



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

Interim Financial Statements
For the Second Quarter Ended
30 September 2023

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

Interim Financial Statements
For the Second Quarter Ended 30 September 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 September 2023

	Note	30.09.2023 RM'000	31.03.2023 RM'000 Audited
Assets			
Property, plant and equipment		196,020	207,282
Right-of-use assets		21	85
Deferred tax assets		1,284	282
Total non-current assets		197,325	207,649
Inventories		68,367	80,047
Contract assets		13,778	32,042
Trade and other receivables		146,924	154,310
Current tax assets		31,035	30,827
Cash and cash equivalents		239,927	255,904
		500,031	553,130
Assets classified as held for sale		13,891	15,496
Total current assets		513,922	568,626
Total assets		711,247	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		219,642	251,574
Equity attributable to owners of the Company		451,858	483,790
Non-controlling interests		61	107
Total equity		451,919	483,897
Liabilities			
Loans and borrowings	24	77,336	94,250
Total non-current liabilities		77,336	94,250
Loans and borrowings	24	54,980	53,941
Lease liabilities		45	88
Trade and other payables		126,967	143,773
Contract liabilities		-	326
Total current liabilities		181,992	198,128
Total liabilities		259,328	292,378
Total equity and liabilities		711,247	776,275
Net assets per share attributable to the owners of the company		0.38	0.40

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

	Note	Individual 3 months ended 30 Sep		Cumulative 6 months ended 30 Sep	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue		117,431	220,434	199,678	607,793
Cost of sales		(124,883)	(208,853)	(221,611)	(598,156)
Gross profit/(loss)		(7,452)	11,581	(21,933)	9,637
Other income/(other expenses)		(784)	989	2,222	6,521
Distribution expenses		(532)	(2,548)	(1,395)	(10,350)
Administrative expenses		(4,943)	(7,080)	(10,138)	(13,275)
Result from operating activities		(13,711)	2,942	(31,244)	(7,467)
Finance income		1,819	841	3,600	1,595
Finance costs		(1,796)	(2,313)	(3,642)	(4,910)
Profit/(Loss) before tax		(13,688)	1,470	(31,286)	(10,782)
Tax expense		128	(4,565)	(692)	(7,581)
Loss for the period		(13,560)	(3,095)	(31,978)	(18,363)
Other comprehensive income/ (expenses), net of tax		-	-	-	-
Foreign currency translation difference for foreign operations		-	128	-	169
Total comprehensive expenses for the period		(13,560)	(2,967)	(31,978)	(18,194)
Loss attributable to:					
Owners of the company		(13,540)	(3,061)	(31,932)	(18,312)
Non-controlling interests		(20)	(34)	(46)	(51)
Loss for the period		(13,560)	(3,095)	(31,978)	(18,363)
Basic earnings per ordinary share (sen)	25	(1.13)	(0.25)	(2.65)	(1.52)
Diluted earnings per ordinary share (sen)	26	-	-	-	-

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Unaudited Condensed Consolidated Statement of Changes in Equity
For the Second Quarter Ended 30 September 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
Loss for the period		--	--	--	(31,932)	(31,932)	(46)	(31,978)
Total comprehensive income/ (expense) for the year	--	--	--	--	(31,932)	(31,932)	(46)	(31,978)
<i>Contributions by and distributions to owners of the Company</i>								
At 30 September 2023	1,338,445	(1,897)	104	(1,104,436)	219,642	451,858	61	451,919
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	--	--	169	--	--	169	--	169
	--	--	--	--	(18,312)	(18,312)	(51)	(18,363)
Total comprehensive income/ (expense) for the year	--	--	--	--	(18,312)	(18,143)	(51)	(18,194)
<i>Contributions by and distributions to owners of the Company</i>								
At 30 September 2022	1,338,445	(1,897)	522	(1,104,436)	487,801	720,435	144	720,579

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Unaudited Condensed Consolidated Statement of Cash Flows
For the Second Quarter Ended 30 September 2023

