ATA IMS Berhad

(Company No. 190155-M)
(Incorporated in Malaysia)

and its subsidiaries

Financial statements for the year ended 31 March 2019

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

Directors' report for the year ended 31 March 2019

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

Principal activities

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

Subsidiaries

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

Results

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

Reserves and provisions

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

Dividends

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

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

Directors of the Company

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

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

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

Directors' interests in shares

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

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

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

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

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

Directors' benefits

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

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

Issue of shares

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

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

Options granted over unissued shares

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

Indemnity and insurance costs

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

Qualification of subsidiaries' financial statements

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

Other statutory information

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

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

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

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

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

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

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

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

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

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

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

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

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

Auditors

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

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

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

....
Dato' Sri Foo Chee Juan
Director

....
Dato' Fong Chiu Wan
Director

Date: 05 JUL 2019

ATA IMS Berhad
(Company No. 190155-M)
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Statements of financial position
As at 31 March 2019

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

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Statements of profit or loss and other comprehensive income For the year ended 31 March 2019

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

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Consolidated statement of changes in equity
For the year ended 31 March 2019

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

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

ATA IMS Berhad
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Statement of changes in equity
For the year ended 31 March 2019

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

ATA IMS Berhad
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Statements of cash flows
For the year ended 31 March 2019

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

Company No. 190155-M

Statements of cash flows
For the year ended 31 March 2019
(continued)

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

ATA IMS Berhad
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Notes to the financial statements

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

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

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

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

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

These financial statements were authorised for issue by the Board of Directors on 05 JUL 2019.

1. Basis of preparation

(a) Statement of compliance

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

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

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

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*

(a) Statement of compliance (continued)

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

- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

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

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

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

- MFRS 17, *Insurance Contracts*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned standards, interpretations and amendments in the respective financial year when the above standards, interpretations and amendments become effective.

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

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

MFRS 16, *Leases*

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

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

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

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

2. Significant accounting policies

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

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:
i) financial instruments;
ii) revenue recognition; and
iii) impairment losses of financial instruments
as compared to those adopted in previous financial statements. There is no significant financial impact on the adoption of MFRS 9 except for financial assets that were previously classified as loans and receivables are now classified as amortised cost. The impacts arising from the adoption of MFRS 15 is disclosed in Note 28.

(a) Basis of consolidation

(i) Subsidiaries

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

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

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

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

(ii) Business combinations

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

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

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

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

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

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

(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;

(a) Basis of consolidation (continued)

(iii) Reverse accounting (continued)

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

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

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

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

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

Separate financial statements of the Company

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

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

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

(iv) Loss of control

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

(a) Basis of consolidation (continued)

(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.

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

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

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

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

(c) Financial instruments

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

(i) Recognition and initial measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

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

(a) Amortised cost

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

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

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(b) Fair value through other comprehensive income

(i) Debt investments

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

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

(ii) Equity investments

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

(c) Fair value through profit or loss

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

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

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

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

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.

(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.

(c) Financial instruments (continued)

(iii) Regular way purchase or sale of financial assets

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

Trade date accounting refers to:

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

Settlement date accounting refers to:

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

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

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

(iv) Financial guarantee contracts

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

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

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

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

(v) Derecognition

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

(c) Financial instruments (continued)

(v) Derecognition (continued)

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

(vi) Offsetting

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

(ii) Subsequent costs

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

(d) Property, plant and equipment (continued)

(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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

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

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

(e) Leased assets

(i) Finance leases

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

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

(ii) Operating lease

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

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

(f) Intangible assets

Goodwill

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

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

(g) Inventories

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

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

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

(h) Contract asset/Contract liability

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

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

(i) Cash and cash equivalents

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

(j) Impairment

(i) Financial assets

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

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

(j) Impairment (continued)

(i) Financial assets (continued)

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 using a provision matrix with reference to historical credit loss experience.

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

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

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

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

(ii) Other assets

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

(j) Impairment (continued)

(ii) Other assets (continued)

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.

(k) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(l) Income tax

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

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

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

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

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

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

(m) Revenue and other income

(i) Revenue

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

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

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

(ii) Interest income

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

(m) 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.

