



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

Interim Financial Statements
For the Third Quarter Ended
31 December 2020

ATA IMS Berhad

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

Interim Financial Statements For the Third Quarter Ended 31 December 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 December 2020

		31.12.2020	31.03.2020
		RM'000	RM'000
	Note	Unaudited	Audited
Assets			
Property, plant and equipment		345,133	337,103
Right-of-use assets		6,930	8,225
Goodwill on consolidation		76,414	76,414
Total non-current assets		<u>428,477</u>	<u>421,742</u>
Inventories		378,623	369,182
Contract assets		65,284	36,109
Trade and other receivables		1,036,138	716,068
Current tax assets		-	3,722
Cash and cash equivalents		337,693	359,627
		<u>1,817,738</u>	<u>1,484,708</u>
Total assets		<u><u>2,246,215</u></u>	<u><u>1,906,450</u></u>
Equity			
Share capital		1,338,445	1,338,445
Treasury Shares		(1,897)	-
Reserves		(1,104,328)	(1,103,792)
Retained earnings		531,576	432,276
Total equity		<u>763,796</u>	<u>666,929</u>
Liabilities			
Loans and borrowings	24	111,693	109,557
Lease Liabilities		5,566	6,781
Deferred tax liabilities		14,892	14,438
Total non-current liabilities		<u>132,151</u>	<u>130,776</u>
Loans and borrowings	24	361,263	354,174
Lease Liabilities		1,613	1,592
Trade and other payables		969,415	752,845
Contract liabilities		-	134
Current tax liabilities		17,977	-
Total current liabilities		<u>1,350,268</u>	<u>1,108,745</u>
Total liabilities		<u>1,482,419</u>	<u>1,239,521</u>
Total equity and liabilities		<u><u>2,246,215</u></u>	<u><u>1,906,450</u></u>
Net assets per share			
attributable to the owners of the company (RM)		<u>0.63</u>	<u>0.55</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 Third Quarter Ended 31 December 2020

	Individual 3 months ended 31-Dec		Cumulative 9 months ended 31-Dec	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	1,172,122	865,083	3,253,836	2,633,049
Cost of sales	<u>(1,076,378)</u>	<u>(817,481)</u>	<u>(3,029,045)</u>	<u>(2,467,244)</u>
Gross profit	95,744	47,602	224,791	165,805
Other operating income	10,672	7,153	29,457	9,772
Distribution expenses	(21,681)	(13,988)	(55,940)	(41,845)
Administrative expenses	<u>(11,571)</u>	<u>(9,052)</u>	<u>(29,337)</u>	<u>(24,911)</u>
Result from operating activities	73,164	31,715	168,971	108,821
Finance income	1,500	2,666	5,792	7,431
Finance costs	<u>(3,913)</u>	<u>(4,268)</u>	<u>(13,682)</u>	<u>(12,857)</u>
Profit before tax	70,751	30,113	161,081	103,395
Tax expense	<u>(17,440)</u>	<u>(10,010)</u>	<u>(37,724)</u>	<u>(27,673)</u>
Profit for the period	<u>53,311</u>	<u>20,103</u>	<u>123,357</u>	<u>75,722</u>
Other comprehensive income/ (expenses), net of tax				
Foreign currency translation difference for foreign operations	<u>(161)</u>	<u>(49)</u>	<u>(536)</u>	<u>(241)</u>
Total comprehensive income for the period	<u>53,150</u>	<u>20,054</u>	<u>122,821</u>	<u>75,481</u>
Profit attributable to:				
Owners of the company	<u>53,311</u>	<u>20,103</u>	<u>123,357</u>	<u>75,722</u>
Total comprehensive income attributable to:				
Owners of the company	<u>53,150</u>	<u>20,054</u>	<u>122,821</u>	<u>75,481</u>
Basic earnings per ordinary share (sen)	(Note 25)			
	<u>4.43</u>	<u>1.67</u>	<u>10.26</u>	<u>6.29</u>
Diluted earnings per ordinary share (sen)	(Note 26)			
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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Unaudited Condensed Consolidated Statement of Changes in Equity For the Third Quarter Ended 31 December 2020

