ATA IMS BERHAD
(Company No.: 190155-M)

ANNUAL REPORT 2019

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30th

NOTICE OF ANNUAL GENERAL MEETING

Date: 27th August 2019

Time: 2.30pm

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Foo Chee Juan	*Executive Director cum Executive Chairman*
Dato' Fong Chiu Wan	*Executive Director cum Chief Executive Officer*
Mr. Balachandran A/L Govindasamy	*Executive Director cum Chief Operating Officer*
Mr. Koh Win Ton	*Independent Non-Executive Director*
Ms. Wong Chin Chin	*Independent Non-Executive Director*
Mr. Lee Kok Jong	*Independent Non-Executive Director*

COMPANY SECRETARIES

Ms.Yong May Li (LS 0000295)
Ms.Wong Chee Yin (MAICSA 7023530)

REGISTERED OFFICE

TRICOR CORPORATE SERVICES SDN BHD
Suite 1301, 13th Floor, City Plaza
Jalan Tebrau, 80300 Johor Bahru
Tel : +607-3322088
Fax : +607-3328096

COMPANY'S WEBSITE

www.ataims.com.my

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,
Malaysia.
Tel: +603 2783 9299
Fax: +603 2783 9222
E-mail : is.enquiry@my.tricorglobal.com

PRINCIPAL BANKERS

Alliance Islamic Bank Berhad
AmBank (M) Berhad
AmBank Islamic Berhad
CIMB Bank Berhad
CIMB Islamic Bank Berhad
Citibank Malaysia
Hong Leong Bank Berhad
Hong Leong Islamic Bank Berhad
HSBC Amanah Malaysia Berhad
HSBC Malaysia
Maybank Berhad
MBSB Bank Berhad
RHB Bank Berhad
RHB Islamic Banking Berhad
Standard Chartered Bank Malaysia Berhad

AUDITOR

KPMG PLT
Level 3, CIMB Leadership Academy No. 3,
Jalan Medini Utara 1,
Medini Iskandar, 79200 Iskandar Puteri,
Johor, Malaysia.
Tel: +607 2662213
Fax: +607 2662214

RSM Malaysia
Suite 16-02, Level 16, Menara Landmark,
No. 12, Jalan Ngee Heng,
80000 Johor Bahru,
Johor, Malaysia.
Tel: +607 276 2828
Fax: +607 276 2832

Paul Hadiwinata, Hidajat, Arsono, Achmad, Suharli & Rekan
Jl. Kebon Sirih Timur 1 No.267
Jakarta Pusat 10340
Indonesia.

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS, IT GIVES ME GREAT PLEASURE TO PRESENT THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF ATA IMS BERHAD FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 ("FY2019").

Firstly, FY2019 has truly been an eventful year, with local political events which resulted in uncertainties for local trade and businesses, and disputes between world powers threatening volatility and repercussions to the world economy. These significant events presented both challenges and opportunities for the ATA IMS Berhad Group ("ATA IMS" or "the Group"), which the Group has managed carefully, emerging stronger and continuing in its growth and expansion.

CORPORATE DEVELOPMENTS

Further to the completion of the acquisition of the Integrated Manufacturing Solutions Sdn Bhd ("IMS") Group in early February 2018, the Board is pleased that the operational synergies brought to the Group has been realized as expected, thus providing the platform for the ATA IMS Group to focus on and implement its expansion plans to grow its core business.

Additional funds were required to further the Group's growth plans. Thus a private placement exercise was carried out and completed on 22 March 2019, whereby 57,351,000 shares, or approximately 5% of the issued and paid up capital, were issued at a price of RM1.69 per share. The proceeds raised will be used partly for capital expenditure and also for working capital requirements.

REVIEW OF PERFORMANCE

OPERATING ENVIRONMENT

There were expectations of a stronger growth momentum for the 2018 global economy following the improving US, European Union and the Asia Pacific regional economies from the previous year. However, headwinds began appearing as the year progressed caused by escalating trade tensions and a tariff war between the USA and China, prolonged and eventual breakdown of the Brexit negotiations between the UK and the European Union, and unanticipated supply disruptions renewed volatility in the commodities sector. On the local stage, the historic 14th General Elections in Malaysia witnessed a new political coalition forming the government of Malaysia for the first time in the 61 years of the Nation's history. This change of government however, also brought about policy changes and some degree of uncertainties.

These myriad of events contributed to a greater than expected slowdown in economic growth for the country. However, the Malaysian economy still demonstrated its resilience to register a slower but more normalized growth rate of 4.7% in 2018, as compared to the fairly robust 5.9% growth of 2017.

FINANCIAL REVIEW

Despite the moderate economic growth both locally and globally, the Group rode on the growth trajectory of our anchor customer and has bucked the trend by registering a stellar financial performance for the financial year ended 31 March 2019. Revenue grew by approximately 26%, achieving a record revenue RM2.9 billion. The main contribution again came from our flagship subsidiary, ATA Industrial (M) Sdn Bhd. The Group also achieved a Profit Before Tax of more than RM152 million, an increase of almost 19% from last year.

DIVIDENDS

In view of the strong performance recorded by the Group for the last two (2) financial years, the Board is pleased to propose a final dividend of 3.29 sen per ordinary share for the financial year ended 31 March 2019.

CHAIRMAN'S STATEMENT
CONT'D

PROSPECTS AND BUSINESS OUTLOOK

The trade war between the USA and China, and the current UK and Brexit stalemate, represent situations that are unlikely to be resolved any time soon. Further to this, the unpredictability of policy changes in the US and recent escalation in war rhetoric in the Middle East poses a threat to an already volatile and pensive world economy.

There are however a few notable positives to support global economic growth, namely stronger labour market numbers and incomes in some advanced economies and improving economic conditions in selected emerging markets. There may also be some trade diversion favouring Malaysia and a few other regional economies due to the trade war.

Amidst these market conditions, our anchor customer has projected continued growth and is expected to launch a number of new products in the near future. Our Group thus remains in an expansionary mode by completing the refurbishment of two new factories and a warehouse, and increasing production capacity by setting up new assembly lines to cater for our customer's expected increase in demand and new products.

Our expansion plans include diversification in areas of products and geographic location. A new 100% owned subsidiary, ATA Components Sdn Bhd, was incorporated in the fourth quarter of the financial year for the production of wire harness and brush bar assembly, materials which the Group currently acquires from third party suppliers. Once production for these products comes on stream, estimated to be around the second quarter of FY2020, it will enhance vertical integration and contribute to margin increase for the Group. The Group has also further expanded overseas, with the acquisition of a 100% subsidiary in India, Jabind Manufacturing India Private Limited ("Jabind") in the fourth quarter of FY2019. Jabind's facility for the production of air filters is also estimated to be ready by the second quarter of FY2020.

In order to sustain the growth of the Group, the Board of Directors will need to continue building on and strengthen its relationship with our anchor customer as a reliable and preferred partner, and enhance the Group's core competencies in its manufacturing division, with targeted reinvestment into automation, modernization, and human resources to further improve efficiency and productivity.

AWARDS

I am proud to inform that ATA IMS Berhad received a corporate award in December 2018 from The Edge Billion Ringgit Club 2018 for the Highest Returns to Shareholders over Three Years.

APPRECIATION

I want to take the opportunity to thank our Board, our staff and management for their dedication and contributions and my sincere appreciation and thanks to our valued customers, business associates, shareholders, financiers and the authorities. Your faith, confidence and support truly spur the ATA IMS Group to excel and exceed even our own expectations.

DATO' SRI FOO CHEE JUAN
Executive Chairman

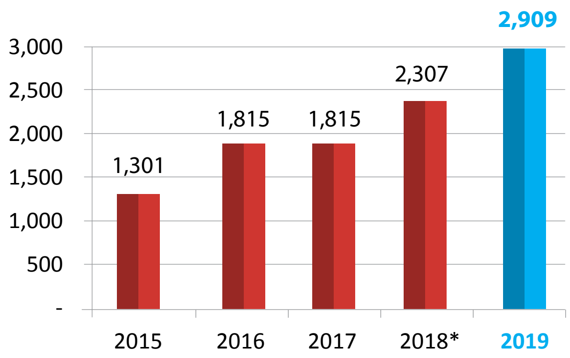
GROUP STRUCTURE

ATA IMS BERHAD
(Co. No. 190155-M)

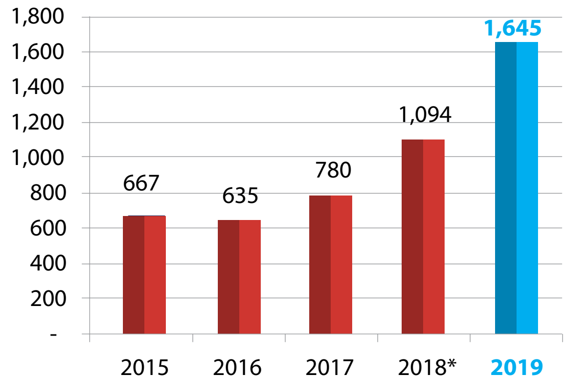
- 100% **INTEGRATED MANUFACTURING SOLUTIONS SDN BHD** (Co. No. 847091-K)
  - 100% **ATA Industrial (M) Sdn Bhd** (Co. No. 231055-D)
  - 100% **Jabco Filter System Sdn Bhd** (Co. No. 847090-W)
  - 100% **ATA Precision Engineering Sdn Bhd** (Co. No. 319068-D)
- 100% **WINSHENG PLASTIC INDUSTRY SDN BHD** (Co. No. 272872-M)
  - 100% **PT Winsheng Plastic and Tooling Industry** (Co. No. 4014042832103962)
- 100% **LEAN TEIK SOON SDN BHD** (Co. No. 165212-T)
- 100% **DENKO MANAGEMENT SERVICES SDN BHD** (Co. No. 130530-W)
- 100% **WINSHENG PLASTIC MARKETING SDN BHD** (Co. No. 1057840-D)
- 100% **JABIND MANUFACTURING INDIA PRIVATE LIMITED** (Co. No. U32302TN2018PTC124629)
- 100% **ATA COMPONENTS SDN BHD** (Co. No. 1315169-K)

FINANCIAL HIGHLIGHTS

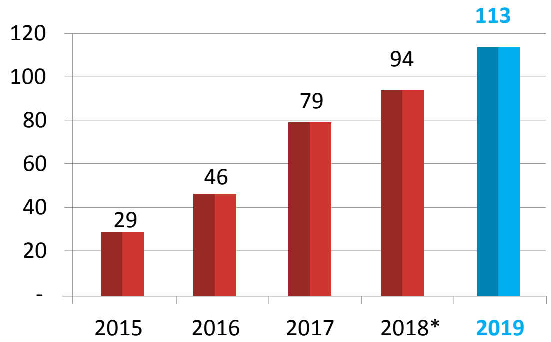
Revenue (RM' Millions)



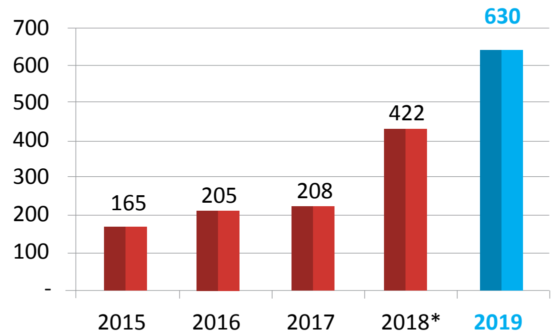
Total assets (RM' Millions)



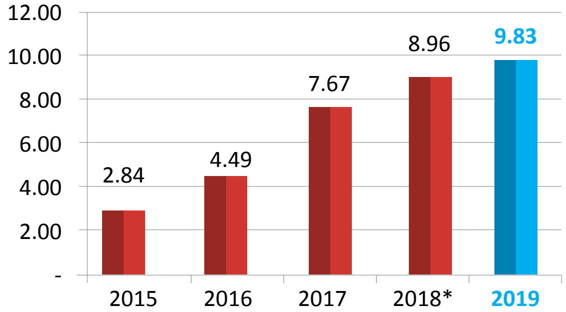
Profit after tax attributable to equity holder (RM' Millions)



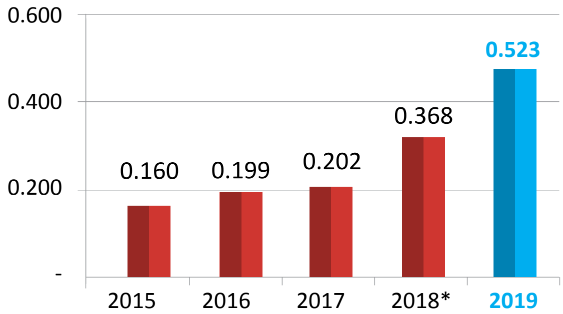
Shareholders' funds (RM' Millions)



Basic earnings per share (sen)



Net asset per share (RM')



The financial information stated above for financial year 2015, 2016 and 2017 refer to the financial results of IMS group due to the reverse accounting as described in Note 2(a) Basis of consolidation of the Audited Financial Statements, on page 65 of this Annual Report.

* Restated for effect of MFRS15, Revenue from Contracts with Customers

PROFILE OF THE BOARD OF DIRECTORS

DATO' SRI FOO CHEE JUAN
Age 58, Singaporean – Executive Director cum Executive Chairman
Gender: Male

Dato' Sri Foo Chee Juan was appointed to the Board on 21 March 2017. He graduated from the University of Oregon, United States of America, with a Degree in Bachelor of Science, major in Finance and Marketing in 1987.

Upon graduation, Dato' Sri Foo Chee Juan joined The Computer Centre as a Sales Manager before moving to ATA Industrial Pte Ltd in 1991 as a Business Development Manager. He established ATA Industrial (M) Sdn Bhd and commenced operations in 1993. He has more than 25 years of experiences in the manufacturing and sales of precision plastic injection moulded parts and assembly of electrical and electronic components and products.

Dato' Sri Foo is a director of Oregon Technology Sdn Bhd who is a substantial shareholder of the Company. He also sits on the board of several private limited companies.

DATO' FONG CHIU WAN
Age 56, Singaporean - Executive Director cum Chief Executive Officer (CEO)
Gender: Female

Dato' Fong Chiu Wan was appointed to the Board on 13 February 2018. She graduated from the University of Oregon, United States of America, with a Degree in Bachelor of Arts in 1987.

Upon graduation, Dato' Fong started her career with ATA Industrial Pte Ltd in 1987 as General Manager. She established ATA Industrial (M) Sdn Bhd and commenced operations in 1993.

Dato' Fong is the Group CEO, responsible for the financial, overall business development and management of ATA IMS Group.

Dato' Fong also sits on the board of several private limited companies.

BALACHANDRAN A/L GOVINDASAMY
Age 45, Malaysian – Executive Director cum Chief Operating Officer (COO)
Gender: Male

Mr. Balachandran A/L Govindasamy was appointed to the Board on 13 February 2018. He obtained a Diploma in Electronics from Federal Institute of Technology, Malaysia in 1995, and is a Qualified Lead Accessor after completing his training in Advanced Environment Management Systems Auditing Course in 2004. He has 24 years of work experience in the electronics manufacturing sector and has been with ATA Industrial (M) Sdn Bhd for the last 18 years.

Mr. Balachandran is the Group Chief Operating Officer, responsible for the Group's operations.

KOH WIN TON
Age 46, Malaysian – Independent Non Executive Director
Gender: Male

Mr. Koh Win Ton was appointed to the Board on 21 March 2017. He holds a Bachelor of Business (Accounting) from the University of Technology, Sydney in 1995 and he was admitted to CPA Australia on 30 June 1999 and admitted to Malaysia Institute of Accountants on 27 August 1999. In 2005, he was also admitted to Malaysia Institute of Taxation.

Mr. Koh Win Ton is a director of Opal Corporate Services Sdn Bhd and SK & Associates and has more than 20 years of experience in the accounting and tax profession as well as commercial sector in Malaysia, Singapore, Hong Kong and China. He joined one of the big four international accounting firms in 1996 and was exposed to a wide range of professional services including audit, tax and business advisory. In 1999, he joined a manufacturing company as the Financial Controller where he was responsible to oversee the internal control system as well as the finance and accounts departments. In 2001, he extended his exposure to China where he was appointed as the General Manager by a PLC in Malaysia to set up a factory in the southern part of China. In 2003, he was transferred back to Singapore to oversee the Group accounts department, and preparation of PLC's annual report as well as quarterly reporting and the internal audit function.

He joined Opal Corporate Service Sdn Bhd as a Director in 2004 and is currently in charge of the day-to-day operation of the business advisory department providing corporate secretarial services, compliance advisory, tax planning advisory, technical training services and internal audit services. In addition, he joined SK & Associates in 2009 to operate a branch office in Johor Bahru to handle audit and tax engagement.

He was appointed as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committee on 21 March 2017.

PROFILE OF THE BOARD OF DIRECTORS
CONT'D

WONG CHIN CHIN

Age 54, Malaysian – Independent Non Executive Director
Gender: Female

Ms. Wong Chin Chin was appointed to the Board on 21 March 2017. She was appointed as a member of the Audit Committee and a member of the Nominating and Remuneration Committee on 21 March 2017.

She holds a Bachelor of Laws (LLB.) from the University of Sydney and was admitted as a Barrister of the Supreme Court of New South Wales in 1990 and to the Malaysian Bar in 1991.

She has advised financial institutions, insurance companies, manufacturers, wholesalers, retailers and specialty traders, travel and leisure operators and renewable energies companies on their mergers and acquisitions. She has advised on privatisation of companies via selective capital reduction, take-over, acquisition of assets and transfer of listing status. She has also advised in the restructuring of debt via schemes of arrangements and has acted for both issuers and underwriters in initial public offerings and in the rights issue of shares and/or warrants. This includes the initial public listing of a Special Purpose Acquisition Company in the oil & gas sector and in the listing of stapled securities on the Main Market of Bursa Malaysia.

Chin Chin is recognised by Asialaw Profiles as an Asialaw Leading Lawyer in 2019 for Capital Markets and Corporate/ M&A work in Malaysia and as a highly regarded lawyer in Malaysia by IFLR1000 in 2019.

She was also recognised as one of Malaysia's top 100 lawyers by Asia Business Law Journal in 2019.

She is also an independent non-executive director of Shopper360 Limited (listed on the Catalist Board of the Singapore Stock Exchange) and serves as the chairman of its Nomination Committee and a member of its Audit Committee.

LEE KOK JONG

Age 44, Malaysian – Independent Non Executive Director
Gender: Male

Mr. Lee Kok Jong was appointed to the Board on 24 August 2017. He holds a Bachelor of Business majoring in Accounting from Charles Sturt University, Australia in 1999. He was admitted to CPA Australia in April 2003 and subsequently, he was admitted to the Malaysian Institute of Accountants in July 2003 and to the Malaysian Institute of Taxation in 2006.

Mr. Lee commenced his career with Lo Hock Ling & Co. in Singapore in 1999 where he started as an Audit Assistant and rose to the rank of Audit Manager. He was assigned and managed the audit portfolios of various industries ranging from trading, manufacturing, service providers, investment holding, sales and marketing and information technologies.

He set up his own accountancy practice in Malaysia in the year 2005 and currently provides various services to a wide clientele including corporate secretarial services, compliance advisory and tax planning advisory services.

He was appointed as Chairman of the Nominating and Remuneration Committee and member of the Audit Committee on 24 August 2017.

Note:

Saved as disclosed, none of the Directors have:
(a) Any family relationship with any Director and/or major shareholder of the Company.
(b) Any conviction for offence (other than traffic offences) within the past 5 years.
(c) Any conflict of interest with the Company.
(d) Any other directorship in public companies and listed issuers.

PROFILE OF THE KEY SENIOR MANAGEMENT TEAM

The executive function in the Group is spearheaded by the Executive Chairman, namely Dato Sri' Foo Chee Juan and assisted by the following Directors whose profiles are included under the section on Directors' Profile on page 7 of this Annual Report.

Dato' Fong Chiu Wan - Executive Director cum Chief Executive Officer

Balachandran A/L Govindasamy – Executive Director cum Chief Operating Officer

The profiles of the other Key Senior Management members are set out below:

LOH CHOO SHIEN
Age 45, Malaysian – Assistant General Manager,
Head of Finance
Gender: Male

Mr. Loh graduated with a Bachelor Degree in Accounting from Curtin University, Australia in 1998. He went on and completed the Australian Certified Practising Accountants (CPA) programme in 2001, and is currently a member of CPA Australia and the Malaysian Institute of Accountants (MIA) since 2003.

Mr. Loh started his career with H. Law & Co., in Kota Kinabalu in 1998 specialising in Financial Audit and was sent to set up the Kuala Lumpur branch in 2001. During his tenure in Kuala Lumpur, he oversaw a group of 10 staffs and was assigned to various organisations to do business restructuring and consulting engagements.

He left H. Law & Co. and joined Precision Plastic Industries Sdn Bhd, a manufacturer of plastic parts, as an Accountant in 2003 and was promoted to Accounts and Finance Manager in 2004. Mr. Loh gained extensive experience in his role as Finance Manager in the Manufacturing environment.

Mr. Loh left Precision Plastic Industries Sdn Bhd in 2007 and joined ATA Industrial (M) Sdn Bhd as Finance Manager in January 2008 and rose to the rank of Assistant General Manager and Head of Finance in 2017. He currently is in charge of the IMS Group's day-to-day accounting and financial functions.

Note:

Saved as disclosed, none of the Senior Management Staffs have:
(a) Any family relationship with any Director and/or major shareholder of the Company.
(b) Any conviction for offence (other than traffic offences) within the past 5 years.
(c) Any conflict of interest with the Company.
(d) Any directorship in public company and listed issuers.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Journey of ATA IMS Berhad

1989

29 November 1989
Incorporated In Malaysia Under The Name Of Ecodynamic (M) Sdn Bhd.

1990

7 July 1990
The Company changed its name to Denko Industrial Corporation Sdn Bhd

1990

October 1990
The Company was converted into a public listed company

1991

11 April 1991
Listed on the Second Board of Kuala Lumpur Stock Exchange-Bursa Malaysia

2018

5 February 2018
Reverse acquisition by Integrated Manufacturing Solutions Sdn Bhd and its subsidiaries ("IMS Group")

2018

24 July 2018
The Company changed its name from Denko Industrial Corporation Berhad to ATA IMS Berhad.

2019

21 February 2019
Incorporation of ATA Components Sdn Bhd. The principal activities of ATA Components Sdn Bhd are manufacture of all kinds of components relevant to electronics or electrical products, mechanical or consumer products and any kind of industrial components, e.g. wire harness and brush bar assembly.

2019

22 March 2019
Acquired Jabind Manufacturing India Private Limited

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

HOME CARE SOLUTIONS

ATA prides itself on being a leading provider of innovative home care solutions that revolutionize how people clean their homes.

ENVIRONMENTAL CARE SOLUTIONS

ATA delivers high performance air purifiers and fans equipped with in-house HEPA filter technology.

LIGHTING SOLUTIONS

ATA lights the way in providing powerful and precise LED lighting solutions.

AUTOMOTIVE SOLUTIONS

ATA drives innovation in the automotive industry.

MEDICAL SOLUTIONS

ATA delivers solutions to enhance health care and improve lives.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

Capabilities

Design & Engineering Solutions

Provide seamless integration from initial conceptualization all the way to production, enhancing product differentiation, optimizing cost and accelerating time to market.

Mould Design & Fabrication

Deliver customized moulds of complex geometries and tight tolerances by using advanced Unigraphic CAD & CAM software, AutoCAD and Flow to create mould designs and employing CNC milling, wire cut and EDM machinery.

