



AT SYSTEMATIZATION BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

Unaudited Condensed Consolidated Statements of Financial Position
As At 30 June 2021

	(Unaudited) As At 30.06.2021 RM '000	(Audited) As At 31.03.2021 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	135,556	124,462
Right-of-use assets	38,920	39,411
Investment in associate	40,080	40,270
Marketable securities	3,504	6,618
	218,060	210,761
Current assets		
Inventories	28,640	12,400
Trade receivables	9,456	5,752
Other receivables, deposits and prepayments	27,903	13,161
Contract assets	654	-
Tax assets	166	138
Money market instruments	15,547	53,273
Cash and bank balances	109,762	97,518
	192,128	182,242
TOTAL ASSETS	410,188	393,003
EQUITY AND LIABILITIES		
Equity		
Share capital	398,947	392,934
Share option reserve	760	-
Warrant reserve	9,261	9,261
Accumulated losses	(32,301)	(32,425)
Total equity	376,667	369,770
Liabilities		
Non-current liabilities		
Finance lease payables	2,983	3,366
Lease liabilities	59	47
Bank borrowings	9,182	867
Deferred tax liabilities	274	274
	12,498	4,554
Current liabilities		
Trade payables	8,000	4,118
Other payables & deposits	7,966	12,650
Contract liabilities	1,893	-
Finance lease payables	1,525	1,547
Lease liabilities	6	24
Bank borrowings	1,633	340
	21,023	18,679
Total liabilities	33,521	23,233
TOTAL EQUITY AND LIABILITIES	410,188	393,003
Net assets per share (Sen)	8.78	8.74

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statements of Comprehensive Income
For the Year Ended 30 June 2021

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		3 Months Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM '000	RM '000	RM '000	RM '000
Revenue	28,302	5,055	28,302	5,055
Cost of sales	(20,218)	(4,647)	(20,218)	(4,647)
Gross profit/(loss)	8,084	408	8,084	408
Other income	378	357	378	357
Administrative and general expenses	(3,790)	(2,920)	(3,790)	(3,987)
Selling and distribution expenses	(32)	(9)	(32)	(9)
	(3,822)	(2,929)	(3,822)	(3,996)
Other expenses	(4,187)	(1,067)	(4,187)	-
Profit/(Loss) from operations	453	(3,231)	453	(3,231)
Finance costs	(139)	(93)	(139)	(93)
Share of profit/(loss) of associate	(190)	-	(190)	-
Profit/(Loss) before tax	124	(3,324)	124	(3,324)
Taxation	-	-	-	-
Profit/(Loss) for the period	124	(3,324)	124	(3,324)
Attributable to:-				
Owners of the Company	124	(3,324)	124	(3,324)
Non-controlling interests	-	-	-	-
	124	(3,324)	124	(3,324)
Earnings/(Loss) per share attributable to owners of the Company (sen)				
- Basic	0.003	(0.355)	0.003	(0.355)
- Diluted	0.003	(0.355)	0.003	(0.355)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial period year 31 March 2021 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statements of Comprehensive Income
For the Year Ended 30 June 2021

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30.06.2021 RM '000	30.06.2020 RM '000	30.06.2021 RM '000	30.06.2020 RM '000
Profit/(Loss) for the period	124	(3,324)	124	(3,324)
Other comprehensive loss:-				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Revaluation increase/ (decrease) on:				
- property, plant and equipment	-	-	-	-
- right-of-use assets	-	-	-	-
<i>Item that may be reclassified subsequently to profit or loss</i>				
Share of other comprehensive income/(loss) of associate	-	-	-	-
Total comprehensive (loss)/profit for the financial period	124	(3,324)	124	(3,324)
Attributable to:-				
Owners of the Company	124	(3,324)	124	(3,324)
Non-controlling interests	-	-	-	-
Total comprehensive (loss)/profit for the period	124	(3,324)	124	(3,324)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Changes in Equity
As At 30 June 2021

