

**ATIS CORPORATION BERHAD** (446118-T)  
(Incorporated in Malaysia)

Interim Report for the  
First Quarter Ended  
31 March 2003

Contents

---

Condensed Consolidated Income Statements	1
Condensed Consolidated Balance Sheets	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Cash Flow Statement	4
Notes to the Condensed Financial Statements	5 - 11

**ATIS CORPORATION BERHAD (446118 -T)**  
**INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2003**

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<u>Note</u>	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/03/2003 RM'000	Preceding Year Corresponding Quarter 31/03/2002 RM'000	Current Year To-date 31/03/2003 RM'000	Preceding Year Corresponding Period 31/03/2002 RM'000
Revenue		55,256	48,147	55,256	48,147
Operating Expenses		(48,382)	(40,477)	(48,382)	(40,477)
Other Operating Income/(Expenses)		631	(244)	631	(244)
Profit from Operations		7,505	7,426	7,505	7,426
Finance Costs		(321)	(355)	(321)	(355)
Share of results of associated company		-	-	-	-
Profit Before Taxation		7,184	7,071	7,184	7,071
Taxation	17	(2,096)	(2,219)	(2,096)	(2,219)
Profit After Taxation		5,088	4,852	5,088	4,852
Minority Interest		(495)	256	(495)	256
Pre-acquisition profit*		-	(5,108)	-	(5,108)
Net profit for the financial period		4,593	-	4,593	-
Earnings per share (sen) :-	25				
(a) Basic		3.83	-	3.83	-
(b) Fully diluted		N/A	N/A	N/A	N/A

**The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2002**

\* Acquisition of subsidiaries pursuant to the listing of ATIS on the Main Board of the KLSE was completed on 24 May 2002

**ATIS CORPORATION BERHAD (446118 -T)  
INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2003**

The figures have not been audited

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>Note</u>	As at end of current quarter 31/03/2003 RM'000	As at preceding financial year end 31/12/2002 RM'000
<b>Property, plant and equipment</b>		29,750	27,798
<b>Quoted Investment</b>		40	40
<b>Intangible assets</b>		669	714
<b>Current assets</b>			
Inventories		31,392	33,090
Trade receivables		90,215	82,007
Other receivables, deposits and prepayments		4,812	4,144
Cash and cash equivalents		19,422	23,319
		145,841	142,560
<b>Current liabilities</b>			
Trade payables		33,250	30,964
Other payables and accruals		3,575	5,617
Borrowings	21	18,175	17,155
Hire purchase liabilities		807	888
Provision for taxation		4,922	5,220
		60,729	59,844
<b>Net current assets</b>		85,112	82,716
		115,571	111,268
<b>Share capital</b>		60,000	60,000
<b>Reserves</b>		38,739	34,146
<b>Shareholders' funds</b>		98,739	94,146
<b>Negative goodwill</b>		10,107	10,714
<b>Minority interest</b>		5,648	5,154
<b>Long term liabilities</b>			
Hire purchase liabilities		278	455
Deferred taxation		799	799
		1,077	1,254
		115,571	111,268
<b>Net tangible assets per share (RM)</b>		0.90	0.87

The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2002

**ATIS CORPORATION BERHAD (446118 -T)  
INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2003**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Share Capital RM'000</b>	<b>Non- Distributable Share Premium RM'000</b>	<b>Distributable Retained Profits RM'000</b>	<b>Total RM'000</b>
Balance at 1 January 2003	60,000	22,221	11,925	94,146
Net profit for the financial period	-	-	4,593	4,593
Balance at 31 March 2003	<u>60,000</u>	<u>22,221</u>	<u>16,518</u>	<u>98,739</u>

**The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2002**

Note: There are no comparative figures as this is the first year the interim financial report is prepared in accordance with MASB 26 - *Interim Financial Reporting*