Plastic Injection Moulding

Invest in the best quality single and double colour injection machines, insert moulding and clean room that boost optimum speed, energy, efficiency and versatility. Capabilities include single and double colour injection machines, insert moulding and clean room environment.

Sub and Full Assembly

Implementing Real Time Statistical Process Control (SPC) data to optimize workflow and troubleshoot potential bottlenecks. State-of-the-art automation machines was integrated into high volume assembly processes for cost saving and quality assurance.

Secondary Process

Wide range of secondary processes are available to cater for different customers' need, ie silk screening, tampo printing, hot stamping and laser marking.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

Capabilities *(cont'd)*

Filter Manufacturing

We have designed and manufactured a wide range of filter solutions for home care and environmental products with High Efficiency Particulate Air (HEPA) technology. Our filters undergo rigorous testing such as leak testing, smoke testing and pressure testing to ensure compliance with industry standards.

Surface Mount Technology

Printed Circuit Board (PCB) plays a crucial role in the implementation of function and performance of electronic products. With our affiliate, we deliver advanced PCB assembly technology with proven processes and a full range of services. From prototyping to in-circuit and functional testing, our processes are certified with industry standards ISO 9001:2015 and IPC-A-610.

Quality Assurance

We have a dedicated team that ensures that products are rigorously tested at every stage of the production process to ensure compliance to the highest quality standards.

Logistics

We integrate smart warehousing via our cutting edge warehouse management system that ensure optimum flow of goods and use of storage space.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

ATA

RM2.1 billion
Market Capitalisation
As at 31.03.2019

0.57 times
Net Gearing
As at 31.03.2019

+ 26.1%
Revenue
RM2.9bil in FY2019

+ 18.8%
PBT
RM152 mil in FY2019

3.29 sen
Dividend

ATA TRANSFORMS IDEAS INTO SUCCESS

ATA delivers unmatched flexibility, speed and quality in manufacturing. With a strong execution track record, we offer operational realiability to deliver to your needs. We carry decades of expertise across industries - from home care, environmental care, lighting, automative to medical.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

FINANCIAL RESULT FOR THE FINANCIAL YEAR ENDED 2019

Financial Performance for the financial year ended 31st March (RM'000)

	2019	2018 *	2017	2016	2015
Revenue	2,908,560	2,306,630	1,814,769	1,814,634	1,300,612
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	190,140	147,947	111,433	75,059	48,584
Profit before Tax (PBT)	152,499	127,725	96,510	62,819	38,911
Profit after Tax (PAT)	112,941	94,002	79,128	46,330	29,266

Financial Position as at 31st March (RM'000)

	2019	2018 *	2017	2016	2015
Shareholders' Funds	630,101	421,640	208,378	205,251	164,921
Total Assets	1,644,615	1,093,590	780,277	635,317	667,191
Net Current Assets	373,084	177,776	133,906	160,597	106,828
Total Borrowings	361,793	158,553	116,350	67,743	30,947
Cash and Bank balances	270,633	154,828	153,149	113,005	123,945
Per Share					
Earning per share (sen)	9.83	8.96	7.67	4.49	2.84
Net Assets per Share (RM)	0.52	0.37	0.20	0.20	0.16
Financial Ratios					
Current Ratio (times)	1.42	1.28	1.25	1.39	1.22
EBITDA Margin (%)	6.54	6.41	6.14	4.14	3.74
Debt-to-Equity (times)	0.57	0.38	0.56	0.33	0.19
Return on Equity (%)	17.92	22.29	37.97	22.57	17.75

- Restated for effect of MFRS15, Revenue from Contracts with Customers

MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

Revenue

The Group's Revenue for financial year 2019 jumped 26.1% to a record of RM2,909 million (FY2018: RM2,307 million) contributed by higher orders for plastic components and electrical appliances assembled from key customers.

Profit Before Tax

The Group's Profit Before Tax had increased by RM24 million to RM152 million or 18.8% (FY2018: Profit RM128 million) on the back of the increase in Revenue and benefit generated from economies of scale.

Trade and Other Receivables

In line with the increase in Revenue, Trade and Other Receivables increased by RM238 million to RM739 million (FY2018: RM501 million).

Inventories

There was a significant increase in Inventories by 71.7% to RM218 million (FY2018: RM127 million) as a result of pump up production and stock up materials to cater for increased sales orders in subsequent quarter.

Trade and Other Payables

The Group's trade and other payables increased by 25.3% to RM634 million (FY2018: RM506 million). This was mainly due to higher trade purchases to cater for higher orders during the financial year which were still outstanding as at 31 March 2019.

Capital Expenditure

During the FY2019, the Group continues its expansion plan whereby a total of RM113 million was incurred in Capital Expenditure (FY2018: RM61 million). These were included additional and upgrading of secondary process, injection moulding machines and assembly line.

Borrowings

During the FY2019 the Group's borrowings increased to RM362 million (FY2018: RM159 million) in order to finance the Group's expansion plan. The Borrowings mainly refer to additional hire purchase and term loans for capital expenditures as well as utilization of trade line facilities for working capital purposes.

ANTICIPATED RISKS

Most of the Group's assets and liabilities are denominated in Ringgit Malaysia. However, the Group is exposed to foreign currency risk from trade sales and trade purchases of the subsidiaries. The group hedges its foreign exchange risk using forward exchange contracts with its Banks as and when required. The net exposure in terms of its potential impact on both profitability and financial position of the Group is considered not material.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

REVIEW OF OPERATING ACTIVITIES

FY2019 was a record-breaking year for the Group whereby Revenue hit a high of RM2.91 billion, which was just shy of the RM3.0 billion mark. Gross profit margin also improved from 7% to 8% thanks to continuous effort in effective cost management strategy and operational efficiencies plus the continuing negotiation efforts with customers for fair price while perseverance in meeting customers' requirement.

The growth momentum continues whereby the Group had on track to chart record-breaking top and bottom figures for the FY2019 thanks to higher sales volume from its existing customers. The Group was able to continue tapping its key customer and was rank as the largest contract manufacturer out of five local suppliers. This also resulted in the Group being ranked as one of the world's Top 30 Electronics Manufacturing Services Companies. (according to Manufacturing Market Insider 2019 list of Top EMS providers in 2018).

During the financial year, the Group successfully issued 57.35 million shares on private placement, raising gross proceed of approximately RM96.92 million capital of which RM25.0 million will be used as capital expenditure to set up new facilities and infrastructure for production line while the remaining balance is reserve for working capital purpose.

Following the acquisition of the IMS and its subsidiaries ("IMS Group"), the results of IMS Group, being a major EMS player in Malaysia and worldwide had propelled the Group's revenue and earnings to record levels over the last two (2) financial years, and transformed the Group's performance to a remarkable stable growth, led by the current board of directors and management and operations personnel. It is the Group's primary concern to reward its shareholders for their continuous confidence in the Group's mission. With this in mind, the Group had announced its intention to declare a dividend of 3.29 sen per share for the Financial Year 2019.

FORWARD-LOOKING STATEMENT

In FY2020, the Group will continue ramping up its production capacity to cope with expected increase of orders from its key customer. The additional factories acquired in FY2019 had successfully increased the production space by approximately 49%. Besides, the Group had also invested additional final assembly lines which will commence operation in Q2-FY2020 to cater for new products. The Group had accredited ISO on quality specification for the automotive industry supply chain that will eventually give it a great opportunity to venture into the automotive related market in the future. All these increased capacity and capabilities will allow the Group to undertake larger orders and expand customer's portfolio.

Apart from its aggressive expansionary mode, in order to be more cost effective and subsequently more price competitive in the market, the Group has established its own manufacturing plant for wire harness and brush bar assembly with the new subsidiary, ATA Components Sdn Bhd in Q4-FY2019 which is expected to commence operations in Q2-FY2020. With the wire harness and brush bar produced on its own, this will save the Group's average annual purchases of about RM230 million from external suppliers and the cost savings arising will eventually enhance the gross margin and bottom line.

Moving forward, the Group expects continued strong growth for its major clients, and anticipates the introduction of new products in FY2020. Nevertheless, given its current capacities and industry expertise, the Group is looking ahead to expand its customer base. Moreover, the Group is fully ready for the automotive industry that will allow the Group to enhance its product portfolio. Also, the Group has always been exploring the possibility of expanding its business operations to overseas markets. On top of that, the Group had always prepared and at all time work diligently to opmitize its resources in order to meet any expected surge in demand. Given the sufficient capacities and strong capabilities in the Group, the Board is optimistic for a sustainable and stable growth momentum to be continued in coming years.

SUSTAINABILITY STATEMENT

OBJECTIVE

ATA IMS Berhad and its subsidiaries fully recognise the importance of having an impactful sustainability and risk management in its business operation. It has been its primary concern to embed sustainability in executing its vision and mission in the context of Economic, Environmental and Social impact, in order to deliver long term value creation for all its shareholders and stakeholders.

As such, the Board is accountable for the integration of sustainability throughout our organisation, including sustainability-related strategy and performance. The Board is committed to promote sustainability and continuously integrate it into its working environment, business processes and strategy making process within the Group.

SCOPE

This Sustainability Statement covers the active business operations of ATA Industrial (M) Sdn Bhd, Jabco Filter System Sdn Bhd, ATA Precision Engineering Sdn Bhd and Winsheng Plastic Industry Sdn Bhd, collectively referred to "the Group".

This Statement discloses basic principles, policies, material sustainability matters, management's initiatives and activities executed during the period from 01th April 2018 to 31st March 2019.

This Statement was prepared in accordance with Practice Note 9 of the Main Market Listing Requirements and guided by Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad.

SUSTAINABILITY PRINCIPLES

The Board is committed to be accountable and transparent in its sustainability performance, which is based upon the following principles:

- To observe and comply with all relevant legislation, regulations, recommended trade practice and code of practice applicable and relevant to the Group;
- To consider sustainability matters and integrate these considerations into the Group's business operations and when making and implementing business strategies;
- To manage sustainability matters in structured and systematic manner, whereby sustainability management is embedded throughout the Group and sustainability matters to be documented, continuously assessed and managed with reporting to the Board on scheduled interval or as and when the materiality of the sustainability matters requires such reporting;
- To continuously promote to, train and communicate with all employees, suppliers, business partners and other relevant stakeholders to ensure that they are aware of sustainability management and are committed to implement and measuring sustainability activities as part of the Group's strategy to take into consideration economic, environment, social and governance aspects;
- To continuously engage and communicate with all relevant stakeholders for the identification, assessment and management of material sustainable issues; and
- To strive to improve the Group's sustainability performance over times.

SUSTAINABILITY STATEMENT
CONT'D

SUSTAINABILITY PRINCIPLES *cont'd*

Materiality Assessment

Our materiality assessment process is as follows :

Stakeholder Engagement → **Determine Sustainability issues** → **Categorisation & prioritization** → **Process Review**

Engagement with stakeholders has been established as part of our Group's business practice, and is a major component of our overall sustainability process.

The main stakeholders for the Group can be summarised into the following categories :

1. Customers : regularly through face-to-face interactions, manufacturing collaborations, and customer audits.
2. Shareholders/Investors : through Annual General meetings or other shareholders meetings, Analysts briefings, and investors presentations and meetings.
3. Employees : through induction briefings, skills and personal development programs and other on-the-job training. Yearly employee performance appraisals are also conducted for all staffs.
4. Suppliers : through regular interviews, collaboration discussions, evaluations/ yearly re-evaluations.
5. Government and regulators : through on-going interactions, formal and informal meetings, and participation in government programs and initiatives.

Sustainability issues considered material if:

- it has significant economic, environmental and social impacts on the Group from the organisation's point of view;
- substantively influence the assessments and decisions of stakeholders from the stakeholders' point of view; and
- it has significant economic, environmental and social impacts that affect the ability to meet the needs of the present and future generations.

The significance of a sustainability issue is assessed based on the following formula:

Criteria	Description
Revenue	Revenue of the business affected across short, medium and long term.
Cost	Cost of the business affected across short, medium and long term
Media/Reputation	Possible media response to an event relating to a sustainability matter and its influence on the organisation

Criteria	Description
Strategic and Operational Risk	The impact of a sustainability matter on the organisation in terms of strategic and operational risks
Business Opportunities	The opportunities brought by a sustainability matter in assisting the organisation in the implementation of its business strategy

SUSTAINABILITY STATEMENT
CONT'D

SUSTAINABILITY POLICIES

The Sustainability Policies established by the Board is guided by the 17 Sustainable Development Goals ("SDGs") developed by the United Nations to address a range of social and economic development issues.

ECONOMIC

Sustainable Economic Policies
• To ensure economic interest of all relevant stakeholders are preserved in all significant business operations and strategic business decisions; and
• To promote the economic development of the communities where the significant business operations are carried out, when making business strategy decision and when implementing business strategies.

The Group focuses its strengths on key business areas and expertise to be a one stop solution for its customers, from tooling design, tooling fabrication, injection moulding, spraying and final assembly, with emphasis on securing contracts that award all the processes in order to generate recurring income from completion of tooling fabrication work, to plastic parts mass production, all the way through to final assembly of finished products.

Sustainable Economic Practices

Sustainability on Economic practices in FY2019 could be summarised as below:

Category	Activities
Customer satisfaction	To ensure we deliver superior quality products, value added solutions with competitive costs, and on time delivery that meet our customers' expectations. The Group continues to improve internal processes and value all feedback from customers whether positive or negative to meet customer satisfaction. Investments into modernization and automation are also ongoing to improve efficiency in order to fulfill customers' order commitments.
Corporate governance	Details of the Group's Statement of Corporate Governance are stated on pages 29 to 42 of this Annual report
Commitment to quality	To put quality assurance as to priority whereby products undergo both human and electronic visual inspection for maximum assurance.
Procurement & Spending practices	Emphasis on procurement and spending on local suppliers at significant location of operations in order to promote the local supply chain which will in turn provide a long term sustainability to the local industry and commerce. The Group will also do bulk procurement for essential materials from reputable sources at discounted prices. Local suppliers FY2019 - 63% Foreign suppliers FY2019 - 37%
Sustainability in material supply and cost effectiveness	A subsidiary namely ATA Components Sdn Bhd was established in FY2019 to manufacture its own wire harness and brush bar assembly to be able to supply to the Group. Cost saving from this vertical integration will give positive impact to the bottom line.
Industrial Revolution	The Group is putting great effort towards adopting Industry 4.0 by introducing digitalization in its operation to increase production efficiency in tandem with global trends. 

SUSTAINABILITY STATEMENT
CONT'D

ECONOMIC *cont'd*

Sustainable Economic Practices *cont'd*

Category	Activities
Economy support	Contributing directly and indirectly by driving sustainability of the economy at large via multiple positive effects.
Participation in country's economy reforms	During the financial year, the Group had sent representatives to participate, as in the event of Invest Malaysia with the aim to support government's move on reinforcing investors' confidence and interest on Malaysia as the country reinvents itself for long term growth. It is also to reiterate Malaysia as a rewarding place to invest and to do business amid the external uncertainties and volatility.

ENVIRONMENT

Sustainable Environment Policies
• To comply with all guidelines and regulations relating to the preservation of environmental aspects in relevant jurisdictions where the Group is operating in;
• To avoid contamination and improve the quality of environmental management;
• To reduce carbon footprint through product designs that are energy-efficient, optimise manufacturing efficiency, shorten supply chain and through investment in energy-efficient production machinery;
• To conserve the consumption of water, electricity and other natural resources in the business operations;
• To implement "Reduce, Reuse and Recycle" practise across the Group and along the value chain;
• To ensure all materials, where possible, are sourced from sustainable, renewable or recycled means and assess and monitor external value chain partners to make sure the Group's environment objectives and procedures are complied; and
• To protect, and proactively manage our impact on biodiversity in the ecosystems over which the Group is operating in.

Sustainable Environment Practices

The Group, through its Health, Safety and Environment Division establishes, regulates and enforces the relevant environment policies to manage its operation in a manner to minimise adverse environment impacts.

The Environment, Occupational Safety and Health (OHSAS)
The Group's continuous efforts toward good Environmental, Occupational Safety and Health management practices has resulted in the subsidiaries being accredited with ISO 14001 : 2015 (for Environmental Management System), OHSAS 18001 : 2007 (for Occupational Health and Safety Management), ISO 13485 : 2016 (for Medical Devices) and ISO 22000 : 2005 (Manufacturing of Plastic Component for Food Packaging and Food Related Equipment), ISO 9001 : 2015 (for Quality Management System) and IATF 16949 : 2016 (For Automotive Part). The Group also complied with Restriction of Hazardous Substances (RoHS) requirement. All the certifications which were expiring in 2018 were successfully renewed. Several measures are being taken by the Group to ensure productions are being conducted in an environmentally responsible manner whereby a Chemical and Waste Management Committee was formed.

SUSTAINABILITY STATEMENT
CONT'D

ENVIRONMENT *cont'd*

Sustainable Environment Practices *cont'd*

Activities and management's initiative in FY2019:

Categories	Activities
Scheduled waste	Waste segregation has been done by placing different bins and scheduled wastes are properly labelled, stored at a designated area, stored within the stipulated time frame and quantity in accordance to the requirement under Environment Quality Regulations.
Unscheduled waste	Waste water generated from the secondary process production are properly treated before discharged into drains, chemicals and excess fuel are disposed according to environment regulation through third party. During the financial year, one of the subsidiary had dismantled the old spraying lines and upgraded the entire Secondary Process section to a clean room environment and installed new automated spray lines, complete with water filtering treatment systems to ensure proper treatment for waste water.
Environment footprint	Efforts to reduce carbon footprint through centralizing all production operations and warehouse in a nearby area; arranging workers' hostel in walking distance from factories (no workers bus is required). The Group is also committed to ensuring to the best of our abilities, our manufacturing processes, especially procurement, are environmentally responsible. Given 70% of our suppliers are from local, this shorter supply chain that eventually contribute to reduction in environment footprint and create economy opportunity to local community.
Environmental compliance	Submission of report to the Department of Environment (DOE) on monthly basis to ensure production and waste handling is safe to environment.
Operation Practice	All staff are encouraged to adopt energy saving and environmentally friendly measures, eg: polystyrene usage is not allow in the premises, keeping usage of paper to a minimum or on "double sided" and "on need to" basis.
Energy consumption	Controls have been taken to monitor energy consumption usage. All lights in the production have been converted to energy saving light emitting diodes ("LED") including the signage. We had also converted to LED for all the lighting in and around our office facilities and corridors that need to be replaced. Nevertheless, action has been taken to reduce the overall energy consumed by lighting and scheduling has been done for the common areas and lobby. Management hsa also taken the initiative to switch off the air conditioners and lights during breaks and when not in use.
Sustainable packaging	To produce sustainable packaging for our customers, not only today but for the long term to recycle and reuse our cardboard and plastic containers. Incentives are paid to our delivery staff to collect empty re-useable cartons from our customers.

Overall, the Group is continually investing in replacing and upgrading its machinery and facilities which not only increase production space and capacity, but also improves efficiency, reduce wastage and downtime, and also utilizes less materials and/or chemicals.

Social

Sustainable Social Policies
• To ensure that all stakeholders should receive fair treatment and do not engage in or support discrimination based on race, nationality, religion, disability, gender, age, sexual orientation, union membership and political body;
• To ensure that the Group's, the suppliers' and the subcontractors' human resources are with the right to not be discriminated against, not to be enslaved, to be treated with dignity, to have the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay and the right to freedom of opinion and expression;
• To ensure that the Group, the suppliers and the subcontractors are in strict compliance of no child labour at the workplaces in accordance with applicable laws and regulations in relevant jurisdictions where the Group is operating in;
• To provide a safe and healthy workplace for all of its human resources, customers, suppliers, subcontractors, business partners and the public at large and all the relevant stakeholders to have the right to work in a safe and healthy environment, in compliance with the Occupational Safety and Health Act and any other applicable legislation;

SUSTAINABILITY STATEMENT
CONT'D

Social *cont'd*

Sustainable Social Policies
• To prohibit agreements or other coordinated activities with competitors, customers or suppliers that limit competition, abuse of a dominant position, monopolisation or attempted monopolisation and concentrations between companies that may substantially lessen competition;
• To conduct its business in an open, honest and ethical manner with conflict of interest situation properly addressed and to adopt a zero-tolerance approach to all forms of bribery and corruption. To ensure that all level of employees, suppliers/subcontractors, customers, business partners and other stakeholders do not engage in corruption practice, take unfair advantage of any other person, including without limitation, participating in illegal practices (for example, misleading and deceptive conduct, misrepresentation and undue influence, as well as conduct which are legal but unethical);
• To promote development of the local communities through direct support of local communities, charitable donations and support of non-profit agencies in the communities in which the Group is operating. To nurture long term relationship with the local communities and to provide safe and healthier environment for the local communities;
• To preserve and respect local heritage and customs of the local communities;
• To work with the local authorities and government bodies for the development of conducive environment for stakeholders;
• To uphold the quality, safety and health of the Group's products and services with expected standard of legitimacy and integrity; and
• To uphold the highest standard in preserving confidentiality and privacy of information collected by us in the course of the Group's business and to ensure employees, customers and business partners receive such information to observe the confidentiality and privacy of such information.

Sustainable Social Practices

The Group focuses its social initiatives on key areas involving workplace, community and market place.

Workplace

The measures continuously undertaken by the Group in workplace comprise the following:

Category	Activities
Staff salary and benefit	Timely appraisal and salary review are in place. The Group has complied with the requirement of minimum wages and maximum overtime hours under the guideline of Labour Rules.
Staff Development	Investing in employee development, talent recruitment and retention whereby the Group invests and provides employee training and development through in-house training courses, for all levels of employees. Where necessary, staffs may also be sent for various professional seminars and courses available facilitated by external professionals in their respective fields.
Health and safety awareness	We conduct briefings and set up signages and circular boards throughout our premises to create and reinforce the awareness on health and safety.
Insurance coverage	Group Term Life, Group Personal Accident, Group Hospital and Surgical insurance coverage were provided for all employees.
Accommodation	We offer our foreign workers, purpose built dormitories operated by specialists' third parties within walking distance from our factories. At these gender separated hostels, the workers are provided with clean and hygienic facilities for their cooking requirements, modern machines for their laundry, an in-house convenience retail shop and most importantly, a secure and safe living environment while enjoying modern facilities.
Protection	Personal Protective Equipment (safety boots, ear plugs, ear muffs and face masks) is available to all workers on a needs basis. Hearing tests were conducted for all workers (and workers from the supporting departments) that operate machines with high noise level.

SUSTAINABILITY STATEMENT
CONT'D

Social *cont'd*

Sustainable Social Practices *cont'd*

Workplace *cont'd*

Category	Activities
Recreation	Emphasis on a healthier work life balance whereby employees' overall well-being is also an important aspect which the Group emphasises strongly. Various sports and fun activities are organised throughout the year such as weekly badminton and futsal games, participation in fun runs and night markets within the factory. Some of the foreign workers hostels have gym facilities and sports fields which allow the workers to participate in some recreational activities. To serve this purpose, Recreation and Sport Club ("RSC") chaired by a non-executive staff member continued to be active. The Charter is to focus on staff welfare matters and to assist in bridging the proverbial management – employee gap. A team building event was organized during the financial year with the aim to tighten the relationship between all level of staffs.
Cultural tie	Festival celebrations were organized for Hari Raya, Chinese New Year, Deepavali, Hungry Ghost Festival and also Christmas at our factory premises.
Medical benefit	In house clinic was provided at factory whereby qualified doctor will be on duty during factory working day at stipulated time. All employees are eligible to visit for medical assistance.
Convenient	Bank Automated Teller Machine (ATM) was installed at a subsidiary's factory premises with the intention to provide convenience and safety in performing cash withdrawal by employees.
Fire protection	Fire drill and emergency response within factory was conducted at least on yearly basis , fire extinguishers are fixed in strategic places and timely checks are conducted to ensure they are functioning properly. Fire exit doors are always remained open and clear for easy access in the event of fire breakout or some other emergency incidents as well as emergency door release systems were installed at the respective exit doors. 
Emergency practise	First aid and cardiopulmonary resuscitation training were held to train employees to become fully qualified First Aiders in order to provide help during emergency and to meet the Department of Occupational Safety and Health's guidelines.

