



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

Interim Financial Statements
For the Fourth Quarter Ended
31 March 2020

ATA IMS Berhad

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

Interim Financial Statements For the Fourth Quarter Ended 31 March 2020

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ATA IMS Berhad

(Company No. 190155-M)

(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statement of Financial Position As at 31 March 2020

		31.03.2020	31.03.2019
		RM'000	RM'000
	Note		Audited
Assets			
Property, plant and equipment		337,103	296,675
Right-of-use assets		8,225	-
Goodwill		76,414	76,414
Total non-current assets		<u>421,742</u>	<u>373,089</u>
Inventories		369,182	217,878
Contract assets		36,109	44,215
Trade and other receivables		716,259	738,800
Current tax assets		3,640	-
Cash and cash equivalents		359,627	270,633
		<u>1,484,817</u>	<u>1,271,526</u>
Total assets		<u><u>1,906,559</u></u>	<u><u>1,644,615</u></u>
Equity			
Share capital		1,338,445	1,338,445
Reserves		(1,103,792)	(1,104,377)
Retained earnings		434,342	396,033
Total equity		<u>668,995</u>	<u>630,101</u>
Liabilities			
Loans and borrowings	25	107,615	101,862
Lease Liabilities		6,781	-
Deferred tax liabilities		12,290	14,210
Total non-current liabilities		<u>126,686</u>	<u>116,072</u>
Trade and other payables		753,036	634,012
Loans and borrowings	25	356,116	259,931
Contract liabilities		134	218
Lease Liabilities		1,592	-
Taxation		-	4,281
Total current liabilities		<u>1,110,878</u>	<u>898,442</u>
Total liabilities		<u>1,237,564</u>	<u>1,014,514</u>
Total equity and liabilities		<u><u>1,906,559</u></u>	<u><u>1,644,615</u></u>
Net assets per share			
attributable to the owners of the company (RM)		<u>0.56</u>	<u>0.52</u>

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Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Fourth Quarter Ended 31 March 2020

	Individual 3 months ended 31-Mar		Cumulative 12 months ended 31-Mar	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	719,207	803,027	3,352,256	2,908,560
Cost of sales	<u>(683,516)</u>	<u>(746,104)</u>	<u>(3,150,760)</u>	<u>(2,674,295)</u>
Gross profit	35,691	56,923	201,496	234,265
Other income/(Other expenses)	(7,482)	5,347	2,290	2,852
Distribution expenses	(13,520)	(13,585)	(55,365)	(45,017)
Administrative expenses	<u>(8,385)</u>	<u>(8,706)</u>	<u>(33,296)</u>	<u>(30,367)</u>
Result from operating activities	6,304	39,979	115,125	161,733
Finance income	2,387	1,009	9,818	3,069
Finance costs	<u>(5,288)</u>	<u>(4,289)</u>	<u>(18,145)</u>	<u>(12,303)</u>
Profit before tax	3,403	36,699	106,798	152,499
Tax expense	<u>(789)</u>	<u>(15,490)</u>	<u>(28,462)</u>	<u>(39,558)</u>
Profit for the period	<u>2,614</u>	<u>21,209</u>	<u>78,336</u>	<u>112,941</u>
Other comprehensive income/ (expenses), net of tax				
Foreign currency translation difference for foreign operations	<u>826</u>	<u>(32)</u>	<u>585</u>	<u>(136)</u>
Total comprehensive income for the period	<u>3,440</u>	<u>21,177</u>	<u>78,921</u>	<u>112,805</u>
Profit attributable to:				
Owners of the company	<u>2,614</u>	<u>21,209</u>	<u>78,336</u>	<u>112,941</u>
Total comprehensive income attributable to:				
Owners of the company	<u>3,440</u>	<u>21,177</u>	<u>78,921</u>	<u>112,805</u>
Basic earnings per ordinary share (sen)	(Note 26)			
	<u>0.22</u>	<u>1.84</u>	<u>6.50</u>	<u>9.83</u>
Diluted earnings per ordinary share (sen)	(Note 27)			
	<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 2020

	← 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				(403)	(403)
At 1 April 2019 (As restated)	1,338,445	59	(1,104,436)	395,630	629,698
Foreign currency translation differences for foreign operations	-	585	-	-	585
Profit for the period	-	-	-	78,336	78,336
Total comprehensive income for the period	-	585	-	78,336	78,921
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the company	-	-	-	(39,624)	(39,624)
Total transactions with owners of the Company	-	-	-	(39,624)	(39,624)
At 31 March 2020	<u>1,338,445</u>	<u>644</u>	<u>(1,104,436)</u>	<u>434,342</u>	<u>668,995</u>
At 1 April 2018	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 year	-	(136)	-	112,941	112,805
<i>Contributions by and distributions to owners of the Company</i>					
Issued for cash under private placement	95,656	-	-	-	95,656
Total transactions with owners of the Company	95,656	-	-	-	95,656
At 31 March 2019	<u>1,338,445</u>	<u>59</u>	<u>(1,104,436)</u>	<u>396,033</u>	<u>630,101</u>

