



ATA IMS Berhad
(Formerly known as Denko Industrial Corporation Berhad)
(Company No. 190155-M)
(Incorporated in Malaysia)
and its subsidiaries

Interim Financial Statements
For the Fourth Quarter Ended
31 March 2019

ATA IMS Berhad

(Formerly known as Denko Industrial Corporation Berhad)

(Company No. 190155-M)

(Incorporated in Malaysia)

Interim Financial Statements

For the Fourth Quarter Ended 31 March 2019

<u>Contents</u>	<u>Page</u>
Unaudited Condensed Consolidated Statement of Financial Position	1
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
Unaudited Condensed Consolidated Statement of Changes in Equity	3
Unaudited Condensed Consolidated Statement of Cash Flows	4
Part A Selected explanatory notes pursuant to MFRS 134, Interim Financial Reporting in Malaysia and IAS 34, Interim Financial Reporting	5 - 9
Part B Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia	10 - 14

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(Company No. 190155-M)

(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statement of Financial Position As at 31 March 2019

		31.03.2019 RM'000	31.03.2018 RM'000 (RESTATED)
Assets	Note		
Property, plant and equipment		296,675	208,978
Goodwill		76,414	76,414
Deferred tax assets		-	15
Total non-current assets		<u>373,089</u>	<u>285,407</u>
Inventories		217,878	126,632
Contract assets		44,215	25,127
Trade and other receivables		750,855	500,982
Tax recoverable		-	614
Cash and cash equivalents		270,633	154,828
		<u>1,283,581</u>	<u>808,183</u>
Total assets		<u><u>1,656,670</u></u>	<u><u>1,093,590</u></u>
Equity			
Share capital		1,338,445	1,242,789
Reserves		(1,104,377)	(1,104,241)
Retained earnings		396,033	283,092
Total equity		<u>630,101</u>	<u>421,640</u>
Liabilities			
Loans and borrowings	25	101,862	35,002
Deferred tax liabilities		14,210	6,541
Total non-current liabilities		<u>116,072</u>	<u>41,543</u>
Trade and other payables		646,067	506,486
Loans and borrowings	25	259,931	123,551
Contract liabilities		218	-
Taxation		4,281	-
Derivative financial liabilities		-	370
Total current liabilities		<u>910,497</u>	<u>630,407</u>
Total liabilities		<u>1,026,569</u>	<u>671,950</u>
Total equity and liabilities		<u><u>1,656,670</u></u>	<u><u>1,093,590</u></u>
Net assets per share attributable to the owners of the company (RM)		<u>0.52</u>	<u>0.37</u>

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Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Fourth Quarter Ended 31 March 2019

	Individual 3 months ended 31-Mar		Cumulative 12 months ended 31-Mar	
	2019 RM'000	2018 RM'000 (RESTATED)	2019 RM'000	2018 RM'000 (RESTATED)
Revenue	803,027	600,109	2,908,560	2,306,630
Cost of sales	<u>(746,104)</u>	<u>(567,747)</u>	<u>(2,674,295)</u>	<u>(2,142,449)</u>
Gross profit	56,923	32,362	234,265	164,181
Other income/(Other expenses)	5,347	4,938	2,838	16,008
Distribution expenses	(13,585)	(8,271)	(45,017)	(33,597)
Administrative expenses	<u>(8,706)</u>	<u>(4,735)</u>	<u>(30,353)</u>	<u>(15,577)</u>
Result from operating activities	39,979	24,294	161,733	131,015
Finance income	1,009	939	3,069	2,895
Finance costs	<u>(4,289)</u>	<u>(1,956)</u>	<u>(12,303)</u>	<u>(6,185)</u>
Profit before tax	36,699	23,277	152,499	127,725
Tax expense	<u>(15,490)</u>	<u>(6,551)</u>	<u>(39,558)</u>	<u>(33,723)</u>
Profit for the period	<u>21,209</u>	<u>16,726</u>	<u>112,941</u>	<u>94,002</u>
Other comprehensive income/ (expenses), net of tax				
Foreign currency translation difference for foreign operations	<u>(32)</u>	<u>195</u>	<u>(136)</u>	<u>195</u>
Total comprehensive income for the period	<u>21,177</u>	<u>16,921</u>	<u>112,805</u>	<u>94,197</u>
Profit attributable to:				
Owners of the company	<u>21,209</u>	<u>16,726</u>	<u>112,941</u>	<u>94,002</u>
Total comprehensive income attributable to:				
Owners of the company	<u>21,177</u>	<u>16,921</u>	<u>112,805</u>	<u>94,197</u>
Basic earnings per ordinary share (sen)	<u>1.84</u>	<u>1.52</u>	<u>9.83</u>	<u>8.96</u>
Diluted earnings per ordinary share (sen)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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Unaudited Condensed Consolidated Statement of Changes in Equity For the Fourth Quarter Ended 31 March 2019