SUSTAINABILITY STATEMENT
CONT'D

Social *cont'd*

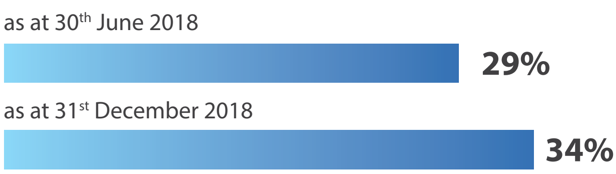
Sustainable Social Practices *cont'd*

Workplace *cont'd*

Category	Activities
Motivation and Empowerment Committee ("MEC")	The MEC was established to encourage employees to participate in decision making in regards to product, quality, working environment and to create innovation. E.g: Suggestion boxes are available for employees to provide feedback whereby MEC will review, analyses and subsequently forward to top management for further improvement.
Safeguarding of identity document	Lockers were installed for foreign workers to keep their passport .
Knowledge enhancement	An in-house library has been set up at a dedicated area for staff to increase, improve and/or upgrade their skills and knowledge. Staffs are also allowed to borrow books to share with their family and friends.
Environment cleanliness	Regular fogging activities are being carried out by specialist contractors as a preventive measure to prevent dengue fever infections. The 5S (Sort, Set in Order, Shine, Standardise and Sustain) team is on constant alert to seek out areas which might breed the aedes mosquitos. New foreign worker recruits are briefed on the dangers of dengue fever both at the workplace and at their hostels. On-going implementation and maintenance of the 5S activities through regular 5S audit to ensure a good working environment which eventually will increase productivity, reduce costs, provide safety and eliminate wastes.
Ethics and conduct	The Group has established a Code of Ethics and Conduct to set out the principles and standards by which the Group conducts and manages our business. The principle objective of the code of ethics and conduct is to define the expectations on all employees to conduct the Group's business in strict compliance to local laws and regulations, for employees to conduct themselves with integrity, diligence and full confidentiality. Disciplinary action would be taken against any misconduct that would jeopardize the harmony and good working environment. Management is accountable to instill good ethics practiced in work place, any misconduct would be given high priority and immediate attention. A whistleblowing policy has also been put in place where all employees have a channel to report inappropriate behavior and possible improprieties while the identity and personal information of whistleblower will be fully protected.

The Community

The Group's engagement with the community comprises the following:

Category	Activities
Training Opportunity	We provide internship and practical training opportunities for college and university students to enable them to fulfill the requirement that are needed to complete their respective studies.
Contribution to public	During the financial year, the Group continues to arrange blood donation activities held at it's premises with the intention to heighten awareness among employees about this noble act and encourage them to participate in order to contribute to society in general.
Caring for the needy	Charity activities for the care of society were carried out during the financial year, these include visit to the orphanage.
Job opportunity to local	The Group is committed to move away from low-skilled foreign workers dependency by giving more job opportunity to local workers. Local workforce over total workforce 

SUSTAINABILITY STATEMENT
CONT'D

Social *cont'd*

Sustainable Social Practices *cont'd*

Company's bowling activity

Team Building

Blood Donation

Visit to orphanage

Social *cont'd*

Sustainable Social Practices *cont'd*

The Market Place

The Group regards transparency, confidentiality and integrity as important business practices in building and maintaining long term relationships with our stakeholders.

Stakeholder Engagement

The Group is not relying solely on the internal stakeholders for the sustainability identification and assessment but to a certain extent, the external stakeholders, recognising the need to satisfy both groups of stakeholders to ensure the identification and assessment are holistic.

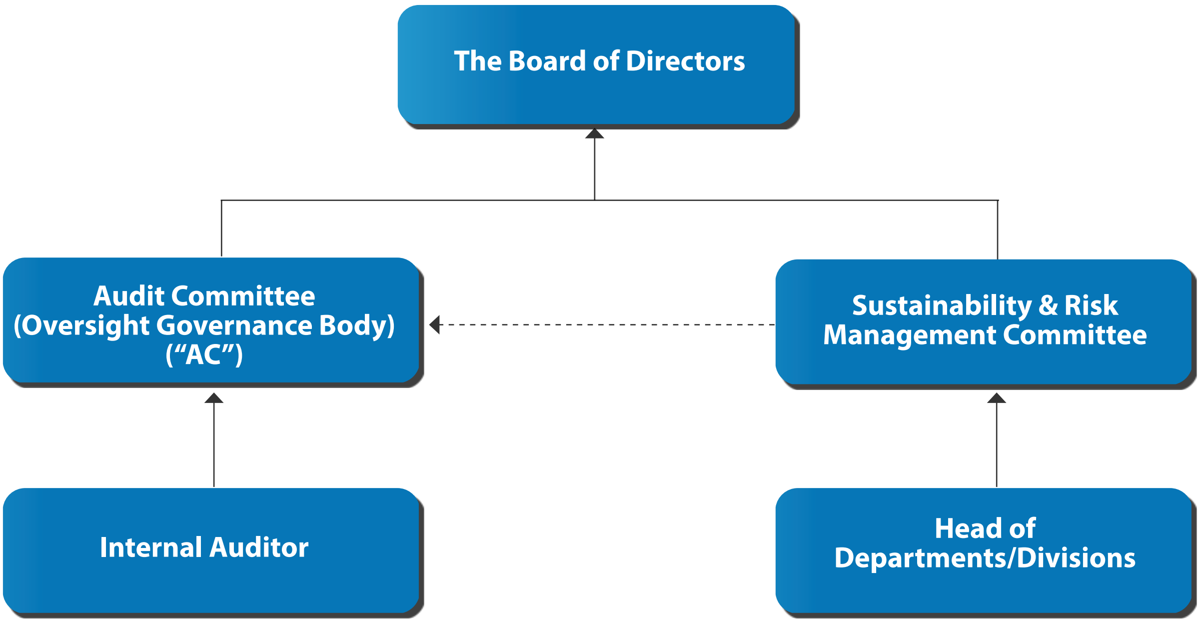
Internal stakeholders are the investors, Board of Directors, the financiers, the management and employees. External stakeholders are the suppliers, contractors, customers, media, industry peers, academics & the scientific communities, government and local authorities, non-profit organisations and public at large.

The Group's engagement with the stakeholders during the FY2019 comprise the following:

Stakeholder	Activities	Issues concerned
Employee	Established Employee's handbook, internal training, Company's policy, operation meeting and employees' appraisal	Salary and performance review; disciplinary issue, training and development of knowledge or skill; code of conduct, job security and safety
Investors	Dialogue with the shareholders at the annual general meeting, timely disclosure of information to Bursa Malaysia and posting up-to-date information on the Company's website, press release and press conference	The Group's financial performance, operating review and business plan
Customers	Meeting between management and customers, contract and agreement, customer's satisfaction survey or feedback, customer's audit, customer's networking event or award ceremony	Customer's satisfaction level, product quality, pricing, delivery, logistic, sustainability in orders, innovation and development
Suppliers	Open sourcing, audit to supplier, evaluation and negotiation	Procurement arrangement, pricing, quality, sustainability in supply of material or service
Statutory Bodies	Meeting with authority and compliance to Labour rules and other relevant governance compliance, e.g: Listing Requirement	Audit matter e.g: tax or wages related audit by local authorities, compliance with requirement under Bursa Malaysia

SUSTAINABILITY STATEMENT
CONT'D

Sustainability Governance Structure



Whilst the Board still retain ultimate responsibility for sustainability strategy and management, the AC and SRMC are entrusted with the oversight duty and implementation of framework respectively to ensure the sustainability risks and opportunities are managed or optimised for long term sustainability of the Group. In essence, the SRMC is responsible for the execution of the sustainability framework approved by the Board while the AC takes on an oversight role in respect of the Group's sustainability strategy and policy.

Looking Forward

The Group is committed to and continues enhancing greater efforts for sustainable economic, environment and social initiatives through introducing smart and innovative operation solutions to uphold the value to our stakeholders, employees, the community and the environment. The Group trusts that the importance placed in providing the best quality in products and services for economic benefit to shareholders, maintaining the highest standard in employee conduct whilst safeguarding environmental and adding social values, will ultimately generate long term benefits and business sustainability.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of ATA IMS Berhad ("the Company") always regard good Corporate Governance as vital to the success of its business and therefore the Board continuing to be committed to manage the Group of companies ("the Group") in line with the corporate governance practices as proposed in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") and the Main Market Listing Requirements ("LR") of the Bursa Malaysia Securities Berhad.

The Board strongly believes that high standards of corporate governance is crucial in discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group. The Board recognises the importance of good Corporate Governance and conscientiously strives to attain high business ethics and governance to the business and ensure the practice continues.

This Corporate Governance Overview Statement ("Statement") sets out how the Company has applied the three broad principles namely Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This Statement discloses the principles and practices set out in the MCCG 2017 and governance standards in accordance to LR that had been adopted by the Group.

This Statement is to be read together with the Corporate Governance Report 2019 of the Company ("CG Report") which is available on the Company's website: http://www.ataims.com.my

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part I. Board Responsibilities

1. Board's responsibility and leadership for meeting objectives and goals

1.1 Setting of strategic aim, values and standards

The Board is charged with leading and managing the Group in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Group are managed. The Board sets the Group's values and standards and ensures that its obligations to shareholders and stakeholders are understood and met.

The Board recognises the key role it plays in charting the strategic direction of the Group and has assumed the following specific duties in discharging its fiduciary and leadership functions:

- reviewing and adopting the strategic plan of the Group;
- overseeing and evaluating the conduct of the Group's businesses;
- identifying principal risks and ensure that the risks are properly managed;
- establishing a succession plan for the Group;
- developing and implementing an investor relations programe or shareholder communication policy, and
- reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including compliance with applicable laws and regulations.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nominating and Remuneration Committee ("NRC"), to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Whilst the Board is responsible for creating the framework and policies within which the Group should be operating, management is responsible for instituting compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group's corporate objectives. This demarcation of roles both complements and reinforces the supervisory role of the Board.

The Board has overall responsibility for strategic planning and direction, setting the corporate goals, organising resources, monitoring the achievement of goals and identifying critical business risks. The Board assumes full responsibility for the overall performance of the Company and its subsidiaries by providing leadership and direction as well as management supervision. It also lays down the appropriate policies for managing the related risks to ensure that good internal control is in place for operational efficiency and effectiveness of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Part I. Board Responsibilities *cont'd*

1. Board's responsibility and leadership for meeting objectives and goals *cont'd*

1.1 Setting of strategic aim, values and standards *cont'd*

The Board reserves full decision making powers on the following matters in order to enable the direction and control of the Group to be firmly in the Board's hand:

- Conflict of interest issues;
- Acquisition and disposal of assets (in the ordinary course or otherwise), including corporate restructuring exercise, which exceed specific thresholds as stipulated in "Financial Level of Delegated Authority Manual";
- Setting of authority levels (i.e. limits of authority), including changes thereof;
- Treasury policies;
- Risk management policies;
- Corporate announcement to Bursa Securities, the SC or other relevant authorities;
- Remuneration of Directors (except for fees which are to be approved by shareholders);
- Appointment and removal of the Company Secretary; and
- Other relevant matters as may be determined by the Board from time to time.

1.2 Chairman of the Board

The Board is responsible for the overall strategic direction of the Group and the leadership of the Chairman is to ensure effectiveness of the Board in achieving corporate and business objectives.

The Chairman is focused more on the setting of the Group's strategic vision and direction, and on leading the Board in the oversight of management, whilst the CEO is responsible for the implementation of the Board's decisions.

The Board Chairman is responsible for:

a) Leading the Board in setting the values and standards of the Company and provide leadership for the board so that the board can perform its responsibilities effectively;
b) Maintaining a relationship of trust between the Executive and Non-Executive Directors and managing interface between board and management;
c) Ensuring effective communication with shareholders and relevant stakeholders;
d) Leading the board in establishing and monitoring good corporate governance practices;
e) Arranging regular evaluation of the performance of the Board, its Committees and individual Directors; and
f) Facilitating the effective contribution of Non-Executive Directors and ensuring collegial relationship is maintained between Executive and Non-Executive Directors.

The Chairman, in consultation with the Company Secretary, sets the agenda for Board meetings and ensures that relevant issues are on the agenda and providing the information to Directors on timely basis. The Chairman is also responsible in leading board meetings and discussion and encouraging active participation and allowing dissenting views to be freely expressed by board members.

1.3 CEO and Chairman

The Board adopted the Pratice 1.3 of the MCCG 2017 whereby the Chairman and CEO are held by different individuals in order to promote accountability and facilitate division of responsibilities between them. While the Chairman is responsible in leading the Board towards the Group's objective, the CEO focuses on the business and day to day management of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Part I. Board Responsibilities *cont'd*

1. Board's responsibility and leadership for meeting objectives and goals *cont'd*

1.4 Company Secretaries

The Board is supported by qualified Company Secretaries who are members of professional bodies and are qualified to act as company secretary under section 235(2)(a) of the Companies Act, 2016.

The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Group and Directors in relation to their duties and responsibilities.

The Company Secretaries are accountable to the Board through the Chairman of the Board and Committees on all governance matters.

The Company Secretaries always advise Directors of their obligations to adhere to matters relating to:
- Disclosure of interest in securities;
- Disclosure of any conflict of interest in a transaction involving the Company and/or the Group;
- Prohibition on dealing in securities;
- Restrictions on disclosure of price-sensitive information; and
- Changes in regulatory requirements that affect the Company and/or Directors in the discharge of their responsibilities.

The Company Secretaries are responsible and entrusted to record the Board's deliberations and discussion during Board or committee meeting. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings. The conclusions and the minutes of the previous Board meeting are distributed to the Board and Committee members prior to the Board meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. The Directors may comment or request clarification before the minutes are tabled for confirmation and signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.

Directors have unrestricted access to the advices and services of the Company Secretaries to enable them to discharge their duties effectively. The appointment and removal of the Company Secretaries is a matter for the Board as a whole to decide.

During the financial year, the Board is satisfied with the performance and services rendered by the Company Secretaries.

1.5 Access to Information and Advice

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, Board members have full and unrestricted access to all information pertaining to the Group's businesses and affairs. Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities.

Board and Board Committees papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least five (5) business days prior to the Board and Board Committee meetings to allow the Directors sufficient time to study for effective discussion, to facilitate decision making by the Board and to deal with matters arising from such meetings.

Senior management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advices and explanations on specific items on the meeting agenda. Besides direct access to management, Directors may obtain independent professional advice at the Group's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties.

Full minutes of each Board meeting are kept by the Company Secretaries and are made available for inspection by any Director during office hours.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Part I. Board Responsibilities *cont'd*

2. Demarcation of responsibilities between the board, board Committees and management

2.1 Board Charter

The role and function of the Board, Board Committees, which includes the differing roles of the Executive Director and Non-Executive Directors as well as the schedule of issues and decisions reserved for the Board, are clearly delineated in the Board Charter. The Board Charter is reviewed when it is deemed necessary, in order to ensure the practices of the Group is in line with latest changes in MCCG and LR. The Board Charter was updated on 13 February 2018 in accordance with the introduction of MCCG 2017. The Board Charter is available on the Company's website at www.ataims.com.my.

3. Promoting good business conduct and healthy corporate culture

3.1 Code of Ethics and Conduct

The Group is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Group recognises the need to formalise and commit to ethical values through a Code of Ethics and Conduct. The Code of Ethics and Conduct is intended to apply to all employees, customers and vendors of the Group.

It is to establish standards to ensure that working environments and conditions are safe and healthy, conflicts of interest are avoided, workers are treated with respect and dignity, confidentiality is observed, good personal behaviour is exhibited and business operation are conducted ethically.

The fundamental principle in adopting the Code of Ethics and Conduct is to ensure that all business activities are in full compliance with the laws, rules and regulations of the country in which it operates. If a law of the country conflicts with a rule or policy set out in the Code of Ethics and Conduct, affected personnel should comply with the law. Besides, the Code of Ethics and Conduct encourages affected personnel to go beyond legal compliance and adopt internationally recognized standards in order to advance business ethics and conduct.

The Group is open to receive input from stakeholders in the continued development and implementation of the Code of Ethics and Conduct and to adopt the best practice where possible.

This Code of Ethics and Conduct is a general guide to acceptable and appropriate behavior at the company and it is not intended to be exhaustive. Therefore there may be other additional obligations that management is expected to comply when performing their duties.

The Group's Code of Ethics and Conduct is available on the Company's website at www.ataims.com.my.

3.2 Whistleblowing Policy

All stakeholders (Including but not limited to, employees, customers, suppliers, government bodies and financial institutions) are encouraged to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices in the Group at the earliest opportunity, and in an appropriate way.

This Policy is designed to:
- Support the Company's values and Code of Ethics and Conduct;
- Ensure stakeholders can raise genuine concerns without fear of reprisals and safeguard such person's confidentiality;
- Protect a whistleblower from reprisal consequent to making a genuine disclosure; and
- Provide a transparent and confidential process for dealing with concerns.

The Whistleblowing Policy is available on the Company's website at www.ataims.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Part II. Board Composition

4. Objectivity of the Board

4.1 Independent Directors

The Board consists of six (6) members comprising three (3) Executive Directors, and three (3) Independent Non-Executive Directors. Therefore, the Board composition is in compliance with Paragraph 15.02(1) of the MMLR of Bursa Securities which stipulates that at least two Directors or one third of the Board, whichever is higher, must be Independent Directors and also the recommendation by the MCCG 2017 to have at least half of the Board comprising Independent Directors.

Independent Directors are independent of management, thereby ensuring independence in the Board deliberation and decision-making. The role of Independent Directors are crucial in ensuring the interest of all shareholders, stakeholders and communities as a whole are taken into account by the Board and that the relevant proposals are fully challenged and subjected to impartial consideration by the Board.

Given the scope of responsibilities for managing the Group's business operations, the Board considers its current composition and size as adequate.

4.2 Tenure of Independent Directors

Practice 4.2 of the MCCG 2017 recommends that the tenure of an Independent Director does not exceed the term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. In the event the Board intends to retain such Director as an Independent Non-Executive Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek Shareholders' approval at a general meeting, normally the Annual General Meeting of the Company.

If the Board continues to retain the Independent Director after the twelfth (12) year, the Board should seek annual shareholders' approval through a two-tier voting process.

As at the date of this Statement, none of the Independent Non-Executive Directors has reached nine (9) years of service since their appointment and/or election as Directors.

4.3 Policy on Tenure of Independent Directors

Currently, the Company does not implement any policy to limit the tenure of Independent Directors to nine years as the Board is of the opinion that the long tenures of independent directors and familiarity would not erode the board's objectivity.

However, the Board is mindful of the recommendation of the MCCG that the tenure of an independent director does not exceed a cumulative term of nine years. Upon completion of nine years, if the Board intends to retain an independent director, the Board may be subjected to provide justification to the NRC and seek shareholders' approval at the AGM. If the Board continues to retain the independent director after the twelfth year, the board would seek annual shareholders' approval through a two-tier voting process.

As at to-date, none of the three Independent Directors has served the Board for a cumulative of nine years.

4.4 Diversity of Board and Management

The Group acknowledges the importance of boardroom and management diversity. All selection or appointment will be evaluated and match to the criteria based on individual merits, experience, skill, competency, knowledge and potential contribution. There is an on-going practices to ensure that there is no discrimination on the basis of, but not limited to gender, age, nationality, ethnicity, educational, religion, physical ability or geographic region during the recruitment of Board members and management staffs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Part II. Board Composition *cont'd*

4. Objectivity of the Board *cont'd*

4.5 Gender Diversity

The Board acknowledges the MCCG 2017's call and support for gender diversity in a board's composition. The Board believes that appointment of board members, regardless of gender, should be based on experience, character, integrity and competence as these are the essential criteria for an effective Board. The position of Group CEO is currently held by a female representation, and two (2) out of the six (6) Board members are female.

4.6 Diversity in sourcing Board members

The Board has always put its best effort to adhere to the practice to not only solely rely on recommendations from existing board members, management or major shareholders but also refers to external professional advice in selecting and appointment of a director. The Independent Non-Executive Directors currently served on board were selected through recommendation from existing board members and external professional advice.

4.7 Nominating and Remuneration Committee ("NRC")

The Board combined the Nominating Committee and the Remuneration Committee into the Nominating and Remuneration Committee ("NRC"). All the members in the Group's NRC consist of and is chaired by an Independent Director who leads the appointment and annual evaluation of board members.

5. Board evaluation

5.1 Board effectiveness

During the financial year, the Board, through the NRC, has conducted an annual evaluation of the effectiveness of individual Directors, the Board as a whole as well as the Committee of the Board via customized questionnaires which included the followings:

- Self evaluation and evaluation of fellow directors
- Evaluation on the effectiveness of the Board
- Declaration of Independence

NRC had gone through all the evaluation forms and made its conclusions. All assessment and evaluations carried out by the NRC in discharging its duties are documented in the minutes of meetings. Overall, NRC was satisfied with the composition of the Board and performance of the Board that all the Directors had met the criteria in terms of their capacity, integrity and commitment towards the Group. All three Independent Directors also had fulfilled the criteria for Independent Director as defined under LR.

5.2 Board Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals which had been scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between the scheduled meetings.

The Board also met on an ad-hoc basis to deliberate urgent issues and matters that required expeditious Board direction or approval. In the intervals between Board Meetings, any matters requiring urgent Board decisions and/or approval were sought via circular resolutions which were supported with all the relevant information and explanations required for an informed decision to be made.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Part II. Board Composition *cont'd*

5. Board evaluation *cont'd*

5.3 Time Commitment

As stipulated in the Board Charter, the Directors are required to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of their appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

Notwithstanding that no specific quantum of time has been fixed, all the Board members are required to notify the Board before accepting any new directorship. Any Director is, while holding office, at liberty to accept Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five public listed companies (as prescribed in Paragraph 15.06 of Listing Requirements). During the financial year under review, none of the Directors have more than five (5) directorships in listed issuers listed on Bursa Securities.

Besides, Board members are expected to achieve at least fifty percent (50%) attendance of total Board Meetings in any applicable financial year. Any leave of absence is to be notified to the Chairman and/or Company Secretaries, where applicable.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board during the financial year under review.

Name	Designation	Attendance	Percentage (%)
Dato' Sri Foo Chee Juan	Executive Director cum Executive Chairman	5/5	100
Dato' Fong Chiu Wan	Executive Director cum CEO	5/5	100
Balachandran A/L Govindasamy	Executive Director cum COO	5/5	100
Koh Win Ton	Independent Non- Executive Director	5/5	100
Wong Chin Chin	Independent Non- Executive Director	5/5	100
Lee Kok Jong	Independent Non- Executive Director	5/5	100

5.4 Directors' Training

The Board oversees the training needs of its Directors whereby Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate.

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, to keep abreast of industry developments and trends, the Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates, in order to fulfill their duties as Directors. Any Director so appointed to the Board is required to complete the Mandatory Accreditation Programme ("MAP") within four months from the date of appointment. All Directors have attended and successfully completed the MAP within the time frame.

