



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

**Interim Financial Statements**  
**For the Second Quarter Ended**  
**30 September 2019**

# **ATA IMS Berhad**

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

## **Interim Financial Statements For the Second Quarter Ended 30 September 2019**

<b><u>Contents</u></b>	<b><u>Page</u></b>
Unaudited Condensed Consolidated Statement of Financial Position	<b>1</b>
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	<b>2</b>
Unaudited Condensed Consolidated Statement of Changes in Equity	<b>3</b>
Unaudited Condensed Consolidated Statement of Cash Flows	<b>4</b>
<b>Part A</b> Selected explanatory notes pursuant to MFRS 134, Interim Financial Reporting in Malaysia and IAS 34, Interim Financial Reporting	<b>5 - 7</b>
<b>Part B</b> Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia	<b>8 - 11</b>

# ATA IMS Berhad

(Company No. 190155-M)

(Incorporated in Malaysia)

## Unaudited Condensed Consolidated Statement of Financial Position As at 30 September 2019

		30.09.2019	31.03.2019
		RM'000	RM'000
	Note		
<b>Assets</b>			
Property, plant and equipment		326,918	296,675
Goodwill		76,414	76,414
<b>Total non-current assets</b>		<u>403,332</u>	<u>373,089</u>
Inventories		221,753	217,878
Contract assets		21,188	44,215
Trade and other receivables		876,372	738,800
Cash and cash equivalents		298,962	270,633
		1,418,275	1,271,526
<b>Total assets</b>		<u>1,821,607</u>	<u>1,644,615</u>
<b>Equity</b>			
Share capital		1,338,445	1,338,445
Reserves		(1,104,569)	(1,104,377)
Retained earnings		411,846	396,033
<b>Total equity</b>		<u>645,722</u>	<u>630,101</u>
<b>Liabilities</b>			
Loans and borrowings	25	113,135	101,862
Deferred tax liabilities		13,468	14,210
<b>Total non-current liabilities</b>		<u>126,603</u>	<u>116,072</u>
Trade and other payables		759,088	634,012
Loans and borrowings	25	284,384	259,931
Contract liabilities		-	218
Taxation		5,810	4,281
<b>Total current liabilities</b>		<u>1,049,282</u>	<u>898,442</u>
<b>Total liabilities</b>		<u>1,175,885</u>	<u>1,014,514</u>
<b>Total equity and liabilities</b>		<u>1,821,607</u>	<u>1,644,615</u>
<b>Net assets per share</b>			
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 Second Quarter Ended 30 September 2019

	Individual 3 months ended 30-Sep		Cumulative 6 months ended 30-Sep	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Revenue</b>	931,857	691,605	1,767,967	1,268,363
Cost of sales	<u>(865,037)</u>	<u>(633,788)</u>	<u>(1,649,764)</u>	<u>(1,151,462)</u>
<b>Gross profit</b>	66,820	57,817	118,203	116,901
Other income/(Other expenses)	1,463	(2,366)	2,618	(4,789)
Distribution expenses	(18,507)	(11,455)	(27,858)	(20,342)
Administrative expenses	<u>(7,454)</u>	<u>(7,051)</u>	<u>(15,858)</u>	<u>(14,176)</u>
<b>Result from operating activities</b>	42,322	36,945	77,105	77,594
Finance income	2,536	640	4,765	1,318
Finance costs	<u>(4,215)</u>	<u>(2,389)</u>	<u>(8,589)</u>	<u>(4,618)</u>
<b>Profit before tax</b>	40,643	35,196	73,281	74,294
Tax expense	<u>(9,596)</u>	<u>(7,786)</u>	<u>(17,662)</u>	<u>(16,328)</u>
<b>Profit for the period</b>	<u>31,047</u>	<u>27,410</u>	<u>55,619</u>	<u>57,966</u>
<b>Other comprehensive income/ (expenses), net of tax</b>				
Foreign currency translation difference for foreign operations	<u>(58)</u>	<u>65</u>	<u>(192)</u>	<u>68</u>
<b>Total comprehensive income for the period</b>	<u>30,989</u>	<u>27,475</u>	<u>55,427</u>	<u>58,034</u>
<b>Profit attributable to:</b>				
Owners of the company	<u>31,047</u>	<u>27,410</u>	<u>55,619</u>	<u>57,966</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the company	<u>30,989</u>	<u>27,475</u>	<u>55,427</u>	<u>58,034</u>
<b>Basic earnings per ordinary share (sen)</b>	<u>2.58</u>	<u>2.39</u>	<u>4.62</u>	<u>5.05</u>
<b>Diluted earnings per ordinary share (sen)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

# ATA IMS Berhad

(Company No. 190155-M)

(Incorporated in Malaysia)

