



ATA IMS Berhad
(Company No. 190155-M)
(Incorporated in Malaysia)
and its subsidiaries

Interim Financial Statements
For the First Quarter Ended
30 June 2019

ATA IMS Berhad

(Company No. 190155-M)
(Incorporated in Malaysia)

Interim Financial Statements For the First Quarter Ended 30 June 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 - 7
Part B Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia	8 - 11

ATA IMS Berhad

(Company No. 190155-M)

(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statement of Financial Position As at 30 June 2019

		30.06.2019	31.03.2019
		RM'000	RM'000
	Note		
Assets			
Property, plant and equipment		308,089	296,675
Goodwill		76,414	76,414
Total non-current assets		<u>384,503</u>	<u>373,089</u>
Inventories		246,680	217,878
Contract assets		28,975	44,215
Trade and other receivables		812,709	738,800
Cash and cash equivalents		292,687	270,633
		1,381,051	1,271,526
Total assets		<u>1,765,554</u>	<u>1,644,615</u>
Equity			
Share capital		1,338,445	1,338,445
Reserves		(1,104,512)	(1,104,377)
Retained earnings		420,423	396,033
Total equity		<u>654,356</u>	<u>630,101</u>
Liabilities			
Loans and borrowings	25	107,589	101,862
Deferred tax liabilities		13,965	14,210
Total non-current liabilities		<u>121,554</u>	<u>116,072</u>
Trade and other payables		709,202	634,012
Loans and borrowings	25	277,017	259,931
Contract liabilities		-	218
Taxation		3,425	4,281
Total current liabilities		<u>989,644</u>	<u>898,442</u>
Total liabilities		<u>1,111,198</u>	<u>1,014,514</u>
Total equity and liabilities		<u>1,765,554</u>	<u>1,644,615</u>
Net assets per share			
attributable to the owners of the company (RM)		<u>0.54</u>	<u>0.52</u>

ATA IMS Berhad

(Company No. 190155-M)

(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statement of Profit or Loss and
Other Comprehensive Income
For the First Quarter Ended 30 June 2019**

	Individual 3 months ended 30-Jun		Cumulative 3 months ended 30-Jun	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	836,109	576,758	836,109	576,758
Cost of sales	<u>(784,727)</u>	<u>(517,675)</u>	<u>(784,727)</u>	<u>(517,675)</u>
Gross profit	51,382	59,083	51,382	59,083
Other income/(Other expenses)	1,155	(2,423)	1,155	(2,423)
Distribution expenses	(9,350)	(8,887)	(9,350)	(8,887)
Administrative expenses	<u>(8,403)</u>	<u>(7,126)</u>	<u>(8,403)</u>	<u>(7,126)</u>
Result from operating activities	34,784	40,647	34,784	40,647
Finance income	2,229	679	2,229	679
Finance costs	<u>(4,374)</u>	<u>(2,228)</u>	<u>(4,374)</u>	<u>(2,228)</u>
Profit before tax	32,639	39,098	32,639	39,098
Tax expense	<u>(8,067)</u>	<u>(8,542)</u>	<u>(8,067)</u>	<u>(8,542)</u>
Profit for the period	<u>24,572</u>	<u>30,556</u>	<u>24,572</u>	<u>30,556</u>
Other comprehensive income/ (expenses), net of tax				
Foreign currency translation difference for foreign operations	<u>(131)</u>	<u>3</u>	<u>(131)</u>	<u>3</u>
Total comprehensive income for the period	<u>24,441</u>	<u>30,559</u>	<u>24,441</u>	<u>30,559</u>
Profit attributable to:				
Owners of the company	<u>24,572</u>	<u>30,556</u>	<u>24,572</u>	<u>30,556</u>
Total comprehensive income attributable to:				
Owners of the company	<u>24,441</u>	<u>30,559</u>	<u>24,441</u>	<u>30,559</u>
Basic earnings per ordinary share (sen)	<u>2.04</u>	<u>2.66</u>	<u>2.04</u>	<u>2.66</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 First Quarter Ended 30 June 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 2019	1,338,445	59	(1,104,436)	396,033	630,101
Effect of adopting MFRS 16				(182)	(182)
At 1 April 2019 (As restated)	1,338,445	59	(1,104,436)	395,851	629,919
Foreign currency translation differences for foreign operations	-	(135)	-	-	(135)
Profit for the period	-	-	-	24,572	24,572
Total comprehensive income for the period	-	(135)	-	24,572	24,437
At 30 June 2019	<u>1,338,445</u>	<u>(76)</u>	<u>(1,104,436)</u>	<u>420,423</u>	<u>654,356</u>
At 1 April 2018	1,242,789	195	(1,104,436)	283,092	421,640
Foreign currency translation differences for foreign operations	-	3	-	-	3
Profit for the period	-	-	-	30,556	30,556
Total comprehensive income for the year	-	3	-	30,556	30,559
At 30 June 2018	<u>1,242,789</u>	<u>198</u>	<u>(1,104,436)</u>	<u>313,648</u>	<u>452,199</u>

