



AT SYSTEMATIZATION BERHAD

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

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



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

	(Unaudited) As At 30.09.2023 RM '000	(Audited) As At 31.03.2023 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	119,187	123,765
Right-of-use assets	28,033	25,972
Investment in associates	81,086	88,682
Marketable securities	10,477	11,565
Receivables, deposits and prepayments	4,325	4,325
	243,108	254,309
Current assets		
Inventories	8,061	9,303
Trade receivables	7,887	7,253
Other receivables, deposits and prepayments	4,102	4,738
Tax assets	302	252
Money market instruments	18,022	21,097
Cash and bank balances	6,903	39,326
	45,277	81,969
Assets held for sale	18,636	18,636
	63,913	100,605
TOTAL ASSETS	307,021	354,914
EQUITY AND LIABILITIES		
Equity		
Share capital	487,943	480,444
Share option reserve	-	35
Warrant reserve	9,261	9,261
Translation reserve	373	1,191
Revaluation reserve	6,524	5,630
Accumulated losses	(254,719)	(239,283)
Total equity	249,382	257,278
Liabilities		
Non-current liabilities		
Finance lease payables	4,288	2,725
Lease liabilities	953	1,307
Bank borrowings	1,231	6,309
	6,472	10,341
Current liabilities		
Trade payables	7,670	5,803
Other payables & deposits	38,707	46,225
Contract liabilities	485	485
Finance lease payables	1,989	1,965
Lease liabilities	713	723
Bank borrowings	1,603	32,094
	51,167	87,295
Total liabilities	57,639	97,636
TOTAL EQUITY AND LIABILITIES	307,021	354,914
Net assets per share (Sen)	3.67	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 September 2023

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30.09.2023 RM '000	30.09.2022 RM '000	30.09.2023 RM '000	30.09.2022 RM '000
Revenue	9,720	15,686	19,512	33,801
Cost of sales	(9,286)	(21,016)	(20,546)	(45,001)
Gross profit/(loss)	434	(5,330)	(1,034)	(11,200)
Other income	381	(2,494)	1,846	(1,980)
Administrative and general expenses	(2,939)	(3,286)	(5,931)	(7,026)
Selling and distribution expenses	(13)	(30)	(59)	(98)
	(2,952)	(3,316)	(5,990)	(7,124)
Net (loss)/gain of impairment on financial instruments	1,391	2,723	(1,034)	-
Other expenses	(28)	(3,750)	(508)	(4,051)
Profit/(Loss) from operations	(774)	(12,167)	(6,720)	(24,355)
Finance costs	(486)	(962)	(1,074)	(1,829)
Share of profit/(loss) of associates	(4,437)	2,980	(7,636)	2,407
Profit/(Loss) before tax	(5,697)	(10,149)	(15,430)	(23,777)
Taxation	(3)	(6)	(6)	(12)
Profit/(Loss) for the period	(5,700)	(10,155)	(15,436)	(23,789)
Attributable to:-				
Owners of the Company	(5,700)	(10,155)	(15,436)	(23,789)
Non-controlling interests	-	-	-	-
	(5,700)	(10,155)	(15,436)	(23,789)
Earnings/(Loss) per share attributable to owners of the Company (sen)				
- Basic	(0.17)	(0.17)	(0.23)	(0.40)
- Diluted	(0.17)	(0.17)	(0.23)	(0.40)

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 September 2023

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30.09.2023 RM '000	30.09.2022 RM '000	30.09.2023 RM '000	30.09.2022 RM '000
Profit/(Loss) for the period	(5,700)	(10,155)	(15,436)	(23,789)
Other comprehensive loss:- Item that will not be reclassified subsequently to profit or loss				
Revaluation increase/ (decrease) on:				
- property, plant and equipment	-	-	-	-
- right-of-use assets	-	-	-	-
Item that may be reclassified subsequently to profit or loss				
Share of other comprehensive income/(loss) of associates	(463)	(247)	41	(321)
Total comprehensive (loss)/profit for the financial period	(6,163)	(10,402)	(15,395)	(24,110)
Attributable to:-				
Owners of the Company	(6,163)	(10,402)	(15,395)	(24,110)
Non-controlling interests	-	-	-	-
Total comprehensive (loss)/profit for the period	(6,163)	(10,402)	(15,395)	(24,110)

