



AT SYSTEMATIZATION BERHAD

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

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



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

	(Unaudited) As At 31.12.2022 RM '000	(Audited) As At 31.03.2022 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	140,938	143,324
Right-of-use assets	33,737	33,287
Investment in associates	109,211	99,756
Marketable securities	12,596	5,056
	296,482	281,423
Current assets		
Inventories	22,593	40,520
Trade receivables	10,844	7,592
Other receivables, deposits and prepayments	23,893	27,449
Tax assets	196	197
Money market instruments	15,524	16,038
Cash and bank balances	76,222	92,516
	149,272	184,312
TOTAL ASSETS	445,754	465,735
EQUITY AND LIABILITIES		
Equity		
Share capital	480,444	478,425
Share option reserve	27	295
Warrant reserve	9,261	9,261
Translation reserve	671	428
Revaluation reserve	5,630	5,344
Accumulated losses	(181,773)	(160,414)
Total equity	314,260	333,339
Liabilities		
Non-current liabilities		
Finance lease payables	3,065	2,893
Lease liabilities	-	21
Bank borrowings	6,511	7,963
	9,576	10,877
Current liabilities		
Trade payables	7,396	7,382
Other payables & deposits	43,679	43,098
Contract liabilities	485	1,954
Finance lease payables	2,156	1,923
Lease liabilities	27	26
Bank borrowings	68,175	67,136
	121,918	121,519
Total liabilities	131,494	132,396
TOTAL EQUITY AND LIABILITIES	445,754	465,735
Net assets per share (Sen)	5.24	5.64

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Comprehensive Income
For the Period Ended 31 December 2022

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2022 RM '000	31.12.2021 RM '000	31.12.2022 RM '000	31.12.2021 RM '000
Revenue	16,426	15,783	50,227	64,741
Cost of sales	(19,785)	(15,007)	(64,786)	(52,209)
Gross profit/(loss)	(3,359)	776	(14,559)	12,532
Other income	4,454	13	2,474	19,297
Administrative and general expenses	(4,306)	(4,162)	(11,333)	(12,708)
Selling and distribution expenses	(14)	(116)	(112)	(192)
	(4,320)	(4,278)	(11,445)	(12,900)
Other expenses	(135)	(6,571)	(4,186)	(12,559)
Profit/(Loss) from operations	(3,360)	(10,060)	(27,716)	6,370
Finance costs	(993)	(794)	(2,822)	(1,203)
Share of profit/(loss) of associates	6,787	(2,998)	9,194	(18,540)
Profit/(Loss) before tax	2,434	(13,852)	(21,344)	(13,373)
Taxation	(4)	(9)	(15)	(9)
Profit/(Loss) for the period	2,430	(13,861)	(21,359)	(13,382)
Attributable to:-				
Owners of the Company	2,430	(13,861)	(21,359)	(13,382)
Non-controlling interests	-	-	-	-
	2,430	(13,861)	(21,359)	(13,382)
Earnings/(Loss) per share attributable to owners of the Company (sen)				
- Basic	0.04	(0.27)	(0.36)	(0.29)
- Diluted	0.04	(0.27)	(0.36)	(0.29)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial period year 31 March 2022 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Comprehensive Income
For the Period Ended 31 December 2022

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2022 RM '000	31.12.2021 RM '000	31.12.2022 RM '000	31.12.2021 RM '000
Profit/(Loss) for the period	2,430	(13,861)	(21,359)	(13,382)
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 associates	582	547	261	273
Total comprehensive (loss)/profit for the financial period	3,012	(13,314)	(21,098)	(13,109)
Attributable to:-				
Owners of the Company	3,012	(13,314)	(21,098)	(13,109)
Non-controlling interests	-	-	-	-
Total comprehensive (loss)/profit for the period	3,012	(13,314)	(21,098)	(13,109)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial report.