	← Attributable to owners of the Company →				
	← Non-distributable →			Distributable	
	Share Capital	Exchange fluctuation reserve	Reverse acquisition reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2018	1,242,789	195	(1,104,436)	280,105	418,653
Effect of adopting MFRS 15				2,987	2,987
At 1 April 2018 (As restated)	1,242,789	195	(1,104,436)	283,092	421,640
Foreign currency translation differences for foreign operations	-	(136)	-	-	(136)
Profit for the period	-	-	-	112,941	112,941
Total comprehensive income for the period	-	(136)	-	112,941	112,805
<i>Contributions by and distributions to owners of the Company</i>					
Arising from reverse acquisition	-	-	-	-	-
Dividends to owners of the company	-	-	-	-	-
Private placement	95,656	-	-	-	95,656
Issued pursuant to acquisition of subsidiaries	-	-	-	-	-
Total transactions with owners of the Company	95,656	-	-	-	95,656
At 31 March 2019	1,338,445	59	(1,104,436)	396,033	630,101
At 1 April 2017	43,354	-	(37,154)	202,178	208,378
Effect of adopting MFRS 15				1,512	1,512
At 1 April 2017 (As restated)	43,354	-	(37,154)	203,690	209,890
Foreign currency translation differences for foreign operations	-	195	-	-	195
Profit for the period	-	-	-	94,002	94,002
Total comprehensive income for the year	-	195	-	94,002	94,197
<i>Contributions by and distributions to owners of the Company</i>					
Arising from reverse acquisition	-	-	(1,067,282)	-	(1,067,282)
Dividends to previous owners of the Company	-	-	-	(14,600)	(14,600)
Private placement	12,515	-	-	-	12,515
Issued pursuant to acquisition of subsidiaries	1,186,920	-	-	-	1,186,920
Total transactions with owners of the Company	1,199,435	-	(1,067,282)	(14,600)	117,553
At 31 March 2018	1,242,789	195	(1,104,436)	283,092	421,640

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**Unaudited Condensed Consolidated Statement of Cash Flows
For the Fourth Quarter Ended 31 March 2019**