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 September 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	-	-	-	-	-	(15,436)	(15,436)
Other comprehensive loss for the financial period	-	(35)	894	-	(818)	-	41
Total comprehensive income/(loss) for the period	-	(35)	894	-	(818)	(15,436)	(15,395)
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 September 2023	487,943	-	6,524	9,261	373	(254,719)	249,382



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

	Current Period To-Date 30.09.2023 (Unaudited) RM'000	Preceding Year Corresponding Period 30.09.2022 (Unaudited) RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	(15,430)	(23,777)
Adjustments for :-		
Share of (profit)/loss of associates	7,636	(2,407)
Fair value adjustments on share options	478	301
Fair value loss/(gain) on investment in quoted shares	1,137	6,646
Other non-cash and non-operating items	5,852	(4,705)
Operating profit/(loss) before working capital changes	(327)	(23,942)
Decrease/(Increase) in inventories	1,242	22,383
(Increase)/Decrease in receivables	30	(4,639)
Increase/(Decrease) in payables	(5,647)	5,711
Cash (used in)/generated from operations	(4,702)	(487)
Net (tax paid)/tax refund	(57)	(41)
Net cash (used in)/from operating activities	(4,759)	(528)
Cash flows from investing activities		
Distribution income on money market instruments	64	40
Interest income	420	566
Net (investment)/withdrawal in short term fixed deposit	29,440	-
Proceeds from disposal of quoted shares	2,864	-
Investment in quoted shares	(2,808)	(10,050)
Proceeds from disposal of property, plant and equipment	118	-
Purchase of property, plant and equipment	(600)	(6,916)
Net cash used in investing activities	29,498	(16,360)



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

	Current Period To-Date 30.09.2023 (Unaudited) RM'000	Preceding Year Corresponding Period 30.09.2022 (Unaudited) RM'000
Cash flows from financing activities		
Proceeds from exercise of share options	1,668	1,718
Proceeds from private placement	5,461	-
Share issuance expenses	(108)	-
Interest paid	(1,208)	(1,585)
Net (repayments)/drawdown of finance lease payables	(1,774)	934
Net repayment of term loans	(35,235)	(999)
Net cash (used in)/from financing activities	(31,196)	68
Effects of exchange rate changes on cash and cash equivalents	730	(564)
Net increase/(decrease) in cash and cash equivalents	(5,727)	(17,384)
Cash and cash equivalents brought forward	26,404	39,549
Cash and cash equivalents carried forward	20,677	22,165
Represented by:-		
Placement of deposits with bank	4,248	68,729
Cash and bank balances	2,655	7,043
Money market instruments	18,022	15,395
Bank overdraft	-	(273)
	24,925	90,894
Less: Deposits pledged with bank	(4,248)	(68,729)
	20,677	22,165

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:

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 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 30.09.2023		Cumulative Quarter 6 Months Ended 30.09.2023	
	No. of shares '000	RM '000	No. of shares '000	RM '000
Exercise of share options	-	-	185,420	1,668

- 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 RM31,068,000. Total utilisation of these credit facilities as at 30 September 2023 amounted to approximately RM9,340,000. There were no material contingent assets to be disclosed as at the date of this report.

