



ATA IMS Berhad
(Registration No. 198901012846 (190155-M))
(Incorporated in Malaysia)
and its subsidiaries

Interim Financial Statements
For the First Quarter Ended
30 June 2023

ATA IMS Berhad
(Registration No. 198901012846 (190155-M))
(Incorporated in Malaysia)

Interim Financial Statements
For the First Quarter Ended 30 June 2023

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ATA IMS Berhad
(Registration No. 198901012846 (190155-M))
(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statement of Financial Position
As at 30 June 2023

	Note	30.06.2023 RM'000	31.03.2023 RM'000 Audited
Assets			
Property, plant and equipment		200,816	207,282
Right-of-use assets		54	85
Deferred tax assets		582	282
Total non-current assets		201,452	207,649
Inventories		92,113	80,047
Contract assets		25,371	32,042
Trade and other receivables		110,018	154,310
Current tax assets		31,021	30,827
Cash and cash equivalents		253,429	255,904
		511,952	553,130
Assets classified as held for sale		15,082	15,496
Total current assets		527,034	568,626
Total assets		728,486	776,275
Equity			
Share capital		1,338,445	1,338,445
Treasury Shares		(1,897)	(1,897)
Reserves		(1,104,332)	(1,104,332)
Retained earnings		233,182	251,574
Equity attributable to owners of the Company		465,398	483,790
Non-controlling interests		82	107
Total equity		465,480	483,897
Liabilities			
Loans and borrowings	24	85,652	94,250
Total non-current liabilities		85,652	94,250
Loans and borrowings	24	52,020	53,941
Lease liabilities		56	88
Trade and other payables		125,278	143,773
Contract liabilities		-	326
Current tax liabilities		-	-
Total current liabilities		177,354	198,128
Total liabilities		263,006	292,378
Total equity and liabilities		728,486	776,275
Net assets per share attributable to the owners of the company		0.39	0.40

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Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the First Quarter Ended 30 June 2023

	Note	Individual 3 months ended 30 Jun		Cumulative 3 months ended 30 Jun	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue		82,247	387,359	82,247	387,359
Cost of sales		(96,728)	(389,303)	(96,728)	(389,303)
Gross loss		(14,481)	(1,944)	(14,481)	(1,944)
Other income		3,007	5,532	3,007	5,532
Distribution expenses		(863)	(7,802)	(863)	(7,802)
Administrative expenses		(5,195)	(6,195)	(5,195)	(6,195)
Result from operating activities		(17,532)	(10,409)	(17,532)	(10,409)
Finance income		1,781	754	1,781	754
Finance costs		(1,845)	(2,597)	(1,845)	(2,597)
Loss before tax		(17,596)	(12,252)	(17,596)	(12,252)
Tax expense		(821)	(3,015)	(821)	(3,015)
Loss for the period		(18,417)	(15,267)	(18,417)	(15,267)
Other comprehensive income/ (expenses), net of tax		-	-	-	-
Foreign currency translation difference for foreign operations		-	41	-	41
Total comprehensive expenses for the period		(18,417)	(15,226)	(18,417)	(15,226)
Loss attributable to:					
Owners of the company		(18,392)	(15,250)	(18,392)	(15,250)
Non-controlling interests		(25)	(17)	(25)	(17)
Loss for the period		(18,417)	(15,267)	(18,417)	(15,267)
Basic earnings per ordinary share (sen)	25	(1.53)	(1.27)	(1.53)	(1.27)
Diluted earnings per ordinary share (sen)	26	-	-	-	-

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Unaudited Condensed Consolidated Statement of Changes in Equity
For the First Quarter Ended 30 June 2023

