



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

Interim Financial Statements
For the First Quarter Ended
30 June 2020

ATA IMS Berhad

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

Interim Financial Statements For the First Quarter Ended 30 June 2020

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ATA IMS Berhad

(Company No. 190155-M)

(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statement of Financial Position As at 30 June 2020

		30.06.2020	31.03.2020
		RM'000	RM'000
	Note		Audited
Assets			
Property, plant and equipment		333,858	337,103
Right-of-use assets		8,196	8,225
Goodwill on consolidation		76,414	76,414
Total non-current assets		<u>418,468</u>	<u>421,742</u>
Inventories		308,942	369,182
Contract assets		42,714	36,109
Trade and other receivables		794,533	716,068
Current tax assets		-	3,722
Cash and cash equivalents		415,763	359,627
		<u>1,561,952</u>	<u>1,484,708</u>
Total assets		<u><u>1,980,420</u></u>	<u><u>1,906,450</u></u>
Equity			
Share capital		1,338,445	1,338,445
Reserves		(1,104,768)	(1,103,792)
Retained earnings		450,033	432,276
Total equity		<u>683,710</u>	<u>666,929</u>
Liabilities			
Loans and borrowings	25	115,532	109,557
Lease Liabilities		6,751	6,781
Deferred tax liabilities		14,847	14,438
Total non-current liabilities		<u>137,130</u>	<u>130,776</u>
Loans and borrowings	25	552,776	354,174
Lease Liabilities		1,593	1,592
Trade and other payables		602,608	752,845
Contract liabilities		-	134
Current tax liabilities		2,603	-
Total current liabilities		<u>1,159,580</u>	<u>1,108,745</u>
Total liabilities		<u>1,296,710</u>	<u>1,239,521</u>
Total equity and liabilities		<u><u>1,980,420</u></u>	<u><u>1,906,450</u></u>
Net assets per share			
attributable to the owners of the company (RM)		<u>0.57</u>	<u>0.55</u>

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(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statement of Profit or Loss and
Other Comprehensive Income
For the First Quarter Ended 30 June 2020**

	Individual 3 months ended 30-Jun		Cumulative 3 months ended 30-Jun	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	743,993	836,109	743,993	836,109
Cost of sales	<u>(703,852)</u>	<u>(784,727)</u>	<u>(703,852)</u>	<u>(784,727)</u>
Gross profit	40,141	51,382	40,141	51,382
Other income/(Other expenses)	4,370	1,155	4,370	1,155
Distribution expenses	(11,444)	(9,350)	(11,444)	(9,350)
Administrative expenses	<u>(9,131)</u>	<u>(8,403)</u>	<u>(9,131)</u>	<u>(8,403)</u>
Result from operating activities	23,936	34,784	23,936	34,784
Finance income	2,466	2,229	2,466	2,229
Finance costs	<u>(3,755)</u>	<u>(4,374)</u>	<u>(3,755)</u>	<u>(4,374)</u>
Profit before tax	22,647	32,639	22,647	32,639
Tax expense	<u>(4,890)</u>	<u>(8,067)</u>	<u>(4,890)</u>	<u>(8,067)</u>
Profit for the period	<u>17,757</u>	<u>24,572</u>	<u>17,757</u>	<u>24,572</u>
Other comprehensive income/ (expenses), net of tax				
Foreign currency translation difference for foreign operations	<u>(976)</u>	<u>(131)</u>	<u>(976)</u>	<u>(131)</u>
Total comprehensive income for the period	<u>16,781</u>	<u>24,441</u>	<u>16,781</u>	<u>24,441</u>
Profit attributable to:				
Owners of the company	<u>17,757</u>	<u>24,572</u>	<u>17,757</u>	<u>24,572</u>
Total comprehensive income attributable to:				
Owners of the company	<u>16,781</u>	<u>24,441</u>	<u>16,781</u>	<u>24,441</u>
Basic earnings per ordinary share (sen)	(Note 26)			
	<u>1.47</u>	<u>2.04</u>	<u>1.47</u>	<u>2.04</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 First Quarter Ended 30 June 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 2020	1,338,445	644	(1,104,436)	432,276	666,929
Foreign currency translation differences for foreign operations	-	(976)	-	-	(976)
Profit for the period	-	-	-	17,757	17,757
Total comprehensive income for the period	-	(976)	-	17,757	16,781
At 30 June 2020	<u>1,338,445</u>	<u>(332)</u>	<u>(1,104,436)</u>	<u>450,033</u>	<u>683,710</u>
At 1 April 2019	1,338,445	59	(1,104,436)	395,851	629,919
Foreign currency translation differences for foreign operations	-	(131)	-	-	(131)
Profit for the period	-	-	-	24,572	24,572
Total comprehensive income for the year	-	(131)	-	24,572	24,441
At 30 June 2019	<u>1,338,445</u>	<u>(72)</u>	<u>(1,104,436)</u>	<u>420,423</u>	<u>654,360</u>

