ATA IMS BERHAD
Registration Number: 198901012846 (190155-M)

2020
ANNUAL REPORT

CONTENTS

31st

ANNUAL GENERAL MEETING

23 September 2020, on Wednesday at 2.30pm
at Conference Room, No. 6 Jalan Dewani 1,
Kawasan Perindustrian Temenggong, 81100
Johor Bahru, Johor Darul Takzim

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Foo Chee Juan	*Executive Director & Executive Chairman*
Dato' Fong Chiu Wan	*Executive Director & Chief Executive Officer*
Mr. Balachandran A/L Govindasamy	*Executive Director & 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, SSM PC No. 202008000285)
Ms. Wong Chee Yin
(MAICSA 7023530, SSM PC No. 202008001953)

REGISTERED OFFICE

TRICOR CORPORATE SERVICES SDN BHD
Suite 1301, 13th Floor, City Plaza
Jalan Tebrau, 80300 Johor Bahru
Tel : +607 - 332 2088
Fax : +607 - 332 8096

COMPANY'S WEBSITE

http://www.ataims.com.my

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

SHARE REGISTRAR

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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 Islamic Bank Berhad
Citibank Berhad
Hong Leong Islamic Bank Berhad
HSBC Amanah Malaysia Berhad
Maybank Islamic Berhad
OCBC Al-Amin Bank Berhad
RHB Islamic Bank Berhad
Standard Chartered Bank Malaysia Berhad

AUDITOR

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Tel : +607 - 266 2213
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Paul Hadiwinata, Hidajat, Arsono, Achmad, Suharli & Rekan
Jl. Kebon Sirih Timur 1 No.267
Jakarta Pusat 10340
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1st Floor, 128, Crown Court
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India.
Tel : +91 04445000259

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of ATA IMS Berhad for the financial year ended 31 March 2020 ("FY2020").

Firstly, I would like to congratulate the Group for a record breaking year, whereby our revenue broke the RM3.0 billion mark. ATA IMS Berhad was also ranked 27th in the Manufacturing Market Insider's list of Top 50 EMS Providers for 2019, up 3 positons from its rankings in 2018.

However, financial year 2020 has truly been challenging due to the USA and China trade war and the Coronavirus disease ("Covid-19") global pandemic, which began to spread rapidly around January 2020, having huge impact to most local industries and the world economy as a whole. The high rates of infection and death toll caused many governments to shut their borders and impose lockdowns in an effort to stem the spread of the Covid-19 virus. These actions resulted in significant slowdowns in tourism, most industrial and business activity, loss of incomes and reduced consumer spending.

These significant events presented both challenges and opportunities for the ATA IMS Berhad Group ("ATA IMS" or "the Group"), which the Group has managed cautiously, thereby limiting the impact to the Group's business, and registering continued revenue growth and satisfactory returns.

CORPORATE DEVELOPMENTS

In line with the Group's growth plans, and further to the private placement exercise which was carried out and completed on 22 March 2019, the Group used the proceeds raised partly for capital expenditure, thereby increasing production capacity at various factories.

The manufacturing facilities for the two new subsidiaries, ATA Components Sdn Bhd and Jabind Manufacturing India Private Limited were also completed and commenced operations during the financial year. These subsidiaries have only just commenced operations, and therefore will require more time to reach optimal operational capacity and efficiency.

In order to expand the Group's overseas business, the Group has incorporated ATA Industries Denmark ApS during the financial year. The principal activity of this subsidiary is to develop the Group's overseas EMS business.

REVIEW OF PERFORMANCE

OPERATING ENVIRONMENT

Our financial year started off with rising trade tensions and a trade war between the USA and China, the world's two largest economies, resulting in reduced business sentiment and confidence generally. However with accommodative monetary easing in the USA and many other economies, the impact of these trade tensions were softened, coupled with some resilience in the services sector providing some support for employment growth. In December 2019 the United Kingdom and the European Union finally avoiding a no-deal Brexit, ending months of impasse for the two economies. The world GDP growth for 2019 was expected to be at a slower but moderate growth rate of 2.9%.

However, from January 2020 onwards, the outbreak of the new Covid-19 virus began to spread out of China across countries resulting in a global pandemic being declared by the World Health Organization in March 2020. As no vaccine is yet available to treat Covid-19, many countries closed their borders, and/or declared extensive or partial lockdowns, including Malaysia, resulting in many industries and economies to grind to a halt. These lockdowns only began to ease in stages from May 2020 onwards, and industries and economies began to reopen gradually.

FINANCIAL REVIEW

Despite the dampened economic climate globally, particularly towards the end of our financial year, the Group rode on the growth of our anchor customer and revenue grew by approximately 15%, achieving a record of RM3.4 billion for the financial year ended 31 March 2020. The Group however achieved a lower Profit Before Tax of RM106.8 million, compared to last year, mainly due to higher start up costs and material content for new products, and also higher recruitment costs for preparation for new projects.

DIVIDENDS

With the continuous profits recorded by the Group for the last three (3) financial years, the Board is pleased to propose a final dividend of 2.0 sen per ordinary share for the financial year ended 31 March 2020.

CHAIRMAN'S STATEMENT
CONT'D

PROSPECTS AND BUSINESS OUTLOOK

The trade war between the USA and China, and some geopolitical tensions continue to weigh on the world economy, however opportunities also arose out of this situation whereby some companies had begun to look for alternatives to shift their manufacturing base away from China. Our Group managed to secure five new customers during this period, due to our extensive manufacturing capabilities and proven track record. Sales to these new customers should commence in the coming financial year and contribute positively to the Group's results.

With the Covid-19 infections still spreading in some countries and threats of a second and third wave of infections still looming, resumption of economic activity and growth is expected to be gradual and vary according to region. World GDP growth for 2020 has recently been revised downwards to a contraction of 4.9%, and forecasted to grow by 5.4% in 2021, although assumptions are highly dependent on containment efforts and when a vaccine can be developed.

The Board will continue to tread cautiously for the coming financial year, further enhancing the Group's core competencies by improving manufacturing efficiencies, controlling costs, with targeted reinvestment into automation and digitization, while continuing to build on its relationship with our anchor customer as a reliable and preferred partner, we believe ATA IMS will continue to perform commendably in the new financial year.

AWARDS

I am proud to inform that ATA IMS Berhad is a recipient of a corporate award in December 2018 and 2019 from The Edge Billion Ringgit Club.

APPRECIATION

I want to take the opportunity to thank our Board, our staff and management for their commitment and dedication. My sincere appreciation and thanks also, to our valued customers, business associates, shareholders, financiers and the authorities. We are confident that the ATA IMS Group can continue to improve and excel in the expected difficult period ahead with your continued support and trust.

DATO' SRI FOO CHEE JUAN
Executive Chairman

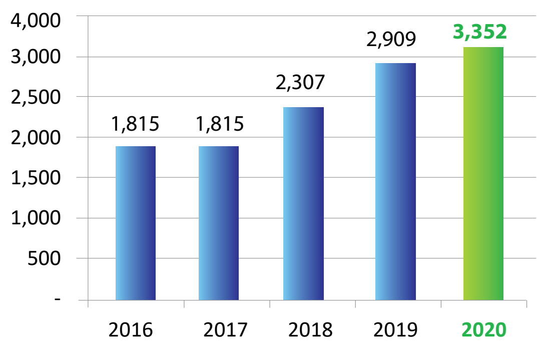
GROUP STRUCTURE

ATA IMS BERHAD

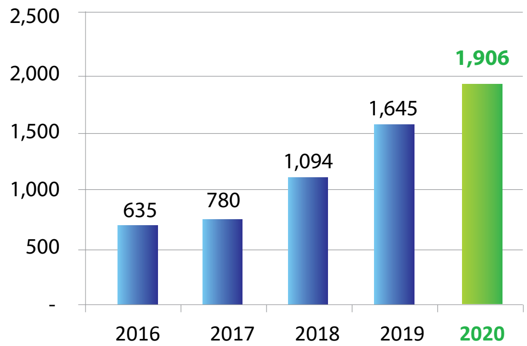
- 100% INTEGRATED MANUFACTURING SOLUTIONS SDN BHD
  - 100% ATA Industrial (M) Sdn Bhd
  - 100% Jabco Filter System Sdn Bhd
  - 100% ATA Precision Engineering Sdn Bhd
- 100% WINSHENG PLASTIC INDUSTRY SDN BHD
  - 100% PT Winsheng Plastic and Tooling Industry
- 100% LEAN TEIK SOON SDN BHD
- 100% JABIND MANUFACTURING INDIA PRIVATE LIMITED
- 100% ATA COMPONENTS SDN BHD
- 100% ATA INDUSTRIES DENMARK APS

FINANCIAL HIGHLIGHTS

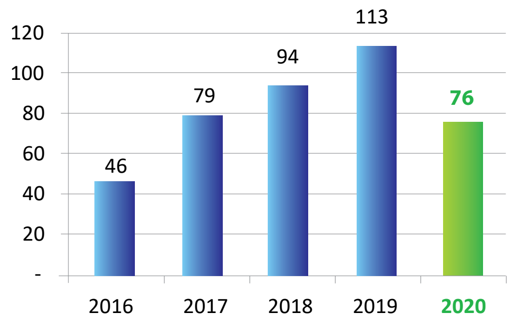
Revenue (RM' Millions)



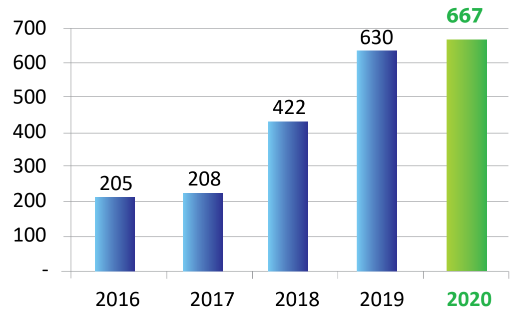
Total assets (RM' Millions)



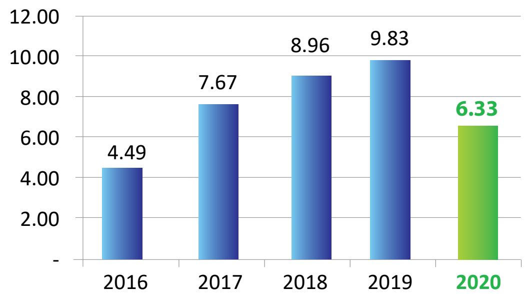
Profit after tax attributable to equity holder (RM' Millions)



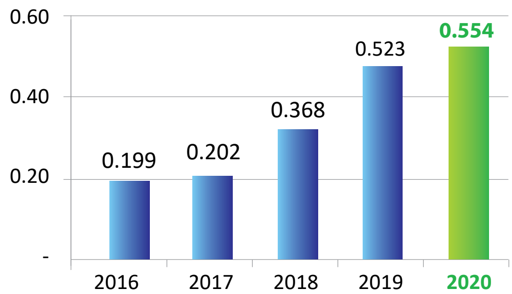
Shareholders' funds (RM' Millions)



Basic earnings per share (sen)



Net asset per share (RM')



The financial information stated above for financial year 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 66 of this Annual Report.

PROFILE OF THE BOARD OF DIRECTORS

DATO' SRI FOO CHEE JUAN
59, Singaporean
Executive Director & 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's Lundquist College of Business with a Bachelor of Science in Finance and Marketing in 1987.

Upon graduation, Dato' Sri Foo 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 experience 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
57, Singaporean
Executive Director & 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's Lundquist College of Business with a Bachelor of Arts in Management and Marketing 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 Chief Executive Officer and is responsible for finance, business development and overall management of ATA IMS Group.

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

BALACHANDRAN A/L GOVINDASAMY
46, Malaysian
Executive Director & 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 asessor after completing his training in Advanced Environment Management Systems Auditing Course in 2004. He has 25 years of work experience in the electronics manufacturing sector and has been with ATA Industrial (M) Sdn Bhd for the last 19 years.

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

KOH WIN TON
47, 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

WONG CHIN CHIN
55, 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 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
45, 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 & Chief Executive Officer

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

The Profile of the other Key Senior Management member is set out below:

LOH CHOO SHIEN
46, Malaysian
Assistant General Manager, Head of Finance
Gender: Male

Mr. Loh Choo Shien graduated with a Bachelor Degree in Accounting from Curtin University, Australia in 1998. He 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 is currently in charge of the 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

Introduction

ATA IMS Berhad and its subsidiaries ("the Group") was listed on Kuala Lumpur Stock Exchange - Bursa Malaysia in 1991. The Group provides electronic manufacturing services (EMS) to globally-recognized brands. It offers vertically integrated capabilities in engineering, sourcing and manufacturing across multiple industries such as home care, environmental care, lighting, Internet of Things (IOT), automotive and medical industry.