A12) Capital Commitment

As of 30 September 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	1,042
(ii) Capital expenditure for the Group's fabrication business	-
	<u>1,042</u>

A13) Related Party Transactions

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30.09.2023 RM '000	30.09.2022 RM '000	30.09.2023 RM '000	30.09.2022 RM '000
Purchases from associates	166	-	211	-
Sale to associates	-	27	6	68
Rental income from associates	60	55	120	100
Rental expense to associates	202	-	404	-



A14) Fair Value Measurements

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

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

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

	<--Fair value of financial instruments-->				Carrying amount RM'000
	carried at fair value			Total RM'000	
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Group - 30.09.2023					
Financial assets					
- Investment in quoted shares	10,477	-	-	-	10,477
- Investment in money market instruments	18,022	-	-	-	18,022
	<u>28,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,499</u>

A15) Revenue

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30.09.2023 RM '000	30.09.2022 RM '000	30.09.2023 RM '000	30.09.2022 RM '000
<u>Fabrication:</u>				
(i) Fabrication of customised parts	9,236	11,363	18,443	21,810
(ii) Servicing charges	31	11	59	44
<u>Sheet metal & automation:</u>				
(i) Sheet metal fabrication	23	162	119	352
(ii) Design & assembly	-	2,510	-	3,445
Solar renewable energy	167	177	355	358
Gloves	263	1,463	536	7,792
	<u>9,720</u>	<u>15,686</u>	<u>19,512</u>	<u>33,801</u>
Goods or services transferred:				
- at a point in time	9,720	13,212	19,512	30,392
- over time	-	2,474	-	3,409
	<u>9,720</u>	<u>15,686</u>	<u>19,512</u>	<u>33,801</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 September 2023

A16) Segmental Information (Cont'd)

Cumulative Period Ended 30.09.2023

	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	18,621	355	536	-	-	19,512
Inter-segment revenue	-	-	-	780	(780)	-
Total revenue	<u>18,621</u>	<u>355</u>	<u>536</u>	<u>780</u>	<u>(780)</u>	<u>19,512</u>
Results						
Interest income	5	-	-	353	-	358
Finance costs	(335)	-	(2)	(736)	-	(1,073)
Share of profit/(loss) of associates	-	-	-	(7,636)	-	(7,636)
Segment profit/(loss) before tax	(3,941)	333	(3,867)	(7,955)	-	(15,430)
Taxation	(6)	-	-	-	-	(6)
Segment profit/(loss) after tax	<u>(3,947)</u>	<u>333</u>	<u>(3,867)</u>	<u>(7,955)</u>	<u>-</u>	<u>(15,436)</u>
Other material non-cash items:						
- Depreciation	(2,504)	(270)	(3,103)	(30)	-	(5,907)
- Unrealised gain/(loss) on foreign exchange	68	-	-	456	-	524
- (Impairment loss)/Reversal of impairment on:						
(i) loan & receivables	(31)	-	-	-	-	(31)
- Fair value gain/(loss) on quoted shares	(1,137)	-	-	-	-	(1,137)
- Share options expenses	(376)	-	-	(102)	-	(478)



Notes to the Unaudited Interim Financial Report
For 6 Months Ended 30 September 2023

A16) Segmental Information (Cont'd)

Cumulative Period Ended 30.09.2022

	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	25,652	358	7,791	-	-	33,801
Inter-segment revenue	-	-	-	1,093	(1,093)	-
Total revenue	25,652	358	7,791	1,093	(1,093)	33,801
Results						
Interest income	5	-	-	584	-	589
Finance costs	(387)	-	(51)	(1,391)	-	(1,829)
Share of profit/(loss) of associates	-	-	-	2,407	-	2,407
Segment profit/(loss) before tax	(9,680)	312	(15,322)	913	-	(23,777)
Taxation	(12)	-	-	-	-	(12)
Segment profit/(loss) after tax	(9,692)	312	(15,322)	913	-	(23,789)
Other material non-cash items:						
- Depreciation	(2,106)	(294)	(3,524)	(69)	-	(5,993)
- Unrealised gain/(loss) on foreign exchange	313	-	-	(663)	-	(350)
- (Impairment loss)/Reversal of impairment on:						
(i) loan & receivables	31	-	-	-	-	31
- Fair value gain/(loss) on quoted shares	(6,646)	-	-	-	-	(6,646)
- Share options expenses	(301)	-	-	-	-	(301)

Explanatory Notes Pursuant to the Listing Requirements
For 6 Months Ended 30 September 2023

