



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

Interim Financial Statements
For the Second Quarter Ended
30 September 2021

ATA IMS Berhad

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

Interim Financial Statements For the Second Quarter Ended 30 September 2021

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ATA IMS Berhad

(Company No. 190155-M)

(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statement of Financial Position As at 30 September 2021

		30.09.2021	31.03.2021
		RM'000	RM'000
	Note		Audited
Assets			
Property, plant and equipment		393,748	368,851
Right-of-use assets		5,664	6,908
Goodwill on consolidation		76,540	76,414
Total non-current assets		<u>475,952</u>	<u>452,173</u>
Inventories		492,902	458,487
Contract assets		83,386	86,541
Trade and other receivables		585,261	984,553
Current tax assets		16,304	2,587
Derivative financial assets		-	213
Cash and cash equivalents		322,811	351,208
		<u>1,500,664</u>	<u>1,883,589</u>
Total assets		<u><u>1,976,616</u></u>	<u><u>2,335,762</u></u>
Equity			
Share capital		1,338,445	1,338,445
Treasury Shares		(1,897)	(1,897)
Reserves		(1,104,323)	(1,104,371)
Retained earnings		570,728	558,519
Equity attributable to owners of the Company		<u>802,953</u>	<u>790,696</u>
Non-controlling interests		<u>244</u>	<u>-</u>
Total equity		<u><u>803,197</u></u>	<u><u>790,696</u></u>
Liabilities			
Loans and borrowings	24	129,408	118,293
Lease Liabilities		4,386	5,178
Deferred tax liabilities		19,991	19,436
Total non-current liabilities		<u>153,785</u>	<u>142,907</u>
Loans and borrowings	24	431,774	434,568
Lease Liabilities		1,598	2,019
Trade and other payables		586,262	965,374
Contract liabilities		-	198
Total current liabilities		<u>1,019,634</u>	<u>1,402,159</u>
Total liabilities		<u><u>1,173,419</u></u>	<u><u>1,545,066</u></u>
Total equity and liabilities		<u><u>1,976,616</u></u>	<u><u>2,335,762</u></u>
Net assets per share attributable to the owners of the company (RM)		<u>0.67</u>	<u>0.66</u>

ATA IMS Berhad

(Company No. 190155-M)

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Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Second Quarter Ended 30 September 2021

	Individual 3 months ended 30-Sep		Cumulative 6 months ended 30-Sep	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	594,479	1,337,721	1,487,532	2,081,713
Cost of sales	<u>(583,889)</u>	<u>(1,248,814)</u>	<u>(1,421,869)</u>	<u>(1,952,667)</u>
Gross profit	10,590	88,907	65,663	129,046
Other operating income/(expenses)	718	14,416	2,159	18,785
Distribution expenses	(12,519)	(22,814)	(26,939)	(34,258)
Administrative expenses	<u>(8,854)</u>	<u>(8,636)</u>	<u>(17,839)</u>	<u>(17,767)</u>
Result from operating activities	(10,065)	71,873	23,044	95,806
Finance income	1,192	1,826	3,179	4,292
Finance costs	<u>(4,316)</u>	<u>(6,014)</u>	<u>(8,525)</u>	<u>(9,768)</u>
Profit/(Loss) before tax	(13,189)	67,685	17,698	90,330
Tax expense	<u>2,018</u>	<u>(15,394)</u>	<u>(5,481)</u>	<u>(20,284)</u>
Profit/(Loss) for the period	<u>(11,171)</u>	<u>52,291</u>	<u>12,217</u>	<u>70,046</u>
Other comprehensive income/ (expenses), net of tax				
Foreign currency translation difference for foreign operations	<u>97</u>	<u>597</u>	<u>48</u>	<u>(379)</u>
Total comprehensive income/ (expenses) for the period	<u>(11,074)</u>	<u>52,888</u>	<u>12,265</u>	<u>69,667</u>
Profit/(Loss) attributable to:				
Owners of the company	(11,172)	52,291	12,209	70,046
Non-controlling interests	<u>1</u>	<u>-</u>	<u>8</u>	<u>-</u>
Profit/(Loss) for the period	<u>(11,171)</u>	<u>52,291</u>	<u>12,217</u>	<u>70,046</u>
Basic earnings per ordinary share (sen)	(Note 25)			
	<u>(0.93)</u>	<u>4.35</u>	<u>1.01</u>	<u>5.82</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 Second Quarter Ended 30 September 2021**

