

**ATA IMS Berhad**  
Registration Number: 198901012846 (190155-M)  
(Incorporated in Malaysia)  
**and its subsidiaries**

**Financial statements for the  
year ended 31 March 2022**

# ATA IMS Berhad

Registration Number: 198901012846 (190155-M)  
(Incorporated in Malaysia)

## and its subsidiaries

### Directors' report for the year ended 31 March 2022

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 2022.

### 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
Loss for the year attributable to:		
Owners of the Company	12,110	610,530
Non-controlling interests	41	--
	<u>12,151</u>	<u>610,530</u>

### 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 2021 as reported in the Directors' Report of that year:
  - a final dividend of 3.35 sen per ordinary share totalling RM40,295,931 declared on 3 August 2021 and paid on 28 October 2021.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

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## 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. Koh Win Ton  
Mr. Lee Kok Jong  
Ms. Elizabeth Shanti A/P Frank Louis (appointed on 17 December 2021)  
Mr. Dharma Rajah Nadarajah (appointed on 9 May 2022)  
Ms. Wong Chin Chin (resigned on 29 November 2021)  
Datuk Balachandran A/L Govindasamy (resigned on 31 December 2021)

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' 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:

Name of Directors	Interest	Number of ordinary shares			At 31 March 2022 '000
		At 1 April 2021 '000	Bought '000	Sold '000	
Company					
Dato' Sri Foo Chee Juan	Direct	--	1,290	--	1,290
	Deemed <sup>(1)</sup>	406,896	500	--	407,396
Dato' Fong Chiu Wan	Direct	314,066	2,000	--	316,066

<sup>(1)</sup> Deemed interested by virtue of his equity interest in Oregon Technology Sdn. Bhd..

By virtue of Dato' Sri Foo Chee Juan's and Dato' Fong Chiu Wan's substantial interests 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 2022 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 30 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**

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

## **Options granted over unissued shares**

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

## **Indemnity and insurance costs**

During the financial year, the total premium paid for insurance effected for Directors and officer of the Group and of the Company is RM28,175.

## **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.

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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, except for the impairment loss on property, plant and equipment of the Group and impairment loss on investments in certain subsidiaries due to the termination of Contract Manufacturing Agreement, Agreement for the Supply of Goods and Services and Framework Agreement for the Supply of Goods ("Contracts") with a major customer as disclosed in Notes 3 and 5 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 March 2022 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.

## Auditors

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

The auditors' remuneration is disclosed in Note 20 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: **22 JUL 2022**

**ATA IMS Berhad**

Registration Number: 198901012846 (190155-M)

(Incorporated in Malaysia)

**and its subsidiaries****Statements of financial position****As at 31 March 2022**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
<b>Assets</b>					
Property, plant and equipment	3	361,423	368,851	--	--
Right-of-use assets	4	926	6,908	--	--
Investments in subsidiaries	5	--	--	715,894	1,321,414
Goodwill on consolidation	6	76,414	76,414	--	--
<b>Total non-current assets</b>		<b>438,763</b>	<b>452,173</b>	<b>715,894</b>	<b>1,321,414</b>
Inventories	7	314,785	458,487	--	--
Contract assets	8	52,811	86,541	--	--
Trade and other receivables	9	433,148	984,553	13,217	58,327
Current tax assets		28,618	2,587	--	--
Derivative financial assets	10	--	213	--	--
Cash and cash equivalents	11	200,672	351,208	121	137
		1,030,034	1,883,589	13,338	58,464
Assets classified as held for sale	12	3,223	--	--	--
<b>Total current assets</b>		<b>1,033,257</b>	<b>1,883,589</b>	<b>13,338</b>	<b>58,464</b>
<b>Total assets</b>		<b>1,472,020</b>	<b>2,335,762</b>	<b>729,232</b>	<b>1,379,878</b>
<b>Equity</b>					
Share capital	13	1,338,445	1,338,445	1,338,445	1,338,445
Reserves	13	(599,867)	(547,749)	(609,627)	41,199
<b>Equity attributable to owners of the Company</b>		<b>738,578</b>	<b>790,696</b>	<b>728,818</b>	<b>1,379,644</b>
<b>Non-controlling interests</b>		<b>195</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total equity</b>		<b>738,773</b>	<b>790,696</b>	<b>728,818</b>	<b>1,379,644</b>
<b>Liabilities</b>					
Loans and borrowings	14	137,079	118,293	--	--
Lease liabilities		88	5,178	--	--
Deferred tax liabilities	15	11,091	19,436	--	--
<b>Total non-current liabilities</b>		<b>148,258</b>	<b>142,907</b>	<b>--</b>	<b>--</b>
Loans and borrowings	14	117,854	434,568	--	--
Lease liabilities		1,016	2,019	--	--
Trade and other payables	16	466,119	965,374	414	234
Contract liabilities	8	--	198	--	--
<b>Total current liabilities</b>		<b>584,989</b>	<b>1,402,159</b>	<b>414</b>	<b>234</b>
<b>Total liabilities</b>		<b>733,247</b>	<b>1,545,066</b>	<b>414</b>	<b>234</b>
<b>Total equity and liabilities</b>		<b>1,472,020</b>	<b>2,335,762</b>	<b>729,232</b>	<b>1,379,878</b>

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

**ATA IMS Berhad**

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**and its subsidiaries****Statements of profit or loss and other comprehensive income  
For the year ended 31 March 2022**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
Revenue	17	2,602,120	4,221,815	--	47,850
Cost of sales		(2,518,337)	(3,916,389)	--	--
<b>Gross profit</b>		<b>83,783</b>	<b>305,426</b>	<b>--</b>	<b>47,850</b>
Other income		8,323	9,201	--	--
Distribution expenses		(42,914)	(72,110)	--	--
Administrative expenses		(34,243)	(38,309)	(1,291)	(781)
Other expenses		(16,643)	(1,702)	(609,233)	(6,177)
<b>Results from operating activities</b>		<b>(1,694)</b>	<b>202,506</b>	<b>(610,524)</b>	<b>40,892</b>
Finance income		4,699	7,302	1	27
Finance costs	18	(16,568)	(17,770)	--	--
<b>Net finance (costs)/income</b>		<b>(11,869)</b>	<b>(10,468)</b>	<b>1</b>	<b>27</b>
<b>(Loss)/Profit before tax</b>		<b>(13,563)</b>	<b>192,038</b>	<b>(610,523)</b>	<b>40,919</b>
Tax credit/(expense)	19	1,412	(41,738)	(7)	(24)
<b>(Loss)/Profit for the year</b>	20	<b>(12,151)</b>	<b>150,300</b>	<b>(610,530)</b>	<b>40,895</b>
<b>Other comprehensive income/ (expense), net of tax</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operation/ Other comprehensive income/ (expense) for the year, net of tax		288	(579)	--	--
<b>Total comprehensive (expense)/ income for the year</b>		<b>(11,863)</b>	<b>149,721</b>	<b>(610,530)</b>	<b>40,895</b>
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(12,110)	150,300	(610,530)	40,895
Non-controlling interest		(41)	--	--	--
<b>(Loss)/Profit for the year</b>		<b>(12,151)</b>	<b>150,300</b>	<b>(610,530)</b>	<b>40,895</b>
<b>Total comprehensive (expense)/ income attributable to:</b>					
Owners of the Company		(11,822)	149,721	(610,530)	40,895
Non-controlling interest		(41)	--	--	--
<b>Total comprehensive (expense)/ income for the year</b>		<b>(11,863)</b>	<b>149,721</b>	<b>(610,530)</b>	<b>40,895</b>
Basic (loss)/earnings per ordinary share (sen)	21	(1.01)	12.49		

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

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**Consolidated statement of changes in equity**  
**For the year ended 31 March 2022**