	<----- Attributable to Owners of the Company ----->					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	392,934	-	-	9,261	(32,425)	369,770
Profit/(Loss) for the financial period	-	-	-	-	124	124
Other comprehensive loss for the financial period	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	-	124	124
Transactions with owners						
Share-based payments	-	1,073	-	-	-	1,073
Exercise of share options	6,013	(313)	-	-	-	5,700
Total transactions with owners	6,013	760	-	-	-	6,773
At 30 June 2021	398,947	760	-	9,261	(32,301)	376,667

T SYSTEMATIZATION BERHAD

[Registration No. 200401006297 (644800-X)]



Unaudited Condensed Consolidated Statements of Changes in Equity

As At 30 June 2021

	<----- 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	Total Equity RM '000
Audited						
At 1 April 2020	56,935	-	1,932	-	(10,205)	48,662
Loss for the financial year	-	-	-	-	(20,530)	(20,530)
Other comprehensive income/(loss) for the financial year	-	-	(1,872)	-	(1,750)	(3,622)
Total comprehensive loss for the financial year	-	-	(1,872)	-	(22,280)	(24,152)
Transactions with owners						
Proceeds from rights issue	20,014	-	-	14,678	-	34,692
Proceeds from Warrants C conversion	15,018	-	-	(5,417)	-	9,601
Proceeds from private placements	159,492	-	-	-	-	159,492
Share issuance expenses	(2,021)	-	-	-	-	(2,021)
Exercise of share options	143,496	(13,430)	-	-	-	130,066
Share-based payments	-	13,430	-	-	-	13,430
Total transactions with owners	335,999	-	-	9,261	-	345,260
Realisation of revaluation reserve	-	-	(60)	-	60	-
At 31 March 2021	392,934	-	-	9,261	(32,425)	369,770

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 2021 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Cash Flows
For the Year Ended 30 June 2021

	Current Period To-Date 30.06.2021 (Unaudited) RM'000	Preceding Year Corresponding Period 30.06.2020 (Unaudited) RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	124	(3,324)
Adjustments for :-		
Share of (profit)/loss of associate	190	-
Fair value adjustments on share options	1,073	-
Fair value loss/(gain) on investment in quoted shares	3,114	1,067
Other non-cash and non-operating items	2,809	1,247
Operating (loss)/profit before working capital changes	7,310	(1,010)
Decrease/(Increase) in inventories	(16,240)	491
(Increase)/Decrease in receivables	(19,105)	(689)
(Decrease)/Increase in payables	1,006	2,530
Cash (used in)/generated from operations	(27,029)	1,322
Net (tax paid)/tax refund	(28)	(1)
Net cash (used in)/from operating activities	(27,057)	1,321
Cash flows from investing activities		
Income distribution and interest received	102	6
Deposit paid	-	(4,400)
Purchase of property, plant and equipment	(13,038)	(868)
Net cash used in investing activities	(12,936)	(5,262)

Unaudited Condensed Consolidated Statements of Cash Flows
For the Year Ended 30 June 2021

	Current Period To-Date 30.06.2021 (Unaudited) RM'000	Preceding Year Corresponding Period 30.06.2020 (Unaudited) RM'000
Cash flows from financing activities		
Proceeds from rights issue	-	34,691
Proceeds from Warrants C conversion	-	284
Proceeds from exercise of share options	5,700	-
Interest paid	(139)	(93)
Net (repayments)/drawdown of finance lease payables	(411)	(354)
Drawdown of term loans	9,874	-
Net repayment of term loans	(265)	(10,802)
Net cash from/(used in) financing activities	14,759	23,726
Effects of exchange rate changes on cash and cash equivalents	(248)	5
Net increase/(decrease) in cash and cash equivalents	(25,482)	19,790
Cash and cash equivalents brought forward	150,684	1,020
Cash and cash equivalents carried forward	<u>125,202</u>	<u>20,810</u>
Represented by:-		
Placement of deposits with bank	107	106
Cash and bank balances	109,655	6,072
Money market instruments	15,547	15,005
Bank overdraft	-	(267)
	<u>125,309</u>	<u>20,916</u>
Less: Deposits pledged with bank	(107)	(106)
	<u>125,202</u>	<u>20,810</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 2021 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 2021. 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 2021.