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

	<----- Attributable to Owners of the Company ----->						
	<----- Non-Distributable ----->						
	Share Capital RM '000	Share Option Reserve RM '000	Revaluation Reserve RM '000	Warrant Reserve RM '000	Translation Reserve RM '000	Accumulated Losses RM '000	Total Equity RM '000
Unaudited							
At 1 April 2022	478,425	295	5,344	9,261	428	(160,414)	333,339
Profit/(Loss) for the financial period	-	-	-	-	-	(21,359)	(21,359)
Other comprehensive loss for the financial period	-	(268)	286	-	243	-	261
Total comprehensive income/(loss) for the period	-	(268)	286	-	243	(21,359)	(21,098)
Transactions with owners							
Share-based payments	-	301	-	-	-	-	301
Exercise of share options	2,019	(301)	-	-	-	-	1,718
Total transactions with owners	2,019	-	-	-	-	-	2,019
At 31 December 2022	480,444	27	5,630	9,261	671	(181,773)	314,260



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

	←----- Attributable to Owners of the Company ----->						
	←----- Non-Distributable ----->						
	Share Capital RM '000	Share Option Reserve RM '000	Revaluation Reserve RM '000	Warrant Reserve RM '000	Translation Reserve RM '000	Accumulated Losses RM '000	Total Equity RM '000
Audited							
At 1 April 2021	392,934	-	-	9,261	-	(32,425)	369,770
Profit/(Loss) for the financial period	-	-	-	-	-	(127,932)	(127,932)
Other comprehensive loss for the financial period	-	295	5,344	-	428	(57)	6,010
Total comprehensive income/(loss) for the period	-	295	5,344	-	428	(127,989)	(121,922)
Transactions with owners							
Share-based payments	-	6,051	-	-	-	-	6,051
Exercise of share options	85,491	(6,051)	-	-	-	-	79,440
Total transactions with owners	85,491	-	-	-	-	-	85,491
At 31 March 2022	478,425	295	5,344	9,261	428	(160,414)	333,339

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 2022 and the accompanying explanatory notes attached to the interim financial report.



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

	Current Period To-Date 31.12.2022 (Unaudited) RM'000	Preceding Year Corresponding Period 31.12.2021 (Unaudited) RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	(21,344)	(13,373)
Adjustments for :-		
Gain on bargain purchase from investment in associates	-	(13,615)
Share of (profit)/loss of associates	(9,194)	18,540
(Gain)/loss on dilution of interest in associates	-	4,585
Fair value adjustments on share options	301	4,378
Fair value loss/(gain) on investment in quoted shares	2,510	3,596
Other non-cash and non-operating items	11,565	5,033
Operating (loss)/profit before working capital changes	(16,162)	9,144
Decrease/(Increase) in inventories	17,926	(55,938)
(Increase)/Decrease in receivables	69	(34,288)
Increase/(Decrease) in payables	(866)	25,243
Cash (used in)/generated from operations	967	(55,839)
Net (tax paid)/tax refund	(15)	(49)
Net cash (used in)/from operating activities	952	(55,888)
Cash flows from investing activities		
Distribution income on money market instruments	73	330
Interest income	869	550
Net (investment)/withdrawal in short term fixed deposit	-	(68,875)
Net investment in associates	-	(97,216)
Net investment in quoted shares	(10,050)	(4,712)
Proceeds from disposal of property, plant and equipment	-	3
Purchase of property, plant and equipment	(7,075)	(33,236)
Net cash used in investing activities	(16,183)	(203,156)



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

	Current Period To-Date 31.12.2022 (Unaudited) RM'000	Preceding Year Corresponding Period 31.12.2021 (Unaudited) RM'000
Cash flows from financing activities		
Proceeds from exercise of share options	1,718	68,484
Interest paid	(1,708)	(833)
Net (repayments)/drawdown of finance lease payables	386	324
Drawdown of term loans	-	75,755
Net repayment of term loans	(1,501)	(1,104)
Net cash from/(used in) financing activities	(1,105)	142,626
Effects of exchange rate changes on cash and cash equivalents	(831)	(666)
Net increase/(decrease) in cash and cash equivalents	(17,167)	(117,084)
Cash and cash equivalents brought forward	39,549	150,684
Cash and cash equivalents carried forward	<u>22,382</u>	<u>33,600</u>
Represented by:-		
Placement of deposits with bank	69,091	68,982
Cash and bank balances	7,131	18,165
Money market instruments	15,524	15,435
Bank overdraft	(273)	-
	<u>91,473</u>	<u>102,582</u>
Less: Deposits pledged with bank	(69,091)	(68,982)
	<u>22,382</u>	<u>33,600</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 2022 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 2022. 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 2022.