Capabilities

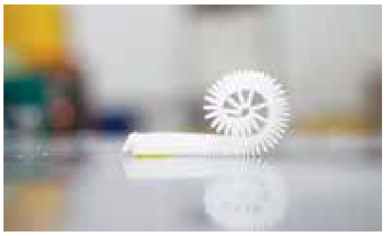
Design & Engineering Solutions

Mould Design & Fabrication

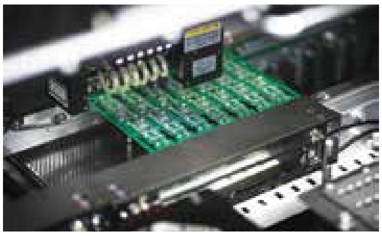
Plastic Injection Moulding

Sub & Full Assembly

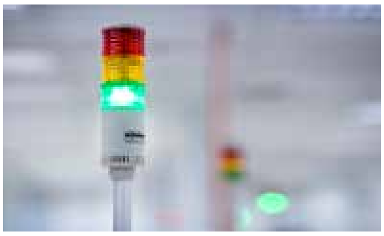
Secondary Process



Filter Manufacturing



Surface Mount Technology



Quality assurance

Logistics

Milestones 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 to provide manufacturing 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

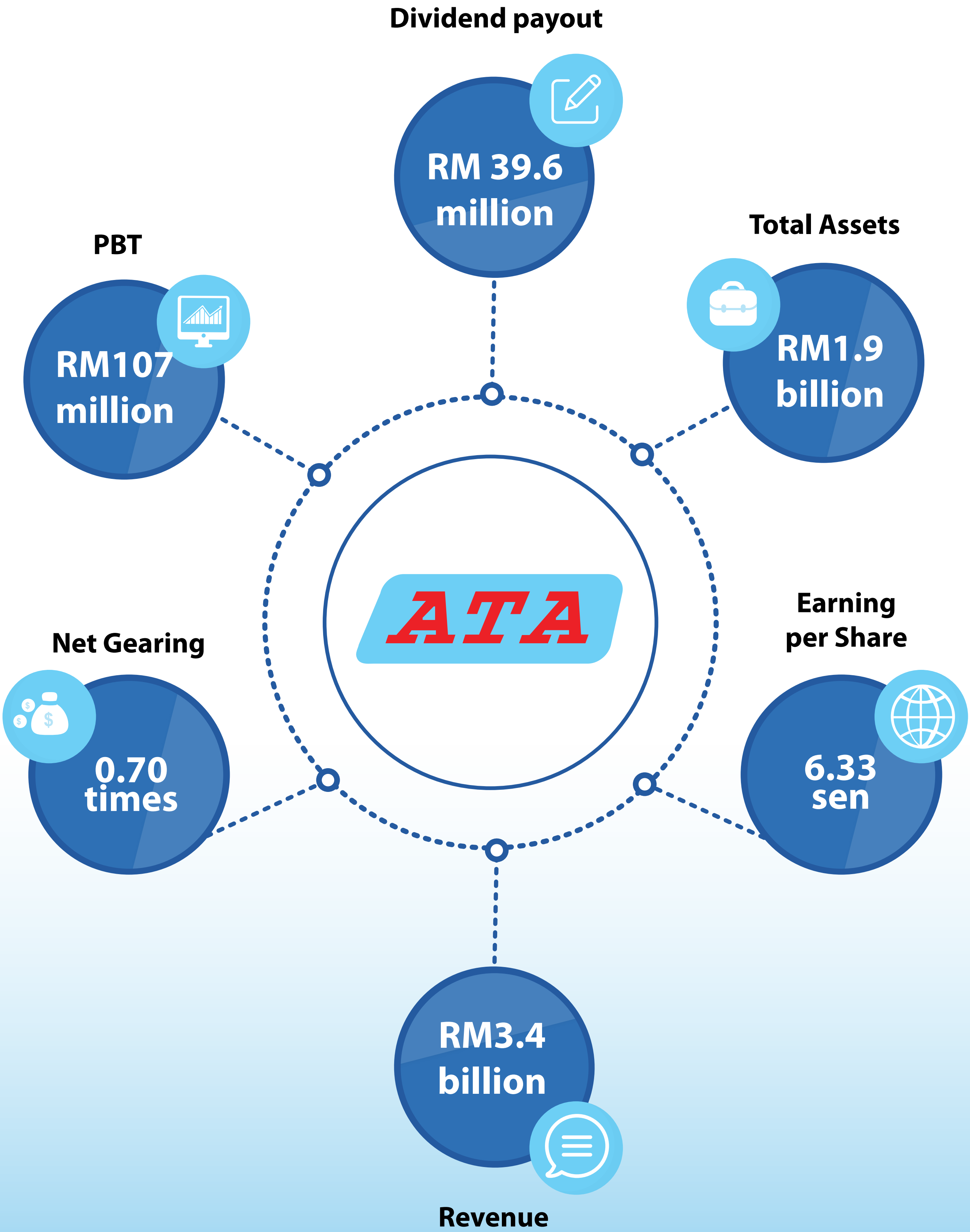
Acquired Jabind Manufacturing India Private Limited

2020

21 Jan 2020

Established ATA Industries Denmark ApS

MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULT FOR THE FINANCIAL YEAR ENDED 2020

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

	2020	2019	2018	2017	2016
Revenue	3,352,243	2,908,560	2,306,630	1,814,769	1,814,634
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	161,447	190,140	147,947	111,433	75,059
Profit before Tax (PBT)	106,798	152,499	127,725	96,510	62,819
Profit after Tax (PAT)	76,270	112,941	94,002	79,128	46,330

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

	2020	2019	2018	2017	2016
Shareholders' Funds	666,929	630,101	421,640	208,378	205,251
Total Assets	1,906,450	1,644,615	1,093,590	780,277	635,317
Net Current Assets	375,963	373,084	177,776	133,906	160,597
Total Borrowings	463,731	361,793	158,553	116,350	67,743
Cash and Bank balances	359,627	270,633	154,828	153,149	113,005
Per Share					
Earning per share (sen)	6.33	9.83	8.96	7.67	4.49
Net Assets per Share (RM)	0.55	0.52	0.37	0.20	0.20
Financial Ratios					
Current Ratio (times)	1.34	1.42	1.28	1.25	1.39
EBITDA Margin (%)	4.82	6.54	6.41	6.14	4.14
Debt-to-Equity (times)	0.70	0.57	0.38	0.56	0.33
Return on Equity (%)	11.44	17.92	22.29	37.97	22.57

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

Since the acquisition of IMS, the enlarged Group achieved Revenue growth in two consecutive financial years, i.e. FY2018 and FY2019, due to the higher sales volume from its existing key customers. Revenue for financial year 2020 jumped by 15% to a record of RM3,352 million (FY2019: RM2,909 million). The Group produced a broader range of products in FY2020 with the higher box-build orders from its key customer and new projects secured on the household product and personal care products that had began production since Q1-FY2020. The initial expectation on the Revenue growth in Q4-FY2020 was suppose to be in line with the growth in Q3-FY2020. However, this was adversely impacted by the world pandemic of Covid-19.

PROFIT BEFORE TAX

Notwithstanding the increased in Revenue, the Group's Profit Before Tax had decreased by RM45 million to RM107 million (FY2019: Profit RM152 million). The weak performance mainly dragged by (i) higher material contents used for new models, i.e. relating to its household product line for its key customer; (ii) higher than expected start-up expenses and manpower recruitment cost relating to new projects that slated to begin production in Q1-FY2021; (iii) higher marketing and distribution cost; (iv) poor Q4 performance due to covid-19 pandemic that affects demand.

TRADE AND OTHER RECEIVABLES

Notwithstanding the increase in Revenue, Trade and Other Receivables decreased by RM23 million to RM716 million (FY2019: RM739 million).

INVENTORIES

There was an increase in Inventories by 69% to RM369 million (FY2019: RM218 million) as a result of goods produced but were unable to be delivered to customer during Movement Control Order ("MCO"), on top of the unutilised materials due to halted production during MCO.

TRADE AND OTHER PAYABLES

The Group's trade and other payables increased by 19% to RM753 million (FY2019: RM634 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 2020. There was also an increase in Other Payables which mainly refer to suppliers for the acquisition of fixed assets in FY2020.

CAPITAL EXPENDITURE

During the FY2020, the Group continues its expansion plan whereby a total of RM74 million was incurred in Capital Expenditure (FY2019: RM113 million) for plastic injection moulding machines of different tonnages in its new facility. The Group will invest continuously in automation to improve its production efficiencies.

BORROWINGS

During the FY2020, the Group's borrowings increased to RM464 million (FY2019: RM362 million) in order to finance the Group's expansion plan. The Borrowings mainly refer to additional hire purchase for capital expenditures as well as utilization of trade line facilities and supply chain financing for working capital purpose.

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

REVIEW OF OPERATING ACTIVITIES

The Group reported 15% year-on-year increase in Revenue to RM3,352 million for the financial year ended 31 March 2020. This was the first time the Group exceeded the RM3.0 billion mark. Higher revenue was driven by the Group's higher sales volume from its existing customers. However, the Group recorded a decrease in Profit Before Tax of RM45 million to RM107 million which reflected higher material content and set up costs. The Group continued to stay focus on its key customer and secured new projects in household and personal care categories.

There were also exciting developments on the customer diversification front partially from US-China trade tensions. The Group saw increased enquiries from potential customers who were looking to diversify and shift their manufacturing bases out of China. In November 2019, the Group reported that it secured five new customers which could start contributing to its revenue by FY2021. The Group's competitive positioning and strong display of capabilities were key factors in customers' decisions in awarding the projects. Some of the new projects will be housed in a new rented facility in Pasir Gudang, with a built-up area of approximately 228,291 sq ft. Newly built and refurbished in December 2019, the facility will house plastic injection moulding, final assembly as well as warehousing.

Due to the outbreak of COVID-19, the Malaysia government announced a nation-wide MCO starting 18 March 2020 to stop the spread of the coronavirus. The Group's factory operations were brought to a halt upon announcement of MCO and only reopened mid-April after receiving permission from the Ministry of International Trade and Industry (MITI). The negative impact of the production halt affected revenue and ineffective charge out of overhead costs. Even after reopening, the Group worked closely with local authorities and took extra precautions in ensuring employees practice social distancing at work by using safe distancing markers. The Group's safety officers were also responsible for educating and enforcing enhanced hygiene practices. Masks were provided and cleaning protocol of common areas like meeting rooms were stepped up.

MANAGEMENT DISCUSSION AND ANALYSIS

FORWARD-LOOKING STATEMENT

Given the outbreak of COVID-19 and its developing situation, there is still a great deal of uncertainty regarding the path to recovery. The recovery will largely depend on how the outbreak evolves and the efficacy of government policies around the world. It is yet to be seen if the unprecedented liquidity and stimulus provided by the US Federal Reserve and other central banks will be sufficient in supporting the global economy.

The Group is cognizant of likely dampened consumer sentiment which may negatively impact customer's orders. The Group will proactively work with key customer to preempt any changes in demands and to manage risks promptly and effectively. In addition, in the case of any reemergence of COVID-19 which may affect material supply from overseas, the Group will evaluate and work to diversify supply chain risks.

The Group expects capital expenditure for capacity expansion will be continuously reviewed in FY2021 until there is more certainty and visibility into the future. The Group will also continue cost reduction efforts by tightening spending and optimizing supply chains.

Customer diversification efforts will continue in FY2021. The Group will focus on developing long-term relationships with the five new customers namely Cricut, Ecobee, Schneider Electric, Sagemcom and Swift Labs on boarded in FY2020. At the same time, the Group will continue engaging with potential customers. One of the sectors the Group is closely monitoring is Internet of Things (IoT), which is growing significantly due to advancement in high-volume data storage, real-time analytics and cloud computing. IoT devices are usually a good blend of plastic, mechanical and electronic components which is a good fit to the Group's capabilities and expertise.

Going forward, the Group will monitor the COVID-19 situation closely to evaluate and manage risks. It is also top priority to ensure the health and safety of our employees. The Group will continue to enforce precautionary and preventive measures and work with local authorities to protect our employees. The Group is confident that discipline and prudence will enable ATA to tide through this challenging time and emerge stronger than before.

SUSTAINABILITY STATEMENT

OBJECTIVE

As one of the top EMS players on Bursa Malaysia, ATA IMS Berhad ("the Company") takes a proactive approach in making a positive impact through sustainability. We believe that sustainability lies on three foundations- Environmental, Social and Economic. These ensure that our business has no negative impact on the environment, is value-adding to local communities and adds long term value to all stakeholders.

SCOPE

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

This Statement discloses basic principles, policies, material sustainability matters, management's initiatives and activities executed during the period from 01th April 2019 to 31st March 2020.

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 practices and codes 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 a structured and systematic manner, whereby sustainability management is embedded throughout the Group and sustainability matters are to be documented, continuously assessed and managed with reporting to the Board on scheduled intervals or as and when the materiality of the sustainability matters requires such reporting;
- To continuously promote, 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 implementing 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 time.

SUSTAINABILITY STATEMENT

Materiality Assessment

Our materiality assessment process is as follows :

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 : regular 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 are 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 organization
Strategic and Operational Risk	The impact of a sustainability matter on the organization in terms of strategic and operational risks
Business Opportunities	The opportunities brought by a sustainability matter in assisting the organization in the implementation of its business strategy

SUSTAINABILITY STATEMENT

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.

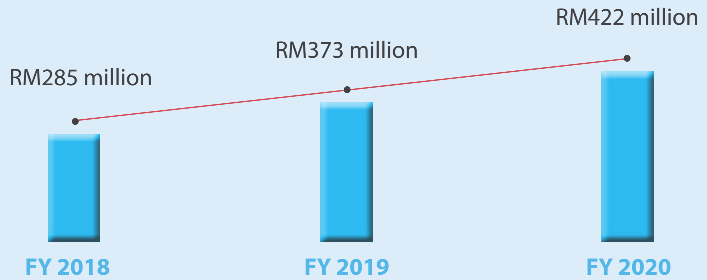
ECONOMIC

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 FY2020 could be summarised as below:

Category	Activities
Business Growth	• The addition to non-current assets for the past three years to ensure uninterrupted business growth. 
International Expansion	• Acquired subsidiary in India for cheaper labour force and international expansion. • Set up new subsidiary in Denmark for venturing into global marketing.
Customer Diversification	• Managed to secure five new customers, namely Cricut, Ecobee, Schneider Electric, Sagemcom and Swift Labs. • By building business with new customers alongside that of our existing customers, we expect to mitigate concentration risk while continue business expansion with our key customer.
Product Diversification	• New product introductions from existing customers across home care, personal care and lighting. • Extending capabilities into Internet of Things (IoT) segment.
Customer Satisfaction	• Deliver superior quality products, value added solutions with competitive costs, and on time delivery that meet our customers' expectations. • Value all feedback from customers whether positive or negative. • Investments into modernization and automation to improve production efficiencies and economies of scale.
Corporate Governance	• Details of the Group's Statement of Corporate Governance are stated on pages 28 to 42 of this Annual report.
Commitment to Quality	• Products undergo both human and electronic visual inspection for maximum assurance. • Mission is to deliver products and services which exceeds our customer's satisfaction in terms of cost, quality, technical competency, service level and on time delivery.
Procurement & Spending Practices	• Emphasize on leveraging local supply chain network for procurement. During the financial year, local suppliers make up 55% (FY2019: 63%) of the total group's procurement. • Do bulk procurement for essential materials from reputable sources at discounted prices.