	Note	Attributable to owners of the Company					
		Share capital RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Reverse accounting reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>Group</b>							
<b>At 1 April 2020</b>		1,338,445	--	644	(1,104,436)	432,276	666,929
Foreign currency translation differences for foreign operation/ <b>Total other comprehensive expense for the year</b>		--	--	(579)	--	--	(579)
<b>Profit for the year</b>		--	--	--	--	150,300	150,300
<b>Total comprehensive (expense)/ income for the year</b>		--	--	(579)	--	150,300	149,721
<i>Contributions by and distributions to owners of the Company</i>							
Own shares acquired	13	--	(1,897)	--	--	--	(1,897)
Dividends to owners of the Company	22	--	--	--	--	(24,057)	(24,057)
<b>Total transactions with owners of the Company</b>		--	(1,897)	--	--	(24,057)	(25,954)
<b>At 31 March 2021</b>		1,338,445	(1,897)	65	(1,104,436)	558,519	790,696

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



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## Consolidated statement of changes in equity For the year ended 31 March 2022 (continued)

	Note	Attributable to owners of the Company					
		Non-distributable			Distributable		
		Share capital RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Reverse accounting reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>Group</b>							
<b>At 1 April 2021</b>		1,338,445	(1,897)	65	(1,104,436)	558,519	790,696
Foreign currency translation differences for foreign operation/ <b>Total other comprehensive income for the year</b>		--	--	288	--	--	288
Loss for the year		--	--	--	--	(12,110)	(12,110)
<b>Total comprehensive income/ (expense) for the year</b>							
<i>Contributions by and distributions to owners of the Company</i>							
Dividends to owners of the Company	22	--	--	--	--	(40,296)	(40,296)
<b>Total transactions with owners of the Company</b>							
Acquisition of a subsidiary	24	--	--	--	--	--	236
<b>At 31 March 2022</b>		1,338,445	(1,897)	353	(1,104,436)	506,113	738,773

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

**ATA IMS Berhad**

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**Statement of changes in equity**  
**For the year ended 31 March 2022**

		Attributable to owners of the Company			
		Non-distributable		Distributable	
				Retained	
				earnings/	
				Non-	
				Distributable	
				(Accumulated	
				losses)	
				RM'000	
					Total
					equity
					RM'000

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

**ATA IMS Berhad**

Registration Number: 198901012846 (190155-M)

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**and its subsidiaries****Statements of cash flows****For the year ended 31 March 2022**

	Note	Group 2022 RM'000	2021 RM'000	Company 2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>					
(Loss)/Profit before tax		(13,563)	192,038	(610,523)	40,919
Adjustments for:					
Bad debts written off		--	449	--	--
Depreciation:					
- Property, plant and equipment		47,988	39,213	--	--
- Right-of-use assets		2,019	3,377	--	--
Finance income		(4,699)	(7,302)	(1)	(27)
Finance costs	18	16,568	17,770	--	--
(Reversal of impairment loss)/					
Impairment loss on:					
- Trade receivables		(25)	(51)	--	--
- Amounts due from subsidiaries		--	--	3,233	4,039
- Investments in subsidiaries		--	--	606,000	2,138
- Goodwill		127	--	--	--
Property, plant and equipment:					
- (Gain)/Loss on disposal		(3,201)	54	--	--
- Impairment loss		12,000	--	--	--
Provision for restoration costs		1,100	--	--	--
Provision for litigation claims		2,700	--	--	--
Gain arising from lease modification		--	(2)	--	--
Unrealised gain on foreign exchange		(1,994)	(4,874)	--	--
Inventories:					
- Allowance for slow moving		9,277	506	--	--
- Write-down to net realisable value		343	96	--	--
Fair value gain on derivative instruments		--	(213)	--	--
<b>Operating profit/(loss) before changes in working capital</b>		68,640	241,061	(1,291)	47,069
Change in inventories		134,082	(89,907)	--	--
Change in contract assets		33,730	(50,432)	--	--
Change in trade and other receivables		551,830	(268,883)	41,877	(50,427)
Change in trade and other payables		(474,870)	202,132	180	(99)
Change in contract liabilities		(198)	64	--	--
Change in derivative financial assets		213	--	--	--
<b>Cash generated from/(used in) operations</b>		313,427	34,035	40,766	(3,457)
Dividend received		--	--	--	27,180
Interest received		--	--	1	27
Tax paid		(33,004)	(35,605)	(7)	(24)
<b>Net cash from/(used in) operating activities</b>		280,423	(1,570)	40,760	23,726

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

# **Statements of cash flows** **For the year ended 31 March 2022** (continued)

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	23	(57,451)	(9,705)	--	--
Acquisition of a subsidiary, net cash and cash equivalents acquired	24	(58)	--	--	--
Proceeds from disposal of property, plant and equipment		7,392	1,157	--	--
Change in pledged deposits		8,982	9,346	--	--
Increase in investment in subsidiaries		--	--	(480)	(386)
Interest received		4,699	7,302	--	--
<b>Net cash (used in)/from investing activities</b>		<b>(36,436)</b>	<b>8,100</b>	<b>(480)</b>	<b>(386)</b>
<b>Cash flows from financing activities</b>					
Repayment of term loans		(4,414)	(2,107)	--	--
(Repayment of)/Proceeds from bankers' acceptances		(223,666)	73,601	--	--
Repayment of supply chain financing		(78,644)	(19,306)	--	--
Proceeds from/(Repayment of) hire purchase liabilities		2,136	(39,504)	--	--
Repayment of lease liabilities		(2,130)	(3,234)	--	--
(Repayment of)/Proceeds from revolving credits		(23,000)	30,000	--	--
Dividends paid to owners of the Company		(40,296)	(24,057)	(40,296)	(24,057)
Repurchase of treasury shares		--	(1,897)	--	(1,897)
Interest paid		(16,568)	(17,770)	--	--
<b>Net cash used in financing activities</b>		<b>(386,582)</b>	<b>(4,274)</b>	<b>(40,296)</b>	<b>(25,954)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(142,595)</b>	<b>2,256</b>	<b>(16)</b>	<b>(2,614)</b>
Effect of exchange rate fluctuation on cash held		293	(662)	--	--
<b>Cash and cash equivalents at 1 April</b>		<b>342,226</b>	<b>340,632</b>	<b>137</b>	<b>2,751</b>
<b>Cash and cash equivalents at 31 March</b>	11	<b>199,924</b>	<b>342,226</b>	<b>121</b>	<b>137</b>

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

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**Statements of cash flows**  
**For the year ended 31 March 2022**  
 (continued)

**Cash outflows for leases as a lessee**

	Note	Group 2022 RM'000	2021 RM'000
<b>Included in net cash from operating activities</b>			
Payment relating to short-term leases	20	22,156	18,277
Covid-19 related rent concessions income	20	---	(30)
<b>Included in net cash from financing activities</b>			
Payment of lease liabilities		2,130	3,234
Interest paid in relation to lease liabilities	18	244	489
<b>Total cash outflows for leases</b>		<u>24,530</u>	<u>21,970</u>

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

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## Statements of cash flows For the year ended 31 March 2022 (continued)

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

Group	At 1 April 2021 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases RM'000	Acquisition of new hire purchase liabilities (Note 23) RM'000	Remeasure- ment of leases RM'000	Acquisition through business combination RM'000	At 31 March 2022 RM'000
Hire purchase liabilities	94,090	2,136	--	28,645	--	267	125,138
Term loans	56,695	(4,414)	--	--	--	--	52,281
Bankers' acceptances	288,432	(223,666)	--	--	--	--	64,766
Supply chain financing	78,644	(78,644)	--	--	--	--	--
Revolving credits	35,000	(23,000)	--	--	--	--	12,000
Lease liabilities	7,197	(2,130)	256	--	(4,219)	--	1,104
<b>Total liabilities from financing activities</b>	<b>560,058</b>	<b>(329,718)</b>	<b>256</b>	<b>28,645</b>	<b>(4,219)</b>	<b>267</b>	<b>255,289</b>

Group	At 1 April 2020 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases RM'000	Acquisition of new hire purchase liabilities (Note 23) RM'000	Derecognition of leases RM'000	At 31 March 2021 RM'000
Hire purchase liabilities	86,481	(39,504)	--	47,113	--	94,090
Term loans	58,802	(2,107)	--	--	--	56,695
Bankers' acceptances	214,831	73,601	--	--	--	288,432
Supply chain financing	97,950	(19,306)	--	--	--	78,644
Revolving credits	5,000	30,000	--	--	--	35,000
Lease liabilities	8,373	(3,234)	2,158	--	(100)	7,197
<b>Total liabilities from financing activities</b>	<b>471,437</b>	<b>39,450</b>	<b>2,158</b>	<b>47,113</b>	<b>(100)</b>	<b>560,058</b>

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

# ATA IMS Berhad

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## and its subsidiaries

### 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 Dewani  
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 2022 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 2022 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 22 JUL 2022.