A2) Changes in Accounting Policies

Adoption of MFRSs, Amendments to MFRSs and IC Interpretations

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 2022, except for the following which were adopted at the beginning of this quarter:

Amendments to MFRS 1 First-time Adoption of Malaysia Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)

Amendments to MFRS 3 Business Combinations-Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract

Amendments to MFRS 9 Annual Improvements to MFRS Standards 2018-2020

A2) Changes in Accounting Policies (Cont'd)

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
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 an 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 31.12.2022		Cumulative Quarter 9 Months Ended 31.12.2022	
	No. of shares '000	RM '000	No. of shares '000	RM '000
Exercise of share options	-	-	95,413	1,718

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

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

A10) Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter and financial period-to-date other than the de-registration of Yellow Choice Sdn Bhd, a wholly owned dormant subsidiary of the Group with effect on 26 April 2022.

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 RM28,748,000. Total utilisation of these credit facilities as at 31 December 2022 amounted to approximately RM14,618,000.

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

Explanatory Notes Pursuant to Malaysia Financial Reporting Standard 134
For 9 Months Ended 31 December 2022

A12) Capital Commitment

As of 31 December 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	4,252
(ii) Capital expenditure for the Group's fabrication business	6,740
	<u>10,992</u>

A13) Related Party Transactions

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2022 RM '000	31.12.2021 RM '000	31.12.2022 RM '000	31.12.2021 RM '000
Sale to associates	15	-	83	-
Rental income from associates	60	45	160	135

A14) Fair Value Measurements

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

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

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

	<--Fair value of financial instruments-->				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Group - 31.12.2022					
Financial assets					
- Investment in quoted shares	12,596	-	-	-	12,596
- Investment in money market instruments	15,524	-	-	-	15,524
	<u>28,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,120</u>

Explanatory Notes Pursuant to Malaysia Financial Reporting Standard 134
For 9 Months Ended 31 December 2022

A15) Revenue

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2022 RM '000	31.12.2021 RM '000	31.12.2022 RM '000	31.12.2021 RM '000
<u>Fabrication:</u>				
(i) Fabrication of customised parts	12,901	9,418	34,711	20,866
(ii) Servicing charges	36	30	80	103
<u>Sheet metal & automation:</u>				
(i) Sheet metal fabrication	382	261	770	707
(ii) Design & assembly	1,915	774	5,324	1,931
Solar renewable energy	163	170	521	535
Gloves	1,029	5,130	8,821	40,599
	<u>16,426</u>	<u>15,783</u>	<u>50,227</u>	<u>64,741</u>
Goods or services transferred:				
- at a point in time	14,510	14,082	44,902	62,810
- over time	1,916	1,701	5,325	1,931
	<u>16,426</u>	<u>15,783</u>	<u>50,227</u>	<u>64,741</u>

A16) Segmental Information

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

- (a) **Fabrication and automation** – Fabrication of industrial & engineering parts and sheet metal; Design and manufacturing of industrial automation systems and machinery;
- (b) **Renewable energy and property** – Renewable energy operator; Property letting;
- (c) **Gloves** – Manufacturing and sale of medical grade nitrile gloves;
- (d) **Others** – Investment holding and provision of management services to subsidiaries, neither which are of a sufficient size to be reported separately.