	← Attributable to owners of the Company →							
	← Non-distributable →				Distributable			
	Share Capital	Treasury Shares	Exchange fluctuation reserve	Reverse acquisition reserve	Retained earnings	Total		Non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2021	1,338,445	(1,897)	65	(1,104,436)	558,519	790,696	-	790,696
Foreign currency translation differences for foreign operations	-	-	48	-	-	48	-	48
Profit for the period	-	-	-	-	12,209	12,209	8	12,217
Total comprehensive income for the period	-	-	48	-	12,209	12,257	8	12,265
Acquisition of a subsidiary	-	-	-	-	-	-	236	236
At 30 September 2021	<u>1,338,445</u>	<u>(1,897)</u>	<u>113</u>	<u>(1,104,436)</u>	<u>570,728</u>	<u>802,953</u>	<u>244</u>	<u>803,197</u>
At 1 April 2020	1,338,445	-	644	(1,104,436)	432,276	666,929	-	666,929
Foreign currency translation differences for foreign operations	-	-	(379)	-	-	(379)	-	(379)
Profit for the period	-	-	-	-	70,046	70,046	-	70,046
Total comprehensive income for the period	-	-	(379)	-	70,046	69,667	-	69,667
Own shares acquired	-	(1,897)	-	-	-	(1,897)	-	(1,897)
At 30 September 2020	<u>1,338,445</u>	<u>(1,897)</u>	<u>265</u>	<u>(1,104,436)</u>	<u>502,322</u>	<u>734,699</u>	<u>-</u>	<u>734,699</u>

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**Unaudited Condensed Consolidated Statement of Cash Flows
For the Second Quarter Ended 30 September 2021**

	6 months ended	
	30-Sep	
	2021	2020
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	17,698	90,330
Adjustment for:-		
Depreciation of property, plant and equipment	21,715	18,511
Depreciation of right-of-use assets	1,244	58
Fair value loss on derivative instruments	213	-
Finance costs	8,525	9,768
Finance income	(3,179)	(4,292)
Insurance claimed	-	(1,898)
Gain on disposal of property, plant and equipment	(12)	(206)
Property, plant and equipment written off	6	282
Reversal of doubtful debts/bad debt recovered	(7)	-
Impairment loss on trade receivables	-	251
Reversal of inventory written-off	(1)	-
Unrealised gain on foreign exchange	(1,258)	(15,436)
Operating profit before changes in working capital	<u>44,944</u>	<u>97,368</u>
Changes in inventories	(34,415)	40,002
Changes in contract assets	3,155	(10,312)
Changes in trade and other receivables	399,292	(503,978)
Changes in trade and other payables	(377,104)	383,926
Changes in contract liabilities	(198)	(134)
Cash generated from operations	<u>35,674</u>	<u>6,872</u>
Tax Paid	(18,283)	(3,420)
Net cash from operating activities	<u>17,391</u>	<u>3,452</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(48,776)	(27,480)
Proceeds from disposal of property, plant and equipment	12	206
Change in pledged deposits	8,982	5,862
Acquisition of subsidiary, net of cash and cash equivalents acquired	422	-
Interest received	3,179	4,292
Net cash used in investing activities	<u>(36,181)</u>	<u>(17,120)</u>
Cash flows from financing activities		
Payment of lease liabilities	(420)	(58)
Proceeds from banker acceptance	34,943	134,125
Proceeds/(Repayment) of supply chain financing	(40,698)	1,626
Repayment of term loans	(2,327)	(245)
Proceeds/(Repayment) of hire purchase liabilities	15,413	(2,632)
Interest paid	(8,525)	(9,768)
Net cash from/(used in) financing activities	<u>(1,614)</u>	<u>123,048</u>
Net increase/(decrease) in cash and cash equivalents	(20,404)	109,380
Cash and cash equivalents at 1 April	342,226	340,632
Cash and cash equivalents at 30 Sep	<u>321,822</u>	<u>450,012</u>
Cash and cash equivalents comprise:		
Cash and bank balances	267,586	375,216
Fixed deposits with licensed banks	55,225	88,086
Cash and cash equivalents in the statements of financial position	<u>322,811</u>	<u>463,302</u>
Less: Pledged deposits	-	(12,465)
Bank overdrafts	(989)	(825)
Cash and cash equivalents in the statements of cash flow	<u>321,822</u>	<u>450,012</u>

