



AT SYSTEMATIZATION BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**



Unaudited Condensed Consolidated Statements of Financial Position
As At 30 June 2023

	(Unaudited) As At 30.06.2023 RM '000	(Audited) As At 31.03.2023 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	121,214	123,765
Right-of-use assets	28,701	25,972
Investment in associates	85,987	88,682
Marketable securities	9,143	11,565
Receivables, deposits and prepayments	4,325	4,325
	249,370	254,309
Current assets		
Inventories	8,025	9,303
Trade receivables	6,319	7,253
Other receivables, deposits and prepayments	4,392	4,738
Tax assets	302	252
Money market instruments	16,063	21,097
Cash and bank balances	40,912	39,326
	76,013	81,969
Assets held for sale	18,669	18,636
	94,682	100,605
TOTAL ASSETS	344,052	354,914
EQUITY AND LIABILITIES		
Equity		
Share capital	487,943	480,444
Share option reserve	35	35
Warrant reserve	9,261	9,261
Translation reserve	801	1,191
Revaluation reserve	6,524	5,630
Accumulated losses	(249,019)	(239,283)
Total equity	255,545	257,278
Liabilities		
Non-current liabilities		
Finance lease payables	4,619	2,725
Lease liabilities	1,130	1,307
Bank borrowings	918	6,309
	6,667	10,341
Current liabilities		
Trade payables	6,276	5,803
Other payables & deposits	41,171	46,225
Contract liabilities	485	485
Finance lease payables	2,291	1,965
Lease liabilities	718	723
Bank borrowings	30,899	32,094
	81,840	87,295
Total liabilities	88,507	97,636
TOTAL EQUITY AND LIABILITIES	344,052	354,914
Net assets per share (Sen)	3.77	4.29

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Comprehensive Income
For the Period Ended 30 June 2023

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30.06.2023 RM '000	30.06.2022 RM '000	30.06.2023 RM '000	30.06.2022 RM '000
Revenue	9,792	18,115	9,792	18,115
Cost of sales	(11,260)	(23,985)	(11,260)	(23,985)
Gross profit/(loss)	(1,468)	(5,870)	(1,468)	(5,870)
Other income	1,464	514	1,464	514
Administrative and general expenses	(2,991)	(3,740)	(2,991)	(3,740)
Selling and distribution expenses	(47)	(68)	(47)	(68)
	(3,038)	(3,808)	(3,038)	(3,808)
Net (loss)/gain of impairment on financial instruments	(2,424)	(2,723)	(2,424)	(2,723)
Other expenses	(480)	(301)	(480)	(301)
Profit/(Loss) from operations	(5,946)	(12,188)	(5,946)	(12,188)
Finance costs	(588)	(867)	(588)	(867)
Share of profit/(loss) of associates	(3,199)	(573)	(3,199)	(573)
Profit/(Loss) before tax	(9,733)	(13,628)	(9,733)	(13,628)
Taxation	(3)	(6)	(3)	(6)
Profit/(Loss) for the period	(9,736)	(13,633)	(9,736)	(13,633)
Attributable to:-				
Owners of the Company	(9,736)	(13,633)	(9,736)	(13,633)
Non-controlling interests	-	-	-	-
	(9,736)	(13,633)	(9,736)	(13,633)
Earnings/(Loss) per share attributable to owners of the Company (sen)				
- Basic	(0.14)	(0.23)	(0.14)	(0.23)
- Diluted	(0.14)	(0.23)	(0.14)	(0.23)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial period year 31 March 2023 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Comprehensive Income
For the Period Ended 30 June 2023

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30.06.2023 RM '000	30.06.2022 RM '000	30.06.2023 RM '000	30.06.2022 RM '000
Profit/(Loss) for the period	(9,736)	(13,633)	(9,736)	(13,633)
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	505	(74)	505	(74)
Total comprehensive (loss)/profit for the financial period	(9,231)	(13,707)	(9,231)	(13,707)
Attributable to:-				
Owners of the Company	(9,231)	(13,707)	(9,231)	(13,707)
Non-controlling interests	-	-	-	-
Total comprehensive (loss)/profit for the period	(9,231)	(13,707)	(9,231)	(13,707)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Changes in Equity
As At 30 June 2023

