



AT SYSTEMATIZATION BERHAD

[REGISTRATION NO. 200401006297 (644800-X)]
(INCORPORATED IN MALAYSIA)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Unaudited Condensed Consolidated Statements of Financial Position
As At 31 December 2020

	(Unaudited) As At 31.12.2020 RM '000	(Audited) As At 31.03.2020 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	81,556	38,074
Right-of-use assets	19,331	19,710
Marketable securities	12,041	2,133
	112,928	59,917
Current assets		
Inventories	6,079	3,251
Trade receivables	5,068	4,902
Other receivables, deposits and prepayments	43,811	2,899
Tax assets	89	85
Cash and bank balances	26,433	1,392
Other investments	184,865	-
	266,345	12,529
TOTAL ASSETS	379,273	72,446
EQUITY AND LIABILITIES		
Equity		
Share capital	388,887	56,935
Share option reserve	331	-
Warrant reserve	9,261	-
Revaluation reserve	1,932	1,932
Accumulated losses	(32,532)	(10,205)
Total equity	367,879	48,662
Liabilities		
Non-current liabilities		
Finance lease payables	3,264	1,984
Bank borrowings	954	10,272
Deferred tax liabilities	499	499
	4,717	12,755
Current liabilities		
Trade payables	2,988	5,173
Other payables & deposits	1,759	2,879
Finance lease payables	1,594	1,111
Bank borrowings	336	1,866
	6,677	11,029
Total liabilities	11,394	23,784
TOTAL EQUITY AND LIABILITIES	379,273	72,446
Net assets per share (Sen)	8.74	9.75

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statements of Comprehensive Income
For the Period Ended 31 December 2020

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		9 Months Ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM '000	RM '000	RM '000	RM '000
Revenue	4,958	6,446	17,570	14,219
Cost of sales	(4,777)	(5,785)	(14,614)	(13,304)
Gross profit/(loss)	181	661	2,956	915
Other income	411	164	1,153	678
Administrative and general expenses	(19,560)	(3,062)	(25,962)	(7,316)
Selling and distribution expenses	(32)	(31)	(63)	(103)
	(19,592)	(3,093)	(26,025)	(7,419)
(Loss)/Profit from operations	(19,000)	(2,268)	(21,916)	(5,826)
Finance costs	(113)	(197)	(411)	(593)
(Loss)/Profit before tax	(19,113)	(2,465)	(22,327)	(6,419)
Taxation	-	1	-	1
(Loss)/Profit for the period	(19,113)	(2,464)	(22,327)	(6,418)
Attributable to:-				
Owners of the Company	(19,113)	(2,464)	(22,327)	(6,383)
Non-controlling interests	-	-	-	(35)
	(19,113)	(2,464)	(22,327)	(6,418)
Earnings/(Loss) per share attributable to owners of the Company (sen)				
- Basic	(0.58)	(0.53)	(1.07)	(1.38)
- Diluted	(0.58)	(0.53)	(1.07)	(1.38)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial period year 31 March 2020 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Comprehensive Income
 For the Period Ended 31 December 2020

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2020 RM '000	31.12.2019 RM '000	31.12.2020 RM '000	31.12.2019 RM '000
(Loss)/Profit for the period	(19,113)	(2,464)	(22,327)	(6,418)
Other comprehensive loss:- Item that will not be reclassified subsequently to profit or loss				
Revaluation increase/ (decrease) on:				
- property, plant and equipment	-	-	-	-
- right-of-use assets	-	-	-	-
Total comprehensive (loss)/profit for the financial period	<u>(19,113)</u>	<u>(2,464)</u>	<u>(22,327)</u>	<u>(6,418)</u>
Attributable to:-				
Owners of the Company	(19,113)	(2,464)	(22,327)	(6,383)
Non-controlling interests	-	-	-	(35)
Total comprehensive (loss)/profit for the period	<u>(19,113)</u>	<u>(2,464)</u>	<u>(22,327)</u>	<u>(6,418)</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 2020 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Changes in Equity
As At 31 December 2020

	<----- 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 Option Reserve RM '000	Revaluation Reserve RM '000	Warrant Reserve RM '000	Accumulated Losses RM '000			
Unaudited								
At 1 April 2020	56,935	-	1,932	-	(10,205)	48,662	-	48,662
Comprehensive loss								
Loss for the period	-	-	-	-	(22,327)	(22,327)	-	(22,327)
Total comprehensive loss for the period	-	-	-	-	(22,327)	(22,327)	-	(22,327)
Transactions with owners								
Proceeds from rights issue	20,014	-	-	14,678	-	34,692	-	34,692
Proceeds from Warrants C conversion	15,018	-	-	(5,417)	-	9,601	-	9,601
Proceeds from private placement	159,492					159,492		159,492
Share issuance expense	(1,819)					(1,819)	-	(1,819)
Exercise of share options	139,247	(13,027)	-	-	-	126,220	-	126,220
Share-based payment	-	13,358	-	-	-	13,358	-	13,358
Total transactions with owners	331,952	331	-	9,261	-	341,544	-	341,544
At 31 December 2020	388,887	331	1,932	9,261	(32,532)	367,879	-	367,879