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**Unaudited Condensed Consolidated Statement of Cash Flows
For the First Quarter Ended 30 June 2020**

	3 months ended	
	30-Jun	
	2020	2019
	RM'000	RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	22,647	32,639
Adjustment for:-		
Depreciation of property, plant and equipment	9,117	7,149
Depreciation of right-of-use assets	29	-
Finance income	(2,466)	(2,229)
Finance costs	3,755	4,374
(Reversal of)/Impairment loss on trade receivables	-	(8)
Property, plant and equipment:		
-Gain on disposal	(30)	(12)
Unrealised gain on foreign exchange	(8,439)	(156)
Inventories:		
- Reversal of allowance for slow moving stocks	(15)	(1,811)
-(Reversal of allowance)/Write-down of inventory to net realisable value	-	(9)
Operating profit before changes in working capital	<u>24,598</u>	<u>39,937</u>
Changes in inventories	60,256	(26,979)
Changes in contract assets	(6,605)	15,240
Changes in trade and other receivables	(78,464)	(74,805)
Changes in trade and other payables	(113,286)	72,163
Changes in contract liabilities	(134)	(218)
Cash generated from/(used in) operations	<u>(113,635)</u>	<u>25,338</u>
Tax Paid	(496)	(6,667)
Net cash from/(used in) operating activities	<u>(114,131)</u>	<u>18,671</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(19,179)	(4,374)
Proceeds from disposal of property, plant and equipment	-	12
Change in pledged deposits	5,957	-
Interest received	2,466	2,229
Net cash used in investing activities	<u>(10,756)</u>	<u>(2,133)</u>
Cash flows from financing activities		
Repayment of term loans	(83)	(526)
Proceeds from short term loan	30,000	-
Proceeds from banker acceptance	91,048	13,363
Proceeds from supply chain financing	77,592	-
Repayment of hire purchase liabilities	(7,885)	(3,575)
Payment of lease liabilities	(29)	-
Interest paid	(3,755)	(4,374)
Net cash from financing activities	<u>186,888</u>	<u>4,888</u>
Net increase in cash and cash equivalents	62,001	21,426
Cash and cash equivalents at 1 April	340,632	254,068
Cash and cash equivalents at 30 June	<u>402,633</u>	<u>275,494</u>
Cash and cash equivalents comprise:		
Cash and bank balances	317,654	266,206
Fixed deposits with licensed banks	98,109	26,481
Cash and cash equivalents in the statements of financial position	<u>415,763</u>	<u>292,687</u>
Less:		
Pledged deposits	(12,371)	(15,254)
Bank overdrafts	(759)	(1,939)
Cash and cash equivalents in the statements of cash flow	<u>402,633</u>	<u>275,494</u>

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Part A

Selected explanatory notes pursuant to MFRS 134

For the First Quarter Ended 30 June 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 2020.

(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 2020.

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 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 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 1 January 2022

- MFRS 17, Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements-Classification of Liabilities as Current or Non-current

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Part A

Selected explanatory notes pursuant to MFRS 134

For the First Quarter Ended 30 June 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 2020 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.

8 Material events subsequent to period end

On 23 July 2020, the company repurchased from the open market a total of 1,507,400 of its issued ordinary shares with an average repurchase price of RM1.26 per ordinary share.

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.

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Part A

Selected explanatory notes pursuant to MFRS 134

For the First Quarter Ended 30 June 2020

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-Jun-2020
	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>15,889</u>

13 Related party transactions

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

	3 months ended	
	30-Jun	
	2020	2019
	RM'000	RM'000
Sales	7,268	1,276
Purchases	<u>164,896</u>	<u>65,074</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 2020

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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Group Revenue	743,993	836,109	743,993	836,109
Profit before taxation	22,647	32,639	22,647	32,639
Profit after taxation	17,757	24,572	17,757	24,572

For the current quarter under review, the Group recorded a lower turnover of RM 743.9 million, a decrease of RM 92.1 million or 11.0% as compared to the corresponding quarter in 2019. Profit before tax reduced 30.6% or RM 9.9 million to RM 22.6 million over the same period.