	Note	6 months ended	
		30.09.2023	30.09.2022
		RM'000	RM'000
Cash flows from operating activities			
Loss before tax		(31,286)	(10,782)
Adjustments for:			
Depreciation:			
- Property, plant and equipment		8,522	23,506
- Right-of-use assets		64	610
Finance income		(3,600)	(1,595)
Finance costs		3,642	4,910
(Reversal of impairment loss)/			
Impairment loss on:			
- Trade receivables		--	(11)
- Other receivables		17	--
Property, plant and equipment:			
- Gain on disposal		(149)	(5,774)
- Impairment loss		733	--
- Written-off		38	1,574
Unrealised gain on foreign exchange		(668)	(1,084)
Inventories:			
- Reversal of allowance for slow moving		(2,953)	--
- Reversal of written-off		(268)	(3)
Operating profit/(loss) before changes in working capital		<u>(25,908)</u>	<u>11,351</u>
Change in inventories		14,901	172,801
Change in contract assets		18,264	21,439
Change in trade and other receivables		7,370	187,089
Change in trade and other payables		(15,589)	(244,851)
Change in contract liabilities		(326)	--
Cash generated from/ (used in) operations		<u>(1,288)</u>	<u>147,829</u>
Tax paid		(1,903)	(7,213)
Net cash from/ (used in) operating activities		<u>(3,191)</u>	<u>140,616</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(548)	(9,163)
Proceeds from disposal of property, plant and equipment		3,723	16,818
Interest received		3,600	1,595
Net cash from investing activities		<u>6,775</u>	<u>9,250</u>

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

	Note	6 months ended	
		30.09.2023	30.09.2022
		RM'000	RM'000
Cash flows from financing activities			
Repayment of term loans		(2,236)	(2,441)
(Repayment of)/Proceeds from bankers' acceptances		4,635	(34,587)
Proceeds from/(Repayment of) hire purchase liabilities		(16,275)	(24,873)
Repayment of lease liabilities		(43)	(753)
(Repayment of)/Proceeds from revolving credits		(2,000)	(10,000)
Interest paid		(3,642)	(4,910)
Net cash used in financing activities		<u>(19,561)</u>	<u>(77,564)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(15,977)</u>	<u>72,302</u>
Effect of exchange rate fluctuation on cash held		--	169
Cash and cash equivalents at 1 April		<u>255,904</u>	<u>199,924</u>
Cash and cash equivalents at 30 September		<u>239,927</u>	<u>272,395</u>
Cash and cash equivalents comprise:			
Cash and bank balances		140,475	239,262
Fixed deposits with licensed bank		99,452	34,043
Cash and cash equivalents in the statements of financial position		<u>239,927</u>	<u>273,305</u>
Less: Bank Overdrafts		--	(910)
Cash and cash equivalents in the statements of cash flow		<u>239,927</u>	<u>272,395</u>

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Part A

**Selected explanatory notes pursuant to MFRS 134
For the Second Quarter Ended 30 September 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 Second Quarter Ended 30 September 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 Second Quarter Ended 30 September 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-Sep-2023
	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>195</u>

13. Related party transactions

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

	6 months ended	
	30-Sep	
	2023	2022
	RM'000	RM'000
Sales	2,804	7,864
Purchases	<u>37,361</u>	<u>61,481</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 2023**

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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Group Revenue	117,431	220,434	199,678	607,793
Loss before taxation	(13,688)	1,470	(31,286)	(10,782)
Loss after taxation	(13,560)	(3,095)	(31,978)	(18,363)

For the current quarter under review, the Group recorded a lower turnover of RM 117.4 million, a decrease of RM 103.0 million or 46.7% as compared to the corresponding quarter in 2022. The Group incurred a loss before tax of RM 13.7 million in the current quarter compared to a profit before tax of RM 1.5 million in the same period last year.

For the period ended 30 September 2023, the Group recorded a revenue of RM 199.7 million as compared to RM 607.8 million recorded in the preceding year. Loss before tax increased from RM 10.8 million in the previous period to RM 31.3 million in the current period.