	←----- 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 2023	480,444	35	5,630	9,261	1,191	(239,283)	257,278
Profit/(Loss) for the financial period	-	-	-	-	-	(9,736)	(9,736)
Other comprehensive loss for the financial period	-	-	894	-	(390)	-	504
Total comprehensive income/(loss) for the period	-	-	894	-	(390)	(9,736)	(9,232)
Transactions with owners							
Proceeds from private placement	5,461	-	-	-	-	-	5,461
Share issuance expenses	(108)	-	-	-	-	-	(108)
Share-based payments	-	478	-	-	-	-	478
Exercise of share options	2,146	(478)	-	-	-	-	1,668
Total transactions with owners	7,499	-	-	-	-	-	7,499
At 30 June 2023	487,943	35	6,524	9,261	801	(249,019)	255,545



Unaudited Condensed Consolidated Statements of Changes in Equity
As At 30 June 2023

	←----- 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
<u>Audited</u>							
At 1 April 2022 (Restated)	478,425	295	5,344	9,261	427	(156,538)	337,214
Profit/(Loss) for the financial period	-	-	-	-	-	(82,745)	(82,745)
Other comprehensive loss for the financial period	-	(260)	286	-	764	-	790
Total comprehensive income/(loss) for the period	-	(260)	286	-	764	(82,745)	(81,955)
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 March 2023	480,444	35	5,630	9,261	1,191	(239,283)	257,278

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 2023 and the accompanying explanatory notes attached to the interim financial report.



Unaudited Condensed Consolidated Statements of Cash Flows
For the Period Ended 30 June 2023

	Current Period To-Date 30.06.2023 (Unaudited) RM'000	Preceding Year Corresponding Period 30.06.2022 (Unaudited) RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	(9,733)	(13,628)
Adjustments for :-		
Share of (profit)/loss of associates	3,199	573
Fair value adjustments on share options	478	301
Fair value loss/(gain) on investment in quoted shares	2,423	2,723
Other non-cash and non-operating items	4,122	3,946
Operating profit/(loss) before working capital changes	489	(6,085)
Decrease/(Increase) in inventories	1,278	6,540
(Increase)/Decrease in receivables	(1,113)	(2,290)
Increase/(Decrease) in payables	(2,087)	(163)
Cash (used in)/generated from operations	(1,433)	(1,998)
Net (tax paid)/tax refund	(53)	(23)
Net cash (used in)/from operating activities	(1,486)	(2,021)
Cash flows from investing activities		
Distribution income on money market instruments	63	3
Interest income	4	6
Net (investment)/withdrawal in short term fixed deposit	(560)	-
Net investment in quoted shares	-	(10,050)
Purchase of property, plant and equipment	(630)	(4,427)
Net cash used in investing activities	(1,123)	(14,468)



Unaudited Condensed Consolidated Statements of Cash Flows
For the Period Ended 30 June 2023

	Current Period To-Date 30.06.2023 (Unaudited) RM'000	Preceding Year Corresponding Period 30.06.2022 (Unaudited) RM'000
Cash flows from financing activities		
Proceeds from exercise of share options	1,669	1,717
Proceeds from private placement	5,461	-
Share issuance expenses	(108)	-
Interest paid	(445)	(195)
Net (repayments)/drawdown of finance lease payables	(846)	1,348
Net repayment of term loans	(6,637)	(404)
Net cash (used in)/from financing activities	(906)	2,466
Effects of exchange rate changes on cash and cash equivalents	(427)	(192)
Net increase/(decrease) in cash and cash equivalents	(3,942)	(14,215)
Cash and cash equivalents brought forward	26,404	39,549
Cash and cash equivalents carried forward	<u>22,462</u>	<u>25,334</u>
Represented by:-		
Placement of deposits with bank	34,513	68,983
Cash and bank balances	6,399	9,816
Money market instruments	16,063	15,791
Bank overdraft	-	(273)
	<u>56,975</u>	<u>94,317</u>
Less: Deposits pledged with bank	(34,513)	(68,983)
	<u>22,462</u>	<u>25,334</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 2023 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 Malaysian 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 2023. 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 2023.