Notes to the Unaudited Interim Financial Report
For 9 Months Ended 31 December 2022

A16) Segmental Information (Cont'd)

Cumulative Period Ended 31.12.2022

	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	40,885	521	8,821	-	-	50,227
Inter-segment revenue	-	-	-	1,740	(1,740)	-
Total revenue	40,885	521	8,821	1,740	(1,740)	50,227
Results						
Interest income	7	-	1	1,246	-	1,254
Finance costs	(574)	-	(52)	(2,195)	-	(2,821)
Share of profit/(loss) of associates	-	-	-	9,194	-	9,194
Segment profit/(loss) before tax	(4,536)	470	(24,830)	7,553	-	(21,343)
Taxation	(15)	-	-	-	-	(15)
Segment profit/(loss) after tax	(4,551)	470	(24,830)	7,553	-	(21,358)
Other material non-cash items:						
- Depreciation	(3,161)	(446)	(5,301)	(104)	-	(9,012)
- Unrealised gain/(loss) on foreign exchange	(288)	-	-	(833)	-	(1,121)
- (Allowance)/Reversal for impairment loss on loan & receivables	63	-	-	-	-	63
- Fair value gain/(loss) on quoted shares	(2,510)	-	-	-	-	(2,510)
- Share options expenses	(301)	-	-	-	-	(301)



Notes to the Unaudited Interim Financial Report
For 9 Months Ended 31 December 2022

A16) Segmental Information (Cont'd)

Cumulative Period Ended 31.12.2021

	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	23,607	535	40,599	-	-	64,741
Inter-segment revenue	-	-	-	1,048	(1,048)	-
Total revenue	23,607	535	40,599	1,048	(1,048)	64,741
Results						
Interest income	14	-	-	550	-	564
Finance costs	(362)	-	(8)	(833)	-	(1,203)
Share of profit/(loss) of associates	-	-	-	(18,540)	-	(18,540)
Segment profit/(loss) before tax	(10,675)	172	9,056	(11,926)	-	(13,373)
Taxation	(9)	-	-	-	-	(9)
Segment profit/(loss) after tax	(10,684)	172	9,056	(11,926)	-	(13,382)
Other material non-cash items:						
- Depreciation	(3,299)	(435)	(4,419)	(115)	-	(8,268)
- Unrealised gain/(loss) on foreign exchange	(5)	-	2	(687)	-	(690)
- (Allowance)/Reversal for impairment loss on loan & receivables	2,544	-	-	1,325	-	3,869
- Fair value gain/(loss) on quoted shares	(3,596)	-	-	-	-	(3,596)
- Share options expenses	(4,129)	-	-	(249)	-	(4,378)
- Gain on bargain purchase from investment in associate	-	-	-	13,615	-	13,615
- Loss on dilution of interest in associates	-	-	-	(4,585)	-	(4,585)

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2022

B1) Review of Performance

Individual Period (Quarter 3)	Preceding Year		Changes	
	Current Quarter	Corresponding Quarter		
	31.12.2022 RM '000	31.12.2021 RM '000	RM '000	%
Revenue				
Fabrication and automation	15,233	10,483	4,750	45
Renewable energy and property letting	163	170	(7)	(4)
Gloves	1,030	5,130	(4,100)	(80)
Others	-	-	-	-
	<u>16,426</u>	<u>15,783</u>	643	4
Profit/(Loss) before tax				
Fabrication and automation	5,144	(4,424)	9,568	(216)
Renewable energy and property letting	158	72	86	119
Gloves	(9,508)	17	(9,525)	(56,029)
Others	6,640	(9,517)	16,157	(170)
	<u>2,434</u>	<u>(13,852)</u>	16,286	(118)

Current Quarter

The Group posted revenue of RM16.43 million for the current quarter ended 31 December 2022, representing an increase of 4% as compared to RM15.78 million recorded in the corresponding quarter ended 31 December 2021. The increase in revenue was mainly due to higher revenue in fabrication and automation segment, offset with lower order from sale of medical gloves. Fabrication and automation segment posted higher revenue by RM4.75 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.

Glove segment posted lower revenue by RM4.10 million mainly due to lower average selling price and lower demand from customers. Meanwhile, sale of solar energy to Tenaga Nasional Berhad was consistent at RM 0.2 million.

The Group recorded pre-tax profit of RM2.43 million for the current quarter as compared to RM13.85 million pre-tax loss in the corresponding quarter. Fabrication and automation segment reported higher pre-tax profit by RM9.57 million mainly due to better performance in fabrication segment, coupled with mark-to-market gain on quoted shares of RM4.14 million (Q3 FY2022: RM0.09 million) and lower fair value adjustment on share options of RM Nil (Q3 FY2022: RM1.52 million).

