



AT SYSTEMATIZATION BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

Unaudited Condensed Consolidated Statements of Financial Position
As At 31 March 2022

	(Unaudited) As At 31.03.2022 RM '000	(Audited) As At 31.03.2021 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	143,324	124,462
Right-of-use assets	33,287	39,411
Investment in associates	99,756	40,270
Marketable securities	5,056	6,618
	281,423	210,761
Current assets		
Inventories	40,520	12,400
Trade receivables	7,592	5,752
Other receivables, deposits and prepayments	27,449	13,161
Tax assets	197	138
Money market instruments	16,038	53,273
Cash and bank balances	92,516	97,518
	184,312	182,242
TOTAL ASSETS	465,735	393,003
EQUITY AND LIABILITIES		
Equity		
Share capital	478,425	392,934
Warrant reserve	9,261	9,261
Other reserves	(274)	-
Accumulated losses	(154,317)	(32,425)
Total equity	333,095	369,770
Liabilities		
Non-current liabilities		
Finance lease payables	2,893	3,366
Lease liabilities	21	47
Bank borrowings	7,963	867
Deferred tax liabilities	274	274
	11,151	4,554
Current liabilities		
Trade payables	7,382	4,118
Other payables & deposits	43,068	12,650
Contract liabilities	1,954	-
Finance lease payables	1,923	1,547
Lease liabilities	26	24
Bank borrowings	67,136	340
	121,489	18,679
Total liabilities	132,640	23,233
TOTAL EQUITY AND LIABILITIES	465,735	393,003
Net assets per share (Sen)	5.64	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 Period Ended 31 March 2022

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.03.2022 RM '000	31.03.2021 RM '000	31.03.2022 RM '000	31.03.2021 RM '000
Revenue	13,392	13,358	78,133	30,928
Cost of sales	(25,300)	(11,545)	(77,510)	(26,159)
Gross profit/(loss)	(11,908)	1,813	623	4,769
Other income	9,951	19,446	29,248	20,600
Administrative and general expenses	(24,014)	(5,928)	(36,722)	(12,869)
Selling and distribution expenses	(71)	(39)	(263)	(103)
	(24,085)	(5,967)	(36,985)	(12,972)
Other expenses	(72,590)	(13,067)	(85,150)	(32,088)
Profit/(Loss) from operations	(98,632)	2,225	(92,264)	(19,691)
Finance costs	(841)	(92)	(2,044)	(504)
Share of profit/(loss) of associates	(15,307)	(412)	(33,847)	(412)
Profit/(Loss) before tax	(114,780)	1,721	(128,155)	(20,607)
Taxation	(13)	77	(22)	77
Profit/(Loss) for the period	(114,793)	1,798	(128,177)	(20,530)
Attributable to:-				
Owners of the Company	(114,793)	1,798	(128,177)	(20,530)
Non-controlling interests	-	-	-	-
	(114,793)	1,798	(128,177)	(20,530)
Earnings/(Loss) per share attributable to owners of the Company (sen)				
- Basic	(2.07)	0.04	(2.63)	(0.78)
- Diluted	(2.07)	0.04	(2.63)	(0.78)

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 Period Ended 31 March 2022

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.03.2022 RM '000	31.03.2021 RM '000	31.03.2022 RM '000	31.03.2021 RM '000
Profit/(Loss) for the period	(114,793)	1,798	(128,177)	(20,530)
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	-	(1,872)	-	(1,872)
<i>Item that may be reclassified subsequently to profit or loss</i>				
Share of other comprehensive income/(loss) of associates	5,737	(1,750)	6,011	(1,750)
Total comprehensive (loss)/profit for the financial period	(109,056)	(1,824)	(122,166)	(24,152)
Attributable to:-				
Owners of the Company	(109,056)	(1,824)	(122,166)	(24,152)
Non-controlling interests	-	-	-	-
Total comprehensive (loss)/profit for the period	(109,056)	(1,824)	(122,166)	(24,152)