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 2023, except for the following which were adopted at the beginning of this quarter:

	Effective for annual periods beginning on or after
MFRSs/Amendments to MFRSs	
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2 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 17 Initial Application of MFRS 9 and MFRS 17 -Comparative Information	1 January 2023

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
Amendments to MFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 101 Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further noticed

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 30.06.2023		Cumulative Quarter 3 Months Ended 30.06.2023	
	No. of shares '000	RM '000	No. of shares '000	RM '000
Exercise of share options	185,420	1,669	185,420	1,669

- 2) On 3 April 2023, the Company completed a Private Placement following the listing and quotation of 600,062,000 Placement Shares on the ACE Market of Bursa Securities. Total cash proceeds of RM5.46 million was raised and fully utilised for repayment of bank borrowings.

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.

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 RM31,989,000. Total utilisation of these credit facilities as at 30 June 2023 amounted to approximately RM10,883,000. There were no material contingent assets to be disclosed as at the date of this report.

A12) Capital Commitment

As of 30 June 2023, 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	3,940
(ii) Capital expenditure for the Group's fabrication business	-
	<u>3,940</u>

A13) Related Party Transactions

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30.06.2023 RM '000	30.06.2022 RM '000	30.06.2023 RM '000	30.06.2022 RM '000
Purchases from associates	45	-	45	-
Sale to associates	6	41	6	41
Rental income from associates	60	45	60	45
Rental expense to associates	202	-	202	-



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 - 30.06.2023					
Financial assets					
- Investment in quoted shares	9,143	-	-	-	9,143
- Investment in money market instruments	16,063	-	-	-	16,063
	<u>25,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,206</u>

A15) Revenue

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30.06.2023 RM '000	30.06.2022 RM '000	30.06.2023 RM '000	30.06.2022 RM '000
<u>Fabrication:</u>				
(i) Fabrication of customised parts	9,207	10,447	9,207	10,447
(ii) Servicing charges	28	33	28	33
<u>Sheet metal & automation:</u>				
(i) Sheet metal fabrication	96	190	96	190
(ii) Design & assembly	-	935	-	935
Solar renewable energy	188	181	188	181
Gloves	273	6,329	273	6,329
	<u>9,792</u>	<u>18,115</u>	<u>9,792</u>	<u>18,115</u>
Goods or services transferred:				
- at a point in time	9,792	17,180	9,792	17,180
- over time	-	935	-	935
	<u>9,792</u>	<u>18,115</u>	<u>9,792</u>	<u>18,115</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 2023

A16) Segmental Information (Cont'd)

Cumulative Period Ended 30.06.2023

	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	9,331	188	273	-	-	9,792
Inter-segment revenue	-	-	-	390	(390)	-
Total revenue	9,331	188	273	390	(390)	9,792
Results						
Interest income	2	-	-	204	-	206
Finance costs	(159)	-	(1)	(428)	-	(588)
Share of profit/(loss) of associates	-	-	-	(3,199)	-	(3,199)
Segment profit/(loss) before tax	(4,381)	172	(2,536)	(2,988)	-	(9,733)
Taxation	(3)	-	-	-	-	(3)
Segment profit/(loss) after tax	(4,384)	172	(2,536)	(2,988)	-	(9,736)
Other material non-cash items:						
- Depreciation	(1,242)	(135)	(1,826)	(15)	-	(3,218)
- Unrealised gain/(loss) on foreign exchange	105	-	-	694	-	799
- (Impairment loss)/Reversal of impairment (i) loan & receivables	(4)	-	-	-	-	(4)
- Fair value gain/(loss) on quoted shares	(2,423)	-	-	-	-	(2,423)
- Share options expenses	(376)	-	-	(102)	-	(478)



Notes to the Unaudited Interim Financial Report
For 3 Months Ended 30 June 2023

A16) Segmental Information (Cont'd)

