



AT SYSTEMATIZATION BERHAD

**(COMPANY NO: 644800-X)
(INCORPORATED IN MALAYSIA)**

**UNAUDITED INTERIM FINANCIAL REPORT
FOR 1ST QUARTER ENDED 31 MAY 2014**



Condensed Consolidated Statements of Financial Position
For 1ST Quarter ended 31 May 2014

	(Unaudited)	(Audited)
	As At	As At
	31.5.2014	28.2.2014
	RM '000	RM '000
Non-current assets		
Property, plant and equipment	23,594	24,113
Investment in unquoted shares	25	-
Current assets		
Inventories	2,033	1,982
Trade receivables	6,787	5,387
Other receivables	2,677	2,007
Tax assets	147	309
Cash and cash equivalents	16,379	19,957
	<u>28,023</u>	<u>29,642</u>
TOTAL ASSETS	<u>51,642</u>	<u>53,755</u>
Equity		
Share capital	39,369	39,369
Share premium	10,967	10,967
Warrant reserve	17,126	17,126
Revaluation reserve	217	217
Accumulated losses	(32,869)	(33,467)
	<u>34,810</u>	<u>34,212</u>
Non-controlling interests	17	17
Total equity	<u>34,827</u>	<u>34,229</u>
Liabilities		
Non-current liabilities		
Finance lease payables	1,565	1,777
Bank borrowings	-	11,328
Deferred tax liabilities	369	369
	<u>1,934</u>	<u>13,474</u>
Current liabilities		
Trade payables	3,630	3,668
Other payables	837	762
Tax liabilities	-	3
Finance lease payables	967	1,013
Bank borrowings	9,447	606
	<u>14,881</u>	<u>6,052</u>
Total liabilities	<u>16,815</u>	<u>19,526</u>
TOTAL EQUITY AND LIABILITIES	<u>51,642</u>	<u>53,755</u>
Net assets per share (Sen)	8.84	8.69

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 28 February 2014 and the accompanying explanatory notes attached to the interim financial report.



**Condensed consolidated statements of comprehensive income
For 1ST Quarter ended 31 May 2014**

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	31.5.2014 RM '000	31.5.2013 RM '000 Restated	31.5.2014 RM '000	31.5.2013 RM '000 Restated
Continuing operations				
Revenue	6,321	5,793	6,321	5,793
Cost of sales	(4,455)	(4,319)	(4,455)	(4,319)
Gross profit	1,866	1,474	1,866	1,474
Other income	468	3	468	3
Administrative and general expenses	(1,284)	(1,464)	(1,284)	(1,464)
Selling and distribution expenses	(13)	-	(13)	-
	(1,297)	(1,464)	(1,297)	(1,464)
Profit/(Loss) from operations	1,037	13	1,037	13
Finance costs	(204)	(211)	(204)	(211)
Profit/(Loss) before tax	833	(198)	833	(198)
Tax (expense)/income	(235)	(105)	(235)	(105)
Profit/(Loss) for the continuing operations	598	(303)	598	(303)
Discontinued operations				
Loss from discontinued operations, net of tax	-	(174)	-	(174)
Profit/(Loss) for the financial year	598	(477)	598	(477)
Attributable to:-				
Owners of the parent				
- from continuing operations	598	(303)	598	(303)
- from discontinued operations		(174)	-	(174)
	598	(477)	598	(477)
Non-controlling interests	-	-	-	-
Profit/(Loss) for the period	598	(477)	598	(477)
Earnings/(Loss) per share (sen)				
Basic and diluted:				
- Continuing operations	0.15	(0.15)	0.15	(0.15)
- Discontinued operations	-	(0.09)	-	(0.09)
	0.15	(0.24)	0.15	(0.24)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 28 February 2014 and the accompanying explanatory notes attached to the interim financial report.