	← Attributable to owners of the Company →					Total equity
	Share Capital	Treasury Shares	Exchange fluctuation reserve	Reverse acquisition reserve	Retained earnings	
	RM'000	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	-	-	(536)	-	-	(536)
Profit for the period	-	-	-	-	123,357	123,357
Total comprehensive income for the period	-	-	(536)	-	123,357	122,821
<i>Contributions by and distributions to owners of the Company</i>						
Own shares acquired	-	(1,897)	-	-	-	(1,897)
Dividends to owners of the company	-	-	-	-	(24,057)	(24,057)
Total transactions with owners of the Company	-	(1,897)	-	-	(24,057)	(25,954)
At 31 December 2020	<u>1,338,445</u>	<u>(1,897)</u>	<u>108</u>	<u>(1,104,436)</u>	<u>531,576</u>	<u>763,796</u>
At 1 April 2019	1,338,445	-	59	(1,104,436)	395,851	629,919
Foreign currency translation differences for foreign operations	-	-	(241)	-	-	(241)
Profit for the period	-	-	-	-	75,722	75,722
Total comprehensive income for the year	-	-	(241)	-	75,722	75,481
<i>Contributions by and distributions to owners of the Company</i>						
Dividends to owners of the company	-	-	-	-	(39,622)	(39,622)
Total transactions with owners of the Company	-	-	-	-	(39,622)	(39,622)
At 31 December 2019	<u>1,338,445</u>	<u>-</u>	<u>(182)</u>	<u>(1,104,436)</u>	<u>431,951</u>	<u>665,778</u>

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**Unaudited Condensed Consolidated Statement of Cash Flows
For the Third Quarter Ended 31 December 2020**

	9 months ended	
	31-Dec	
	2020	2019
	RM'000	RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	161,081	103,395
Adjustment for:-		
Bad debts written off	231	-
Depreciation of property, plant and equipment	27,378	24,122
Depreciation of right-of-use assets	1,305	-
Finance costs	13,682	12,857
Finance income	(5,792)	(7,431)
Insurance claimed	(1,898)	-
(Reversal of)/Impairment loss on trade receivables	-	(17)
(Reversal of)/Impairment loss on property, plant and equipment	(45)	-
Property, plant and equipment written off	282	-
Gain on disposal of property, plant and equipment	(71)	(15)
Unrealised gain on foreign exchange	(14,733)	(3,705)
- Write back of impairment on inventory	(1)	(14)
Operating profit before changes in working capital	<u>181,419</u>	<u>129,192</u>
Changes in inventories	(9,440)	(41,754)
Changes in contract assets	(29,175)	18,308
Changes in trade and other receivables	(320,301)	(89,458)
Changes in trade and other payables	237,332	129,943
Changes in contract liabilities	(134)	(218)
Cash generated from operations	<u>59,701</u>	<u>146,013</u>
Tax Paid	(17,894)	(23,814)
Net cash from operating activities	<u>41,807</u>	<u>122,199</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(40,930)	(29,615)
Proceeds from disposal of property, plant and equipment	71	15
Change in pledged deposits	13,181	-
Interest received	5,792	7,431
Net cash used in investing activities	<u>(21,886)</u>	<u>(22,169)</u>
Cash flows from financing activities		
Repayment of term loans	(901)	(2,722)
Repayment of overdraft	(667)	-
Proceeds from/(Repayment of) banker acceptance	38,448	(1,448)
Repayment of supply chain financing	(27,300)	-
Proceeds from hire purchase liabilities	1,645	6,009
Payment of lease liabilities	(1,493)	-
Dividend paid to owners of the Company	(24,057)	(39,622)
Interest paid	(13,682)	(12,857)
Net cash used in financing activities	<u>(28,007)</u>	<u>(50,640)</u>
Net increase/(decrease) in cash and cash equivalents	(8,086)	49,390
Cash and cash equivalents at 1 April	340,632	254,068
Cash and cash equivalents at 31 December	<u>332,546</u>	<u>303,458</u>
Cash and cash equivalents comprise:		
Cash and bank balances	240,228	285,491
Fixed deposits with licensed banks	97,465	27,418
Cash and cash equivalents in the statements of financial position	<u>337,693</u>	<u>312,909</u>
Less: Pledged deposits	(5,147)	(8,041)
Bank overdrafts	-	(1,410)
Cash and cash equivalents in the statements of cash flow	<u>332,546</u>	<u>303,458</u>

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Part A

Selected explanatory notes pursuant to MFRS 134

For the Third Quarter Ended 31 December 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 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 Third Quarter Ended 31 December 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

The Company has paid a first and final dividend of 2.0 sen per ordinary share totalling RM24,057,272 on 28 October 2020 in respect of the financial year ended 31 March 2020

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 were no material events subsequent to the period end.