SUSTAINABILITY STATEMENT

ECONOMIC

Sustainable Economic Practices

Category	Activities
Sustainability in Material Supply and Cost Effectiveness	• Manufacture own wire harness, brush bar assembly, with the aim to be 100% self sufficient. Cost saving from this vertical integration will contribute positively to the bottom line.
Digitalization and Automation	• Strategic investments in digitalization and automation to increase productivity and ensure top quality.
Contribution to Nation's Economy	• Contribute directly and indirectly by driving sustainability of the economy at large via multiple positive effects.

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 is 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, assess and monitor external value chain partners to make sure the Group's environmental 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.

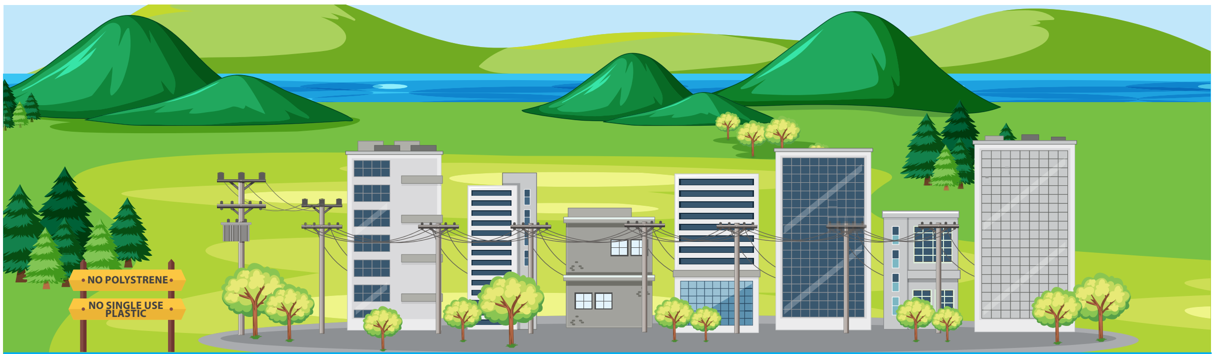
The Environment, Occupational Safety and Health (OHSAS)
The Group's continuous efforts toward good Environmental, Occupational Safety and Health management practices has resulted in the subsidiaries being accredited with ISO 14001 : 2015 (Environmental Management System), OHSAS 18001 : 2007 (Occupational Health and Safety Management), ISO 13485 : 2016 (Quality Management System in Medical Devices), ISO 22000 : 2005 (Manufacturing of Plastic Component for Food Packaging Application), ISO 9001 : 2015 (Quality Management System) and IATF 16949 : 2016 (Quality Specification for Automotive Industry Supply Chain). The Group also complied with Restriction of Hazardous Substances (RoHS) requirement. All the certifications which were expiring in 2019 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. The Group is very concern on the impact of climate change and always takes urgent action to combat global warming.

SUSTAINABILITY STATEMENT

ENVIRONMENT

Sustainable Environment Practices

Activities and management's initiative in FY2020:



Categories	Activities
Climate change	• Incorporated green practices in the organisation. • Green landscaping and sufficient plants and trees surrounding factory compound and ensure they are well taken care of. • Launch of campaign to ban plastic usage in the form of plastic bags and straws in order to tackle plastic pollution. All employees are encouraged to play a positive role in support of this sustainability initiative to reduce this toxic waste from our environment and adopt reusable carrier bags or own food container as an alternative. • The use of plastic plates and containers, especially single use plastics were largely eliminated especially during meeting and in-house training. • 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	• Promoted energy conservation and efficiency, electricity consumption being monitored and tracked with the goal of achieving 2% electricity cost over total Revenue. • All lights in the production and offices have been converted to energy saving light emitting diodes ("LED") including signages. • Employees practice switching off air conditioners and lights during breaks and when not in use. • Sensors installed at certain area with auto switch off function. • Track water consumption used in operation • Track fuel consumed by company-owned vehicles.
Waste management and environment compliance	• 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. • Waste water generated from the secondary process production are properly treated through waste filtering process before discharged into drains, chemicals and excess fuel are disposed according to environment regulation through licensed collector. • Submission of report to the Department of Environment (DOE) on monthly basis to ensure production and waste handling is safe to the environment. • Replacing and upgrading its machinery and facilities which improves efficiency, reduce wastage and downtime, and also utilizes less materials and/or chemicals.
Carbon footprint	• Expansion plan to ramp up production capacity was all centralize in Johor. • Operators' dormitories are arranged within walking distance from factories where available. • Purchases mostly from local suppliers.
Sustainable packaging	• To recycle and reuse our cardboard and plastic containers. • Incentives are paid to our delivery staff to collect empty reusable cartons from our customers. • Produce reusable sustainable blue bins as an alternative to paper carton.

SUSTAINABILITY STATEMENT

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 not to 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, periodic holidays with pay, 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 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;
• 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 corrupt 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.

SOCIAL

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 for the FY2020 comprise the following:

Category	Activities
Attraction and retention of talent, staffs' growth	• Practise fair wages and benefits with timely appraisal and salary review were in place. • Fair disciplinary practices with adequate reward and immediate punishment system . • Compliance to the requirement of minimum wages and maximum overtime hours under the guideline of Labour Rules. • Partner with bank to provide loan to staffs at special low interest rates. • Continuously providing employees on-the-job or in house training. • Staff sent for various professional seminars and courses available outside facilitated by professionals. • Discounts granted to staff for the Group's products. • Apprenticeships/Internships are open for students from high learning institutions where appropriate. • Opportunity for retired employees to continue working with the Group under a yearly contract basis. • Employ physically handicapped personnel.
Health and safety monitoring  *In-house training on basic first aid*  *free eye checks conducted for all workers*	• Periodically review the Group's Occupational Safety and Health Policy for effectiveness and suitability. • Safety Committee and external parties to conduct regular health and safety audit. • Personal Protective Equipment (safety boots, ear plugs, ear muffs and face masks) is available to all workers. • Conduct periodic audiometric tests for machine operators to monitor risk of detrimental exposure to noise. • Eye check conducted for all employees. • Health conscious campaign e.g.: on less salt, less sugar, less oil throughout the factory via television display, banner and action by canteen. • Signage and circular boards throughout our premises to create and reinforce the awareness on health and safety. • In house clinic with qualified doctor on duty, is available to all workers at a stipulated time. • 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. • Car park was provided at a designated clean land next to factory guarded with security force, equipped with closed-circuit television (CCTV) and sufficient lighting. • Lockers were installed for foreign workers to keep their passport. • Regular fogging activities are being carried out by specialist contractors as a preventive measure to prevent dengue fever infections. • On-going implementation and maintenance of the 5S activities through regular 5S audit to ensure a good working environment. • 24 hours CCTV system and security personnel surveillance all around the factory compound and on certain levels of the factory buildings..
Insurance coverage	• Group Term Life, Group Personal Accident, Group Hospital and Surgical insurance coverage were incurred for all employees. • Workmen compensation scheme provided for all foreign workers.
Accommodation	• Purpose built dormitories operated by specialists' third parties for operators, well equipped with facilities such as convenience store, bath area, laundry area, garbage disposal, kitchen and mosque. • Rented house/apartments for expatriates with transport provided.

SUSTAINABILITY STATEMENT

SOCIAL

Sustainable Social Practices

Workplace

Category	Activities
Recreation	• Sports and recreational activities are organised throughout the year. These include weekly badminton and futsal games, bowling, fun runs and team building within the factory. • Gym facilities and sports fields at hostel. • Recreation and Sport Club ("RSC") chaired by a non-executive staff for organising and monitoring sport activities. • Festival celebrations were organized for Hari Raya, Chinese New Year, Deepavali, Hungry Ghost Festival and Christmas at our factory premises.
Emergency training and practise 	• Fire drill and emergency response within factory was conducted at least on a 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 be opened and remained clear for easy access. • Emergency door release were installed at the respective exit doors. • 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.
Motivation and Empowerment Committee ("MEC")	• MEC was established to encourage employees to participate in decision making in regards to product, quality, working environment and to create an atmosphere that promotes innovation.
Ethics and conduct	• The principle objective of the code of ethics and conduct is to ensure that the Group's business is conducted in strict compliance to local laws and regulations with full integrity, diligence and full confidentiality. • Disciplinary action would be taken against any misconduct that would jeopardize the harmony and good working environment. • A Whistle-blowing Policy and Procedures to ensure all employees have a channel to report inappropriate behavior and possible improprieties while the identity and personal information of whistleblower will be fully protected.

SUSTAINABILITY STATEMENT

SOCIAL

Sustainable Social Practices

The Community

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

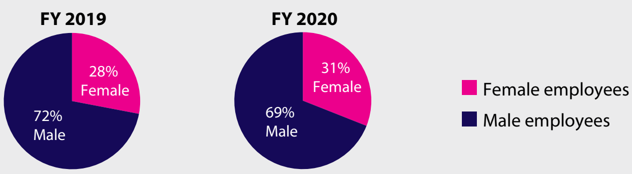
<table>
<tr><th>Category</th><th>Activities</th></tr>
<tr><td>Contribution to public</td><td>

- Blood donation by employees to be contributed to general hospital.

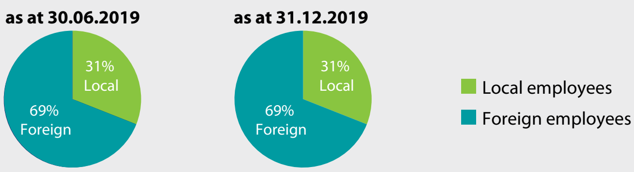

- Contribution in the form of basic supply and monetary were distributed, not only to staffs but also their family and relatives.
- During the financial year, a donation amounted RM50,000 was made to Educational, Welfare and Research Foundation of Malaysia (EWRF) to support it's effort in improving the social, educational and economic welfare of Malaysian students from poor families.

</td></tr>
<tr><td>Employment practices</td><td>

- Prevention of child labour.
- Always observe the Minimum Wages Order.
- Workforce diversity whereby the Group is naturally diverse in terms of age, gender and race, among others.
- Promote gender equality.
- The group is continuously putting effort in employing female employees.



- The Group is trying to increase employment of locals especially those who are unemployed due to the covid-19 Movement Control Order.



</td></tr>
<tr><td>Upholding highest Business Integrity</td><td>

- Take a zero-tolerance of any involvement in bribery and corruption, and has robust Anti Corruption and Bribery Policy on gifts, entertainment, donation, sponsorship, facilitation payment and etc. This policy applies to all employees, customers, suppliers and all other business associates.

</td></tr>
</table>

The Market Place

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

SUSTAINABILITY STATEMENT

SOCIAL

Sustainable Social Practices

The Market Place

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, recognizing 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 community, government and local authorities, non-profit organizations and public at large.

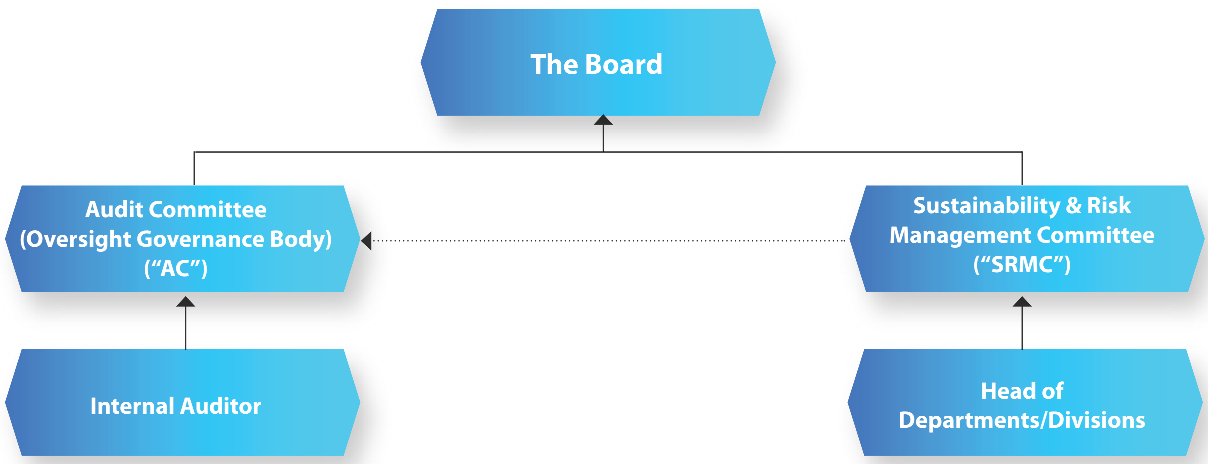
The Group's engagement with the stakeholders during the FY2020 comprise the following:

Stakeholder	Activities	Issues concerned
Employees	• Company's policies and guidelines • Employee's handbook • Internal communication • Training and workshop • Group discussion • Operation meeting • Employees' appraisal	• Remuneration and benefits • Company direction • Career development • Reward and performance review • Disciplinary issue • Training opportunities and development of talent or skill • Code of conduct • Job security • Staff's health and safety
Investors	• Annual general meeting • Announcement to Bursa Malaysia • Posting up-to-date information on the Company's website • Press release and press conference • Investor briefing • Site visits and meetings • Annual report and quarterly report • Social media	• Financial performance • Operating review • Business plan • Economic performance • Business governance
Customers	• Meeting between management and customers • Contract and agreement • Customer's satisfaction survey • Customer's feedback • Customer's audit • Customer's networking event or award ceremony • Social media	• Customer's satisfaction • Customer's concern and interest • Product quality • Pricing • Delivery • Logistic • Sustainability in orders • Innovation and development
Suppliers	• Supplier evaluation • Open sourcing • Negotiation	• Supply chain management • Procurement arrangement includes pricing, quality, sustainability in supply of material or service
Government and Statutory Bodies	• Industry workshop • Meeting with authority • Consultation • Compliance to Labour Rules • Listing Requirement • Public events	• Audit matter e.g: tax or wages related audit by local authorities • Compliance with requirement under Bursa Malaysia • Product innovation • Climate action • Community relations
Local Communities	• Community development programme • Info kiosk • Company website • Social media	• Community development plans and projects • Environment issues

SUSTAINABILITY STATEMENT

SOCIAL

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

Moving forward, the industry's biggest challenge is the financial tsunami and economic downturn that caused by the recent Covid-19 global pandemic. The Group's strong capabilities and steady financial position coupled with its sustainable resources and capacities would definitely prepare the Group for the coming uncertainties so as to remain competitive.

