes attached to the interim financial report.

AT SYSTEMATIZATION BERHAD
(Company No: 644800-X)

Condensed Consolidated Statements of Comprehensive Income
For 1st Quarter ended 31 May 2016 (Cont'd)

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	31.5.2016	31.5.2015	31.5.2016	31.5.2015
	RM '000	RM '000	RM '000	RM '000
(Loss)/Profit for the period/year	(1,064)	(520)	(1,064)	(520)
Other comprehensive income:-				
Foreign currency translations	-	-	-	-
Revaluation surplus on property, plant and equipment	-	-	-	-
Total comprehensive income for the period/year	(1,064)	(520)	(1,064)	(520)
Attributable to:-				
Owners of the parent	(1,053)	(534)	(1,053)	(534)
Non-controlling interests	(11)	14	(11)	14
Total comprehensive income for the period/year	(1,064)	(520)	(1,064)	(520)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 29 February 2016 and the accompanying explanatory notes attached to the interim financial report.

AT SYSTEMATIZATION BERHAD
(Company No: 644800-X)

Condensed Consolidated Statements of Equity
For 1st Quarter ended 31 May 2016

	<---- Attributable to owners of the parent				---->			
	<---- Non-Distributable			---->	Distributable			
	Share Capital RM '000	Share Premium RM '000	Revaluation Reserve RM '000	Warrant Reserve RM '000	Accumulated Losses RM '000	Sub Total RM '000	Non-Controlling Interests RM '000	Total Equity RM '000
At 1 March 2015	39,369	10,967	6,768	17,126	(32,780)	41,450	40	41,490
Comprehensive income								
Profit for the financial year	-	-	-	-	(534)	(534)	14	(520)
Other comprehensive income								
Revaluation surplus from property, plant and equipment	-	-	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-		(534)	(534)	14	(520)
Transactions with owners								
Issue of shares	-	-	-	-	-	-	-	-
(Dilution)/Accretion from change in stake in subsidiaries	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-		-	-	-	-
At 31 May 2015	39,369	10,967	6,768	17,126	(33,314)	40,916	54	40,970

AT SYSTEMATIZATION BERHAD
(Company No: 644800-X)

Condensed Consolidated Statements of Equity
For 1st Quarter ended 31 May 2016 (Cont'd)

	<--- Attributable to owners of the parent --->							
	<--- Non-Distributable --->				Distributable			
	Share Capital RM '000	Share Premium RM '000	Revaluation Reserve RM '000	Warrant Reserve RM '000	Accumulated Losses RM '000	Sub Total RM '000	Non-Controlling Interests RM '000	Total Equity RM '000
At 1 March 2016	43,306	10,768	6,615	17,126	(35,169)	42,646	85	42,731
Comprehensive income								
Loss for the financial year	-	-	-	-	(1,053)	(1,053)	(11)	(1,064)
Other comprehensive income								
Revaluation surplus from property, plant and equipment	-	-	-	-	-	-	-	-
Total comprehensive income for the financial period/year	-	-	-	-	(1,053)	(1,053)	(11)	(1,064)
Transfer to retained earnings	-	-	-	-	-	-	-	-
Transactions with owners								
Issue of shares	-	-	-	-	-	-	-	-
(Dilution)/Accretion from change in stake in subsidiaries	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-
At 31 May 2016	43,306	10,768	6,615	17,126	(36,222)	41,593	74	41,667

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 29 February 2016 and the accompanying explanatory notes attached to the interim financial report.

AT SYSTEMATIZATION BERHAD
(Company No: 644800-X)

Condensed Consolidated Statements of Cash Flows For 1st Quarter ended 31 May 2016