In addition, the Company Secretaries usually circulates the relevant statutory and regulatory requirements from time to time for the Board's reference and briefs the Board on the updates, where applicable. External Auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements for the financial year under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Part II. Board Composition *cont'd*

5. Board evaluation *cont'd*

5.4 Directors' Training *cont'd*

The Board will on a continuing basis evaluate and determine the training needs of each Director, particularly on relevant new laws and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

The details of the relevant training sessions attended by each Director during the financial year under review are as follows:

Name	Training Programme	Date
Dato' Sri Foo Chee Juan	• Credit Suisse Market Outlook Seminar • Invest Malaysia 2019	22 January 2019 19 to 20 March 2019
Dato' Fong Chiu Wan	• MAP • Credit Suisse Market Outlook Seminar • Invest Malaysia 2019	5 to 6 July 2018 22 January 2019 19 to 20 March 2019
Balachandran A/L Govindasamy	• MAP	5 to 6 July 2018
Koh Win Ton	• Prevention of money laundering & terrorism financing role of company secretaries • National Tax Conference 2018 • Practical preparation for tax audits and investigations • Sales & Service Tax Act 2018 and Transitional Issues • National Tax Seminar 2018 • Post Budget 2019 • Company Secretarial Practice Under The Companies Act 2016	26 April 2018 16 to 17 July 2018 23 July 2018 06 September 2018 19 November 2018 04 December 2018 13 March 2019
Wong Chin Chin	• MCCG and Bursa's Listing Requirements – Application, Disclosure and Reporting Expectations • Kuala Lumpur & Selangor Chinese Chamber of Commerce & Industry: Post-Budget Forum • Securities Commission Malaysia: Fintech Conference 2018 Embracing Technology • Inter-Pacific Bar Association, Singapore: The 29th Inter-Pacific Bar Association Annual Meeting and Conference in Singapore - Technology, Business and Law-Global Perspectives	24 July 2018 3 November 2018 28 & 29 November 2018 25 & 26 April 2019
Lee Kok Jong	• National Tax Conference 2018 • Sales & Service Tax Act 2018 and Transitional Issues • National Tax Seminar 2018 • Post Budget 2019 • Company Secretarial Practice Under The Companies Act 2016	16 to 17 July 2018 12 September 2018 19 November 2018 04 December 2018 13 March 2019

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Part III Remuneration

6. Level and Composition of remuneration of directors and senior management

6.1 Remuneration Policy and Procedure

Practice 6.1 of the MCCG 2017 recommended to put in place policies and procedures to determine the remuneration of Directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the Company's website at www.ataims.com.my.

6.2 Nominating and Remuneration Committee (NRC)

The NRC was established as the Board recognises the importance of the role the Nominating and Remuneration Committee plays not only in the selection and assessment of Directors but also in other aspects of corporate governance of which the Nominating and Remuneration Committee can assist the Board to discharge its fiduciary and leadership functions.

Appointment/ Composition of the NRC

- The Nominating and Remuneration Committee members shall be appointed by the Board.
- The Nominating and Remuneration Committee shall consist of not less than three (3) members.
- The majority of the Nominating and Remuneration Committee members shall be Independent Non-Executive Directors.
- The Chairman of the Nominating and Remuneration Committee must be a Non-Executive Director and shall be appointed by the Board. In the absence of Chairman of the Nominating and Remuneration Committee, the remaining members present shall elect one of their members to chair the meeting.

As at the date of this Statement, the Nominating and Remuneration Committee comprises the following members with the meeting attendance as below:

	Designation	Meetings Attended
Chairman		
Lee Kok Jong	Independent Non- Executive Director	2/2
Members		
Koh Win Ton	Independent Non- Executive Director	2/2
Wong Chin Chin	Independent Non- Executive Director	2/2

During the financial year, the Committee carried out its duties in accordance with its terms of reference, which encompassed the following :

- Conducted the annual assessment of the effectiveness of the individual Directors, the Board as a whole as well as the Board Committees;
- Reviewed the composition of the Board with the view to ensure it has the required mix of skills, experience and competencies for the Group's core business;
- Recommended to the Board the Directors' fee payable to members of the Board and are deliberated at the Board before it is presented at the Annual General Meeting for shareholders' approval; and
- Reviewed and recommended the re-election and re-appointment of Directors to the Board for recommendation of the same to the shareholders for approval at AGM.

The Board is satisfied that the NRC has effectively and efficiently discharged its duties and responsibilities in respect to its nomination and remuneration functions. As such, it is not necessary to separate the nomination and remuneration functions into distinct nomination and remuneration committees.

The Terms of reference of the NRC is available for viewing at the Company's website at www.ataims.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

Part III Remuneration

7. Disclosure of Directors' and Senior management's remuneration

7.1 Director's Remuneration

The Breakdown of the total remuneration paid or payable or otherwise made available to all Directors of the Company and the Group who served during the financial year is as follows:

Name	Designation	Fees RM'000	Salaries RM'000	Bonus RM'000	Other Emoluments RM'000	Defined Contribution RM'000	Total RM'000
Dato' Sri Foo Chee Juan	Executive Director cum Executive Chairman	-	3,046	-	-	351	3,397
Dato' Fong Chiu Wan	Executive Director cum CEO	-	3,046	-	-	351	3,397
Balachandran A/L Govindasamy	Executive Director cum COO	-	2,261	-	-	237	2,498
Koh Win Ton	Independent Non- Executive Director	100	-	-	-	-	100
Wong Chin Chin	Independent Non- Executive Director	100	-	-	-	-	100
Lee Kok Jong	Independent Non- Executive Director	100	-	-	-	-	100

7.2 Senior Management's Remuneration

The key management of the Group who served during the financial year is listed out in the profile of key managements appearing in this Annual Report and their total remuneration fall within the following band:

Range of Remuneration (RM)	No of Key Management	
	Directors	Manager/Financial Controller
300,001 - 500,000	-	1
2,250,000 – 2,500,000	1	-
3,000,000 – 3,500,000	2	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I. Audit Committee

8.1 Chairman of Audit Committee

The Board established the Audit Committee comprising wholly of Independent Non-Executive Directors whereby the Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee is charged with the responsibility to conduct a formal, transparent and independent review on the financial reporting, risk management, internal control and governance processes. The Committee meets periodically to carry out its functions and duties pursuant to its terms of reference and has unrestricted access to the internal and external auditors and members of the Management. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report in this Annual Report.

8.2 Policy that require cooling-off period for a former key audit parter

The AC has a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of Audit Committee.

Up to the date, none of the members of the Board was formerly a key audit partner.

8.3 Assessment of suitability, objectivity and independence of External Auditor

The Audit Committee had established the External Auditors policies and procedures with the objective to review, assess and monitor the performance, suitability and independence of external auditor as well as non-audit services to be provided by external auditors and its network firms/companies.

The Audit Committee is also empowered by the Board to review any matters concerning the appointment and reappointment, resignations or dismissals of external auditors and review and evaluate factors relating to their independence. The terms of engagement for services provided by the external auditors are reviewed by the Audit Committee prior to submission to the Board for approval.

The shareholders shall at each annual general meeting decide on the appointment or re-appointment of the external auditors of the Company, and the external auditors so appointed, shall hold office until the conclusion of the next annual general meeting of the Company.

The independence of external auditors is essential to the provision of an objective opinion on the truth and fairness of the financial statements, therefore, the below policies are in place in the Group:

a) Audit Committee to obtain written assurance from the external auditors, at the conclusion of the audit works, confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;
b) Ex-employees of the Group's external auditor joining the Group must be pre-approved by the Group Financial Controller for non-managerial employees or by the Audit Committee for managerial employees;
c) A former key audit partner is required to observe two (2) years cooling off period before being appointed as Audit Committee member;
d) External Audit firm's compliance with Malaysian regulations and ethical guidance relating to rotation of audit partner;
e) Seeking from the external auditors, on an annual basis, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements;
f) Assurance from external auditors that representatives of the external auditors assigned to the engagements with the Group have no family, financial, employment, investment or any other business relationship with the Group, other than that in the normal course of business; and
g) Relationship between the Group and the external auditors including the non-audit services which was provided by the external auditors and their network companies, and expected to be provided by the external auditors. The level of fees that the Group pays in proportion to the overall fee income of the external auditors and network firms/companies and other related regulatory requirements.

In this regard, the Audit Committee had assessed the independence of KPMG PLT as external auditors of the Company as well as reviewed the level of non-audit services rendered by KPMG PLT to the Company for the financial year under review. The Audit Committee was satisfied with the technical competency and audit independence of KPMG PLT. Having satisfied itself with the performance of and fulfillment of criteria as set out in the Non-Audit Services Policy by the external auditors, the Audit Committee recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the Company's forthcoming 30th Annual General Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

Part I. Audit Committee *cont'd*

8.4 Composition of AC

The AC comprises solely of Independent Directors as the Board is mindful of the responsibility for ensuring overall effectiveness and independence of AC.

8.5 AC's competency

The Board recognizes the crucial role of AC whereby AC represents the element of objectivity, impartiality and independent judgement. All three AC members provide the Board with vast and varied exposure, expertise, diversity and broad business experience. All AC members are financially literate and have sufficient understanding of the Group's business and able to provide advice on the true and fair view of financial statement.

Part II. Risk Management and Internal Control Framework

9 Effective risk management and internal control framework

9.1 Establishment of effective risk management and internal control framework

The Board regards risk management and internal controls as an integral part of the overall management processes. The following represent the key elements of the Group's risk management and internal control structure:

Recognising the importance of having risk management processes and practices, the Board had formalised a Risk Management framework to provide Management with structured policies and procedures to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group; and

The responsibilities of identifying and managing risks are delegated to the respective Head of each department. The Board and the Audit Committee are responsible to review the effectiveness of the processes. Any material risk identified will be discussed and appropriate actions or controls will be implemented. This is to ensure the risk is properly monitored and managed to an acceptable level.

9.2 Features of risk management and internal control framework

The Audit Committee assists the Board in overseeing the risk management framework of the Group and reviewing the risk management policies formulated by Management and to make relevant recommendations to the Board for approval. The detail of risk management and internal control carried out during the financial year was set out in the Statement of Risk Management and Internal Control in this Annual Report.

10 Effective governance, risk management and internal control framework

10.1 Effectiveness and functionality of internal audit

During the financial year, the Company has outsourced the Internal Audit Function to Needsbridge Advisory Sdn Bhd as Internal Auditors, who reports directly to the AC on the adequacy and effectiveness of the Group's internal controls. This independent external consultant provides assurance to the AC through the execution of internal audit work based on an approved risk-based internal audit plan. Observations and findings together with Management's response and proposed action plans with deadlines, would be presented to the AC for its review and discussion. Internal Auditor will ensure all outstanding issues to be followed up and responded by management and a report in regards to the follow up status and outcome will then be presented for AC's review.

The AC evaluates, on an annual basis, the Internal Audit Function to assess its effectiveness in the discharge of its responsibilities. During the financial year, the AC had assessed the performance of the Internal Auditor in terms of its objectivity, independence and capability in addressing significant issues. The AC was satisfied with the work done and performance of the Internal Auditor.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

Part II. Risk Management and Internal Control Framework *cont'd*

10 Effective governance, risk management and internal control framework *cont'd*

10.2 Internal Auditors' resources

The internal audit is guided by internal auditing standards promulgated by the Institute of Internal Auditors, a globally recognised professional body for internal auditors. The Internal Audit Function is independent of the activities it audits and the scope of work it covers during the financial year under review is provided in the Audit Committee Report set out in this Annual Report.

The staff of the outsource internal auditors who are involved in the internal audit reviews are free from any relationship or conflict of interest; and possess professional qualifications and most of them are members to the Institute of Internal Auditors Malaysia. The Engagement Partner has a diverse professional experience in internal audit, risk management and corporate governance advisory.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Part I. Communication with Stakeholders

11. Continuous communication between the Company and stakeholders

11.1 Effectiveness, transparency and regularity communication

The Company recognises the importance of maintaining transparency and accountability to its Shareholders. The Board believes that they are not only accountable to shareholders but also responsible for managing a successful and productive relationship with the Company's stakeholders. In this regard, the Board will ensure that all the Company's shareholders and stakeholders are treated equitably and the rights of all investors, including minority shareholders, are protected.

Practice 11.0 of the MCCG 2017 recommend that there is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

The Company takes into consideration the shareholders' rights to access information relating to the Company and has thus, taken measures to enable the Company to communicate effectively with its shareholders, prospective investors, stakeholders and the public generally with the intention of giving them a clear picture of the Group's performance and operations. The Board has adopted the following measures with regard to communication with the Company's stakeholders:

1) The Company's Website

Through the Group's website at www.ataims.com.my where shareholders and prospective investors can access corporate information, annual reports, press releases, financial information and company announcements of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. info@ataims.com.my to which stakeholders can direct their queries or concerns.

2) Investor Relations

The Board encourages other channels of communication with shareholders. For this purpose, the Board has identified Mr. Koh Win Ton as the Independent Non-Executive Director to whom queries or concerns regarding the Group may be conveyed.

Mr. Koh may be contacted via the following channels:

Address	:	ATA IMS Berhad No.6, Jalan Dewani 1, Kawasan Perindustrian Temenggong, 81100, Johor Bahru, Johor.
Telephone No	:	07-3340911
Fax No.	:	07-3345912
Email	:	winton.koh@ataims.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

Part I. Communication with Stakeholders *cont'd*

11. Continuous communication between the Company and stakeholders *cont'd*

11.1 Effectiveness, transparency and regularity communication *cont'd*

3) Announcement to Bursa Securities

Information with regards to material corporate information, financial report and other updates are published on a timely basis through the Company's announcements to Bursa Securities. The Board is committed to ensure that whatever information and corporate disclosures comply with disclosure guides as stipulated in the Bursa's Listing Requirements.

4) Annual Report

The Company's Annual Reports communicate to the shareholders in relation to the Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.

5) Annual General Meeting (AGM) or Extraordinary General Meeting (EGM)

The Company's AGM/EGMs serve as a platform to provide immediate and meaningful response or clarification to any question or doubt raised by shareholders.

Part II. Conduct of General Meetings

12. Engagement of shareholders at AGM

12.1 Notice of AGM

The AGM, which is the principal forum for shareholders dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification as well as for the Chairman of the AGM to provide an overview of the Company's progress and receive questions from shareholders.

The Company adopted the Practice 12.1 MCCG 2017 whereby the Notice of the 30th AGM is circulated to shareholders at least twenty-eight (28) days before the date of the meeting to enable them to go through the Annual Report and papers supporting the resolutions proposed.

To be in line with paragraph 8.29A of the Listing Requirements of Bursa Securities, poll voting will be used to facilitate the voting process. An independent scrutineer will be appointed to scrutinize the polling process. For the convenience of the shareholders, the Board endeavors to arrange the meeting venue to be held in one of the Group's Johor Bahru offices, which is near town, has sufficient parking and is accessible by public transport. This will not hinder the shareholders or proxies from attending the AGM.

12.2 Attendance of Directors

All the directors will be present at the AGM to provide better opportunity for the shareholders to engage in person with each Board member. During the AGM, shareholders are invited and encourage to participate in deliberating resolutions being proposed or on the Group's operations in general. By having the presence of all Chair of Audit, Remuneration and Nominating, and Risk Management allows shareholders to raise questions and concern directly to those responsible.

During the 29th AGM held last year, a question and answer session was held where the Chairman of the AGM invited shareholders to raise questions with responses from the Board.

COMPLIANCE STATEMENT

The Company's Corporate Governance Overview Statement is made in compliance with Paragraphs 15.25 and 15.08A of the Listing Requirements. Save and except for those stated therein, the Board considers and is satisfied that the Company complied with the principles and practices of the MCCG 2017, the relevant chapters of the Listing Requirements on corporate governance and all applicable laws and regulations throughout the financial year under review.

This Statement was approved by the Board on 05 July 2019.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board is required under paragraph 15.26(a) of the Listing Requirements to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The Directors are responsible for the followings, that :

- the financial statements of the Group are drawn up in accordance with the applicable Malaysian Financial Reporting Standard issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards issued by the International Accounting Standards Board, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Company and the Group for each financial year, and of the result of their operations and cash flows for the financial year then ended;

- proper accounting records are kept which disclose with reasonable accuracy of the financial position of the Group and Company are kept in accordance with the Companies Act 2016.;

- the annual financial statements are audited by external auditors in accordance to the approved standards on auditing in Malaysia and they remain independent throughout the conduct of their audit engagement;

- made judgements and estimates that are reasonable and prudent in which External auditors will assess accounting principles used and significant estimates made by Directors to evaluate the overall presentation of the financial statements;

- in preparing the audited financial statements, the Directors will make reasonable assurance that the financial statements are free of material misstatement; and

- taking necessary and reasonable steps to safeguard the assets of the Group and to detect and prevent fraud and other irregularities

This Statement was approved by the Board on 05 July 2019.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board believes a sound framework of risk management and internal control is fundamental to good corporate governnance throughout the Group. For this, the Board is committed to ensure that the risk management and control framework is embedded into the Group's operations, culture, processes and structures.

The Board is pleased to present the Statement on Risk Management and Internal Control ("SRMIC") for the financial year ended 31 March 2019 which is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa"), in line with corporate governance practices as proposed in MCCG 2017 and guided by the Taskforce on Internal Control with the support and endorsement of the Bursa.

BOARD RESPONSIBILITY

The Board which has diverse and extensive knowledge and ability is overall accountable for the corporate governance and business strategy of the Group and is entrusted to be able to ensure the best utilization of the Group's resources for the best interest of its shareholders and to safeguard the Group's assets. Therefore, the Board is committed to maintain an effective risk management framework and internal control system in the Group.

In this regards, the Board acknowledged risk management as an integral part of the Group's business operations and affirms that the Group has in place an ongoing process for identifying, assessing, evaluating, managing and mitigating significant risks across the Group.

This involves the Board setting the policies on risk management and internal control after conducting an assessment of the Group's risks exposure. The overall control environment is established and the monitoring mechanisms are developed and implemented involving the Board of Directors, Audit Committee, Senior Executive Management and Heads of Departments ("HODs").

To enhance the implementation and execution for its corporate governance oversight responsibilities, a Sustainability and Risk management Committee ("SRMC") was established to assist and report to the Board in regard to the on going process for identification, evaluation and management of risks.

The Board endeavours to maintain an adequate system of risk management and internal control to support the Group's operations and will periodically evaluate and continue to take proactive measures to further strengthen the procedures and processes to ensure the framework remains relevant, effective and efficient.

GROUP RISK MANAGEMENT FRAMEWORK

A formal comprehensive structured Risk Management Framework has been established to help identify the key risks faced by the Group, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans being taken to manage those risks. Risk processes have been put in place throughout the Group and on-going reviews on the process are carried out for the year under review and up to the date of the Annual Report. This formed the structured risk management process to manage risk to be within its risk appetite and to maximize the opportunity identified on the Group basis in order to provide reasonable assurance to achieve its objectives.

The system of internal control covers areas on financial, operational and compliance controls. In view of the inherent limitation in any system of internal control, it should be noted that such a system is designed to manage, rather than to eliminate, the risk of not achieving the Group's business objectives. The system can therefore only provide reasonable, but not to absolute assurance, against material misstatement or loss.

The Group uses Key Risk Registers for the identification of risk appetite, the possibility of risk occurring and the potential impacts to the Group.

SRMC updates the Key Risk Register with the assistance and feedback from the risk owners and also through the results of the internal audit works. Key Risk Report and Key Risk Profile are compiled by the SRMC based on updated Key Risk Registers and submitted to the Executive Chairman for his review. Subsequent to the review by the Executive Chairman, the Key Risk Report and Key Risk Profile compiled there from will be made available to the Audit Committee for review. The Audit Committee subsequently report results of such update to the Board for their final review and decision. During the financial year, the Audit Committee had received the Key Risk Report and Key Risk Profile presented from SRMC and was satisfied with the existing risk management processes and internal controls in place.

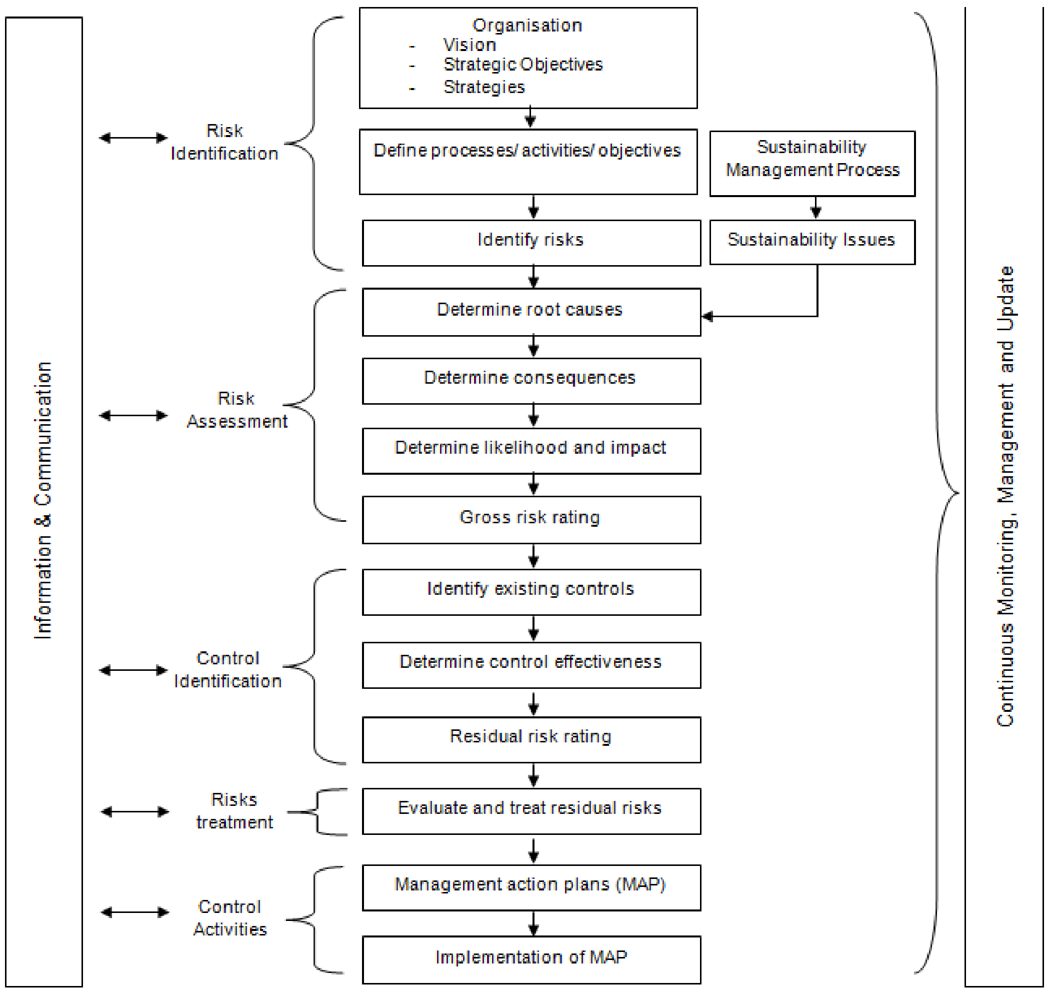
STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL *CONT'D*

GROUP RISK MANAGEMENT FRAMEWORK *cont'd*

The risk management process is coordinated with and involves all the HODs within the Group. The key features of this framework include but are not limited to:

(i) A structured process for identifying, assessing, measuring, monitoring, managing and mitigating business risks across the Group;
(ii) Determination of risk appetite and setting the Key Risks tolerance levels;
(iii) Identified risk owners are accountable for ensuring that the respective risks are continuously updated and monitored. The status of risk mitigation action plans are tracked to ensure their effective and timely implementation;
(iv) Risk management process that is embedded into the day-to-day operations and decision makings (strategic and operations) at all levels of the Group; and
(v) Risk management and internal control assessment is undertaken by the outsourced Internal Audit Function. The Internal Auditor adopts a risk based approach in evaluating the financial, operational and compliance aspects of the Group. The internal audit procedures are focused on the identified key risk areas.