The Group is constantly exploring new and better ways to maintain and enhance our approach to manage sustainable economic, environment and social impacts arising from our operations through introducing smart and innovative operation solutions to create value to stakeholders, employees, the community and the environment.

The Group is committed to optimise the capabilities, resources and best influences to minimise negative impacts while creating positive economic, environment and social impact with the aim to grow long term benefits and business sustainability.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

It is always the policy and practise of ATA IMS Berhad ("the Company") to manage the affairs of ATA IMS Berhad and its subsidiaries ("the Group") to be 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 ("Bursa Securities").

Looking back to financial year ended March 2020, the board is satisfied that our governance practices have continued to perform well. The Board recognises that high standards of corporate governance is crucial in discharging its responsibilities to protect and enhance value to all our stakeholders as well as achieve positive growth in the Group. Therefore the Board always conscientiously strives to attain high business ethics and governance to all the business dealings and ensure this good practice is sustained.

The MCCG 2017 covers three key principles namely Board Leadership and Effectiveness, Effective Audit & Risk Management, and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders. All these principles had been incorporated in this Corporate Governance Overview Statement.

The Company has also completed the Corporate Governance Report 2020 ("CG Report") which is made available at the Company's website at http://www.ataims.com.my.

Set out below is a summary of the extent to which the Company has applied/adopted the practices encapsulated in the Principles of the MCCG 2017.

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 responsibilities for the proper conduct in achieving objectives and long term goals lies with the Board. The Board is committed in 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 all 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 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 program 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.

In order to bring valuable insights and independent judgement to the Group's decision, the Board has established Board Committees assigned with respective function. These refer to Audit Committee (AC), and 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

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 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;
- Group's policies ie. risk management policy, anti-bribery and corruption policy, code of ethic and conduct, whistle blowing policy and all other policies that are required by LR;
- Corporate announcement to the public, Bursa Securities, the Securities Commission 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 responsibilities and leadership of the Chairman is to ensure effectiveness of the Board in achieving corporate and business objectives while the Board is responsible for the overall strategic direction of the Group.

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 Chief Executive Officer (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 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

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part I. Board Responsibilities

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

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 meetings. 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

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part I. Board Responsibilities

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 is available on the Company's website at http://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 promote 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 http://www.ataims.com.my.

3.2 Whistleblowing Policy and Procedures

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 whistle-blowing Policy and Procedures is available on the Company's website at http://www.ataims.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part I. Board Responsibilities

3. Promoting good business conduct and healthy corporate culture

3.3 Anti Bribery and Corruption Policy

In line with the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 (MACC), the Group has established a Anti Bribery and Corruption ("ABC") Policy with the objective to take reasonable and propotionate measures to ensure the business environment is free of corruption. The Policy is applicable to the Board of Directors, all employees of the Group and any person associated to the Group.

The Group had developed a comprehensive set of measures to combat bribery and corruption of all forms related to its operations. These measures would be implemented in the form of policies and procedures, communication and enforcement to ensure they are effective at all times.

The ABC Policy is available on the Company's website at http://www.ataims.com.my.

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 Main Market Listing Requirement 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part II. Board Composition

4. Objectivity of the Board

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 practice 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.

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 advise from external professional.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part II. Board Composition

5. Board evaluation

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.

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 & Executive Chairman	5/5	100
Dato' Fong Chiu Wan	Executive Director & CEO	5/5	100
Balachandran A/L Govindasamy	Executive Director & COO	5/5	100
Koh Win Ton	Independent Non- Executive Director	5/5	100
Wong Chin Chin	Independent Non- Executive Director	4/5	80
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 which 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part II. Board Composition

Directors' Training

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.

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	• Panasonic Factory Solution Conference 2019	15 to 17 October 2019
Dato' Fong Chiu Wan	• Bank of Singapore Beyond 2020: Shifting Perspectives Conference	13 January 2020
	• Private Equity as an Asset Class: A Conversation with Azalea	10 October 2019
	• Invitation to a private event – "Grooming the Heirs for the Next Generation"	2 October 2019
	• UOB Privilege Conversations H2 2019	09 July 2019
	• Malaysia Stock Market Outlook	24 June 2019
	• Credit Suisse Global Supertrends 2019	23 April 2019
Balachandran A/L Govindasamy	• Panasonic Factory Solution Conference 2019	15 to 17 October 2019
Koh Win Ton	• Complying With The Guidelines Relating To Practising Certificate For Secretaries Under Section 241 of Companies Act 2016	09 January 2020
	• Seminar Percukaian Kebangsaan 2019	22 October 2019
	• Evaluating Effective Internal Audit Function - Audit Committees Guide	17 October 2019
	• Members' Voluntary Winding Up and Strike Off Under The Companies Act 2016	22 August 2019
	• Taxation of Companies and Limited Liability Partnerships	14 August 2019
	• National Tax Conference 2019	05 to 06 August 2019
Wong Chin Chin	• IPBA 2019 Singapore: Technology, Business and Law - Global Perspective	25 to 27 April 2019
Lee Kok Jong	• Seminar Percukaian Kebangsaan 2019	22 October 2019
	• Evaluating Effective Internal Audit Function - Audit Committees Guide	17 October 2019
	• Members' Voluntary Winding Up and Strike Off Under the Companies Act 2016	22 August 2019
	• National Tax Conference 2019	05 to 06 August 2019

Part III Remuneration

6. Level and Composition of remuneration of directors and key 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 key 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 : http:// www.ataims.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part III Remuneration

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

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.

During the financial year, 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	1/1
Members		
Koh Win Ton	Independent Non- Executive Director	1/1
Wong Chin Chin	Independent Non- Executive Director	1/1

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 on the Company's http://www.ataims.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Part III Remuneration

7. Disclosure of Directors' and Key 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 are 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 & Executive Chairman	-	2,792	-	-	322	3,114
Dato' Fong Chiu Wan	Executive Director & CEO	-	2,792	-	-	322	3,114
Balachandran A/L Govindasamy	Executive Director & COO	-	2,256	-	-	232	2,488
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 Key Senior Management's Remuneration

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

Range of Remuneration (RM)	No of Key Senior Management Directors	Manager
350,000 - 400,000	-	1
2,450,000 - 2,500,000	1	-
3,100,000 - 3,150,000	2	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I. Audit Committee

8.1 Chairman of Audit Committee

The Board established the Audit Committee ("AC") comprising wholly of Independent Non-Executive Directors whereby the Chairman of the Audit Committee is not the Chairman of the Board. The AC 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 AC 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 AC, 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 partner

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

Currently, 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 External Auditor Policy are in place in the Group with the below guidelines:

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 of 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. Guidelines for non-audit services include term of engagement, board's approval for engagement, type of allowable non-audit services, and fees structure whereby 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 shall always be within the stipulated threshold.

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 31st Annual General Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I. Audit Committee

8.4 Composition of AC

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

8.5 AC's competency

The Board recognizes the crucial role of the AC whereby the 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 statements.

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:

a) 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
b) 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

The Internal Audit Function of the Group is outsourced to Needsbridge Advisory Sdn Bhd 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. The internal Auditor will ensure all outstanding issues to be followed up and responded by management and a report with regards to the follow up status and outcome will then be presented for the 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

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Part II. Risk Management and Internal Control Framework

10 Effective governance, risk management and internal control framework

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:	07-334 0911
Fax No.:	07-334 5912
Email:	winton.koh@ataims.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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.

11.2 Integrated Reporting

The Board is aware of the importance to adopt integrated reporting based on a globally recognised framework. Therefore, the board had put the best effort to provide a concise and holistic overview of the Group's business strategy, financial performance as well as non financial information, operational activities and future prospects through this Corporate Governance Overview Statement, the Sustainability Statement, the Audit Committee Report, Management Discussion & Analysis and the Chairman Statement in which certain components of integrated reporting had been incorporated, such as organisational overview, governance structure, business model, risk and opportunities and how we dealing with them.

The Board is working towards a more in-depth and broad reporting going forward as its commitment towards better recognition and preparation for adopting Integrated Reporting.

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 31st AGM was 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part II. Conduct of General Meetings

12. Engagement of shareholders at 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. The Group always practise the presence of all Chair of Audit, Remuneration and Nominating, and Risk Management which will allows shareholders to raise questions and concern directly to those responsible.

During the 30th AGM held last year, all directors were present except for an independent director who was unable to attend due to health reasons. The Board was able to answer appropriately on the questions raised by shareholders during the question and answer session.

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 28 July 2020.

STATEMENT OF DIRECTORS' RESPONSIBILITY

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 following, 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 ended;

- proper accounting records are kept which disclose with reasonable accuracy of the financial position of the Group and the 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 28 July 2020.

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 governance 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 2020 which is prepared in accordance with Paragraph 15.26(b) and Practice Note 9 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 Securities.

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 acknowledges 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, the 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 Registers 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 therefrom 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.

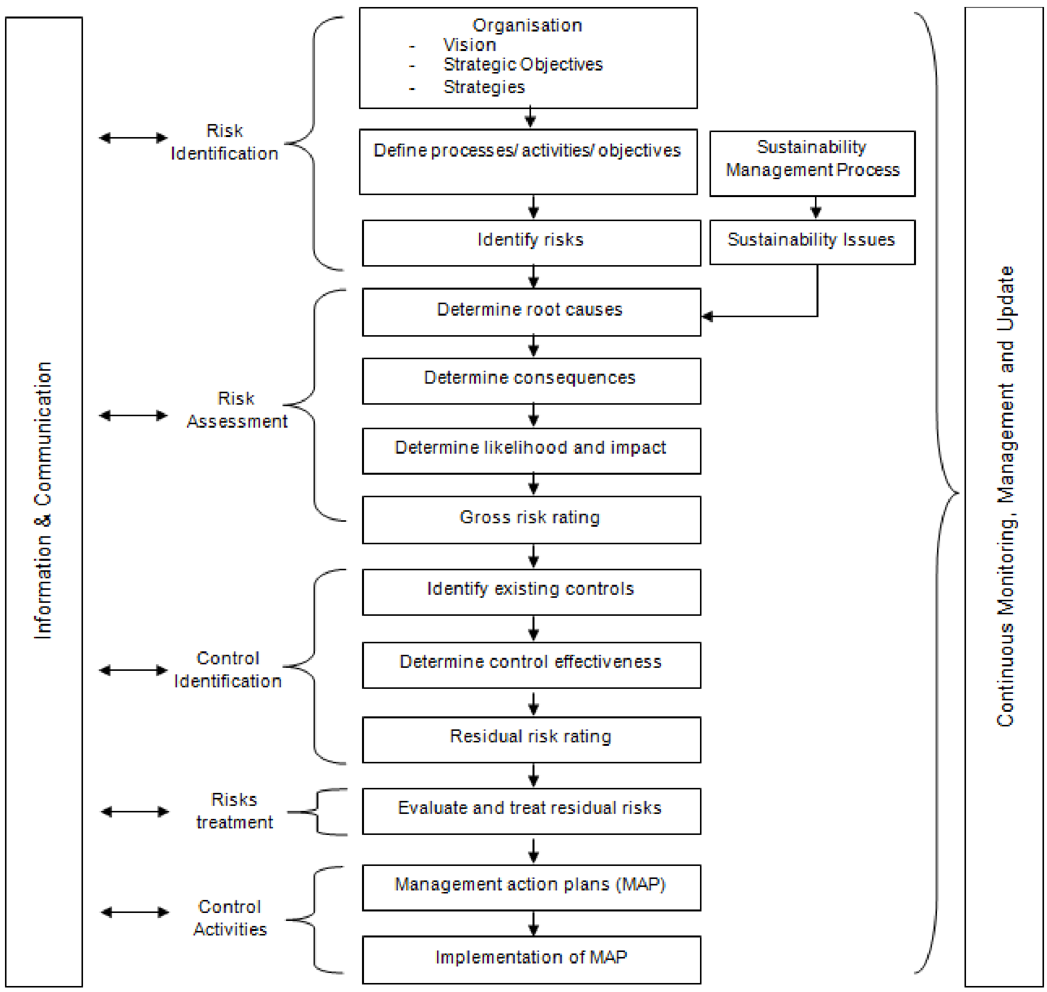
STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL *CONT'D*

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 effectiveness 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. The Board delegates the task of oveseeing the Internal Function to Audit Committee to ensure the adequacy and competency of internal audit function.

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 reviews the internal audit reports 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, the Audit Committee was of the view that there were no material or significant losses arising from the weaknesses in risk management system and internal control of the Group. The Group had incurred RM50,600 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 are 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 operations are conducted ethically;

- Recruitment, staff entitlement and termination guidelines are in place and documented in the Employee Handbook. Code of conduct at work and company's rules and regulations are 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 Whistle-blowing Policy and Procedures 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*

- An Anti-Bribery and Corruption Policy was established to ensure zero tolerance to any act of bribery or corruption. It applied to the Board, all staffs, customers, suppliers and any persons associated to the Group.
- The Audit Committee has received the Key Risk Report and Key Risk Profile in regards to key risk areas 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 2020, 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 2020 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 28 July 2020.