	12 months ended 31-Mar	
	2019 RM'000	2018 RM'000 (RESTATED)
Cash flows from operating activities		
Profit/(Loss) before tax	152,499	127,725
Adjustment for:-		
Depreciation	25,342	14,037
Fair value (gain)/ loss on derivative instruments	(370)	370
Finance costs	12,303	6,185
Finance income	(3,069)	(2,895)
(Reversal of)/Impairment loss on:		
- Trade receivables	(69)	(1,060)
Gain on disposal of property, plant and equipment	(346)	(184)
Unrealised loss on foreign exchange	847	1,138
Inventories:		
- Reversal of allowance for slow moving	(2,485)	(2,621)
- Written down to net realisable value	-	276
Operating profit/(loss) before changes in working capital	184,652	142,971
Changes in inventories	(88,761)	2,184
Changes in contract assets	(19,088)	1,828
Changes in trade and other receivables	(250,032)	(70,602)
Changes in trade and other payables	155,659	34,496
Changes in contract liabilities	218	-
Cash generated from/(used in) operations	(17,352)	110,877
Tax Paid	(26,925)	(37,250)
Net cash from/(used in) operating activities	(44,277)	73,627
Cash flows from investing activities		
Acquisition of property, plant and equipment	(22,779)	(31,789)
Proceeds from disposal of property, plant and equipment	346	184
Change in pledged deposits	(233)	(186)
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	3,108
Interest received	3,069	2,895
Net cash (used in)/from investing activities	(19,597)	(25,788)
Cash flows from financing activities		
Proceeds from/(Repayment of) term loans	(2,448)	(1,113)
Proceeds from/(Repayment of) short term borrowings	127,456	10,438
Proceeds from/(Repayment of) of finance lease liabilities	(29,401)	(3,585)
Dividends paid by the subsidiaries to the previous shareholders	-	(46,855)
Proceeds from private placement	95,787	-
Interest paid	(12,303)	(6,185)
Net cash (used in)/from financing activities	179,091	(47,300)
Net increase/(decrease) in cash and cash equivalents	115,217	539
Effect of exchange rate fluctuation on cash held	-	(2)
Cash and cash equivalents at 1 April	129,178	128,641
Cash and cash equivalents at 31 Mar	244,395	129,178
Cash and cash equivalents comprise:		
Deposits	26,481	26,712
Less: Pledged deposits	(24,927)	(24,694)
	1,554	2,018
Cash and bank balances	244,152	128,116
Bank overdraft	(1,311)	(956)
	244,395	129,178

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Part A

Selected explanatory notes pursuant to MFRS 134

For the Fourth Quarter ended 31 March 2019

1 Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, Interim Financial Reporting in Malaysia and with IAS 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2018.

(b) Reverse Accounting

On 5 February 2018, the Company completed its acquisition of the entire equity interest in Integrated Manufacturing Solutions Sdn Bhd ("IMS") and its subsidiaries ("IMS Group") via the issuance of 1,032,104,348 new ordinary shares of the Company to the shareholders of IMS Group. This acquisition has been accounted for using Reverse Accounting in accordance with MFRS 3, Business Combinations.

Accordingly, the IMS Group (being the legal subsidiaries in the transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree. In addition, the consolidated financial statements represents a continuation of the financial position, performance and cash flows of the IMS Group.

The comparative figures for the individual and cumulative quarters as presented in the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, Unaudited Condensed Consolidated Statement of Changes in Equity, and the Unaudited Condensed Consolidated Statement of Cash Flows therefore refer to the financial figures of the IMS Group and the post acquisition results of the accounting acquiree.

2 Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 March 2018, except for changes arising from the adoption of MFRS 15 "Revenue from Contracts with Customers".

The Group has adopted MFRS 15 in the current financial period. Under MFRS 15, the Group recognises revenue from contracts with customers when a performance obligation is satisfied, which is when control of the goods underlying the particular performance obligation is transferred to the customer.

The Group has assessed the estimated impact that the application of MFRS 15 will have on its consolidated financial statements. Comparatives for the financial statements have been reclassified and restated to conform to the current year's presentation under MFRS 15.

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Selected explanatory notes pursuant to MFRS 134

For the Fourth Quarter ended 31 March 2019

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned standards, interpretations and amendments in the respective financial year when the above standards, interpretations and amendments become effective.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

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Part A

Selected explanatory notes pursuant to MFRS 134

For the Fourth Quarter ended 31 March 2019

- MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

3 Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the Audited Financial Statements for the year ended 31 March 2018 was not qualified.

4 Unusual items affecting the assets, liabilities, equity, net income, or cash flows

There are no unusual items affecting the assets, liabilities, equity, net income, or cash flows of the Group for the current quarter and financial year-to-date.

5 Material changes in estimates

There are no material changes in estimates for the current quarter and financial year-to-date.

6 Dividends paid

No dividend was paid for the current quarter.

7 Segment information

The Group is principally involved in manufacturing and sales of precision plastic injection moulded parts, secondary process, sub assembly and full assembly and supply of the finished products to the electronics manufacturing industry and are predominantly carried out in Malaysia. Segmental information is not prepared as the food trading segment is insignificant to the Group.

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Part A

Selected explanatory notes pursuant to MFRS 134

For the Fourth Quarter ended 31 March 2019

8 Material events subsequent to period end

There are no material events subsequent to the end of the period reported that have not been reflected in this quarterly report.