The risk assessment process is illustrated by the following diagram:



STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL *CONT'D*

INTERNAL AUDIT FUNCTION

The Group's internal audit was outsourced to an independent professional services firm who assists the Audit Committee to review the control processes implemented by the management and report on its findings and recommendations together with management's response to the Audit Committee.

During the year under review, the internal auditor had conducted visits at the group's main operation plant to assess its adequacy and effectiveness of its internal control for the production processes and its compliance with Group policies and procedures. Findings and reports included follow up reports on the previous audit, together with management's actions were presented to Audit Committee for review.

The Audit Committee refers and reviews, amongst others, the internal audit report to assess the effectiveness and adequacy of the risk management and internal control system, for reporting of its finding to the Board. During the year, Audit Committee was of the view that there was no material or significant losses arising from the weaknesses in risk management system and internal control of the Group. The Group had incurred RM45,000 for Internal Audit fees during the financial year.

CONTROL PROCESSES

Apart from the risk management and Internal Audit Functions, the Board has established the following key processes to augment the risk management and internal control system:

- Clearly defined and documented lines and limit of authority, responsibility and accountability have been established through the approved Group Financial Level of Delegated Authority Limit Manual;
- Annual business plans, strategies and budgets are presented by Senior Executive Management to the Board for review and approval;
- An organisational structure which formally defines lines of responsibilities and delegation of authority is in place;
- Quarterly financial reports with comprehensive information on financial performance and key business indicators are reviewed by the Audit Committee and approved by the Board;
- The Board and the Audit Committee meet at least once every quarter to discuss matters raised by Management and Internal Auditor on corporate and operation matters. Any potential financial and non financial risks; monitoring and control measures; and significant changes in the business and environment will be discussed;
- Operation meetings between Senior Management and HODs is conducted to address on-going operational issues and the Senior Management will report key issues to either CEO, COO or Executive Chairman for further deliberation and decision;
- Executive Chairman, CEO and COO receive and review financial reports from each business unit on monthly basis and/or when necessary;
- The Code of Ethics and Conduct is established to ensure that working environments and conditions are safe and healthy, conflicts of interest are avoided, workers are treated with respect and dignity, confidentiality is observed, good personal behaviour is exhibited and business operation are conducted ethically;
- Recruitment, staff entitlement and termination guidelines are in place and documented in Employee Handbook. Code of conduct at work and company's rules and regulations is communicated to all employees upon their employment;
- Staff training and human resource development programs are conducted internally and externally to ensure that staff are kept up to date with the necessary competencies and knowledge in order to perform towards achieving the Group's objectives;
- A Whistleblowing Policy has been adopted to provide a channel for the stakeholders to raise genuine concerns or feedbacks without fear of reprisals and safeguard such person's confidentiality; protect a blower from reprisal consequent for making a genuine disclosure; provide a transparent and confidential process for dealing with concerns. This policy not only covers possible improprieties in matters of financial reporting, but also fraud, corruption, bribery or blackmail, criminal offences, failure to comply with a legal or regulatory obligation, miscarriage of justice, endangerment of an individual's health and safety, and concealment if any;

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL *CONT'D*

CONTROL PROCESSES *cont'd*

- The Audit Committee has received a Key Risk Report and Key Risk Profile of the Group from SRMC for their independent review for the financial year under review;

- Adequate insurance coverage and physical safeguards on major assets are in place to ensure that the assets of the Group are sufficiently covered against pertinent perils that may result in material losses to the Group;

- Documented internal procedures and standard operating procedures are in place. Internal policies and standard operating procedures are appropriately communicated to all employees and clearly documented in a manual which would be reviewed and revised when necessary;

- Internal and external quality and surveillance audits are conducted on a regular basis to ensure compliance. The external audits are conducted by assessors certified by the accreditation bodies and the following ISO Certifications at the Group's Manufacturing Divisions were renewed during the year:

  - ISO 13485:2016 Quality Management System in Medical Device;
  - ISO 14001:2015 Environmental Management System;
  - ISO 22000:2005 Manufacturing of Plastic Component for Food Packaging Application
  - OHSAS 18001:2007 Occupational Health and Safety Management;
  - ISO 9001:2015 Quality Management System; and
  - IATF 16949:2016 Quality Specification for Automotive Industry Supply Chain.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITOR

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 March 2019, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

ASSURANCE FROM MANAGEMENT

For the financial year ended 2019 and up to the date of this SRMIC, the Board has received assurance from the Executive Chairman and Assistant General Manager, Head of Finance that the Group's risk management and internal control system is in all material aspects, operating adequately and effectively.

CONCLUSION

Overall, by reviewing all the relevant internal and external reports, the Board is of the view that the risk management and internal control system is satisfactory for the financial year under review and up to the date of approval of this SRMIC, and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

This SRMIC is made in accordance with a resolution of the Board dated 05 July 2019.

AUDIT COMMITTEE REPORT

The Audit Committee ("Committee") of the Group is pleased to present the Audit Committee Report for the financial year ended 31 March 2019 in compliance with Paragraph 15.15 (1) of the Listing Requirements of the Bursa Securities.

MEMBERS

Koh Win Ton
Chairman, Independent Non-Executive Director

Wong Chin Chin
Member, Independent Non-Executive Director

Lee Kok Jong
Member, Independent Non-Executive Director

SUMMARY OF MEETINGS

During the Financial Year, the Committee held five (5) meetings. The attendance of each member of the Committee was as follows:

Name	Designation	Meetings Attended
Chairman		
Koh Win Ton	Independent Non-Executive Director	5/5
Members		
Lee Kok Jong	Independent Non-Executive Director	5/5
Wong Chin Chin	Independent Non-Executive Director	5/5

The Terms of Reference of the Audit Committee is available on the Company's website.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the Financial Year, the Committee held three (3) meetings with the External Auditors (EA) and three (3) meetings with the Internal Auditors (IA). The Committee had two (2) private sessions with the External Auditors without the presence of Management. In addition, the Committee also carried out its duties in accordance with its terms of reference, which encompassed the following:

EXTERNAL AUDIT

- Reviewed the EA's Audit Planning Memorandum comprising the, audit plan, audit strategy, scope of work and proposed fees for the statutory audit and approved the engagement of the External Auditors on recurring and non-recurring non-audit services;

- Reviewed the EA's Audit Status Memorandum and Management Letter for improving internal controls based on their observations made during course of the external audit, management's response to the issues and findings will be discussed and ensure to be resolved; and

- Assessed the performance, independence and objectivity of EA through a prescribed Suitability and Independent Checklist.

AUDIT COMMITTEE REPORT *CONT'D*

INTERNAL AUDIT

- Reviewed and approved the Internal Audit Plan and assessed the Internal Audit reports and recommendations. Management's responses on the issues reported were reviewed, discussed and additional directives were given to Management as and when necessary. Ensured issues affecting internal controls are promptly addressed and resolved by Management;

- Assessed and evaluate the adequacy and independence of the function of Internal Audit on the area as set out in paragraph 15.12(1)(e) and (f) of the Listing Requirement and report the same to the Board;

INTERNAL CONTROL, RISK MANAGEMENT AND FINANCIAL REPORTING

- Reviewed the Group's Quarterly Interim Financial Statements before a recommendation is made to the Board for approval;

- Reviewed the Group's annual Audited Financial Statements and confirmed with Management and External Auditors that the Audited Financial Statements have been prepared in compliance with applicable Malaysian Financial Reporting Standards;

- Reviewed the new accounting policies adopted by the Group to ensure compliance with the applicable approved Malaysian Financial Reporting Standards;

- Reviewed the Group's annual Financial Budgets and Capital Expenditure Budget and recommended to the Board for approval;

- Reviewed the Group's updated Delegated Financial Authority Manual, policies on Sustainability, Risk Framework, External Auditor Suitability and Independence Checklist, Whistleblowing and Code of Ethics and Conduct, and recommended to the Board for approval;

- Advised and reviewed the Corporate Exercise in regards to the Private Placement and acquisition by the Group of the entire equity in Jabind Manufacturing India Private Limited and establishment of a new subsidiary of ATA Components Sdn Bhd;

- Advised and reviewed the mandate for recurrent related party transaction dated 20 June 2018 and attended Extraordinary General Meeting on 12 July 2018 to address issues raised by shareholders before seeking shareholders' approval;

- Advised and reviewed the mandate for recurrent related party transaction dated 30 July 2018 and attended Annual General Meeting on 28 August 2018 to address issues raised by shareholders before seeking shareholders' approval;

- Reviewed the Sustainability Statement, Corporate Governance Overview Statement, Corporate Governance Report, Statement of Risk Management and Internal Control and the Audit Committee Report for inclusion in this Annual Report.

The Internal Audit Function is disclosed in the Statement on Risk Management and Internal Control set out on pages 52 of this Annual Report.

The significant activities carried out by the Internal Audit Function include but are not limited to the following:

(a) Conduct of Internal Audit, focusing on key risks faced by significant business units within the Group, based on an Internal Audit Plan presented to, and approved by, the Committee;
(b) The Internal Audit covered testing the existence and effectiveness of compliance, financial and operational controls deployed by Management to address the business risks faced by the Group;
(c) Weaknesses in the internal control system were highlighted to the Committee and Management, including recommendations for improvement and Management's response to such observations; and
(d) Follow-up on the status of implementation by Management on action plans to address the issues highlighted during the Internal Audit.

This Audit Committee Report is made in accordance with a resolution of the Board of the Directors dated 05 July 2019.

OTHER DISCLOSURES

UTILISATION OF PROCEEDS

The Company has under taken a private placement on 22 March 2019 with the issue of 57,351,000 shares at an issue price of RM1.69 each.

The status of utilization of proceeds raised from the abovementioned corporate proposal as at 31 March 2019 were as follows:

Details of Utilisation	Estimated Proceeds from and Proposed Utilization of Private Placement (RM'000)	Actual Proceeds from and Utilization of Private Placement (RM'000)	Estimated Timeframe of Utilization after completion date on 22 March 2019	Utilization as at 31 March 2019 (RM'000)
General Working capital	76,732	70,656	Within twelve (12) months	Nil
Capital expenditure	25,000	25,000	Within twelve (12) months	Nil
Estimated expenses relating to the Private Placement	1,500	1,267	Within one (1) month	1,267
Total	**103,232**	**96,923**		**1,267**

Audit Fees

The Audit fees payable to the External Auditors of the Company and the Group for the financial year ended 31 March 2019 were as follows:

Audit Fees	Company (RM)	Group (RM)
Messrs KPMG PLT	77,000	316,000
Other auditors	-	60,288

Non-Audit Fees

The amount of non-audit fees paid or payable to the external auditors and its affiliates with services rendered to the Company and the Group for the financial year ended 31 March 2019 were as follows:

Non Audit Fees	Company (RM)	Group (RM)
Messrs KPMG PLT and its affiliate	13,000	56,500
Other auditors and its affiliate	-	32,663

Material Contracts

There was no material contract entered into by the Company and/or its subsidiaries involving Directors' and/or major shareholders' interest (other than those disclosed under Recurrent Related Party Transactions).

OTHER DISCLOSURES *CONT'D*

Employee Share Option Scheme ("ESOS")

The Company does not have an ESOS programme.

Related Party Transactions

During the financial year ended 31 March 2019, there were Related Party Transactions entered into by subsidiaries companies which involved a company related to the Executive Chairman and an Executive Director. All the Related Party Transactions entered were in the ordinary course of business and were within the applicable prescribed threshold as defined under Rule 10.09 and Guidance Note No.8/2006.

The Company is seeking shareholders' mandate for recurrent related party transactions of a revenue in nature or trading nature pursuant to paragraph 10.09 of the Listing Requirements of Bursa Securities at the forthcoming AGM.

During the 29th AGM held on 28 August 2018, the Company obtained a shareholders' mandate for recurrent related party transactions of a revenue or trading nature between Winsheng Plastic Industry Sdn Bhd ("Winsheng") and ATA Industrial (M) Sdn Bhd ("AIM") with Microtronics Technology Sdn Bhd ("Microtronics") as follows :

Transacting party within the Group	Transacting party	Nature of transactions	Shareholders' Mandate approved during the previous AGM on 28 Aug 2018	Estimated aggregate value of transactions from 28 Aug 2018 to 31st Mar 2019
Winsheng (Recipient)	Microtronics (Provider)	Purchase of assembly parts in the ordinary course of business	8,000,000	4,628,392
AIM (Recipient)	Microtronics (Provider)	Purchase of assembly parts in the ordinary course of business	120,000,000	62,351,379

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company consists of investment holding. The principal activities of its subsidiaries are disclosed in Note 4 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 4 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	112,941	44,558

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Directors proposed a final dividend of 3.29 sen per ordinary share totalling RM39,623,806 for the financial year ended 31 March 2019 subject to the approval of the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect the proposed final dividend, which will be accounted for in the statement of changes in equity as an appropriation of retained earnings in the financial year ending 31 March 2020.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Dato' Sri Foo Chee Juan
Dato' Fong Chiu Wan
Mr. Balachandran A/L Govindasamy
Mr. Koh Win Ton
Ms. Wong Chin Chin
Mr. Lee Kok Jong

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019
CONT'D

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

		Number of ordinary shares			
Name of Directors	Interest	At 1 April 2018 '000	Bought '000	Sold '000	At 31 March 2019 '000
Company					
Dato' Sri Foo Chee Juan	Deemed[(1)]	406,156	-	-	406,156
Dato' Fong Chiu Wan	Direct	348,477	-	(34,411)	314,066
Mr. Balachandran A/L Govindasamy	Deemed[(2)]	103,210	-	(17,205)	86,005

[(1)] *Deemed interested by virtue of his equity interest in Oregon Technology Sdn. Bhd..*
[(2)] *Deemed interested by virtue of his equity interest in PP Tech Limited.*

By virtue of Dato' Sri Foo Chee Juan's and Dato' Fong Chiu Wan's substantial interest in the Company, they are also deemed to have interests in the ordinary shares of all the wholly-owned subsidiaries of the Company as disclosed in Note 4 to the financial statements.

None of the other Directors holding office at 31 March 2019 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company or of related corporations) by reason of a contract made by the Company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than sales and purchases in the ordinary course of business to/from companies in which the Directors have substantial financial interests as disclosed in Note 27 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

ISSUE OF SHARES

During the financial year, the Company issued 57,351,000 new ordinary shares at RM1.69 each via a private placement.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total premium paid for insurance effected for Directors and officer of the Company is RM23,200.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019
CONT'D

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

The auditors' reports on the audited financial statements of Company's subsidiaries did not contain any qualification or any adverse comments.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019
CONT'D

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 17 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

………………………………………
Dato' Sri Foo Chee Juan
Director

………………………………………
Dato' Fong Chiu Wan
Director

Date: 5 July 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	Group 31.3.2019 RM'000	Group 31.3.2018 RM'000 Restated	Group 1.4.2017 RM'000 Restated	Company 31.3.2019 RM'000	Company 31.3.2018 RM'000
Assets						
Property, plant and equipment	3	296,675	208,978	101,469	-	-
Investments in subsidiaries	4	-	-	-	1,317,132	1,230,927
Goodwill on consolidation	5	76,414	76,414	-	-	-
Deferred tax assets	6	-	15	232	-	-
Total non-current assets		373,089	285,407	101,701	1,317,132	1,230,927
Inventories	7	217,878	126,632	108,616	-	-
Contract assets	8	44,215	25,127	26,955	-	-
Trade and other receivables	9	738,800	500,982	391,846	61,814	8,061
Current tax assets		-	614	-	-	-
Cash and cash equivalents	10	270,633	154,828	153,149	40	5
Total current assets		1,271,526	808,183	680,566	61,854	8,066
Total assets		1,644,615	1,093,590	782,267	1,378,986	1,238,993
Equity						
Share capital	11	1,338,445	1,242,789	43,354	1,338,445	1,242,789
Reserves	11	(708,344)	(821,149)	166,536	39,697	(4,861)
Total equity		630,101	421,640	209,890	1,378,142	1,237,928
Liabilities						
Loans and borrowings	12	101,862	35,002	26,835	-	-
Deferred tax liabilities	6	14,210	6,541	872	-	-
Total non-current liabilities		116,072	41,543	27,707	-	-
Trade and other payables	13	634,012	506,486	417,100	844	1,065
Contract liabilities	8	218	-	-	-	-
Loans and borrowings	12	259,931	123,551	89,515	-	-
Current tax liabilities		4,281	-	5,800	-	-
Derivative financial liabilities	14	-	370	-	-	-
Dividend payable		-	-	32,255	-	-
Total current liabilities		898,442	630,407	544,670	844	1,065
Total liabilities		1,014,514	671,950	572,377	844	1,065
Total equity and liabilities		1,644,615	1,093,590	782,267	1,378,986	1,238,993

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Revenue	15	2,908,560	2,306,630	45,220	-
Cost of sales		(2,674,295)	(2,142,449)	-	-
Gross profit		234,265	164,181	45,220	-
Other income		4,631	19,512	-	-
Distribution expenses		(45,017)	(33,597)	-	-
Administrative expenses		(30,367)	(15,577)	(712)	(2,479)
Other expenses		(1,779)	(3,504)	-	(6)
Results from operating activities		161,733	131,015	44,508	(2,485)
Finance income		3,069	2,895	50	-
Finance costs		(12,303)	(6,185)	-	-
Net finance (costs)/income		(9,234)	(3,290)	50	-
Profit/(Loss) before tax		152,499	127,725	44,558	(2,485)
Tax expense	16	(39,558)	(33,723)	-	-
Profit/(Loss) for the year	17	112,941	94,002	44,558	(2,485)
Other comprehensive income/(expense), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation/ **Other comprehensive (expense)/income for the year, net of tax**		(136)	195	-	-
Total comprehensive income/(expense) for the year		112,805	94,197	44,558	(2,485)
Basic earnings per ordinary share (sen)	18	9.83	8.96		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

		Attributable to owners of the Company				
		Non-distributable			Distributable	
Group	Note	Share capital RM'000	Exchange fluctuation reserve RM'000	Reverse accounting reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 April 2017, as previously reported		43,354	-	(37,154)	202,178	208,378
Adjustment on initial application of MFRS 15, net of tax	28	-	-	-	1,512	1,512
At 1 April 2017, restated		43,354	-	(37,154)	203,690	209,890
Foreign currency translation differences for foreign operation/ **Total other comprehensive income for the year**		-	195	-	-	195
Profit for the year		-	-	-	94,002	94,002
Total comprehensive income for the year		-	195	-	94,002	94,197
Contributions by and distributions to owners of the Company						
Issued for cash under private placements	11	12,515	-	-	-	12,515
Issued pursuant to acquisition of subsidiaries	11	1,186,920	-	(1,067,282)	-	119,638
Total transactions with owners of the Company		1,199,435	-	(1,067,282)	-	132,153
Dividends to the previous shareholders of a subsidiary		-	-	-	(14,600)	(14,600)
At 31 March 2018/1 April 2018, restated		1,242,789	195	(1,104,436)	283,092	421,640
Foreign currency translation differences for foreign operation/ **Total other comprehensive expense for the year**		-	(136)	-	-	(136)
Profit for the year		-	-	-	112,941	112,941
Total comprehensive (expense)/income for the year		-	(136)	-	112,941	112,805
Contributions by and distributions to owners of the Company						
Issued for cash under private placement/ **Total transactions with owners of the Company**	11	95,656	-	-	-	95,656
At 31 March 2019		1,338,445	59	(1,104,436)	396,033	630,101

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

		Attributable to owners of the Company		
	Note	Non-distributable Share capital RM'000	(Accumulated losses)/ Distributable Retained earnings RM'000	Total equity RM'000
Company				
At 1 April 2017		43,354	(2,376)	40,978
Loss and total comprehensive expense for the year		-	(2,485)	(2,485)
Contributions by and distributions to owners of the Company				
Issued for cash under private placements	11	12,515	-	12,515
Issued pursuant to acquisition of subsidiaries	11	1,186,920	-	1,186,920
Total transactions with owners of the Company		1,199,435	-	1,199,435
At 31 March 2018/1 April 2018		1,242,789	(4,861)	1,237,928
Profit and total comprehensive income for the year		-	44,558	44,558
Contributions by and distributions to owners of the Company				
Issued for cash under private placement/ **Total transactions with owners of the Company**	11	95,656	-	95,656
At 31 March 2019		1,338,445	39,697	1,378,142

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Group		Company	
	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000
Cash flows from operating activities				
Profit/(Loss) before tax	152,499	127,725	44,558	(2,485)
Adjustments for:				
Bad debts written off	367	-	-	-
Depreciation	25,338	14,037	-	-
Fair value loss on derivative instruments	-	370	-	-
Finance costs	12,303	6,185	-	-
Finance income	(3,069)	(2,895)	(50)	-
Reversal of impairment loss on trade receivables	(68)	(1,060)	-	-
Property, plant and equipment:				
- Written off	6	-	-	-
- Gain on disposal	(328)	(184)	-	-
Unrealised loss on foreign exchange	917	1,138	-	-
Inventories:				
- Reversal of slow moving	(1,811)	(2,621)	-	-
- Write-down to net realisable value	133	276	-	-
Operating profit/(loss) before changes in working capital	186,287	142,971	44,508	(2,485)
Change in inventories	(89,565)	2,184	-	-
Change in contract assets	(19,088)	1,828	-	-
Change in trade and other receivables	(239,021)	(70,602)	(53,753)	(7,091)
Change in trade and other payables	142,046	34,496	(221)	613
Change in contract liabilities	218	-	-	-
Cash generated (used in)/from operations	(19,123)	110,877	(9,466)	(8,963)
Interest received	-	-	50	-
Tax paid	(26,979)	(37,250)	-	-
Net cash (used in)/from operating activities	(46,102)	73,627	(9,416)	(8,963)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019
CONT'D

	Note	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	19	(62,052)	(31,789)	-	-
Proceeds from disposal of property, plant and equipment		328	184	-	-
Change in pledged deposits		9,440	(186)	-	-
Share issue expenses		-	-	-	(3,561)
Acquisition of subsidiary, net of cash and cash equivalents acquired	20	- -	3,108	-	-
Increase in investment in subsidiaries		-	-	(86,205)	-
Interest received		3,069	2,895	-	-
Net cash used in investing activities		(49,215)	(25,788)	(86,205)	(3,561)
Cash flows from financing activities					
Repayment of term loans		(2,110)	(1,113)	-	-
Drawndown of term loans		38,672	-	-	-
Proceeds from short term borrowings		127,455	10,438	-	-
Repayment of finance lease liabilities		(27,152)	(3,585)	-	-
Dividends paid by the subsidiaries to the previous shareholders		-	(46,855)	-	-
Proceeds from private placement of shares		95,656	-	95,656	12,515
Interest paid		(12,303)	(6,185)	-	-
Net cash from/(used in) financing activities		220,218	(47,300)	95,656	12,515
Net increase/(decrease) in cash and cash equivalents		124,901	539	35	(9)
Effect of exchange rate fluctuation on cash held		(11)	(2)	-	-
Cash and cash equivalents at 1 April		129,178	128,641	5	14
Cash and cash equivalents at 31 March	10	254,068	129,178	40	5

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

ATA IMS Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
No. 6, Jalan Dewani 1
Kawasan Perindustrian Temenggong
81100 Johor Bahru
Johor

Registered office
Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru
Johor

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group Entities"). The financial statements of the Company as at and for the financial year ended 31 March 2019 do not include other entities.