**Condensed consolidated statements of comprehensive income
For 1ST Quarter ended 31 May 2014 (Cont'd)**

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		3 Months Ended	
	31.5.2014	31.5.2013	31.5.2014	31.5.2013
	RM '000	RM '000	RM '000	RM '000
		Restated		Restated
Profit/(Loss) for the period	598	(477)	598	(477)
Other comprehensive income:-				
Foreign currency translation differences for foreign operations	-	(67)	-	(67)
Total comprehensive income for the period	<u>598</u>	<u>(544)</u>	<u>598</u>	<u>(544)</u>
Attributable to:-				
Owners of the parent				
- from continuing operations	598	(303)	598	(303)
- from discontinued operations	-	(241)	-	(241)
	<u>598</u>	<u>(544)</u>	<u>598</u>	<u>(544)</u>
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	<u>598</u>	<u>(544)</u>	<u>598</u>	<u>(544)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 28 February 2014 and the accompanying explanatory notes attached to the interim financial report.



Condensed Consolidated Statements of Equity
For 1ST Quarter ended 31 May 2014

	<----- Attributable to owners of the parent ----->								
	<----- Non-Distributable ----->					Distributable	Non-		Total
	Share Capital RM '000	Share Premium RM '000	Revaluation Reserve RM '000	Warrant Reserve RM '000	Currency Translation Reserve RM '000	Accumulated Losses RM '000	Sub Total RM '000	Controlling Interests RM '000	Equity RM '000
At 1 March 2014	39,369	10,967	217	17,126	-	(33,467)	34,212	17	34,229
Total comprehensive income									
Profit for the financial year representing comprehensive income	-	-	-	-	-	598	598	-	598
Other comprehensive income									
Foreign currency translation difference for foreign operations	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	-	598	598	-	598
Transactions with owners									
Issue of shares representing transactions with owners	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-	-
At 31 May 2014	39,369	10,967	217	17,126	-	(32,869)	34,810	17	34,827



**Condensed consolidated statements of Equity
For 1ST Quarter ended 31 May 2014 (Cont'd)**

	<----- Attributable to owners of the parent ----->								
	<----- Non-Distributable ----->					Currency	Distributable		Non-
	Share Capital RM '000	Share Premium RM '000	Revaluation Reserve RM '000	Warrant Reserve RM '000	Translation Reserve RM '000	Accumulated Losses RM '000	Sub Total RM '000	Controlling Interests RM '000	Equity RM '000
At 1 March 2013	19,175	11,517	217	-	12	(17,454)	13,467	-	13,467
Total comprehensive income									
Loss for the financial year representing comprehensive income	-	-	-	-	-	(477)	(477)	-	(477)
Other comprehensive income									
Foreign currency translation difference for foreign operations	-	-	-	-	(67)	-	(67)	-	(67)
Total comprehensive income for the financial year	-	-	-	-	(67)	(477)	(544)	-	(544)
Issue of shares representing transactions with owners	509	-	-	-	-	-	509	-	509
At 31 May 2013	19,684	11,517	217	-	(55)	(17,931)	13,432	-	13,432

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 28 February 2014 and the accompanying explanatory notes attached to the interim financial statements



Condensed Consolidated Statements of Cash Flows
For 1ST Quarter ended 31 May 2014

	Current Year To-Date 31.05.2014 (Unaudited) RM'000	Preceding Year Corresponding Period 31.05.2013 (Unaudited) RM'000
Cash flows from operating activities		
Profit/(Loss) before tax		
- Continuing operations	833	(198)
- Discontinued operations	-	(174)
	<u>833</u>	<u>(372)</u>
Adjustments for non-cash and non-operating items	640	736
Operating profit before working capital changes	1,473	364
(Increase)/Decrease in inventories	(51)	(86)
(Increase)/Decrease in receivables	(2,421)	(2,018)
Increase/(Decrease) in payables	386	1,635
Cash used in operations	(613)	(105)
Interest paid	(204)	(217)
Tax paid	(73)	(113)
Net cash used in operating activities	(890)	(435)
Cash flows from investing activities		
Investment in unquoted shares	(25)	-
Dividend received	116	-
Proceeds from disposal of property, plant and equipment	-	450
Purchase of property, plant and equipment	(33)	(895)
Net cash from/(used in) investing activities	58	(445)
Cash flows from financing activities		
Proceeds from issue of shares	-	509
Payments of finance lease payables	(258)	(218)
Repayment of term loans	(2,487)	(190)
Drawdown of term loan	-	638
Net cash (used in)/from financing activities	(2,745)	739
Effects of exchange rate changes on cash and cash equivalents	-	(67)
Net increase/(decrease) in cash and cash equivalents	(3,577)	(208)
Cash and cash equivalents brought forward	19,957	1,653
Cash and cash equivalents carried forward	<u>16,380</u>	<u>1,445</u>
Represented by:-		
Cash and Cash Equivalents	<u>16,380</u>	<u>1,445</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 28 February 2014 and the accompanying explanatory notes attached to the interim financial statements.