## 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 2022***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*

**(a) Statement of compliance (continued)*****MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022 (continued)***

- 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 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred tax related to assets and liabilities arising from a Single Transaction*

***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 3.1 - Impairment loss on property, plant and equipment
- Note 4 - Extension options and incremental borrowing rate in relation to leases
- Note 5 - Impairment of investments in subsidiaries
- Note 6 - Goodwill on consolidation
- Note 28.4 - Measurement of expected credit loss ("ECL")

**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.

**(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.

**(a) Basis of consolidation (continued)****(ii) Business combinations (continued)**

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.

**(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.

**(a) Basis of consolidation (continued)****(iii) Reverse accounting (continued)***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.

**(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.

**(b) Foreign currency (continued)****(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.

**(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.

**(c) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement (continued)*****Financial assets (continued)***

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(k)(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(k)(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.

**(c) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement (continued)*****Financial assets (continued)*****(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(k)(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.

**(c) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement (continued)*****Financial liabilities (continued)******(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.

**(c) Financial instruments (continued)****(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.



**(d) Property, plant and equipment (continued)****(ii) Subsequent costs**

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

**(iii) Depreciation**

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

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****(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.

**(e) Leases (continued)****(i) Definition of a lease (continued)**

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.

**(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.

**(e) Leases (continued)****(ii) Recognition and initial measurement (continued)****(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.

**(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".

**(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) Non-current asset held for sale or distribution to owners**

Non-current assets that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

**(i) 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(k)(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.

**(j) 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.

**(k) Impairment****(i) Financial assets**

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt 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.

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.

**(k) Impairment (continued)****(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.

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.

**(l) Equity instruments**

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

**(i) Issue expenses**

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

**(ii) Ordinary shares**

Ordinary shares are classified as equity.

**(l) Equity instruments (continued)****(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.

**(m) 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.

**(n) 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.

**(n) Revenue and other income (continued)****(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.

**(v) Government grants**

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group or the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group or the Company for expenses incurred are recognised in profit or loss as deducted in related expense on a systematic basis in the same period in which the expenses are recognised.

**(o) 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.

**(p) 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.



**(p) Income tax (continued)**

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.

**(q) 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.

**(r) 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.

**(s) 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.

**(t) 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.

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### 3. Property, plant and equipment

Group	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
<b>At cost</b>							
At 1 April 2020	126,882	333,966	18,556	6,844	28,571	688	515,507
Additions	--	64,965	2,373	37	4,714	--	72,089
Disposals/Written off	--	(12,062)	(378)	(129)	(83)	--	(12,652)
Translation differences	--	92	3	--	6	--	101
At 31 March 2021/1 April 2021	126,882	386,961	20,554	6,752	33,208	688	575,045
Additions	--	52,756	2,478	666	3,625	--	59,525
Acquisition of a subsidiary (Note 24)	--	454	--	--	--	--	454
Disposals/Written off	--	(15,675)	(4)	--	(504)	--	(16,183)
Translation differences	--	(5)	(1)	--	--	--	(6)
Transfer to assets held for sale (Note 12)	--	(11,511)	--	--	--	--	(11,511)
At 31 March 2022	126,882	412,980	23,027	7,418	36,329	688	607,324
<b>Accumulated depreciation</b>							
At 1 April 2020	9,358	142,305	10,061	3,489	13,191	--	178,404
Depreciation charge	2,020	31,909	1,973	989	2,322	--	39,213
Disposals/Written off	--	(10,926)	(355)	(128)	(32)	--	(11,441)
Translation differences	--	16	1	--	1	--	18
At 31 March 2021/1 April 2021	11,378	163,304	11,680	4,350	15,482	--	206,194
Depreciation charge	2,020	39,957	2,316	964	2,731	--	47,988
Disposals/Written off	--	(11,831)	(1)	--	(160)	--	(11,992)
Translation differences	--	(1)	--	--	--	--	(1)
Transfer to asset held for sale (Note 12)	--	(8,288)	--	--	--	--	(8,288)
At 31 March 2022	13,398	183,141	13,995	5,314	18,053	--	233,901

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### 3. Property, plant and equipment (continued)

Group	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
<b>Accumulated impairment losses</b>							
At 1 April 2021	--	--	--	--	--	--	--
Impairment loss	--	6,791	535	--	4,674	--	12,000
At 31 March 2022	--	6,791	535	--	4,674	--	12,000
<b>Carrying amounts</b>							
At 1 April 2020	117,524	191,661	8,495	3,355	15,380	688	337,103
At 31 March 2021/1 April 2021	115,504	223,657	8,874	2,402	17,726	688	368,851
At 31 March 2022	113,484	223,048	8,497	2,104	13,602	688	361,423

### 3. Property, plant and equipment (continued)

#### 3.1 Impairment loss

During the year, due to the termination of Contracts with a major customer in one of the subsidiaries, the Group assessed the excess production capacity based on the revised business plan. The Group has assessed the recoverable amount based on both value-in-use and the fair value less costs of disposal methods.

The value-in-use of property, plant and equipment for continuing use is determined by discounting the future cash flows to be generated and based on the following key assumptions:

- (i) Cash flows were projected based on the longest useful life of the assets.
- (ii) Revenue for year 2023 was projected to reduce by approximately 86% and 29% in the first and second projection year respectively as compared to the preceding financial year and subsequently an anticipated annual revenue growth rate of 5%.
- (iii) Profit margins were estimated based on current economic condition.
- (iv) A pre-tax discount rate of 12% 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.

The recoverable value of the remaining assets amounted to RM101,000,000 are determined based on fair value less costs of disposal and the Group recognised an impairment loss of RM12,000,000 in the statement of profit or loss and other comprehensive income.

The fair value measurement is categorised as Level 3 fair value hierarchy.

#### 3.2 Carrying amounts of land and buildings

Included in the carrying amount of land and buildings are:

	Group	
	2022 RM'000	2021 RM'000
Land	39,463	39,463
Buildings	74,021	76,041
	<u>113,484</u>	<u>115,504</u>

#### 3.3 Land and buildings subject to operating lease

Certain land and buildings of the Group with carrying amounts of RM25,360,000 (2021: RM25,667,000) are leased to a company in which certain Directors have substantial financial interests.

The following are recognised in profit or loss:

	Group	
	2022 RM'000	2021 RM'000
Lease income	<u>2,040</u>	<u>2,040</u>

### 3. Property, plant and equipment (continued)

#### 3.4 Security

The land and buildings, plant and machineries of the Group with carrying amounts of RM115,584,000 (2021: RM117,603,000) are charged to licensed banks as securities for bank borrowings as disclosed in Note 14.

The net carrying amount of the assets pledged for hire purchase liabilities is RM131,438,000 (2021: RM143,676,000).

### 4. Right-of-use assets

	Land RM'000	Factories RM'000	Hostels RM'000	Total RM'000
<b>Group</b>				
At 1 April 2020	194	8,003	28	8,225
Addition	--	--	2,158	2,158
Depreciation	(116)	(1,573)	(1,688)	(3,377)
Derecognition*	--	--	(98)	(98)
At 31 March 2021/1 April 2021	78	6,430	400	6,908
Addition	256	--	--	256
Depreciation	(120)	(1,499)	(400)	(2,019)
Remeasurement**	--	(4,219)	--	(4,219)
At 31 March 2022	214	712	--	926

\* Derecognition of the right-of-use assets during 2021 was as a result of partial termination.

\*\* During the year, the Group reassess the lease term and determined that it was not reasonably certain to exercise the renewal option of certain factories. The Group revises the carrying amount of the right-of-use assets for the remeasurement of lease liability.

