



AT SYSTEMATIZATION BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2018**

AT SYSTEMATIZATION BERHAD
(Company No: 644800-X)

Unaudited Condensed Consolidated Statements of Financial Position
As At 31 December 2018

	(Unaudited) As At 31.12.2018 RM '000	(Audited) As At 31.3.2018 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	72,342	63,209
Current assets		
Inventories	4,149	2,304
Trade receivables	5,547	5,777
Other receivables, deposits and prepayments	7,622	7,913
Tax assets	262	358
Cash and bank balances	3,334	9,595
	20,914	25,947
TOTAL ASSETS	93,256	89,156
EQUITY AND LIABILITIES		
Equity		
Share capital	55,545	53,111
Share option reserve	378	378
Warrant reserve	23,621	23,621
Revaluation reserve	6,308	6,308
Accumulated losses	(13,273)	(9,552)
	72,579	73,866
Non-controlling interests	(680)	(486)
Total equity	71,899	73,380
Liabilities		
Non-current liabilities		
Finance lease payables	2,249	2,335
Bank borrowings	10,523	4,968
Deferred tax liabilities	1,951	1,951
	14,723	9,254
Current liabilities		
Trade payables	2,124	2,924
Other payables & deposits	1,501	1,501
Finance lease payables	1,289	1,553
Bank borrowings	1,720	544
	6,634	6,522
Total liabilities	21,357	15,776
TOTAL EQUITY AND LIABILITIES	93,256	89,156
Net assets per share (Sen)	15.65	17.51

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statements of Comprehensive Income
For the Period Ended 31 December 2018

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2018 RM '000	31.12.2017 RM '000	31.12.2018 RM '000	31.12.2017 RM '000
Revenue	4,533	5,220	16,085	16,994
Cost of sales	(4,426)	(4,116)	(13,353)	(13,734)
Gross profit/(loss)	107	1,104	2,732	3,260
Other income	269	549	1,280	1,706
Administrative and general expenses	(2,541)	(2,610)	(7,236)	(6,634)
Selling and distribution expenses	(27)	(20)	(102)	(58)
	(2,568)	(2,630)	(7,338)	(6,692)
(Loss)/Profit from operations	(2,192)	(977)	(3,326)	(1,726)
Finance costs	(228)	(99)	(512)	(512)
(Loss)/Profit before tax	(2,420)	(1,076)	(3,838)	(2,238)
Tax income/(expense)	(45)	-	(45)	-
(Loss)/Profit for the period	(2,465)	(1,076)	(3,883)	(2,238)
Attributable to:-				
Owners of the Company	(2,397)	(956)	(3,689)	(1,958)
Non-controlling interests	(68)	(120)	(194)	(280)
	(2,465)	(1,076)	(3,883)	(2,238)
Earnings/(Loss) per share attributable to owners of the Company (sen)				
- Basic	(0.52)	(0.07)	(0.82)	(0.25)
- Diluted	(0.52)	(0.07)	(0.82)	(0.25)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial period year 31 March 2018 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statements of Comprehensive Income
For the Period Ended 31 December 2018

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2018 RM '000	31.12.2017 RM '000	31.12.2018 RM '000	31.12.2017 RM '000
(Loss)/Profit for the period	(2,465)	(1,076)	(3,883)	(2,238)
Other comprehensive income:-				
Item that will not be reclassified subsequently to profit or loss				
Realisation of revaluation reserve	-	-	-	-
Total comprehensive income/(loss) for the financial period	<u>(2,465)</u>	<u>(1,076)</u>	<u>(3,883)</u>	<u>(2,238)</u>
Attributable to:-				
Owners of the Company	(2,397)	(956)	(3,689)	(1,958)
Non-controlling interests	(68)	(120)	(194)	(280)
Total comprehensive income for the period	<u>(2,465)</u>	<u>(1,076)</u>	<u>(3,883)</u>	<u>(2,238)</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Changes in Equity
As At 31 December 2018