Part B – Additional information required under Listing Requirements
1st Quarter ended 31 May 2014

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 28 February 2014 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 28 February 2014 except for the adoption of the following standards, amendments to published standards and interpretations to existing standards which are effective for the financial period commencing on 1 March 2014:

Amendments to MFRSs

MFRS 10	: Consolidated Financial Statements: Investment Entities
MFRS 12	: Disclosure of Interests in Other Entities: Investment Entities
MFRS 127	: Separate Financial Statements: Investment Entities
MFRS 132	: Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
MFRS 136	: Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets – Offsetting Financial
MFRS 139	: Financial Instruments: Recognition and Measurement

New IC Interpretations

IC Interpretation 21	: Levies
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The adoption of the above standards, amendments to published standards and interpretations does not give rise to any material effects to the Group.

A3) Auditors’ Report of Preceding Annual Audited Financial Statements

The auditors’ report on the financial statements for the financial year ended 28 February 2014 contains a qualified opinion by the external auditors.

A4) Seasonal or Cyclical Factors

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



Part B – Additional information required under Listing Requirements
1st Quarter ended 31 May 2014

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 during the current financial period under review.

A8) Dividend Paid

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

A10) Discontinued operations

In the previous financial year, the Group had on 28 February 2014 divest its entire equity interest in AT Engineering Sdn. Bhd. The disposal was completed on even date and AT Engineering Sdn. Bhd., together with its wholly-owned subsidiaries (“ATE Group”) ceased to be subsidiaries of the Group. Accordingly, the results arising from ATE Group are presented as discontinued operation in the corresponding quarters.

A11) Segmental Information

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

A12) Valuation of Property, Plant and Equipment

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



Part B – Additional information required under Listing Requirements
1st Quarter ended 31 May 2014

A13) Events after the Reporting Period

As at the date of this announcement, there were no other material events subsequent to the end of the interim period other than as follows:-

- (a) On 4 June 2014, the Company announced a variation to the proposed utilisation of proceeds raised from the private placement completed on 15 March 2013. Details of the variation are stated in Note B6-1.
- (b) On 4 June 2014, the Company had announced to implement a private placement exercise. Further details of the proposal are detailed in Note B6-2.
- (c) On 18 June 2014, the Company announced that its wholly-owned subsidiary, AT Precision Tooling Sdn. Bhd. has entered into a Memorandum of Understanding (“MOU”) with Fong’s Engineering & Manufacturing Pte. Ltd. (“FEM”) with the intention to form a Joint Venture Company (“JVCO”) to collaborate in the area of oil and gas, life science, electronics, aerospace and other industries operations and to position the JVCO as FEM’s manufacturing arm outside Singapore to meet FEM’s customers’ job orders and requirements. The MOU shall be effective on the date of the execution and valid for a minimum period of 2 months and may be extended for a further period as may be agreed by both parties. The MOU shall be automatically terminated upon the execution of an Execution Agreement.

A14) Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial period.

A15) Changes in Contingent Liabilities or Contingent Assets

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

A16) Capital Commitment

As of 31 May 2014, capital commitment are in respect of the factory expansion by a subsidiary of the Group amounting to RM5,543,000.

A17) Related Party Transactions

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



Part B – Additional information required under Listing Requirements
1st Quarter ended 31 May 2014

B1) Review of Performance

Current Quarter and Current Period To-Date

(a) Continuing operations

The Group posted revenue of RM6.32 million for the first quarter ended 31 May 2014, which was RM0.53 million or 9.1% higher as compared to the corresponding quarter of RM5.79 million. The increase was largely attributable to higher customers' order, particularly in the fabrication of industrial & engineering parts business.