Unaudited Condensed Consolidated Statements of Changes in Equity
As At 31 December 2020

	←----- 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 Option Reserve RM '000	Revaluation Reserve RM '000	Warrant Reserve RM '000	Accumulated Losses RM '000			
Audited								
At 1 April 2019	55,545	569	-	6,496	(1,051)	61,559	(835)	60,724
Comprehensive loss								
Loss for the financial year	-	-	-	-	(15,349)	(15,349)	(35)	(15,384)
Increase in revaluation	-	-	1,932	-	-	1,932	-	1,932
Total comprehensive loss for the financial year	-	-	1,932	-	(15,349)	(13,417)	(35)	(13,452)
Transactions with owners								
Acquisition of non-controlling interest in a subsidiary	-	-	-	-	(870)	(870)	870	-
Share option lapsed	-	(569)	-	-	569	-	-	-
Share-based payment	-	162	-	-	-	162	-	162
Exercise of share options	1,390	(162)	-	-	-	1,228	-	1,228
Expiry of Warrants B	-	-	-	(6,496)	6,496	-	-	-
Total transactions with owners	1,390	(569)	-	(6,496)	6,195	520	870	1,390
At 31 March 2020	56,935	-	1,932	-	(10,205)	48,662	-	48,662

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 2020 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Cash Flows
For the Period Ended 31 December 2020

	Current Year To-Date 31.12.2020 (Unaudited) RM'000	Preceding Year Corresponding Period 31.12.2019 (Unaudited) RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(22,327)	(6,419)
Adjustments for :-		
Fair value adjustments on share options	13,357	-
Other non-cash and non-operating items	7,717	4,802
Operating (loss)/profit before working capital changes	(1,253)	(1,617)
Decrease/(Increase) in inventories	(2,827)	(711)
(Increase)/Decrease in receivables	(25,043)	(36)
(Decrease)/Increase in payables	(3,340)	7,922
Cash (used in)/generated from operations	(32,463)	5,558
Net (tax paid)/tax refund	(4)	(26)
Net cash (used in)/from operating activities	(32,467)	5,532
Cash flows from investing activities		
Income distribution and interest received	265	9
Net (investment)/withdrawal in short term money market funds	(184,759)	-
Deposit paid	(4,590)	-
Net investment in marketable securities	(15,571)	-
Proceeds from disposal of property, plant and equipment	-	2,815
Purchase of property, plant and equipment	(53,435)	(6,022)
Net cash used in investing activities	(258,090)	(3,198)



Unaudited Condensed Consolidated Statements of Cash Flows
For the Period Ended 31 December 2020

	Current Year To-Date 31.12.2020 (Unaudited) RM'000	Preceding Year Corresponding Period 31.12.2019 (Unaudited) RM'000
Cash flows from financing activities		
Proceeds from right issue	34,691	-
Proceeds from Warrants C conversion	9,601	-
Proceeds from SIS exercise	126,226	-
Proceeds from private placement	159,492	-
Share issuance expenses	(1,821)	
Interest paid	(413)	(593)
Net (repayments)/drawdown of finance lease payables	(1,153)	353
Net repayment of term loans	(10,849)	(1,961)
Net cash from/(used in) financing activities	315,774	(2,201)
Effects of exchange rate changes on cash and cash equivalents	(71)	3
Net increase/(decrease) in cash and cash equivalents	25,146	136
Cash and cash equivalents brought forward	1,020	885
Cash and cash equivalents carried forward	<u>26,166</u>	<u>1,021</u>
Represented by:-		
Placement of deposits with bank	106	104
Cash and bank balances	26,433	1,318
Bank overdraft	(267)	(297)
	<u>26,272</u>	<u>1,125</u>
Less: Deposits pledged with bank	(106)	(104)
	<u>26,166</u>	<u>1,021</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 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 2020. 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 2020.

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 2020 except for adoption of the new Malaysian Financial Reporting Standards (“MFRS”), amendments to MFRSs and Issue Committees (“IC”) interpretation (collectively referred to as “pronouncements”): -

Amendments to MFRS 3	Definition of Business
Amendments to MFRS 7, MFRS 9 and MFRS139	Interest rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of these standards, amendments and interpretations did not result in significant changes in the accounting policies of the Group and had no significant effect on the financial performance or position of the Group.