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Part A

Selected explanatory notes pursuant to MFRS 134

For the Second Quarter Ended 30 September 2021

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 2021.

(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 2021.

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 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 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred tax related to assets and liabilities arising from a Single Transaction

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Part A

Selected explanatory notes pursuant to MFRS 134

For the Second Quarter Ended 30 September 2021

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 2021 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

There were no material events subsequent to the period end.

9 Changes in the composition of the Group

The company acquired a 60% subsidiary, Zullick Metal Sdn. Bhd. ("Zullick Metal") for a cash consideration of RM480,000 on 1 April 2021. Zullick Metal is principally engaged in the business of metal stamping and is based in Johor Bahru.

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 Second Quarter Ended 30 September 2021

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-Sep-2021
	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>9,178</u>

13 Related party transactions

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

	6 months ended	
	30-Sep	
	2021	2020
	RM'000	RM'000
Sales	7,360	20,208
Purchases	<u>310,134</u>	<u>494,146</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 Second Quarter Ended 30 September 2021

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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Group Revenue	594,479	1,337,721	1,487,532	2,081,713
Profit/(loss) before taxation	(13,189)	67,685	17,698	90,330
Profit/(loss) after taxation	(11,171)	52,291	12,217	70,046

For the current quarter under review, the Group recorded a lower turnover of RM 594.5 million, a decrease of RM 743.2 million or 55.6% as compared to the corresponding quarter in 2020. The Group incurred a Loss before tax of RM13.2 million compared to a Profit before tax of RM 67.7 million in the preceding year quarter.

For the period ended 30 September 2021, the Group recorded a revenue of RM1,487.5 million as compared to RM 2,081.7 million recorded in the preceding year. Profit before tax decreased 80.4% or RM 72.6 million to RM 17.7 million over the same period.

The decrease in revenue was mainly attributable to the Malaysia Government imposing a Full Movement Control Order (“FMCO”) to control the outbreak of the Covid-19 virus since 1 June 2021 and restricting workforce to a maximum of 60%, coupled with manpower shortages, resulting in under-utilisation of the Group’s production capacity and loss before tax for the quarter.

16 Variation of results against the immediate preceding quarter

	Individual	
	30-Sep	30-Jun
	RM'000	RM'000
Group Revenue	594,479	893,052
Profit/(loss) before taxation	(13,189)	30,886
Profit/(loss) after taxation	(11,171)	23,387

For the current quarter under review the Group recorded an RM 298.6 million or 33.4% reduction in revenue and loss before tax of RM 13.2 million as compared to a profit before tax of RM 30.9 million in the immediate preceding quarter. It was mainly due to strict adherence with current Standard Operating Procedures (SOP) and restriction of work force capacity at a maximum of 60% imposed by the Malaysian Government coupled with manpower shortages resulting in under-utilisation of production capacity.