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 31 March 2022

	Attributable to Owners of the Company					Accumulated Losses RM '000	Sub Total 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	Other Reserves RM '000			
Unaudited								
At 1 April 2021	392,934	-	-	9,261	-	(32,425)	369,770	369,770
Profit/(Loss) for the financial period	-	-	-	-	-	(128,177)	(128,177)	(128,177)
Other comprehensive loss for the financial period	-	-	-	-	(274)	6,285	6,011	6,011
Total comprehensive income/(loss) for the period	-	-	-	-	(274)	(121,892)	(122,166)	(122,166)
Transactions with owners								
Share-based payments	-	6,051	-	-	-	-	6,051	6,051
Exercise of share options	85,491	(6,051)	-	-	-	-	79,440	79,440
Total transactions with owners	85,491	-	-	-	-	-	85,491	85,491
At 31 March 2022	478,425	-	-	9,261	(274)	(154,317)	333,095	333,095



Unaudited Condensed Consolidated Statements of Changes in Equity
As At 31 March 2022

	<----- 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	
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 Period Ended 31 March 2022

	Current Period To-Date 31.03.2022 (Unaudited) RM'000	Preceding Year Corresponding Period 31.03.2021 (Audited) RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	(128,155)	(20,607)
Adjustments for :-		
Impairment loss on slow moving inventories	20,595	-
Impairment loss on property, plant & equipment	24,496	-
Impairment loss on right-of-use assets	5,667	-
Gain on bargain purchase from investment in associates	(16,248)	(15,003)
Impairment loss on investment in associates	40,568	6,723
Reversal of impairment loss on investment in associate	(6,723)	-
Share of (profit)/loss of associates	33,847	412
(Gain)/loss on dilution of interest in associates	4,585	-
Fair value adjustments on share options	6,051	13,430
Fair value loss/(gain) on investment in quoted shares	3,784	10,014
Other non-cash and non-operating items	5,993	3,108
Operating (loss)/profit before working capital changes	(5,540)	(1,923)
Decrease/(Increase) in inventories	(48,715)	(9,097)
(Increase)/Decrease in receivables	(12,260)	(4,937)
(Decrease)/Increase in payables	35,636	8,715
Cash (used in)/generated from operations	(30,879)	(7,242)
Net (tax paid)/tax refund	(81)	(56)
Net cash (used in)/from operating activities	(30,960)	(7,298)
Cash flows from investing activities		
Distribution income on money market instruments	330	633
Interest income	826	118
Net (investment)/withdrawal in short term fixed deposit	(68,600)	-
Deposit paid	-	(4,400)
Net investment in associates	(106,390)	(33,000)
Net investment in marketable securities	(5,336)	(15,650)
Proceeds from disposal of property, plant and equipment	3	223
Purchase of property, plant and equipment	(51,902)	(110,835)
Net cash used in investing activities	(231,069)	(162,911)



Unaudited Condensed Consolidated Statements of Cash Flows
For the Period Ended 31 March 2022

	Current Period To-Date 31.03.2022 (Unaudited) RM'000	Preceding Year Corresponding Period 31.03.2021 (Audited) RM'000
Cash flows from financing activities		
Proceeds from rights issue	-	34,692
Proceeds from Warrants C conversion	-	9,602
Proceeds from exercise of share options	79,441	130,066
Proceeds from private placement	-	159,492
Share issuance expenses	-	(2,021)
Interest paid	(2,044)	(504)
Net (repayments)/drawdown of finance lease payables	(121)	(1,681)
Drawdown of term loans	75,174	-
Net repayment of term loans	(1,580)	(10,665)
Net cash from/(used in) financing activities	150,870	318,981
Effects of exchange rate changes on cash and cash equivalents	24	892
Net increase/(decrease) in cash and cash equivalents	(111,135)	149,664
Cash and cash equivalents brought forward	150,684	1,020
Cash and cash equivalents carried forward	<u>39,549</u>	<u>150,684</u>
Represented by:-		
Placement of deposits with bank	68,706	107
Cash and bank balances	23,810	97,411
Money market instruments	16,038	53,273
Bank overdraft	(299)	-
	<u>108,255</u>	<u>150,791</u>
Less: Deposits pledged with bank	(68,706)	(107)
	<u>39,549</u>	<u>150,684</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 31.03.2022		Cumulative Quarter 12 Months Ended 31.03.2022	
	No. of shares '000	RM '000	No. of shares '000	RM '000
Exercise of share options	492,010	10,956	1,676,108	79,440

