



AT SYSTEMATIZATION BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2019**

AT SYSTEMATIZATION BERHAD
(Company No: 644800-X)

Unaudited Condensed Consolidated Statements of Financial Position
As At 31 December 2019

	(Unaudited) As At 31.12.2019 RM '000	(Audited) As At 31.3.2019 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	58,613	57,531
Investment in quoted shares	2,133	3,200
Current assets		
Inventories	2,862	2,151
Trade receivables	5,915	4,773
Other receivables, deposits and prepayments	9,956	11,076
Tax assets	197	196
Cash and bank balances	1,422	1,251
	20,352	19,447
TOTAL ASSETS	81,098	80,178
EQUITY AND LIABILITIES		
Equity		
Share capital	55,545	55,545
Share option reserve	-	569
Warrant reserve	-	6,496
Accumulated losses	(1,346)	(1,051)
	54,199	61,559
Non-controlling interests	-	(835)
Total equity	54,199	60,724
Liabilities		
Non-current liabilities		
Finance lease payables	2,217	1,712
Bank borrowings	9,321	8,999
Deferred tax liabilities	350	350
	11,888	11,061
Current liabilities		
Trade payables	8,670	3,572
Other payables & deposits	3,257	1,872
Finance lease payables	1,282	1,434
Bank borrowings	1,802	1,515
	15,011	8,393
Total liabilities	26,899	19,454
TOTAL EQUITY AND LIABILITIES	81,098	80,178
Net assets per share (Sen)	11.68	13.26

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statements of Comprehensive Income
For the Period Ended 31 December 2019

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2019 RM '000	31.12.2018 RM '000	31.12.2019 RM '000	31.12.2018 RM '000
Revenue	6,446	4,533	14,219	16,085
Cost of sales	(5,785)	(4,426)	(13,304)	(13,353)
Gross profit/(loss)	661	107	915	2,732
Other income	164	269	678	1,280
Administrative and general expenses	(3,062)	(2,541)	(7,316)	(7,236)
Selling and distribution expenses	(31)	(27)	(103)	(102)
	(3,093)	(2,568)	(7,419)	(7,338)
(Loss)/Profit from operations	(2,268)	(2,192)	(5,826)	(3,326)
Finance costs	(197)	(228)	(593)	(512)
(Loss)/Profit before tax	(2,465)	(2,420)	(6,419)	(3,838)
Taxation	1	(45)	1	(45)
(Loss)/Profit for the period	(2,464)	(2,465)	(6,418)	(3,883)
Attributable to:-				
Owners of the Company	(2,464)	(2,397)	(6,383)	(3,689)
Non-controlling interests	-	(68)	(35)	(194)
	(2,464)	(2,465)	(6,418)	(3,883)
(Loss)/Earnings per share attributable to owners of the Company (sen)				
- Basic	(0.53)	(0.52)	(1.38)	(0.82)
- Diluted	(0.53)	(0.52)	(1.38)	(0.82)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial period year 31 March 2019 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statements of Comprehensive Income
For the Period Ended 31 December 2019

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2019 RM '000	31.12.2018 RM '000	31.12.2019 RM '000	31.12.2018 RM '000
(Loss)/Profit for the period	(2,464)	(2,465)	(6,418)	(3,883)
Other comprehensive loss:- Item that will not be reclassified subsequently to profit or loss				
Foreign currency translations	-	-	-	-
Total comprehensive loss for the financial period	<u>(2,464)</u>	<u>(2,465)</u>	<u>(6,418)</u>	<u>(3,883)</u>
Attributable to:-				
Owners of the Company	(2,464)	(2,397)	(6,383)	(3,689)
Non-controlling interests	-	(68)	(35)	(194)
Total comprehensive loss for the period	<u>(2,464)</u>	<u>(2,465)</u>	<u>(6,418)</u>	<u>(3,883)</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 2019 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Changes in Equity
As At 31 December 2019