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.

#### 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. Right-of-use assets (continued)

### 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.

Group	Lease liabilities recognised (discounted) RM'000	Potential future lease payments not included in lease liabilities (discounted) RM'000	Historical rate of exercise of extension options %
<b>2022</b>			
Lease assets	<u>1,104</u>	<u>235</u>	<u>80</u>
<b>2021</b>			
Lease assets	<u>7,197</u>	<u>2,106</u>	<u>80</u>

## 5. Investments in subsidiaries

	Company	
	2022 RM'000	2021 RM'000
Cost of investments	1,253,595	1,253,115
Amount due from a subsidiary	<u>85,787</u>	<u>85,787</u>
	1,339,382	1,338,902
Less: Impairment losses	<u>(623,488)</u>	<u>(17,488)</u>
	<u>715,894</u>	<u>1,321,414</u>

Included in the carrying amount of cost of investments are investment in Integrated Manufacturing Solutions Sdn. Bhd. and its subsidiaries ("IMS Group") amounted to RM1,190,481,000 (2021: RM1,190,481,000).

The amount due from a subsidiary represents amount owing from ATA Industrial (M) Sdn. Bhd.. The amount is interest free, unsecured and no fixed term of repayment. 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.

The Company determines whether there is impairment on interests in subsidiaries when indicators of impairment were identified. The recoverable amount is estimated based on the higher of fair value less costs of disposal and the value in use. The Company is required to estimate the recoverable amount based on forecasting and discounting future cash flows which involves estimation uncertainties.

## 5. Investments in subsidiaries (continued)

The recoverable amount for IMS Group were based on its value in use, determined by discounting the future cash flows to be generated from the IMS Group 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 for year 2023 was projected to reduce by approximately 78% and 14% in the first and second projection year respectively as compared to the preceding financial year and subsequently an anticipated annual revenue growth rate of 5%.
- (iii) Profit margins were estimated based on current economic condition.
- (iv) A pre-tax discount rate of 13% was applied in determining the recoverable amount. The discount rate was estimated based on the industry's weighted average cost of capital.

During the financial year, the Company provided impairment loss of RM606,000,000 because the value in use is lower than the carrying amount of the investment in IMS Group.

In previous financial year, the Company provided impairment loss of RM2,138,000 because the investment cost of certain subsidiaries were deemed irrecoverable.

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	
			2022 %	2021 %
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



## 5. Investments in subsidiaries (continued)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2022 %	2021 %
Jabind Manufacturing India Private Limited*	India	Manufacturing of filter systems and other related products	100	100
ATA Industries Denmark ApS*	Denmark	Dormant	100	100
Zullick Metal Sdn. Bhd.*	Malaysia	Manufacturing of metal stamping	60	--
<b>Subsidiary of IMS</b>				
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

\* Not audited by KPMG PLT.

There is no disclosure for non-controlling interest in a subsidiary as the balance is not material to the Group.

## 6. Goodwill on consolidation

	Goodwill RM'000
<b>Group</b>	
<b>At cost</b>	
At 1 April 2020/31 March 2021	76,414
At 1 April 2021	76,414
Acquisition through business combination	127
At 31 March 2022	76,541
<b>Accumulated impairment loss</b>	
At 1 April 2021	--
Impairment loss	127
At 31 March 2022	127
<b>Carrying amounts</b>	
At 1 April 2020/31 March 2021	76,414
At 31 March 2022	76,414

## 6. Goodwill on consolidation (continued)

### 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 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 were allocated to the manufacture, assembly and sale of plastic injection moulded parts.

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 for year 2023 was projected to reduce by approximately 64% as compared to the current financial year and subsequently an anticipated annual revenue growth rate of 2% to 5%.
- (iii) Profit margins were estimated based on current economic condition.
- (iv) A pre-tax discount rate of 13% 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, the Group has identified that a reasonably possible change in the key assumptions for the projection years could cause the carrying amount of the CGU to exceed its recoverable amount. An approximate 0.9% decrease in revenue growth rate, 0.1% decrease in GP margin or 0.1% increase in discount rate for the projection years would have reduced the recoverable amount of the CGU to its carrying amount.

## 7. Inventories

	Group	
	2022 RM'000	2021 RM'000
Raw materials	262,531	320,613
Work-in-progress	40,216	115,654
Finished goods	12,038	22,220
	<u>314,785</u>	<u>458,487</u>
Recognised in profit or loss:		
- Inventories recognised as cost of sales	2,509,047	3,915,787
- Write-down to net realisable value	343	96
- Allowance for slow moving	<u>9,277</u>	<u>506</u>

The write-down and allowance for slow moving are included in cost of sales.

## 8. Contract with customers

	Group	
	2022 RM'000	2021 RM'000
Contract assets	<u>52,811</u>	<u>86,541</u>
Contract liabilities	<u>--</u>	<u>(198)</u>

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		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Trade</b>				
Trade receivables	<u>391,999</u>	<u>911,457</u>	<u>--</u>	<u>--</u>
<b>Non-trade</b>				
Other receivables, deposits and prepayments	<u>41,149</u>	<u>73,096</u>	<u>43</u>	<u>553</u>
Due from subsidiaries	<u>--</u>	<u>--</u>	<u>13,174</u>	<u>57,774</u>
	<u>41,149</u>	<u>73,096</u>	<u>13,217</u>	<u>58,327</u>
	<u>433,148</u>	<u>984,553</u>	<u>13,217</u>	<u>58,327</u>

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

Included in trade receivables of the Group are RM1,078,000 (2021: RM3,212,000) due from companies in which certain Directors have substantial financial interests.

Included in other receivables, deposits and prepayments are:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Due from companies in which certain Directors have substantial financial interests	887	869	--	--
Other receivables	15,050	30,836	--	--
Deposits	8,323	8,003	1	1
Prepayments	<u>16,889</u>	<u>33,388</u>	<u>42</u>	<u>552</u>
	<u>41,149</u>	<u>73,096</u>	<u>43</u>	<u>553</u>

## 10. Derivatives financial assets

	Nominal value RM'000	2021 Financial assets RM'000
<b>Group</b>		
Derivatives held for trading at fair value through profit or loss		
- Forward exchange contracts	<u>36,106</u>	<u>213</u>

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

## 11. Cash and cash equivalents

	<b>Group</b>		<b>Company</b>	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed deposits with licensed banks	9,648	97,141	--	--
Cash and bank balances	<u>191,024</u>	<u>254,067</u>	<u>121</u>	<u>137</u>
<b>Cash and cash equivalents in the statements of financial position</b>	200,672	351,208	121	137
Less: Pledged deposits	--	(8,982)	--	--
Bank overdrafts	<u>(748)</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Cash and cash equivalents in the statements of cash flows</b>	<u>199,924</u>	<u>342,226</u>	<u>121</u>	<u>137</u>

Included in fixed deposits of the Group are amounts of NIL (2021: RM8,982,000) pledged to banks to secure banking facilities granted to the subsidiaries.

Fixed deposits of the subsidiaries amounting to NIL (2021: RM8,345,000) were registered in the name of certain Directors held in trust for the subsidiaries.

## 12. Assets classified as held for sale

The Group is committed to dispose certain property, plant and equipment and the sale is expected to be completed by year 2022.

At 31 March 2022, the assets classified as held for sale comprise the following:

	Note	2022 RM'000
<b>Assets classified as held for sale</b>		
Property, plant and equipment	3	<u>3,223</u>

The carrying value of property, plant and equipment is the same as its carrying value before it was being reclassified to current asset.