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 2020 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	4/5

The Terms of Reference of the Audit Committee is available on the Company's website at: http://www.ataims.com.my.

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.

During the Financial Year, the Committee had carried out its duties in accordance with its terms of reference, which encompassed the following:

A. 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 EA 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 the course of the external audit, management's response to the issues and findings was that these issues and findings will be discussed internally with the management team and ensure that they are resolved; and

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

AUDIT COMMITTEE REPORT

B. 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; and

- Assessed and evaluated the adequacy and independence of the Internal Audit function through a prescribed checklist, on the areas as set out in paragraph 15.12(1)(e) and (f) of the Listing Requirements and report the same to the Board.

C. 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;

- Received and reviewed the Key Risk Report and Key Risk Registers presented by the management on the key risk areas and reported the findings to the Board;

- Advised and reviewed the dividend payout to shareholders during the year;

- Advised and reviewed the establishment of a new subsidiary of ATA Denmark Industries ApS;

- Advised and reviewed the mandate for recurrent related party transaction dated 29 July 2019 and attended Annual General Meeting on 27 August 2019 to address issues raised by shareholders before seeking shareholders' approval;

- Advised and reviewed the Corporate Exercise in regards to the Share Buy-Back and attended the Extraordinary General Meeting on 21 October 2019 to address issues raised by shareholders before seeking shareholders' approval;

- Advised and reviewed the proposed new shareholders' mandate dated 16 March 2020 for recurrent related party transaction of a revenue or trading nature. A Extraordinary General Meeting suppose to be held on 31 March 2020 to approve this mandate, however it had been postponed due to the implementation of Movement Control Order; and

- 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 46 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 28 July 2020.

OTHER DISCLOSURES

Share Buy-Back

On 21 October 2019, Shareholders' approval were obtained at an Extraordinary General Meeting, that the Company was granted authority to purchase its own ordinary shares of up to 10% of the entire issued and fully paid share capital.

Audit Fees

The Audit fees payable to the External Auditors of the Company and the Group for the financial year ended 31 March 2020 were as follows:

Audit Fees	Company (RM)	Group (RM)
Messrs KPMG and its affiliate	75,000	305,500
Other auditors	-	52,928

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 2020 were as follows:

Non Audit Fees	Company (RM)	Group (RM)
Messrs KPMG and its affiliate	13,000	55,500
Other auditors and its affiliate	-	34,500

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).

Employee Share Option Scheme ("ESOS")

The Company does not have an ESOS programme.

Related Party Transactions

During the financial year ended 31 March 2020, there were Recurrent Related Party Transactions entered into by subsidiary companies which involved a company related to the Executive Chairman and an Executive Director. All the Recurrent 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 Transaction 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 30th AGM held on 27 August 2019, the Company obtained a shareholders' mandate for Recurrent Related Party Transaction 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 27 Aug 2019	Actual aggregate value of transactions from 28 Aug 2019 to 31st Mar 2020
Winsheng (Recipient)	Microtronics (Provider)	Purchase of assembly parts in the ordinary course of business	RM25,000,000	RM2,265,275
AIM (Recipient)	Microtronics (Provider)	Purchase of assembly parts in the ordinary course of business	RM850,000,000	RM317,357,995
AIM (Provider)	Microtronics (Recipient)	Sales of plastic and assembly parts in the ordinary course of business	RM20,000,000	RM9,528,085

OTHER DISCLOSURES

On 26 February 2020, the Board announced to Bursa Malaysia that ATA IMS intend to seek shareholders' approval for a new Shareholders'mandate for recurrent related party transactions of a revenue or trading nature between Winsheng Plastic Industry Sdn Bhd ("Winsheng") and with Microtronics Technology Sdn Bhd ("Microtronics") as follows :

Transacting party within the Group	Transacting party	Nature of transactions	Shareholders' Mandate to be approved during the EGM	Actual aggregate value of transactions from 28 Aug 2019 to 31st Mar 2020
Winsheng (Provider)	Microtronics (Recipient)	Sales of assembly parts in the ordinary course of business	RM15,000,000	RM3,932,244

An Extraordinary General Meeting was rescheduled from 31 March 2020 to 28 July 2020 due to implementation of Movement Control Order by Government of Malaysia. On 28 July 2020, the Board announced that the Proposed New Shareholders' Mandate was duly passed by the shareholders of the Company by way of poll at its EGM.

Utilisation of Proceeds

The Company did not undertake any capital raising proposal during the financial year.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

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 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company consists of investment holding. The principal activities of its subsidiaries are disclosed in Note 5 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 5 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	76,270	26,185

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

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

i) In respect of the financial year ended 31 March 2019:

- a dividend of 3.29 sen per ordinary share totalling RM39,623,788 declared on 5 July 2019 and paid on 27 September 2019.

ii) In respect of the financial year ended 31 March 2020:

The Directors proposed a final dividend of 2.00 sen per ordinary share totalling RM24,057,272 for the financial year ended 31 March 2020 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 2021.

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 2020
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 2019 '000**	**Bought '000**	**Sold '000**	**At 31 March 2020 '000**
Company					
Dato' Sri Foo Chee Juan	Deemed[(1)]	406,156	740	-	406,896
Dato' Fong Chiu Wan	Direct	314,066	-	-	314,066
Mr. Balachandran A/L	Direct	-	8,431	-	8,431
Govindasamy	Deemed[(2)]	86,005	-	-	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 5 to the financial statements.

None of the other Directors holding office at 31 March 2020 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 28 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

At the Extraordinary General Meeting held on 21 October 2019, the shareholders of the Company has approved the Company to repurchase its own shares up to 10% of the Company's share capital and the maximum fund allocated for the repurchase shall not exceed the aggregate of the retained profits of the Company at the time of the purchase.

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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020
CONT'D

INDEMNITY AND INSURANCE COSTS

During the financial year, the total premium paid for insurance effected for Directors and officer of the Group and of the Company is RM22,040.

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 2020 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 2020
CONT'D

AUDITORS

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

The auditors' remuneration is disclosed in Note 18 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: 18 August 2020

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Property, plant and equipment	3	337,103	296,675	-	-
Right-of-use assets	4	8,225	-	-	-
Investments in subsidiaries	5	-	-	1,323,166	1,317,132
Goodwill on consolidation	6	76,414	76,414	-	-
Total non-current assets		421,742	373,089	1,323,166	1,317,132
Inventories	7	369,182	217,878	-	-
Contract assets	8	36,109	44,215	-	-
Trade and other receivables	9	716,068	738,800	39,119	61,814
Current tax assets		3,722	-	-	-
Cash and cash equivalents	10	359,627	270,633	2,751	40
Total current assets		1,484,708	1,271,526	41,870	61,854
Total assets		1,906,450	1,644,615	1,365,036	1,378,986
Equity					
Share capital	11	1,338,445	1,338,445	1,338,445	1,338,445
Reserves	11	(671,516)	(708,344)	26,258	39,697
Total equity attributable to owners of the Company		666,929	630,101	1,364,703	1,378,142
Liabilities					
Loans and borrowings	12	109,557	101,862	-	-
Lease liabilities		6,781	-	-	-
Deferred tax liabilities	13	14,438	14,210	-	-
Total non-current liabilities		130,776	116,072	-	-
Loans and borrowings	12	354,174	259,931	-	-
Lease liabilities		1,592	-	-	-
Trade and other payables	14	752,845	634,012	333	844
Contract liabilities	8	134	218	-	-
Current tax liabilities		-	4,281	-	-
Total current liabilities		1,108,745	898,442	333	844
Total liabilities		1,239,521	1,014,514	333	844
Total equity and liabilities		1,906,450	1,644,615	1,365,036	1,378,986

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 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	15	3,352,243	2,908,560	27,180	45,220
Cost of sales		(3,150,748)	(2,674,295)	-	-
Gross profit		201,495	234,265	27,180	45,220
Other income		13,006	4,631	-	-
Distribution expenses		(55,365)	(45,017)	-	-
Administrative expenses		(33,296)	(30,367)	(878)	(712)
Other expenses		(10,715)	(1,779)	(177)	-
Results from operating activities		115,125	161,733	26,125	44,508
Finance income		9,818	3,069	91	50
Finance costs	16	(18,145)	(12,303)	-	-
Net finance (costs)/income		(8,327)	(9,234)	91	50
Profit before tax		106,798	152,499	26,216	44,558
Tax expense	17	(30,528)	(39,558)	(31)	-
Profit for the year	18	76,270	112,941	26,185	44,558
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 income/(expense) for the year, net of tax**		585	(136)	-	-
Total comprehensive income for the year attributable to owners of the Company		76,855	112,805	26,185	44,558
Basic earnings per ordinary share (sen)	19	6.33	9.83		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

		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 2018		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 April 2019, as previously reported		1,338,445	59	(1,104,436)	396,033	630,101
Adjustment on initial application of MFRS 16, net of tax		-	-	-	(403)	(403)
At 1 April 2019, restated		1,338,445	59	(1,104,436)	395,630	629,698
Foreign currency translation differences for foreign operation/ **Total other comprehensive income for the year**		-	585	-	-	585
Profit for the year		-	-	-	76,270	76,270
Total comprehensive income for the year		-	585	-	76,270	76,855
Contributions by and distributions to owners of the Company						
Dividends to owners of the Company/ **Total transactions with owners of the Company**	20	-	-	-	(39,624)	(39,624)
At 31 March 2020		1,338,445	644	(1,104,436)	432,276	666,929

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

Company	Note	Attributable to owners of the Company Non-distributable Share capital RM'000	Non-distributable (Accumulated losses)/ Distributable Retained earnings RM'000	Total equity RM'000
At 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 April 2019		1,338,445	39,697	1,378,142
Profit and total comprehensive income for the year		-	26,185	26,185
Contributions by and distributions to owners of the Company				
Dividends to owners of the Company/ **Total transactions with owners of the Company**	20	-	(39,624)	(39,624)
At 31 March 2020		1,338,445	26,258	1,364,703

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from operating activities					
Profit before tax		106,798	152,499	26,216	44,558
Adjustments for:					
Bad debts written off		-	367	-	-
Depreciation of:					
- Property, plant and equipment		33,266	25,338	-	-
- Right-of-use assets		3,238	-	-	-
Finance income		(9,818)	(3,069)	(91)	(50)
Finance costs	16	18,145	12,303	-	-
Impairment loss/(Reversal of impairment loss) on:					
- Trade receivables		117	(68)	-	-
- Other receivables		205	-	158	-
Property, plant and equipment:					
- Written off		-	6	-	-
- Gain on disposal		(14)	(328)	-	-
Gain arising from lease modification		(495)	-	-	-
Unrealised loss on foreign exchange		7,365	917	-	-
Inventories:					
- Provision/(Reversal) of slow moving		930	(1,811)	-	-
- Write-down to net realisable value		417	133	-	-
Operating profit before changes in working capital		160,154	186,287	26,283	44,508
Change in inventories		(152,651)	(89,565)	-	-
Change in contract assets		8,106	(19,088)	-	-
Change in trade and other receivables		23,086	(239,021)	(22,683)	(53,753)
Change in trade and other payables		106,289	142,046	(511)	(221)
Change in contract liabilities		(84)	218	-	-
Cash generated from/(used in) operations		144,900	(19,123)	3,089	(9,466)
Dividend received		-	-	45,220	-
Interest received		-	-	91	50
Tax paid		(38,176)	(26,979)	(31)	-
Net cash from/(used in) operating activities		106,724	(46,102)	48,369	(9,416)

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020
CONT'D

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	21	(36,511)	(62,052)	-	-
Proceeds from disposal of property, plant and equipment		14	328	-	-
Change in pledged deposits		(3,074)	9,440	-	-
Increase in investment in subsidiaries		-	-	(6,034)	(86,205)
Interest received		9,818	3,069	-	-
Net cash used in investing activities		(29,753)	(49,215)	(6,034)	(86,205)
Cash flows from financing activities					
Repayment of term loans		(3,086)	(2,110)	-	-
Drawndown of term loans		-	38,672	-	-
(Repayment of)/Proceeds from bankers' acceptance		(4,426)	127,455	-	-
Proceeds from supply chain financing		97,950	-	-	-
Repayment of hire purchase liabilities		(19,951)	-	-	-
Repayment of finance lease liabilities		-	(27,152)	-	-
Payment of lease liabilities		(3,125)	-	-	-
Dividends paid to owners of the Company		(39,624)	-	(39,624)	-
Proceeds from private placement of shares		-	95,656	-	95,656
Interest paid		(18,145)	(12,303)	-	-
Net cash from/(used in) financing activities		9,593	220,218	(39,624)	95,656
Net increase in cash and cash equivalents		86,564	124,901	2,711	35
Effect of exchange rate fluctuation on cash held		-	(11)	-	-
Cash and cash equivalents at 1 April		254,068	129,178	40	5
Cash and cash equivalents at 31 March	10	340,632	254,068	2,751	40

Cash outflows for leases as a lessee

	Note	Group 2020 RM'000	Group 2019 RM'000
Included in net cash from operating activities			
Payment relating to short-term leases	18	16,049	-
Included in net cash from financing activities			
Payment of lease liabilities		3,125	-
Interest paid in relation to lease liabilities	16	547	-
Total cash outflows for leases		19,721	-

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020
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 finance lease liabilities (Note 21) RM'000	At 31 March 2019 RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1 April 2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases RM'000	Acquisition of new hire purchase liabilities (Note 21) RM'000	Derecognition of leases RM'000	At 31 March 2020 RM'000
Group											
Finance lease liabilities	35,469	(27,152)	66,020	74,337	(74,337)	-	-	-	-	-	-
Hire purchase liabilities	-	-	-	-	74,337	74,337	(19,951)	-	32,095	-	86,481
Term loans	25,326	36,562	-	61,888	-	61,888	(3,086)	-	-	-	58,802
Bankers' acceptances	91,802	127,455	-	219,257	-	219,257	(4,426)	-	-	-	214,831
Supply chain financing	-	-	-	-	-	-	97,950	-	-	-	97,950
Revolving credits	5,000	-	-	5,000	-	5,000	-	-	-	-	5,000
Lease liabilities	-	-	-	-	13,183	13,183	(3,125)	8,121	-	(9,806)	8,373
Total liabilities from financing activities	157,597	136,865	66,020	360,482	13,183	373,665	67,362	8,121	32,095	(9,806)	471,437

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 2020 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 2020 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 5.