	<----- Attributable to Owners of the Company ----->								
	<----- Non-Distributable ----->				Distributable		Sub Total RM '000	Non- Controlling Interests RM '000	Total Equity RM '000
	Share Capital RM '000	Share Option Reserve RM '000	Revaluation Reserve RM '000	Warrant Reserve RM '000	Accumulated Losses RM '000				
Unaudited									
At 1 April 2018	53,111	378	6,308	23,621	(9,552)	73,866	(486)	73,380	
Effect of MFRS 9 <i>Financial Instruments</i> adoption (Note A(2)(a))	-	-	-	-	(32)	(32)	-	(32)	
At 1 April 2018 (restated)	53,111	378	6,308	23,621	(9,584)	73,834	(486)	73,348	
Comprehensive income									
Loss for the financial period	-	-	-	-	(3,689)	(3,689)	(194)	(3,883)	
Total comprehensive income for the financial period	-	-	-	-	(3,689)	(3,689)	(194)	(3,883)	
Transactions with owners									
Issue of shares pursuant to private placement	2,434	-	-	-	-	2,434	-	2,434	
Total transactions with owners	2,434	-	-	-	-	2,434	-	2,434	
At 31 December 2018	55,545	378	6,308	23,621	(13,273)	72,579	(680)	71,899	



Unaudited Condensed Consolidated Statements of Changes in Equity
As At 31 December 2018

	<----- Attributable to Owners of the Company ----->						Sub Total RM '000	Non- Controlling Interests RM '000	Total Equity RM '000
	<----- Non-Distributable ----->			Distributable					
	Share Capital RM '000	Share Premium RM '000	Share Option Reserve RM '000	Revaluation Reserve RM '000	Warrant Reserve RM '000	Accumulated Losses RM '000			
Unaudited									
At 1 March 2017	25,984	5,912	3,602	6,461	23,621	(4,038)	61,542	(129)	61,413
Comprehensive income									
Loss for the financial period	-	-	-	-	-	(1,958)	(1,958)	(280)	(2,238)
Total comprehensive income for the period	-	-	-	-	-	(1,958)	(1,958)	(280)	(2,238)
Transactions with owners									
Issue of shares pursuant to private placement	3,561	-	-	-	-	-	3,561	-	3,561
Share-based payment pursuant to Share Issuance Scheme	-	-	1,061	-	-	-	1,061	-	1,061
Issue of shares pursuant to exercise of share options	17,994	-	(4,285)	-	-	-	13,709	-	13,709
Share issuance expense	-	(302)	-	-	-	-	(302)	-	(302)
Additional investment in a subsidiary	-	-	-	-	-	(40)	(40)	-	(40)
Total transactions with owners	21,555	(302)	(3,224)	-	-	(40)	17,989	-	17,989
At 31 December 2017	47,539	5,610	378	6,461	23,621	(6,036)	77,573	(409)	77,164

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Cash Flows
For the Period Ended 31 December 2018

	Current Period To-Date 31.12.2018 (Unaudited) RM'000	Preceding Year Corresponding Period 31.12.2017 (Unaudited) RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(3,838)	(2,238)
Adjustments for :-		
Fair value adjustments on share options	-	1,061
Other non-cash and non-operating items	3,632	2,934
Operating profit/(loss) before working capital changes	(206)	1,757
(Increase)/Decrease in inventories	(1,845)	(98)
(Increase)/Decrease in receivables	531	(1,795)
Increase/(Decrease) in payables	(816)	(516)
Cash generated from/(used in) operations	(2,336)	(652)
Net tax refund/(tax paid)	51	(44)
Net cash used in operating activities	(2,285)	(696)
Cash flows from investing activities		
Income distribution and interest received	72	276
Net withdrawal/(investment) in short term money market funds	-	(11,493)
Proceeds from disposal of property, plant and equipment	2	57
Purchase of property, plant and equipment	(12,359)	(3,808)
Net cash used in investing activities	(12,285)	(14,968)
Cash flows from financing activities		
Proceeds from issue of shares, net of expense	2,434	16,969
Interest paid	(512)	(512)
Withdrawal/(Placement) of deposits with banks	-	1,290
Net drawdown/(repayments) of finance lease payables	(350)	(1,493)
Net (repayment)/drawdown of term loans	6,472	(4,633)
Net cash (used in)/from financing activities	8,044	11,621
Effects of exchange rate changes on cash and cash equivalents	6	3
Net (decrease)/increase in cash and cash equivalents	(6,520)	(4,040)
Cash and cash equivalents brought forward	9,595	7,507
Cash and cash equivalents carried forward	3,075	3,467
Represented by:-		
Cash and cash equivalents	3,334	3,467
Bank overdraft	(259)	-
	3,075	3,467