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 2021.

Standards in issue but not yet effective

As at the date of authorisation of this interim financial report, the following new Malaysian Financial Reporting Standards (“MFRS”) and amendments to MFRSs have been issued by the MASB but are not yet effective and have not been adopted by the Group:-

MFRSs/Amendments to MFRSs	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform- Phase 2	1 January 2021
Amendment to MFRS 16 Covid 19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, plant and equipment - Proceeds before Intended Use	1 January 2022

A2) Changes in Accounting Policies (Cont'd)

	Effective for annual periods beginning on or after
MFRSs/Amendments to MFRSs	
Amendments to MFRS 137 - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual improvements to MFRSs 2018-2020 – MFRS 1 and MFRS 9	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Disclosure of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between as Investor and its Associate or Joint Venture	Deferred

The Group will adopt the above MFRS and amendments to MFRS 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) Issuance of new ordinary shares pursuant to the exercise of share options:-

	Individual Quarter 3 Months Ended 30.06.2021		Cumulative Quarter 3 Months Ended 30.06.2021	
	No. of shares '000	RM '000	No. of shares '000	RM '000
Exercise of share options	60,000	5,700	60,000	5,700

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) 35,000,000 new ordinary shares were issued and listed on 5 July 2021.
 - (b) 30,000,000 new ordinary shares were issued and listed on 8 July 2021.
 - (c) 40,000,000 new ordinary shares were issued and listed on 21 July 2021.
 - (d) 100,000,000 new ordinary shares were issued and listed on 27 July 2021.
 - (e) 94,371,867 new ordinary shares were issued and listed on 16 August 2021.
 - (f) 38,100,000 new ordinary shares were issued and listed on 3 September 2021.
 - (g) 38,100,000 new ordinary shares were issued and listed on 9 September 2021.
 - (h) 18,446,424 new ordinary shares were issued and listed on 15 September 2021.
 - (i) 50,000,000 new ordinary shares were issued and listed on 17 September 2021.

A9) Material Events Subsequent to the end of the Financial Period (Cont'd)

- 1) Issuance of the following new ordinary shares at the respective dates pursuant to the exercise of share options:- (cont'd)
 - (j) 40,000,000 new ordinary shares were issued and listed on 21 September 2021.
 - (k) 50,009,250 new ordinary shares were issued and listed on 22 September 2021.
- 2) On 20 August 2021, the Group has announced that its wholly-owned subsidiary, AT Precision Tooling Sdn. Bhd. has subscribed 600,080,000 new ordinary shares of AE Multi Holdings Berhad ("AEMHB") via the subscription of rights and excess shares at an issue price of RM0.05 each ("Rights Shares") for a total cash consideration of RM 30,004,000 pursuant to Rights Issue with Warrants of AEMHB.

The Rights Shares were listed on the Main Market of Bursa Malaysia Securities Berhad on 20 August 2021. Upon listing of Rights Shares, the Group holds 31.34% of the total enlarged issued and paid-up share capital of AEMHB.

- 3) On 10 September 2021, the Company announced that it has entered into a share sale agreement ("SSA") with Blackstream Investments Pte. Ltd. and Scoria Pte. Ltd. (collectively, the "Vendors") for the proposed acquisition of 81.2 million shares in D'nonce Technology Berhad ("DTB") ("Sale Shares") held by the Vendors, representing approximately 25.93% equity interest in DTB, for an aggregate consideration of RM64.96 million at RM0.80 per Sale Share.

The sale and purchase of the Sale Shares shall be by way of direct business transaction and/or traded through the official securities clearing and settlement method provided by Bursa Securities (at the option of the Company) and shall be completed within thirty (30) calendar days from the date of SSA or such other period to be mutually agreed in writing between the Company and the Vendors. The Sale Shares were subsequently transferred to the Company on 13 September 2021 and the proposed acquisition was completed on even date.