	----- 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	Option Reserve RM '000	Revaluation Reserve RM '000	Warrant Reserve RM '000	Accumulated Losses RM '000				
Unaudited									
At 1 April 2019	55,545	569	-	6,496	(1,051)	61,559	(835)	60,724	
Comprehensive loss									
Loss for the financial period	-	-	-	-	(6,383)	(6,383)	(35)	(6,418)	
Total comprehensive loss for the financial period	-	-	-	-	(6,383)	(6,383)	(35)	(6,418)	
Transactions with owners									
Acquisition of non-controlling interest in a subsidiary	-	-	-	-	(870)	(870)	870	-	
Reissued for share options vested	-	(107)	-	-	-	(107)	-	(107)	
Share options lapsed	-	(462)	-	-	462	-	-	-	
Expiry of Warrants B	-	-	-	(6,496)	6,496	-	-	-	
Total transactions with owners	-	(569)	-	(6,496)	6,088	(977)	870	(107)	
At 31 December 2019	55,545	-	-	-	(1,346)	54,199	-	54,199	



Unaudited Condensed Consolidated Statements of Changes in Equity
As At 31 December 2019

	<----- Attributable to Owners of the Company ----->								
	<----- Non-Distributable ----->				Distributable				
	Share Capital RM '000	Share Option Reserve 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
Audited									
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	-	-	-	-	(32)	(32)	-	(32)	
At 1 April 2018 (restated)	53,111	378	6,308	23,621	(9,584)	73,834	(486)	73,348	
Comprehensive loss									
Loss for the financial year	-	-	-	-	(8,745)	(8,745)	(349)	(9,094)	
Other comprehensive loss									
Deficit in revaluation	-	-	(6,155)	-	-	(6,155)	-	(6,155)	
Realisation of revaluation reserve	-	-	(153)	-	153	-	-	-	
Total comprehensive loss for the financial year	-	-	(6,308)	-	(8,592)	(14,900)	(349)	(15,249)	
Transactions with owners									
Private placement	2,434	-	-	-	-	2,434	-	2,434	
Share-based payment	-	191	-	-	-	191	-	191	
Expiry of Warrants A	-	-	-	(17,125)	17,125	-	-	-	
Total transactions with owners	2,434	191	-	(17,125)	17,125	2,625	-	2,625	
At 31 March 2019	55,545	569	-	6,496	(1,051)	61,559	(835)	60,724	

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 2019 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Cash Flows
For the Period Ended 31 December 2019

	Current Year To-Date 31.12.2019 (Unaudited) RM'000	Preceding Year Corresponding Period 31.12.2018 (Unaudited) RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(6,419)	(3,838)
Adjustments for :-		
Other non-cash and non-operating items	4,802	3,632
Operating (loss)/profit before working capital changes	(1,617)	(206)
(Increase)/Decrease in inventories	(711)	(1,845)
(Increase)/Decrease in receivables	(36)	531
Increase/(Decrease) in payables	7,922	(816)
Cash generated from/(used in) operations	5,558	(2,336)
Net tax refund/(tax paid)	(26)	51
Net cash from/(used in) operating activities	5,532	(2,285)
Cash flows from investing activities		
Acquisition of NCI in a subsidiary	-	-
Income distribution and interest received	9	72
Proceeds from disposal of property, plant and equipment	2,815	2
Purchase of property, plant and equipment	(6,022)	(12,359)
Net cash used in investing activities	(3,198)	(12,285)



Unaudited Condensed Consolidated Statements of Cash Flows
For the Period Ended 31 December 2019

	Current Year To-Date 31.12.2019 (Unaudited) RM'000	Preceding Year Corresponding Period 31.12.2018 (Unaudited) RM'000
Cash flows from financing activities		
Proceeds from issue of shares, net of expense	-	2,434
Interest paid	(593)	(512)
Net drawdown/(repayments) of finance lease payables	353	(350)
Net (repayment)/drawdown of term loans	(1,961)	6,472
Net cash from/(used in) financing activities	(2,201)	8,044
Effects of exchange rate changes on cash and cash equivalents	3	6
Net increase/(decrease) in cash and cash equivalents	136	(6,520)
Cash and cash equivalents brought forward	885	9,595
Cash and cash equivalents carried forward	1,021	3,075
Represented by:-		
Placement of deposits with bank	104	-
Cash and bank balances	1,318	3,334
Bank overdraft	(297)	(259)
	1,125	3,075
Less: Deposits pledged with bank	(104)	-
	1,021	3,075

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 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 2019. 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 2019.