Standards in issue but not yet effective

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: -

	Effective for annual periods beginning on or after
MFRSs/Amendments to MFRSs/IC Interpretation	
MFRS 17 - Insurance Contracts	1 January 2021

A2) Changes in Accounting Policies (Cont'd)

**Effective for
annual periods
beginning on
or after**

MFRSs/Amendments to MFRSs/IC Interpretation

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 period 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 period under review.

A6) Debt and Equity Securities

Saved as disclosed below, there was no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial period under review: -

- 1) On 22 May 2020, the Company completed a Rights Issue with Warrants following the listing and quotation of 991,176,200 Rights Shares and 743,382,150 Warrants C arising from the Rights Issue with Warrants on the ACE Market of Bursa Securities.
- 2) Issuance of new ordinary shares pursuant to the conversion of Warrants C: -

	Individual Quarter 3 Months Ended 31.12.2020		Cumulative Quarter 9 Months Ended 31.12.2020	
	No. of shares '000	RM '000	No. of shares '000	RM '000
	Conversion of Warrants C	30	1	274,329

- 3) Issuance of new ordinary shares pursuant to the exercise of share options: -

	Individual Quarter 3 Months Ended 31.12.2020		Cumulative Quarter 9 Months Ended 31.12.2020	
	No. of shares '000	RM '000	No. of shares '000	RM '000
	Exercise of share options	605,165	86,716	1,107,275

A7) Dividend Paid

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

A8) Valuation of Property, Plant and Equipment

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

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

Save as disclosed below and 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: -

- 1) Issuance of the following new ordinary shares at the respective dates pursuant to the exercise of share options: -
 - (a) 15,990,000 new ordinary shares were issued and listed on 5 January 2021.
 - (b) 4,800,000 new ordinary shares were issued and listed on 7 January 2021.
- 2) On 15 Jan 2021, the Company has announced that its wholly owned subsidiary, AT Glove Engineering Sdn. Bhd. entered into a Sale and Purchase Agreement with Seacera Porcelain Sdn. Bhd. for the purchase of a piece of land for a total purchase consideration of RM10.5 million. The land acquisition was completed on 26 March 2021.

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 15 June 2020, the Company has incorporated a new wholly-owned subsidiary, namely AT Glove Engineering Sdn. Bhd. ("AGESB"). The intended principal activities of AGESB are: -

- (i) manufacture and sale of gloves including medical gloves;
- (ii) investment holding; and
- (iii) provision of design, engineering and technology works, fabrication as well as installation of machines for the manufacture of gloves and other rubber-related products.

The share capital of AGESB is RM2.00 comprising of 2 ordinary shares, all of which are held by the Company.



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 RM22,352,000. Total utilisation of these credit facilities as at 31 December 2020 amounted to approximately RM6,461,000.

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

A12) Capital Commitment

As of 31 December 2020, capital commitment is in respect of the capital expenditure of glove manufacturing lines and related facilities by subsidiary of the Group: -

	RM'000
Approved and contracted for	-
Contracted but not provided for	59,594
	<u>59,594</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 RM'000
	carried at fair value				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Group - 31.12.2020					
Financial assets					
- Investment in quoted shares	12,041	-	-	-	12,041
- Investment in money market	184,865	-	-	-	184,865
	<u>196,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,906</u>

	<--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 - 31.12.2020					
Financial liabilities					
- Finance lease payables	-	4,984	-	4,984	4,858
	<u>-</u>	<u>4,984</u>	<u>-</u>	<u>4,984</u>	<u>4,858</u>

A15) Revenue

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2020 RM '000	31.12.2019 RM '000	31.12.2020 RM '000	31.12.2019 RM '000
Fabrication:				
(i) Customised parts	4,647	6,104	15,331	12,756
(ii) Servicing charges	55	52	144	289
Sheet metal & automation:				
(i) Customised parts & assembly	91	93	1,541	598
(ii) Servicing charges	-	-	-	-
Solar renewable energy	166	197	555	576
	<u>4,958</u>	<u>6,446</u>	<u>17,570</u>	<u>14,219</u>
Goods or services transferred at a point in time	<u>4,958</u>	<u>6,446</u>	<u>17,570</u>	<u>14,219</u>

A16) Segmental Information

The segmental information of the Group is 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) **Gloves** – Manufacturing and sale of medical grade nitrile gloves;
- (d) **Others** - Investment holding and provision of management services to subsidiaries, neither which are of a sufficient size to be reported separately.