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 period-to-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 RM22,381,000. Total utilisation of these credit facilities as at 30 June 2021 amounted to approximately RM16,010,000.

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

A12) Capital Commitment

As of 30 June 2021, capital commitment of the Group are as follows:-

	RM'000
Approved and contracted for	-
Contracted but not provided for:-	
(i) Capital expenditure for the Group's glove business	45,659
(ii) Conditional voluntary take-over offer by the Group to acquire all the ordinary shares in Asdion Berhad for a cash offer price of RM0.50 per Offer Share, as detailed in Section B8 (5) of this Report	63,948
(iii) Capital expenditure for the Group's fabrication business	1,560
	<u>111,167</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 - 30.06.2021					
Financial assets					
- Investment in quoted shares	3,504	-	-	-	3,504
- Investment in money market instruments	15,547	-	-	-	15,547
	<u>19,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,051</u>

A15) Revenue

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30.06.2021 RM '000	30.06.2020 RM '000	30.06.2021 RM '000	30.06.2020 RM '000
<u>Fabrication:</u>				
(i) Fabrication of customised parts	5,393	4,743	5,393	4,743
(ii) Servicing charges	65	40	65	40
<u>Sheet metal & automation:</u>				
(i) Sheet metal fabrication	220	56	220	56
(ii) Design & assembly	234	20	234	20
Solar renewable energy	181	196	181	196
Gloves	22,209	-	22,209	-
	<u>28,302</u>	<u>5,055</u>	<u>28,302</u>	<u>5,055</u>
Goods or services transferred:				
- at a point in time	28,072	5,035	28,072	5,035
- over time	230	20	230	20
	<u>28,302</u>	<u>5,055</u>	<u>28,302</u>	<u>5,055</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 3 Months Ended 30 June 2021

A16) Segmental Information (Cont'd)

Cumulative Period Ended 30.06.2021

	Fabrication and automation RM '000	Renewable energy and property RM '000	Gloves RM '000	Others RM '000	Adjustment & Eliminations RM '000	Total RM '000
Revenue						
External revenue	5,912	181	22,209	-	-	28,302
Inter-segment revenue	-	-	-	273	(273)	-
Total revenue	5,912	181	22,209	273	(273)	28,302
Results						
Interest income	6	-	-	96	-	102
Finance costs	(132)	(1)	(3)	(3)	-	(139)
Share of profit/(loss) of associate	-	-	-	-	(190)	(190)
Segment profit/(loss) before tax	(5,200)	49	6,978	(1,513)	(190)	124
Taxation	-	-	-	-	-	-
Segment profit/(loss) after tax	(5,200)	49	6,978	(1,513)	(190)	124
Other material non-cash items:						
- Depreciation	(1,088)	(145)	(1,164)	(38)	-	(2,435)
- Unrealised gain/(loss) on foreign exchange	(10)	-	(82)	(246)	-	(338)
- (Allowance)/Reversal for impairment loss on loan & receivables	60	-	-	-	-	60
- Fair value gain/(loss) on quoted shares	(3,114)	-	-	-	-	(3,114)
- Share options expenses	(313)	-	-	(760)	-	(1,073)



Notes to the Unaudited Interim Financial Report
For 3 Months Ended 30 June 2021

A16) Segmental Information (Cont'd)

Cumulative Period Ended 30.06.2020

	Fabrication and automation RM '000	Renewable energy and property RM '000	Others RM '000	Adjustment & Eliminations RM '000	Total RM '000
Revenue					
External revenue	4,859	196	-	-	5,055
Inter-segment revenue	-	-	239	(239)	-
Total revenue	4,859	196	239	(239)	5,055
Results					
Interest income	6	-	-	-	6
Finance costs	(89)	-	(4)	-	(93)
Segment profit/(loss) before tax	(2,383)	75	(1,016)	-	(3,324)
Taxation	-	-	-	-	-
Segment profit/(loss)	(2,383)	75	(1,016)	-	(3,324)
Other material non-cash items:					
- Depreciation	(823)	(178)	(129)	-	(1,130)
- Unrealised gain/(loss) on foreign exchange	30	-	-	-	30
- (Allowance)/Reversal for impairment loss on loan & receivables	5	-	-	-	-
- Fair value gain/(loss) on quoted shares	(1,067)	-	-	-	(1,067)