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 and listing of 95,412,500 new ordinary shares on 18 April 2022 pursuant to the exercise of share options.

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 RM22,406,000. Total utilisation of these credit facilities as at 31 March 2022 amounted to approximately RM14,539,000.

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

A12) Capital Commitment

As of 31 March 2022, 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	6,722
(ii) Capital expenditure for the Group's fabrication business	8,929
	<u><u>15,651</u></u>

A13) Related Party Transactions

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

A14) Fair Value Measurements

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

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

A14) Fair Value Measurements (Cont'd)

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

	<--Fair value of financial instruments-->				Carrying amount RM'000
	carried at fair value			Total RM'000	
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Group - 31.03.2022					
Financial assets					
- Investment in quoted shares	5,056	-	-	- 5,056	
- Investment in money market instruments	16,038	-	-	- 16,038	
	<u>21,094</u>	<u>-</u>	<u>-</u>	<u>- 21,094</u>	

Explanatory Notes Pursuant to Malaysia Financial Reporting Standard 134
For 12 Months Ended 31 March 2022

A15) Revenue

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.03.2022 RM '000	31.03.2021 RM '000	31.03.2022 RM '000	31.03.2021 RM '000
<u>Fabrication:</u>				
(i) Fabrication of customised parts	10,324	4,718	31,190	19,666
(ii) Servicing charges	24	13	127	157
<u>Sheet metal & automation:</u>				
(i) Sheet metal fabrication	602	331	1,309	516
(ii) Design & assembly	972	-	2,903	1,738
Solar renewable energy	197	204	732	759
Gloves	1,273	8,092	41,872	8,092
	<u>13,392</u>	<u>13,358</u>	<u>78,133</u>	<u>30,928</u>
Goods or services transferred:				
- at a point in time	12,420	13,358	75,230	29,190
- over time	972	-	2,903	1,738
	<u>13,392</u>	<u>13,358</u>	<u>78,133</u>	<u>30,928</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 12 Months Ended 31 March 2022

A16) Segmental Information (Cont'd)

Cumulative Period Ended 31.03.2022

	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	35,529	732	41,872	-	-	78,133
Inter-segment revenue	-	-	-	1,566	(1,566)	-
Total revenue	35,529	732	41,872	1,566	(1,566)	78,133
Results						
Interest income	30	-	-	826	-	856
Finance costs	(487)	-	(67)	(1,490)	-	(2,044)
Share of profit/(loss) of associates	-	-	-	(33,847)	-	(33,847)
Segment profit/(loss) before tax	(22,225)	317	(47,120)	(59,127)	-	(128,155)
Taxation	(22)	-	-	-	-	(22)
Segment profit/(loss) after tax	(22,247)	317	(47,120)	(59,127)	-	(128,177)
Other material non-cash items:						
- Depreciation	(4,450)	(585)	(3,688)	(152)	-	(8,875)
- Unrealised gain/(loss) on foreign exchange	95	-	-	(77)	-	18
- (Impairment loss)/Reversal of impairment on:						
(i) property, plant & equipment	(4,656)	-	(19,840)	-	-	(24,496)
(ii) right-of-use assets	(3,496)	-	(2,171)	-	-	(5,667)
(iii) slow moving of inventories	(219)	-	(20,376)	-	-	(20,595)
(iv) loan & receivables	2,544	-	-	1,325	-	3,869
(v) investment in associates	-	-	-	(33,845)	-	(33,845)
- Fair value gain/(loss) on quoted shares	(3,784)	-	-	-	-	(3,784)
- Gain/(loss) on disposal of quoted shares	32	-	-	-	-	32
- Share options expenses	(5,802)	-	-	(249)	-	(6,051)
- Gain on bargain purchase from investment in associates	-	-	-	16,248	-	16,248
- Loss on dilution of interest in associates	-	-	-	(4,585)	-	(4,585)