Notes to the Unaudited Interim Financial Report
For 9 Months Ended 31 December 2020

A16) Segmental Information (Cont'd)

Cumulative Period Ended 31.12.2020

	Fabrication and automation RM '000	Renewable energy and property RM '000	Glove RM '000	Others RM '000	Eliminations RM '000	Total RM '000
Revenue						
External revenue	17,015	555	-	-	-	17,570
Inter-segment revenue	-	-	-	755	(755)	-
Total revenue	<u>17,015</u>	<u>555</u>	<u>-</u>	<u>755</u>	<u>(755)</u>	<u>17,570</u>
Results						
Interest income	11	-	-	16	-	27
Finance costs	(395)	(5)	-	(11)	-	(411)
Segment profit/(loss) before tax	(19,740)	(28)	(779)	(1,780)	-	(22,327)
Taxation	-	-	-	-	-	-
Segment profit/(loss) after tax	<u>(19,740)</u>	<u>(28)</u>	<u>(779)</u>	<u>(1,780)</u>	<u>-</u>	<u>(22,327)</u>
Other material non-cash items :-						
- Depreciation	(3,088)	(284)	(25)	(100)	-	(3,497)
- Unrealised gain/(loss) on foreign exchange	(49)	-	-	(55)	-	(104)
- (Allowance)/Reversal for impairment loss on loan & receivables	1,694	-	-	-	-	1,694
- Fair value gain/(loss) on quoted shares	(5,663)	-	-	-	-	(5,663)
- Share options expenses	(13,213)	-	-	(145)	-	(13,358)



Notes to the Unaudited Interim Financial Report
For 9 Months Ended 31 December 2020

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)
Segment profit/(loss) before tax	(4,765)	57	(1,711)	-	(6,419)
Taxation	-	-	1	-	1
Segment profit/(loss)	<u>(4,765)</u>	<u>57</u>	<u>(1,710)</u>	<u>-</u>	<u>(6,418)</u>
Other material non-cash items :-					
- Depreciation	(2,521)	(784)	(97)	-	(3,402)
- Unrealised gain/(loss) on foreign exchange	4	-	-	-	4
- (Allowance)/Reversal for impairment loss on loan & receivables	(8)	-	-	-	(8)
- Gain/(Loss) on disposal of property, plant and equipment	155	-	-	-	155
- Fair value gain/(loss) on quoted shares	<u>(1,067)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,067)</u>

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2020

B1) Review of Performance

Individual Period (Quarter 3)	Current	Preceding Year	Changes	
	Quarter	Corresponding		
	31.12.2020	31.12.2019	RM '000	%
	RM '000	RM '000		
Revenue				
Fabrication and automation	4,793	6,249	(1,456)	(23)
Renewable energy and property letting	165	197	(32)	(16)
Gloves	-	-	-	-
Others	-	-	-	-
	<u>4,958</u>	<u>6,446</u>	(1,488)	(23)
(Loss)/Profit before tax				
Fabrication and automation	(17,379)	(1,219)	(16,160)	1,326
Renewable energy and property letting	(129)	536	(665)	(124)
Gloves	(779)	-	(779)	-
Others	(826)	(1,782)	956	(54)
	<u>(19,113)</u>	<u>(2,465)</u>	(16,648)	675

Current Quarter

The Group posted revenue of RM4.96 million for the current quarter ended 31 December 2020, 23% lower than RM6.45 million recorded in the corresponding quarter ended 31 December 2019. The decrease was mainly due to lower number of orders for fabrication business from customers who are contract manufacturer, disk drive manufacturer and textile machines maker. This was however, offset with higher number of orders for sheet metal & automation business following the delivery of robotic arm bar tender system to customer. Sale of solar energy to Tenaga Nasional Berhad was slightly lower by RM32K due to unfavorable weather.

The Group recorded pre-tax loss of RM19.11 million for the current quarter as compared to RM2.47 million pre-tax loss in the corresponding quarter. Fabrication and automation segment reported higher pre-tax loss by RM16.16 million mainly due to weaker performance, coupled with RM10.19 million fair value adjustment on share options and RM5.56 million mark-to-market loss on investments in quoted shares. Renewable energy and property letting segment reported pre-tax loss mainly due to lower rental income and included in the corresponding quarter pre-tax profit of RM0.54 million was waiver of interest payable to holding company amounting to RM0.35 million. Glove segment reported pre-tax loss mainly due to start-up manufacturing and operating costs incurred for glove production. Other segment reported lower pre-tax loss in the current quarter under review. Included in corresponding quarter pre-tax loss of RM1.78 million was RM0.84 million waivers of interest to subsidiaries.