(n) Borrowing costs

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

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

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

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

(o) Contingent liabilities

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

(p) Earnings per ordinary share

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

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

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

(q) Operating segments

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

(r) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(s) Fair value measurements

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

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

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

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

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

3. Property, plant and equipment

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

3. Property, plant and equipment (continued)

3.1 Carrying amounts of land and buildings

Included in the carrying amount of land and buildings are:

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

3.2 Security

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

3.3 Leased plant and equipment

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

4. Investments in subsidiaries

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

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

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Winsheng Plastic Industry Sdn. Bhd. ("WPI")	Malaysia	Manufacturing and sales of precision plastic injection moulded parts, secondary process, sub-assembly, full assembly of finished products, and tooling fabrication	100	100
Lean Teik Soon Sdn. Bhd.	Malaysia	Wholesaler/retailer of foodstuff and consumer goods	100	100

4. Investments in subsidiaries (continued)

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

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

* Not audited by member firm of KPMG International.

5. Goodwill on consolidation

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

5. Goodwill on consolidation (continued)

Goodwill

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

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

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

The aggregate carrying amounts of goodwill are allocated as follows:

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

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

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

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

iii) Profit margins were estimated based on historical performance.

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

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

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

6. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

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

Unrecognised deferred tax assets

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

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

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

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

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

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

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

6. Deferred tax assets/(liabilities) (continued)

Movements in temporary differences during the year are as follows:

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

7. Inventories

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

8. Contract with customers

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

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

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

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

9. Trade and other receivables

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

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

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

Included in other receivables, deposits and prepayments are:

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

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

10. Cash and cash equivalents

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

10. Cash and cash equivalents (continued)

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

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

11. Capital and reserves

Share capital

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

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

11.2 In prior year, the Company acquired the entire equity interest in IMS Group for total consideration of RM1,186,920,000, satisfied via allotment and issuance of 1,032,104,348 new ordinary shares of the Company at an issue price of RM1.15 each. Accordingly, the IMS Group (being the legal subsidiaries in the transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree. In addition, the consolidated financial statements represent a continuation of the financial position, performance and cash flows of the IMS Group.

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

Reserves

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

Ordinary shares

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

11. Capital and reserves (continued)

Exchange fluctuation reserve

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

Reverse accounting reserve

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

12. Loans and borrowings

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

Securities

The loans and borrowings are secured by way of:

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

Significant covenants

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

AIM

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

WPI

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

12. Loans and borrowings (continued)

Finance lease liabilities

Finance lease liabilities are payable as follows:

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

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

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

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

13. Trade and other payables

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

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

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

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

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

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

14. Derivatives financial liabilities

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

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

15. Revenue

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

15.1 Nature of goods and services

The following information reflects the typical transactions of the Group:

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

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

16. Tax expense

Recognised in profit or loss

Major components of income tax expense include:

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

16. Tax expense (continued)

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

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

17. Profit/(Loss) for the year

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

17. Profit/(Loss) for the year (continued)

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

18. Earnings per ordinary share

Basic earnings per ordinary share

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

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

Weighted average number of ordinary shares are determined as follows:

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

Diluted earnings per ordinary share

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

19. Acquisition of property, plant and equipment

Acquisition of property, plant and equipment represent:

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

20. Acquisition of subsidiaries

For the financial year ended 31 March 2018

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

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

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

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

Identifiable assets acquired and liabilities assumed

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

20. Acquisition of subsidiaries (continued)

Identifiable assets acquired and liabilities assumed (continued)

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

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

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

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

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

21. Operating segments

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

Major customers

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

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

22. Capital commitments

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

23. Operating leases

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

Leases as lessee

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

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

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

24. Contingent liabilities

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

25. Financial instruments

25.1 Categories of financial instruments

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

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

Group	**Carrying amount RM'000**	**AC RM'000**	**Mandatorily at FVTPL RM'000**
2019			
Financial assets			
Trade and other receivables	715,507	715,507	--
Cash and cash equivalents	270,633	270,633	--
	986,140	986,140	--
Financial liabilities			
Trade and other payables	(634,012)	(634,012)	--
Loans and borrowings	(361,793)	(361,793)	--
	(995,805)	(995,805)	--

25. Financial instruments (continued)

25.1 Categories of financial instruments (continued)

Group	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
2018			
Financial assets			
Trade and other receivables	480,148	480,148	--
Cash and cash equivalents	154,828	154,828	--
	634,976	634,976	--
Financial liabilities			
Trade and other payables	(506,486)	(506,486)	--
Loans and borrowings	(158,553)	(158,553)	--
Derivative financial liabilities	(370)	--	(370)
	(665,409)	(665,039)	(370)

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

25.2 Net gains and losses arising from financial instruments

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

25. Financial instruments (continued)

25.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit risk

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

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

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

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

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

There are no significant changes as compared to prior period.