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial report.

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”), Rule 9.22 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 31 March 2018. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2018.

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 31 March 2018 except for adoption of the following MFRSs, amendments to MFRSs and Issue Committees (“IC”) interpretation: -

- (i) MFRS 9 - Financial Instruments
- (ii) MFRS 15 - Revenue from Contracts with Customers
- (iii) Annual Improvements to MFRS Standards 2014–2016 Cycle
- (iv) Amendments to MFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions
- (v) Amendments to MFRS 140 Investment Property - Transfers of Investment Property
- (vi) IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

The adoption of the above MFRSs, amendments to MFRSs and IC interpretation does not have any significant effects on the interim financial report upon their initial application, other than changes arising from the adoption of MFRS 9 “Financial Instruments” and MFRS 15 “Revenue from Contract with Customers” as described below: -

(a) Adoption of MFRS 9 “Financial Instruments”

MFRS 9 replaces MFRS 139 “Financial Instruments: Recognition and Measurement”. MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

A2) Changes in Accounting Policies (Cont'd)

(a) Adoption of MFRS 9 “Financial Instruments” (cont'd)

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss (“ECL”) model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group has applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group's provision matrix is based on its historical credit loss experience with trade receivables of similar credit risk characteristics, adjusted for forward-looking factors specific to the category of debtors and the economic environment.

The Group has applied MFRS 9 retrospectively on the date of initial application and has elected not to restate comparatives. The adoption of MFRS 9 did not have any significant effects on the interim financial report upon their initial application, except for the effect of applying the impairment assessment based on the expected credit loss model on trade receivables.

(b) Adoption of MFRS 15 ‘Revenue from Contracts with Customers’

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has concluded that the initial application of MFRS 15 does not have any significant effects on the interim financial report.

A2) Changes in Accounting Policies (Cont'd)

In summary, the impacts of adopting MFRS 9 to opening balances are as follows: -

Statement of Financial Position

1 April 2018

	As Previously Reported RM '000	Adjustments RM '000	After Adjustments RM '000
Assets			
Trade receivables	<u>5,777</u>	<u>(32)</u>	<u>5,745</u>
Equities			
Accumulated losses	<u>(9,552)</u>	<u>(32)</u>	<u>(9,584)</u>

As at the date of authorisation of this interim financial report, the following MFRSs, amendments and improvements to MFRSs, and IC Interpretation have been issued by the MASB but are not yet effective and have not been adopted by the Group: -

<u>MFRSs/Amendments to MFRSs/IC Interpretation</u>	Effective for financial periods beginning on or after
MFRS 16 - Leases	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 119 Employee Benefits - Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 9 Financial Instruments - Prepayment Features with Negative Compensation	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2 Share-based Payment	1 January 2020
Amendments MFRS 3 Business Combinations	1 January 2020

A2) Changes in Accounting Policies (Cont'd)

As at the date of authorisation of this interim financial report, the following MFRSs, amendments and improvements to MFRSs, and IC Interpretation have been issued by the MASB but are not yet effective and have not been adopted by the Group: - (cont'd)

<u>MFRSs/Amendments to MFRSs/IC Interpretation</u>	Effective for financial periods beginning on or after
Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 14 Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138 Intangible Assets	1 January 2020
MFRS 17 - Insurance Contracts	1 January 2021
Amendments to MFRS 10 Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group will adopt the above pronouncements when they become effective in the respective financial periods.