Explanatory Notes Pursuant to the Listing Requirements
For 3 Months Ended 30 June 2021

B1) Review of Performance

Individual Period (Quarter 1)	Current	Preceding		Changes
	Quarter	Year	Corresponding	
	30.06.2021	30.06.2020		
	RM '000	RM '000	RM '000	%
Revenue				
Fabrication and automation	5,912	4,859	1,053	22
Renewable energy and property letting	181	196	(15)	(8)
Gloves	22,209	-	22,209	100
Others	-	-	-	-
	<u>28,302</u>	<u>5,055</u>	23,247	460
Profit/(Loss) before tax				
Fabrication and automation	(5,200)	(2,382)	(2,818)	118
Renewable energy and property letting	49	75	(26)	(35)
Gloves	6,978	-	6,978	100
Others	(1,703)	(1,017)	(686)	67
	<u>124</u>	<u>(3,324)</u>	3,448	(104)

Current Quarter

The Group posted revenue of RM28.30 million for the current quarter ended 30 June 2021, representing an increase of 460% as compared to RM5.06 million recorded in the corresponding quarter ended 30 June 2020. The increase was largely due to contribution from sale of medical gloves of RM22.21 million during the period under review. Fabrication and automation segment posted higher revenue by RM1.05 million mainly due to:-

- (i) Fabrication business: higher number of orders from textile machines maker and disk drive manufacturer, offset with lower orders from customers who are contract manufacturer.
- (ii) Sheet metal and automation business: higher number of orders in sheet metal business and delivery of vending machines to customer.

Meanwhile, sale of solar energy to Tenaga Nasional Berhad was consistent at RM0.2 million.

The Group recorded pre-tax profit of RM0.12 million for the current quarter, an improvement by RM3.45 million as compared to RM3.32 million pre-tax loss in the corresponding quarter. Fabrication and automation segment reported higher pre-tax loss by RM2.8 million mainly due to RM3.11 million mark-to-market loss on investment in quoted shares and RM0.31 million fair value adjustment on share options. Renewable energy and property letting segment reported lower pre-tax profit mainly due to lower rental income and higher depreciation. Glove segment reported pre-tax profit of RM6.98 million following the commencement of medical gloves sales less manufacturing and operating costs incurred for glove production. Other segment reported higher pre-tax loss by RM0.7 million mainly due to fair value adjustment on share options.

Explanatory Notes Pursuant to the Listing Requirements
For 3 Months Ended 30 June 2021

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

	Current Quarter	Immediate Preceding Quarter	Changes	
	30.06.2021	31.03.2021	RM '000	%
	RM '000	RM '000		
Revenue				
Fabrication and automation	5,912	5,062	850	17
Renewable energy and property letting	181	204	(23)	(11)
Gloves	22,209	8,092	14,117	100
Others	-	-	-	-
	28,302	13,358	14,944	112
Profit/(Loss) before tax				
Fabrication and automation	(5,200)	(9,175)	3,975	43
Renewable energy and property letting	49	1,101	(1,052)	(96)
Gloves	6,978	1,378	5,600	406
Others	(1,703)	8,417	(10,120)	(120)
	124	1,721	(1,597)	93

The Group posted revenue of RM28.30 million for the current quarter ended 30 June 2021, representing an increase of 112% as compared RM13.36 million recorded in the preceding quarter ended 31 March 2021. The increase was largely due to higher sale of medical gloves on the back of higher capacity output and units sold. The Group is operating six (6) glove lines during the current quarter as compared to three (3) glove lines during the preceding quarter. Fabrication and automation segment also reported higher sales mainly due to higher orders from contract manufacturer and disk drive manufacturing in fabrication business, coupled with higher orders for vending machines delivered in sheet metal & automation business.