Notes to the Unaudited Interim Financial Report
For 12 Months Ended 31 March 2022

A16) Segmental Information (Cont'd)

Cumulative Period Ended 31.03.2021

	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	22,077	759	8,092	-	-	30,927
Inter-segment revenue	-	-	-	1,079	(1,079)	-
Total revenue	22,077	759	8,092	1,079	(1,079)	30,927
Results						
Interest income	21	37	1	61	-	120
Finance costs	(480)	(7)	(2)	(14)	-	(504)
Share of profit/(loss) of associate	-	-	-	(412)	-	(412)
Segment profit/(loss) before tax	(28,916)	1,073	600	6,637	-	(20,606)
Taxation	351	-	(274)	-	-	77
Segment profit/(loss)	(28,565)	1,073	326	6,637	-	(20,529)
Other material non-cash items:						
- Depreciation	(3,996)	(709)	(303)	(136)	-	(5,144)
- Unrealised gain/(loss) on foreign exchange	24	-	-	854	-	878
- (Impairment loss)/Reversal of impairment on:						
(i) property, plant & equipment	(1,902)	941	-	-	-	(961)
(ii) loan & receivables	1,777	(47)	-	-	-	1,729
(iii) investment in associate	-	-	-	(6,723)	-	(6,723)
- Fair value gain/(loss) on quoted shares	(10,014)	-	-	-	-	(10,014)
- Share options expenses	(13,285)	-	-	(145)	-	(13,430)
- Gain on bargain purchase from investment in associate	-	-	-	15,003	-	15,003

Explanatory Notes Pursuant to the Listing Requirements
For 12 Months Ended 31 March 2022

B1) Review of Performance

Individual Period (Quarter 4)	Current	Preceding Year	Changes	
	Quarter	Corresponding		
	31.03.2022	31.03.2021	RM '000	%
	RM '000	RM '000		
Revenue				
Fabrication and automation	11,922	5,062	6,860	136
Renewable energy and property letting	197	204	(7)	(3)
Gloves	1,273	8,092	(6,819)	(84)
Others	-	-	-	-
	<u>13,392</u>	<u>13,357</u>	35	0.3
Profit/(Loss) before tax				
Fabrication and automation	(11,549)	(9,176)	(2,373)	26
Renewable energy and property letting	145	1,101	(956)	(87)
Gloves	(56,175)	1,379	(57,554)	(4,174)
Others	(47,201)	8,417	(55,618)	(661)
	<u>(114,780)</u>	<u>1,721</u>	(116,501)	(6,771)

Current Quarter

The Group posted revenue of RM13.39 million for the current quarter ended 31 March 2022, representing an increase of 0.3% as compared to RM13.36 million recorded in the corresponding quarter ended 31 March 2021. The slight increase in revenue was mainly due to higher revenue in fabrication and automation segment which was up by RM6.86 million, offset with lower order from sale of medical gloves which was decreased by RM6.82 million during the period under review. Fabrication and automation segment posted higher revenue by RM6.86 million mainly due to:-

- (i) Fabrication business: higher number of orders from textile machines maker, contract manufacturer and disk drive manufacturer.
- (ii) Sheet metal and automation business: higher number of orders in sheet metal business and vending machine.