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2022

B1) Review of Performance (Cont'd)

Current Quarter (cont'd)

Renewable energy and property letting segment reported better performance mainly due to additional rental from existing tenant for additional spaces. Glove segment reported pre-tax loss of RM9.51 million for current quarter as compared to RM0.02 million pre-tax profit in the corresponding quarter. Glove segment reported gross loss for the quarter under review as revenue was lower than its cost of sales mainly due to decline in average selling price and lower sales orders from customers.

Other segment reported pre-tax profit of RM6.64 million for current quarter as compared to RM9.52 million pre-tax loss in the corresponding quarter mainly due to higher share of profits in associates of RM6.79 million (Q3 FY2022: RM3.00 million share of losses in associates) and higher interest income of RM0.66 million (Q3 FY2022: RM0.28 million), coupled with the lower loss on dilution of interest in associates of RM Nil (Q3 FY2022: RM4.59 million) and lower corporate exercise expenses of RM Nil (Q3 FY2022: RM0.54 million).

Cumulative Period (Quarter 3)	Preceding Year		Changes	
	Current Year to-date	Corresponding Quarter		
	31.12.2022 RM '000	31.12.2021 RM '000	RM '000	%
Revenue				
Fabrication and automation	40,885	23,607	17,278	73
Renewable energy and property letting	521	535	(14)	(3)
Gloves	8,821	40,599	(31,778)	(78)
Others	-	-	-	-
	50,227	64,741	(14,514)	(22)
(Loss)/Profit before tax				
Fabrication and automation	(4,536)	(10,675)	6,139	(58)
Renewable energy and property letting	470	172	298	173
Gloves	(24,830)	9,056	(33,886)	(374)
Others	7,553	(11,926)	19,479	(163)
	(21,343)	(13,373)	(7,970)	60

Cumulative Period

The Group posted revenue of RM50.23 million for the cumulative quarter ended 31 December 2022, which was 22% lower than RM64.74 million recorded in the corresponding cumulative quarter ended 31 December 2021.



B1) Review of Performance (Cont'd)

Cumulative Period (Cont'd)

The decrease in revenue was mainly due to lower order from the sale of medical gloves which was down by RM31.78 million during the period under review as a result of lower average selling price and lower demand from customers. The decrease in gloves revenue, was however offset with the increase in revenue from fabrication and automation segment which was up by RM17.28 million. Fabrication and automation segment posted higher revenue 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.

Meanwhile, sale of solar energy was consistent at RM0.53 million.

The Group recorded pre-tax loss of RM21.34 million for the cumulative quarter ended 31 December 2022 as compared to pre-tax loss of RM13.37 million in the corresponding cumulative quarter. Fabrication and automation segment reported lower pre-tax loss by RM6.14 million mainly due to lower mark-to-market loss on quoted shares of RM2.51 million (Q3 FY2022: RM3.60 million) couple with lower fair value adjustment on share options of RM0.30 million (Q3 FY2022: RM4.13 million). Glove segment reported pre-tax loss of RM24.83 million for cumulative quarter as compared to RM9.06 million pre-tax profit in the corresponding cumulative quarter mainly due to decrease in the gross profit and gross profit margin in tandem with the decrease in sales volume and lower average selling price of gloves. Other segment reported pre-tax profit of RM7.55 million for the current cumulative quarter as compared to RM11.93 million pre-tax loss in the corresponding cumulative quarter. This was mainly due to RM9.19 million share of profit in associates for Q3 FY2023 (Q3 FY2022: RM18.54 million share of losses in associates), coupled with the lower loss on dilution of interest in associates of RM Nil (Q3 FY2022: RM4.59 million), offset with lower gain on bargain purchase from investment in associate of RM Nil (Q3 FY2022: RM13.62 million).