The Group recorded pre-tax profit of RM0.12 million for the current quarter as compared to pre-tax profit of RM1.72 million recorded in the preceding quarter. Fabrication and automation segment reported better performance for the period under review. This was however, offset with RM3.11 million mark-to-market loss on investment in quoted shares and RM0.31 million fair value adjustment on share options. Included in preceding quarter pre-tax loss was RM1.90 million impairment loss on property, plant & equipment and RM4.35 million mark-to-market loss on investment in quoted shares. Renewable energy and property letting segment reported lower pre-tax profit mainly due to absence of RM0.94 million reversal of impairment loss on solar plant as reported in the preceding quarter. Gloves segment reported higher pre-tax profit by RM5.6 million following the contribution from the additional three (3) glove lines commencing during the current quarter.



Explanatory Notes Pursuant to the Listing Requirements
For 3 Months Ended 30 June 2021

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

Other segment reported pre-tax loss in the current quarter mainly due to share of loss in associate and RM0.76 million fair value adjustment on share options. Included in the preceding quarter was RM15 million gain on bargain purchase from investment in associate, offset with RM6.72 million impairment loss on investment in associate.

B3) Prospects

The Group expects the coming financial year to be challenging due to uncertainties arising from the on-going 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 diversifying into glove business.

Fabrication and automation business

The manufacturing sector is forecasted to rebound by 7% in 2021, driven by steady improvement in both the export and domestic-oriented industries as global economies are recovering from the COVID-19 pandemic. The Group continues to adopt prudent approach towards the manufacturing operations with focus on operational efficiency to drive down cost and sustain growth momentum. The Group has achieved RM11.18 million unaudited revenue as of to-date. Judging from the remaining backlog orders to be delivered amounting to RM17.98 million, the Group expects the coming FY2022 annual revenue from this segment will be better than RM22.08 million achieved in FY2021.

Glove business

The Group has completed the commissioning of 3 production lines in Chemor Plant during the FY2021. Since then, the Group has further completed additional 3 production lines and is now running 6 glove dipping lines with an annual capacity of 1.16 billion pieces of gloves. The Group is currently building 4 production lines concurrently and scheduled for completion progressively: 3 lines by end of September 2021 and 1 line estimate to complete by early year 2022. Barring any unforeseen circumstances, upon completion of these additional 4 production lines, the Group will have a total 10 production lines with an annual capacity of 2 billion pieces of medical gloves.

The average selling price of gloves is expected to soften in subsequent quarters. Nevertheless, production and sales quantity are expected to rise with additional production lines completed progressively. Thus far, the Group has obtained the following certifications, licenses and qualifications: -

- CE Marking Certification - typically recognised in the European region for the export of its medical examination gloves.
- Establishment Registration with Food and Drug Administration of the United States ("FDA"), which allow the Group to export its medical gloves to the United States.
- EN374 test standard: Protective gloves against chemicals and micro-organisms.
- Medical Device Authority license which allows the Group to manufacture, distribute and sell our gloves locally.
- ISO9001 & ISO13485 certifications.



**Explanatory Notes Pursuant to the Listing Requirements
For 3 Months Ended 30 June 2021**

B3) Prospects (Cont'd)

The Group is in the midst of applying 510(K) approval from FDA and target to obtain it by 2021. Capitalising the above certifications and qualifications, the Group expects sustained demand for its gloves.

The Group has also completed acquiring a piece of industrial land measuring 72,770 square meters located in Kamunting, Perak on 26 March 2021. Depending on the availability of funds from time to time, the Group intends to install up to 50 production lines in Kamunting.