**ATIS CORPORATION BERHAD (446118 -T)  
INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2003**

The figures have not been audited

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>RM'000</b>
Net Profit Before Tax	7,184
<b>Adjustment for :-</b>	
Non-cash items	240
Non-operating items	141
	<hr/>
<b>Operating profit before changes in working capital</b>	<b>7,565</b>
<b>Changes in working capital</b>	
Net change in current assets	(7,177)
Net change in current liabilities	(1,770)
	<hr/>
<b>Net cash flows used in operating activities</b>	<b>(1,382)</b>
	<hr/>
<b>Investing Activities</b>	
Equity Investments	-
Other Investments	(2,822)
	<hr/>
<b>Net cash flows used in investing activities</b>	<b>(2,822)</b>
	<hr/>
<b>Financing Activities</b>	
Net drawdown of bank borrowings	752
Repayment of hire purchase creditors	(258)
Dividend paid to minority shareholders	(396)
Interest paid	(255)
Interest received	133
	<hr/>
<b>Net cash flows used in financing activities</b>	<b>(24)</b>
	<hr/>
Net Change in Cash and Cash Equivalents	(4,228)
Cash and Cash Equivalents at beginning of period	14,477
	<hr/>
Cash and Cash Equivalents at end of period	10,249
	<hr/> <hr/>

**The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2002**

Note: There are no comparative figures as this is the first year the interim financial report is prepared in accordance with MASB 26 - *Interim Financial Reporting*

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2003**

The figures have not been audited.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**1. Accounting and policies and methods of computation**

The interim financial report has been prepared in accordance with MASB 26 "Interim Financial Report" and Part A of Appendix 9B of the Listing Requirements of the Kuala Lumpur Stock Exchange and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2002.

The same accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2002 except for the adoption of new MASB standards.

The adoption of the new MASB standards does not have any material effect on the financial results of the Group for the financial year-to-date.

**2. Qualification of audit report of the preceding annual financial statements**

There were no qualifications of audit report of the preceding annual financial statements.

**3. Seasonality or cyclically of interim operations**

The operations of the Group are not significantly affected by any seasonality or cyclically factors.

**4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence**

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

**5. Changes in estimates of amounts reported in prior interim periods of the current financial year-to-date or in prior financial year-to-date**

There was no material changes in estimates in respect of amounts reported in prior interim periods of the current financial year-to-date or prior financial year-to-date.

**6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current financial year-to-date.

**7. Dividends paid**

There were no dividends paid during the financial year-to-date.

## 8. Segmental reporting

The Group's segmental report for the financial year-to-date are as follows:-

<b>Business segment</b>	<b>Investment RM ' 000</b>	<b>Industrial Supply RM ' 000</b>	<b>Industrial Automation RM ' 000</b>	<b>Plastic Injection Moulding RM ' 000</b>	<b>Eliminations RM ' 000</b>	<b>Consolidated RM ' 000</b>
<b>Revenue</b>						
Revenue from external customers	-	49,141	5,209	906	-	55,256
Inter-segment revenue	-	-	-	-	-	-
	<b>-</b>	<b>49,141</b>	<b>5,209</b>	<b>906</b>	<b>-</b>	<b>55,256</b>

## Results

Profit/(loss) from operations	(51)	7,174	661	(455)	-	7,329
Interest expense						(274)
Interest income						129
Profit before taxation						7,184
Taxation						(2,096)
Minority interest						(495)
Net profit for the financial period						4,593

## 9. Valuation of property, plant and equipment

There were no valuations of property, plant and equipment in the current financial year-to-date or previous year.

## 10. Material events not reflected in the financial statements

The Board is not aware of any material events subsequent to the end of the interim period that have not been reflected in the financial statement for the interim period.

### **11. Changes in the composition of the Group**

There were no material changes in the composition of the Group for the current quarter and financial year-to-date, except for the completion of acquisition of 100% equity interest in GEIC Technology Sdn Bhd by KVC Electric (M) Sdn Bhd, a wholly-owned subsidiary of the Group.

### **12. Changes in contingent liabilities or contingent assets**

There were no material changes in contingent liabilities or contingent assets since the date of last audited financial statements to 22 May 2003, being the date not earlier than 7 days from the date of issuance of this interim report.

### **13. Review of performance**

The Group achieved revenue of RM55.3 million for the current quarter under review. This represented an increase of 14.8% as compared to the previous year's corresponding period of RM48.1 million. The profit before taxation of RM7.2 million for the current quarter under review is marginally higher than RM7.1 million achieved in the same period last year. This is attributable to a change in the customer segmentation mix.