Meanwhile, sale of solar energy to Tenaga Nasional Berhad was consistent at RM 0.2 million.

The Group recorded pre-tax loss of RM114.78 million for the current quarter as compared to RM1.72 million pre-tax profit in the corresponding quarter. Fabrication and automation segment reported higher pre-tax loss by RM2.37 million mainly due to higher impairment loss on property, plant and equipment of RM4.66 million (Q4 FY2021: RM1.09 million), higher impairment loss on right-of-use-assets of RM3.50 million (Q4 FY2021: RM0.84 million) and higher fair value adjustment on share options of RM1.67 million (Q4 FY2021: RM0.07 million), offset with lower mark to-market loss on investment in quoted shares of RM0.19 million (Q4 FY2021: RM4.35 million). Renewable energy and property letting segment reported better performance mainly due to additional rental from new tenant, coupled with lower depreciation. Included in the corresponding quarter pre-tax profit of RM1.10 million was RM0.94 million reversal of impairment loss in respect of solar plant.

Explanatory Notes Pursuant to the Listing Requirements
For 12 Months Ended 31 March 2022

B1) Review of Performance (Cont'd)

Current Quarter (cont'd)

Glove segment reported pre-tax loss of RM56.18 million for current quarter as compared to RM1.38 million pre-tax profit in the corresponding quarter mainly due to weaker operational performance following the medical glove sale less than the manufacturing and operating costs incurred for glove production. This coupled with impairment loss on property, plant and equipment of RM19.84 million, impairment loss on right-of-use-assets of RM2.17 million and impairment loss on slow moving inventories of RM20.38 million. Other segment reported pre-tax loss of RM47.20 million as compared to pre-tax profit of RM8.42 million mainly due to higher net impairment loss on investment in associates of RM33.85million (Q4 FY2021: RM6.72 million) and share of losses in associates of RM15.31 million (Q4 FY2021: RM0.41 million) offset with lower gain on bargain purchase from investment in associate of RM2.63 million (Q4 FY2021: RM15 million).

Cumulative Period (Quarter 4)	Preceding Year		Changes	
	Current Year to-date	Corresponding Quarter		
	31.03.2022 RM '000	31.03.2021 RM '000	RM '000	%
Revenue				
Fabrication and automation	35,529	22,077	13,452	61
Renewable energy and property letting	732	759	(27)	(4)
Gloves	41,872	8,092	33,780	417
Others	-	-	-	-
	<u>78,133</u>	<u>30,927</u>	47,206	153
(Loss)/Profit before tax				
Fabrication and automation	(22,225)	(28,916)	6,691	(23)
Renewable energy and property letting	317	1,073	(756)	(70)
Gloves	(47,120)	600	(47,720)	(7,954)
Others	(59,127)	6,637	(65,764)	(991)
	<u>(128,155)</u>	<u>(20,606)</u>	(107,549)	522

Cumulative Period

The Group posted revenue of RM78.13 million for the cumulative quarter ended 31 March 2022, which was 153% higher than RM30.93 million recorded in the corresponding cumulative quarter ended 31 March 2021. The increase was largely due higher sale of medical gloves by RM33.8 million during the period under review. Fabrication and automation segment also posted higher revenue by RM13.45 million mainly due to:-

- (i) Fabrication business: higher number of orders from textile machines maker and customers who are contract manufacturer and disk drive manufacturer.
- (ii) Sheet metal and automation business: higher number of orders in sheet metal business and vending machine.

Meanwhile, sale of solar energy to Tenaga Nasional Berhad was consistent at RM0.7 million.



