

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of AT Systematization Berhad ("ATS" or the "Company"), I hereby present the Annual Report and Audited Financial Statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2024 ("FY2024").



Overview

In 2023, the Malaysia's economic grew by 3.7% (2022: 8.7%) despite facing challenges from weak global demand, disruptions in commodity production and a higher cost of living. The growth was primarily driven by resilient domestic demand and recovery in tourism activities, offsetting the declines in exports. Private sector investments, especially in information technology and electrical and electronics ("E&E"), fueled overall investment activity. In the first quarter of 2024, the economy accelerated further to 4.20% (fourth quarter of 2023 ("4Q 2023"): 2.90%), driven by robust private spending and a rebound in exports amid stronger global demand. The manufacturing sector was lifted by a rebound across both the E&E and non-E&E industries. The stronger growth in the services sector was driven by higher retail trade activities and continued support from the transport and storage subsector.

Financial Highlights

On a full year basis FY2024, the Group revenue registered at RM32.59 million, down by 46% as compared to RM60.80 million in the preceding FY2023. The primary reason for the decline in revenue was the decrease in number of orders from contract manufacturers and textile machines maker in its fabrication and automation segment, coupled with lower orders from sale of medical gloves, attributed to both lower average selling prices and reduced demand from customers.

The Group continues to experience various challenges, including the inflation and supply chain pressures driving up costs in the industry, the normalisation of glove demand and the impact of losses from the associated companies. These factors, coupled with impairment losses on the Group's glove assets, have significantly impacted the Group's financial performance, resulting in a net loss for FY2024. Capitalising the fund-raising exercises in previous financial years, the Group continues to maintain a reasonably healthy balance sheet. As of March 31, 2024, the Group's net gearing further reduce from 0.18 times to 0.08 times.

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Financial Highlights (Cont'd)

During the financial year, the Group has on 12 January 2024 completed its share consolidation exercise involving consolidation of every 30 existing ordinary shares into 1 consolidated share. Arising from this, the Company's ordinary shares of 6,786,103,899 have been consolidated into 226,192,659 Consolidated Shares and the Company's Warrants C of 469,053,650 have been consolidated into 15,634,256 Consolidated Warrants C upon completion of the share consolidation exercise.

Outlook

In 2024, Malaysia's economy is forecasted to grow between 4% to 5%, driven by robust domestic demand and a recovery in external markets. Investment activity will be bolstered by ongoing multi-year projects and government initiatives, though risks persist from weaker global growth and geopolitical tensions. Inflation is expected to remain moderate, reflecting stable demand and controlled costs. The outlook for the rest of the year is dependent on the implementation of domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

Annual General Meeting

The Group shall continue to maintain an online channel participation for this year's Annual General Meeting ("AGM") which has been scheduled on Tuesday, 24 September 2024 at 2:00 p.m. The aim is to achieve a wider reach to shareholders, promote shareholders' participation and foster better interaction and engagement as well as reduce carbon footprint and enhance cost efficiency. All shareholders are welcome to participate in our AGM in which the notice is enclosed in this annual report for your reference and guidance.

Appreciations

In closing, I would like to extend my heartfelt gratitude to our shareholders for their unwavering support and trust over the years. My gratitude to fellow board members for their strategic guidance, our management team for their exemplary leadership, and our employees for their dedication and hard work. Together, we have navigated through challenges and emerged stronger. As we move forward, we remain committed to delivering sustainable growth and creating long-term value for our shareholders.

Yours sincerely,
Dato' Nik Ismail bin Dato' Nik Yusoff
Chairman
25 July 2024