9 Changes in the composition of the Group

On 26 February 2019, the Company announced the incorporation of ATA Components Sdn Bhd on 21 February 2019, with an issued and paid up capital of RM1.00. The principal activities of ATA Components Sdn Bhd are the manufacture of all kinds of components relevant to electronics or electrical products, mechanical or consumer products and any kind of industrial components, e.g. wire harness and brush bar assembly.

On 22 March 2019, the Company announced the acquisition of the entire issued and paid up capital of a company incorporated in India, namely Jabind Manufacturing India Private Limited for a consideration of Rs 100,000, which is equivalent to RM 6,130. The company has not commenced operations.

10 Seasonal or cyclical factors

Generally, the Group operations are not significantly affected by any seasonal or cyclical factors.

11 Contingent liabilities and contingent assets

The Group does not have any contingent liabilities and contingent assets since the last annual balance sheet date.

12 Capital commitments

Property, plant and equipment

Contracted but not provided for

31.03.2019

RM'000

32,324

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Part A

Selected explanatory notes pursuant to MFRS 134

For the Fourth Quarter ended 31 March 2019

13 Related party transactions

Significant related party transactions of the Group are as follows:-

	12 months ended	
	31-Mar	
	2019	2018
	RM'000	RM'000
Sales	2,148	560
Purchases	69,348	760

14 Debt and Equity Securities

On 26 February 2019, the Company announced that it proposed to undertake a private placement of up to 5% of the total number of issued shares.

On 20 March 2019, 57,351,000 new ATA IMS shares were issued at the price of RM 1.69, and on 22 March 2019, the Company announced the completion of the private placement with the listing and quotation of the 57,351,000 new shares on the main market of Bursa Malaysia Securities Berhad.

There were no other issue and/or repayment of debt and equity securities, share cancellations, share buyback or resale of treasury shares during the quarter.

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Part B

Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia

For the Fourth Quarter ended 31 March 2019

15 Review of performance for current quarter vs previous year same quarter comparison

	Individual		Cumulative	
	3 months ended		12 months ended	
	31-Mar		31-Mar	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
		(RESTATED)		(RESTATED)
Group Revenue	803,027	600,109	2,908,560	2,306,630
Profit before taxation	36,699	23,277	152,499	127,725
Profit after taxation	21,209	16,726	112,941	94,002

For the current quarter under review, the Group recorded a higher turnover of RM 803 million, an increase of RM 202.9 million or 33.8% as compared to the corresponding quarter in 2018. Profit before tax increased 57.7% or RM 13.4 million to RM 21.2 million over the same period.

For the year ended 31 March 2019, the Group recorded a revenue of RM 2.91 billion as compared to RM 2.30 billion recorded in the preceding year. Profit before tax increased 19.4% or RM 24.8 million to RM 152.5 million over the same period.

The increased in revenue and profit before tax for current quarter and cumulative period was mainly attributable to higher sales order from existing customers.

16 Variation of results against the immediate preceding quarter

	Individual	
	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Group Revenue	803,027	837,169
Profit before taxation	36,699	41,506
Profit after taxation	21,209	33,766

For the current quarter under review, the Group recorded a lower profit before tax of RM 36.7 million as compared to RM 41.5 million in the immediate preceding quarter. It was mainly due to lower demand for box-built units from existing customers.

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Part B

Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia

For the Fourth Quarter ended 31 March 2019

17 Current year prospects

Despite the current economic challenges, the Group will continue to expand and improve its production capabilities and operational efficiencies as the Group is expecting higher volume of orders from the existing customers.

18 Profit forecast

Not applicable.

19 Tax expense

	Individual 3 months ended 31-Mar		Cumulative 12 months ended 31-Mar	
	2019 RM'000	2018 RM'000 (RESTATED)	2019 RM'000	2018 RM'000 (RESTATED)
Malaysian - current				
Tax expense	7,801	5,429	31,450	30,909
Deferred tax	7,689	1,122	8,108	2,814
	<u>15,490</u>	<u>6,551</u>	<u>39,558</u>	<u>33,723</u>

The effective tax rate for the current year quarter and cumulative current year period were higher than the statutory tax rate due to some expenses being disallowed for tax purposes.