The principal activity of the Company consists of investment holding. The principal activities of its subsidiaries are disclosed in Note 4.

These financial statements were authorised for issue by the Board of Directors on 5 July 2019.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

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*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

1. **BASIS OF PREPARATION** *cont'd*

(a) **Statement of compliance** *cont'd*

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 standards, interpretations and amendments in the respective financial year when the above standards, interpretations and amendments become effective.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

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 and of the Company except as mentioned below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) **Basis of measurement**

These financial statements have been prepared on the historical cost basis except as disclosed in Note 2.

(c) **Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) **Use of estimates and judgements**

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than disclosed in the following notes:

- Note 5 - Goodwill on consolidation
- Note 25.4 - Measurement of expected credit loss ("ECL")

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

i) financial instruments;
ii) revenue recognition; and
iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. There is no significant financial impact on the adoption of MFRS 9 except for financial assets that were previously classified as loans and receivables are now classified as amortised cost. The impacts arising from the adoption of MFRS 15 is disclosed in Note 28.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(iii) Reverse accounting

On 5 February 2018, the Company completed its acquisition of the entire equity interest in Integrated Manufacturing Solutions ("IMS") and its subsidiaries (collectively referred to as "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. In addition, the consolidated financial statements represent a continuation of the financial position, performance and cash flows of the IMS Group. Accordingly, the consolidated financial statements are prepared on the following basis:

(a) the assets and liabilities of the IMS Group are recognised and measured in the statements of financial position of the Group at their pre-acquisition carrying amounts;

(b) the assets and liabilities of the Company and its subsidiaries are recognised and measured in the consolidated statements of financial position at their acquisition-date fair values;

(c) the accumulated profits and other equity balances recognised in the consolidated financial statements are the accumulated profits and other equity balances of the IMS Group immediately before the acquisition;

(d) the amount recognised as issued equity interests in the consolidated financial statements is determined by adding to the issued equity of the IMS Group immediately before the acquisition. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issues) reflect the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the Company to effect the acquisition;

(e) the consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 March 2018 reflects the full year results of the IMS Group together with the post-acquisition results of the Company and its subsidiaries; and

(f) the comparative figures presented in these consolidated financial statements are those of the IMS Group, except for its capital structure which is retroactively adjusted to reflect the legal capital of the accounting acquiree.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the year ended 31 March 2018 refers to the Group which includes the results of the IMS Group from 1 April 2017 to 31 March 2018 and the post-acquisition results of the Company and its subsidiaries from acquisition date to 31 March 2018.

The consolidated statement of financial position of the Group as at 31 March 2018 refers to the consolidated statement of financial position of the IMS Group and the Company and its subsidiaries as at 31 March 2018. The consolidated statement of financial position of the Group as at 31 March 2017 refers to the consolidated statement of financial position of the IMS Group.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(iii) Reverse accounting *cont'd*

Separate financial statements of the Company

The above accounting applies only at the consolidated financial statements. In the Company's separate financial statements, investments in the legal subsidiaries (the IMS Group) is accounted for at cost less accumulated impairment losses, if any, in the Company's statements of financial position. The initial cost of the investment in the IMS Group is based on the fair value of the ordinary shares issued by the Company as at the acquisition date.

The statements of financial position of the Company as at 31 March 2018 refers to the statements of financial position of the Company.

Further details on accounting of the acquisition are provided in Note 20.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Foreign currency *cont'd*

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively.

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(ii) Financial instrument categories and subsequent measurement *cont'd*

***Financial assets** cont'd*

The categories of financial assets at initial recognition are as follows:

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(ii) Financial instrument categories and subsequent measurement *cont'd*

Financial assets *cont'd*

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(j)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(ii) Financial instrument categories and subsequent measurement *cont'd*

Financial liabilities *cont'd*

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(v) Derecognition *cont'd*

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(d) Property, plant and equipment *cont'd*

(iii) Depreciation *cont'd*

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	10 - 50 years
Plant and machinery	6.67 - 10 years
Office furniture and equipment	5 - 10 years
Motor vehicles	5 - 6.67 years
Renovation and electrical installation	6.67 - 10 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

(e) Leased assets

(i) Finance leases

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Intangible assets

Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(f) Intangible assets *cont'd*

Goodwill *cont'd*

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(j)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively.

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debts investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(j) Impairment *cont'd*

(i) Financial assets *cont'd*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(j) Impairment *cont'd*

(ii) Other assets *cont'd*

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

(l) **Income tax** *cont'd*

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(m) **Revenue and other income**

(i) **Revenue**

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) **Interest income**

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iii) **Dividend income**

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(o) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Chairman of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(r) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(s) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

3. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM'000	Plant and machinery RM'000	Office furniture and equipment RM'000	Motor vehicles RM'000	Renovation and electrical installation RM'000	Construction -in -progress RM'000	Total RM'000
Group							
At cost							
At 1 April 2017	35,771	154,699	7,893	2,958	11,635	-	212,956
Acquisitions (see Note 20)	43,400	12,769	1,793	176	1,521	1,053	60,712
Additions	-	39,334	2,077	1,290	5,425	12,744	60,870
Disposals/Written off	-	(1,457)	(3)	(308)	-	-	(1,768)
Translation differences	-	-	-	-	-	(36)	(36)
At 31 March 2018/ 1 April 2018	79,171	205,345	11,760	4,116	18,581	13,761	332,734
Additions	47,711	55,290	3,475	1,182	5,361	-	113,019
Disposals/Written off	-	(3,841)	(6)	(20)	-	-	(3,867)
Transfer	-	13,158	111	-	528	(13,797)	-
Translation differences	-	(13)	-	-	(1)	36	22
At 31 March 2019	126,882	269,939	15,340	5,278	24,469	-	441,908
Accumulated depreciation							
At 1 April 2017	5,004	89,906	6,255	1,551	8,771	-	111,487
Depreciation charge	639	11,477	636	549	736	-	14,037
Disposals/Written off	-	(1,457)	(3)	(308)	-	-	(1,768)
At 31 March 2018/ 1 April 2018	5,643	99,926	6,888	1,792	9,507	-	123,756
Depreciation charge	1,696	19,771	1,437	799	1,635	-	25,338
Disposals/Written off	-	(3,841)	-	(20)	-	-	(3,861)
At 31 March 2019	7,339	115,856	8,325	2,571	11,142	-	145,233
Carrying amounts							
At 1 April 2017	30,767	64,793	1,638	1,407	2,864	-	101,469
At 31 March 2018/ 1 April 2018	73,528	105,419	4,872	2,324	9,074	13,761	208,978
At 31 March 2019	119,543	154,083	7,015	2,707	13,327	-	296,675

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

3. PROPERTY, PLANT AND EQUIPMENT *contd*

3.1 Carrying amounts of land and buildings

Included in the carrying amount of land and buildings are:

	Group 2019 RM'000	Group 2018 RM'000
Land	39,463	24,082
Buildings	80,080	49,446
	119,543	73,528

3.2 Security

The land and buildings, plant and machineries of the Group with carrying amounts of RM121,643,000 (2018: RM75,012,265) are charged to licensed banks as securities for bank borrowings as disclosed in Note 12.

3.3 Leased plant and equipment

Included in plant and equipment of the Group are machineries, office equipment and motor vehicles acquired under finance lease agreements with carrying amounts of RM103,506,001 (2018: RM60,418,212).

4. INVESTMENTS IN SUBSIDIARIES

	Company 2019 RM'000	Company 2018 RM'000
Unquoted shares, at cost	1,253,455	1,253,037
Amount due from a subsidiary	85,787	-
	1,339,242	1,253,037
Less: Impairment losses	(22,110)	(22,110)
	1,317,132	1,230,927

The amount due from a subsidiary is interest free and unsecured. The settlement of balance is neither planned nor likely to occur in the foreseeable future. In substance, the amount forms part of the Company's net investments in the subsidiaries and is stated at cost.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

4. INVESTMENTS IN SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Winsheng Plastic Industry Sdn. Bhd. ("WPI")	Malaysia	Manufacturing and sales of precision plastic injection moulded parts, secondary process, sub-assembly, full assembly of finished products, and tooling fabrication	100	100
Lean Teik Soon Sdn. Bhd.	Malaysia	Wholesaler/retailer of foodstuff and consumer goods	100	100
Denko Management Services Sdn. Bhd.	Malaysia	Dormant	100	100
Winsheng Plastic Marketing Sdn. Bhd.	Malaysia	Dormant	100	100
Integrated Manufacturing Solutions Sdn. Bhd. ("IMS")	Malaysia	Investment holding	100	100
ATA Components Sdn. Bhd.@	Malaysia	Dormant	100	-
Jabind Manufacturing India Private Limited*	India	Dormant	100	-
Subsidiary of WPI				
PT. Winsheng Plastic and Tooling Industry*	Indonesia	Tooling fabrication and plastic part manufacture	100	100
Subsidiary of IMS				
ATA Industrial (M) Sdn. Bhd. ("AIM")	Malaysia	Manufacturing and sales of precision plastic injection moulded parts and assembly of electrical and electronic components and products	100	100
Jabco Filter System Sdn. Bhd.*	Malaysia	Manufacturing and sales of air filters and sterilizers	100	100
ATA Precision Engineering Sdn. Bhd.*	Malaysia	Design and fabrication of tools and moulds	100	100

@ Management account was used for the preparation of consolidated financial statements. In the opinion of the Directors, the results and financial position of this subsidiary is not material to the consolidated financial statements.

* Not audited by member firm of KPMG International.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

5. GOODWILL ON CONSOLIDATION

	Goodwill/ Total RM'000
Group	
At cost	
At 1 April 2017	-
Acquisition through business combination	76,414
At 31 March 2018	76,414
At 1 April 2018/31 March 2019	76,414
Carrying amounts	
At 1 April 2017	-
At 1 April 2018/31 March 2019	76,414
At 31 March 2019	76,414

Goodwill

In prior year, the Company acquired the entire equity interest in IMS Group via the issuance of 1,032,104,348 new ordinary shares of the Company. The acquisition has been accounted for using reverse accounting in accordance with MFRS 3, Business Combinations. Arising from this acquisition, the Group recognised a goodwill of RM76.414 million.

Goodwill represents enhanced scale and synergies expected from the combined business. It is expected that the Group, as enlarged by the acquisition of IMS (the "enlarged group"), will substantially increase its annual production capacity of its plastic injection which would enable the enlarged group to increase its market share in the plastic injection moulding business.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination.

The aggregate carrying amounts of goodwill are allocated as follows:

	Group	
	2019 RM'000	2018 RM'000
Manufacture, assembly and sale of plastic injection moulded parts	76,414	76,414

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

5. GOODWILL ON CONSOLIDATION *cont'd*

The recoverable amount for the goodwill were based on its value in use, determined by discounting the future cash flows to be generated from the CGU and were based on the following key assumptions:

i) Cash flows were projected based on 5-year plan and an estimated terminal value with zero growth rate.

ii) Revenue were projected based on growth rate of 0% - 27% on historical sales performance.

iii) Profit margins were estimated based on historical performance.

iv) A pre-tax discount rate of 15% was applied in determining the recoverable amount. The discount rate was estimated based on the industry's weighted average cost of capital.

Based on management assessment, the recoverable amount of the unit was determined to be higher than its carrying amount and therefore, no impairment loss was recognised.

Based on the sensitivity analysis, any reasonably possible change in the key assumptions applied is not likely to cause the carrying amount of goodwill to exceed its recoverable amount.

6. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000 Restated
Group						
Property, plant and equipment	-	-	(12,767)	(10,528)	(12,767)	(10,528)
Contract assets	-	-	(1,715)	(943)	(1,715)	(943)
Trade receivables	39	13	-	-	39	13
Provisions	316	616	-	-	316	616
Inventories	327	596	-	-	327	596
Unutilised reinvestment allowances	-	2,489	-	-	-	2,489
Unrealised exchange differences	-	1,231	(410)	-	(410)	1,231
	682	4,945	(14,892)	(11,471)	(14,210)	(6,526)
Set off of tax	(682)	(4,930)	682	4,930	-	-
Net tax assets/(liabilities)	-	15	(14,210)	(6,541)	(14,210)	(6,526)

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

6. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group 2019 RM'000	Group 2018 RM'000
Deductible temporary differences	985	794
Unabsorbed capital allowances	5,015	4,999
Unutilised tax losses	8,853	7,067
Unutilised reinvestment allowances	527	527
	15,380	13,387

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

Pursuant to the Finance Act 2018, unutilised tax losses and unutilised reinvestment allowance can only carried forward up to 7 consecutive year of assessment.

The unutilised tax losses and unutilised reinvestment allowance will expire in the following year of assessment:

	2019 RM'000
2025	7,594
2026	1,786
	9,380

The deductible temporary difference and unabsorbed capital allowances do not expire under the current tax legislation.

Movements in temporary differences during the year are as follows:

Group	At 1 April 2017 RM'000 Restated	Acquisition through business combination (Note 20) RM'000	Recognised in profit or loss (Note 16) RM'000 Restated	At 31 March 2018/ 1 April 2018 RM'000 Restated	Recognised in profit or loss (Note 16) RM'000	At 31 March 2019 RM'000
Property, plant and equipment	(3,469)	(6,114)	(945)	(10,528)	(2,239)	(12,767)
Contract assets	(478)	-	(465)	(943)	(772)	(1,715)
Trade receivables	-	16	(3)	13	26	39
Provisions	416	168	32	616	(300)	316
Inventories	707	-	(111)	596	(269)	327
Unutilised reinvestment allowances	-	2,770	(281)	2,489	(2,489)	-
Unrealised exchange differences	2,184	(82)	(871)	1,231	(1,641)	(410)
	(640)	(3,242)	(2,644)	(6,526)	(7,684)	(14,210)

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

7. INVENTORIES

	Group 2019 RM'000	Group 2018 RM'000 Restated
Raw materials	145,530	92,044
Work-in-progress	44,573	33,202
Finished goods	27,775	1,386
	217,878	126,632
Recognised in profit or loss:		
- Inventories recognised as cost of sales	2,674,295	2,142,449
- Write-down to net realisable value	133	276

8. CONTRACT WITH CUSTOMERS

	Group 2019 RM'000	Group 2018 RM'000 Restated
Contract assets	44,215	25,127
Contract liabilities	(218)	-

The contract assets primarily relate to the Group's rights to consideration for work completed on contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 to 90 days.

The contract liabilities primarily relate to the progress billings exceed cost incurred for tooling sales contract, which revenue is recognised over time during the contract period. The contract liabilities are expected to be recognised as revenue over a period of 30 to 90 days.

There is no significant changes to contract assets balances during the year.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade				
Trade receivables	679,385	447,521	-	-
Non-trade				
Other receivables, deposits and prepayments	59,415	53,461	284	296
Due from subsidiaries	-	-	61,530	7,765
	59,415	53,461	61,814	8,061
	738,800	500,982	61,814	8,061

The amounts due from subsidiaries are non-trade, unsecured, interest free and repayable on demand.

Included in trade receivables of the Group are RM1,110,000 (2018: RM369,000) due from companies in which certain Directors have substantial financial interests.

Included in other receivables, deposits and prepayments are:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Due from a company in which certain Directors have substantial financial interests	2,250	13	-	-
Other receivables	25,354	20,150	158	156
Deposits	8,518	12,464	1	1
Prepayments	23,293	20,834	125	139
	59,415	53,461	284	296

The amounts due from a company in which certain Directors have substantial financial interest are unsecured, interest free and repayable on demand.

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	243,447	128,116	40	5
Fixed deposits with licensed banks	27,186	26,712	-	-
Cash and cash equivalents in the statements of financial position	270,633	154,828	40	5
Less: Pledged deposits	(15,254)	(24,694)	-	-
Bank overdrafts	(1,311)	(956)	-	-
Cash and cash equivalents in the statements of cash flows	254,068	129,178	40	5

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

10. CASH AND CASH EQUIVALENTS *cont'd*

Included in fixed deposits of the Group are amounts of RM15,254,000 (2018: RM24,694,000) pledged to banks to secure banking facilities granted to the subsidiaries.

Fixed deposits of the subsidiaries amounting to RM16,159,000 (2018: RM16,057,000) are registered in the name of certain Directors held in trust for the subsidiaries.

11. CAPITAL AND RESERVES

Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2019 RM'000	**2018 RM'000**	**2019 '000**	**2018 '000**
Issued and fully paid shares classified as equity instruments:				
Ordinary shares:				
At 1 April	1,242,789	43,354	1,147,020	104,469
Issued for cash under private placements (Note 11.1)	95,656	12,515	57,351	10,447
Issued pursuant to acquisition of IMS Group (Note 11.2)	-	1,186,920	-	1,032,104
At 31 March	1,338,445	1,242,789	1,204,371	1,147,020

11.1 The shares issued under private placement are net of share issue expenses of RM1,267,000.

11.2 In prior year, the Company acquired the entire equity interest in IMS Group for total consideration of RM1,186,920,000, satisfied via allotment and issuance of 1,032,104,348 new ordinary shares of the Company at an issue price of RM1.15 each. 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. In addition, the consolidated financial statements represent a continuation of the financial position, performance and cash flows of the IMS Group.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

11. CAPITAL AND RESERVES *cont'd*

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

Reserves

	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Distributable				
Retained earnings/(Accumulated losses)	396,033	283,092	39,697	(4,861)
Non-distributable				
Exchange fluctuation reserve	59	195	-	-
Reverse accounting reserve	(1,104,436)	(1,104,436)	-	-
	(708,344)	(821,149)	39,697	(4,861)

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Exchange fluctuation reserve

The exchange fluctuation reserve comprise all foreign currency differences arising from the translation of the financial statements of foreign operation.

Reverse accounting reserve

The reverse accounting reserve arose to reflect the equity structure of the Company, including the equity interests issued by the Company to effect the business combinations of IMS Group.

12. LOANS AND BORROWINGS

	Group 2019 RM'000	Group 2018 RM'000
Secured		
Non-current		
Finance lease liabilities	42,800	18,346
Term loans	59,062	16,656
	101,862	35,002
Current		
Finance lease liabilities	31,537	17,123
Term loans	2,826	8,670
Bankers' acceptances	219,257	91,802
Revolving credits	5,000	5,000
Bank overdrafts	1,311	956
	259,931	123,551
	361,793	158,553

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

12. LOANS AND BORROWINGS *cont'd*

Securities

The loans and borrowings are secured by way of:

i) first party legal charges over the properties, plant and machineries of the Group;
ii) pledged fixed deposits of the Group;
iii) jointly and severally guaranteed by certain Directors of the Company; and
iv) corporate guarantee by the Company.

Significant covenants

The loans and borrowings of the subsidiaries are subject to specific covenants on that subsidiary as follows:

AIM

i) gearing ratio shall not exceed 1.5 time;
ii) gearing ratio of the Group, shall not exceed 1.0 time; and
iii) dividend declared shall not exceed profit for the year.

WPI

i) gearing ratio of the Group, shall not exceed 1.5 time;
ii) advances to Directors/Directors' related companies and related companies shall be capped at RM2 million; and
iii) dividend declared shall not exceed 50% of profit for the year.

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2019			2018		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Group						
Less than one year	34,940	3,403	31,537	18,618	1,495	17,123
Between one and five years	45,636	2,836	42,800	19,283	937	18,346
	80,576	6,239	74,337	37,901	2,432	35,469

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

12. LOANS AND BORROWINGS *cont'd*

Reconciliation of movement of liabilities to cash flows arising from financing activities:

	At 1 April 2018 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases RM'000	At 31 March 2019 RM'000
Group				
Finance lease liabilities	35,469	(27,152)	66,020	74,337
Term loans	25,326	36,562	-	61,888
Bankers' acceptances	91,802	127,455	-	219,257
Revolving credits	5,000	-	-	5,000
Total liabilities from financing activities	157,597	136,865	66,020	360,482

	At 1 April 2017 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases RM'000	Acquisition through business combinations RM'000	At 31 March 2018 RM'000
Group					
Finance lease liabilities	22,849	(3,585)	9,839	6,366	35,469
Term loans	18,827	(1,113)	-	7,612	25,326
Bankers' acceptances	74,674	10,438	-	6,690	91,802
Revolving credits	-	-	-	5,000	5,000
Total liabilities from financing activities	116,350	5,740	9,839	25,668	157,597

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade payables	534,286	399,158	-	-
Other payables and accrued expenses	99,726	107,328	434	1,065
Due to subsidiaries - non-trade	-	-	410	-
	634,012	506,486	844	1,065

The amounts due to subsidiaries are non-trade, unsecured, interest free and repayable on demand.

Included in trade payables of the Group are RM33,816,000 (2018: RM422,000) due to companies in which certain Directors have substantial financial interests.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

13. TRADE AND OTHER PAYABLES *cont'd*

Included in other payables and accrued expenses of the Group and the Company are:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Property, plant and equipment creditors	18,502	33,555	-	-
Due to Directors	312	197	150	-
Due to companies in which certain Directors have substantial financial interests	124	-	-	-
Other payables and accrued expenses	80,788	73,576	284	1,065
	99,726	107,328	434	1,065

The amounts due to Directors and companies in which certain Directors have substantial financial interest are unsecured, interest free and repayable on demand.

14. DERIVATIVES FINANCIAL LIABILITIES

	2019		2018	
	Nominal value RM'000	Financial liabilities RM'000	Nominal value RM'000	Financial liabilities RM'000
Group				
Derivatives held for trading at fair value through profit or loss				
- Forward exchange contracts	21,907	-	43,171	370

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currency of the Group. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. When necessary, the forward contracts are rolled over at maturity.

15. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000
Revenue from contracts with customers				
- Over time	2,908,560	2,306,630	-	-
Other revenue				
- Dividend income	-	-	45,220	-
	2,908,560	2,306,630	45,220	-

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

15. REVENUE *cont'd*

15.1 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Electrical and electronic components and products	Revenue is recognised overtime as costs are incurred. These contracts would meet the no alternative use and the Group has rights to payment for work performed	Credit period of 60 to 90 days from invoice date

The Group applies the practical expedients for exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

16. TAX EXPENSE

Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000
Current tax expense				
- Current year	33,555	29,093	-	-
- Prior years	(1,681)	1,986	-	-
	31,874	31,079		
Deferred tax expense				
- Origination and reversal of temporary differences	4,215	4,283	-	-
- Under/(Over) provision in prior years	3,469	(1,639)	-	-
	7,684	2,644	-	-
	39,558	33,723	-	-

16. TAX EXPENSE *cont'd*

	Group		Company	
	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000
Reconciliation of tax expense				
Profit/(Loss) before tax	152,499	127,725	44,558	(2,485)
Income tax calculated using Malaysian tax rate of 24%	36,600	30,654	10,694	(596)
Tax saving from reduction in tax rate*	-	(20)	-	-
Non-deductible expenses	712	3,991	159	596
Non-taxable income	(20)	(1,243)	(10,853)	-
Effect of unrecognised deferred tax assets	478	(6)	-	-
	37,770	33,376	-	-
Under provision in prior years	1,788	347	-	-
Tax expense	39,558	33,723	-	-

* A subsidiary of the Group was entitled to reduction in corporate income tax from 1% to 4% based on percentage of increment of chargeable business income compared with the preceding year of assessment in accordance with the Income Tax (Exemption) (No. 2) Order 2017.