B1) Review of Performance

Individual Period (Quarter 2)	Current Quarter	Preceding Year Corresponding Quarter	Changes	
	30.09.2023 RM '000	30.09.2022 RM '000	RM '000	%
Revenue				
Fabrication and automation	9,290	14,047	(4,757)	(34)
Renewable energy and property letting	167	177	(10)	(6)
Gloves	263	1,462	(1,199)	(82)
Others	-	-	-	-
	<u>9,720</u>	<u>15,686</u>	(5,966)	(38)
Profit/(Loss) before tax				
Fabrication and automation	440	(4,016)	4,456	(111)
Renewable energy and property letting	161	157	4	3
Gloves	(1,331)	(8,584)	7,253	(84)
Others	(4,967)	2,294	(7,261)	(317)
	<u>(5,697)</u>	<u>(10,149)</u>	4,452	(44)

Current Quarter

The Group posted revenue of RM9.72 million for the current quarter ended 30 September 2023, representing a decrease of 38% as compared to RM15.69 million recorded in the corresponding quarter ended 30 September 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 RM4.76 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 RM1.20 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 RM5.70 million for the current quarter, representing a decrease of 44% as compared to RM10.15 million pre-tax loss in the corresponding quarter. Fabrication and automation segment reported pre-tax profit of RM0.44 million for the current quarter as compared to pre-tax loss of RM4.02 million in the corresponding quarter mainly due to higher mark-to-market gain on quoted investments of RM1.39 million (Q2 FY2023: RM3.92 million mark-to-market loss), offset by weaker operational performance. Renewable energy and property letting segment reported better performance mainly due to lower depreciation charges.

Explanatory Notes Pursuant to the Listing Requirements
For 6 Months Ended 30 September 2023

B1) Review of Performance (Cont'd)

Current Quarter (cont'd)

Glove segment reported lower pre-tax loss by RM7.25 million mainly due to lower gross loss incurred and lower production costs and fixed overhead. Other segment reported higher pre-tax loss by RM7.26 million mainly due to higher share of losses in associates of RM4.43 million (Q2 FY2023: RM2.98 million share of profits in associates).

Cumulative Period (Quarter 2)	Current Year	Preceding Year		Changes	
	to-date	Corresponding			
	30.09.2023	30.09.2022			
	RM '000	RM '000	RM '000		%
Revenue					
Fabrication and automation	18,621	25,652	(7,031)		(27)
Renewable energy and property letting	355	358	(3)		(1)
Gloves	536	7,791	(7,255)		(93)
Others	-	-	-		-
	<u>19,512</u>	<u>33,801</u>	(14,289)		(42)
(Loss)/Profit before tax					
Fabrication and automation	(3,941)	(9,680)	5,739		(59)
Renewable energy and property letting	333	312	21		7
Gloves	(3,867)	(15,322)	11,455		(75)
Others	(7,955)	913	(8,868)		(971)
	<u>(15,430)</u>	<u>(23,777)</u>	8,347		(35)

Cumulative Period

The Group posted revenue of RM19.51 million for the cumulative quarter ended 30 September 2023, which was 42% lower than RM33.80 million recorded in the corresponding cumulative quarter ended 30 September 2022.

The decrease in revenue was mainly due to lower revenue in fabrication and automation segment and lower order from sale of medical gloves. Fabrication and automation segment posted lower revenue by RM7.03 million mainly due to:-

- (iii) Fabrication business: lower number of orders from contract manufacturers, offset with higher number of orders from textile machines maker.
- (iv) 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 RM7.26 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 RM0.4 million.