	Current Year To-Date 31.5.2016 (Unaudited) RM'000	Preceding Year Corresponding Period 31.5.2015 (Unaudited) RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(1,064)	(520)
Adjustments for non-cash and non-operating items	799	655
Operating (loss)/profit before working capital	(265)	135
(Increase)/Decrease in inventories	184	(494)
(Increase)/Decrease in receivables	(900)	(235)
Increase/(Decrease) in payables	1,201	(1,132)
Cash generated from/(used in) operations	220	(1,726)
Tax paid	(49)	(164)
Net cash from/(used in) operating activities	**171**	**(1,890)**
Cash flows from investing activities		
Income distribution and interest received	5	4
Proceeds from disposal of investment in unquoted shares	-	25
Proceeds from disposal of property, plant and equipment	14	90
Purchase of property, plant and equipment	(1,298)	(125)
Net cash used in investing activities	**(1,279)**	**(6)**
Cash flows from financing activities		
Interest paid	(162)	(71)
Repayments of finance lease payables	(384)	(337)
Net drawdown/(repayment) of term loans	1,179	1,259
Net cash from/(used in) financing activities	**633**	**851**
Effects of exchange rate changes on cash and cash equivalents	(20)	28
Net (decrease)/increase in cash and cash equivalents	(495)	(1,017)
Cash and cash equivalents brought forward	3,472	3,586
Cash and cash equivalents carried forward	2,977	2,569

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 29 February 2016 and the accompanying explanatory notes attached to the interim financial report.

AT SYSTEMATIZATION BERHAD
(Company No: 644800-X)

Part A – Notes to the Unaudited Interim Financial Reports
1st Quarter ended 31 May 2016

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 Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 29 February 2016 and the accompanying notes attached to the interim financial report.

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 audited financial statements for the financial year ended 29 February 2016.

As at the date of authorisation of this interim financial report, the following Standards, Amendments and Issues Committee ("IC") Interpretations have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group:

			Effective for financial periods beginning on or after
New MFRSs			
MFRS 9	:	Financial Instruments	1 January 2018
MFRS 15	:	Revenue from Contracts with Customers	1 January 2018
MFRS 16	:	Leases	1 January 2019
Amendments/Improvements to MFRSs			
MFRS 5	:	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	:	Financial Instruments: Disclosures	1 January 2016
MFRS 10	:	Consolidated Financial Statements	Deferred/ 1 January 2016
MFRS 11	:	Joint Arrangements	1 January 2016
MFRS 12	:	Disclosure of Interest in Other Entities	1 January 2016
MFRS 101	:	Presentation of Financial Statements	1 January 2016
MFRS 107	:	Statement of Cash Flows	1 January 2017
MFRS 112	:	Income Taxes	1 January 2017
MFRS 116	:	Property, Plant and Equipment	1 January 2016
MFRS 119	:	Employee Benefits	1 January 2016
MFRS 127	:	Separate financial statements	1 January 2016
MFRS 128	:	Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
MFRS 138	:	Intangible Assets	1 January 2016
MFRS 141	:	Agriculture	1 January 2016

A2) Changes in Accounting Policies (cont'd)

The Group will adopt the above pronouncements when they become effective in the respective financial periods.

A3) Auditors' Report of Preceding Annual Audited Financial Statements

The auditor's report of the Group's most recent annual audited financial statements for the year ended 29 February 2016 was not subject to any qualification.

A4) Seasonal or Cyclical Factors

The Group sells its products and services to customers from various sub-sectors of the semiconductor and manufacturing industries. The Group's performance is, to certain extent, dependent on the outlook and cyclical nature of these semiconductor and manufacturing 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

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for financial period under review.

A8) Dividend Paid

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

A10) Segmental Information

The segmental information of the Group are presented by operating segments as follows:-

(a) **Fabrication and automation** - Fabrication of industrial and engineering parts; Design and manufacturing of industrial automation systems and machinery;

(b) **Others** - Investment holding and provision of management services to subsidiaries, neither which are of a sufficient size to be reported separately.

Cumulative Quarter Ended 31.5.2016

	Fabrication and automation RM '000	Others RM '000	Eliminations RM '000	Total RM '000
Revenue				
External revenue	4,391	-	-	4,391
Inter-segment revenue	-	214	(214)	-
Total revenue	4,391	214	(214)	4,391
Results				
Interest income	5	175	(175)	5
Finance costs	(337)	-	175	(162)
Tax credit/(expense)	-	-	-	-
Segment profit/(loss)	(796)	(268)	-	(1,064)
Other material non-cash items :-				
- Depreciation of property, plant and equipment	(686)	(2)	-	(688)
- Unrealised gain/(loss) on foreign exchange	(11)	-	-	(11)
- Gain/(Loss) on disposal of property, plant and equipment	(4)	-	-	(4)