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**Unaudited Condensed Consolidated Statement of Cash Flows
For the Fourth Quarter Ended 31 March 2020**

	12 months ended	
	31-Mar	
	2020	2019
	RM'000	RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	106,798	152,499
Adjustment for:-		
Bad debts written off	-	367
Depreciation	33,266	25,338
Finance costs	18,145	12,303
Finance income	(9,818)	(3,069)
(Reversal of)/Impairment loss on trade receivables	70	(68)
Property, plant and equipment:		
-Written off	-	6
-Gain on disposal	(15)	(328)
Unrealised loss on foreign exchange	9,513	917
Inventories:		
- Reversal of allowance for slow moving stocks	-	(1,811)
-(Reversal of allowance)/Write-down of inventory to net realisable value	(15)	133
Operating profit before changes in working capital	<u>157,944</u>	<u>186,287</u>
Changes in inventories	(151,289)	(89,565)
Changes in contract assets	8,106	(19,088)
Changes in trade and other receivables	22,471	(239,021)
Changes in trade and other payables	164,866	142,046
Changes in contract liabilities	(84)	218
Cash generated from/(used in) operations	<u>202,014</u>	<u>(19,123)</u>
Tax Paid	(28,725)	(26,979)
Net cash from/(used in) operating activities	<u>173,289</u>	<u>(46,102)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(39,741)	(62,052)
Proceeds from disposal of property, plant and equipment	15	328
Change in pledged deposits	(3,074)	9,440
Interest received	9,818	3,069
Net cash used in investing activities	<u>(32,982)</u>	<u>(49,215)</u>
Cash flows from financing activities		
Proceeds from/(Repayment of) term loans	(2,163)	36,562
Proceeds from/(Repayment of) short term borrowings	(4,426)	127,455
Proceeds from finance lease liabilities	10,615	(27,152)
Dividend paid to owners of the Company	(39,624)	-
Proceeds from private placement	-	95,656
Interest paid	(18,145)	(12,303)
Net cash (used in)/from financing activities	<u>(53,743)</u>	<u>220,218</u>
Net increase/(decrease) in cash and cash equivalents	86,564	124,901
Effect of exchange rate fluctuation on cash held	-	(11)
Cash and cash equivalents at 1 April	254,068	129,178
Cash and cash equivalents at 31 March	<u>340,632</u>	<u>254,068</u>
Cash and cash equivalents comprise:		
Cash and bank balances	273,276	243,447
Fixed deposits with licensed banks	86,351	27,186
Cash and cash equivalents in the statements of financial position	<u>359,627</u>	<u>270,633</u>
Less: Pledged deposits	(18,328)	(15,254)
Bank overdrafts	(667)	(1,311)
Cash and cash equivalents in the statements of cash flow	<u>340,632</u>	<u>254,068</u>

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Part A

Selected explanatory notes pursuant to MFRS 134

For the Fourth Quarter Ended 31 March 2020

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.

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, interpretations and amendments of the MFRSs 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
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures – Interest Rate Benchmark Reform

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

- Amendment to MFRS 16, Leases – Covid-19-Related Rent Concessions

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

- MFRS 17, Insurance Contracts

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Part A

Selected explanatory notes pursuant to MFRS 134

For the Fourth Quarter Ended 31 March 2020

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018–2020)

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 plans to apply the abovementioned accounting standards, interpretations and amendments in the respective financial year when the above accounting standards, interpretations and amendments become effective, if applicable.

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 upon their first adoption.

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.

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 2020

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, other than the formation of a 100% subsidiary, ATA Industries Denmark Aps on 21 January 2020, with principal activity being global business development for EMS business.

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

	31-Mar-2020
	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>18,735</u>

13 Related party transactions

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

	12 months ended	
	31-Mar	
	2020	2019
	RM'000	RM'000
Sales	15,396	2,148
Purchases	<u>439,246</u>	<u>69,348</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 Fourth Quarter Ended 31 March 2020

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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Group Revenue	719,207	803,027	3,352,256	2,908,560
Profit before taxation	3,403	36,699	106,798	152,499
Profit after taxation	2,614	21,209	78,336	112,941

For the current quarter under review, the Group recorded a lower turnover of RM 719.2 million, a decrease of RM 83.8 million or 10.4% as compared to the corresponding quarter in 2019. Profit before tax reduced 90.7% or RM 33.3 million to RM 3.4 million over the same period.