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2020

B1) Review of Performance (Cont'd)

Cumulative Period (Quarter 3)	Preceding Year		Changes	
	Current Year to-date	Corresponding Quarter		
	31.12.2020 RM '000	31.12.2019 RM '000	RM '000	%
Revenue				
Fabrication and automation	17,015	13,643	3,372	25
Renewable energy and property letting	555	576	(21)	(4)
Gloves	-	-	-	-
Others	-	-	-	-
	<u>17,570</u>	<u>14,219</u>	3,351	24
(Loss)/Profit before tax				
Fabrication and automation	(19,740)	(4,765)	(14,975)	314
Renewable energy and property letting	(28)	57	(85)	(149)
Gloves	(779)	-	(779)	-
Others	(1,780)	(1,711)	(69)	4
	<u>(22,327)</u>	<u>(6,419)</u>	(15,908)	248

Cumulative Period

The Group posted revenue of RM17.57 million for the cumulative quarter ended 31 December 2020, which was 24% higher as compared to RM14.22 million in the corresponding cumulative quarter. The increase was mainly attributable to higher number orders for fabrication business from customers who are in the contract manufacturing and textile industry, offset with lower number of orders from hard disk manufacturer. The increase was also attributable to higher number of orders arising from the machines delivered in sheet metal & automation business. Sale of solar energy to Tenaga Nasional Berhad was consistent at RM0.56 million for the period under review.

The Group recorded pre-tax loss of RM22.33 million for the cumulative quarter ended 31 December 2020, an increase of RM15.91 million as compared to pre-tax loss of RM6.42 million in the corresponding cumulative quarter. Fabrication and automation segment reported better operational performance on the back of improvement in revenue, coupled with RM1.69 million reversal of impairment loss on receivables during the period under review. This was however, offset with RM13.21 million fair value adjustment on share options and RM5.67 million mark-to-market loss on investments in quoted shares. Glove segment reported pre-tax loss mainly due to start-up manufacturing and operating costs incurred for glove production. Other segment reported pre-tax loss mainly due to higher professional fees incurred for corporate exercises and RM0.15 million fair value adjustment on share options, offset with higher income from placement of funds in money market products.

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2020

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

	Current Quarter	Immediate Preceding Quarter	Changes	
	31.12.2020	30.09.2020	RM '000	%
	RM '000	RM '000	RM '000	%
Revenue				
Fabrication and automation	4,793	7,363	(2,570)	(35)
Renewable energy and property letting	165	194	(29)	(15)
Glove	-	-	-	-
Others	-	-	-	-
	<u>4,958</u>	<u>7,557</u>	(2,599)	(34)
(Loss)/Profit before tax				
Fabrication and automation	(17,378)	22	(17,400)	79,091
Renewable energy and property letting	(129)	26	(155)	(596)
Gloves	(779)	-	(779)	-
Others	(826)	62	(888)	(1,432)
	<u>(19,112)</u>	<u>110</u>	(19,222)	17,475

The Group posted revenue of RM4.96 million for the current quarter ended 31 December, which was RM2.6 million lower than RM7.56 million recorded in the preceding quarter ended 30 September 2020. The decrease was mainly due to lower orders from contract manufacturer, textile and disk drive manufacturing in fabrication business, coupled with lower orders from machines delivered in sheet metal & automation business. Sale of solar energy was slightly lower due to unfavorable weather.

The Group recorded pre-tax loss of RM19.11 million for the current quarter as compared to pre-tax profit of RM0.11 million recorded in the preceding quarter. Fabrication and automation segment reported higher pre-tax loss by RM17.4 million mainly due to weaker performance, coupled with RM10.19 million fair value adjustment on share options and RM5.56 million mark-to-market loss on investments in quoted shares. Renewable energy and property letting segment reported pre-tax loss mainly due to lower rental income. Glove segment reported pre-tax loss mainly due to start-up manufacturing and operating costs incurred for glove production. Other segment reported pre-tax loss mainly due to higher professional fees incurred for corporate exercises and RM0.15 million fair value adjustment on share options, offset with higher income from placement of funds in money market products.



**Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2020**

B3) Prospects

The Group expects the coming financial year to be challenging due to the weak sentiments and uncertainties arising from the COVID-19 pandemic. The Group remains focus on its core business in fabrication of industrial & engineering parts as well as sheet metal & automation business and has been exploring new sources of revenue and opportunities.

On 15 September 2020, the Group obtained approval from its shareholders to diversify the existing business to include the glove business. On the final week of December 2020, the Group has commenced production of gloves at its manufacturing plant located in Chemor, Ipoh. As of the date of this interim financial report, 3 glove-dipping lines have commenced production. The Group target to install and commission new glove-dipping line at a rate of 2 new glove-dipping per month subsequently. The Group has also obtained CE Marking Certification (typically recognised in the European region) for the export of its medical examination gloves. While pending compliance with the regulatory requirements for full certification of Food and Drug Administration of the United States ("FDA"), the Group received the establishment registration with FDA which allow the Group to export its medical gloves to the United States.