A10) Segmental Information (cont'd)

Cumulative Quarter Ended 31.5.2015

	Fabrication and automation RM '000	Others RM '000	Eliminations RM '000	Total RM '000
Revenue				
External revenue	4,371	-	-	4,371
Inter-segment revenue	716	198	(914)	-
Total revenue	5,087	198	(914)	4,371
Results				
Interest income	-	145	(145)	-
Finance costs	(216)	-	145	(71)
Tax credit/(expense)	-	-	-	-
Segment profit/(loss)	(544)	24	-	(520)
Other material non-cash items :-				
- Depreciation of property, plant and equipment	(608)	(4)	-	(612)
- Unrealised gain/(loss) on foreign exchange	25	-	-	25
- Loss on disposal of property, plant and equipment	-	-	-	-

A11) Valuation of Property, Plant and Equipment

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

A12) Events after the Reporting Period

Other than those disclosed elsewhere in the interim financial report, there were no other material events subsequent to the end of the interim period.

A13) Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial period under review.

A14) 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 report.

A15) Contingent Liabilities

As of 29 February 2016, the Group has no material contingent liabilities save for corporate guarantee provided by the Company to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of approximately RM20,976,000. Total utilisation of these credit facilities as at 29 February 2016 amounted to approximately RM11,546,000.

A16) Capital Commitment

As of 29 February 2016, capital commitment are in respect of installation of security system for the refurbished factory:

	RM'000
Approved but not contracted for	-
Contracted but not provided for	26
	26

A17) Related Party Transactions

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

AT SYSTEMATIZATION BERHAD
(Company No: 644800-X)

Part B – Additional information required under Listing Requirements
1st Quarter ended 31 May 2016

B1) Review of Performance

Current Quarter

The Group posted revenue of RM4.39 million for the first quarter ended 31 May 2016, 0.5% higher than RM4.37 million in the previous corresponding quarter. The slight increase was mainly contributed by higher sales from the fabrication business after offset with lower sales from the automation business. Revenue from the fabrication business increased by RM0.37 million following the improved orders from customer in the hard disk drives manufacturing industry as well as customers in other business segment. Automation business was however reported decrease in revenue by RM0.35 million due to lesser automation projects from customers.

The Group recorded pre-tax loss of RM1.06 million for the current quarter as compared to pre-tax loss of RM0.5 million in the previous corresponding quarter. The pre-tax loss was mainly due to weaker performance in automation business, coupled with higher hire-purchase & term loan interest and professional fees incurred in relation to corporate exercise.

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

The Group posted pre-tax loss of RM1.06 million for the first quarter ended 31 May 2016 as compared to pre-tax loss of RM0.95 million in the preceding quarter. Pre-tax loss was slightly higher mainly due to professional fees incurred in relation to corporate exercise.

B3) Prospects

The Group will continue to operate its existing businesses with main focus on fabrication of industrial and engineering parts. As part of the on-going strategies, the Group continuously diversify into new customer base and seek opportunity for business growth by way of capitalizing the strength of the business venture with strategic partners.

The Group strives to improve the operational efficiency, productivity and cost management. To further demonstrate the Group's commitment to the safety and quality of the manufactured products, the Group has disembarked a project to obtain Quality Management System - ISO 13485 Certification. Upon attaining this certification, the Group is confident this will attract more business opportunity from medical related industries.

The Group has completed its maiden 425kW Solar PV Plant under the Feed-in Tariff Programme conducted by Sustainable Energy Development Authority Malaysia. The Group is now constructing the proposed 300kW Solar PV Plant and it is expected to complete by end of this year. The Group's involvement in the generation of solar energy supplements the Group's revenue, thereby providing an alternative yet sustaining source of incomes.

Subject to the external market conditions and macroeconomic factors, the Group will strive to improve its performance for the financial year ending 28 February 2017.

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.

B5) Taxation

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	31.5.2016	31.5.2015	31.5.2016	31.5.2015
	RM '000	RM '000	RM '000	RM '000
Corporate tax income/(expense)	-	-	-	-
Deferred tax income/(expense)	-	-	-	-
	-	-	-	-

The effective tax rate for the current period is lower than the statutory income tax rate mainly due to losses suffered by certain subsidiaries and availability of group tax relief to the Company.