Exposure to credit risk, credit quality and collateral

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

Concentration of credit risk

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

Recognition and measurement of impairment loss

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

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

25. Financial instruments (continued)

25.4 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
2019			
Current (not past due)	633,974	--	633,974
1 - 30 days past due	86,056	--	86,056
31 - 60 days past due	2,074	--	2,074
61 - 90 days past due	531	--	531
	722,635	--	722,635
Credit impaired			
More than 90 days past due	2,160	(1,195)	965
	724,795	(1,195)	723,600
Trade receivables	680,580	(1,195)	679,385
Contract assets	44,215	--	44,215
	724,795	(1,195)	723,600
2018			
Current (not past due)	127,233	--	127,233
1 - 30 days past due	173,766	--	173,766
31 - 90 days past due	169,640	(124)	169,516
	470,639	(124)	470,515
Credit impaired			
More than 90 days past due	3,272	(1,139)	2,133
	473,911	(1,263)	472,648
Trade receivables	448,784	(1,263)	447,521
Contract assets	25,127	--	25,127
	473,911	(1,263)	472,648

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

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

25. Financial instruments (continued)

25.4 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 RM312,359,000 (2018: RM29,775,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

Recognition and measurement of impairment loss

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

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

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

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

Inter-company balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment loss

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

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

25. Financial instruments (continued)

25.4 Credit risk (continued)

Inter-company balances (continued)

Recognition and measurement of impairment loss (continued)

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

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

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

Cash and cash equivalents

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

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

Other receivables

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

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

25.5 Liquidity risk

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

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

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

25. Financial instruments (continued)

25.5 Liquidity risk (continued)

Maturity analysis

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

	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
2019							
Non-derivative financial liabilities							
Secured bank overdrafts	1,311	7.95	1,311	1,311	--	--	--
Secured bankers' acceptances	219,257	4.12 - 4.56	219,257	219,257	--	--	--
Secured revolving credits	5,000	5.60 - 6.31	5,000	5,000	--	--	--
Secured finance lease liabilities	74,337	2.45 - 5.70	80,576	34,940	26,345	19,269	22
Secured term loans	61,888	4.20 - 7.42	83,309	5,384	5,332	15,858	56,735
Trade and other payables	634,012	--	634,012	634,012	--	--	--
	995,805		1,023,465	899,904	31,677	35,127	56,757
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	--	--	21,907	21,907	--	--	--
Inflow	--	--	(21,907)	(21,907)	--	--	--
	995,805		1,023,465	899,904	31,677	35,127	56,757
2018							
Non-derivative financial liabilities							
Secured bank overdraft	956	7.95	956	956	--	--	--
Secured bankers' acceptances	91,802	4.17 - 4.68	91,802	91,802	--	--	--
Secured revolving credits	5,000	5.61 - 6.06	5,000	5,000	--	--	--
Secured finance lease liabilities	35,469	2.46 - 5.00	37,901	18,618	13,121	6,119	43
Secured term loans	25,326	4.85 - 7.42	33,851	3,224	3,201	9,520	17,906
Trade and other payables	506,486	--	506,486	506,486	--	--	--
	665,039		675,996	626,086	16,322	15,639	17,949
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	370	--	43,541	43,541	--	--	--
Inflow	--	--	(43,171)	(43,171)	--	--	--
	665,409		676,366	626,456	16,322	15,639	17,949

25. Financial instruments (continued)

25.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate/coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Company							
2019							
Non-derivative financial liabilities							
Trade and other payables	844	--	844	844	--	--	--
Financial guarantees*	--	--	312,359	312,359	--	--	--
	844		313,203	313,203	--	--	--
2018							
Non-derivative financial liabilities							
Trade and other payables	1,065	--	1,065	1,065	--	--	--
Financial guarantees*	--	--	29,775	29,775	--	--	--
	1,065		30,840	30,840	--	--	--

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

25.6 Market risk

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

Currency risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

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

	Denominated in			
	USD RM'000	SGD RM'000	JPY RM'000	CNY RM'000
Group				
2019				
Trade and other receivables	13,399	257	--	--
Cash and cash equivalents	4,092	24	--	--
Trade and other payables	(144,485)	(5,820)	(8,844)	(4,622)
	(126,994)	(5,539)	(8,844)	(4,622)

25. Financial instruments (continued)

25.6 Market risk (continued)

Currency risk (continued)

Exposure to foreign currency risk (continued)

	Denominated in			
	USD RM'000	SGD RM'000	JPY RM'000	CNY RM'000
Group				
2018				
Trade and other receivables	10,650	259	--	--
Cash and cash equivalents	3,843	152	--	--
Trade and other payables	(100,779)	(3,851)	(2,379)	--
	(86,286)	(3,440)	(2,379)	--

Currency risk sensitivity analysis

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

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

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

Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

25. Financial instruments (continued)

25.6 Market risk (continued)

Interest rate risk (continued)

Exposure to interest rate risk, credit quality and collateral

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

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

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

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

(b) Cash flow sensitivity analysis for variable rate instruments

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

25.7 Fair value information

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

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

25. Financial instruments (continued)

25.7 Fair value information (continued)

The table below analyses other financial instruments at fair value.