17. PROFIT/(LOSS) FOR THE YEAR

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(Loss) for the year is arrived at after charging/ (crediting)				
Auditor's remuneration:				
- Audit fees:				
- KPMG PLT	316	295	77	70
- Other auditors	60	44	-	-
- Non-audit fees:				
- KPMG PLT	8	-	8	245
- Local affiliates of KPMG PLT	49	-	5	-
- Other auditors	33	83	-	140
Bad debts written off	367	-	-	-
Depreciation	25,338	14,037	-	-
Fair value loss on derivative instruments	-	370	-	-
Personnel expenses (including key management personnel):				
- Contribution to state plans	8,316	4,582	-	-
- Wages, salaries and others	266,372	183,382	300	150
Rental of:				
- Land and buildings	14,710	9,982	-	-
- Plant and equipment	1,246	2,272	-	-
Foreign exchange:				
- Realised gain	(3,142)	(17,561)	-	-
- Unrealised loss	917	1,138	-	-

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

17. PROFIT/(LOSS) FOR THE YEAR *cont'd*

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(Loss) for the year is arrived at after charging/ (crediting) *cont'd*				
Property, plant and equipment:				
- Written off	6	-	-	-
- Gain on disposal	(328)	(184)	-	-
Inventories:				
- Reversal of slow moving	(1,811)	(2,621)	-	-
- Write-down to net realisable value	133	276	-	-
Reversal of impairment loss on trade receivables	(68)	(1,060)	-	-

18. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2019 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2019 RM'000	2018 RM'000 Restated
Profit for the year attributable to owners	112,941	94,002

Weighted average number of ordinary shares are determined as follows:

	Group	
	2019 '000	2018 '000 Restated
Weighted average number of ordinary shares at 31 March	1,148,591	1,049,420
Basic earnings per ordinary share (sen)	9.83	8.96

Diluted earnings per ordinary share

The diluted earnings per ordinary share is the same as basic earnings per ordinary share as there is no dilutive potential ordinary shares outstanding.

NOTES TO THE FINANCIAL STATEMENTS
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19. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Acquisition of property, plant and equipment represent:

	Group	
	2019 RM'000	2018 RM'000
Current year's additions of property, plant and equipment	113,019	60,870
Less: Amount financed by hire purchase	(66,020)	(9,839)
Less: Balances in respect of acquisition of property, plant and equipment included in other creditors		
- at end of year	(18,502)	(33,555)
- at beginning of year	33,555	14,313
Cash used in acquisition of property, plant and equipment	62,052	31,789

20. ACQUISITION OF SUBSIDIARIES

For the financial year ended 31 March 2018

On 5 February 2018, the Company completed its acquisition of the entire equity interest in Integrated Manufacturing Solutions ("IMS") and its subsidiaries (collectively referred to as "IMS Group") via the issuance of 1,032,104,348 new ordinary shares of the Company to the shareholders of IMS Group. The acquisition of IMS Group was undertaken as part of the Company's plastic injection moulding business expansion strategy to grow its revenue and customer base as well as to expand its production capacity. This acquisition has been accounted for using reverse accounting as described in Note 2(a) basis of consolidation.

The consideration of the acquisition was determined in accordance with MFRS 3, Business Combinations on the basis of the fair value of IMS Group on the date of completion and the number of new ordinary shares IMS would have to issue to the equity holders of the Company to provide the same percentage ownership interest of the combined entity.

From the date of acquisition, accounting acquiree has contributed revenue of RM17,559,000 and net profit of RM605,000 to the Group. If the business combination had taken place at the beginning of the financial year, the consolidated revenue would have been RM2,409,301,000 and the consolidated net profit for the Group would have been RM85,707,000.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

20. ACQUISITION OF SUBSIDIARIES *cont'd*

For the financial year ended 31 March 2018 *cont'd*

The fair value of the assets and liabilities arising from the acquisition are as follows:

Identifiable assets acquired and liabilities assumed	**2018 RM'000**
Property, plant and equipment	60,712
Inventories	17,862
Trade and other receivables	37,508
Tax recoverable	241
Cash and cash equivalents	3,108
Trade and other payables	(34,782)
Loans and borrowings	(25,668)
Deferred tax liabilities	(3,242)
Net assets acquired	55,739
Goodwill on consolidation	76,414
Consideration effectively transferred	132,153
Net cash from arising from acquisition:	
Cash and cash equivalents acquired	3,108

The fair value of trade and other receivables is RM37,508,000 and includes trade receivables with a fair value of RM21,174,000. The gross contractual amount for trade receivables due is RM23,497,000, of which RM2,323,000 is allowance for impairment losses of trade receivables.

Included in property, plant and equipment is fair value of land and buildings amounting to RM43,400,000, derived based on valuation report by an independent professional valuer.

One of the acquired subsidiaries has unrecognised deferred tax assets amounting to RM6,156,000. The deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the subsidiary can utilise the benefits therefrom.

Acquisition-related costs of RM3,560,760 have been charged to other expenses in the consolidated statement of profit or loss and other comprehensive income in the period in which they relate to.

The goodwill is attributable mainly to the expected synergies to be achieved from integrating the Company and its subsidiaries into the existing business of IMS Group. None of the goodwill is expected to be deductible for income tax purposes.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

21. OPERATING SEGMENTS

The Group is principally involved in manufacturing and sales of precision plastic injection of moulded parts, secondary process, sub assembly, full assembly of the finished products to the electronic industry and are predominantly carried out in Malaysia. Segmental information is not prepared as the food trading segment has not met the quantitative thresholds for reporting segment in 2019 and 2018.

Major customers

The following is the major customer with revenue equal to or more than 10 percent of the Group's total revenue:

	Revenue RM'000
2019	
Customer A	2,509,169
2018	
Customer A	1,918,280

22. CAPITAL COMMITMENTS

	Group	
	2019 RM'000	**2018 RM'000**
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	32,324	46,174

23. OPERATING LEASES

Non-cancellable and optional renewal rental payable are as follows:

Leases & lessee

	Group	
	2019 RM'000	**2018 RM'000**
Less than one year	5,652	3,500
Between one and five years	9,257	11,578
More than five years	223	757
	15,132	15,835

The Group leases a number of land and buildings under operating leases. The leases have initial years ranging from 1 to 3 years, with an option to renew the leases after that date. None of the lease includes contingent rentals.

The disclosure above includes the non-cancellable periods and optional renewal periods where the Group is reasonably certain to extend.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

24. CONTINGENT LIABILITIES

	Company 2019 RM'000	2018 RM'000
Unsecured		
Corporate guarantees given to financial institutions for banking facilities of subsidiaries	312,359	29,775

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Amortised cost ("AC")
(b) Fair value through profit or loss ("FVTPL")
- Mandatorily required by MFRS 9

	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Group			
2019			
Financial assets			
Trade and other receivables	715,507	715,507	-
Cash and cash equivalents	270,633	270,633	-
	986,140	986,140	-
Financial liabilities			
Trade and other payables	(634,012)	(634,012)	-
Loans and borrowings	(361,793)	(361,793)	-
	(995,805)	(995,805)	-
2018			
Financial assets			
Trade and other receivables	480,148	480,148	-
Cash and cash equivalents	154,828	154,828	-
	634,976	634,976	-
Financial liabilities			
Trade and other payables	(506,486)	(506,486)	-
Loans and borrowings	(158,553)	(158,553)	-
Derivative financial liabilities	(370)	-	(370)
	(665,409)	(665,039)	(370)

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

25. FINANCIAL INSTRUMENTS *cont'd*

25.1 Categories of financial instruments *cont'd*

	Carrying amount RM'000	AC RM'000
Company		
2019		
Financial assets		
Other receivables and deposits	61,689	61,689
Cash and cash equivalents	40	40
	61,729	61,729
Financial liabilities		
Trade and other payables	(844)	(844)
2018		
Financial assets		
Other receivables and deposits	7,922	7,922
Cash and cash equivalents	5	5
	7,927	7,927
Financial liabilities		
Trade and other payables	(1,065)	(1,065)

25.2 Net gains and losses arising from financial instruments

	Group 2019 RM'000	2018 RM'000
Net gains/(losses) on:		
Financial assets at amortised cost	4,544	3,955
Fair value through profit or loss		
- Mandatorily required by MFRS 9	-	(370)
Financial liabilities at amortised cost	(11,852)	10,238
	(7,308)	13,823

25.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

25. FINANCIAL INSTRUMENTS *cont'd*

25.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivable from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior period.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

Risk management objectives, policies and processes for managing the risk cont'd

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to prior period.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

Concentration of credit risk

The Group trades extensively with established customers which the Group has a long standing business relationship. As at the end of the reporting period, the Group's largest customer constitute approximately 86% (2018: 76%) of total trade receivables. The customer does not have any significant outstanding balances exceeding its normal credit terms as at the end of the reporting period.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions to recover long overdue balances.

As there are only few customers, the Group assesses the risk of loss of the customer individually based on their financial information past trend of payment and external credit ratings, where applicable.

The following table provides information about the exposure to credit risk and expected credit losses ("ECLs") for trade receivables and contract assets as at the end of the reporting date which are grouped together as they are expected to have similar risk nature.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

25. FINANCIAL INSTRUMENTS *cont'd*

25.4 Credit risk *cont'd*

Trade receivables and contract assets *cont'd*

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2019			
Current (not past due)	633,974	-	633,974
1 - 30 days past due	86,056	-	86,056
31 - 60 days past due	2,074	-	2,074
61 - 90 days past due	531	-	531
	722,635	-	722,635
Credit impaired			
More than 90 days past due	2,160	(1,195)	965
	724,795	(1,195)	723,600
Trade receivables	680,580	(1,195)	679,385
Contract assets	44,215	-	44,215
	724,795	(1,195)	723,600
2018			
Current (not past due)	127,233	-	127,233
1 - 30 days past due	173,766	-	173,766
31 - 90 days past due	169,640	(124)	169,516
	470,639	(124)	470,515
Credit impaired			
More than 90 days past due	3,272	(1,139)	2,133
	473,911	(1,263)	472,648
Trade receivables	448,784	(1,263)	447,521
Contract assets	25,127	-	25,127
	473,911	(1,263)	472,648

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

Group	Credit impaired/Total 2019 RM'000	2018 RM'000
Balance at 1 April	1,263	-
Through acquisitions of subsidiaries	-	2,323
Net remeasurement of loss allowance	(68)	(1,060)
Balance at 31 March	1,195	1,263

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

25. FINANCIAL INSTRUMENTS *cont'd*

25.4 Credit risk *cont'd*

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries. The Company monitors the ability of the subsidiaries to service its loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM312,359,000 (2018: RM29,775,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when subsidiaries' financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the Company does not recognise any allowance for impairment losses.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company monitors the ability of subsidiaries to repay the balances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

The Company considers amounts due from subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when subsidiaries' financial position deteriorates significantly. The Company considers amounts due from subsidiaries to be credit impaired when:

- The subsidiary is unlikely to repay the amounts to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for amounts due from subsidiaries individually using internal information available.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

25. FINANCIAL INSTRUMENTS *cont'd*

25.4 Credit risk *cont'd*

The following table provides information about the exposure to credit risk and ECLs for inter-company as at the end of the reporting period:

	Gross carrying amount/ Net balance	
	2019	**2018**
	RM'000	**RM'000**
Low credit risk	61,530	7,765

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

The Group and the Company monitor the exposure to credit risk on individual basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position and the Group and the Company do not recognise any allowance for impairment losses.

25.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and loans and borrowings.

The Group and the Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

25. FINANCIAL INSTRUMENTS *cont'd*

25.5 Liquidity risk *cont'd*

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
2019							
Non-derivative financial liabilities							
Secured bank overdrafts	1,311	7.95	1,311	1,311	-	-	-
Secured bankers' acceptances	219,257	4.12 - 4.56	219,257	219,257	-	-	-
Secured revolving credits	5,000	5.60 - 6.31	5,000	5,000	-	-	-
Secured finance lease liabilities	74,337	2.45 - 5.70	80,576	34,940	26,345	19,269	22
Secured term loans	61,888	4.20 - 7.42	83,309	5,384	5,332	15,858	56,735
Trade and other payables	634,012	-	634,012	634,012	-	-	-
	995,805		1,023,465	899,904	31,677	35,127	56,757
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	-	-	21,907	21,907	-	-	-
Inflow	-	-	(21,907)	(21,907)	-	-	-
	995,805		1,023,465	899,904	31,677	35,127	56,757
2018							
Non-derivative financial liabilities							
Secured bank overdraft	956	7.95	956	956	-	-	-
Secured bankers' acceptances	91,802	4.17 - 4.68	91,802	91,802	-	-	-
Secured revolving credits	5,000	5.61 - 6.06	5,000	5,000	-	-	-
Secured finance lease liabilities	35,469	2.46 - 5.00	37,901	18,618	13,121	6,119	43
Secured term loans	25,326	4.85 - 7.42	33,851	3,224	3,201	9,520	17,906
Trade and other payables	506,486	-	506,486	506,486	-	-	-
	665,039		675,996	626,086	16,322	15,639	17,949

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

25. FINANCIAL INSTRUMENTS *cont'd*

25.5 Liquidity risk *cont'd*

Maturity analysis cont'd

	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
2018							
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	370	-	43,541	43,541	-	-	-
Inflow	-	-	(43,171)	(43,171)	-	-	-
	665,409		676,366	626,456	16,322	15,639	17,949
Company							
2019							
Non-derivative financial liabilities							
Trade and other payables	844	-	844	844	-	-	-
Financial guarantees*	-	-	312,359	312,359	-	-	-
	844		313,203	313,203	-	-	-
2018							
Non-derivative financial liabilities							
Trade and other payables	1,065	-	1,065	1,065	-	-	
Financial guarantees*	-	-	29,775	29,775	-	-	-
	1,065		30,840	30,840	-	-	-

* The amount represents the outstanding banking facilities of subsidiaries as at the end of the reporting period.

25.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of Group entities. The currencies giving rise to this risk are primarily US Dollar ("USD"), Singapore Dollar ("SGD"), Japanese Yen ("JPY") and Chinese Yuan ("CNY").

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

25. FINANCIAL INSTRUMENTS *cont'd*

25.6 Market risk *cont'd*

Currency risk *cont'd*

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts from time to time to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
	USD RM'000	SGD RM'000	JPY RM'000	CNY RM'000
Group				
2019				
Trade and other receivables	13,399	257	-	-
Cash and cash equivalents	4,092	24	-	-
Trade and other payables	(144,485)	(5,820)	(8,844)	(4,622)
	(126,994)	(5,539)	(8,844)	(4,622)
2018				
Trade and other receivables	10,650	259	-	-
Cash and cash equivalents	3,843	152	-	-
Trade and other payables	(100,779)	(3,851)	(2,379)	-
	(86,286)	(3,440)	(2,379)	-

Currency risk sensitivity analysis

A 10% (2018: 10%) strengthening of Ringgit Malaysia against the following currencies at the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2019 RM'000	2018 RM'000
Group		
USD	9,652	6,558
SGD	421	261
JPY	672	181
CNY	351	-
	11,096	7,000

A 10% (2018: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

25. FINANCIAL INSTRUMENTS *cont'd*

25.6 Market risk *cont'd*

Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Exposure to interest risk is monitored on an ongoing basis and the Group endeavours to keep the exposure at an acceptable level.

Exposure to interest rate risk, credit quality and collateral

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group/Company	
	2019 RM'000	2018 RM'000
Fixed rate instruments		
Financial assets	27,186	26,712
Financial liabilities	(298,594)	(132,271)
	(271,408)	(105,559)
Floating rate instruments		
Financial liabilities	(63,199)	(26,282)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased /(decreased) equity and post-tax profit or loss by RM480,000 (2018: RM200,000). This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

25.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of floating rate term loans approximates their fair values as their effective interest rate changes accordingly to movements in market interest rate.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

25. FINANCIAL INSTRUMENTS *cont'd*

25.7 Fair value information *cont'd*

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value Level 2 RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
Group				
2019				
Financial liabilities				
Finance lease liabilities	-	(75,960)	(75,960)	(74,337)
2018				
Financial liabilities				
Finance lease liabilities	-	(35,756)	(35,756)	(35,469)
Forward exchange contracts	(370)	-	(370)	(370)
	(370)	(35,756)	(36,126)	(35,839)

Level 2 fair value

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract provided by the bank.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2018: no transfer in either directions).

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Finance lease liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

26. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and maintain an optimal capital and liquidity ratio that complies with debt covenants and regulatory requirements.

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

27. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its shareholders, subsidiaries and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 9 and 13.

		Group	
		2019	**2018**
		RM'000	**RM'000**
A.	**Companies in which the Directors of the Company have substantial financial interest**		
	Sales	2,148	955
	Purchases	69,348	12,826
	Transportation charges	503	-
	Labour charges	1,610	-
B.	**Key management personnel**		
	Directors		
	- Remuneration	8,653	6,392
	- Contribution to state plans	940	686
	Total short-term employee benefits	9,593	7,078
	Other key management personnel		
	- Wages, salaries and others	3,747	2,278
	- Contributions to state plans	446	274
		4,193	2,552
		13,786	9,630

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

27. RELATED PARTIES *cont'd*

Significant related party transactions *cont'd*

	Company 2019 RM'000	Company 2018 RM'000
A. Subsidiaries		
Dividend receivables	45,220	-
B. Key management personnel		
Directors		
- Remuneration	300	150

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

28. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively. There is no significant financial impact upon adoption of MFRS 9.

The adoption of MFRS 15, *Revenue from Contracts with Customers* does not have financial impact to the separate financial statements of the Company.

28.1 Impacts on financial statements

The following tables summarise the impacts arising from the adoption of MFRS 15 on the Group's financial statements.

a. Statement of financial position

Group 1 April 2017	**As previously reported RM'000**	**MFRS 15 adjustments RM'000**	**As restated RM'000**
Assets			
Property, plant and equipment	101,469	-	101,469
Deferred tax assets	232	-	232
Total non-current assets	101,701	-	101,701
Inventories	133,581	(24,965)	108,616
Contract assets	-	26,955	26,955
Trade and other receivables	391,846	-	391,846
Cash and cash equivalents	153,149	-	153,149
Total current assets	678,576	1,990	680,566
Total assets	780,277	1,990	782,267

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

28. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES *cont'd*

28.1 Impacts on financial statements *cont'd*

a. Statement of financial position *cont'd*

Group **1 April 2017**	**As previously reported RM'000**	**MFRS 15 adjustments RM'000**	**As restated RM'000**
Equity			
Share capital	43,354	-	43,354
Reserves	165,024	1,512	166,536
Total equity	208,378	1,512	209,890
Liabilities			
Loans and borrowings	26,835	-	26,835
Deferred tax liabilities	394	478	872
Total non-current liabilities	27,229	478	27,707
Trade and other payables	417,100	-	417,100
Loans and borrowings	89,515	-	89,515
Current tax liabilities	5,800	-	5,800
Dividend payable	32,255	-	32,255
Total current liabilities	544,670	-	544,670
Total liabilities	571,899	478	572,377
Total equity and liabilities	780,277	1,990	782,267

Group **31 March 2018**			
Assets			
Property, plant and equipment	208,978	-	208,978
Goodwill on consolidation	76,414	-	76,414
Deferred tax assets	15	-	15
Total non-current assets	285,407	-	285,407
Inventories	147,829	(21,197)	126,632
Contract assets	-	25,127	25,127
Trade and other receivables	500,982	-	500,982
Current tax assets	614	-	614
Cash and cash equivalents	154,828	-	154,828
Total current assets	804,253	3,930	808,183
Total assets	1,089,660	3,930	1,093,590

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

28. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES *cont'd*

28.1 Impacts on financial statements *cont'd*

a. Statement of financial position *cont'd*

Group 31 March 2018	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
Equity			
Share capital	1,242,789	-	1,242,789
Reserves	(824,136)	2,987	(821,149)
Total equity	418,653	2,987	421,640
Liabilities			
Loans and borrowings	35,002	-	35,002
Deferred tax liabilities	5,598	943	6,541
Total non-current liabilities	40,600	943	41,543
Trade and other payables	506,486	-	506,486
Loans and borrowings	123,551	-	123,551
Derivative financial liabilities	370	-	370
Total current liabilities	630,407	-	630,407
Total liabilities	671,007	943	671,950
Total equity and liabilities	1,089,660	3,930	1,093,590

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

28. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES *cont'd*

28.1 Impacts on financial statements *cont'd*

b. Statement of profit of loss and other comprehensive income

Group **For the year ended 31 March 2018**	**As previously reported RM'000**	**MFRS 15 adjustments RM'000**	**As restated RM'000**
Revenue	2,308,458	(1,828)	2,306,630
Cost of sales	(2,146,217)	3,768	(2,142,449)
Gross profit	162,241	1,940	164,181
Other income	19,512	-	19,512
Distribution expenses	(33,597)	-	(33,597)
Administrative expenses	(15,577)	-	(15,577)
Other expenses	(3,504)	-	(3,504)
Results from operating activities	129,075	1,940	131,015
Finance income	2,895	-	2,895
Finance costs	(6,185)	-	(6,185)
Net finance costs	(3,290)	-	(3,290)
Profit before tax	125,785	1,940	127,725
Tax expense	(33,258)	(465)	(33,723)
Profit for the year	92,527	1,475	94,002
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operation/ **Other comprehensive income for the year, net of tax**	195	-	195
Total comprehensive income for the year	92,722	1,475	94,197
Basic earnings per ordinary share (sen)	8.82		8.96

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

28. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES *cont'd*

28.1 Impacts on financial statements *cont'd*

c. Statement of cash flows

Group For the year ended 31 March 2018	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
Cash flows from operating activities			
Profit before tax	125,785	1,940	127,725
Adjustments for:			
Depreciation	14,037	-	14,037
Fair value loss on derivative instruments	370	-	370
Finance costs	6,185	-	6,185
Finance income	(2,895)	-	(2,895)
Reversal of impairment loss on trade receivables	(1,060)	-	(1,060)
Gain on disposal of property, plant and equipment	(184)	-	(184)
Unrealised loss on foreign exchange	1,138	-	1,138
Inventories:			
- Reversal of slow moving	(2,621)	-	(2,621)
- Write-down to net realisable value	276	-	276
Operating profit before changes in working capital	141,031	1,940	142,971
Change in inventories	5,952	(3,768)	2,184
Change in trade and other receivables	(70,602)	-	(70,602)
Change in trade and other payables	34,496	-	34,496
Change in contract assets	-	1,828	1,828
Cash generated from operations	110,877	-	110,877
Tax paid	(37,250)	-	(37,250)
Net cash from operating activities	73,627	-	73,627

28.2 Accounting for revenue

The following are the changes in revenue recognition from the adoption of MFRS 15:

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
Electrical and electronic components and products	The Group previously recognised revenue when the goods were delivered to the customer's premises, which was taken to be the point in time at which the customer accepted the goods and the related risks and rewards of ownership transferred Revenue was recognised at the point provided that the revenue and costs could be measured reliably, the recovery of the consideration was probable and there was no continuing managerial involvement with the goods	Revenue is recognised sooner under MFRS 15 because it is recognised over time

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 56 to 114 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Dato' Sri Foo Chee Juan
Director

Dato' Fong Chiu Wan
Director

Date: 5 July 2019

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **Loh Choo Shien**, the officer primarily responsible for the financial management of ATA IMS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 56 to 114 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above named Loh Choo Shien, NRIC: 741126-01-6517, MIA CA 22027, at Johor Bahru in the State of Johor on 5 July 2019.

Loh Choo Shien

Before me:

Lau Lay Sung
Commissioner For Oaths
J-246

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ATA IMS BERHAD

(COMPANY NO. 190155-M) (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of ATA IMS Berhad, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 114.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill impairment assessment - Group

Refer to Note 2(f) - Significant accounting policies: Intangible assets and Note 5 Goodwill on consolidation.