## Unaudited Condensed Consolidated Statement of Changes in Equity For the Second Quarter Ended 30 September 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
<b>At 1 April 2019</b>	1,338,445	59	(1,104,436)	396,033	630,101
Effect of adopting MFRS 16				(182)	(182)
<b>At 1 April 2019 (As restated)</b>	1,338,445	59	(1,104,436)	395,851	629,919
Foreign currency translation differences for foreign operations	-	(192)	-	-	(192)
Profit for the period	-	-	-	55,619	55,619
<b>Total comprehensive income for the period</b>	-	(192)	-	55,619	55,427
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the company	-	-	-	(39,624)	(39,624)
<b>Total transactions with owners of the Company</b>	-	-	-	(39,624)	(39,624)
<b>At 30 September 2019</b>	<u>1,338,445</u>	<u>(133)</u>	<u>(1,104,436)</u>	<u>411,846</u>	<u>645,722</u>
<b>At 1 April 2018</b>	1,242,789	195	(1,104,436)	283,092	421,640
Foreign currency translation differences for foreign operations	-	68	-	-	68
Profit for the period	-	-	-	57,966	57,966
<b>Total comprehensive income for the year</b>	-	68	-	57,966	58,034
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the company	-	-	-	-	-
<b>Total transactions with owners of the Company</b>	-	-	-	-	-
<b>At 30 September 2018</b>	<u>1,242,789</u>	<u>263</u>	<u>(1,104,436)</u>	<u>341,058</u>	<u>479,674</u>

**ATA IMS Berhad**

(Company No. 190155-M)

(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statement of Cash Flows  
For the Second Quarter Ended 30 September 2019**

	6 months ended 30-Sep	
	2019 RM'000	2018 RM'000
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax	73,281	74,294
Adjustment for:-		
Depreciation	14,918	11,942
Finance costs	8,589	4,618
Finance income	(4,765)	(1,318)
(Reversal of)/Impairment loss for doubtful debts	(13)	-
Gain on disposal of property, plant and equipment	(11)	(336)
Unrealised (gain)/ loss on foreign exchange	939	4,536
Inventories:		
- Reversal of allowance for slow moving stocks	-	(950)
- Reversal of inventory written-off	(12)	-
<b>Operating profit/(loss) before changes in working capital</b>	<u>92,926</u>	<u>92,786</u>
Changes in inventories	(3,863)	(95,679)
Changes in contract assets	23,027	765
Changes in trade and other receivables	(137,560)	(152,524)
Changes in trade and other payables	103,658	144,083
Changes in contract liabilities	(218)	-
<b>Cash generated from/(used in) operations</b>	<u>77,970</u>	<u>(10,569)</u>
Tax Paid	(12,356)	(14,070)
<b>Net cash from/(used in) operating activities</b>	<u>65,614</u>	<u>(24,639)</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(18,125)	(21,243)
Proceeds from disposal of property, plant and equipment	11	336
Change in pledged deposits	-	42
Interest received	4,765	1,318
<b>Net cash (used in)/from investing activities</b>	<u>(13,349)</u>	<u>(19,547)</u>
<b>Cash flows from financing activities</b>		
Proceeds from/(Repayment of) term loans	(1,621)	2,054
Proceeds from short term borrowings	21,457	15,080
Proceeds from finance lease liabilities	4,127	22,891
Dividend paid to owners of the Company	(39,623)	-
Interest paid	(8,589)	(4,618)
<b>Net cash (used in)/from financing activities</b>	<u>(24,249)</u>	<u>35,407</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	28,016	(8,779)
<b>Cash and cash equivalents at 1 April</b>	254,068	129,178
<b>Cash and cash equivalents at 30 September</b>	<u>282,084</u>	<u>120,399</u>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	273,018	120,040
Fixed deposits with licensed banks	25,944	26,952
<b>Cash and cash equivalents in the statements of financial position</b>	<u>298,962</u>	<u>146,992</u>
Less: Pledged deposits	(15,757)	(24,737)
Bank overdrafts	(1,121)	(1,856)
<b>Cash and cash equivalents in the statements of cash flow</b>	<u>282,084</u>	<u>120,399</u>

# ATA IMS Berhad

(Company No. 190155-M)

(Incorporated in Malaysia)

## Part A

### Selected explanatory notes pursuant to MFRS 134

### For the Second Quarter Ended 30 September 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.

#### 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. The financial statements for the current year period have been adjusted and restated for the opening impact to conform to the current year's presentation under MFRS 16.

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*

## **ATA IMS Berhad**

(Company No. 190155-M)

(Incorporated in Malaysia)

### **Part A**

#### **Selected explanatory notes pursuant to MFRS 134**

#### **For the Second Quarter Ended 30 September 2019**

- 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.

### **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**

The Company has paid a first and final dividend of 3.29 sen per ordinary share totalling RM39,623,788 on 27 September 2019 in respect of the financial year ended 31 March 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.