Cumulative Period Ended 30.06.2022

	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	11,605	181	6,329	-	-	18,115
Inter-segment revenue	-	-	-	524	(524)	-
Total revenue	11,605	181	6,329	524	(524)	18,115
Results						
Interest income	3	-	-	279	-	282
Finance costs	(192)	-	(2)	(673)	-	(867)
Share of profit/(loss) of associates	-	-	-	(573)	-	(573)
Segment profit/(loss) before tax	(5,665)	155	(6,738)	(1,380)	-	(13,628)
Taxation	(6)	-	-	-	-	(6)
Segment profit/(loss) after tax	(5,670)	155	(6,737)	(1,380)	-	(13,632)
Other material non-cash items:						
- Depreciation	(1,046)	(149)	(2,061)	(34)	-	(3,290)
- Unrealised gain/(loss) on foreign exchange	127	-	18	(268)	-	(123)
- (Impairment loss)/Reversal of impairment on:						
(i) loan & receivables	49	-	-	-	-	49
- Fair value gain/(loss) on quoted shares	(2,723)	-	-	-	-	(2,723)
- Share options expenses	(301)	-	-	-	-	(301)

Explanatory Notes Pursuant to the Listing Requirements
For 3 Months Ended 30 June 2023

B1) Review of Performance

Individual Period (Quarter 1)	Preceding Year		Changes	
	Current Quarter	Corresponding Quarter		
	30.06.2023 RM '000	30.06.2022 RM '000	RM '000	%
Revenue				
Fabrication and automation	9,331	11,605	(2,274)	(20)
Renewable energy and property letting	188	181	7	4
Gloves	273	6,329	(6,056)	(96)
Others	-	-	-	-
	<u>9,792</u>	<u>18,115</u>	<u>(8,323)</u>	<u>(46)</u>
Profit/(Loss) before tax				
Fabrication and automation	(4,381)	(5,665)	1,284	(23)
Renewable energy and property letting	172	155	17	11
Gloves	(2,536)	(6,738)	4,202	(62)
Others	(2,988)	(1,380)	(1,608)	117
	<u>(9,733)</u>	<u>(13,628)</u>	<u>3,895</u>	<u>(29)</u>

Current Quarter

The Group posted revenue of RM9.79 million for the current quarter ended 30 June 2023, representing a decrease of 46% as compared to RM18.12 million recorded in the corresponding quarter ended 30 June 2022. The decrease in revenue was mainly due to lower order from sale of medical gloves and lower revenue in fabrication and automation segment. Fabrication and automation segment posted lower revenue by RM2.27 million mainly due to:-

- (i) Fabrication business: lower number of orders from contract manufacturers, offset with higher number of orders from textile machines maker.
- (ii) Sheet metal and automation business: lower number of orders in the sheet metal business and lower delivery of vending machines.

Glove segment posted lower revenue by RM6.06 million mainly due to lower average selling price for gloves and lower units sold. Meanwhile, sale of solar energy to Tenaga Nasional Berhad was consistent at RM0.2 million.

The Group recorded pre-tax loss of RM9.73 million for the current quarter as compared to RM13.63 million pre-tax loss in the corresponding quarter. Fabrication and automation segment reported lower pre-tax loss by RM1.28 million mainly due to better operational performance, coupled with lower mark-to-market loss on quoted investments of RM2.42 million (Q1 FY2023: RM2.72 million) and higher gain on disposal of property, plant and equipment of RM0.12 million (Q1 FY2023: RM Nil). Renewable energy and property letting segment reported better performance mainly due to lower depreciation charges.

Explanatory Notes Pursuant to the Listing Requirements
For 3 Months Ended 30 June 2023

B1) Review of Performance (Cont'd)

Current Quarter (cont'd)

Glove segment reported lower pre-tax loss by RM4.20 million mainly due to lower gross loss incurred and lower production costs and fixed overhead. Other segment reported higher pre-tax loss by RM1.61 million mainly due to higher share of losses in associates of RM3.20 million (Q1 FY2023: RM0.57 million share of loss), offset with higher unrealised gain on foreign exchange of RM0.69 million (Q1 FY2023: RM0.27 million unrealised loss) and lower finance cost of RM0.43 million (Q1 FY2023: RM0.67 million).