B1) Review of Performance (Cont'd)

Cumulative Period (cont'd)

The Group recorded pre-tax loss of RM128.16 million for the cumulative quarter ended 31 March 2022 as compared to pre-tax loss of RM20.61 million in the corresponding cumulative quarter. Fabrication and automation segment reported lower pre-tax loss by RM6.69 million mainly due to lower mark-to-market loss on investment in quoted shares of RM3.78 million (Q4 FY2021: RM10.01 million) and lower fair value adjustment on share options of RM5.80 million (Q4 FY2021: RM13.29 million), coupled with higher reversal of impairment loss on receivables of RM2.55 million (Q4 FY2021: RM1.78 million). However, this was offset with higher impairment loss on property, plant and equipment of RM4.66 million (Q4 FY2021: RM1.09 million) and higher impairment loss on right-of-use-assets of RM3.50 million (Q4 FY2021: RM0.84 million) for the period under review. Renewable energy and property letting segment reported better performance mainly due to additional rental from new tenant, coupled with lower depreciation. Included in the corresponding cumulative quarter pre-tax profit of RM1.07 million was RM0.94 million reversal of impairment loss in respect of solar plant. Glove segment reported pre-tax loss of RM47.12 million as compared to pre-tax profit of RM0.6 million mainly due to impairment loss on property, plant and equipment of RM19.84 million, impairment loss on right-of-use-assets of RM2.17 million and impairment loss on slow moving inventories of RM20.38 million. Other segment reported pre-tax loss of RM59.13 million as compared to pre-tax profit of RM6.64 million mainly due to higher share of losses in associates of RM33.85 million (Q4 FY2021: RM0.41 million), higher net impairment loss on investment in associate of RM33.85 million (Q4 FY2021: RM6.72 million), RM4.59 million loss on dilution of interest in associates (Q4 FY2021: RM Nil), offset with RM16.25 million gain on bargain purchase from investment in associates (Q4 FY2021: RM15 million).

Explanatory Notes Pursuant to the Listing Requirements
For 12 Months Ended 31 March 2022

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

	Current Quarter	Immediate Preceding Quarter	Changes	
	31.03.2022	31.12.2021	RM '000	%
	RM '000	RM '000	RM '000	%
Revenue				
Fabrication and automation	11,922	10,483	1,439	14
Renewable energy and property letting	197	170	27	16
Gloves	1,273	5,130	(3,857)	(75)
Others	-	-	-	-
	<u>13,392</u>	<u>15,783</u>	(2,391)	(15)
Profit/(Loss) before tax				
Fabrication and automation	(11,549)	(4,424)	(7,125)	(161)
Renewable energy and property letting	145	72	73	101
Gloves	(56,175)	17	(56,192)	> 100
Others	(47,201)	(9,517)	(37,684)	396
	<u>(114,780)</u>	<u>(13,852)</u>	(100,928)	(729)

Q4 FY2022 vs Q3 FY2022

The Group posted revenue of RM13.39 million for the current quarter ended 31 March 2022, representing a decrease of 15% as compared RM15.78 million recorded in the preceding quarter ended 31 December 2021. The decrease was largely due to lower sale of medical gloves on the back of lower units sold. The decrease was mitigated by higher sales in fabrication and automation segment, which was mainly due to higher orders from textile machines maker and coupled with higher orders for vending machines delivered in sheet metal & automation business. Sale of solar energy was slightly higher due to favorable weather.

The Group recorded pre-tax loss of RM114.78 million for the current quarter as compared pre-tax loss of RM13.85 million recorded in the preceding quarter. Fabrication and automation segment reported higher pre-tax loss by RM7.12 million mainly due to higher impairment loss on property, plant and equipment of RM4.66 million and impairment loss on right-of-use-assets of RM3.50 million. Renewable energy and property letting segment reported higher pre-tax profit mainly due to additional rental from new tenant. Gloves segment reported pre-tax loss of RM56.18 million in Q4 FY2022 as compared to pre-tax profit of RM0.02 million profit in Q3 FY2022 mainly due to lower glove selling price and unit sold, coupled with the manufacturing and operating costs incurred for glove production as well as impairment loss on property, plant and equipment of RM19.84 million, impairment loss on right-of-use-assets of RM2.17 million and impairment loss on slow moving inventories of RM20.38 million.