The Group recorded pre-tax profit for the current quarter under review of RM0.83 million as compared to pre-tax loss of RM0.19 million in the corresponding quarter. This was mainly contributed by better performance from fabrication of industrial & engineering parts business, coupled with the dividend income from fixed income fund.

(b) Discontinued operations

The discontinued operations in the corresponding period comprised the manufacturing activities from ATE Group. ATE Group recorded a revenue of RM0.33 million and pre-tax loss of RM0.17 million.

Overall, the Group achieved a pre-tax profit of RM0.83 million as compared to pre-tax loss of RM0.37 million (comprising continuing and discontinued operations) achieved during the corresponding period. This represents an increase of more than 300%.

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

The Group posted pre-tax profit of RM0.83 million for the first quarter ended 31 May 2014, which was RM0.63 million lower as compared to pre-tax profit of RM1.46 million in the preceding quarter. This decrease in profit was attributable to the gain on disposal of subsidiaries recorded in the preceding quarter.

B3) Prospects

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

B4) Variance between Actual Profit and Forecast Profit

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



Part B – Additional information required under Listing Requirements
1st Quarter ended 31 May 2014

B5) Taxation

	Individual Quarter		Cumulative Quarter	
	<u>31.5.14</u>	<u>31.5.13</u>	<u>31.5.14</u>	<u>31.5.13</u>
	RM'000	RM'000	RM'000	RM'000
Income tax expense	235	105	235	105
Deferred tax transfers	-	-	-	-
	235	105	235	105

The effective tax rate of the Group is higher than the statutory income tax rate in the current financial period mainly due to certain expenses not allowable.

B6) Corporate Proposals

- 1) The Company has on 15 March 2013 completed a private placement exercise and the summary of the utilisation of proceeds is set out below:-

Details of utilisation	Proposed utilisation RM'000	Actual utilisation as at 31 May 2014 RM'000	Balance of unutilised proceeds RM'000	Estimated timeframe for the utilisation of proceeds
To purchase glove counting machines	300	-	300	-
To fund the development and production of wheel-chair washing machines	189	102	87	-
Estimated expenses in relation to the private placement exercise	20	20	-	-
Total	509	122	387	

On 4 June 2014, the Company announced that the intended utilisation of the above unutilised proceeds have been varied. The unutilised proceeds are now to be utilised as part funding for the Group's factory building extension.



Part B – Additional information required under Listing Requirements
1st Quarter ended 31 May 2014

B6) Corporate Proposals (cont'd)

- 2) The Company has on 5 February 2014 completed its Rights Issue with Free Warrants (“Rights Issue Exercise”). Pursuant to the Rights Issue Exercise, additional 196,845,765 ordinary shares of RM0.10 each (“Rights Shares”) were issued at the issue price of RM0.10 per Rights Share and cash proceeds of RM19.685 million were raised. The summary of the utilisation of proceeds is set out below:-

Details of utilisation	Amounts raised RM'000	Amounts utilised as at 31 May 2014 RM'000	Balance unutilised RM'000	Estimated timeframe for the utilisation of proceeds
Repayment of bank borrowings #	12,600	3,130	9,470	Within six (6) months
Working capital	3,785	91	3,694	Within twelve (12) months
Partially finance the construction of factory building extension	2,800	12	2,788	Within twelve (12) months
To defray expenses relating to rights issue exercise	500	500	-	Within three (3) months
Total	19,685	3,733	15,952	

On 3 June 2014, the Group has fully utilised the allocated proceeds for settlement of the bank borrowings.

- 3) On 17 April 2014, the Company subscribed for 25,000 ordinary shares of RM1.00 each representing 5% of the issued and fully paid-up share capital of ATS Biotech Sdn. Bhd. (“ATS Biotech”) for a total cash consideration of RM25,000. On even date, the Company entered into a Joint Venture Agreement with Anhui Shengyun Environment Protection Group Co. Ltd., Promosi Mantap Sdn. Bhd. and Md. Wira Dani Bin Abdul Daim to bid for the construction of a mass-scale incinerator facility under the “Waste to Energy” Public Private Partnership Project through ATS Biotech.
- 4) On 4 June 2014, TA Securities Holdings Berhad, on behalf of the Company had announced that the Company proposed 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 to independent third party investor(s) to be identified at a later date (hereinafter referred to as “Proposed Private Placement”).