The decrease in revenue and increase in loss before tax was mainly attributable to a reduction in sales orders, resulting in production capacity not being maximised. Some fixed production costs were maintained as the Group is maintaining some excess production capacity in anticipation of new customers commencing manufacturing orders with the Group in the near future.

16. Variation of results against the immediate preceding quarter

	Individual	
	30-Sep	30-Jun
	RM'000	RM'000
Group Revenue	117,431	82,247
Loss before taxation	(13,688)	(17,596)
Loss after taxation	(13,560)	(18,417)

For the current quarter under review the Group recorded an RM 117.4 million or 42.8% increase in revenue and registered a lower loss before tax of RM 13.7 million, which was a reduction in the loss before tax by RM 3.9 million or 22.2% against the immediate preceding quarter.

The increase in revenue and lower loss before tax was mainly due to higher sales orders from existing customers couple with downsizing and cost cutting activities.

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Part B

**Explanatory notes pursuant to Appendix 9B of the Listing Requirement of
Bursa Malaysia
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17. Current year prospects

The Group is 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 RM331.9 million, with working capital ratio maintaining at approximately 2.80 times compared to the financial year 2023. Cash less borrowings was also maintained at RM107 million compared to 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 has concluded the manufacturing agreements with a few new customers, and will actively continue engaging in business development to secure more new customers and new business prospects.

18. Profit forecast

Not applicable.

19. Tax expense

	Individual		Cumulative	
	3 months ended		6 months ended	
	30-Sep		30-Sep	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysian - current				
Tax expense	570	2,491	1,758	5,422
Deferred tax	(698)	(705)	36	(802)
Malaysian - prior years				
Tax expense	-	2,935	-	2,961
Deferred tax	-	(156)	(1,102)	-
	<u>(128)</u>	<u>4,565</u>	<u>692</u>	<u>7,581</u>

The effective tax rate of the Group for the financial year-to-date was higher than the statutory tax rate mainly due to non-provision of deferred tax benefits as there is no foreseeable realisation in the current period.

Part B

Explanatory notes pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia For the Second Quarter Ended 30 September 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 trial has been fixed for 7 and 14 January 2024 in the Johor Bahru High Court.

(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 Court had on 13 September 2023 allowed the said summary judgement. AIM had filed an appeal to the Court of Appeal, and the first case management has been fixed for 20 December 2023.

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 has been postponed to 19 February 2024.

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

	6 months ended	
	30-Sep	
	2023	2022
	RM'000	RM'000
Profit for the period is arrived at after charging /(crediting):		
Depreciation of property, plant and equipment	8,522	23,506
Depreciation of right-of-use assets	64	610
Net foreign exchange (gain)/loss	(770)	(1,027)
Finance income	(3,600)	(1,595)
Finance costs	3,642	4,910
Property, plant, and equipment:		
- gain on disposal	(149)	(5,774)
- impairment loss	733	--
- written-off	38	1,574
(Reversal)/Impairment loss on trade receivables/other receivables	17	(11)
Reversal for slow moving inventories	(2,953)	--
Reversal of inventories written-off	(268)	(3)

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Part B

**Explanatory notes pursuant to Appendix 9B of the Listing Requirement of
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24. Group borrowings

	30 Sep 2023	31 Mar 2023
	RM'000	RM'000
Secured		
Non-Current		
Hire purchase liabilities	37,079	51,780
Term loans	40,257	42,470
	<u>77,336</u>	<u>94,250</u>
Current		
Bankers acceptance	20,552	15,916
Hire purchase liabilities	29,720	31,293
Revolving credit	--	2,000
Term loans	4,708	4,732
	<u>54,980</u>	<u>53,941</u>
Total	<u><u>132,316</u></u>	<u><u>148,191</u></u>

25. Basic earnings per share

	Individual		Cumulative	
	3 months ended		6 months ended	
	30-Sep		30-Sep	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Loss attributable to owners of the company (RM'000)	(13,540)	(3,061)	(31,932)	(18,312)
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)	(1.13)	(0.25)	(2.65)	(1.52)

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 November 2023.