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

Q4 FY2022 vs Q3 FY2022 (Cont'd)

Other segment reported higher pre-tax loss by RM37.68 million in Q4 FY2022 mainly due to net impairment loss on investment in associates of RM 33.85 million and share of losses in associates of RM15.31 million (Q3 FY2022: RM3 million), offset with lower loss on dilution of interest in associates, ie RM Nil in Q4 FY2022 (Q3 FY2022: RM4.59 million) and higher bargain purchase from investment in associate of RM2.63 million (Q3 FY2022: RM0.22 million) coupled with reversal of impairment of loan & receivable of RM1.33 million (Q3 FY2022: RM Nil).

B3) Prospects

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 61% in 2022, 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.

With the recent award of Value Contract of USD10 million in February 2022 from the existing key customer namely the Rieter Group, the Group is committed and has confident to work towards becoming one of the global key suppliers, supporting 17 manufacturing locations of Rieter Group across 10 countries. The Group expects the strategic business relationship with Rieter will further contribute positively to the Group's earnings.

As of to-date, the backlog orders to be delivered recorded at RM24.13 million and capitalising from the Value Contract of USD10 million from Rieter Group, the Group expects the coming FY2023 annual revenue from this segment will be better than RM35.53 million achieved in FY2022.



Explanatory Notes Pursuant to the Listing Requirements
For 12 Months Ended 31 March 2022

B3) Prospects (Cont'd)

Glove business

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.

The Group has completed the commissioning of 3 production lines in Chemor Plant in the previous FY2021. During the current FY2022, the Group has further completed additional 7 production lines, bringing the Group’s total production to 10 glove dipping lines, which are capable of producing annual capacity of 2 billion pieces of gloves. The Group has also acquired few pieces of industrial lands located in Kamunting, Perak for long term growth planning.

Thus far, the Group has obtained relevant certifications, licenses and qualifications, including CE marking certification, EN374 test standard, Medical Device Authority license and ISO9001 & ISO13485 certifications. The Group has further received green light from the Food and Drug Administration of the United States (“US”) in December 2021 for its 510(k) market clearance, representing a significant milestone to market the Group’s medical gloves in the US market.

With the required qualifications in place, the Group intends to focus more on targeted and effective marketing strategies to expand its geographical market and increase the sales generation gradually. Looking forward, the Group is cautiously optimistic with the segmental performance in view of sustainable market demands.

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 12 Months Ended 31 March 2022

B6) Profit/(Loss) Before Tax

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.03.2022 RM '000	31.03.2021 RM '000	31.03.2022 RM '000	31.03.2021 RM '000
Included in the profit/(loss) before tax is after charging/(crediting):-				
Property, plant & equipment:-				
(i) Depreciation	99	1,564	6,858	4,683
(ii) Written off	124	-	124	-
(iii) Impairment loss	-	1,316	24,496	1,316
(iv) Reversal of impairment loss	-	(960)	-	(960)
(v) (Gain)/Loss on disposal	-	(108)	(1)	(108)
Right-of-use assets:-				
(i) Depreciation	508	83	2,017	461
(ii) Impairment loss	5,667	605	5,667	605
Fair value (gain)/loss on quoted shares	188	4,351	3,784	10,014
(Gain)/loss on disposal of quoted shares	-	-	(32)	-
Impairment loss on slow moving inventories	20,595	4	20,595	4
(Reversal of)/Allowance for impairment loss on loan & receivables	-	(36)	(3,869)	(1,729)
Impairment loss on investment in associates	40,568	6,723	40,568	6,723
Reversal of Impairment loss on investment in associate	(6,723)	-	(6,723)	-
Rental income	(233)	(116)	(647)	(552)
Distribution income on money market instruments	-	(188)	(330)	(427)
Interest income	(292)	(92)	(856)	(120)
Interest expense	841	92	2,044	504
Rental expense of premises	173	28	553	98
Loss/(Gain) on foreign exchange:				
- realised	25	(14)	(115)	32
- unrealised	(708)	(982)	(18)	(878)
Share options expenses	1,673	72	6,051	13,430