### 13. Capital and reserves

#### Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2022 RM'000	2021 RM'000	2022 '000	2021 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares	<u>1,338,445</u>	<u>1,338,445</u>	<u>1,204,371</u>	<u>1,204,371</u>

#### Reserves

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Distributable</b>				
Retained earnings/				
<b>Non-distributable</b>				
(Accumulated losses)	506,113	558,519	(602,730)	43,096
<b>Non-distributable</b>				
Exchange fluctuation reserve	353	65	--	--
Reverse accounting reserve	(1,104,436)	(1,104,436)	--	--
Treasury shares	<u>(1,897)</u>	<u>(1,897)</u>	<u>(1,897)</u>	<u>(1,897)</u>
	<u>(599,867)</u>	<u>(547,749)</u>	<u>(604,627)</u>	<u>41,199</u>

#### 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.

#### Treasury shares

At the Annual General Meeting held on 23 September 2021, the shareholders of the Company renewed their approval for the Company to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

### 13. Capital and reserves (continued)

#### Treasury shares (continued)

In 2021, 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. The repurchase transactions were financed by internally generated funds and the repurchased shares are being held as treasury shares and carried at cost.

At 31 March 2022, a total of 1,507,400 repurchased shares were held as treasury shares. The number of outstanding shares in issue after the set off is 1,202,863,599.

Treasury shares have no rights to voting, dividends and participation in any other distribution. Treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, take-overs, notices, the requisition of meeting, the quorum for a meeting and the result of a vote on a resolution at a meeting.

### 14. Loans and borrowings

	Group	
	2022 RM'000	2021 RM'000
<b>Secured</b>		
<b>Non-current</b>		
Hire purchase liabilities	90,026	65,936
Term loans	47,053	52,357
	<u>137,079</u>	<u>118,293</u>
<b>Current</b>		
Hire purchase liabilities	35,112	28,154
Term loans	5,228	4,338
Bankers' acceptances	64,766	288,432
Supply chain financing	--	78,644
Revolving credits	12,000	35,000
Bank overdrafts	748	--
	<u>117,854</u>	<u>434,568</u>
	<u>254,933</u>	<u>552,861</u>

#### 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.

## 14. Loans and borrowings (continued)

### 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 2.0 times; and
- iii) dividend declared shall not exceed profit for the year.

#### WPI

- i) gearing ratio of the Group, shall not exceed 1.5 times; and
- ii) dividend declared shall not exceed 50% of profit for the year.

## 15. Deferred tax liabilities

### Recognised deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Group</b>						
Property, plant and equipment	--	--	(25,466)	(19,137)	(25,466)	(19,137)
Right-of-use assets	--	--	(222)	(1,658)	(222)	(1,658)
Inventories	1,208	1,056	--	--	1,208	1,056
Contract assets	--	--	(2,719)	(3,199)	(2,719)	(3,199)
Trade receivables	39	50	--	--	39	50
Lease liabilities	265	1,727	--	--	265	1,727
Provisions	2,501	1,217	--	--	2,501	1,217
Unabsorbed capital allowances	12,928	--	--	--	12,928	--
Unutilised tax losses	472	--	--	--	472	--
Unrealised exchange differences	--	508	(97)	--	(97)	508
	17,413	4,558	(28,504)	(23,994)	(11,091)	(19,436)
Set off of tax	(17,413)	(4,558)	17,413	4,558	--	--
Net tax liabilities	--	--	(11,091)	(19,436)	(11,091)	(19,436)

## 15. Deferred tax liabilities (continued)

### Unrecognised deferred tax assets

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

	Group	
	2022 RM'000	2021 RM'000
(Taxable)/Deductible temporary differences	(54)	491
Unabsorbed capital allowances	858	799
Unutilised tax losses	10,078	9,684
	<u>10,882</u>	<u>10,974</u>

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 deductible temporary differences available to the Group.

Pursuant to the Finance Act 2021, unutilised tax losses up to the year of assessment 2018 can be carried forward until year of assessment 2028 and unutilised tax losses for the year of assessment 2019 onwards can be carried forward up to 10 consecutive years of assessment immediately following that year of assessment.

In prior year, unutilised tax losses can only be carried forward up to 7 consecutive years of assessment.

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

	Group	
	2022 RM'000	2021 RM'000
2024	--	7,423
2025	--	757
2026	--	439
2027	--	919
2028	9,027	146
2029	439	--
2030	257	--
2031	355	--
	<u>10,078</u>	<u>9,684</u>

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



**15. Deferred tax liabilities (continued)**

Movements in temporary differences during the year are as follows:

Group	At 1 April 2020 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31 March 2021/ 1 April 2021 RM'000	Recognised in profit or loss (Note 19) RM'000	Arising from business combina- -tion (Note 24) RM'000	At 31 March 2022 RM'000
Property, plant and equipment	15,514	3,623	19,137	6,319	10	25,466
Right-of-use assets	1,974	(316)	1,658	(1,436)	--	222
Inventories	(577)	(479)	(1,056)	(152)	--	(1,208)
Contract assets	1,575	1,624	3,199	(480)	--	2,719
Trade receivables	(50)	--	(50)	11	--	(39)
Lease liabilities	(2,009)	282	(1,727)	1,462	--	(265)
Provisions	(229)	(988)	(1,217)	(1,284)	--	(2,501)
Unabsorbed capital allowances	--	--	--	(12,928)	--	(12,928)
Unutilised tax losses	--	--	--	(472)	--	(472)
Unrealised exchange differences	(1,760)	1,252	(508)	605	--	97
	<u>14,438</u>	<u>4,998</u>	<u>19,436</u>	<u>(8,355)</u>	<u>10</u>	<u>11,091</u>

**16. Trade and other payables**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables	298,543	788,193	--	--
Other payables and accrued expenses	<u>167,576</u>	<u>177,181</u>	<u>414</u>	<u>234</u>
	<u>466,119</u>	<u>965,374</u>	<u>414</u>	<u>234</u>

Included in trade payables of the Group are RM71,134,000 (2021: RM193,662,000) due to companies in which certain Directors have substantial financial interests which is subject to normal trade terms.

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment creditors	12,381	38,952	--	--
Due to Directors	432	312	229	150
Due to companies in which certain Directors have substantial financial interests	165	2,058	--	--
Provision for restoration costs	1,100	--	--	--
Provision for litigation claims	2,700	--	--	--
Other payables and accrued expenses	<u>150,798</u>	<u>135,859</u>	<u>185</u>	<u>84</u>
	<u>167,576</u>	<u>177,181</u>	<u>414</u>	<u>234</u>

## 16. Trade and other payables (continued)

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

The provision for restoration costs relate to the estimated dismantling of the building improvements and installations as well as the restoration to the original state of leased factories.

## 17. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Revenue from contracts with customers</b>				
- Over time	2,602,120	4,221,815	--	--
<b>Other revenue</b>				
- Dividend income	--	--	--	47,850
	<u>2,602,120</u>	<u>4,221,815</u>	<u>--</u>	<u>47,850</u>

### 17.1 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	Warranty
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	Assurance warranties of 15 to 24 months are given to certain customers

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

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.

## 18. Finance costs

	Group	
	2022 RM'000	2021 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	16,324	17,281
Interest expenses on lease liabilities	244	489
	<u>16,568</u>	<u>17,770</u>

## 19. Tax (credit)/expense

### Recognised in profit or loss

Major components of income tax (credit)/expense include:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current tax expense</b>				
- Current year	11,577	39,712	7	22
- Prior years	(4,634)	(2,972)	--	2
	6,943	36,740	7	24
<b>Deferred tax (benefit)/expense</b>				
- Origination and reversal of temporary differences	(11,682)	5,390	--	--
- Under/(Over) provision in prior years	3,327	(392)	--	--
	(8,355)	4,998	--	--
	(1,412)	41,738	7	24
<b>Reconciliation of tax expense</b>				
(Loss)/Profit before tax	(13,563)	192,038	(605,523)	40,919
Income tax calculated using Malaysian tax rate of 24%	(3,255)	46,089	(145,326)	9,821
Non-deductible expenses	3,135	2,825	145,333	1,685
Non-taxable income	(7)	(8)	--	(11,484)
Utilisation of tax incentives	--	(3,925)	--	--
Effect of unrecognised deferred tax assets	22	121	--	--
	(105)	45,102	7	22
(Over)/Under provision in prior years	(1,307)	(3,364)	--	2
Tax (credit)/expense	(1,412)	41,738	7	24