A3) 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.

A4) Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

A5) Material Changes in Estimates

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the current quarter under review, except for the change in basis of allowance for impairment of trade receivables as disclosed in Note A2(a).

A6) Debt and Equity Securities

Save as disclosed below, there was no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for financial period under review.

- (i) Allotment of 42,189,000 new ordinary shares pursuant to the completion of private placement exercise on 3 July 2018.

A7) Dividend Paid

There was no dividend paid in the current quarter under review.

A8) Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment in the current quarter under review.

A9) Material Events Subsequent to the end of the Financial Period

There were no other material events subsequent to the end of the financial period up to the date of this report.

A10) Changes in the Composition of the Group

On 7 September 2018, Goodmatrix Resources Sdn. Bhd. ("GRSB"), a wholly-owned subsidiary of the Group has been successfully struck off from the register by the Companies Commission of Malaysia. Save for this, there were no changes in the composition of the Group during the financial period under review.

A11) Contingent Liabilities or Contingent Assets

The Group has no material contingent liabilities save for the corporate guarantees provided by the Company to financial institutions for credit facilities granted to subsidiaries up to a total limit of approximately RM28,987,000. Total utilisation of these credit facilities as at 31 December 2018 amounted to approximately RM15,678,000.

There was no material contingent assets to be disclosed as at the date of the this report.

A12) Capital Commitment

As of 31 December 2018, capital commitment is in respect of the acquisition of specialised machineries, machine tools and building expansion by subsidiaries of the Group: -

	RM'000
Approved and contracted for	-
Contracted but not provided for	1,289
	<u>1,289</u>

A13) Related Party Transactions

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

A14) Fair Value Measurements

(a) Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows: -

- Level 1 : Quoted price in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 : Inputs for the asset or liability that are not based on observable market data.

Explanatory Notes Pursuant to Malaysia Financial Reporting Standard 134
For 9 Months Ended 31 December 2018

A14) Fair Value Measurements (Cont'd)

- (b) The following table provides the fair value measurement hierarchy of the Group's financial instruments: -

	<-- Fair value of financial instruments -->				Carrying amount RM'000
	not carried at fair value			Total RM'000	
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Group					
31.12.2018					
Financial liabilities					
- Finance lease payables	-	3,557	-	3,557	3,538

A15) Revenue

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2018 RM '000	31.12.2017 RM '000	31.12.2018 RM '000	31.12.2017 RM '000
	Fabrication:			
(i) Customised parts	4,071	4,562	14,468	14,820
(ii) Servicing charges	249	407	452	1,034
Automation:				
(i) Customised parts	39	63	604	339
(ii) Servicing charges	5		42	120
Solar renewable energy	169	188	519	681
	<u>4,533</u>	<u>5,220</u>	<u>16,085</u>	<u>16,994</u>
Goods or services transferred:				
- at a point in time	<u>4,533</u>	<u>5,220</u>	<u>16,085</u>	<u>16,994</u>

A16) 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) **Renewable energy and property** - Renewable energy operator; Property letting;
- (c) **Others** - Investment holding and provision of management services to subsidiaries, neither which are of a sufficient size to be reported separately.