The Group expects strong demand for its gloves from both local and overseas markets. The Group has partners with few parties, including LKL International Bhd, K-Star Sports Ltd. and Kenteam Sdn. Bhd. to market, sell and distribute gloves produced by the Group. These strategic partnerships are timely and will bolster the Group's pursuit to become a leading glove player, given the experience in distribution and good client base of these strategic partners.

The Group's venture into the glove business is expected to allow the Group to capitalise on a booming segment with favorable long-term prospects and is expected contribute to the future earnings of the Group as well as improve the Group's financial performance in the coming years.

B4) Profit forecast or profit guarantee

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

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2020

B5) Qualification of Preceding Audited Financial Statements

There was no qualification to the preceding audited financial statements for the financial year ended 31 March 2020.

B6) Loss Before Tax

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2020 RM '000	31.12.2019 RM '000	31.12.2020 RM '000	31.12.2019 RM '000
Included in the profit/(loss) before tax is after charging/(crediting) :-				
Property, plant & equipment:-				
(i) Depreciation	1,114	1,127	3,119	3,402
(ii) (Gain)/Loss on disposal	-	-	-	(155)
Right-of-use assets:-				
(i) Depreciation	77	-	378	-
Fair value (gain)/loss on quoted shares	5,562	1,067	5,663	1,067
(Reversal)/Allowance for impairment loss on loan & receivables	63	2	(1,694)	2
Rental income	(105)	(183)	(436)	(538)
Income distribution from fixed income fund	(223)	-	(239)	-
Interest income	(15)	(9)	(27)	(13)
Interest expense	117	300	411	696
Rental expense of premises	20	7	70	42
Loss/(Gain) on foreign exchange:-				
- realised	14	2	45	(1)
- unrealised	79	19	104	15
Share options expenses	10,187	-	13,358	-

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2020

B7) Taxation

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM '000	RM '000	RM '000	RM '000
Corporate tax income/(expense)	-	1	-	1
Deferred tax income/(expense)	-	-	-	-
	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>

No tax expense for the period under review due to losses suffered by the subsidiaries and the Company.

B8) Status of Corporate Proposals

Save as disclosed below, there were no other corporate proposals announced but not completed at the latest practicable date which is not earlier than seven (7) days from the date of issue of this interim financial report: -

- On 22 May 2020, the Company completed a Rights Issue with Warrants exercise following the listing and quotation of 991,176,200 new ordinary shares of RM0.035 each together with 743,382,150 Warrants C. The Company raised cash proceeds of RM34.69 million and the summary of the utilisation of proceeds up to the date of this interim financial report are as follows: -

Purpose	Proposed utilisation RM'000	Amounts utilised RM'000	Balance unutilised RM'000	Estimated timeframe for the utilisation of proceeds
Expansion of production capacity	9,000	5,059	3,941	Within 18 months
Repayment of bank borrowings	10,728	10,728	-	Within 3 months
Working capital	14,313	14,313	-	Within 24 months
Estimated expenses for the corporate exercises	650	650	-	Immediate
Total	34,691	30,750	3,941	

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2020

B8) Status of Corporate Proposals (Cont'd)

- 2) On 10 August 2020, on behalf of the Board of Directors, Mercury Securities Sdn Bhd (“Mercury Securities”) announced that the Company proposed to undertake a private placement of up to 795,924,000 new ordinary shares in ATS, representing 30% of the total number of issued shares of the Company, to independent third-party investor(s) to be identified later at an issue price to be determined later (“Private Placement I”).

Bursa Securities has, vide its letter dated 25 August 2020, approved the listing and quotation of up to 795,924,000 placement shares to be issued pursuant to the Private Placement I.

During the financial period under review, the Company has implemented the Private Placement I in stages. Up to the completion date of 10 November 2020, a total of 679,970,000 new ordinary shares has been listed and cash proceeds of RM45.71 million was raised. Summary of the utilisation of proceeds are as follows: -

Purpose	Proposed utilisation	Amounts utilised	Balance unutilised	Estimated timeframe for the utilisation of proceeds
	RM'000	RM'000	RM'000	
Capital expenditure for Glove Business	43,269	32,293	10,976	Within 12 months
Working capital	1,823	1,823	-	Within 12 months
Estimated expenses for the corporate exercises	616	616	-	Immediate
Total	45,708	34,732	10,976	

- 3) On 10 June 2020, the Company has announced that it has signed a Letter of Intent with Aaron Khoo Teng Soon, a representative of the shareholders of Pearl Glove (Malaysia) Sdn. Bhd. (“PGSB”) with the intention of acquiring the entire business of PGSB.

On 26 June 2020, the Company has further announced that AT Glove Engineering Sdn. Bhd. (“AGESB”), a wholly-owned subsidiary of the Company, had on even date entered into a Share Sale Agreement (“SSA”) with the Vendors, namely Hai Hong Capital Sdn. Bhd., P’ng Sim Guan, P’ng Lai Heng, Hai Hong Holdings Sdn. Bhd. and Aaron Khoo Teng Soon (collectively referred to as the “Vendors”) for the proposed acquisition by AGESB of the entire equity interest in PGSB, for a total purchase consideration of RM22 million to be satisfied entirely by cash (“Proposed Acquisition”).



Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2020

B8) Status of Corporate Proposals (Cont'd)

- 3) The Proposed Acquisition is subject to several conditions precedent being obtained / fulfilled or waived (as the case may be) by the day falling 30 days from the date of the SSA, or such later date as the parties may mutually agree upon.
- (i) On 30 July 2020, the Company announced that AGESB and the Vendors (“the Parties”) have mutually agreed to extend the period to fulfil the conditions precedent as stated in Appendix I – Salient Terms of the SSA (“Conditions Precedent”) for a period of two (2) months from 27 July 2020 as the Parties have yet to obtain/fulfil the Conditions Precedent;
 - (ii) On 25 September 2020, the Company announced that the Parties have mutually agreed to extend the cut-off date for a period of two (2) weeks from 27 September 2020 as the Parties have yet to obtain/fulfil the Conditions Precedent;
 - (iii) On 12 October 2020, the Company announced that the Parties have mutually agreed to extend the cut-off date for a period of one (1) month to facilitate further discussion by the Parties.
 - (iv) On 11 November 2020, the Company announced that AGESB, upon reviewing the due diligence reports provided by the professional advisers appointed by AGESB in relation to the due diligence exercise conducted on PGSB, its business, assets, legal and financial position (“Due Diligence Exercise”), determined that the board of directors of AGESB is not satisfied with the outcome and findings of the Due Diligence Exercise. Accordingly, AGESB has on even date issued a notice of termination to the Vendors to terminate the SSA in accordance with the terms and conditions stated in the SSA.

Further to the above, AGESB (as Plaintiff) has on 31 December 2020 filed a civil suit against the Vendors (as Defendants). For further details, please refer to B9 - Material Litigation.

- 4) On 17 November 2020, on behalf of the Board of Directors, Mercury Securities Sdn Bhd (“Mercury Securities”) announced that the Company proposed to undertake a private placement of up to 750,044,000 new ordinary shares in the Company, representing 20% of the enlarged total number of issued shares of the Company, to independent third party investor(s) to be identified later and at an issue price to be determined later (“Private Placement II”).

Bursa Securities has, vide its letter dated 25 November 2020, approved the listing and quotation of up to 750,044,000 placement shares to be issued pursuant to the Private Placement II.

B8) Status of Corporate Proposals (Cont'd)

- 4) During the financial period under review, the Company has implemented the Private Placement II in stages. Up to the completion date of 16 December 2020, a total of 656,578,600 new ordinary shares has been listed and cash proceeds of RM113.78 million was raised. Summary of the utilisation of proceeds are as follows: -

Purpose	Proposed utilisation	Amounts utilised	Balance unutilised	Estimated timeframe for the utilisation of proceeds
	RM'000	RM'000	RM'000	
Capital expenditure for Glove Business	73,145	27,811	45,334	Within 12 months
Working capital	39,954	16,274	23,680	Within 12 months
Estimated expenses for the corporate exercises	685	685	-	Immediate
Total	113,784	44,770	69,014	

- 5) On behalf of the Board of Directors, Mercury Securities Sdn Bhd (“Mercury Securities”) has announced that, on behalf of AT Engineering Solution Sdn Bhd (“ATES” or the “Offeror”), Mercury Securities had on 11 March 2021 served the notice of the Offer on the board of directors of Asdion (“Asdion Board”) in accordance with Paragraph 9.10(1)(b)(i) of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia (“Rules”), informing the Asdion Board of the Offeror’s intention to undertake a conditional voluntary take-over offer to acquire all the ordinary shares in Asdion which are not held by the Offeror (“Offer Share”) for a cash offer price of RM0.50 per Offer Share (“Offer”).

The Offer will be made to each of the holders of the Offer Shares (“Holders”) equally and in respect of all of their Offer Shares.

The Offer will be conditional upon the Offeror having received, on or before the close of the Offer, valid acceptances in respect of the Offer Shares (provided that such acceptances are not, where permitted, subsequently withdrawn), which would result in the Offeror holding more than 50% of the voting shares in Asdion (including Asdion Shares that have already been acquired, held or entitled to be acquired or held by the Offeror) (“Acceptance Condition”). The Acceptance Condition shall be fulfilled on or before the close of the Offer and in any event, shall be fulfilled no later than the 60th day from the date of despatch of the offer document to the Holders, failing which the Offer shall lapse and the Offer will cease to be capable of further acceptances and all acceptances shall be returned to Holders who accepted the Offer and the Offeror will thereafter cease to be bound by any such prior acceptances of the Offer.