The key audit matter

Arising from the business combination, the Group has recognised a significant amount of goodwill of RM76 million, predominantly allocated to the cash generating unit ("CGU") that is expected to benefit from synergies of the business combination.

The Group conducted an impairment assessment on the CGU to identify if the recoverable amount is less than the carrying amount, indicating that the goodwill may be impaired. The Group determined the recoverable amount of the CGU based on its value-in-use, using discounted cash flows projections in which the Directors made judgements over certain key inputs, including revenue growth rates, profit margin, discount rates and terminal value growth rates.

We identified this as a key audit matter because of the significance of the amount of goodwill on acquisition in the financial statements. The estimation of the recoverable amount is based on forecasting and discounting future cash flows, which are inherently judgemental.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ATA IMS BERHAD

(COMPANY NO. 190155-M) (INCORPORATED IN MALAYSIA)
CONT'D

How the matter was addressed in our audit:

Our audit procedures performed in this area included, amongst others:

- We obtained the cash flows projections performed by the Group and considered whether there were material inconsistencies with the approved business plans and forecasts.
- We assessed the appropriateness of key assumptions used in particular those relating to revenue growth rates, profit margin, discount rates and terminal value applied to the cash flows projections, by comparing to the historical and current performance, internal business plans and forecasts and externally derived market data.
- We evaluated the Group's sensitivity analyses around the key assumptions including revenue growth rates, profit margin, discount rates and terminal value growth rates to the extent of the change that would result the assets to be impaired.
- We also assessed the Group's disclosures on the CGU's key assumptions used and sensitivity of the outcome of the impairment assessment to changes in key assumptions and determined whether the disclosures reflected the risks inherent in the valuation of goodwill.

Adoption of MFRS 15 Revenue from Contracts with Customers - Group

Refer to Note 2(m)(i) - Significant accounting policies: Revenue and Note 15 Revenue.

The key audit matter

MFRS 15 *Revenue from Contracts with Customers* became effective on 1 April 2018. Arising from the adoption of MFRS 15, the Group was required to change accounting policies on revenue recognition. Consequently, new processes and controls have been implemented to cater for the new policies. New judgements were required to evaluate contracts with customers, in particular the determination of whether revenue for each contract is to be recognised over time or at a point in time and new disclosures were made in the financial statements.

The accounting policy changes arising from adoption of MFRS 15 is a key audit matter because it required us to design new audit procedures to test new processes and controls implemented by the Group and involvement of more senior personnel to assess the evaluation of the contracts with customers performed by the Group.

How the matter was addressed in our audit

Our audit procedures performed in this area included, amongst others:

- We evaluated the appropriateness of the accounting policies based on the requirements of MFRS 15, our business understanding and industry practice.
- We evaluated design and implementation of controls over identification of contract to ascertain that they are implemented and operated effectively.
- We obtained our understanding of the transition approach, practical expedients applied and the Group's new processes systems and control implemented.
- We assessed the appropriateness of the Group's revenue recognition under MFRS 15 across significant revenue streams for a sample of contracts and inspection of secured sales orders and sales invoices.
- We assessed the completeness, accuracy and appropriateness of disclosures by comparing to the requirements of MFRS 15.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ATA IMS BERHAD
(COMPANY NO. 190155-M) (INCORPORATED IN MALAYSIA)
CONT'D

Impairment on investment in subsidiaries - Company

Refer to Note 2(j)(ii) - Significant accounting policies: Impairment - other assets and Note 4 Investments in subsidiaries.

The key audit matter

As at 31 March 2019, the carrying amount of the investments in subsidiaries of the Company amounted to RM1,317 million.

The Company is required to estimate the recoverable amount based on forecasting and discounting future cash flows and to recognise impairment loss if the recoverable amount is less than its carrying amount in accordance with MFRS 136 Impairment of Assets.

In view of the inherent uncertainties and level of judgement required in evaluating the Company's assumptions included within the cash flows projections, impairment on investments in subsidiaries is determined as a key audit matter.

How the matter was addressed in our audit

Our audit procedures performed in this area included, amongst others:

- We obtained the cash flows projections performed by the Group and considered whether there were material inconsistencies with the approved business plans and forecasts.

- We assessed the appropriateness of key assumptions used in particular those relating to revenue growth rates, profit margin, discount rates and terminal value applied to the cash flows projections, by comparing to the historical and current performance, internal business plans and forecasts and externally derived market data.

- We evaluated the Group's sensitivity analyses around the key assumptions including revenue growth rates, profit margin, discount rates and terminal value growth rates to the extent of the change that would result the assets to be impaired.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ATA IMS BERHAD
(COMPANY NO. 190155-M) (INCORPORATED IN MALAYSIA)
CONT'D

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ATA IMS BERHAD
(COMPANY NO. 190155-M) (INCORPORATED IN MALAYSIA)
CONT'D

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 4 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chan Yen Ing
Approval Number: 03174/04/2021 J
Chartered Accountant

Johor Bahru

Date: 5 July 2019

ANALYSIS OF SECURITIES
AS AT 28 JUNE 2019

ORDINARY SHARE AS AT 28 JUNE 2019

Issued and Paid-Up Capital	:	RM1,338,445
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote Per Ordinary Share

DISTRIBUTION OF SHAREHOLDING AS AT 28 JUNE 2019

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	788	13.540	33,968	0.003
100 - 1,000	3,640	62.543	1,429,922	0.119
1,001 - 10,000	796	13.677	2,802,255	0.233
10,001 - 100,000	340	5.842	11,935,088	0.990
100,001 – 57,350,998 (*)	253	4.347	380,033,718	31.555
57,350,999 and above (**)	3	0.051	808,136,048	67.100
TOTAL	**5,820**	**100.00**	**1,204,370,999**	**100.00**

*REMARKS : * Less than 5% of issued shares*
*** 5% and above of issued shares*

DIRECTORS' SHAREHOLDINGS AS AT 28 JUNE 2019

	No. of Shares Held			
DIRECTOR	**Direct Interest**	**%**	**Indirect Interest**	**%**
DATO' SRI FOO CHEE JUAN	-	-	406,155,707 *	33.723
DATO' FONG CHIU WAN	314,066,157	26.077	-	-
BALACHANDRAN A/L GOVINDASAMY	-	-	86,005,134^	7.141
KOH WIN TON	-	-	-	-
WONG CHIN CHIN	-	-	-	-
LEE KOK JONG	-	-	-	-

*Note : * Deemed interested in the shares held by Oregon Technology Sdn. Bhd. ("Oregon") by virtue of his interest in Oregon.*
^ Deemed interested in the shares held by PP Tech Limited ("PPTech") by virtue of his interest in PPTech.

SUBSTANTIAL SHAREHOLDERS AS AT 28 JUNE 2019

	No. of Shares Held			
SUBSTANTIAL SHAREHOLDERS	**Direct Interest**	**%**	**Indirect Interest**	**%**
OREGON TECHNOLOGY SDN BHD	406,155,707	33.723	-	-
DATO' SRI FOO CHEE JUAN	-	-	406,155,707*	33.723
DATO' FONG CHIU WAN	314,066,157	26.077	-	-
CITIGROUP NOMINEES (ASING) SDN BHD - EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED	87,914,184	7.300	-	-
BALACHANDRAN A/L GOVINDASAMY	-	-	86,005,134^	7.141

*Note : * Deemed interested in the shares held by Oregon Technology Sdn. Bhd. ("Oregon") by virtue of his interest in Oregon.*
^ Deemed interested in the shares held by PP Tech Limited ("PPTech") by virtue of his interest in PPTech.

ANALYSIS OF SECURITIES
AS AT 28 JUNE 2019
CONT'D

TOP THIRTY SHAREHOLDERS AS AT 28 JUNE 2019

No.	Shareholders	Number of Shares Held	%
1.	OREGON TECHNOLOGY SDN BHD	406,155,707	33.723
2.	FONG CHIU WAN	314,066,157	26.077
3.	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED*	87,914,184	7.300
4.	KENANGA NOMINEES (ASING) SDN BHD *EXEMPT AN FOR PHILLIP SECURITIES PTE LTD*	28,054,200	2.329
5.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK	23,030,305	1.912
6.	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR AFFIN HWANG SELECT OPPORTUNITY FUND*	14,548,200	1.208
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD*	9,271,300	0.770
8.	CARTABAN NOMINEES (TEMPATAN) SDN BHD *RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT SHARIAH PROGRESSFUND*	8,511,400	0.707
9.	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND*	8,135,800	0.676
10.	HONG LEONG ASSURANCE BERHAD *AS BENEFICIAL OWNER (LIFE PAR)*	8,083,000	0.672
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *NATIONAL TRUST FUND (IFM KENANGA)*	7,701,300	0.639
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)*	7,000,000	0.581
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *KUMPULAN WANG PERSARAAN (DIPERBADANKAN)*	6,983,200	0.580
14.	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD*	6,563,000	0.545
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *MAYBANK TRUSTEES BERHAD FOR SAHAM AMANAH SABAH*	6,409,600	0.532
16.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL*	6,391,500	0.531
17.	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD*	6,098,700	0.506
18.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *KUMPULAN WANG PERSARAAN (DIPERBADANKAN)*	5,718,600	0.475
19.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD*	5,544,300	0.460
20.	CARTABAN NOMINEES (TEMPATAN) SDN BHD *PAMB FOR PRULINK EQUITY FUND*	4,884,600	0.406
21.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD*	4,875,200	0.405

ANALYSIS OF SECURITIES
AS AT 28 JUNE 2019
CONT'D

TOP THIRTY SHAREHOLDERS AS AT 28 JUNE 2019 *cont'd*

No.	Shareholders	Number of Shares Held	%
22.	LEE FOOK YUEN	4,614,300	0.383
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *KUMPULAN WANG PERSARAAN (DIPERBADANKAN)*	4,419,900	0.367
24.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND*	4,381,700	0.364
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD*	4,243,000	0.352
26.	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR AFFIN HWANG AIIMAN GROWTH FUND*	4,129,100	0.343
27.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD*	4,075,300	0.338
28.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD *EXEMPT AN FOR DEUTSCHE BANK AG SINGAPORE*	4,000,000	0.332
29.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD*	3,701,600	0.307
30.	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL*	3,696,900	0.307
	Total	**1,013,202,053**	**84.127**

LIST OF PROPERTIES

Item	Title	Location	Tenure	Description	Land Area/ Built-up Area	Age of Building (Years)	Net Book Value (RM'000)	Date of Acquisition
1)	H.S. (D) 251643 P.T.D. 62917 Mukim of Tebrau, District of Johor Bahru	16, Jalan Hasil Dua, 81200 Tampoi, Johor Bahru, Johor	Freehold	2 Storey and 5 storey detached factory	2.4 acres/ 12,616m^2	22	18,450	31 January 2018
2)	H.S. (D) 187269 P.T.D. 62921 Mukim of Tebrau, District of Johor Bahru	18, Jalan Hasil Satu, 81200 Tampoi, Johor Bahru, Johor	Freehold	2 Storey Office cum Factory	1 acre/ 4,100m^2	23	23,921	31 January 2018
3)	H.S. (D) 187268 P.T.D. 62920 Mukim of Tebrau, District of Johor Bahru	20, Jalan Hasil Dua, 81200 Tampoi, Johor Bahru, Johor	Freehold	5 Storey Office cum Factory	1.1 acres/ 15,244m^2	20		
4)	HSD187267 PTD62919 Mukim of Tebrau, District of Johor Bahru	No.15, Jalan Bayu, Tampoi, 81200 Johor Bahru, Johor	Freehold	2 Storey de-tached factory with office	1.2 acres/ 5,911m^2	21	7,448	20 November 2009
5)	HSD187266 PTD62918 Mukim of Tebrau, District of Johor Bahru	No.9, Jalan Hasil Satu, Tampoi, 81200 Johor Bahru, Johor	Freehold	Single Storey de-tached factory with office	1 acre/ 3,351m^2	23	3,219	25 January 1996
6)	HSD187264 PTD62916 Mukim of Tebrau, District of Johor Bahru	No.7, Jalan Hasil Satu, Tampoi, 81200 Johor Bahru, Johor	Freehold	2 Storey de-tached factory with office	1 acre/ 3,308m^2	23	2,966	20 April 1999
7)	LOT 1534 Geran 92344 Mukim of Tebrau, District of Johor Bahru	No. 6, Jalan Dewani 1, Kawasan Perindustrian Temenggong, 81100 Johor Bahru, Johor	Freehold	5 Storey de-tached factory with office	1.55 acres/ 17,516m^2	21	16,152	17 March 2016
8)	LOT 1572 Geran 128419 Mukim of Tebrau, District of Johor Bahru	No. 1572, Jalan Dewani, Kawasan Perindustrian Temenggong, 81100 Johor Bahru, Johor	Freehold	3 Storey de-tached factory with office	1.43 acres/ 5,772m^2	1	21,109	16 April 2018
9)	LOT 2050 Geran 88401 Mukim of Tebrau, District of Johor Bahru	No 10 & 10A, Jalan Bayu, Kawasan Perindustrian Jalan Hasil, Tampoi, 81200 Johor Bahru, Johor	Freehold	2 Storey with Lower Ground Floor Detached Factory	4.69 acres/ 19,765m^2	19	26,278	15 Mar 2019

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE THIRTIETH (30TH) ANNUAL GENERAL MEETING OF **ATA IMS BERHAD** WILL BE HELD AT THE CONFERENCE ROOM OF ATA SITE 20, NO. 6, JALAN DEWANI 1, KAWASAN PERINDUSTRIAN TEMENGGONG, 81100 JOHOR BAHRU ON TUESDAY, 27 AUGUST 2019 AT 2:30 PM FOR THE FOLLOWING PURPOSES:

A G E N D A

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March, 2019 and the Reports of the Directors and Auditors thereon. *Please refer to Explanatory Note 8 (a) (i)*

2. To approve the Directors' fees of RM300,000-00 for the financial year ending 31 March 2020. *Ordinary Resolution 1*

3. To re-elect the following retiring Directors in accordance with the Company's Consitution:-

   (i) Mr. Koh Win Ton - Article 102 *Ordinary Resolution 2*

   (ii) Ms. Wong Chin Chin - Article 102 *Ordinary Resolution 3*

4. To approve the payment of a final dividend of 3.29 sen per ordinary share in respect of the financial year ended 31 March 2019. *Ordinary Resolution 4*

5. To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. *Ordinary Resolution 5*

Special Business

To consider and if thought fit, to pass the following Ordinary and Special Resolutions:

6. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 and 76 OF THE COMPANIES ACT 2016**

   "That pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant government/regulatory authorities, the Directors be and hereby authorised to allot and to issue shares in the Company, from time to time, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10 per centum of the total issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." *Ordinary Resolution 6*

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH THE RELATED PARTIES AS DISCLOSED UNDER PARAGRAPH 4.3 OF THE CIRCULAR TO SHAREHOLDERS** *Ordinary Resolution 7*

   "THAT approval be and is hereby given pursuant to Paragraph 10.09 and Practice Note 12 of the Bursa Malaysia Main Market Listing Requirements for the Company and its subsidiaries to enter into the category of Recurrent Related Party Transactions of a revenue or trading nature as set out in Paragraph 4.3 of the Circular to Shareholders dated 29 July 2019 with those Related Parties as set out in paragraph 4.2 which are necessary for their day-to-day operations, in the ordinary course of business made on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders; AND THAT the authority conferred by this Mandate shall commence immediately upon the passing of this Resolution and is subject to annual renewal. In this respect, the authority shall continue to be in force until:

NOTICE OF ANNUAL GENERAL MEETING
CONT'D

i. the conclusion of the next Annual General Meeting of the Company at which time the authority will lapse unless the Authority is renewed by a Resolution passed at that Annual General Meeting;

ii. the expiration of the period within which the next Annual General Meeting after that date, is required to be held pursuant to section 340 of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to section 340 of the Companies Act 2016; or

iii. revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;"

8. **PROPOSED ALTERATION OF THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION BY REPLACING WITH A NEW CONSTITUTION ("PROPOSED ALTERATION")** *Special Resolution*

THAT the existing Memorandum and Articles of Association of the Company be hereby altered by replacing with a new Constitution attached hereto as Annexure A with effect from the date of passing this special resolution.

THAT the Directors of the Company be hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Alteration with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

9. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD,

YONG MAY LI (f) (LS0000295)
WONG CHEE YIN (f) (MAICSA 7023530)

Company Secretaries
Johor Bahru

Dated: 29 July 2019

Notes:

1. *For the purpose of determining members' eligibility to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 67(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 19 August 2019. Only members whose names appear therein shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on his/her behalf.*

2. *A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

3. *In the case of a corporation, this proxy should be executed under its Common Seal or under the hand of officer or attorney of the corporation duly authorised in writing on its behalf.*

4. *Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

5. *Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

NOTICE OF ANNUAL GENERAL MEETING
CONT'D

6. *The proxy form and the Power of Attorney or other authority (if any) under which it is signed or notarily certified copy thereof must be lodged at the Registered Office, Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor not less than 48 hours before the time appointed for the Meeting.*

7. *Pursuant to Paragraph 8.29(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM shall be put to vote by poll.*

8. *Explanatory Note:*

   (a) *Ordinary Business*

   (i) Item 1 of Agenda
   This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

   (ii) Ordinary Resolution No. 2 & 3

   Mr. Koh Win Ton and Ms. Wong Chin Chin are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 30th AGM.

   The Board of Directors has through the Nomination Committee carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

   The profiles of the Directors standing for re-election are provided on pages 7 to 8 of the Board of Directors' Profile in the 2019 Annual Report.

   (b) *Special Business*

   (iii) Ordinary Resolution No. 6
   – Authority To Issue And Allot Shares Pursuant To Sections 75 And 76 Of The Companies Act 2016

   The proposed Resolution, if passed, is a new General Mandate to empower the Directors to issue and allot shares up to an aggregate amount not exceeding ten per centum (10.0%) of the total issued share capital of the Company for the time being, for the purpose as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting. With this authority, the Company will be able to raise capital from the equity market in a shorter period of time and the cost to be incurred will also be lower as the need to convene an Extraordinary General Meeting will be dispensed with.

   The General Mandate will provide flexibility to the Company for any possible fund raising activities including but not limited to further placing of shares, for the purpose of funding future investment project (s) working capital and /or acquisition.

   The Company has issued 57,351,000 shares under the mandate granted to the Directors at the last Annual General Meeting of the Company held on 28 August 2018 and which will lapse at the conclusion of the 30th Annual General Meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING
CONT'D

(iv) Ordinary Resolution No. 7
- Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature

The proposed Resolution, if passed, will authorise the Company and each of its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature in their ordinary course of business. This authority, unless revoked or varied by the shareholders of the Company at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

(v) Special Resolution
***- Proposed Alteration of the Existing Memorandum and Articles of Association by replacing with a new Constitution* ("Proposed Alteration")**

This proposed Special Resolution, if passed, will enable the Company to alter its existing Memorandum and Articles of Association by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the Companies Act 2016, relevant amendments of Chapter 7 and other Chapters of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other provisions of laws and regulations that are applicable to the Company.

For further information on the Proposed Alteration, please refer to the Annexure A enclosed together with this Notice of General Meeting of the Company dated 29 July 2019.

CLOSURE OF BOOKS

To determine shareholders' entitlement to the dividend payment, if approved at the 30th Annual General Meeting of the Company, the Share transfer books and Register of Members will be closed on 17 September 2019.

The dividend, if approved, will be paid on 27 September 2019 to shareholders whose names appear in the Register of Members and Record of Depositors at the close of business on 17 September 2019.

A depositor shall qualify for entitlement to the dividend only in respect of:

(a) shares transferred into the Depositor's Securities Account before 4.30 p.m. on 17 September 2019 in respect of ordinary transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

The Thirtieth (30th) Annual General Meeting of ATA IMS Berhad will be held at the Conference Room of ATA Site 20, No. 6, Jalan Dewani 1, Kawasan Perindustrian Temenggong, 81100 Johor Bahru on Tuesday, 27 August 2019 at 2:30 p.m.

Directors standing for election / re-election

There is no person standing for election as Director of the Company at this Annual General Meeting except for the following Directors who are seeking for re-election at the Thirtieth (30th) Annual General Meeting of the Company as follows:

Name of Director	Article
Mr. Koh Win Ton	102
Ms. Wong Chin Chin	102

Details of the director who is standing for re-election and his/her shareholdings are set out in the Director's Profile on pages 7 to 8 of the Annual Report.

Information on Board meetings

Details of attendance of directors at board meetings are set out on the Corporate Governance Statement on page 35 of the Annual Report.

The place, date and hour of the Board Meeting are as follow:

Date	Time	Place
28 May 2018	4:15 p.m.	Meeting Room of ATA Site 20, No. 6, Jalan Dewani 1, Kawasan Perindustrian Temenggong, 81100 Johor Bahru
9 July 2018	2:10 p.m.	Meeting Room of ATA Site 20, No. 6, Jalan Dewani 1, Kawasan Perindustrian Temenggong, 81100 Johor Bahru
28 August 2018	12:35 p.m.	Meeting Room of ATA Site 20, No. 6, Jalan Dewani 1, Kawasan Perindustrian Temenggong, 81100 Johor Bahru
22 November 2018	11:50 a.m	Meeting Room of ATA Site 20, No. 6, Jalan Dewani 1, Kawasan Perindustrian Temenggong, 81100 Johor Bahru
26 February 2019	10:55 a.m.	Meeting Room of ATA Site 20, No. 6, Jalan Dewani 1, Kawasan Perindustrian Temenggong, 81100 Johor Bahru

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ATA IMS BERHAD
(Company No.: 190155-M)

PROXY FORM

I/We ____

of ____

being a member of ATA IMS BERHAD hereby appoint :-

Full Name (in Block) and NRIC/Passport No.	Address	Proportion of Shareholdings	
		No. of Shares	%

and/or (delete as appropriate)

Full Name (in Block) and NRIC/Passport No.	Address	Proportion of Shareholdings	
		No. of Shares	%

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Thirtieth (30th) Annual General Meeting of the Company to be held at THE CONFERENCE ROOM OF ATA SITE 20, NO. 6, JALAN DEWANI 1, KAWASAN PERINDUSTRIAN TEMENGGONG, 81100 JOHOR BAHRU on TUESDAY, 27 AUGUST 2019 at 2:30 P.M. and at any adjournment thereof.

My/Our Proxy is to vote as indicated below:

	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		
RESOLUTION 5		
RESOLUTION 6		
RESOLUTION 7		
SPECIAL RESOLUTION		

(Please indicate with an "X" in the appropriate box against each Resolution how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his/her discretion).

Signed this ____ day of _______________, 2019

No. of Shares Held	
CDS Account No.	

Signature of shareholder(s)
Contact No. :

Notes:

1. *For the purpose of determining members 'eligibility to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 67(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 19 August 2019. Only members whose name appear therein shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on his/her behalf.*
2. *A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *In the case of a corporation, this proxy should be executed under its Common Seal or under the hand of officer or attorney of the corporation duly authorised in writing on its behalf.*
4. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The proxy form and the Power of Attorney or other authority (if any) under which it is signed or notarially certified copy thereof must be lodged at the Registered Office, Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor not less than 48 hours before the time appointed for the Meeting.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
ATA IMS BERHAD
(Incorporated in Malaysia) Company No: 190155-M

Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru
Johor Darul Tak'zim

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ATA IMS BERHAD
(Company No.: 190155-M)

No. 6, Jalan Dewani 1,
Kawasan Perindustrian Temenggong,
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