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2022

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

	Current Quarter	Immediate Preceding Quarter	Changes	
	31.12.2022	30.09.2022	RM '000	%
	RM '000	RM '000	RM '000	%
Revenue				
Fabrication and automation	15,233	14,047	1,186	8
Renewable energy and property letting	163	177	(14)	(8)
Gloves	1,030	1,462	(432)	(30)
Others	-	-	-	-
	<u>16,426</u>	<u>15,686</u>	740	5
Profit/(Loss) before tax				
Fabrication and automation	5,144	(4,017)	9,161	228
Renewable energy and property letting	158	157	1	1
Gloves	(9,508)	(8,584)	(924)	11
Others	6,640	2,294	4,346	189
	<u>2,434</u>	<u>(10,150)</u>	12,584	124

Q3 FY2023 vs Q2 FY2023

The Group posted revenue of RM16.43 million for the current quarter ended 31 December 2022, representing an increase of 5% as compared RM15.69 million recorded in the preceding quarter ended 30 September 2022. Fabrication and automation segment reported higher sales mainly due to higher orders from textile machines maker, coupled with higher orders for vending machines delivered in sheet metal & automation business. Glove segment reported lower sales of medical gloves on the back of lower average selling price for gloves and lower units sold. Sale of solar energy was slightly lower due to unfavorable weather.

The Group recorded pre-tax profit of RM2.43 million for the current quarter as compared pre-tax loss of RM10.15 million recorded in the preceding quarter. Fabrication and automation segment reported higher pre-tax profit by RM9.16 million mainly due to better operational performance coupled with mark-to-market gain on quoted shares of RM4.14 million (Q2 FY2023: RM3.92 million mark-to-market loss on quoted shares). Gloves segment reported higher pre-tax loss by RM0.9 million in Q3 FY2023 on the back of lower margin and units sold. Other segment reported higher pre-tax profit by RM4.35 million mainly due to higher share of profit in associates of RM6.79 million (Q2 FY 2023: RM2.98 million).



B3) Prospects

Fabrication and automation business

The manufacturing sector is forecasted to rebound 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.

The Group has achieved RM43.73 million unaudited revenue as of to-date. Judging from the remaining backlog orders to be delivered amounting to RM19.15 million, the Group expects the coming FY2023 annual revenue from this segment will be better than RM35.53 million achieved in FY2022.

Glove business

In the near term, the glove business outlook is expected to be challenging in view of the normalisation of gloves demand, declining glove average selling prices and rising production cost structure. The Group shall focus its efforts on securing new large orders, improving utilisation rate of production lines and placing greater emphasis on cost management to ensure that the Group's performance is improving.

At the moment, the Group has 10 production lines with annual capacity of 2 billion pieces of gloves. Thus far, the Group has obtained relevant certifications, licenses and qualifications, including CE marking certification and US FDA 510(k) certification. Recently, the Group also obtained halal certificate from the Department of Islamic Development Malaysia to ensure the gloves meet the Halal compliance for the Muslim community whilst protecting the health and safety of the public. 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 gradually.

Over the longer-term, glove demand is expected to remain on a growth path as a result of a shift in glove usage due to higher healthcare standards and hygiene awareness in both the medical and non-medical sectors. The Group remains positive on the glove industry and will continue to focus efforts on transformation into automation to increase productivity and efficiency.

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 2022.

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2022

B6) Profit/(Loss) Before Tax

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2022 RM '000	31.12.2021 RM '000	31.12.2022 RM '000	31.12.2021 RM '000
Included in the profit/(loss) before tax is after charging/(crediting):-				
Property, plant & equipment:-				
(i) Depreciation	2,565	2,405	7,655	6,759
(ii) (Gain)/Loss on disposal	-	(1)	-	(1)
Right-of-use assets:-				
(i) Depreciation	454	534	1,357	1,509
Fair value (gain)/loss on quoted shares	(4,136)	92	2,510	3,596
(Reversal of)/Allowance for impairment loss on loan & receivables	(32)	86	(63)	(3,869)
Rental income	(153)	(138)	(464)	(414)
Interest income	(665)	(287)	(1,254)	(564)
Interest expense	992	794	2,821	1,203
Rental expense of premises	(15)	171	129	380
Loss/(Gain) on foreign exchange:				
- realised	(90)	63	(341)	(140)
- unrealised	771	(113)	1,121	690
Share options expenses	-	1,894	301	4,378

B7) Taxation

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2022 RM '000	31.12.2021 RM '000	31.12.2022 RM '000	31.12.2021 RM '000
Corporate tax income/(expense)	(4)	(9)	(15)	(9)
Deferred tax income/(expense)	-	-	-	-
	(4)	(9)	(15)	(9)

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.