ATA IMS Berhad

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(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statement of Cash Flows
For the First Quarter Ended 30 June 2019**

	3 months ended 30-Jun	
	2019 RM'000	2018 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	32,639	39,098
Adjustment for:-		
Depreciation	7,149	5,680
Finance costs	4,374	2,228
Finance income	(2,229)	(679)
(Reversal of)/Impairment loss on:		
- Trade receivables	(8)	-
Gain on disposal of property, plant and equipment	(12)	-
Unrealised (gain)/ loss on foreign exchange	(156)	5,680
Inventories:		
- Reversal of allowance for slow moving	(1,811)	-
- Recoverable of written down to net realisable value	(9)	-
Operating profit/(loss) before changes in working capital	39,937	52,007
Changes in inventories	(26,979)	(51,869)
Changes in contract assets	15,240	(403)
Changes in trade and other receivables	(74,805)	(50,288)
Changes in trade and other payables	72,163	58,586
Changes in contract liabilities	(218)	-
Cash generated from/(used in) operations	25,338	8,033
Tax Paid	(6,667)	(7,108)
Net cash from/(used in) operating activities	18,671	925
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4,374)	(11,398)
Proceeds from disposal of property, plant and equipment	12	-
Change in pledged deposits	-	(65)
Interest received	2,229	679
Net cash (used in)/from investing activities	(2,133)	(10,784)
Cash flows from financing activities		
Proceeds from/(Repayment of) term loans	(526)	(384)
Proceeds from/(Repayment of) short term borrowings	13,363	4,551
Proceeds from/(Repayment of) of finance lease liabilities	(3,575)	(6,357)
Interest paid	(4,374)	(2,228)
Net cash (used in)/from financing activities	4,888	(4,418)
Net increase/(decrease) in cash and cash equivalents	21,426	(14,277)
Cash and cash equivalents at 1 April	254,068	129,178
Cash and cash equivalents at 30 Jun	275,494	114,901
Cash and cash equivalents comprise:		
Cash and bank balances	266,206	114,517
Fixed deposits with licensed banks	26,481	26,777
Cash and cash equivalents in the statements of financial position	292,687	141,294
Less: Pledged deposits	(15,254)	(24,718)
Bank overdrafts	(1,939)	(1,675)
Cash and cash equivalents in the statements of cash flow	275,494	114,901

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(Company No. 190155-M)

(Incorporated in Malaysia)

Part A

Selected explanatory notes pursuant to MFRS 134

For the First Quarter Ended 30 June 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 2019.

(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 2019, except for changes arising from the adoption of MFRS 16 "Leases".

The Group has adopted MFRS 16 in the current financial period. Under MFRS 16, the Group 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 has assessed the estimated impact that the application of MFRS 16 will have on its consolidated financial statements. Current year period for the financial statements have been adjusted and restated for the opening impact to conform to the current year's presentation under MFRS 16.

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(Company No. 190155-M)

(Incorporated in Malaysia)

Part A

Selected explanatory notes pursuant to MFRS 134

For the First Quarter Ended 30 June 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 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:

3 Auditors’ Report on Preceding Annual Financial Statements

The Auditors’ Report on the Audited Financial Statements for the year ended 31 March 2019 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.

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(Company No. 190155-M)

(Incorporated in Malaysia)

Part A

Selected explanatory notes pursuant to MFRS 134

For the First Quarter Ended 30 June 2019

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.

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

There are no major changes in the composition of the Group for the current quarter and financial year-to-date.

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

	30.06.2019
	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>23,071</u>

13 Related party transactions

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

	3 months ended	
	30-Jun	
	2019	2018
	RM'000	RM'000
Sales	1,276	45
Purchases	<u>65,074</u>	<u>649</u>

14 Debt and Equity Securities

There were no 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 First Quarter Ended 30 June 2019

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

	Individual		Cumulative	
	3 months ended		3 months ended	
	30-Jun		30-Jun	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Group Revenue	836,109	576,758	836,109	576,758
Profit before taxation	32,639	39,098	32,639	39,098
Profit after taxation	24,572	30,556	24,572	30,556

For the current quarter under review, the Group recorded a higher turnover of RM 836 million, an increase of RM 259.3 million or 45% as compared to the corresponding quarter in 2018. Profit before tax reduced 16.5% or RM 6.5 million to RM 32.6 million over the same period.