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

	Current Quarter	Immediate Preceding Quarter	Changes	
	30.06.2023	31.03.2023	RM '000	%
	RM '000	RM '000	RM '000	
Revenue				
Fabrication and automation	9,331	9,440	(109)	(1)
Renewable energy and property letting	188	190	(2)	(1)
Gloves	273	940	(667)	(71)
Others	-	-	-	-
	<u>9,792</u>	<u>10,570</u>	(778)	(7)
Profit/(Loss) before tax				
Fabrication and automation	(4,381)	(3,924)	(457)	(12)
Renewable energy and property letting	172	219	(47)	(21)
Gloves	(2,536)	(31,476)	28,940	(92)
Others	(2,988)	(26,222)	23,234	(89)
	<u>(9,733)</u>	<u>(61,403)</u>	51,670	84

Q1 FY2024 vs Q4 FY2023

The Group posted revenue of RM9.79 million for the current quarter ended 30 June 2023, representing a decrease of 7% as compared to RM10.57 million recorded in the preceding quarter ended 31 March 2023.



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

Q1 FY2024 vs Q4 FY2023 (Cont'd)

Fabrication and automation segment reported lower sales by 1% mainly due to lower orders from contract manufacturers coupled with lower orders for vending machines delivered in sheet metal & automation business, offset with higher order from textile machines maker. Glove segment reported lower sales of medical gloves on the back of lower average selling price for gloves and lower units sold. Meanwhile, sale of solar energy to Tenaga Nasional Berhad was consistent at RM0.2 million.

The Group recorded pre-tax loss of RM9.73 million for the current quarter as compared pre-tax loss of RM61.40 million recorded in the preceding quarter. Fabrication and automation segment reported higher pre-tax loss by RM0.46 million mainly due to higher mark-to-market loss on quoted shares by RM1.39 million, offset with better operational performance and higher gain on disposal of property, plant and equipment of RM0.12 million. Gloves segment reported lower pre-tax loss by RM29.98 million in Q1 FY2024 mainly due to the absence of inventories written down RM 19.30 million and impairment loss on property, plant and equipment of RM15.06 million. Other segment reported lower pre-tax loss by RM23.23 million in Q1 FY2024 mainly due to lower share of losses in associates of RM3.20 million (Q4 FY2023: RM11.95 million) and lower finance cost of RM0.43 million (Q4 FY2023: RM0.67 million), coupled with higher unrealised gain on foreign exchange of RM0.69 million (Q4 FY2023: RM0.22 million unrealised loss). Include in the preceding quarter pre-tax loss was net impairment loss on investment in associates of RM6.89 million and RM6.10 million loss on dilution of interest in associates.

B3) Prospects

Fabrication and automation business

The manufacturing sector is projected to increase by 3.9% in 2023, owing to the expansion in all subsectors despite moderating economic activities. However, there are indications of a gradual moderation in the manufacturing sector, as businesses prepare for ongoing challenges in the months ahead. Malaysian manufacturers are particularly concerned about risks that could impede their recovery and growth in 2023. These risks include pressures on input costs, increased energy expenses, and fluctuations in the value of the Ringgit currency.

The Group will maintain a cautious approach to its manufacturing operations, prioritising operational efficiency to reduce costs and sustain its growth trajectory. In light of the unexpected earthquake in Turkey in February 2023, one of the Group's key customers, whose end customers operate in Turkey, is expected to postpone some of their orders in upcoming months. The Group has been working closely with the customer to manage the necessary adjustments to the order and thus far, there is little impact to the Group. Notwithstanding this, as of to-date, the Group's unaudited revenue for 3 months ended June 2023 plus backlog orders to be delivered recorded at RM26.96 million, representing approximate 53.57% of the segment revenue achieved in FY2023. The Group expects the coming FY2024 revenue from this segment will be better than FY2023.



B3) Prospects(Cont'd)

Glove business

Since venturing into glove-making business in 2020, the Group has set up 10 production lines in its glove manufacturing plant at Chemor, Perak. The Group has also obtained relevant qualifications and certifications including CE marking certification, US FDA 510(k) certification and Halal certificate to be able to compete in the glove market.

In the near term, the glove business outlook continues to be challenging in view of the normalisation of gloves demand, declining glove average selling prices and rising production cost structure. The Group has not been able to secure sufficient orders from customers to sustain its operation. In view of this, the Group is scaling down its glove-making operation and will evaluate various options on the future direction of the glove business, such as leasing the glove-making facilities for rental incomes.