According to the Malaysian Rubber Glove Manufacturers Association ("MARGMA"), they expect there will be a shortfall of 80 billion pieces of gloves in 2021 as glove demand continue to outstrip global supply. Moving forward, demand is likely to slowly stabilize post pandemic. However, due to ongoing shortage of gloves, MARGMA expect glove demand will remain elevated with an estimated growth of 12% - 15% p.a. as compared to 8% -10% p.a. recorded pre-pandemic.

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.

B5) Qualification of Preceding Audited Financial Statements

There was no qualification to the preceding audited financial statements for the financial year ended 31 March 2021.



Explanatory Notes Pursuant to the Listing Requirements
 For 3 Months Ended 30 June 2021

B6) Profit/(Loss) Before Tax

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30.06.2021 RM '000	30.06.2020 RM '000	30.06.2021 RM '000	30.06.2020 RM '000
Included in the profit/(loss) before tax is after charging/(crediting):-				
Depreciation:-				
(i) Property, plant & equipment	1,944	1,004	1,944	1,004
(ii) Right-of-use assets	491	126	491	126
Fair value (gain)/loss on quoted shares	3,114	1,067	3,114	1,067
(Reversal of)/Allowance for impairment loss on loan & receivables	(60)	(5)	(60)	(5)
Rental income	(138)	(178)	(138)	(178)
Distribution and interest income	(102)	(13)	(102)	(13)
Interest expense	139	59	139	59
Rental expense of premises	66	28	66	28
Loss/(Gain) on foreign exchange:				
- realised	38	(18)	38	(18)
- unrealised	338	30	338	30
Share options expenses	1,073	-	1,073	-

Explanatory Notes Pursuant to the Listing Requirements
For 3 Months Ended 30 June 2021

B7) Taxation

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30.06.2021 RM '000	30.06.2020 RM '000	30.06.2021 RM '000	30.06.2020 RM '000
Corporate tax income/(expense)	-	-	-	-
Deferred tax income/(expense)	-	-	-	-
	-	-	-	-

No tax expense for the period under review mainly due to losses suffered by the Company and certain subsidiaries as well as the availability of tax allowances to offset the taxable income of certain subsidiaries.

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	Amounts utilised	Balance unutilised	Estimated timeframe for the utilisation of proceeds
Expansion of production capacity	9,000	8,309	691	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	34,000	691	



Explanatory Notes Pursuant to the Listing Requirements
 For 3 Months Ended 30 June 2021

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 capacity	43,269	40,271	2,998	Within 12 months
Working capital	1,823	1,823	-	Within 12 months
Estimated expenses for the corporate exercises	616	616	-	Immediate
Total	45,708	42,710	2,998	

- 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”).



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 capacity	73,145	44,964	28,181	Within 12 months
Working capital	39,954	33,853	6,101	Within 12 months
Estimated expenses for the corporate exercises	685	685	-	Immediate
Total	113,784	79,502	34,282	

- 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)

On 31 March 2021, the Group submitted an application to the Securities Commission Malaysia for an extension of time to despatch the offer document.

On 1 April 2021, the Securities Commission Malaysia has approved the extension of time for the Offer Document to be despatched within 7 market days (i.e. by 12 April 2021) or until such time that the Securities Commission Malaysia has notified that it has no further comments on the offer document, whichever is later.

On 28 April 2021, the Group announced that ATES has received a letter from Asdion dated 27 April 2021 on its intention to obtain shareholders' approval to proceed with the proposed settlement of debts owing to certain creditors of Asdion ("Proposed Debt Settlement") and proposed placement exercise of up to 20% of the issued share capital of Asdion ("Proposed Placement"), which were announced on 11 January 2021 and 9 February 2021 respectively. In accordance with Paragraph 16.01(2) of the Rules, the Proposed Debt Settlement and Proposed Placement are actions or decisions that will effectively result in the Offer being frustrated. Accordingly, in the event that the shareholders of Asdion approve either one of the two (2) proposals, i.e. either the Proposed Debt Settlement and/or the Proposed Placement, ATES will make an application to the Securities Commission Malaysia for its consent to withdraw the Offer.