Note	← Attributable to owners of the Company →						Non-controlling interest RM'000	Total equity RM'000
	← Non-distributable			Distributable				
	Share capital RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Reverse accounting reserve RM'000	Retained earnings RM'000	Total RM'000		
At 1 April 2023	1,338,445	(1,897)	104	(1,104,436)	251,574	483,790	107	483,897
Foreign currency translation differences for foreign operation/ Loss for the period								
Total comprehensive income/ (expense) for the year		--	--	--	(18,392)	(18,392)	(25)	(18,417)
<i>Contributions by and distributions to owners of the Company</i>								
At 30 June 2023	1,338,445	(1,897)	104	(1,104,436)	233,182	465,398	82	465,480
At 1 April 2022	1,338,445	(1,897)	353	(1,104,436)	506,113	738,578	195	738,773
Foreign currency translation differences for foreign operation/ Loss for the period								
Total comprehensive income/ (expense) for the year		--	--	--	(15,250)	(15,209)	(17)	(15,226)
<i>Contributions by and distributions to owners of the Company</i>								
At 30 June 2022	1,338,445	(1,897)	394	(1,104,436)	490,863	723,369	178	723,547

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Unaudited Condensed Consolidated Statement of Cash Flows
For the First Quarter Ended 30 June 2023

	Note	3 months ended	
		30.06.2023	30.06.2022
		RM'000	RM'000
Cash flows from operating activities			
Loss before tax		(17,596)	(12,252)
Adjustments for:			
Depreciation:			
- Property, plant and equipment		4,272	11,901
- Right-of-use assets		31	338
Finance income		(1,781)	(754)
Finance costs		1,845	2,597
(Reversal of impairment loss)/			
Impairment loss on:			
- Trade receivables		--	(2)
- Other receivables		17	--
Property, plant and equipment:			
- Gain on disposal		(826)	(5,310)
- Impairment loss		1,100	--
Unrealised (gain)/loss on foreign exchange		(1,209)	274
Inventories:			
- (Reversal of allowance)/Allowance for slow moving		(2,201)	--
Operating loss before changes in working capital		<u>(16,348)</u>	<u>(3,208)</u>
Change in inventories		(9,865)	169,229
Change in contract assets		6,671	5,531
Change in trade and other receivables		44,277	178,286
Change in trade and other payables		(17,047)	(247,875)
Change in contract liabilities		(326)	--
Cash generated from operations		<u>7,362</u>	<u>101,963</u>
Tax paid		(1,315)	(3,689)
Net cash from operating activities		<u>6,047</u>	<u>98,274</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(241)	(6,319)
Proceeds from disposal of property, plant and equipment		2,334	13,367
Interest received		1,781	754
Net cash from investing activities		<u>3,874</u>	<u>7,802</u>

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Unaudited Condensed Consolidated Statement of Cash Flows
For the First Quarter Ended 30 June 2023
(continued)

	Note	3 months ended	
		30.06.2023	30.06.2022
		RM'000	RM'000
Cash flows from financing activities			
Repayment of term loans		(1,109)	(1,572)
(Repayment of)/Proceeds from bankers' acceptances		862	(28,033)
Proceeds from/(Repayment of) hire purchase liabilities		(8,273)	(13,972)
Repayment of lease liabilities		(32)	(427)
(Repayment of)/Proceeds from revolving credits		(2,000)	(10,000)
Interest paid		(1,845)	(2,597)
Net cash used in financing activities		<u>(12,397)</u>	<u>(56,601)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(2,476)</u>	<u>49,475</u>
Effect of exchange rate fluctuation on cash held		--	41
Cash and cash equivalents at 1 April		255,905	199,924
Cash and cash equivalents at 30 June		<u>253,429</u>	<u>249,440</u>
Cash and cash equivalents comprise:			
Cash and bank balances		127,150	206,138
Fixed deposits with licensed bank		126,279	44,263
Cash and cash equivalents in the statements of financial position		<u>253,429</u>	<u>250,401</u>
Less: Bank Overdrafts		--	(961)
Cash and cash equivalents in the statements of cash flow		<u>253,429</u>	<u>249,440</u>

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Part A

**Selected explanatory notes pursuant to MFRS 134
For the First Quarter Ended 30 June 2023**

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 20223.

(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 2023.

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 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements – 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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
- Amendments to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments Disclosures – Supplier Finance Arrangement

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Part A

**Selected explanatory notes pursuant to MFRS 134
For the First Quarter Ended 30 June 2023**

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 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 2023 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.