The decrease in revenue and profit before tax for current quarter was mainly due to temporary closure of factories operations during the Movement Control Order (“MCO”) imposed by the Malaysia Government from 18 March 2020 and operations only resume back in early May 2020.

16 Variation of results against the immediate preceding quarter

	Individual	
	30-Jun	31-Mar
	RM'000	RM'000
Group Revenue	743,993	719,207
Profit before taxation	22,647	3,403
Profit after taxation	17,757	2,614

For the current quarter under review and despite closure of operations for one month due to MCO the Group recorded an RM 24.8 million or 3.4% increase in revenue, and a higher profit before tax of RM 22.6 million as compared to RM 3.4 million in the immediate preceding quarter. It was mainly due to higher sales order from existing customers with improved operational efficiency.

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 in this quarter. As a result, the Group experienced a temporary disruption to its revenue and cash flows. However the Group has resumed operations in early May 2020 while making adjustments to operations to implement safe distancing and Covid-19 preventive measures, as well as imposed stricter cost control measures and improved operational efficiency.

The outbreak of Covid-19 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. Despite this, the main customer's order forecast still remains strong and our new customers' projects will commence during the year, as such the Group current year prospects remains positive. The Group is also expected to increase production capacity to meet the increase in demand by acquiring approximately 70 new injection moulding machines.

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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 2020

18 Profit forecast

Not applicable.

19 Tax expense

	Individual		Cumulative	
	3 months ended		3 months ended	
	30-Jun		30-Jun	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Malaysian - current				
Tax expense	4,478	7,700	4,478	7,700
Deferred tax	412	367	412	367
	<u>4,890</u>	<u>8,067</u>	<u>4,890</u>	<u>8,067</u>

The effective tax rate for the cumulative current year period is lower than the statutory tax rate as the Group is entitled to claim Special Reinvestment Allowance (RA) for manufacturing activities for Year of Assessment 2020 and 2021, under Short-Term Economic Recovery Plan (STERP) as announced by Malaysia Government on 5 June 2020.

20 Status of Corporate Proposals

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

21 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 30 September 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.

22 Dividends payable

The Board had on 21 August 2020 announced that the Company is proposing a final dividend of 2 sen per ordinary share in respect of the financial year 31 March 2020 for shareholders' approval at forthcoming annual general meeting.

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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 2020

23 Profit for the period

	3 months ended	
	30-Jun	
	2020	2019
	RM'000	RM'000
Profit for the period is arrived at after charging /(crediting):		
Depreciation	9,117	7,149
Net foreign exchange loss/(gain)	(3,636)	(701)
Finance costs	3,755	4,374
Finance income	(2,466)	(2,229)
Reversal of doubtful debts	-	(8)
(Reversal of allowance)/Write-down of inventory to net realisable value	-	(9)
Reversal of allowance for slow moving stocks	(15)	(1,811)
Gain on disposal of property, plant and equipment	(30)	(12)

24 Group borrowings

	30 June 2020	31 Mar 2020
	RM'000	RM'000
Secured		
Non-Current		
Hire purchase liabilities	60,060	54,927
Term loans	55,472	54,630
	<u>115,532</u>	<u>109,557</u>
Current		
Bank overdraft	759	667
Bankers acceptance	303,880	214,831
Hire purchase liabilities	34,348	31,554
Revolving credit	35,000	5,000
Supply chain financing	175,542	97,950
Term loans	3,247	4,172
	<u>552,776</u>	<u>354,174</u>
Total	<u>668,308</u>	<u>463,731</u>

25 Basic earnings per share

	Individual		Cumulative	
	3 months ended		3 months ended	
	30-Jun		30-Jun	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to owners of the company (RM'000)	17,757	24,572	17,757	24,572
Weighted average number of ordinary shares in issue ('000)	1,204,371	1,204,371	1,204,371	1,204,371
Basic earnings per share (sen per share)	1.47	2.04	1.47	2.04

ATA IMS Berhad

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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 2020

26 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.

27 Authorise for issue

These Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution passed on 25 August 2020.

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