A16) Segmental Information (cont'd)

Cumulative Period Ended 31.12.2018

	Fabrication and automation RM '000	Renewable energy and property RM '000	Others RM '000	Eliminations RM '000	Total RM '000
Revenue					
External revenue	15,566	519	-	-	16,085
Inter-segment revenue	-	-	746	(746)	-
Total revenue	<u>15,566</u>	<u>519</u>	<u>746</u>	<u>(746)</u>	<u>16,085</u>
Results					
Interest income	146	-	1,263	(1,395)	14
Finance costs	(1,490)	(396)	(20)	1,395	(511)
Tax credit/(expense)	-	-	(45)	-	(45)
Segment profit/(loss)	<u>(3,531)</u>	<u>(233)</u>	<u>(119)</u>	<u>-</u>	<u>(3,883)</u>
Other material non-cash items :-					
- Depreciation of property, plant and equipment	(2,267)	(862)	(96)	-	(3,225)
- Unrealised gain/(loss) on foreign exchange	32	-	-	-	32
- (Allowance)/Reversal for impairment	(73)	-	-	-	(73)



A16) Segmental Information (cont'd)

Cumulative Period Ended 31.12.2017

	Fabrication and automation RM '000	Renewable energy and property RM '000	Others RM '000	Eliminations RM '000	Total RM '000
Revenue					
External revenue	16,313	681	-	-	16,994
Inter-segment revenue	-	-	780	(780)	-
Total revenue	<u>16,313</u>	<u>681</u>	<u>780</u>	<u>(780)</u>	<u>16,994</u>
Results					
Interest income	85	28	671	(1,123)	(339)
Finance costs	(1,117)	(519)	-	1,123	(513)
Tax credit/(expense)	-	-	-	-	-
Segment profit/(loss)	<u>(2,696)</u>	<u>112</u>	<u>348</u>	<u>-</u>	<u>(2,236)</u>
Other material non-cash items :-					
- Depreciation of property, plant and equipment	(1,878)	(822)	(22)	-	(2,722)
- Unrealised gain/(loss) on foreign exchange	(36)	-	-	-	(36)
- Gain/(Loss) on disposal of property, plant and equipment	57	-	-	-	57



Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2018

B1) Review of Performance

Individual Period (Quarter 3)	Current Quarter	Preceding Year Corresponding Quarter	Changes	
	31.12.2018 RM '000	31.12.2017 RM '000	RM '000	%
Revenue				
Fabrication and automation	4,364	5,033	(669)	(13.3)
Renewable energy and property letting	169	186	(17)	(9.1)
Others	-	-	-	-
	<u>4,533</u>	<u>5,219</u>	(686)	(13.1)
(Loss)/Profit before tax				
Fabrication and automation	(2,161)	(1,149)	(1,012)	88.1
Renewable energy and property letting	(245)	70	(315)	(450.0)
Others	(59)	5	(64)	(1,280.0)
	<u>(2,465)</u>	<u>(1,074)</u>	(1,391)	129.5

Current Quarter

The Group posted revenue of RM4.53 million for the current quarter ended 31 December 2018, 13.2% lower than RM5.22 million recorded in the corresponding quarter ended 31 December 2017. The decrease was mainly due to lower sales from disk drive manufacturing, offset with higher sales from semiconductor customers. Sale of solar energy to Tenaga Nasional Berhad was slightly lower by RM17K.

The Group recorded pre-tax loss of RM2.47 million for the current quarter as compared to pre-tax loss of RM1.07 million in the corresponding quarter. The pre-tax loss was higher mainly due to weaker performance in fabrication business, coupled with the start-up of sheet metal business and lower rental income from property letting. Other segment reported pre-tax loss mainly due to lower income from placement of short-term money market funds.



Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2018

B1) Review of Performance (Cont'd)

Cumulative Period (Quarter 3)	Current	Preceding Year	Changes	
	Year to-date	Corresponding	RM '000	%
	31.12.2018	31.12.2017		
	RM '000	RM '000	RM '000	%
Revenue				
Fabrication and automation	15,566	16,313	(747)	(4.6)
Renewable energy and property letting	519	681	(162)	(23.8)
Others	-	-	-	-
	<u>16,085</u>	<u>16,994</u>	(909)	(5.3)
Profit/(Loss) before tax				
Fabrication and automation	(3,531)	(2,696)	(835)	31.0
Renewable energy and property letting	(233)	112	(345)	(308.0)
Others	(119)	348	(467)	(134.2)
	<u>(3,883)</u>	<u>(2,236)</u>	(1,647)	73.7