**Part B – Additional information required under Listing Requirements
1st Quarter ended 31 May 2014**

B6) Corporate Proposals (cont'd)

The Company is expected to raise gross proceeds amounting to RM5.9 million from the Proposed Private Placement. The proceeds raised are expected to be utilised in the following manner:-

Details of utilisation	Minimum Scenario RM'000	Maximum Scenario RM'000	Estimated timeframe for the utilisation of proceeds
Business expansion and/or investments	3,500	5,000	Within twelve (12) months
Working capital	297	725	Within twelve (12) months
Estimated expenses	140	180	-
Total	3,937	5,905	

The Proposed Private Placement is currently pending for approval by relevant authorities.

B7) Borrowings and Debts Securities

Group's borrowings as at 31 May 2014 are as follows:-

	As At 31.5.2014 RM'000
Non-Current	
Secured:	
- Finance lease payables	1,565
- Bank borrowings	-
	1,565
Current	
Secured:	
- Finance lease payables	967
- Bank borrowings	9,447
	10,414
Total	11,979



**Part B – Additional information required under Listing Requirements
1st Quarter ended 31 May 2014**

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) Earnings/(Loss) per Share

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

	Individual Quarter		Cumulative Quarter	
	<u>31.5.2014</u>	<u>31.5.2013</u>	<u>31.5.2014</u>	<u>31.5.2013</u>
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to owners of the parent	598	(477)	598	(477)
Weighted average number of shares in issue (RM'000)	393,692	196,846	393,692	196,846
Earnings/(Loss) Per Share				
- Basic (sen)	0.15	(0.24)	0.15	(0.24)
- Diluted (sen)	0.15	(0.24)	0.15	(0.24)

The diluted earnings/(loss) per share equal the basic earnings/(loss) 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.



Part B – Additional information required under Listing Requirements
1st Quarter ended 31 May 2014

B11) Profit/(Loss) Before Tax

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		3 Months Ended	
	31.5.2014	31.5.2013	31.5.2014	31.5.2013
	RM '000	RM '000	RM '000	RM '000
Included in the profit/(loss) before tax is:-				
after charging:				
Interest expense	204	217	204	217
Depreciation of property, plant and equipment	552	492	552	492
Loss on foreign exchange:				
- realised	-	-	-	-
- unrealised	1	-	1	-
Loss on disposal of property, plant & equipment	-	27	-	27
after crediting:				
Rental income	(336)	(227)	(336)	(227)
Dividend income	(116)	-	(116)	-
Interest income	-	-	-	-
Gain on foreign exchange:				
- realised	(3)	-	(3)	-
- unrealised	-	-	-	-

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).



**Part B – Additional information required under Listing Requirements
1st Quarter ended 31 May 2014**

B12) Fair Value Hierarchy (cont'd)

As at 31 May 2014, the Group held the following assets and liabilities on the statements of financial position:

	Fair value of assets and liabilities carried at fair value				Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	
	RM'000	RM'000	RM'000	RM'000	
Group 2014					
- Leasehold lands	-	3,751	-	3,751	3,751
- Buildings	-	12,821	-	12,821	12,821
	-	16,572	-	16,572	16,572

	Fair value of assets and liabilities not carried at fair value				Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	
	RM'000	RM'000	RM'000	RM'000	
Group 2014					
Financial liabilities					
- Financial lease payables	-	2,801	-	2,801	2,532
- Term loans	-	9,447	-	9,447	9,447
	-	12,248	-	12,248	11,979

B13) Realised and Unrealised Profits/ (Losses)

	As At 31.5.2014 RM'000	As At 31.5.2013 RM'000
Total accumulated losses of the Company and its subsidiaries:-		
- Realised	(35,059)	(38,363)
- Unrealised	(369)	370
	(35,428)	(37,993)
Consolidation adjustments and eliminations	2,559	20,063
Total accumulated losses as per statement of financial position	(32,869)	(17,930)

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 24 July 2014.