17 Current year prospects

With almost all of the Group’s employees fully vaccinated and with most states in Malaysia already in Phase 4 of the National Recovery Plan, the Group is allowed to resume full operations from October 2021. However the Group is currently facing manpower shortages as the Malaysian Government has frozen foreign workers recruitment since the beginning of the Covid-19 pandemic more than one and a half years ago, resulting in foreign worker numbers reducing as those who returned to their home countries during this period cannot be replaced. Local workers recruitment has also not achieved the desired results due to high turnover. We foresee this situation to persist until such time when the Malaysian Government re-opens foreign workers recruitment for the manufacturing sector. The Group will continue on with various programs to drive up recruitment of local workers, but will only be able to achieve optimal production output and meet customers’ sales demands once the labour shortage situation improves.

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Part B

Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia For the Second Quarter Ended 30 September 2021

In the meantime, the Group will still continue to remain vigilant and adhere to all the government's SOP within its operations to ensure the safety and health of our employees as the Covid-19 pandemic still remains a significant threat to global markets, the overall economic climate and to the Group's operations.

18 Profit forecast

Not applicable.

19 Tax expense

	Individual		Cumulative	
	3 months ended		6 months ended	
	30-Sep		30-Sep	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Malaysian - current				
Tax expense	(3,543)	15,578	5,687	20,056
Deferred tax	1,525	(184)	(206)	228
	<u>(2,018)</u>	<u>15,394</u>	<u>5,481</u>	<u>20,284</u>

The effective tax rate of the Group for the financial year-to-date was higher than the statutory tax rate mainly due to losses of certain subsidiaries that cannot be offset against the taxable profits made by other entities within the Group, in addition to certain non-deductible expenses for tax purposes.

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 court had on 6 May 2021 ordered the case no. 08(f)-287-07/2019 (J) to go for appeal for which a case management has been scheduled on 8 September 2021 and final hearing has been fixed on 2 December 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

The Board had announced their recommendation for a first and final dividend of 3.35 sen which was approved by shareholders at the Annual General Meeting held on 26 August 2021.

The book closure date was fixed on 13 October 2021, and the dividend was paid on 28 October 2021.

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Part B

Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia For the Second Quarter Ended 30 September 2021

23 Profit for the period

	6 months ended	
	30-Sep	
	2021	2020
	RM'000	RM'000
Profit for the period is arrived at after charging /(crediting):		
Depreciation of property, plant and equipment	21,715	18,511
Depreciation of right-of-use assets	1,244	58
Net foreign exchange gain	(819)	(15,903)
Finance costs	8,525	9,768
Finance income	(3,179)	(4,292)
Insurance claimed	-	(1,898)
Impairment loss on trade receivables	-	251
Reversal of doubtful debts/bad debt recovered	(7)	-
Property, plant and equipment written-off	6	282
Gain on disposal of property, plant and equipment	(12)	(206)
Reversal of inventory written-off	(1)	-

24 Group borrowings

	30 Sep 2021	31 Mar 2021
	RM'000	RM'000
Secured		
Non-Current		
Hire purchase liabilities	79,843	65,936
Term loans	49,565	52,357
	<u>129,408</u>	<u>118,293</u>
Current		
Bank overdraft	990	-
Bankers acceptance	323,375	288,432
Hire purchase liabilities	29,660	28,154
Revolving credit	35,000	35,000
Supply chain financing	37,946	78,644
Term loans	4,803	4,338
	<u>431,774</u>	<u>434,568</u>
Total	<u>561,182</u>	<u>552,861</u>

25 Basic earnings per share

	Individual		Cumulative	
	3 months ended		6 months ended	
	30-Sep		30-Sep	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to owners of the company (RM'000)	(11,172)	52,291	12,209	70,046
Weighted average number of ordinary shares in issue ('000)	1,202,864	1,203,224	1,202,864	1,203,794
Basic earnings per share (sen per share)	(0.93)	4.35	1.01	5.82

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Part B

Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia For the Second Quarter Ended 30 September 2021

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 12 November 2021.

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