20 Status of uncompleted corporate proposals

There are no outstanding uncompleted corporate proposals as at the date of this quarterly report.

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Part B

Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia

For the Fourth Quarter ended 31 March 2019

21 Status of Corporate Proposals

Refer to Note 14. The Company had undertaken a private placement on 20 March 2019 with the issue of 57,351,000 shares at an issue price of RM 1.69 each.

The status of utilisation of proceeds raised from the abovementioned private placement as at 31 March 2019 were as follows:

Details of Utilisation	Estimated Proceeds from and Proposed Utilization of Private Placement	Actual Proceeds from and Proposed Utilization of Private Placement	Estimated Timeframe of Utilization after completion date on 22 March 2019	Utilisation as at 31 March 2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Capital expenditure	25,000	25,000	Within twelve (12) months	Nil
General Working capital	76,732	70,656	Within twelve (12) months	Nil
Estimated expenses in relation to the Private Placement	1,500	1,267	Within one (1) month	1,153
Total	103,232	96,923		1,153

22 Changes in material litigation

There are no material litigation reported in this current quarter except for the below:

An on-going Johor Bahru High Court civil suit No JA-22NCVC-210-10/2017 brought by TNB against ATA Industrial (M) Sdn Bhd ("AIM") for a monetary claim of RM5,089,623.63 together with interest and costs relating to disputed consumption of electricity at AIM's 2 factories in Johor. The Johor Bahru High Court had on 30 September 2018 rejected the plaintiff's claims with costs of RM 30,000.00. TNB had however file a Notice of Appeal on 23 October 2018. The court of Appeal case no. J-02 (NCvC) (W)-2232-10/2018 has been fixed for hearing on 28 June 2019.

The entire amount claimed by TNB in the civil suit above has been fully provided for in the audited accounts for the year ended 31 March 2017.

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Part B

Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia

For the Fourth Quarter ended 31 March 2019

23 Dividends payable

The Board will announce their recommendation on the dividend at a later date.

24 Profit for the period

	12 months ended	
	31-Mar	
	2019	2018
	RM'000	RM'000
Profit for the period is arrived at after charging /(crediting):		
Depreciation	25,342	14,037
Net foreign exchange loss/(gain)	(1,333)	(16,726)
Finance income	(3,069)	(2,895)
Finance costs	12,303	6,185
Gain on disposal of property, plant and equipment	(346)	(184)

25 Group borrowings

	31 Mar 2019	31 Mar 2018
	RM'000	RM'000
Secured		
Non-Current		
Finance lease liabilities	42,800	18,346
Term loans	59,062	16,656
	<u>101,862</u>	<u>35,002</u>
Current		
Bank overdraft	1,311	956
Bankers acceptance	219,257	91,802
Revolving credit	5,000	5,000
Finance lease liabilities	31,536	17,123
Term loans	2,827	8,670
	<u>259,931</u>	<u>123,551</u>
Total	<u><u>361,793</u></u>	<u><u>158,553</u></u>

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Part B

Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia

For the Fourth Quarter ended 31 March 2019

26 Basic earnings per share

	Individual 3 months ended 31-Mar		Cumulative 12 months ended 31-Mar	
	2019 RM'000	2018 RM'000 (RESTATED)	2019 RM'000	2018 RM'000 (RESTATED)
	Profit/(Loss) attributable to owners of the company (RM'000)	21,209	16,726	112,941
Weighted average number of ordinary shares in issue ('000)	1,154,667	1,102,331	1,148,906	1,049,420
Basic earnings per share (sen per share)	1.84	1.52	9.83	8.96

27 Diluted earnings per share

Fully diluted profit/ (loss) per ordinary share for the current quarter is not presented as the Company does not have any outstanding share options or other potentially dilutive financial instruments currently on issue.

28 Authorise for issue

These Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution passed on 29 May 2019.

BY ORDER OF THE BOARD

Yong May Li (LS 0000295)

Wong Chee Yin (MAICSA 7023530)

Company Secretaries

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