**20. (Loss)/Profit for the year**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>(Loss)/Profit for the year is arrived at after charging/ (crediting)</b>					
Auditor's remuneration:					
- Audit fees:					
- KPMG PLT		296	296	65	65
- Other auditors		59	53	--	--
- Non-audit fees:					
- KPMG PLT		8	8	8	8
- Local affiliates of KPMG PLT		249	45	5	5
- Other auditors		39	37	--	--
Bad debts written off		--	449	--	--
Depreciation:					
- Property, plant and equipment		47,988	39,213	--	--
- Right-of-use assets		2,019	3,377	--	--
Expenses relating to short-term leases	a	22,156	18,277	--	--
Personnel expenses (including key management personnel):					
- Contribution to state plans		13,915	13,004	--	--
- Wages, salaries and others		266,802	367,649	229	300
Net foreign exchange gain		(4,783)	(22,319)	--	--
Lease income		(2,040)	(2,040)	--	--
Gain arising from lease modification		--	(2)	--	--
Covid-19 related rent concessions income	b	--	(30)	--	--
Property, plant and equipment:					
- (Gain)/Loss on disposal		(3,201)	54	--	--
- Impairment loss		12,000	--	--	--
Provision for restoration costs		1,100	--	--	--
Inventories:					
- Allowance for slow moving		9,277	506	--	--
- Write-down to net realisable value		343	96	--	--
Provision for litigation claims		2,700	--	--	--
(Reversal of impairment loss)/ Impairment loss on:					
- Trade receivables		(25)	(51)	--	--
- Amounts due from subsidiaries		--	--	3,233	4,039
- Investments in subsidiaries		--	--	606,000	2,138
- Goodwill		127	--	--	--
Fair value gain on derivative instruments		--	(213)	--	--
Wages subsidy from government	c	(2,956)	(2,563)	--	--

**20. (Loss)/Profit for the year (continued)****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.

**Note b**

In the prior year, the Group negotiated rent concessions with its landlords for its factory building lease as a result of the severe impact of the Covid-19 pandemic. The Group applied the practical expedient for Covid-19 related rent concessions consistently to eligible rent concessions relating to its factory building lease. Rent concessions income reflect the changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for Covid-19 related rent concessions.

**Note c**

The Group receives grants related to wage subsidy programme introduced by the government in response to the Covid-19 pandemic. The grants are recognised in profit or loss as a deduction against the related expense.

**21. (Loss)/Earnings per ordinary share****Basic (loss)/earnings per ordinary share**

The calculation of basic (loss)/earnings per ordinary share at 31 March 2022 was based on the (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
(Loss)/Profit for the year attributable to owners	<u>(12,110)</u>	<u>150,300</u>

Weighted average number of ordinary shares are determined as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares at 31 March	<u>1,202,864</u>	<u>1,203,330</u>
Basic (loss)/earnings per ordinary share (sen)	<u>(1.01)</u>	<u>12.49</u>

**Diluted (loss)/earnings per ordinary share**

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

## 22. Dividends

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000	Date of payment
<b>2022</b>			
Final dividend 2021	3.35	<u>40,296</u>	28 October 2021
<b>2021</b>			
Final dividend 2020	2.00	<u>24,057</u>	28 October 2020

After the end of the reporting period, the Directors do not recommend the payment of any final dividend in respect of current financial year.

## 23. Acquisition of property, plant and equipment

Acquisition of property, plant and equipment represent:

	Group	
	2022 RM'000	2021 RM'000
Current year's additions of property, plant and equipment	59,525	72,089
Less: Amount financed by hire purchase	(28,645)	(47,113)
Less: Balances in respect of acquisition of property, plant and equipment included in other creditors		
- at end of year	(12,381)	(38,952)
- at beginning of year	<u>38,952</u>	<u>23,681</u>
Cash used in acquisition of property, plant and equipment	<u>57,451</u>	<u>9,705</u>

## 24. Acquisition of a subsidiary

On 1 April 2021, the Group acquired 60% of shares in Zullick Metal Sdn. Bhd. for RM480,000, satisfied in cash. The company manufactures metal stamping. The acquisition of Zullick Metal Sdn. Bhd. was undertaken to expand the Group's business into metal stamping industry.

The consideration for the acquisition was determined in accordance with MFRS 3, Business Combinations on the basis of the fair value of Zullick Metal Sdn. Bhd. on the date of completion.

From the date of acquisition, accounting acquiree has contributed revenue of RM745,310 and net loss of RM60,774 to the Group.

## 24. Acquisition of a subsidiary (continued)

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

### Identifiable assets acquired and liabilities assumed

	2022 RM'000
Property, plant and equipment	454
Trade and other receivables	400
Cash and cash equivalents	422
Tax payable	(29)
Trade and other payables	(381)
Loans and borrowings	(267)
Deferred tax liabilities	(10)
<b>Net assets acquired</b>	<b>589</b>
Non-controlling interest	(236)
Goodwill on consolidation	127
Consideration effectively transferred	480
<b>Net cash outflow arising from acquisition:</b>	
Purchase consideration settled in cash and cash equivalents	(480)
Cash and cash equivalents acquired	422
	(58)

## 25. 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 for 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 2022 and 2021.

### 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
<b>2022</b>	
Customer A	1,851,199
<b>2021</b>	
Customer A	3,626,384

## 26. Capital commitments

	Group 2022 RM'000	2021 RM'000
<b>Capital expenditure commitments</b>		
Property, plant and equipment		
Contracted but not provided for	841	44,661

## 27. Contingent liabilities

	Company	
	2022 RM'000	2021 RM'000
<b>Unsecured</b>		
Corporate guarantees given to financial institutions for banking facilities of subsidiaries	<u>213,392</u>	<u>520,115</u>

## 28. Financial instruments

### 28.1 Categories of financial instruments

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

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

Group	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
<b>2022</b>			
<b>Financial assets</b>			
Trade and other receivables	416,259	416,259	--
Cash and cash equivalents	<u>200,672</u>	<u>200,672</u>	<u>--</u>
	<u>616,931</u>	<u>616,931</u>	<u>--</u>
<b>Financial liabilities</b>			
Loans and borrowings	(254,933)	(254,933)	--
Trade and other payables	<u>(466,119)</u>	<u>(466,119)</u>	<u>--</u>
	<u>(721,052)</u>	<u>(721,052)</u>	<u>--</u>
<b>2021</b>			
<b>Financial assets</b>			
Trade and other receivables	951,165	951,165	--
Derivative financial assets	213	--	213
Cash and cash equivalents	<u>351,208</u>	<u>351,208</u>	<u>--</u>
	<u>1,302,586</u>	<u>1,302,373</u>	<u>213</u>
<b>Financial liabilities</b>			
Loans and borrowings	(552,861)	(552,861)	--
Trade and other payables	<u>(965,374)</u>	<u>(965,374)</u>	<u>--</u>
	<u>(1,518,235)</u>	<u>(1,518,235)</u>	<u>--</u>



## 28. Financial instruments (continued)

### 28.1 Categories of financial instruments (continued)

Company	Carrying amount RM'000	AC RM'000
<b>2022</b>		
<b>Financial assets</b>		
Other receivables and deposits	13,175	13,175
Cash and cash equivalents	121	121
	<u>13,296</u>	<u>13,296</u>
<b>Financial liabilities</b>		
Trade and other payables	<u>(414)</u>	<u>(414)</u>
<b>2021</b>		
<b>Financial assets</b>		
Other receivables and deposits	57,775	57,775
Cash and cash equivalents	137	137
	<u>57,912</u>	<u>57,912</u>
<b>Financial liabilities</b>		
Trade and other payables	<u>(234)</u>	<u>(234)</u>

### 28.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net gains/(losses) arising on:				
Financial assets at amortised cost	4,724	6,904	(3,232)	(4,012)
Fair value through profit or loss				
- Mandatorily required by MFRS 9	--	213	--	--
Financial liabilities at amortised cost	<u>(11,541)</u>	<u>5,038</u>	<u>--</u>	<u>--</u>
	<u>(6,817)</u>	<u>12,155</u>	<u>(3,232)</u>	<u>(4,012)</u>

### 28.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

### 28.4 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.

## 28. Financial instruments (continued)

### 28.4 Credit risk (continued)

#### 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 44% (2021: 82%) 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.