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

Level 2 fair value

Derivatives

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

Transfers between Level 1 and Level 2 fair values

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

Level 3 fair value

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

Financial instruments not carried at fair value

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

26. Capital management

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

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

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

27. Related parties

Identity of related parties

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

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

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

Significant related party transactions

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

	Group	
	2019 RM'000	2018 RM'000
A. Companies in which the Directors of the Company have substantial financial interest		
Sales	2,148	955
Purchases	69,348	12,826
Transportation charges	503	--
Labour charges	1,610	--

27. Related parties (continued)

Significant related party transactions (continued)

		Group 2019 RM'000	Group 2018 RM'000
B.	**Key management personnel** *Directors*		
	- Remuneration	8,653	6,392
	- Contribution to state plans	940	686
	Total short-term employee benefits	9,593	7,078
	Other key management personnel		
	- Wages, salaries and others	3,747	2,278
	- Contributions to state plans	446	274
		4,193	2,552
		13,786	9,630

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

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

28. Significant changes in accounting policies

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

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

28.1 Impacts on financial statements

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

a. Statement of financial position

Group **1 April 2017**	**As previously reported RM'000**	**MFRS 15 adjustments RM'000**	**As restated RM'000**
Assets			
Property, plant and equipment	101,469	--	101,469
Deferred tax assets	232	--	232
Total non-current assets	101,701	--	101,701
Inventories	133,581	(24,965)	108,616
Contract assets	--	26,955	26,955
Trade and other receivables	391,846	--	391,846
Cash and cash equivalents	153,149	--	153,149
Total current assets	678,576	1,990	680,566
Total assets	780,277	1,990	782,267
Equity			
Share capital	43,354	--	43,354
Reserves	165,024	1,512	166,536
Total equity	208,378	1,512	209,890
Liabilities			
Loans and borrowings	26,835	--	26,835
Deferred tax liabilities	394	478	872
Total non-current liabilities	27,229	478	27,707
Trade and other payables	417,100	--	417,100
Loans and borrowings	89,515	--	89,515
Current tax liabilities	5,800	--	5,800
Dividend payable	32,255	--	32,255
Total current liabilities	544,670	--	544,670
Total liabilities	571,899	478	572,377
Total equity and liabilities	780,277	1,990	782,267

28. Significant changes in accounting policies (continued)

28.1 Impacts on financial statements (continued)

a. Statement of financial position (continued)

Group 31 March 2018	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
Assets			
Property, plant and equipment	208,978	--	208,978
Goodwill on consolidation	76,414	--	76,414
Deferred tax assets	15	--	15
Total non-current assets	285,407	--	285,407
Inventories	147,829	(21,197)	126,632
Contract assets	--	25,127	25,127
Trade and other receivables	500,982	--	500,982
Current tax assets	614	--	614
Cash and cash equivalents	154,828	--	154,828
Total current assets	804,253	3,930	808,183
Total assets	1,089,660	3,930	1,093,590
Equity			
Share capital	1,242,789	--	1,242,789
Reserves	(824,136)	2,987	(821,149)
Total equity	418,653	2,987	421,640
Liabilities			
Loans and borrowings	35,002	--	35,002
Deferred tax liabilities	5,598	943	6,541
Total non-current liabilities	40,600	943	41,543
Trade and other payables	506,486	--	506,486
Loans and borrowings	123,551	--	123,551
Derivative financial liabilities	370	--	370
Total current liabilities	630,407	--	630,407
Total liabilities	671,007	943	671,950
Total equity and liabilities	1,089,660	3,930	1,093,590

28. Significant changes in accounting policies (continued)

28.1 Impacts on financial statements (continued)

b. Statement of profit of loss and other comprehensive income

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

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28. Significant changes in accounting policies (continued)

28.1 Impacts on financial statements (continued)

c. Statement of cash flows

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

28. Significant changes in accounting policies (continued)

28.2 Accounting for revenue

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

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

ATA IMS Berhad
(Company No. 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 62 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2019 and of their financial performance and cash flows for the financial year then ended.