The increase in revenue for current quarter was mainly attributable to higher sales order from existing customers. The reduction in profit before tax was mainly due to new models having higher material contents and higher start-up cost of new assembly lines that came on stream during the current quarter.

16 Variation of results against the immediate preceding quarter

	Individual	
	30-Jun	31-Mar
	RM'000	RM'000
Group Revenue	836,109	803,027
Profit before taxation	32,639	36,699
Profit after taxation	24,572	21,209

For the current quarter under review, the Group recorded a lower profit before tax of RM 32.6 million as compared to RM 36.7 million in the immediate preceding quarter. It was mainly due to lower efficiency and productivity during the festive seasons.

17 Current year prospects

Despite the current economic challenges, the Group remains positive and will continue to expand and improve its production capabilities and operational efficiencies in the coming quarters.

18 Profit forecast

Not applicable.

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(Company No. 190155-M)

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Part B

Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia For the First Quarter Ended 30 June 2019

19 Tax expense

	Individual		Cumulative	
	3 months ended		3 months ended	
	30-Jun		30-Jun	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Malaysian - current				
Tax expense	7,700	7,994	7,700	7,994
Deferred tax	367	548	367	548
	<u>8,067</u>	<u>8,542</u>	<u>8,067</u>	<u>8,542</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.

21 Status of Corporate Proposals

The Company had under taken the following capital raising proposals as follows:

1) Private Placement

- On 20 March 2019, 57,351,000 shares were issued at RM1.69 each

The status of utilization of proceeds raised from the abovementioned private placement as at 30 June 2019 were as follows:

Details of Utilisation	Estimated	Actual	Estimated	Utilisation as at
	Proceeds	Proceeds	Timeframe	
	from and	from and	of Utilization	
	Proposed	Proposed	after	
	Utilization of	Utilization of	completion date	
	Private	Private	on	
	Placement	Placement	22 March 2019	30 June 2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Capital expenditure	25,000	25,000	Within twelve (12) months	1,399
General Working capital	76,732	70,656	Within twelve (12) months	70,656
Estimated expenses in relation to the Private Placement	1,500	1,267	Within one (1) month	1,267
Total	<u>103,232</u>	<u>96,923</u>		<u>73,322</u>

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Part B

Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia For the First Quarter Ended 30 June 2019

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 which was fixed for hearing on 28 June 2019 was dismissed with cost of RM10,000.

TNB has filed an appeal with the Federal Court on 17 July 2019, and the case no. 08(f)-287-07/2019 (J) has been fixed for hearing on 12 November 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.

23 Dividends payable

The Board had announced their recommendation for a first and final dividend of 3.29 sen which was approved by shareholders at the Annual General Meeting held on 27 August 2019.

24 Profit for the period

	3 months ended	
	30-Jun	
	2019	2018
	RM'000	RM'000

Profit for the period is arrived at after charging /(crediting):

Depreciation	7,149	5,680
Net foreign exchange loss/(gain)	(701)	2,910
Finance income	(2,229)	(679)
Finance costs	4,374	2,228
Gain on disposal of property, plant and equipment	(12)	-

25 Group borrowings

	30 Jun 2019	31 Mar 2019
	RM'000	RM'000
Secured		
Non-Current		
Finance lease liabilities	40,245	42,800
Other finance liabilities	8,816	-
Term loans	58,528	59,062
	<u>107,589</u>	<u>101,862</u>
Current		
Bank overdraft	1,939	1,311
Bankers acceptance	232,620	219,257
Finance lease liabilities	30,821	31,536
Other finance liabilities	3,805	-
Revolving credit	5,000	5,000
Term loans	2,832	2,827
	<u>277,017</u>	<u>259,931</u>
Total	<u>384,606</u>	<u>361,793</u>

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(Company No. 190155-M)

(Incorporated in Malaysia)

Part B

Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia For the First Quarter Ended 30 June 2019

26 Basic earnings per share

	Individual 3 months ended 30-Jun		Cumulative 3 months ended 30-Jun	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(Loss) attributable to owners of the company (RM'000)	24,572	30,556	24,572	30,556
Weighted average number of ordinary shares in issue ('000)	1,204,371	1,147,020	1,204,371	1,147,020
Basic earnings per share (sen per share)	2.04	2.66	2.04	2.66

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 27 August 2019.

BY ORDER OF THE BOARD

Yong May Li (LS 0000295)

Wong Chee Yin (MAICSA 7023530)

Company Secretaries

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