B6) Corporate Proposals

1) On 2 March 2016, the Company announced that its wholly-owned subsidiary, AT Precision Tooling Sdn. Bhd. ("ATP") has secured the Feed-in Tariff quota from SEDA on 1 March 2016 to supply an equivalent or less than 300kW of renewable energy. ATP is expected to sign a Renewable Energy Power Purchase Agreement with TNB for the supply and delivery of renewable energy for a concession period of 21 years. SEDA has set a fixed rate-tariff of RM0.5930/kWh and additional bonus rate-tariff ranging from RM0.05/kWh to RM0.155/kWh at which ATP can sell electricity to TNB during the concession period.

2) On 24 March 2016, the Company announced that Fong's & AT Venture Sdn. Bhd. ("FATV"), a 75%-owned subsidiary of ATP has entered into a Basic Purchase Agreement ("BPA") with Fong's Engineering & Manufacturing Pte. Ltd. ("FEM") for the manufacture, supply and delivery of high precision machine components such as aluminium profiles to be used in textile machines to FEM's customers. During the term of the BPA, FATV undertakes to supply the machine components exclusively to FEM's customer for a period of five years from its first delivery to FEM.

B6) Corporate Proposals (cont'd)

3) On 1 April 2016, Mercury Securities Sdn Bhd ("Mercury Securities"), on behalf of the Company announced that the Company proposes to undertake the following:

(i) proposed par value reduction involving the cancellation of RM0.07 from the par value of every existing ordinary share of RM0.10 each in the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 ("Act") ("Proposed Par Value Reduction") and the proposed reduction of the Company's entire share premium account pursuant to Sections 60(2) and 64 of the Act ("Proposed Share Premium Reduction") (collectively, the "Proposed Capital Reorganisation");
(ii) proposed renounceable rights issue of up to 759,824,495 new ordinary shares of RM0.03 each in ATS ("ATS Shares" or "Shares") (after the Proposed Par Value Reduction) ("Rights Shares") together with up to 379,912,247 free detachable warrants in ATS ("Warrants B") on the basis of two (2) Rights Shares together with one (1) free Warrant B for every two (2) existing ATS Shares held by entitled shareholders of ATS ("Entitled Shareholders") on an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights Issue with Warrants"); and
(iii) proposed amendment to the Memorandum of Association of the Company ("Proposed Amendment").

Bursa Malaysia Securities Berhad had, vide its letter dated 20 April 2016, approved the following:

(i) admission to the Official List and the initial listing and quotation of up to 379,912,247 Warrants B to be issued pursuant to the Proposed Rights Issue with Warrants;
(ii) listing of up to 62,365,310 additional Warrants A arising from the adjustments in accordance with the provisions of the deed poll for Warrants A pursuant to the Proposed Rights Issue with Warrants ("Additional Warrants A");
(iii) listing of up to 759,824,495 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
(iv) listing of up to 379,912,247 new ATS Shares to be issued pursuant to the exercise of Warrants B; and
(v) listing of up to 62,365,310 new ATS Shares to be issued pursuant to the exercise of Additional Warrants A.

The above proposals were approved by the shareholders in an Extraordinary General Meeting dated 3 June 2016.

On 25 July 2016, Mercury Securities announced that the High Court had on 13 July 2016 granted an order confirming the Proposed Capital Reorganisation ("Court Order"). The sealed Court Order was then lodged with the Registrar of Companies on 22 July 2016, following which the Proposed Capital Reorganisation became effective and is deemed completed.

AT SYSTEMATIZATION BERHAD
(Company No: 644800-X)

Part B – Additional information required under Listing Requirements
1st Quarter ended 31 May 2016

B7) Borrowings and Debts Securities

Group's borrowings as at 29 February 2016 are as follows:-

	Current (Secured) RM '000	Non-Current (Secured) RM '000
Finance lease payables	1,491	3,611
Bank borrowings	565	5,879
	2,056	9,490

B8) Material Litigation

There were no material litigations against the Group as at the date of the interim financial report. 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 period under review.