Explanatory Notes Pursuant to the Listing Requirements
For 6 Months Ended 30 September 2023

B1) Review of Performance (Cont'd)

Cumulative Period (Cont'd)

The Group recorded pre-tax loss of RM15.06 million for the cumulative quarter ended 30 September 2023, representing a decrease of 35% as compared to pre-tax loss of RM23.78 million in the corresponding cumulative quarter. Fabrication and automation segment reported lower pre-tax loss by RM5.74 million mainly due to lower mark-to-market loss on quoted investments of RM1.03 million (Q2 FY2023: RM6.65 million). Glove segment reported lower pre-tax loss by RM11.46 million mainly due to lower gross loss incurred and lower production costs and fixed overhead. Other segment reported pre-tax loss of RM7.96 million for the current cumulative quarter as compared to RM0.91 million pre-tax profit in the corresponding cumulative quarter. This was mainly due to higher share of losses in associates of RM7.67 million (Q2 FY2023: RM2.41 million share of profits in associates), off-set with lower finance cost of RM Nil (Q2 FY2023: RM0.84 million for revolving credit facility).

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

	Current Quarter	Immediate Preceding Quarter	Changes	
	30.09.2023 RM '000	30.06.2023 RM '000	RM '000	%
Revenue				
Fabrication and automation	9,290	9,331	(41)	(0)
Renewable energy and property letting	167	188	(21)	(11)
Gloves	263	273	(10)	(4)
Others	-	-	-	-
	<u>9,720</u>	<u>9,792</u>	(72)	(1)
Profit/(Loss) before tax				
Fabrication and automation	440	(4,381)	4,821	110
Renewable energy and property letting	161	172	(11)	(6)
Gloves	(1,331)	(2,536)	1,205	(48)
Others	(4,967)	(2,988)	(1,979)	66
	<u>(5,697)</u>	<u>(9,733)</u>	4,036	41

Q2 FY2024 vs Q1 FY2024

The Group posted revenue of RM9.72 million for the current quarter ended 30 September 2023, representing a decrease of 1% as compared to RM9.79 million recorded in the preceding quarter ended 30 June 2023.



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

Q2 FY2024 vs Q1 FY2024 (Cont'd)

Fabrication and automation segment reported lower sales mainly due to lower orders from contract manufacturers and sheet metal business. 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 RM5.70 million for the current quarter, representing a decrease of 41% as compared pre-tax loss of RM9.73 million recorded in the preceding quarter. Fabrication and automation segment reported higher pre-tax profit by RM4.82 million mainly due to higher mark-to-market gain on quoted shares by RM1.29 million (Q1 FY2024: RM 2.42 million mark-to-market loss on quoted shares), coupled with lower fair value adjustment on share options of RM Nil (Q1 FY2024: RM0.48 million).

Gloves segment reported lower pre-tax loss by RM1.21 million in Q2 FY2024 mainly due to lower gross loss incurred and lower production costs and fixed overhead.

Other segment reported higher pre-tax loss by RM1.97 million in Q2 FY2024 mainly due to higher share of losses in associates of RM4.43 million (Q1 FY2024: RM3.20 million) and coupled with higher unrealised loss on foreign exchange of RM0.24 million (Q1 FY2024: RM0.69 million unrealised gain), offset with lower finance cost of RM0.31 million (Q1 FY2024: RM0.43 million).

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. As of to-date, the Group's unaudited revenue for 6 months ended September 2023 plus backlog orders to be delivered recorded at RM34.09 million, representing approximate 67.45% 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 6 Months Ended 30 September 2023

B6) Profit/(Loss) Before Tax

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30.09.2023 RM '000	30.09.2022 RM '000	30.09.2023 RM '000	30.09.2022 RM '000
Included in the profit/(loss) before tax is after charging/(crediting):-				
Property, plant & equipment:-				
(i) Depreciation	2,021	2,293	4,598	5,090
(ii) (Gain)/Loss on disposal	-	-	(118)	-
Right-of-use assets:-				
(i) Depreciation	668	410	1,309	903
Fair value (gain)/loss on quoted shares	(1,286)	3,923	1,137	6,646
(Reversal of)/Allowance for impairment loss on loan & receivables	27	18	31	(31)
Rental income	(174)	(148)	(327)	(311)
Distribution income on money market instruments	(24)	-	(88)	-
Interest income	(152)	(307)	(358)	(589)
Interest expense	485	962	1,073	1,829
Gain on disposal of quoted shares	(104)	-	(104)	-
Rental expense of premises	21	31	42	144
Loss/(Gain) on foreign exchange:				
- realised	(88)	(92)	(190)	(251)
- unrealised	275	227	(524)	350
Share options expenses	-	-	478	301