Based on the outcome of Asdion's extraordinary general meeting held on 11 August 2021, both the Proposed Debt Settlement and Proposed Placement have been approved by the shareholders of Asdion. On behalf of the Board of Directors, Mercury Securities has announced that an application has been submitted on 11 August 2021 to seek the written consent of the Securities Commission Malaysia to withdraw the Offer. The application of withdrawal of Offer is now pending Securities Commission's decision.

- 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 Proposed ESOS. The Proposed ESOS was subsequently approved by the shareholders in an Extraordinary General Meeting dated 12 April 2021.

On 20 April 2021, Mercury Securities, on behalf of the Company announced that the effective date for the implementation of the ESOS is 20 April 2021, being the date on which the Company is in full compliance with all relevant requirements including Rule 6.44(1) of the Listing Requirements.



**Explanatory Notes Pursuant to the Listing Requirements
For 3 Months Ended 30 June 2021**

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 RM4.4 million. 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.

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 Malaya, Kuala Lumpur. The civil suit was subsequently transferred to the High Court of Penang following an application made by the Defendants which was heard on 11 March 2021 at the High Court of Malaya, Kuala Lumpur. The High Court of Penang has fixed the matter for case management on 1 July 2021 and 25 August 2021. The High Court of Penang has now fixed subsequent case management on 20 October 2021.

Explanatory Notes Pursuant to the Listing Requirements
For 3 Months Ended 30 June 2021

B10) Borrowings and Debts Securities

	Non-Current RM '000	Current RM '000	Total RM '000
As at 30.06.2021			
<u>Secured</u>			
Finance lease payables	2,983	1,525	4,508
Term loans	9,182	1,633	10,815
Bank overdraft	-	-	-
	12,165	3,158	15,323
As at 30.06.2020			
<u>Secured</u>			
Finance lease payables	2,809	1,297	4,106
Term loans	1,006	63	1,069
Bank overdraft	-	267	267
	3,815	1,627	5,442
		30.06.2021	30.06.2020
		%	%
The weighted average interest rate are as follows:			
Finance lease payables		3.31	3.56
Term loans		4.06	4.36
Bank overdraft		-	6.35
Proportion of borrowings between:			
Fixed interest rates		29%	75%
Floating interest rates		71%	25%

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 3 Months Ended 30 June 2021

B12) Earnings/(Loss) per Share

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
(a) Basis earnings per share				
Profit/(Loss) attributable to the owners of the Company (RM'000)	124	(3,324)	124	(3,324)
Weighted average number of ordinary shares in issue ('000)	4,263,387	935,244	4,263,387	935,244
Basic earnings/(loss) per share (sen)	0.0029	(0.3554)	0.0029	(0.3554)
(b) Diluted earnings/(loss) per share				
Profit/(Loss) attributable to the owners of the Company (RM'000)	124	(3,324)	124	(3,324)
Weighted average number of ordinary shares in issue ('000)	4,263,387	935,244	4,263,387	935,244
Adjusted for Warrants C ('000)	279,628	-	279,628	-
Adjusted for share options ('000)	20,192	-	20,192	-
Adjusted weighted average number of ordinary shares in issue ('000)	4,563,207	935,244	4,563,207	935,244
Diluted earnings/(loss) per share (sen)	0.0027	(0.3554)	0.0027	(0.3554)

Notes:

- (1) The diluted loss per share for individual and cumulative quarter ended 30 June 2020 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.



Explanatory Notes Pursuant to the Listing Requirements
For 3 Months Ended 30 June 2021

B13) Comparative figure

Certain comparative figures have been reclassified to conform with current year's presentation.

30.06.2020 (Unaudited)	As Previously		
	reported RM '000	Reclassification RM '000	As Restated RM '000
<u>Statement of profit and loss</u>			
Administrative and general expenses	(3,987)	1,067	(2,920)
Other expenses	-	(1,067)	(1,067)

B14) Authorisation for Issue

The interim financial report was authorised for issue on 27 September 2021 by the Board of Directors.