## 28. Financial instruments (continued)

### 28.4 Credit risk (continued)

#### Trade receivables and contract assets (continued)

##### *Recognition and measurement of impairment loss (continued)*

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
<b>2022</b>			
Current (not past due)	321,001	--	321,001
1 - 30 days past due	97,406	--	97,406
31 - 90 days past due	21,415	--	21,415
	<u>439,822</u>	<u>--</u>	<u>439,822</u>
<b>Credit impaired</b>			
More than 90 days past due	5,524	536	4,988
	<u>445,346</u>	<u>536</u>	<u>444,810</u>
Trade receivables	392,535	536	391,999
Contract assets	52,811	--	52,811
	<u>445,346</u>	<u>536</u>	<u>444,810</u>
<b>2021</b>			
Current (not past due)	827,659	--	827,659
1 - 30 days past due	164,517	--	164,517
31 - 90 days past due	2,942	--	2,942
	<u>995,118</u>	<u>--</u>	<u>995,118</u>
<b>Credit impaired</b>			
More than 90 days past due	3,544	664	2,880
	<u>998,662</u>	<u>664</u>	<u>997,998</u>
Trade receivables	912,121	664	911,457
Contract assets	86,541	--	86,541
	<u>998,662</u>	<u>664</u>	<u>997,998</u>

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

Group	Credit impaired/Total 2022 RM'000	2021 RM'000
<b>Balance at 1 April</b>	664	1,015
Net remeasurement of loss allowance	(25)	(51)
Amount written off	(103)	(300)
<b>Balance at 31 March</b>	<u>536</u>	<u>664</u>

## 28. Financial instruments (continued)

### 28.4 Credit risk (continued)

#### 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 RM213,292,000 (2021: RM520,115,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

##### *Recognition and measurement of impairment loss*

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

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

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

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

#### Inter-company balances

##### *Risk management objectives, policies and processes for managing the risk*

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

##### *Exposure to credit risk, credit quality and collateral*

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

##### *Recognition and measurement of impairment loss*

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

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

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

## 28. Financial instruments (continued)

### 28.4 Credit risk (continued)

#### Inter-company balances (continued)

##### *Recognition and measurement of impairment loss (continued)*

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

Company	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>2022</b>			
Low credit risk	13,174	--	13,174
Credit impaired	<u>7,272</u>	<u>7,272</u>	<u>--</u>
	<u>20,446</u>	<u>7,272</u>	<u>13,174</u>
<b>2021</b>			
Low credit risk	57,774	--	57,774
Credit impaired	<u>4,039</u>	<u>4,039</u>	<u>--</u>
	<u>61,813</u>	<u>4,039</u>	<u>57,774</u>

The movements in the allowance for impairment in respect of inter-companies during the year are shown below.

	Company	
	2022 RM'000	2021 RM'000
<b>Balance at 1 April</b>	4,039	--
Net remeasurement of loss allowance	<u>3,233</u>	<u>4,039</u>
<b>Balance at 31 March</b>	<u>7,272</u>	<u>4,039</u>

#### 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.

## 28. Financial instruments (continued)

### 28.4 Credit risk (continued)

#### Other receivables (continued)

##### *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.

	Gross carrying amount/ Net balance	
	2022 RM'000	2021 RM'000
<b>Group</b>		
Low credit risk	<u>15,937</u>	<u>31,705</u>

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

	2021 RM'000
<b>Group</b>	
At 1 April	146
Amount written off	<u>(146)</u>
At 31 March	<u>--</u>

### 28.5 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.

## 28. Financial instruments (continued)

### 28.5 Liquidity risk (continued)

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

#### *Maturity analysis*

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

Group	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
<b>2022</b>							
<i>Non-derivative financial liabilities</i>							
Secured hire purchase liabilities	125,138	2.10 - 5.79	137,808	40,928	38,886	57,994	--
Secured term loans	52,281	3.80 - 6.92	63,719	7,229	6,875	19,836	29,779
Secured bankers' acceptances	64,766	1.08 - 3.46	64,766	64,766	--	--	--
Secured revolving credits	12,000	3.41 - 4.24	12,000	12,000	--	--	--
Secured bank overdrafts	748	6.42 - 6.45	748	748	--	--	--
Lease liabilities	1,104	5.10 - 5.60	1,220	1,130	90	--	--
Trade and other payables	466,119	--	466,119	466,119	--	--	--
	<u>722,156</u>		<u>746,380</u>	<u>592,920</u>	<u>45,851</u>	<u>77,830</u>	<u>29,779</u>
<b>2021</b>							
<i>Non-derivative financial liabilities</i>							
Secured hire purchase liabilities	94,090	2.45 - 5.79	104,049	32,555	26,401	45,089	4
Secured term loans	56,695	4.05 - 6.92	74,611	6,923	6,899	20,777	40,012
Secured bankers' acceptances	288,432	2.35 - 3.53	288,432	288,432	--	--	--
Supply chain financing	78,644	--*	78,644	78,644	--	--	--
Secured revolving credits	35,000	3.41 - 4.37	35,000	35,000	--	--	--
Lease liabilities	7,197	5.10	7,979	2,330	1,804	3,845	--
Trade and other payables	965,374	--	965,374	965,374	--	--	--
	<u>1,525,432</u>		<u>1,554,089</u>	<u>1,409,258</u>	<u>35,104</u>	<u>69,711</u>	<u>40,016</u>
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	--	--	35,893	35,893	--	--	--
Inflow	(213)	--	(36,106)	(36,106)	--	--	--
	<u>1,525,219</u>		<u>1,553,876</u>	<u>1,409,045</u>	<u>35,104</u>	<u>69,711</u>	<u>40,016</u>

\* Interest is borne by the supplier

## 28. Financial instruments (continued)

### 28.5 Liquidity risk (continued)

#### *Maturity analysis (continued)*

Company	Carrying amount RM'000	Contractual interest rate/coupon/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000
<b>2022</b>				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	414	--	414	414
Financial guarantees*	--	--	213,392	213,392
	<u>414</u>		<u>213,806</u>	<u>213,806</u>
<b>2021</b>				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	234	--	234	234
Financial guarantees*	--	--	520,115	520,115
	<u>234</u>		<u>520,349</u>	<u>520,349</u>

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

### 28.6 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"), 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.



## 28. Financial instruments (continued)

### 28.6 Market risk (continued)

#### Currency risk (continued)

##### *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:

	USD RM'000	SGD RM'000	CNY RM'000	EUR RM'000
<b>Group</b>				
<b>2022</b>				
Trade and other receivables	79,398	5	384	--
Cash and cash equivalents	43,938	4	183	798
Trade and other payables	<u>(75,150)</u>	<u>(1,440)</u>	<u>(16,735)</u>	<u>(13)</u>
	<u>48,186</u>	<u>(1,431)</u>	<u>(16,168)</u>	<u>785</u>
<b>2021</b>				
Trade and other receivables	65,153	36	--	--
Cash and cash equivalents	17,416	102	--	1,718
Trade and other payables	<u>(250,211)</u>	<u>(4,336)</u>	<u>(41,748)</u>	<u>(2,559)</u>
	<u>(167,642)</u>	<u>(4,198)</u>	<u>(41,748)</u>	<u>(841)</u>

##### *Currency risk sensitivity analysis*

A 10% (2021: 10%) strengthening of Ringgit Malaysia against the following currencies at the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2022 RM'000	2021 RM'000
<b>Group</b>		
USD	(3,662)	12,741
SGD	109	319
CNY	1,229	3,173
EUR	<u>(60)</u>	<u>64</u>
	<u>(2,384)</u>	<u>16,297</u>

A 10% (2021: 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.