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Part A

**Selected explanatory notes pursuant to MFRS 134
For the First Quarter Ended 30 June 2023**

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

	30-Jun-2023
	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>235</u>

13. Related party transactions

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

	3 months ended	
	30-Jun	
	2023	2022
	RM'000	RM'000
Sales	1,460	2,483
Purchases	<u>19,572</u>	<u>36,640</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 2023**

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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Group Revenue	82,247	387,359	82,247	387,359
Loss before taxation	(17,596)	(12,252)	(17,596)	(12,252)
Loss after taxation	(18,417)	(15,267)	(18,417)	(15,267)

For the current quarter under review, the Group recorded a lower turnover of RM 82.2 million, a decrease of RM 305.1 million or 78.8% as compared to the corresponding quarter in 2022. Loss before tax increased by RM 5.3 million or 43.6% from RM 12.3 million to RM 17.6 million over the same period.

The decrease in revenue and increase in loss before tax was mainly attributable to the termination of contracts by the major customer with ATA Industrial (M) Sdn. Bhd., Jabco Filter System Sdn. Bhd. and Winsheng Plastic Industry Sdn. Bhd. coupled with impairment of assets.

16. Variation of results against the immediate preceding quarter

	Individual	
	30-Jun	31-Mar
	RM'000	RM'000
Group Revenue	82,247	116,951
Loss before taxation	(17,596)	(99,719)
Loss after taxation	(18,417)	(88,840)

For the current quarter under review the Group recorded an RM 82.2 million or 29.7% reduction in revenue and registered a loss before tax of RM 17.6 million, which was a reduction in the loss before tax by RM 82.1 million or 82.4% against the immediate preceding quarter. The decrease in revenue was mainly attributable to the termination of contracts by the major customer with ATA Industrial (M) Sdn. Bhd., Jabco Filter System Sdn. Bhd. and Winsheng Plastic Industry Sdn. Bhd. as explained in Note 15 above.

The reduction in loss before tax was due to impairment of goodwill, impairment of plant and equipment, provision of onerous contract and provision of slow moving stock which was taken up in the immediate preceding 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 2023**

17. Current year prospects

The Group is still continuing with its efforts to undertake downsizing and cost cutting measures, which includes reducing production capacity by selling excess assets, discontinuing rented factories and reducing work force and stock holdings. Provisions for impairment of assets, slow moving stocks, onerous contracts and goodwill which are necessary have also been made.

As a result of these efforts, the Group has net current assets amounting to RM349.7 million, with working capital ratio improving from 2.79 times in financial year 2023 to 2.89 in the current period. Cash less borrowings has also improved to RM115.8 million, compared to RM107.7 million in the previous year. The Group will therefore be able to meet its financial obligations when they become due, and is in a better financial position to take on new business opportunities and to face the challenging economic conditions in this new financial year.

The Group is actively engaging in business development to secure new customers and new business prospects to increase production volume and revenue to ensure sustainability.

18. Profit forecast

Not applicable.

19. Tax expense

	Individual		Cumulative	
	3 months ended		3 months ended	
	30-Jun		30-Jun	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysian - current				
Tax expense	1,188	2,931	1,188	2,931
Deferred tax	735	(97)	735	(97)
Malaysian - prior years				
Tax expense	--	26	--	26
Deferred tax	(1,102)	155	(1,102)	155
	<u>821</u>	<u>3,015</u>	<u>821</u>	<u>3,015</u>

The effective tax rate of the Group for the financial year-to-date was higher than the statutory tax rate mainly due to reversal of prior year deferred tax.

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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 2023

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

(a) United Max Construction Sdn Bhd

Reference is made to the announcement made by the ATA IMS Berhad (“ATAIMS” or “the Company”) on 31 May 2022, 3 June 2022, 7 June 2022, 28 June 2022, 15 July 2022, 9 December 2022 and 18 January 2023 relating to the receipt of a sealed copy of Writ of Summons and Statement of Claim by ATAIMS’s wholly owned subsidiary ATA Industrial (M) Sdn Bhd (“AIM”), dated 29 April 2021 filed by United Max Construction Sdn Bhd (“United Max”), via a suit no. JA-B52NCC-43-04/2021 filed at the Johor Bahru Sessions Court. The trial at the Sessions Court for the case has been postponed to 30 and 31 July 2023.