# ATA IMS Berhad

(Company No. 190155-M)

(Incorporated in Malaysia)

## Part A

### Selected explanatory notes pursuant to MFRS 134

### For the Second Quarter Ended 30 September 2019

#### 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

	<b>30.09.2019</b>
	<b>RM'000</b>
<b>Property, plant and equipment</b>	
Contracted but not provided for	<u>26,842</u>

#### 13 Related party transactions

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

	<b>6 months ended</b>	
	<b>30-Sep</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Sales	2,161	45
Purchases	<u>139,957</u>	<u>4,328</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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## ATA IMS Berhad

(Company No. 190155-M)

(Incorporated in Malaysia)

### Part B

#### Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia For the Second Quarter Ended 30 September 2019

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

	Individual		Cumulative	
	3 months ended		6 months ended	
	30-Sep		30-Sep	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Group Revenue	931,857	691,605	1,767,967	1,268,363
Profit before taxation	40,643	35,196	73,281	74,294
Profit after taxation	31,047	27,410	55,619	57,966

For the current quarter under review, the Group recorded a higher turnover of RM 931.9 million, an increase of RM 240.3 million or 34.7% as compared to the corresponding quarter in 2018. Profit before tax increased 15.5% or RM 5.4 million to RM 40.6 million over the same period.

For the period ended 30 September 2019, the Group recorded a revenue of RM1,768 million as compared to RM 1,268.4 million recorded in the preceeding year. Profit before tax reduced 1.4% or RM 1 million to RM 73.2 million over the same period.

The increase in revenue and profit before tax for current quarter was mainly attributable to higher sales order from existing customers. The reduction in profit before tax despite higher sales for the current cumulative period was mainly due to higher material contents and expenses.

##### 16 Variation of results against the immediate preceding quarter

	Individual	
	30-Sep	30-Jun
	RM'000	RM'000
Group Revenue	931,857	836,109
Profit before taxation	40,643	32,639
Profit after taxation	31,047	24,572

For the current quarter under review, the Group recorded a higher profit before tax of RM 40.6 million as compared to RM 32.6 million in the immediate preceding quarter. It was mainly due to higher sales order from existing customers.

##### 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.

## ATA IMS Berhad

(Company No. 190155-M)

(Incorporated in Malaysia)

### Part B

#### Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia For the Second Quarter Ended 30 September 2019

#### 19 Tax expense

	Individual		Cumulative	
	3 months ended		6 months ended	
	30-Sep		30-Sep	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Malaysian - current				
Tax expense	9,132	7,391	16,956	15,907
Deferred tax	464	395	706	421
	<u>9,596</u>	<u>7,786</u>	<u>17,662</u>	<u>16,328</u>

The effective tax rate for the 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 September 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	30 September
	Private	Private	on	2019
	Placement	Placement	22 March 2019	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Capital expenditure	25,000	25,000	Within twelve (12) months	4,581
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>76,504</u>

## ATA IMS Berhad

(Company No. 190155-M)

(Incorporated in Malaysia)

### Part B

#### Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia For the Second Quarter Ended 30 September 2019

##### 22 Changes in material litigation

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

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 hearing for the case no. 08(f)-287-07/2019 (J) has been postponed to 17 March 2020.

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

No dividend has been recommended for the current quarter.

##### 24 Profit for the period

	6 months ended	
	30-Sep	
	2019	2018
	RM'000	RM'000
Profit for the period is arrived at after charging /(crediting):		
Depreciation	14,918	11,942
Net foreign exchange loss/(gain)	(1,532)	5,277
Finance income	(4,765)	(1,318)
Finance costs	8,589	4,618
Reversal of doubtful debts	(13)	-
Reversal of inventory written-off	(12)	-
Reversal of allowance for slow moving stocks	-	(950)
Gain on disposal of property, plant and equipment	(11)	(336)

##### 25 Group borrowings

	30 Sep 2019	31 Mar 2019
	RM'000	RM'000
<b>Secured</b>		
<b>Non-Current</b>		
Finance lease liabilities	46,973	42,800
Other finance liabilities	8,815	-
Term loans	57,347	59,062
	<u>113,135</u>	<u>101,862</u>
<b>Current</b>		
Bank overdraft	1,121	1,311
Bankers acceptance	240,715	219,257
Finance lease liabilities	32,096	31,536
Other finance liabilities	2,533	-
Revolving credit	5,000	5,000
Term loans	2,920	2,827
	<u>284,384</u>	<u>259,931</u>
<b>Total</b>	<u>397,519</u>	<u>361,793</u>

## ATA IMS Berhad

(Company No. 190155-M)

(Incorporated in Malaysia)

### Part B

#### Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia For the Second Quarter Ended 30 September 2019

##### 26 Basic earnings per share

	Individual 3 months ended 30-Sep		Cumulative 6 months ended 30-Sep	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
	Profit/(Loss) attributable to owners of the company (RM'000)	31,047	27,410	55,619
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)	2.58	2.39	4.62	5.05

##### 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 21 November 2019.

#### BY ORDER OF THE BOARD

Yong May Li (LS 0000295)

Wong Chee Yin (MAICSA 7023530)

Company Secretaries

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