Cumulative Period

The Group posted revenue of RM16.09 million for the cumulative quarter ended 31 December 2018, which was RM0.9 million or 5.3% lower as compared to RM16.99 million in the corresponding cumulative quarter. The decrease was mainly attributable to lower orders from disk drive manufacturing and semiconductor customers in the fabrication business, offset with higher sales in automation segment. Sale of solar energy to Tenaga Nasional Berhad was lower by RM0.16 million. Included in the sale of solar energy in the corresponding period was first-time revenue recognition of by the Group's 300kW solar plant, for periods from January-March 2017 amounted to RM0.1 million.

The Group recorded pre-tax loss of RM3.88 million for the cumulative quarter ended 31 December 2018, an increase of RM1.65 million as compared to pre-tax loss of RM2.23 million in the corresponding cumulative quarter. The increase in pre-tax loss for the cumulative period under review was due to weaker performance in fabrication business, coupled with the start-up of sheet metal business and lower rental income from property letting, Other segment reported pre-tax loss mainly due to lower income from placement of short-term money market funds and higher professional fees for corporate exercise.



Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2018

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

	Current Quarter	Immediate Preceding Quarter	Changes	
	31.12.2018	30.9.2018	RM '000	%
	RM '000	RM '000		
Revenue				
Fabrication and automation	4,364	6,745	(2,381)	(35.3)
Renewable energy and property letting	169	178	(9)	(5.1)
Others	-	-	-	-
	<u>4,533</u>	<u>6,923</u>	(2,390)	(34.5)
Profit/(Loss) before tax				
Fabrication and automation	(2,161)	55	(2,216)	4,029.1
Renewable energy and property letting	(245)	23	(268)	(1,165.2)
Others	(59)	(51)	(8)	15.7
	<u>(2,465)</u>	<u>27</u>	(2,492)	9,229.6

The Group posted revenue of RM4.53 million for the current quarter ended 31 December 2018, 34.5% lower than RM6.92 million in the preceding quarter ended 30 September 2018. The decrease was mainly due to lower sales from disk drive manufacturing, semiconductor and medical customers in the fabrication business and lower sales in automation segment.

The Group recorded pre-tax loss of RM2.47 million for the current quarter as compared to RM27K pre-tax profit recorded in the preceding quarter. Pre-tax loss was mainly due to weaker performance in fabrication business, coupled with start-up of sheet metal business and lower rental income from property letting.

B3) Prospects

The Group has completed the new manufacturing facility for sheet metal fabrication and expect it contribute positively to the Group's earnings. The Group's outlook remains challenging and the Group will continue to focus on its core business, i.e. fabrication of industrial & engineering parts and to grow its sheet metal business.



Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2018

B4) Profit forecast or profit guarantee

Not applicable as the Group did not publish any profit forecast.

B5) Qualification of Preceding Audited Financial Statements

There was no qualification to the preceding audited financial statements for the financial year ended 31 March 2018.

B6) Profit/(Loss) Before Tax

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2018 RM '000	31.12.2017 RM '000	31.12.2018 RM '000	31.12.2017 RM '000
Included in the profit/(loss) before tax is after charging/(crediting) :-				
Interest expense	228	99	512	512
(Reversal)/Allowance for impairment	14	-	74	-
Depreciation of property, plant and equipment	1,154	998	3,225	2,721
Rental income	(218)	(428)	(1,121)	(1,320)
Income distribution from fixed income fund	(30)	(64)	(57)	(266)
Interest income	(4)	(9)	(14)	(11)
Loss/(Gain) on foreign exchange:				
- realised	(11)	(19)	-	(16)
- unrealised	7	18	(34)	36
Loss/(Gain) on disposal of property, plant & equipment	(1)	-	(1)	(57)



Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2018

B7) Taxation

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2018 RM '000	31.12.2017 RM '000	31.12.2018 RM '000	31.12.2017 RM '000
Corporate tax income/(expense)	(45)	-	(45)	-
Deferred tax income/(expense)	-	-	-	-
	<u>(45)</u>	<u>-</u>	<u>(45)</u>	<u>-</u>

The effective tax rate for the current period is lower than the statutory income tax rate mainly due to losses suffered by subsidiaries.