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 Third Quarter Ended 31 December 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

	31-Dec-2020
	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>42,422</u>

13 Related party transactions

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

	9 months ended	
	31-Dec	
	2020	2019
	RM'000	RM'000
Sales	27,740	5,573
Purchases	<u>814,365</u>	<u>273,766</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 Third Quarter Ended 31 December 2020

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

	Individual		Cumulative	
	3 months ended		9 months ended	
	31-Dec		31-Dec	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Group Revenue	1,172,122	865,083	3,253,836	2,633,049
Profit before taxation	70,751	30,113	161,081	103,395
Profit after taxation	53,311	20,103	123,357	75,722

For the current quarter under review, the Group recorded a higher turnover of RM 1,172.1 million, an increase of RM 307.0 million or 35.5% as compared to the corresponding quarter in 2019. Profit before tax increased 135.0% or RM 40.6 million to RM70.7 million over the same period.

For the period ended 31 December 2020, the Group recorded revenue of RM3,253.8 million as compared to RM 2,633.0 million recorded in the preceding year. Profit before tax increased 55.8% or RM 57.7million to RM 161.1 million over the same period.

The increase in revenue and profit before tax was mainly attributable to higher sales order from existing customers with optimized productivity and improved operational efficiency.

16 Variation of results against the immediate preceding quarter

	Individual	
	31-Dec	30-Sep
	RM'000	RM'000
Group Revenue	1,172,122	1,337,721
Profit before taxation	70,751	67,685
Profit after taxation	53,311	52,291

For the current quarter under review the Group recorded an RM 165.6 million or 12.4% decrease in revenue. However profit before tax increased by RM 3.1 million as compared to RM 67.7 million in the immediate preceding quarter. It was mainly due to improved productivity and operational efficiency.

17 Current year prospects

With the number of daily cases of covid-19 infections still high in some countries including in Malaysia, the Covid-19 pandemic still remains the most significant threat to global markets and the overall economic climate. The Malaysian government has also imposed a Second Movement Control Order ("MCO 2.0") from 13 January to 18 February 2021 and further extended for several states to 4 March 2021. The Group is operating as usual, but will continue to comply strictly with the Health Ministry's guidelines 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's current year prospects remains positive. The Group is also expected to increase capital expenditure during the financial year in order to increase production capacity to meet the increase in orders.

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Part B

Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia For the Third Quarter Ended 31 December 2020

18 Profit forecast

Not applicable.

19 Tax expense

	Individual		Cumulative	
	3 months ended		9 months ended	
	31-Dec		31-Dec	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Malaysian - current				
Tax expense	16,899	8,433	36,955	27,952
Deferred tax	541	1,577	769	(279)
	<u>17,440</u>	<u>10,010</u>	<u>37,724</u>	<u>27,673</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 filed 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 management for the case no. 08(f)-287-07/2019 (J) has been postponed to 10 March 2021.

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

No dividend has been recommended for the current quarter.

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Part B

Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia For the Third Quarter Ended 31 December 2020

23 Profit for the period

	9 months ended	
	31-Dec	
	2020	2019
	RM'000	RM'000
Profit for the period is arrived at after charging /(crediting):		
Depreciation of property, plant and equipment	27,378	24,122
Net foreign exchange gain	(25,922)	(1,532)
Finance costs	13,682	12,857
Finance income	(5,792)	(7,431)
Insurance claimed	(1,898)	-
(Reversal of)/Impairment loss on trade receivables	-	(17)
(Reversal of)/Impairment loss on property, plant and equipment	(45)	-
Write back of impairment on inventory	(1)	(14)
Property, plant and equipment written-off	282	-
Gain on disposal of property, plant and equipment	(71)	(15)

24 Group borrowings

	31 Dec 2020	31 Mar 2020
	RM'000	RM'000
Secured		
Non-Current		
Hire purchase liabilities	58,423	54,927
Term loans	53,270	54,630
	<u>111,693</u>	<u>109,557</u>
Current		
Bank overdraft	-	667
Bankers acceptance	251,279	214,831
Hire purchase liabilities	29,703	31,554
Revolving credit	5,000	5,000
Supply chain financing	70,650	97,950
Term loans	4,631	4,172
	<u>361,263</u>	<u>354,174</u>
Total	<u>472,956</u>	<u>463,731</u>

25 Basic earnings per share

	Individual		Cumulative	
	3 months ended		9 months ended	
	31-Dec		31-Dec	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to owners of the company (RM'000)	53,311	20,103	123,357	75,722
Weighted average number of ordinary shares in issue ('000)	1,202,864	1,204,371	1,202,864	1,204,371
Basic earnings per share (sen per share)	4.43	1.67	10.26	6.29

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Part B

Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia For the Third Quarter Ended 31 December 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 23 February 2021.

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