B8) Status of Corporate Proposals (Cont'd)

- 6) On 10 March 2021, the Company has announced the termination of the existing Share Issuance Scheme ("SIS") in accordance with the terms of the by-laws governing the SIS.

On 12 March 2021, on behalf of the Board of Directors, Mercury Securities Sdn Bhd ("Mercury Securities") has announced that the Company proposes to establish a employees' share option scheme ("ESOS") involving up to 30% of the total number of issued shares of the Company (excluding treasury shares, if any) for eligible directors and employees ("Proposed ESOS").

Bursa Securities had, vide its letter dated 19 March 2021, approved the listing of such number of additional new Shares representing up to 30% of the total number of issued shares (excluding treasury shares, if any) of ATS to be issued pursuant to the exercise of Options under the Proposed ESOS, subject to the following conditions:-

- (i) Mercury Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Rule 6.44(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the Shareholders in general meeting; and
- (ii) The Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of ESOS shares listed as at the end of each quarter together with a detailed computation of listing fees payable.

B9) Material Litigation

Saved as disclosed below, there were no material litigations involving the Group as at the date of the interim financial report and the directors of the Group do not have any knowledge of any proceeding pending or threatened involving the Group which might materially and adversely affect the financial position or business of the Group.

On 26 June 2020, AT Glove Engineering Sdn. Bhd. ("AGESB"), a wholly-owned subsidiary of the Company entered into a share sale agreement with Hai Hong Capital Sdn Bhd, P'ng Sim Guan, P'ng Lai Heng, Hai Hong Holdings Sdn Bhd and Aaron Khoo Teng Soon (collectively the "Vendors") for the acquisition by AGESB of the entire issued share capital of Pearl Glove (Malaysia) Sdn Bhd ("Pearl Glove") ("SSA"), pursuant to which AGESB had paid a deposit and advances totalling RM4,400,000.00. Due to the non-fulfilment of the conditions precedent under the SSA, AGESB had on 11 November 2020 issued a notice of termination to the Vendors, and requested for the refund of the deposit and advancement. As at to-date, the Vendors have yet to refund the deposit and advancement to AGESB.

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2020

B9) Material Litigation (Cont'd)

Following the above, a civil suit was commenced by AGESB (as Plaintiff) against the Vendors (as Defendants) on 31 December 2020 at the High Court of Kuala Lumpur. As at to-date, the civil suit is under review by the High Court of Kuala Lumpur following an application by the Vendors (as Defendants) to transfer the civil suit to the High Court of Penang. The hearing for the transfer was heard on 11 March 2021 and is currently pending transfer to the High Court of Penang.

B10) Borrowings and Debts Securities

	Non-Current RM '000	Current RM '000	Total RM '000
As at 31.12.2020			
<u>Secured</u>			
Finance lease payables	3,264	1,594	4,858
Term loans	954	69	1,023
Bank overdraft	-	267	267
	4,218	1,930	6,148
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
		31.12.2020	31.12.2019
		%	%
The weighted average interest rate are as follows:			
Finance lease payables		3.56	3.51
Term loans		4.04	5.40
Bank overdraft		6.10	7.35
Proportion of borrowings between:			
Fixed interest rates		79%	24%
Floating interest rates		21%	76%

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 2020

B12) Earnings/(Loss) per Share

The basic and diluted loss per share are computed as follows: -

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
(a) Basis earnings per share				
(Loss)/Profit attributable to the owners of the Company (RM'000)	(19,113)	(2,464)	(22,327)	(6,383)
Weighted average number of ordinary shares in issue ('000)	3,303,754	464,083	2,087,953	464,083
Basic earnings/(loss) per share (sen)	<u>(0.58)</u>	<u>(0.53)</u>	<u>(1.07)</u>	<u>(1.38)</u>
(b) Diluted earnings/(loss) per share				
(Loss)/Profit attributable to the owners of the Company (RM'000)	(19,113)	(2,464)	(22,327)	(6,383)
Weighted average number of ordinary shares in issue ('000)	3,303,754	464,083	2,087,953	464,083
Adjusted for Warrants C ('000)	-	-	-	-
Adjusted for share options ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	<u>3,303,754</u>	<u>464,083</u>	<u>2,087,953</u>	<u>464,083</u>
Diluted earnings/(loss) per share (sen)	<u>(0.58)</u>	<u>(0.53)</u>	<u>(1.07)</u>	<u>(1.38)</u>

Notes:

- (1) The diluted loss per share is equivalent to the basic loss per share as the Company's warrants and share options had an anti-dilutive effect on the basic loss per share.

B13) Authorisation for Issue

The interim financial report was authorised for issue on 30 March 2021 by the Board of Directors.