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 2019 except for adoption of the following MFRSs, amendments to MFRSs and Issue Committees (“IC”) interpretation (collectively referred to as “pronouncements”): -

- (i) MFRS 16 – Leases
- (ii) Amendments to MFRS 9 Financial Instruments - Prepayment Features with Negative Compensation
- (iii) Amendments to MFRS 119 Employee Benefits - Plan Amendment, Curtailment or Settlement
- (iv) Amendments to MFRS 128 Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures
- (v) Annual Improvements to MFRS Standards 2015 - 2017 Cycle
- (vi) IC Interpretation 23 Uncertainty over Income Tax Treatments

The initial application of the above pronouncements did not have any material impact to the consolidated financial statements of the Group except as mentioned below: -

MFRS 16 “Leases”

MFRS 16 replaces existing leases guidance in MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives*, and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on balance sheet lease accounting for lessees. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance lease or operating lease.

A2) Changes in Accounting Policies (Cont'd)

MFRS 16 “Leases” (cont'd)

Right-of-use assets including prepayments are included under property, plant and equipment whilst the corresponding liabilities are included as lease liabilities in the statement of financial position.

There was no material impact on the Group’s consolidated financial statements upon initial application of MFRS 16.

As at the date of authorisation of this interim financial report, the following pronouncements 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
Amendments to MFRS 2 Share-based Payment	1 January 2020
Amendments MFRS 3 Business Combinations	1 January 2020
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

A2) Changes in Accounting Policies (Cont'd)

As at the date of authorisation of this interim financial report, the following pronouncements 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.

A6) Debt and Equity Securities

There was no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial period under review.

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

Save as disclosed elsewhere in the interim financial report, there were no 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

There were no material changes in the composition of the Group for the current quarter and financial year-to-date other than as stated below.

On 5 July 2019, a wholly-owned subsidiary of the Company, AT Precision Tooling Sdn. Bhd. ("ATP") has entered into a Sale and Purchase Agreement ("SPA") with Fong's Engineering & Manufacturing Pte. Ltd. ("FEM") to acquire the remaining 25% equity interest in its 75%-owned subsidiary company, Fong's & AT Venture Sdn. Bhd. ("FATV") (comprising 25,000 ordinary shares in FATV), from FEM for a cash consideration of RM1.00 ("Acquisition"). The Acquisition was completed on 18 July 2019 and FATV became a wholly-owned subsidiary of the Group on even date.

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, and to suppliers for credit terms granted to subsidiaries of up to a total limit of approximately RM26,311,000. Total utilisation of these credit facilities as at 31 December 2019 amounted to approximately RM16,473,000.

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

A12) Capital Commitment

As of 31 December 2019, capital commitment is in respect of the acquisition of specialised machineries and machine tools by subsidiaries of the Group: -

	RM'000
Approved and contracted for	-
Contracted but not provided for	1,550
	<u><u>1,550</u></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.

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

	<-- Fair value of financial instruments -->				Carrying amount
	carried at fair value			Total	
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000
Group - 31.12.2019					
Financial assets					
- Investment in quoted shares	2,133	-	-	-	<u><u>2,133</u></u>

Explanatory Notes Pursuant to Malaysia Financial Reporting Standard 134
For 9 Months Ended 31 December 2019

A14) Fair Value Measurements (Cont'd)

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

	<-- Fair value of financial instruments -->				Carrying amount RM'000
	not carried at fair value				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Group - 31.12.2019					
Financial liabilities					
- Finance lease payables	-	2,482	-	2,482	3,499