## 28. Financial instruments (continued)

### 28.6 Market risk (continued)

#### 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 and lease liabilities, based on carrying amounts as at the end of the reporting period was:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Fixed rate instruments</b>		
Financial assets	9,648	97,141
Financial liabilities	<u>(203,008)</u>	<u>(424,719)</u>
	<u>(193,360)</u>	<u>(327,578)</u>
<b>Floating rate instruments</b>		
Financial liabilities	<u>(53,029)</u>	<u>(56,695)</u>

#### *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 RM403,000 (2021: RM431,000). This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

### 28.7 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.

## 28. Financial instruments (continued)

### 28.7 Fair value information (continued)

The table below analyses other financial instruments at fair value.

Group	Fair value of financial instruments carried at fair value Level 2 RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
<b>2022</b>				
<b>Financial liabilities</b>				
Hire purchase liabilities	--	(128,654)	(128,654)	(125,138)
<b>2021</b>				
<b>Financial assets</b>				
Forward exchange contracts	213	--	213	213
<b>Financial liabilities</b>				
Hire purchase liabilities	--	(97,006)	(97,006)	(94,090)

#### Level 2 fair value

##### *Derivatives*

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

#### 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	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting date.

## 29. 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 gearing ratios at 31 March 2022 and at 31 March 2021 were as follows:

	2022 RM'000	2021 RM'000
Total loans and borrowings (Note 14)	254,933	552,861
Lease liabilities	1,104	7,197
Total debts	<u>256,037</u>	<u>560,058</u>
Total equity attributable to owners of the Company less goodwill	<u>662,164</u>	<u>714,282</u>
Gearing ratio	<u>0.39</u>	<u>0.78</u>

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 gearing ratio of 1 time to comply with bank covenants, failing which, the bank may call an event of default. The Group has complied with this covenant.

## 30. 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, companies in which certain Directors have substantial financial interest and key management personnel.

### 30. Related parties (continued)

#### 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 16.

		<b>Group</b>	
		<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>A.</b>	<b>Companies in which certain Directors of the Company have substantial financial interest</b>		
	Sales	37,834	29,711
	Purchases	544,453	1,022,738
	Lease income	2,040	2,040
	Transportation charges	<u>1,229</u>	<u>1,276</u>
<b>B.</b>	<b>Key management personnel</b>		
	<b><i>Directors</i></b>		
	- Remuneration	5,779	9,634
	- Contribution to state plans	<u>546</u>	<u>1,067</u>
	Total short-term employee benefits	<u>6,325</u>	<u>10,701</u>
	<b><i>Other key management personnel</i></b>		
	- Wages, salaries and others	3,779	4,329
	- Contributions to state plans	<u>440</u>	<u>504</u>
		<u>4,219</u>	<u>4,833</u>
		<u>10,544</u>	<u>15,534</u>
		<b>Company</b>	
		<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>A.</b>	<b>Subsidiaries</b>		
	Dividend receivable	<u>--</u>	<u>47,850</u>
<b>B.</b>	<b>Key management personnel</b>		
	<b><i>Directors</i></b>		
	- Remuneration	<u>229</u>	<u>300</u>

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.

### 31. Significant events

- (i) One of the subsidiaries, namely AIM had received (1) Notice of Termination of Contract Manufacturing Agreement dated 15 October 2020 between Dyson Operations Pte Ltd ("Dyson Operations") and AIM; (2) Notice of Termination of the Agreement for the Supply of Goods and Services dated 1 March 2013 and the Framework Agreement for the Supply of Goods (Tooling) dated 17 June 2009 between Dyson Manufacturing Sdn. Bhd. ("Dyson Manufacturing") and AIM on 24 November 2021 ("termination of contracts").

The effective date of termination was on 1 June 2022. The Group assessed the excess production capacity based on the revised business plan. The financial implication arising from the termination of contracts has resulted in an impairment loss on property, plant and equipment and impairment on investments in certain subsidiaries of the Company as disclosed in Notes 3 and 5 respectively.

- (ii) AIM received a Writ of Summons and Statement of Claim dated 29 April 2021 from a landlord, United Max Construction Sdn. Bhd. claiming for thirteen months compensation from March 2021 to March 2022 for mesne profits or two times of the rental, together with the claim for extra repair works amounting to RM3,212,000 or RM2,867,000 respectively. As at 31 March 2022, the Group has incurred RM73,000 for restoration costs and in addition, provided approximately RM2,700,000 in the financial statements based on the Directors' estimation of the potential liability.

The case management has been held on 13 July 2022 and the trial dates for the case has been fixed for 5 to 8 December 2022.

**ATA IMS Berhad**

Registration Number: 198901012846 (190155-M)

(Incorporated in Malaysia)

**and its subsidiaries****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 5 to 69 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 2022 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: **22 JUL 2022**

**ATA IMS Berhad**


Registration Number: 198901012846 (190155-M)

(Incorporated in Malaysia)

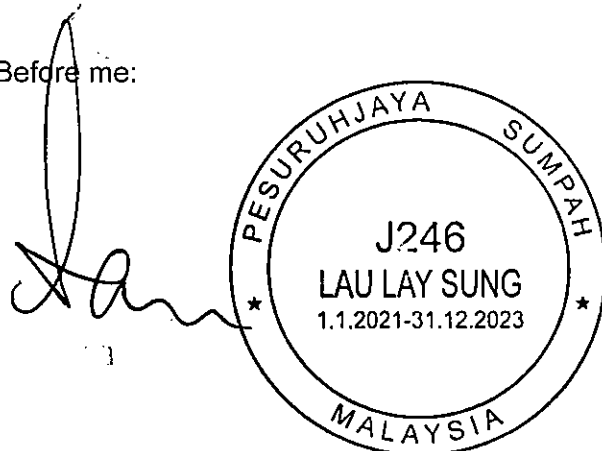
**and its subsidiaries****Statutory declaration pursuant to  
Section 251(1)(b) of the Companies Act 2016**

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 5 to 69 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 abovenamed Loh Choo Shien, NRIC: 741126-01-6517, MIA CA 22027, at Johor Bahru in the State of Johor on ..... **22 JUL 2022** .....

  
.....  
**Loh Choo Shien**

Before me:



No. 18-01, Jalan Bestari 5/2,  
Taman Nusa Bestari,  
81300 Johor Bahru, Johor





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## **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 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 69.

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 2022, 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.

#### **Impairment of property, plant and equipment - Group**

Refer to Note 2(k)(ii) Significant accounting policies: Impairment - other assets and Note 3 Property, plant and equipment.

As at 31 March 2022, the carrying amount of the Group's property, plant and equipment was RM361 million. There is an impairment indicator that the carrying amount of the Group's property, plant and equipment may be higher than the recoverable amount due to the termination of Contract Manufacturing Agreement, Agreement for the Supply of Goods and Services and Framework Agreement for the Supply of Goods with a major customer in one of the subsidiaries. The Group has assessed the excess production capacity based on the revised business plan.

The recoverable amount of a cash generating unit ("CGU") is the greater of its value in use and the fair value less costs of disposal of the related assets. The Group has estimated the recoverable amount based on the fair value less costs of disposal method.

Due to the significance of the carrying value of property, plant and equipment, and the complexity and subjectivity involved in the impairment assessment, we considered this as key audit matter.

#### **How the matter was addressed in our audit**

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

- Made inquiries of management regarding the indicators they assess as possible indicators of impairment for assets.
- Inspected management's assessment and considered whether further indicators should have been assessed based on our knowledge of the business, its operating environment, industry knowledge, current market conditions and other information obtained during the audit.

- Assessed the accuracy of management's calculations for those assets subject to impairment testing and considered whether the assets tested are complete.
- Evaluated the assumptions and data used by management to make their accounting estimates used for fair value less costs of disposal.

#### **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.

#### **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(k)(ii) - Significant accounting policies: Impairment - other assets and Note 5 Investments in subsidiaries.

The key audit matter

As at 31 March 2022, the Company's gross carrying amount of investments in subsidiaries amounted to RM1,339 million, including interests in IMS group and amount due from a subsidiary with a total amount of RM1,276 million, which the Company regards as one cash generating unit. There are indications that investment may be impaired as the net assets balances of IMS Group was lower than the carrying amount of the investment.

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.

### **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.
- 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: 03174/04/2023 J  
Chartered Accountant

Johor Bahru

Date: **22 JUL 2022**