Based on an illustrative issue price of RM0.0185 per placement share, the proceeds from the Proposed Private Placement are expected to be utilised as follows:

Utilisation of proceeds	Expected timeframe for utilisation from completion of Proposed Private Placement	Amount (RM'000)
(i) Repayment of bank borrowings	Within 12 months	9,165
(ii) Working capital	Within 12 months	2,733
Total		11,898

On 19 October 2022, TA Securities, on behalf of the Company announced that Bursa Securities had, vide its letter dated 19 October 2022, resolved to grant the Company an extension of time until 10 April 2023 to implement the Proposed Private Placement.



B8) Status of Corporate Proposals (Cont'd)

- 2) On 26 June 2020, AT Glove Engineering Sdn. Bhd. (“AGESB”), a wholly-owned subsidiary of the Group entered into a Share Sale Agreement (“SSA”) 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 (“PGSB”), for a total purchase consideration of RM22 million to be satisfied entirely by cash (“Proposed Acquisition”).

Pursuant to the SSA, AGESB had paid a deposit and advances totaling RM4.4 million. 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. Subsequently,

- (i) On 30 July 2020, the Group 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 Group 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 Group 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 Group 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, and requested for the refund of the deposit and advancement of RM4.4 million. The Vendors have yet to refund the deposit and advancement to the Group.

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.



B9) Material Litigation

Saved as disclosed below, there were no material litigations involving the Group as at the date of this 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.

The trial dates for the case from 5 December 2022 to 7 December 2022 have been subsequently changed to 12 August 2024 to 14 August 2024 by the High Court of Penang.

Explanatory Notes Pursuant to the Listing Requirements
 For 9 Months Ended 31 December 2022

B10) Borrowings and Debts Securities

	Non-Current RM '000	Current RM '000	Total RM '000
As at 31.12.2022			
<u>Secured</u>			
Finance lease payables	3,065	2,156	5,221
Term loans	6,511	2,052	8,563
Revolving credit	-	65,850	65,850
Bank overdraft	-	273	273
	9,576	70,331	79,907
As at 31.12.2021			
<u>Secured</u>			
Finance lease payables	3,459	1,797	5,256
Term loans	8,349	1,683	10,032
Revolving credit	-	65,826	65,826
Bank overdraft	-	-	-
	11,808	69,306	81,114
		31.12.2022	31.12.2021
		%	%
The weighted average interest rate are as follows:			
Finance lease payables		3.33	3.32
Term loans		4.93	4.06
Revolving credit		4.15	4.07
Bank overdraft		7.10	-
		7.10	-
Proportion of borrowings between:			
Fixed interest rates		7%	6%
Floating interest rates		93%	94%
		93%	94%

All the Group's borrowings are denominated in RM.

B11) Dividend

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

Explanatory Notes Pursuant to the Listing Requirements
For 9 Months Ended 31 December 2022

B12) Earnings/(Loss) per Share

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
(a) Basis earnings per share				
Profit/(Loss) attributable to the owners of the Company (RM'000)	2,430	(13,861)	(21,359)	(13,382)
Weighted average number of ordinary shares in issue ('000)	6,000,622	5,192,611	5,994,724	4,665,309
Basic earnings/(loss) per share (sen)	0.04	(0.27)	(0.36)	(0.29)
(b) Diluted earnings/(loss) per share				
Profit/(Loss) attributable to the owners of the Company (RM'000)	2,430	(13,861)	(21,359)	(13,382)
Weighted average number of ordinary shares in issue ('000)	6,000,622	5,192,611	5,994,724	4,665,309
Adjusted for Warrants C ('000)	-	-	-	-
Adjusted for share options ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	6,000,622	5,192,611	5,994,724	4,665,309
Diluted earnings/(loss) per share (sen)	0.04	(0.27)	(0.36)	(0.29)

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 27 February 2023 by the Board of Directors.