For the period ended 31 March 2020, the Group recorded a revenue of RM3,352 million as compared to RM 2,908.6 million recorded in the preceeding year. Profit before tax reduced 30.0% or RM 45.7 million to RM 106.8 million over the same period.

The decrease in revenue for current quarter was mainly due to closure of factories operations during the Movement Control Order (“MCO”) imposed by the Malaysia Government from 18 March 2020. The reduction in profit before tax despite higher sales for the current cumulative period was mainly due to higher material contents and expenses incurred for marketing and recruiting of additional manpower to manage new customers' projects.

16 Variation of results against the immediate preceding quarter

	Individual	
	31-Mar	31-Dec
	RM'000	RM'000
Group Revenue	719,207	865,083
Profit before taxation	3,403	30,113
Profit after taxation	2,614	20,103

For the current quarter under review, the Group recorded an RM 145.9 million or 16.9% reduction in revenue, and a lower profit before tax of RM 3.4 million as compared to RM 30.1 million in the immediate preceding quarter. It was mainly due to lower sales generated during closure of factories operations due to the Movement Control Order (“MCO”) imposed by the Malaysia Government from 18 March 2020.

17 Current year prospects

Due to the Covid-19 outbreak, the Malaysian government imposed the MCO from 18 March 2020 onwards, resulting in the Group's factory operations being closed for approximately one month. As a result, the Group experienced a temporary disruption to its revenue and cashflows. However the Group has resumed operations while making adjustments to operations to implement safe distancing and Covid-19 preventive measures. Coupled with the implementation of cost control measures, the financial position of the Group is expected to normalize within the next two quarters barring any unforeseen circumstances.

The outbreak of Covid-19 however, is still for the time being the most significant threat that creates uncertainties to global markets and the overall economic climate. The Group will continue to monitor closely the current situation and take necessary steps to ensure the impact to operations will be minimized.

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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 2020

18 Profit forecast

Not applicable.

19 Tax expense

	Individual 3 months ended 31-Mar		Cumulative 12 months ended 31-Mar	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysian - current				
Tax expense	2,313	7,801	30,265	31,874
Deferred tax	(1,524)	7,689	(1,803)	7,684
	<u>789</u>	<u>15,490</u>	<u>28,462</u>	<u>39,558</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 a private placement on 20 March 2019 where 57,351,000 shares were issued at RM1.69 each.

The status of utilization of proceeds raised from the abovementioned private placement as at 31 March 2020 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 2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Capital expenditure	25,000	25,000	Within twelve (12) months	25,000
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>96,923</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 2020

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 16 July 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

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

24 Profit for the period

	12 months ended 31-Mar	
	2020 RM'000	2019 RM'000
Profit for the period is arrived at after charging /(crediting):		
Depreciation	33,266	25,338
Net foreign exchange loss/(gain)	473	3,063
Finance income	(9,818)	(3,069)
Finance costs	18,145	12,303
Reversal of doubtful debts	70	(68)
(Reversal of allowance)/Write-down of inventory to net realisable value	(15)	133
Reversal of allowance for slow moving stocks	-	(1,811)
Gain on disposal of property, plant and equipment	(15)	(328)

25 Group borrowings

	31 Mar 2020 RM'000	31 Mar 2019 RM'000
Secured		
Non-Current		
Finance lease liabilities	52,985	42,800
Term loans	54,630	59,062
	<u>107,615</u>	<u>101,862</u>
Current		
Bank overdraft	667	1,311
Bankers acceptance	214,831	219,257
Finance lease liabilities	33,496	31,536
Revolving credit	5,000	5,000
Supply chain financing	97,950	-
Term loans	4,172	2,827
	<u>356,116</u>	<u>259,931</u>
Total	<u>463,731</u>	<u>361,793</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 2020

26 Basic earnings per share

	Individual 3 months ended 31-Mar		Cumulative 12 months ended 31-Mar	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
	Profit/(Loss) attributable to owners of the company (RM'000)	2,614	21,209	78,336
Weighted average number of ordinary shares in issue ('000)	1,204,371	1,154,667	1,204,371	1,148,906
Basic earnings per share (sen per share)	0.22	1.84	6.50	9.83

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 June 2020.

BY ORDER OF THE BOARD

Yong May Li (LS 0000295)

Wong Chee Yin (MAICSA 7023530)

Company Secretaries

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