These financial statements were authorised for issue by the Board of Directors on 18 August 2020.

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 of the MFRSs 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 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*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures –Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, F*inancial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*

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

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company upon their first adoption.

(b) **Basis of measurement**

These financial statements have been prepared on the historical cost basis other than 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 as disclosed in the following notes:

- Note 4 - Extension options and incremental borrowing rate in relation to leases
- Note 6 - Goodwill on consolidation
- Note 26.4 - 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 16, *Lease*s, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 29.

(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; and

(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.

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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.

(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

(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.

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

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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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

(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.

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. 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) Leases

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 April 2019. Accordingly, the comparative information presented for 31 March 2019 has not been restated - i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Leases *cont'd*

Current financial year *cont'd*

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Leases *cont'd*

Current financial year *cont'd*

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of "other income".

Previous financial year

As a lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was 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 was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was 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 were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

(ii) Operating lease

Leases, where the Group or the Company did not assume substantially all the risks and rewards of ownership were classified as operating leases and the leased assets were not recognised on the statement of financial position.

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

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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.

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

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 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 and contract 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.

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.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(l) 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.

(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 over time 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.

(iv) Lease income

Lease income is recognised in profit or loss on straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total lease income over the term of the lease.

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) 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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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.

(r) 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.

(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 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/ 1 April 2019	126,882	269,939	15,340	5,278	24,469	-	441,908
Additions	-	64,165	3,221	1,603	4,108	688	73,785
Disposals/Written off	-	(37)	-	(37)	-	-	(74)
Translation differences	-	(101)	(5)	-	(6)	-	(112)
At 31 March 2020	126,882	333,966	18,556	6,844	28,571	688	515,507
Accumulated depreciation							
At 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/ 1 April 2019	7,339	115,856	8,325	2,571	11,142	-	145,233
Depreciation charge	2,019	26,504	1,738	955	2,050	-	33,266
Disposals/Written off	-	(37)	-	(37)	-	-	(74)
Translation differences	-	(18)	(2)	-	(1)	-	(21)
At 31 March 2020	9,358	142,305	10,061	3,489	13,191	-	178,404
Carrying amounts							
At 1 April 2018	73,528	105,419	4,872	2,324	9,074	13,761	208,978
At 31 March 2019/ 1 April 2019	119,543	154,083	7,015	2,707	13,327	-	296,675
At 31 March 2020	117,524	191,661	8,495	3,355	15,380	688	337,103

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

3.1 Carrying amounts of land and buildings

Included in the carrying amount of land and buildings are:

	Group 2020 RM'000	Group 2019 RM'000
Land	39,463	39,463
Buildings	78,061	80,080
	117,524	119,543

3.2 Land and buildings subject to operating lease

Certain land and buildings of the Company with carrying amounts of RM25,973,000 (2019: NIL) are leased to a company in which certain Directors have substantial financial interests.

The following are recognised in profit or loss:

	Group 2020 RM'000	Group 2019 RM'000
Lease income	2,040	-

3.3 Security

The land and buildings, plant and machineries of the Group with carrying amounts of RM119,624,000 (2019: RM121,643,000) are charged to licensed banks as securities for bank borrowings as disclosed in Note 12.

At 31 March 2020, the net carrying amount of the assets pledged for hire purchase liabilities is RM135,446,000.

3.4 Leased plant and equipment

At 31 March 2019, the carrying amount of the machineries, office equipment and motor vehicles of the Group acquired under finance lease agreements was RM103,506,000.

4. RIGHT-OF-USE ASSETS

	Land RM'000	Factories RM'000	Hostels RM'000	Total RM'000
Group				
At 1 April 2019	-	12,456	197	12,653
Addition	233	7,888	-	8,121
Depreciation	(39)	(3,030)	(169)	(3,238)
Derecognition*	-	(9,311)	-	(9,311)
At 31 March 2020	194	8,003	28	8,225

* Derecognition of the right-of-use assets during 2020 is as a result of lease modification.

The Group leases a land and a number of factories and hostels that run between one year and six years. Certain leases contain options to renew the lease after that date. Lease payments are increased upon renewal of lease term to reflect current market rentals.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

4. RIGHT-OF-USE ASSETS *cont'd*

4.1 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the lease. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.2 Extension options

The lease of assets contains extension options exercisable by the Group up to three years before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control.

	Lease liabilities recognised (discounted) RM'000	Potential future lease payments not included in lease liabilities RM'000	Historical rate of exercise of extension options %
Lease assets	8,373	213	90

5. INVESTMENTS IN SUBSIDIARIES

	Company 2020 RM'000	2019 RM'000
Cost of investments	1,252,729	1,253,455
Amount due from a subsidiary	85,787	85,787
	1,338,516	1,339,242
Less: Impairment losses	(15,350)	(22,110)
	1,323,166	1,317,132

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.

During the financial year, the Company reversed the impairment loss of RM6,760,000 (2019: NIL) which is no longer required because the investment cost of the said subsidiary in the process of being strike off has been written off.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

5. 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 2020 %	2019 %
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
Integrated Manufacturing Solutions Sdn. Bhd. ("IMS")	Malaysia	Investment holding	100	100
ATA Components Sdn. Bhd.*	Malaysia	Manufacturing and sales of electrical and electronic components and products	100	100
Jabind Manufacturing India Private Limited*	India	Manufacturing of filter systems and other related products	100	100
ATA Industries Denmark ApS @	Denmark	Dormant	100	-
Denko Management Services Sdn. Bhd.&	Malaysia	Dormant	-	100
Winsheng Plastic Marketing Sdn. Bhd.#	Malaysia	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

& The subsidiary is in the process of being strike off as at year end.
# The subsidiary has been struck off during the financial year.
* Not audited by KPMG PLT.
@ 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.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

6. GOODWILL ON CONSOLIDATION

	Goodwill RM'000
Group	
At cost/Carrying amount	
At 1 April 2018/31 March 2019	76,414
At 1 April 2019/31 March 2020	76,414

Goodwill

In year 2018, 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	
	2020 RM'000	**2019 RM'000**
Manufacture, assembly and sale of plastic injection moulded parts	76,414	76,414

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 14.7% - 17.6% 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.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

7. INVENTORIES

	Group 2020 RM'000	Group 2019 RM'000
Raw materials	261,237	145,530
Work-in-progress	91,983	44,573
Finished goods	15,962	27,775
	369,182	217,878
Recognised in profit or loss:		
- Inventories recognised as cost of sales	3,150,331	2,674,162
- Write-down to net realisable value	417	133

The write-down is included in cost of sales.

8. CONTRACT WITH CUSTOMERS

	Group 2020 RM'000	Group 2019 RM'000
Contract assets	36,109	44,215
Contract liabilities	(134)	(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.

9. TRADE AND OTHER RECEIVABLES

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Trade				
Trade receivables	650,151	681,635	-	-
Non-trade				
Other receivables, deposits and prepayments	65,917	57,165	87	284
Due from subsidiaries	-	-	39,032	61,530
	65,917	57,165	39,119	61,814
	716,068	738,800	39,119	61,814

9. TRADE AND OTHER RECEIVABLES *cont'd*

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

Included in trade receivables of the Group are RM11,275,000 (2019: RM3,360,000) due from companies in which certain Directors have substantial financial interests.

Included in other receivables, deposits and prepayments are:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Other receivables	27,691	25,354	5	158
Deposits	8,523	8,518	1	1
Prepayments	29,703	23,293	81	125
	65,917	57,165	87	284

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Fixed deposits with licensed banks	71,865	27,186	-	-
Cash and bank balances	287,762	243,447	2,751	40
Cash and cash equivalents in the statements of financial position	359,627	270,633	2,751	40
Less: Pledged deposits	(18,328)	(15,254)	-	-
Bank overdrafts	(667)	(1,311)	-	-
Cash and cash equivalents in the statements of cash flows	340,632	254,068	2,751	40

Included in fixed deposits of the Group are amounts of RM18,328,000 (2019: RM15,254,000) pledged to banks to secure banking facilities granted to the subsidiaries.

Fixed deposits of the subsidiaries amounting to RM14,843,000 (2019: RM16,159,000) are registered in the name of certain Directors held in trust for the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

11. CAPITAL AND RESERVES

Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2020 RM'000	2019 RM'000	2020 '000	2019 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares:				
At 1 April	1,338,445	1,242,789	1,204,371	1,147,020
Issued for cash under private placements (Note 11.1)	-	95,656	-	57,351
At 31 March	1,338,445	1,338,445	1,204,371	1,204,371

11.1 The shares issued under private placement in prior year were net of share issue expenses of RM1,267,000 and rank pari passu in all respects with the existing ordinary shares of the Company.

Reserves

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Distributable				
Retained earnings	432,276	396,033	26,258	39,697
Non-distributable				
Exchange fluctuation reserve	644	59	-	-
Reverse accounting reserve	(1,104,436)	(1,104,436)	-	-
	(671,516)	(708,344)	26,258	39,697

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 comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

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 affect the business combinations of IMS Group.

12. Loans and borrowings

	Group	
	2020 RM'000	2019 RM'000
Secured		
Non-current		
Hire purchase liabilities	54,927	-
Finance lease liabilities	-	42,800
Term loans	54,630	59,062
	109,557	101,862
Current		
Hire purchase liabilities	31,554	-
Finance lease liabilities	-	31,537
Term loans	4,172	2,826
Bankers' acceptances	214,831	219,257
Supply chain financing	97,950	-
Revolving credits	5,000	5,000
Bank overdrafts	667	1,311
	354,174	259,931
	463,731	361,793

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 of the Group, shall not exceed 1.0 time;
ii) gearing ratio of the subsidiary shall not exceed 1.5 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.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

12. LOANS AND BORROWINGS *cont'd*

Finance lease liabilities

Finance lease liabilities were payable as follows:

	2019		
	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
Between one and five years	45,636	2,836	42,800
	80,576	6,239	74,337

13. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group						
Property, plant and equipment	-	-	(15,514)	(12,767)	(15,514)	(12,767)
Right-of-use assets	-	-	(1,974)	-	(1,974)	-
Inventories	577	327	-	-	577	327
Contract assets	-	-	(1,575)	(1,715)	(1,575)	(1,715)
Trade receivables	50	39	-	-	50	39
Lease liabilities	2,009	-	-	-	2,009	-
Provisions	229	316	-	-	229	316
Unrealised exchange differences	1,760	-	-	(410)	1,760	(410)
	4,625	682	(19,063)	(14,892)	(14,438)	(14,210)
Set off of tax	(4,625)	(682)	4,625	682	-	-
Net tax liabilities	-	-	(14,438)	(14,210)	(14,438)	(14,210)

Unrecognised deferred tax assets

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

	Group	
	2020 RM'000	2019 RM'000
Deductible temporary differences	136	986
Unabsorbed capital allowances	706	5,026
Unutilised tax losses	9,586	8,854
Unutilised reinvestment allowances	-	527
	10,428	15,393

13. DEFERRED TAX LIABILITIES *cont'd*

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 therefrom.

The comparative figures have been restated to reflect the revised tax losses carry-forward, capital allowances carry-forward and other temporary differences available to the Group.

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

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

	Group	
	2020 RM'000	2019 RM'000
2025	7,423	8,624
2026	757	757
2027	1,406	-
	9,586	9,381

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

Movements in temporary differences during the year are as follows:

	At 1 April 2018 RM'000	Recognised in profit or loss (Note 17) RM'000	At 31 March 2019 RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1 April 2019 RM'000	Recognised in profit or loss (Note 17) RM'000	At 31 March 2020 RM'000
Group							
Property, plant and equipment	10,528	2,239	12,767	-	12,767	2,747	15,514
Right-of-use assets	-	-	-	3,037	3,037	(1,063)	1,974
Inventories	(596)	269	(327)	-	(327)	(250)	(577)
Contract assets	943	772	1,715	-	1,715	(140)	1,575
Trade receivables	(13)	(26)	(39)	-	(39)	(11)	(50)
Lease liabilities	-	-	-	(3,164)	(3,164)	1,155	(2,009)
Provisions	(616)	300	(316)	-	(316)	87	(229)
Unrealised exchange differences	(1,231)	1,641	410	-	410	(2,170)	(1,760)
Unutilised reinvestment allowances	(2,489)	2,489	-	-	-	-	-
	6,526	7,684	14,210	(127)	14,083	355	14,438

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables	643,161	534,286	-	-
Other payables and accrued expenses	109,684	99,726	333	434
Due to subsidiaries - non-trade	-	-	-	410
	752,845	634,012	333	844

Included in trade payables of the Group are RM62,499,000 (2019: RM33,816,000) due to companies in which certain Directors have substantial financial interests.

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment creditors	23,681	18,502	-	-
Due to Directors	312	312	150	150
Due to companies in which certain Directors have substantial financial interests	-	124	-	-
Other payables and accrued expenses	85,691	80,788	183	284
	109,684	99,726	333	434

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

15. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers				
- Over time	3,352,243	2,908,560	-	-
Other revenue				
- Dividend income	-	-	27,180	45,220
	3,352,243	2,908,560	27,180	45,220

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 over time 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.

The revenue from contracts with customers of the Group are not subject to variable element in the consideration, obligation for returns or refunds and warranty.