B8) Corporate Proposals

- On 3 July 2018, the Company completed the Private Placement following the listing and quotation of 42,189,000 placement shares on the ACE Market of Bursa Securities. The Company raised cash proceeds of RM2.43 million and the summary of the utilisation of proceeds are as follows: -

Purpose	Proposed utilisation RM'000	Amounts utilised as at 30 September 2018 RM'000	Balance unutilised RM'000	Estimated timeframe for the utilisation of proceeds
Acquisition of specialised machineries	2,344	-	2,344	Within 12 months
Estimated expenses for the corporate exercises	90	90	-	Immediate
Total	2,434	90	2,344	

- On 9 November 2017, the Company has announced that its wholly-owned subsidiary, AT Engineering Solution Sdn. Bhd. entered into a memorandum of understanding ("MOU") with Peri Formwork Malaysia Sdn. Bhd. ("PERI") and Asiabio Petroleum Sdn. Bhd. for the collaboration in the technology localization of PERI's formwork and scaffolding systems. On 15 January 2019, the Company announced that the parties have mutually agreed to terminate the MOU with immediate effect.



Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2018

B9) 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.

B10) Borrowings and Debts Securities

	Non-Current RM '000	Current RM '000	Total RM '000
As at 31.12.2018			
<u>Secured</u>			
Finance lease payables	2,249	1,289	3,538
Term loans	10,523	1,461	11,984
Bank overdraft	-	259	259
	12,772	3,009	15,781
As at 31.12.2017			
<u>Secured</u>			
Finance lease payables	2,577	1,393	3,970
Term loans	5,096	551	5,647
Bank overdraft	-	-	-
	7,673	1,944	9,617
	31.12.2018	31.12.2017	
	%	%	
The weighted average interest rate are as follows:			
Finance lease payables	3.58	3.61	
Term loans	5.46	4.85	
Bank overdraft	7.50	7.50	
Proportion of borrowings between:			
Fixed interest rates	22%	41%	
Floating interest rates	78%	59%	

All the Group's borrowings are denominated in RM. During the financial period under review, the Group has drawdown a new term loan of RM 7 million to finance capital expenditure of new factory.

B11) Dividend

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



Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2018

B12) Earnings/(Loss) per Share

The basic and diluted loss per share for the current quarter and financial year-to-date are computed as follows: -

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2018 RM '000	31.12.2017 RM '000	31.12.2018 RM '000	31.12.2017 RM '000
(a) Basic earnings/(loss) per share				
(Loss)/Profit attributable to the owners of the Company	(2,397)	(956)	(3,689)	(1,958)
Weighted average number of ordinary shares in issue ('000)	464,083	1,404,140	449,816	770,212
Basic earnings/(loss) per share (sen)	<u>(0.52)</u>	<u>(0.07)</u>	<u>(0.82)</u>	<u>(0.25)</u>
(b) Diluted earnings/(loss) per share				
(Loss)/Profit attributable to the owners of the Company	(2,397)	(956)	(3,689)	(1,958)
Weighted average number of ordinary shares in issue ('000)	464,083	1,404,140	449,816	770,212
Adjusted for Warrants B	-	9,313	-	18,044
Adjusted for share options	-	-	-	1,953
Adjusted weighted average number of ordinary shares in issue ('000)	<u>464,083</u>	<u>1,413,453</u>	<u>449,816</u>	<u>790,209</u>
Diluted earnings/(loss) per share (sen)	<u>(0.52)</u>	<u>(0.07)</u>	<u>(0.82)</u>	<u>(0.25)</u>

B13) Authorisation for Issue

The interim financial report was authorised for issue on 28 February 2019 by the Board of Directors.