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 2023.



Explanatory Notes Pursuant to the Listing Requirements
For 3 Months Ended 30 June 2023

B6) Profit/(Loss) Before Tax

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30.06.2023 RM '000	30.06.2022 RM '000	30.06.2023 RM '000	30.06.2022 RM '000
Included in the profit/(loss) before tax is after charging/(crediting):-				
Property, plant & equipment:-				
(i) Depreciation	2,577	2,797	2,577	2,797
(ii) (Gain)/Loss on disposal	(118)	-	(118)	-
Right-of-use assets:-				
(i) Depreciation	641	493	641	493
Fair value (gain)/loss on quoted shares	2,423	2,723	2,423	2,723
(Reversal of)/Allowance for impairment loss on loan & receivables	4	(49)	4	(49)
Rental income	(153)	(163)	(153)	(163)
Distribution income on money market instruments	(64)	-	(64)	-
Interest income	(206)	(282)	(206)	(282)
Interest expense	588	867	588	867
Rental expense of premises	21	113	21	113
Loss/(Gain) on foreign exchange:				
- realised	(102)	(159)	(102)	(159)
- unrealised	(799)	123	(799)	123
Share options expenses	478	301	478	301

Explanatory Notes Pursuant to the Listing Requirements
For 3 Months Ended 30 June 2023

B7) Taxation

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30.06.2023 RM '000	30.06.2022 RM '000	30.06.2023 RM '000	30.06.2022 RM '000
Corporate tax income/(expense)	(3)	(6)	(3)	(6)
Deferred tax income/(expense)	-	-	-	-
	<u>(3)</u>	<u>(6)</u>	<u>(3)</u>	<u>(6)</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

There was 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.

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

Explanatory Notes Pursuant to the Listing Requirements
For 3 Months Ended 30 June 2023

B10) Borrowings and Debts Securities

	Non-Current RM '000	Current RM '000	Total RM '000
As at 30.06.2023			
<u>Secured</u>			
Finance lease payables	4,619	2,291	6,910
Term loans	918	763	1,681
Revolving credit	-	30,136	30,136
Bank overdraft	-	-	-
	5,537	33,190	38,727
As at 30.06.2022			
<u>Secured</u>			
Finance lease payables	3,926	2,244	6,170
Term loans	7,360	1,859	9,219
Revolving credit	-	65,850	65,850
Bank overdraft	-	273	273
	11,286	70,226	81,512
		30.06.2023	30.06.2022
		%	%
The weighted average interest rate are as follows:			
Finance lease payables		3.24	3.34
Term loans		5.00	4.26
Revolving credit		5.69	4.15
Bank overdraft		7.35	6.60
Proportion of borrowings between:			
Fixed interest rates		18%	8%
Floating interest rates		82%	92%

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 2023

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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
(a) Basis earnings per share				
Profit/(Loss) attributable to the owners of the Company (RM'000)	(9,736)	(13,633)	(9,736)	(13,633)
Weighted average number of ordinary shares in issue ('000)	6,748,465	5,982,798	6,748,465	5,982,798
Basic earnings/(loss) per share (sen)	<u>(0.14)</u>	<u>(0.23)</u>	<u>(0.14)</u>	<u>(0.23)</u>
(b) Diluted earnings/(loss) per share				
Profit/(Loss) attributable to the owners of the Company (RM'000)	(9,736)	(13,633)	(9,736)	(13,633)
Weighted average number of ordinary shares in issue ('000)	6,748,465	5,982,798	6,748,465	5,982,798
Adjusted for Warrants C ('000)	-	-	-	-
Adjusted for share options ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	<u>6,748,465</u>	<u>5,982,798</u>	<u>6,748,465</u>	<u>5,982,798</u>
Diluted earnings/(loss) per share (sen)	<u>(0.14)</u>	<u>(0.23)</u>	<u>(0.14)</u>	<u>(0.23)</u>

Notes:

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

B13) Authorisation for Issue

The interim financial report was authorised for issue on 30 August 2023 by the Board of Directors.