Explanatory Notes Pursuant to the Listing Requirements
For 6 Months Ended 30 September 2023

B7) Taxation

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30.09.2023 RM '000	30.09.2022 RM '000	30.09.2023 RM '000	30.09.2022 RM '000
Corporate tax income/(expense)	(3)	(6)	(6)	(12)
Deferred tax income/(expense)	-	-	-	-
	<u>(3)</u>	<u>(6)</u>	<u>(6)</u>	<u>(12)</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 31 October 2023, TA Securities Holdings Berhad (“TA Securities”), on behalf of the Company announced that the Company proposes to undertake the following:
 - (i) proposed consolidation of every 30 existing ordinary shares in the Company (“ATS Shares”) held by the shareholders of the Company on an entitlement date to be determined and announced later, into 1 ATS Share (“Proposed Share Consolidation”); and
 - (ii) proposed reduction of the issued share capital of the Company by RM260 million pursuant to Section 116 of the Companies Act 2016 (“Proposed Share Capital Reduction”).

Bursa Securities had, vide its letter dated 23 November 2023, approved the following:

- (i) Proposed Share Consolidation;
- (ii) Listing and quotation of up to 241,838,584 Consolidated Shares (assuming all of the 469,053,650 outstanding Warrants C are exercised into new ATS Shares prior to the implementation of the Proposed Share Consolidation); and
- (iii) Listing and quotation of up to 15,635,121 Consolidated Warrants C (assuming none of the 469,053,650 outstanding Warrants C are exercised prior to the implementation of the Proposed Share Consolidation).

The above are now pending approval from the shareholders at an extraordinary general meeting to be convened.



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 6 Months Ended 30 September 2023

B10) Borrowings and Debts Securities

	Non-Current RM '000	Current RM '000	Total RM '000
As at 30.09.2023			
<u>Secured</u>			
Finance lease payables	4,288	1,989	6,277
Term loans	1,231	1,603	2,834
Revolving credit	-	-	-
Bank overdraft	-	-	-
	5,519	3,592	9,111
As at 30.09.2022			
<u>Secured</u>			
Finance lease payables	3,532	2,231	5,763
Term loans	6,928	1,268	8,196
Revolving credit	-	65,850	65,850
Bank overdraft	-	273	273
	10,460	69,622	80,082
		30.09.2023	30.09.2022
		%	%
The weighted average interest rate are as follows:			
Finance lease payables		3.24	3.34
Term loans		5.24	4.14
Revolving credit		-	4.15
Bank overdraft		7.35	6.85
Proportion of borrowings between:			
Fixed interest rates		69%	7%
Floating interest rates		31%	93%

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 6 Months Ended 30 September 2023

B12) Earnings/(Loss) per Share

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
(a) Basis earnings per share				
Profit/(Loss) attributable to the owners of the Company (RM'000)	(5,700)	(10,155)	(15,436)	(23,789)
Weighted average number of ordinary shares in issue ('000)	3,411,593	5,982,798	6,786,104	5,982,798
Basic earnings/(loss) per share (sen)	<u>(0.17)</u>	<u>(0.17)</u>	<u>(0.23)</u>	<u>(0.40)</u>
(b) Diluted earnings/(loss) per share				
Profit/(Loss) attributable to the owners of the Company (RM'000)	(5,700)	(10,155)	(15,436)	(23,789)
Weighted average number of ordinary shares in issue ('000)	3,411,593	5,982,798	6,786,104	5,982,798
Adjusted for Warrants C ('000)	-	-	-	-
Adjusted for share options ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	<u>3,411,593</u>	<u>5,982,798</u>	<u>6,786,104</u>	<u>5,982,798</u>
Diluted earnings/(loss) per share (sen)	<u>(0.17)</u>	<u>(0.17)</u>	<u>(0.23)</u>	<u>(0.40)</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 November 2023 by the Board of Directors.