Explanatory Notes Pursuant to the Listing Requirements
For 12 Months Ended 31 March 2022

B7) Taxation

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.03.2022 RM '000	31.03.2021 RM '000	31.03.2022 RM '000	31.03.2021 RM '000
Corporate tax income/(expense)	(13)	77	(22)	77
Deferred tax income/(expense)	-	-	-	-
	<u>(13)</u>	<u>77</u>	<u>(22)</u>	<u>77</u>

The effective tax rate for current period is lower than the statutory income tax rate 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:-

- 1) On 30 March 2022, TA Securities Holdings Berhad (“TA Securities”), on behalf of the Company announced that the Company proposes to undertake a proposed private placement of up to 643,161,500 new ordinary shares in ATS, representing 10% 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 (“Proposed Private Placement”).

Bursa Securities has, vide its letter dated 11 April 2022, approved the listing and quotation of up to 643,161,500 Placement Shares to be issued pursuant to the Proposed Private Placement. The approval by Bursa Securities for the above is subject to the following conditions:-

- (i) ATS and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- (ii) ATS and TA Securities to inform Bursa Securities upon the completion of the Proposed Private Placement; and
- (iii) ATS to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Private Placement is completed.



B8) Status of Corporate Proposals (Cont'd)

- 2) 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").

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.



Explanatory Notes Pursuant to the Listing Requirements
For 12 Months Ended 31 March 2022

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 totaling 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 trial for the case from 5 December 2022 to 7 December 2022.



Explanatory Notes Pursuant to the Listing Requirements
 For 12 Months Ended 31 March 2022

B10) Borrowings and Debts Securities

	Non-Current RM '000	Current RM '000	Total RM '000
As at 31.03.2022			
<u>Secured</u>			
Finance lease payables	2,893	1,923	4,816
Term loans	7,963	66,837	74,800
Bank overdraft	-	299	299
	10,856	69,059	79,915
As at 31.03.2021			
<u>Secured</u>			
Finance lease payables	3,366	1,547	4,913
Term loans	867	340	1,207
Bank overdraft	-	-	-
	4,233	1,887	6,120
		31.03.2022	31.03.2021
		%	%
The weighted average interest rate are as follows:			
Finance lease payables		3.32	3.27
Term loans		4.14	4.05
Bank overdraft		6.10	-
Proportion of borrowings between:			
Fixed interest rates		6%	80%
Floating interest rates		94%	20%

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 12 Months Ended 31 March 2022

B12) Earnings/(Loss) per Share

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

	Individual Quarter		Cumulative Quarter	
	3 Months Ended	3 Months Ended	12 Months Ended	12 Months Ended
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
(a) Basis earnings per share				
Profit/(Loss) attributable to the owners of the Company (RM'000)	(114,793)	1,798	(128,177)	(20,530)
Weighted average number of ordinary shares in issue ('000)	5,537,731	4,227,893	4,867,645	2,615,609
Basic earnings/(loss) per share (sen)	(2.07)	0.04	(2.63)	(0.78)
(b) Diluted earnings/(loss) per share				
Profit/(Loss) attributable to the owners of the Company (RM'000)	(114,793)	1,798	(128,177)	(20,530)
Weighted average number of ordinary shares in issue ('000)	5,537,731	4,227,893	4,867,645	2,615,609
Adjusted for Warrants C ('000)	-	345,927	-	-
Adjusted for share options ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	5,537,731	4,573,820	4,867,645	2,615,609
Diluted earnings/(loss) per share (sen)	(2.07)	0.04	(2.63)	(0.78)

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 31 May 2022 by the Board of Directors.