A15) Revenue

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2019 RM '000	31.12.2018 RM '000	31.12.2019 RM '000	31.12.2018 RM '000
Fabrication:				
(i) Customised parts	6,104	4,071	12,756	14,468
(ii) Servicing charges	52	249	289	452
Sheet metal & automation:				
(i) Customised parts & assembly	93	39	598	604
(ii) Servicing charges	-	5	-	42
Solar renewable energy	197	169	576	519
	<u>6,446</u>	<u>4,533</u>	<u>14,219</u>	<u>16,085</u>
Goods or services transferred:				
- at a point in time	<u>6,446</u>	<u>4,533</u>	<u>14,219</u>	<u>16,085</u>

A16) Segmental Information

The segmental information of the Group are presented by operating segments as follows: -

- (a) **Fabrication and automation** - Fabrication of industrial & engineering parts and sheet metal; 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 31.12.2019

	Fabrication and automation RM '000	Renewable energy and property RM '000	Others RM '000	Eliminations RM '000	Total RM '000
Revenue					
External revenue	13,643	576	-	-	14,219
Inter-segment revenue	-	-	651	(651)	-
Total revenue	<u>13,643</u>	<u>576</u>	<u>651</u>	<u>(651)</u>	<u>14,219</u>
Results					
Interest income	147	-	(834)	699	12
Finance costs	(702)	(14)	(16)	139	(593)
Taxation	-	-	1	-	1
Segment profit/(loss) after tax	<u>(4,764)</u>	<u>57</u>	<u>(1,711)</u>	<u>-</u>	<u>(6,418)</u>
Other material non-cash items :-					
- Depreciation of property, plant and equipment	(2,521)	(784)	(97)	-	(3,402)
- Unrealised gain/(loss) on foreign exchange	4	-	-	-	4
- Gain/(Loss) on disposal of property, plant & equipment	155	-	-	-	155
- (Allowance)/Reversal for impairment loss on loan & receivables	(8)	-	-	-	(8)
- Fair value gain/(loss) on quoted shares	<u>(1,067)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,067)</u>



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)
Taxation	-	-	(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 loss on loan & receivables	(73)	-	-	-	(73)



B1) Review of Performance

Individual Period (Quarter 3)	Preceding		Changes	
	Current Quarter	Year Corresponding		
	31.12.2019	31.12.2018		
	RM '000	RM '000	RM '000	%
Revenue				
Fabrication and automation	6,249	4,364	1,885	43
Renewable energy and property letting	197	169	28	17
Others	-	-	-	-
	<u>6,446</u>	<u>4,533</u>	1,913	42
(Loss)/Profit before tax				
Fabrication and automation	(1,219)	(2,161)	942	(44)
Renewable energy and property letting	536	(245)	781	(319)
Others	(1,781)	(59)	(1,722)	2,919
	<u>(2,464)</u>	<u>(2,465)</u>	1	(0)

Current Quarter

The Group posted revenue of RM6.45 million for the current quarter ended 31 December 2019, 42% higher than RM4.53 million recorded in the corresponding quarter ended 31 December 2018. The increase was mainly due to higher orders from contract manufacturer and textile, offset with lower orders from medical and automation. Sale of solar energy to Tenaga Nasional Berhad was higher by 17%, increased from RM0.17 million to RM0.19 million due to favorable weather.

The Group recorded pre-tax loss of RM2.47 million for the current quarter, unchanged as compared to corresponding quarter. Fabrication and automation segment reported lower pre-tax loss due to better performance on the back of improvement in revenue and RM0.67 million waivers of interest by the holding company. This was, however offset with RM1.07 million mark-to-market loss on quoted investment. Renewable energy and property letting segment reported pre-tax profit of RM0.54 million for the current quarter as compared to pre-tax loss of RM0.25 million in the corresponding quarter mainly due to RM0.17 million waivers of interest by the holding company, offset with lower rental income from property letting. Other segment reported higher pre-tax loss mainly due to RM0.84 million waivers of interest to subsidiaries. Included in corresponding quarter pre-tax loss of RM59K was interest income from subsidiaries amounted to RM0.42 million.



Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2019

B1) Review of Performance (Cont'd)

Cumulative Period (Quarter 3)	Current Year	Preceding		Changes
	to-date	Year	Corresponding	
	31.12.2019	31.12.2018		
	RM '000	RM '000	RM '000	%
Revenue				
Fabrication and automation	13,643	15,566	(1,923)	(12)
Renewable energy and property letting	576	519	57	11
Others	-	-	-	-
	<u>14,219</u>	<u>16,085</u>	(1,866)	(12)
(Loss)/Profit before tax				
Fabrication and automation	(4,764)	(3,531)	(1,233)	35
Renewable energy and property letting	57	(233)	290	(124)
Others	(1,711)	(119)	(1,592)	1,338
	<u>(6,418)</u>	<u>(3,883)</u>	(2,535)	65

Cumulative Period

The Group posted revenue of RM14.2 million for the cumulative quarter ended 31 December 2019, which was RM1.87 million lower as compared to RM16.09 million in the corresponding cumulative quarter. The decrease was mainly attributable to lower orders from disk drive manufacturing, medical and automation, offset with higher orders from contract manufacturer and textile industry. Sale of solar energy to Tenaga Nasional Berhad was higher by 11% due to favorable weather.

The Group recorded pre-tax loss of RM6.42 million for the cumulative quarter ended 31 December 2019, an increase of RM2.53 million as compared to pre-tax loss of RM3.88 million in the corresponding cumulative quarter. The increase in pre-tax loss was mainly due to weaker performance in both fabrication and automation business, and higher finance costs, coupled with lower rental income from property letting and RM1.07 million mark-to-market loss on quoted investment.



Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2019

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

	Current Quarter	Immediate Preceding Quarter	Changes	
	31.12.2019	30.9.2019	RM '000	%
	RM '000	RM '000	RM '000	%
Revenue				
Fabrication and automation	6,249	3,956	2,293	58
Renewable energy and property letting	197	198	(1)	(1)
Others	-	-	-	-
	<u>6,446</u>	<u>4,154</u>	2,292	55
(Loss)/Profit before tax				
Fabrication and automation	(1,219)	(1,653)	434	26
Renewable energy and property letting	536	(117)	653	(558)
Others	(1,781)	(92)	(1,689)	1,836
	<u>(2,464)</u>	<u>(1,862)</u>	(602)	(32)

The Group posted revenue of RM6.45 million for the current quarter ended 31 December 2019, which was 55% higher than RM4.15 million recorded in the preceding quarter ended 30 September 2019. The increase was mainly due to higher orders from contract manufacturer, textile and disk drive manufacturing. Sale of solar energy was consistent at RM0.2 million on the back of favorable weather.

The Group recorded post-tax loss of RM2.47 million for the current quarter as compared to pre-tax loss of RM1.86 million recorded in the preceding quarter. Fabrication and automation segment reported lower pre-tax loss due to better performance on the back of improvement in revenue and RM0.67 million waivers of interest by the holding company. This was, however offset with RM1.07 million mark-to-market loss on quoted investment. Renewable energy and property letting segment reported pre-tax profit of RM0.54 million for the current quarter as compared to pre-tax loss of RM0.12 million in the corresponding quarter mainly due to RM0.17 million waivers of interest by the holding company, offset with lower rental income from property letting. Other segment reported higher pre-tax loss mainly due to RM0.84 million waivers of interest to subsidiaries. Included in preceding quarter pre-tax loss of RM59K was interest income from subsidiaries amounted to RM0.44 million.

B3) Prospects

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 2019

B3) Prospects (Cont'd)

The Group has signed agreement with Rieter Group and the Group is anticipating a consistent stream of orders for high precision machine components from Rieter over the next few years to support Rieter's supply chain requirements. In view of this, coupled with Rieter's size and standing in the textile industry, the Group's strategic business relationship with Rieter is expected to augur well for the future prospects and earnings of the Group.

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 2019.