However, on 2 March 2023, AIM received a letter dated 28 February 2023 from AIM’s lawyer informing of the receipt of a sealed copy of a Writ of Summons number JA-24NCvC-104-01/2023 dated 31 January 2023 from the Plaintiff’s lawyer to apply for the original case number JA-B52NCC-43-04/2021 to be transferred to the Johor Bahru High Court, the reason cited being the amount of the claim exceeds the authority of the sessions court.

The Plaintiff had also amended their Statement of Claim stating that they are no longer claiming for mesne profits of RM2, 155,140.00, and will only be claiming two times of the rental of RM1, 810,317.60 and repair costs of RM914, 036.00.

The hearing date to decide whether consent will be given for the Plaintiff’s application to transfer the case to the High Court has been postponed to a date yet to be fixed.

(b) Intag Industrial Supplies Sdn Bhd

Reference is made to the announcement made by ATAIMS on 26 April 2023 relating to the receipt of a sealed copy of Writ of Summons and Statement of Claim by ATAIMS’s wholly owned subsidiary AIM dated 18 April 2023 filed by Intag Industrial Supplies Sdn Bhd (“Intag”) via suit no. JA-22NCC-29-04/2023 filed in the High Court of Malaya at Johor Bahru, Johor.

AIM has appointed Messrs GK Sritharan & Co as its lawyers and to file its defense. The plaintiff proceeded to file for Summary Judgement and the matter was heard on 8 August 2023, and the Court has fixed 13 September 2023 for a decision to be made.

For details of the case and claims by Intag, please refer to the company’s announcement dated 26 April 2023.

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Part B

**Explanatory notes pursuant to Appendix 9B of the Listing Requirement of
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(c) Intag Industrial Supplies Sdn Bhd

Reference is made to the announcement made by ATAIMS on 24 May 2023 that its wholly owned subsidiary Jabco Filter System Sdn Bhd (“Jabco”) had received a sealed copy of Writ of Summons and Statement of Claim dated 18 May 2023 filed by Intag Industrial Supplies Sdn Bhd (“Intag”) via suit no. JA-22NCC-35-05/2023 filed in the High Court of Malaya at Johor Bahru, Johor.

Jabco has appointed Messrs GK Sritharan & Co as its lawyers and to file its defense. The plaintiff proceeded to file for Summary Judgement and the hearing will be held on 27 September 2023.

For details of the case and claims by Intag, please refer to the company's announcement dated 24 May 2023.

22. Dividends payable

No dividend has been recommended for the current quarter.

23. Profit for the period

	3 months ended	
	30-Jun	
	2023	2022
	RM'000	RM'000
Profit for the period is arrived at after charging /(crediting):		
Depreciation of property, plant and equipment	4,272	11,901
Depreciation of right-of-use assets	31	338
Net foreign exchange (gain)/loss	(1,203)	312
Finance income	(1,781)	(754)
Finance costs	1,845	2,597
Gain on disposal of property, plant and equipment	(826)	(5,310)
(Reversal)/Impairment loss of plant and equipment	(1,100)	--
(Reversal)/Impairment loss on trade receivables/other receivables	17	(2)
Allowance/(Reversal) for slow moving inventories	(2,201)	--

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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 2023**

24. Group borrowings

	30 Jun 2023	31 Mar 2023
	RM'000	RM'000
Secured		
Non-Current		
Hire purchase liabilities	44,228	51,780
Term loans	41,424	42,470
	<u>85,652</u>	<u>94,250</u>
Current		
Bankers acceptance	16,779	15,916
Hire purchase liabilities	30,573	31,293
Revolving credit	--	2,000
Term loans	4,668	4,732
	<u>52,020</u>	<u>53,941</u>
Total	<u><u>137,672</u></u>	<u><u>148,191</u></u>

25. Basic earnings per share

	Individual		Cumulative	
	3 months ended		3 months ended	
	30-Jun		30-Jun	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Loss attributable to owners of the company (RM'000)	(18,392)	(15,250)	(18,392)	(15,250)
Weighted average number of ordinary shares in issue ('000)	1,202,864	1,202,864	1,202,864	1,202,864
Basic earnings per share (sen per share)	(1.53)	(1.27)	(1.53)	(1.27)

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 29 August 2023.