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

....
Dato' Sri Foo Chee Juan
Director

....
Dato' Fong Chiu Wan
Director

Date: 05 JUL 2019

ATA IMS Berhad
(Company No. 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 62 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above named Loh Choo Shien, NRIC: 741126-01-6517, MIA CA 22027, at Johor Bahru in the State of Johor on ....05 JUL 2019.........

....
Loh Choo Shien

Before me:

PESURUHJAYA SUMPAH
J246
LAU LAY SUNG
1/7/2018-31/12/2020
MALAYSIA

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Independent Auditors' Report to the members of ATA IMS Berhad

(Company No. 190155-M)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ATA IMS Berhad, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 62.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Goodwill impairment assessment - Group

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

The key audit matter

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

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

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

How the matter was addressed in our audit:

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

- We obtained the cash flows projections performed by the Group and considered whether there were material inconsistencies with the approved business plans and forecasts.
- We assessed the appropriateness of key assumptions used in particular those relating to revenue growth rates, profit margin, discount rates and terminal value applied to the cash flows projections, by comparing to the historical and current performance, internal business plans and forecasts and externally derived market data.
- We evaluated the Group's sensitivity analyses around the key assumptions including revenue growth rates, profit margin, discount rates and terminal value growth rates to the extent of the change that would result the assets to be impaired.
- We also assessed the Group's disclosures on the CGU's key assumptions used and sensitivity of the outcome of the impairment assessment to changes in key assumptions and determined whether the disclosures reflected the risks inherent in the valuation of goodwill.

Adoption of MFRS 15 Revenue from Contracts with Customers - Group

Refer to Note 2(m)(i) - Significant accounting policies: Revenue and Note 15 Revenue.

The key audit matter

MFRS 15 *Revenue from Contracts with Customers* became effective on 1 April 2018. Arising from the adoption of MFRS 15, the Group was required to change accounting policies on revenue recognition. Consequently, new processes and controls have been implemented to cater for the new policies. New judgements were required to evaluate contracts with customers, in particular the determination of whether revenue for each contract is to be recognised over time or at a point in time and new disclosures were made in the financial statements.

The accounting policy changes arising from adoption of MFRS 15 is a key audit matter because it required us to design new audit procedures to test new processes and controls implemented by the Group and involvement of more senior personnel to assess the evaluation of the contracts with customers performed by the Group.

How the matter was addressed in our audit

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

- We evaluated the appropriateness of the accounting policies based on the requirements of MFRS 15, our business understanding and industry practice.
- We evaluated design and implementation of controls over identification of contract to ascertain that they are implemented and operated effectively.
- We obtained our understanding of the transition approach, practical expedients applied and the Group's new processes systems and control implemented.
- We assessed the appropriateness of the Group's revenue recognition under MFRS 15 across significant revenue streams for a sample of contracts and inspection of secured sales orders and sales invoices.
- We assessed the completeness, accuracy and appropriateness of disclosures by comparing to the requirements of MFRS 15.

Impairment on investment in subsidiaries - Company

Refer to Note 2(j)(ii) - Significant accounting policies: Impairment - other assets and Note 4 Investments in subsidiaries.

The key audit matter

As at 31 March 2019, the carrying amount of the investments in subsidiaries of the Company amounted to RM1,317 million.

The Company is required to estimate the recoverable amount based on forecasting and discounting future cash flows and to recognise impairment loss if the recoverable amount is less than its carrying amount in accordance with MFRS 136 Impairment of Assets.

In view of the inherent uncertainties and level of judgement required in evaluating the Company's assumptions included within the cash flows projections, impairment on investments in subsidiaries is determined as a key audit matter.

How the matter was addressed in our audit

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

- We obtained the cash flows projections performed by the Group and considered whether there were material inconsistencies with the approved business plans and forecasts.
- We assessed the appropriateness of key assumptions used in particular those relating to revenue growth rates, profit margin, discount rates and terminal value applied to the cash flows projections, by comparing to the historical and current performance, internal business plans and forecasts and externally derived market data.
- We evaluated the Group's sensitivity analyses around the key assumptions including revenue growth rates, profit margin, discount rates and terminal value growth rates to the extent of the change that would result the assets to be impaired.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 4 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chan Yen Ing
Approval Number: 03174/04/2021 J
Chartered Accountant

Johor Bahru

Date: 0 5 JUL 2019