B6) Loss Before Tax

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2019 RM '000	31.12.2018 RM '000	31.12.2019 RM '000	31.12.2018 RM '000
Included in the profit/(loss) before tax is after charging/(crediting) :-				
Property, plant & equipment:-				
(i) Depreciation	1,127	1,154	3,402	3,225
(ii) (Gain)/Loss on disposal	-	(1)	(155)	(1)
Fair value (gain)/loss on quoted shares	1,067	-	1,067	-
(Reversal)/Allowance for impairment loss on loan & receivables	2	14	8	74
Rental income	(183)	(218)	(538)	(1,121)
Income distribution from fixed income fund	-	(30)	-	(57)
Interest income	(9)	(4)	(13)	(14)
Interest expense	300	228	696	512
Rental expense of premises	7	72	42	123
Loss/(Gain) on foreign exchange:-				
- realised	2	(11)	(1)	-
- unrealised	19	7	15	(34)



Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2019

B7) Taxation

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2019 RM '000	31.12.2018 RM '000	31.12.2019 RM '000	31.12.2018 RM '000
Corporate tax income/(expense)	1	(45)	1	(45)
Deferred tax income/(expense)	-	-	-	-
	<u>1</u>	<u>(45)</u>	<u>1</u>	<u>(45)</u>

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

B8) Corporate Proposals

On 7 January 2020, Mercury Securities Sdn Bhd (“Mercury Securities”), on behalf of the Company announced that the Company proposes to undertake the renounceable rights issue of up to 997,966,616 new ordinary shares in ATS (“ATS Shares” or “Shares”) (“Rights Shares”) together with up to 748,474,962 free detachable warrants in ATS (“Warrants C”) on the basis of 4 Rights Shares together with 3 free Warrants C for every 2 existing Shares held by the entitled shareholders of the Company (“Shareholders”) (“Entitled Shareholders”) on an entitlement date to be determined later (“Entitlement Date”) (“Proposed Rights Issue with Warrants”).

Bursa Malaysia Securities Berhad had, vide its letter dated 20 January 2020, approved the following: -

- (i) admission to the Official List and listing and quotation of up to 748,474,962 Warrants C to be issued pursuant to the Proposed Rights Issue with Warrants;
- (ii) listing and quotation of up to 997,966,616 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants; and
- (iii) listing and quotation of up to 748,474,962 new ATS Shares to be issued arising from the exercise of the Warrants C.

The above proposals were approved by the shareholders in an Extraordinary General Meeting dated 10 February 2020.

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.



Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2019

B10) Borrowings and Debts Securities

	Non-Current RM '000	Current RM '000	Total RM '000
As at 31.12.2019			
<u>Secured</u>			
Finance lease payables	2,217	1,282	3,499
Term loans	9,321	1,505	10,826
Bank overdraft	-	297	297
	11,538	3,084	14,622
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
	31.12.2019	31.12.2018	
	%	%	
The weighted average interest rate are as follows:			
Finance lease payables	3.51	3.58	
Term loans	5.40	5.46	
Bank overdraft	7.35	7.50	
Proportion of borrowings between:			
Fixed interest rates	24%	22%	
Floating interest rates	76%	78%	

All the Group's borrowings are denominated in RM.

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 2019

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	
	31.12.2019 RM '000	31.12.2018 RM '000	31.12.2019 RM '000	31.12.2018 RM '000
(a) Basic earnings/(loss) per share				
(Loss)/Profit attributable to the owners of the Company	(2,464)	(2,397)	(6,383)	(3,689)
Weighted average number of ordinary shares in issue ('000)	464,083	464,083	464,083	449,816
Basic earnings/(loss) per share (sen)	<u>(0.53)</u>	<u>(0.52)</u>	<u>(1.38)</u>	<u>(0.82)</u>
(b) Diluted earnings/(loss) per share				
(Loss)/Profit attributable to the owners of the Company	(2,464)	(2,397)	(6,383)	(3,689)
Weighted average number of ordinary shares in issue ('000)	464,083	464,083	464,083	449,816
Adjusted for share options	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	<u>464,083</u>	<u>464,083</u>	<u>464,083</u>	<u>449,816</u>
Diluted earnings/(loss) per share (sen)	<u>(0.53)</u>	<u>(0.52)</u>	<u>(1.38)</u>	<u>(0.82)</u>

B13) Authorisation for Issue

The interim financial report was authorised for issue on 26 February 2020 by the Board of Directors.