16. FINANCE COSTS

	Group 2020 RM'000	Group 2019 RM'000
Interest expense of financial liabilities that are not at fair value through profit of loss	17,598	12,303
Interest expenses on lease liabilities	547	-
	18,145	12,303

17. TAX EXPENSE

Recognised in profit or loss

Major components of income tax expense include:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Current tax expense				
- Current year	28,193	33,555	19	-
- Prior years	1,980	(1,681)	12	-
	30,173	31,874	31	-
Deferred tax expense				
- Origination and reversal of temporary differences	92	4,215	-	-
- Under provision in prior years	263	3,469	-	-
	355	7,684	-	-
	30,528	39,558	31	-
Reconciliation of tax expense				
Profit before tax	106,798	152,499	26,216	44,558
Income tax calculated using Malaysian tax rate of 24%	25,632	36,600	6,292	10,694
Non-deductible expenses	2,593	712	250	159
Non-taxable income	(222)	(20)	(6,523)	(10,853)
Effect of unrecognised deferred tax assets	282	478	-	-
	28,285	37,770	19	-
Under provision in prior years	2,243	1,788	12	-
Tax expense	30,528	39,558	31	-

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

18. PROFIT FOR THE YEAR

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Profit for the year is arrived at after charging/(crediting)					
Auditor's remuneration:					
- Audit fees:					
- KPMG PLT		306	316	75	77
- Other auditors		53	60	-	-
- Non-audit fees:					
- KPMG PLT		11	8	8	8
- Local affiliates of KPMG PLT		45	49	5	5
- Other auditors		35	33	-	-
Bad debts written off		-	367	-	-
Depreciation of property, plant and equipment		33,266	25,338	-	-
Depreciation of right-of-use assets		3,238	-	-	-
Expenses relating to short-term leases	a	16,049	-	-	-
Personnel expenses (including key management personnel):					
- Contribution to state plans		10,776	8,316	-	-
- Wages, salaries and others		304,957	266,372	300	300
Net foreign exchange loss/(gain)		412	(2,225)	-	-
Lease income		(2,040)	-	-	-
Rental of:					
- Land and buildings		-	14,710	-	-
- Plant and equipment		-	1,246	-	-
Gain arising from lease modification		(495)	-	-	-
Property, plant and equipment:					
- Written off		-	6	-	-
- Gain on disposal		(14)	(328)	-	-
Inventories:					
- Provision/(Reversal) of slow moving		930	(1,811)	-	-
- Write-down to net realisable value		417	133	-	-
Impairment loss/(Reversal of impairment loss) on:					
- Trade receivables		117	(68)	-	-
- Other receivables		205	-	158	-

Note a

The Group leases factories, hostels and forklift equipment with contract terms of not more than 1 year. These leases are short-term item in nature. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

19. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2020 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group 2020 RM'000	Group 2019 RM'000
Profit for the year attributable to owners	76,270	112,941

Weighted average number of ordinary shares are determined as follows:

	Group 2020 '000	Group 2019 '000
Weighted average number of ordinary shares at 31 March	1,204,371	1,148,591
Basic earnings per ordinary share (sen)	6.33	9.83

Diluted earnings per ordinary share

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

20. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2020			
Final dividend 2019	3.29	39,624	27 September 2019

After the end of the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial period.

	Sen per share	Total amount RM'000
Final dividend 2020	2.00	24,057

The final dividend will be recognised in the subsequent financial period upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

NOTES TO THE FINANCIAL STATEMENTS

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21. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Acquisition of property, plant and equipment represent:

	Group 2020 RM'000	Group 2019 RM'000
Current year's additions of property, plant and equipment	73,785	113,019
Less: Amount financed by hire purchase/finance lease	(32,095)	(66,020)
Less: Balances in respect of acquisition of property, plant and equipment included in other creditors		
- at end of year	(23,681)	(18,502)
- at beginning of year	18,502	33,555
Cash used in acquisition of property, plant and equipment	36,511	62,052

22. DERIVATIVES FINANCIAL LIABILITIES

	2020 Nominal value RM'000	2020 Financial liabilities RM'000	2019 Nominal value RM'000	2019 Financial liabilities RM'000
Group				
Derivatives held for trading at fair value through profit or loss				
- Forward exchange contracts	15,429	-	21,907	-

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.

23. 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 2020 and 2019.

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
2020	
Customer A	2,949,185
2019	
Customer A	2,509,169

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

24. CAPITAL COMMITMENTS

	Group	
	2020 RM'000	2019 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	18,340	32,324

25. CONTINGENT LIABILITIES

	Company	
	2020 RM'000	2019 RM'000
Unsecured		
Corporate guarantees given to financial institutions for banking facilities of subsidiaries	433,175	312,359

26. FINANCIAL INSTRUMENTS

26.1 Categories of financial instruments

All financial assets and liabilities are categorised as amortised cost in accordance with the Group's and the Company's accounting policies as disclosed in Note 2(c).

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net gains/(losses) arising on:				
Financial assets at amortised cost	9,496	4,544	(67)	50
Financial liabilities at amortised cost	(18,010)	(11,852)	-	-
	(8,514)	(7,308)	(67)	50

26.3 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

26. FINANCIAL INSTRUMENTS *cont'd*

26.4 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.

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 84% (2019: 86%) 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.

26. FINANCIAL INSTRUMENTS *cont'd*

26.4 Credit risk *cont'd*

Trade receivables and contract assets *cont'd*

Recognition and measurement of impairment loss cont'd

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.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2020			
Current (not past due)	463,224	-	463,224
1 - 30 days past due	221,111	-	221,111
31 - 90 days past due	1,661	-	1,661
	685,996	-	685,996
Credit impaired			
More than 90 days past due	1,279	1,015	264
	687,275	1,015	686,260
Trade receivables	651,166	1,015	650,151
Contract assets	36,109	-	36,109
	687,275	1,015	686,260
2019			
Current (not past due)	636,224	-	636,224
1 - 30 days past due	86,056	-	86,056
31 - 90 days past due	2,605	-	2,605
	724,885	-	724,885
Credit impaired			
More than 90 days past due	2,160	1,195	965
	727,045	1,195	725,850
Trade receivables	682,830	1,195	681,635
Contract assets	44,215	-	44,215
	727,045	1,195	725,850

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

26. FINANCIAL INSTRUMENTS *cont'd*

26.4 Credit risk *cont'd*

Trade receivables and contract assets *cont'd*

Recognition and measurement of impairment loss cont'd

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

Group	Credit impaired/Total 2020 RM'000	2019 RM'000
Balance at 1 April	1,195	1,263
Net remeasurement of loss allowance	117	(68)
Amount written off	(297)	-
Balance at 31 March	1,015	1,195

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 RM433,175,000 (2019: RM312,359,000) 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.

26. FINANCIAL INSTRUMENTS *cont'd*

26.4 Credit risk *cont'd*

Inter-company balances *cont'd*

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.

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

	Gross carrying amount/ Net balance	
	2020 RM'000	2019 RM'000
Low credit risk	39,032	61,530

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

Risk management objectives, policies and processes for managing the risk

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

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

26. FINANCIAL INSTRUMENTS *cont'd*

26.4 Credit risk *cont'd*

Other receivables *cont'd*

Recognition and measurement of impairment loss

Generally, the Group and the Company consider other receivables have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when other receivables' financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the other receivables when they are receivable, the Group and the Company consider the other receivables to be in default when the other receivables are not able to pay when demanded. The Group and the Company consider other receivables to be credit impaired when:

- The other receivables are unlikely to repay its balance to the Group and the Company in full; and
- The other receivables are continuously loss making and are having a deficit shareholders' fund.

The Group and the Company determine the probability of default for these debtors individually using information available.

The following table provides information about the exposure to credit risk and ECLs for other receivables as at the end of the reporting period.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2020			
Low credit risk	28,993	-	28,993
Credit impaired	169	146	23
	29,162	146	29,016
2019			
Low credit risk	25,331	-	25,331
Credit impaired	122	99	23
	25,453	99	25,354

Company	Gross carrying amount/ Net balance 2020 RM'000	2019 RM'000
Low credit risk	5	158

26. FINANCIAL INSTRUMENTS *cont'd*

26.4 Credit risk *cont'd*

Other receivables *cont'd*

Recognition and measurement of impairment loss cont'd

The movements in the allowance for impairment in respect of other receivables during the financial year are shown below:

	2020 RM'000	2019 RM'000
Group		
At 1 April	99	99
Net remeasurement of loss allowance	205	-
Amount written off	(158)	-
At 31 March	146	99
Company		
At 1 April	-	-
Net remeasurement of loss allowance	158	-
Amount written off	(158)	-
At 31 March	-	-

26.5 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 maintain 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

26. FINANCIAL INSTRUMENTS *cont'd*

26.5 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/ Discount rate %	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							
2020							
Non-derivative financial liabilities							
Secured hire purchase liabilities	86,481	2.10 – 5.70	95,122	35,081	22,244	36,855	942
Secured term loans	58,802	4.55 – 6.92	75,417	5,344	5,292	15,732	49,049
Secured bankers' acceptances	214,831	2.98 – 4.39	214,831	214,831	-	-	-
Supply chain financing	97,950	-*	97,950	97,950	-	-	-
Secured revolving credits	5,000	5.11 – 6.01	5,000	5,000	-	-	-
Secured bank overdrafts	667	7.20	667	667	-	-	-
Lease liabilities	8,373	5.10	9,539	1,981	1,910	4,861	787
Trade and other payables	752,845	-	752,845	752,845	-	-	-
	1,224,949		1,251,371	1,113,699	29,446	57,448	50,778
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	-	-	15,429	(15,429)	-	-	-
Inflow	-	-	(15,429)	(15,429)	-	-	-
	1,224,949		1,251,371	1,113,699	29,446	57,448	50,778

* Interest is borne by the supplier.

26. FINANCIAL INSTRUMENTS *cont'd*

26.5 Liquidity risk *cont'd*

Maturity analysis cont'd

	Carrying amount RM'000	Contractual interest rate/coupon/ Discount rate %	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 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
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 bank overdrafts	1,311	7.95	1,311	1,311	-	-	-
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

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

26. FINANCIAL INSTRUMENTS *cont'd*

26.5 Liquidity risk *cont'd*

Maturity analysis cont'd

	Carrying amount RM'000	Contractual interest rate/coupon/ Discount rate %	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
Company							
2020							
Non-derivative financial liabilities							
Trade and other payables	333	-	333	333	-	-	-
Financial guarantees*	-	-	433,175	433,175	-	-	-
	333		433,508	433,508	-	-	-
2019							
Non-derivative financial liabilities							
Trade and other payables	844	-	844	844	-	-	-
Financial guarantees*	-	-	312,359	312,359	-	-	-
	844		313,203	313,203	-	-	-

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

26.6 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"), Chinese Yuan ("CNY") and Euro ("EUR").

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.

26. FINANCIAL INSTRUMENTS *cont'd*

26.6 Market risk *cont'd*

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**	**EUR RM'000**
Group					
2020					
Trade and other receivables	11,021	25	-	-	-
Cash and cash equivalents	19,849	15	-	-	-
Trade and other payables	(179,469)	(5,735)	(1,644)	(17,338)	(10,679)
	(148,599)	(5,695)	(1,644)	(17,338)	(10,679)
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)	-

Currency risk sensitivity analysis

A 10% (2019: 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.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

26. FINANCIAL INSTRUMENTS *cont'd*

26.6 Market risk *cont'd*

Currency risk *cont'd*

Currency risk sensitivity analysis cont'd

	Profit or loss	
	2020	2019
	RM'000	RM'000
Group		
USD	11,294	9,652
SGD	433	421
JPY	125	672
CNY	1,318	351
EUR	812	-
	13,982	11,096

A 10% (2019: 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.

Interest rate risk

The Group's fixed rate deposits, lease liabilities and its 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	
	2020	2019
	RM'000	RM'000
Fixed rate instruments		
Financial assets	71,865	27,186
Financial liabilities	(314,685)	(298,594)
	(242,820)	(271,408)
Floating rate instruments		
Financial liabilities	(59,469)	(63,199)

26. FINANCIAL INSTRUMENTS *cont'd*

26.6 Market risk *cont'd*

Interest rate risk *cont'd*

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 RM452,000 (2019: RM480,000). This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

26.7 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.

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments not carried at fair value Level 3/Total RM'000	Carrying amount RM'000
Group		
2020		
Financial liabilities		
Hire purchase liabilities	(86,841)	(86,481)
2019		
Financial liabilities		
Finance lease liabilities	(75,960)	(74,337)

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

26. FINANCIAL INSTRUMENTS *cont'd*

26.7 Fair value information *cont'd*

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
Hire purchase liabilities/ Finance lease liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting date.

27. 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.

The debt-to-equity ratios at 31 March 2020 and at 31 March 2019 were as follows:

	2020 RM'000	2019 RM'000
Total loans and borrowings (Note 12)	463,731	361,793
Lease liabilities	8,373	-
Less: Cash and cash equivalents (Note 10)	(359,627)	(270,633)
Net debt	112,477	91,160
Total equity attributable to owners of the Company less goodwill	590,515	553,687
Debt-to-equity ratio	0.19	0.16

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.

The Group is also required to maintain a maximum debt-to-equity ratio of 1 to comply with bank covenants, failing which, the bank may call an event of default. The Group has complied with this covenant.

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

28. 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 14.

		Group	
		2020	**2019**
		RM'000	**RM'000**
A.	**Companies in which the Directors of the Company have substantial financial interest**		
	Sales	15,421	2,148
	Purchases	428,894	69,348
	Lease income	2,040	-
	Transportation charges	583	503
	Labour charges	61	1,610
B.	**Key management personnel**		
	Directors		
	- Remuneration	8,139	8,653
	- Contribution to state plans	877	940
	Total short-term employee benefits	9,016	9,593
	Other key management personnel		
	- Wages, salaries and others	4,217	3,747
	- Contributions to state plans	504	446
		4,721	4,193
		13,737	13,786

NOTES TO THE FINANCIAL STATEMENTS
CONT'D

28. RELATED PARTIES *cont'd*

Significant related party transactions *cont'd*

	Company 2020 RM'000	Company 2019 RM'000
A. Subsidiaries		
Dividend receivable	27,180	45,220
B. Key management personnel		
Directors		
- Remuneration	300	300

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.

29. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group adopted MFRS 16, *Leases*.

As a lessee

Where the Group is a lessee, the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 April 2019.

At 1 April 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measure at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 April 2019. The weighted-average rate applied is 5.1%. Right-of-use assets are measured at their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 April 2019.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 April 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Hire purchase arrangements previously classified as finance lease liabilities under MFRS 117 are now classified as hire purchase liabilities at 1 April 2019.

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

Impacts on financial statements

Since the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 April 2019, there are no adjustments made to the prior period presented.

The following table explains the difference between the operating lease commitments applying MFRS 117 at 31 March 2019, and lease liabilities recognised in the statement of financial position at 1 April 2019.

	RM'000
Operating lease commitments at 31 March 2019	15,132
Discounted using the incremental borrowing rate at 1 April 2019/ Lease liabilities recognised at 1 April 2019	13,183

30. SUBSEQUENT EVENT

On 23 July 2020, the Company repurchased from the open market a total of 1,507,400 of its issued ordinary shares with an average repurchase price of RM1.26 per ordinary share.

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 113 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 2020 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: 18 August 2020

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 113 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 18 August 2020.

Loh Choo Shien

Before me:

Lau Lay Sung
Commissioner For Oaths
J-246

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ATA IMS BERHAD

REGISTRATION NUMBER: 198901012846 (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 2020 of the Group and of the Company, 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 113.

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 2020, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("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 6 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

REGISTRATION NUMBER: 198901012846 (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.

Impairment on investment in subsidiaries - Company

Refer to Note 2(j)(ii) - Significant accounting policies: Impairment - other assets and Note 5 Investments in subsidiaries.

The key audit matter

As at 31 March 2020, the carrying amount of the investments in subsidiaries of the Company, namely in IMS Group amounted to RM1,276 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 significance of the carrying amount of investments in IMS Group and 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 Company 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 Company'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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ATA IMS BERHAD

REGISTRATION NUMBER: 198901012846 (190155-M) (INCORPORATED IN MALAYSIA)

CONT'D

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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ATA IMS BERHAD

REGISTRATION NUMBER: 198901012846 (190155-M) (INCORPORATED IN MALAYSIA)

CONT'D

Auditors' Responsibilities for the Audit of the Financial Statements *cont'd*

- 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, actions taken to eliminate threats or safeguards applied.

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.

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 5 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: 18 August 2020

ANALYSIS OF SECURITIES
AS AT 30 JULY 2020

ORDINARY SHARE AS AT 30 JULY 2020

Total Number of Issued Capital : 1,204,370,999 (including 1,507,400 shares held as treasury shares)
Class of Shares : Ordinary Shares
Voting Rights : One Vote Per Ordinary Share

DISTRIBUTION OF SHAREHOLDING AS AT 30 JULY 2020

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	795	13,604	34,097	0.003
100 - 1,000	3,577	61.208	1,414,529	0.118
1,001 - 10,000	875	14,973	3,132,999	0.260
10,001 - 100,000	363	6.211	12,577,527	1.046
100,001 – 60,218,550 (*)	231	3,953	377,049,499	31.346
60,218,551 and above (**)	3	0.051	808,654,948	67.227
TOTAL	**5,844**	**100.00**	**1,202,863,599^**	**100.00**

*REMARKS : * Less than 5% of issued shares*
*** 5% and above of issued shares*
^ Excluding a total of 1,507,400 shares bought back by the Company and retained as treasury shares.

DIRECTORS' SHAREHOLDINGS AS AT 30 JULY 2020

	No. of Shares Held			
DIRECTOR	Direct Interest	%	Indirect Interest	%
DATO' SRI FOO CHEE JUAN	-	-	406,896,307*	33.827
DATO' FONG CHIU WAN	314,066,157	26.110	-	-
BALACHANDRAN A/L GOVINDASAMY	8,523,200	0.709	86,005,134^	7.150
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 30 JULY 2020

	No. of Shares Held			
SUBSTANTIAL SHAREHOLDERS	Direct Interest	%	Indirect Interest	%
OREGON TECHNOLOGY SDN BHD	406,896,307	33.827	-	-
DATO' SRI FOO CHEE JUAN	-	-	406,896,307*	33.827
DATO' FONG CHIU WAN	314,066,157	26.110	-	-
CITIGROUP NOMINEES (ASING) SDN BHD - EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED	87,692,484	7.290	-	-
BALACHANDRAN A/L GOVINDASAMY	8,523,200	0.709	86,005,134^	7.150

*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 30 JULY 2020

CONT'D

TOP THIRTY SHAREHOLDERS AS AT 30 JULY 2020

No.	Shareholders	Number of Shares Held	%
1.	OREGON TECHNOLOGY SDN BHD	406,896,307	33.827
2.	FONG CHIU WAN	314,066,157	26.110
3.	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED*	87,692,484	7.290
4.	KENANGA NOMINEES (ASING) SDN BHD *EXEMPT AN FOR PHILLIP SECURITIES PTE LTD*	28,040,400	2.331
5.	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CITIBANK NEW YORK*	21,325,400	1.773
6.	HONG LEONG ASSURANCE BERHAD *AS BENEFICIAL OWNER (LIFE PAR)*	11,545,700	0.960
7.	CARTABAN NOMINEES (ASING) SDN BHD *BBH (LUX) SCA FOR FIDELITY FUNDS ASEAN*	10,884,500	0.905
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD*	10,846,400	0.902
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)*	10,656,600	0.886
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)*	9,271,300	0.771
11.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *BALACHANDRAN A/L GOVINDASAMY*	8,523,200	0.709
12.	CARTABAN NOMINEES (TEMPATAN) SDN BHD *RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT SHARIAH PROGRESSFUND*	8,511,400	0.708
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD*	8,460,900	0.703
14.	CARTABAN NOMINEES (TEMPATAN) SDN BHD *PAMB FOR PRULINK EQUITY FUND*	7,723,400	0.642
15.	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND*	7,061,200	0.587
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)*	7,048,900	0.586
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)*	6,983,200	0.581
18.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)*	6,776,600	0.563
19.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (NIAM EQ)*	6,662,000	0.554
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *MAYBANK TRUSTEES BERHAD FOR SAHAM AMANAH SABAH*	6,409,600	0.533

ANALYSIS OF SECURITIES
AS AT 30 JULY 2020
CONT'D

TOP THIRTY SHAREHOLDERS AS AT 30 JULY 2020 *cont'd*

No.	Shareholders	Number of Shares Held	%
21.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (ABERISLAMIC)*	6,368,200	0.529
22.	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD*	6,098,700	0.507
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)*	5,958,500	0.495
24.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)*	5,278,200	0.439
25.	CARTABAN NOMINEES (TEMPATAN) SDN BHD *TMF TRUSTEES MALAYSIA BERHAD FOR AFFIN HWANG WHOLESALE EQUITY FUND*	4,959,500	0.412
26.	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL*	4,862,900	0.404
27.	LEE FOOK YUEN	4,614,300	0.384
28.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD *EXEMPT AN FOR DEUTSCHE BANK AG SINGAPORE(MAYBANK SG PWM)*	4,000,000	0.333
29.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM EQUITY FUND)*	3,911,400	0.325
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AIIMAN IS EQ)*	3,777,300	0.314
	Total	1,035,214,648	86.063

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	23	18,035	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	24	23,456	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	21		
4)	HSD187267 PTD62919 Mukim of Tebrau, District of Johor Bahru	No.15, Jalan Bayu, Tampoi, 81200 Johor Bahru, Johor	Freehold	2 Storey detached factory with office	1.2 acres/ 5,911m^2	22	7,298	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 detached factory with office	1 acre/ 3,351m^2	24	3,153	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 detached factory with office	1 acre/ 3,308m^2	24	2,925	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 detached factory with office	1.55 acres/ 17,516m^2	22	15,916	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 detached factory with office	1.43 acres/ 10,854m^2	2	20,768	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	20	25,973	15 May 2019

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE THIRTY FIRST (31st) ANNUAL GENERAL MEETING OF **ATA IMS BERHAD** WILL BE HELD AT THE CONFERENCE ROOM, NO. 6, JALAN DEWANI 1, KAWASAN PERINDUSTRIAN TEMENGGONG, 81100 JOHOR BAHRU ON WEDNESDAY, 23 SEPTEMBER 2020 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 2020 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 2021. *Resolution 1*

3. To re-elect the following retiring Directors in accordance with the Company's Constitution:-

   (i) Dato' Sri Foo Chee Juan - Clause 76(3) *Resolution 2*
   (ii) Mr. Lee Kok Jong - Clause 76(3) *Resolution 3*

4. To approve the payment of a single tier final dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 March 2020. *Resolution 4*

5. To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 5*

Special Business
To consider and if thought fit, to pass the following Ordinary Resolutions:

6. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 and 76 OF THE COMPANIES ACT 2016** *Resolution 6*

   "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."

7. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK ("PROPOSED SHARE BUY-BACK")** *Resolution 7*

   "THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

   (a) the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and

   (b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase.

   ("Proposed Share Buy-Back")

NOTICE OF ANNUAL GENERAL MEETING
CONT'D

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

i. the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting; the authority is renewed, either unconditionally or subject to conditions;

ii. the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or

iii. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable law, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities of the time being in force:

i. To cancel all or part of the Purchased Shares;
ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
iv. To resell all or part of the treasury shares;
v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
vi. To transfer all or part of the treasury shares as purchase consideration;
vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe; and/or
viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities of the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depository) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities.

8. **PROPOSED RENEWAL OF 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** *Resolution 8*

"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 25 August 2020 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 a general meeting;

whichever is the earlier;"

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) (SSM Practicing Certificate No. 202008000285)
WONG CHEE YIN (f)
(MAICSA 7023530) (SSM Practicing Certificate No. 202008001953)

Company Secretaries
Johor Bahru

Dated: 25 August 2020

Notes:

1. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 14 September 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her behalf.*

2. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in its place. A proxy may but need not be a member of the Company.*

3. *A member of the Company who is entitled to attend and vote at this General Meeting may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at this General Meeting.*

4. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of Bursa Securities.*

5. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

6. *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.*

7. *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.*

8. *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.*

9. *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.*

NOTICE OF ANNUAL GENERAL MEETING
CONT'D

10. *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

Dato' Sri Foo Chee Juan and Mr. Lee Kok Jong are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 31st 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 2020 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 not issued any shares under the mandate granted to the Directors at the last Annual General Meeting of the Company held on 27 August 2019 and which will lapse at the conclusion of the 31st Annual General Meeting of the Company.

(iv) Ordinary Resolution No. 7
- Proposed Share Buy-Back

The proposed Resolution, if passed, will enable the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the total number of issued shares of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next annual general meeting of the Company.

The details of this proposed Resolution are set out in Part B of the Statement to the Shareholders of the Company dated 25 August 2020 which is dispatched together with the Company's Annual report 2020.

(v) Ordinary Resolution No.8
- Proposed Renewal of 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.

NOTICE OF ANNUAL GENERAL MEETING
CONT'D

CLOSURE OF BOOKS

To determine shareholders' entitlement to the dividend payment, if approved at the 31st Annual General Meeting of the Company, the Share transfer books and Register of Members will be closed on 12 October 2020.

The dividend, if approved, will be paid on 28 October 2020 to shareholders whose names appear in the Register of Members and Record of Depositors at the close of business on 12 October 2020.

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 12 October 2020 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 Thirty First (31st) Annual General Meeting of ATA IMS Berhad will be held at the Conference Room, No.6, Jalan Dewani 1, Kawasan Perindustrian Temenggong, 81100 Johor Bahru, Johor on Wednesday, 23 September 2020 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 Thirty First (31st) Annual General Meeting of the Company as follows:

Name of Director	Clause
Dato' Sri Foo Chee Juan	76(3)
Mr. Lee Kok Jong	76(3)

Details of the director who is standing for re-election and his 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 34 of the Annual Report.

The place, date and hour of the Board Meeting were as follows:

Date	Time	Place
28 May 2019	12:25 p.m.	Conference Room, No. 6 Jalan Dewani 1, Kawasan Perindustrian Temenggong, 81100, Johor Bahru, Johor.
5 July 2019	2:50 p.m.	Conference Room, No. 6 Jalan Dewani 1, Kawasan Perindustrian Temenggong, 81100, Johor Bahru, Johor.
27 August 2019	11:40 a.m.	Conference Room, No. 6 Jalan Dewani 1, Kawasan Perindustrian Temenggong, 81100, Johor Bahru, Johor.
21 November 2019	11:20 a.m.	Conference Room, No. 6 Jalan Dewani 1, Kawasan Perindustrian Temenggong, 81100, Johor Bahru, Johor.
26 February 2020	1:00 p.m.	Conference Room, No. 6 Jalan Dewani 1, Kawasan Perindustrian Temenggong, 81100, Johor Bahru, Johor.

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

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 Thirty First (31st) Annual General Meeting of the Company to be held at THE CONFERENCE ROOM, 6 JALAN DEWANI 1, KAWASAN PERINDUSTRIAN TEMENGGONG, 81100 JOHOR BAHRU, JOHOR on WEDNESDAY, 23 SEPTEMBER 2020 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		
RESOLUTION 8		

(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 ______________, 2020

No. of Shares Held	
CDS Account No.	

Signature of shareholder(s)
Contact No. :

Notes:

1. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 14 September 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her behalf.*
2. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in its place. A proxy may but need not be a member of the Company.*
3. *A member of the Company who is entitled to attend and vote at this General Meeting may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at this General Meeting.*
4. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of Bursa Securities.*
5. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
6. *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.*
7. *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.*
8. *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
Registration No. 198901012846 (190155-M)

Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru
Johor Darul Tak'zim

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ATA IMS BERHAD
Registration Number: 198901012846 (190155-M)

No. 6, Jalan Dewani 1, Kawasan Perindustrian Dewani,
81100, Johor Bahru, Johor.

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