B10) (Loss)/Earnings per Share

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	31.5.2016 RM '000	31.5.2015 RM '000	31.5.2016 RM '000	31.5.2015 RM '000
(Loss)/Profit attributable to owners of the Company	(1,053)	(534)	(1,053)	(534)
Weighted average number of shares in issue ('000)	433,061	393,692	433,061	393,692
(Loss)/Earnings Per Share				
- Basic (sen)	(0.24)	(0.14)	(0.24)	(0.14)
- Diluted (sen)	(0.24)	(0.14)	(0.24)	(0.14)

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B10) (Loss)/Earnings per Share (cont'd)

The diluted (loss)/earnings per share equal the basic (loss)/earnings per share as the Company did not have any dilutive potential ordinary shares during the financial period. The Company's warrants are anti-dilutive for the financial period under review.

B11) (Loss)/Profit Before Tax

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	31.5.2016	31.5.2015	31.5.2016	31.5.2015
	RM '000	RM '000	RM '000	RM '000
Included in the (loss)/profit before tax is after charging/(crediting) :-				
Interest expense	162	71	162	71
Depreciation of property, plant and equipment	687	613	687	613
				-
plant & equipment				-
Rental income	(406)	(405)	(406)	(405)
Dividend income	-	(1)	-	(1)
Interest income	(5)	(4)	(5)	(4)
Loss/(Gain) on foreign exchange:				-
- realised	25	-	25	-
- unrealised	11	(25)	11	(25)
Loss/(Gain) on disposal of property,	(4)	-	(4)	-
plant & equipment				-

B12) Fair Value Hierarchy

(a) The following table provides an analysis of assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's financial instruments: -

	<--- Fair value of financial instruments carried at fair value --->				Carrying amount
	Level 1	Level 2	Level 3	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
2016					
Financial assets					
- Financial assets at fair value through profit or loss					
- Short term fund	10	-	-	-	10

	<--- Fair value of financial instruments not carried at fair value --->				Carrying amount
	Level 1	Level 2	Level 3	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
2016					
Financial liabilities					
- Finance lease payables	-	5,275	-	5,275	5,102

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B13) Realised and Unrealised (Losses)/Profits

	As At 31.5.2016 RM '000	As At 29.2.2016 RM '000
Total accumulated lossess of the Company and its subsidiaries		
- Realised	(37,257)	(36,193)
- Unrealised	(2,048)	(2,048)
	(39,305)	(38,241)
Consolidation adjustments and eliminations	3,083	3,072
Total accumulated lossess as per statement of financial position	(36,222)	(35,169)

B14) Authorisation for Issue

The interim financial report was authorized for issue by the Board of Directors in accordance with a resolution of the Board on 29 July 2016.

Date: 07 SEP 2016

To: The Entitled Shareholders of AT Systematization Berhad ("ATS" or the "Company")

Dear Sir / Madam,

On behalf of the Board of Directors of ATS ("**Board**"), I wish to report that after due enquiry by us in relation to the interval between the period from 29 February 2016 (being the date to which the last audited consolidated financial statements of the Company and its subsidiaries ("**Group**") have been made up) to the date hereof (being a date not earlier than 14 days before the date of issuance of this Abridged Prospectus), that:-

(i) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(ii) in the opinion of the Board, since the last audited consolidated financial statements of the Group, no circumstances that has adversely affected the trading or the value of the assets of the Group has arisen;

(iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) save as disclosed in this Abridged Prospectus, there are no contingent liabilities that has arisen by reason of any guarantee or indemnities given by the Group;

(v) there has not been, since the last audited consolidated financial statements of the Group, any default or known event that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings of the Group;

(vi) save as disclosed in the unaudited consolidated financial statements of the Group for the three (3)-month financial period ended 31 May 2016 as set out in Appendix VI of this Abridged Prospectus, there has not been, since the last audited consolidated financial statements of the Group, any material changes in the published reserves or unusual factors affecting the profits of the Group; and

(vii) as disclosed above and up the date of this letter, no other reports are required in relation to items (i) to (vi) above.

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

MAK SIEW WEI
Executive Director

AT SYSTEMATIZATION BERHAD (644800-X)

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