### **14. Comparison with preceding quarter's results**

The Group's revenue of RM55.3 million for the quarter under review is 9.5% lower than the preceding quarter's revenue of RM61.0 million. This is mainly due to the lower delivery schedule set by the customers for the automation projects. Despite the lower revenue, the Group recorded profit before taxation of RM7.2 million, which is 4.8% higher than the preceding quarter's results of RM6.9 million. This is a result of improved margin and lower operating cost.

### **15. Prospects**

With the continuous implementation of strategies set for 2003, the Directors of the Group anticipate the performance of the Group for the next quarter to post satisfactory results.

### **16. Profit forecast/profit guaranteed**

This note is not applicable.



**17. Tax Expense**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year</u>	<u>Preceding</u>	<u>Current Year</u>	<u>Preceding</u>
	<u>Quarter</u>	<u>Year</u>	<u>To-date</u>	<u>Year</u>
		<u>Corresponding</u>		<u>Corresponding</u>
	<u>31/03/2003</u>	<u>Quarter</u>	<u>31/03/2003</u>	<u>Period</u>
	<u>RM'000</u>	<u>31/03/2002</u>	<u>RM'000</u>	<u>31/03/2002</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Taxation				
- Current Year	2,096	2,219	2,096	2,219

The effective tax rate is higher than the statutory tax rate due mainly to certain expenses which are not deductible for tax purposes and losses of certain subsidiary companies cannot be offset for tax purposes against profit of other subsidiaries company within the Group.

**18. Sale of unquoted investments and/or properties**

There were no sales of unquoted investments and/or properties for the current quarter and financial year-to-date.

**19. Purchase /Disposal of quoted securities**

There was no purchase/disposal of quoted securities for the current quarter and financial year-to-date.

The Group's investment in quoted securities as at end of the reporting period are as follows:

	<b>RM'000</b>
At Cost	40
At Net Book Value	40
At Market Value	32

## 20. Status of corporate proposals

Status of utilization of total gross proceeds of RM38,474,000 from the Right Issue of Shares and Public Issue of Shares as at 31 March 2003 is as follows:-

	<b>Proposed Utilization RM'000</b>	<b>Paid RM'000</b>	<b>Status Balance to be utilized RM'000</b>
a) Construction of an integrated one (1)-stop industrial supply and distribution centre in Bandar Baru Bangi	5,000	5,000	-
b) Construction of a production factory-cum-office building for the Industrial Automated Equipment business unit in Bandar Baru Bangi	5,000	-	5,000
c) Acquisition of a production factory-cum-office building in Nilai to cater for the expansionary requirements of the Plastic Injection Moulding business unit and purchase of injection moulding machines	4,000	1,225	2,775
d) Repayment of bank borrowings	5,000	5,000	-
e) Working capital	16,974	16,974	-
f) Listing expenses	2,500	2,704	(204)
<b>Total</b>	<b>38,474</b>	<b>30,903</b>	<b>7,571</b>

## 21. Group's borrowings and debt securities

Particulars of the Group's borrowings as at 31 March 2003 are as follows:-

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Short Term - Bank Overdraft	1,805	-	1,805
- Bills Payable	16,370	-	16,370
	<b>18,175</b>	<b>-</b>	<b>18,175</b>

The above Group's borrowings are denominated in Ringgit Malaysia

## **22. Off balance sheet risk financial instruments**

Forward foreign exchange contracts (“FCY”) are entered into by subsidiaries in currencies other than their functional currency to manage exposure to fluctuations in foreign currency exchange rates on specific transactions. As at 22 May 2003 (being the latest practicable date which is not later than 7 days from the date of issuance of this interim report), the FCY which has been entered into by the Group is as follow:

<b>Currency</b>	<b>Contract amount in FCY'000</b>	<b>Date of contract</b>	<b>Value date of Contract</b>	<b>Equivalent amount in RM'000</b>
US Dollar	21	16/05/2003	30/05/2003	81

Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions. All other exchange gains and losses relating to hedge instruments are recognized in the income statement in the same period as the exchange differences on the underlying hedged items. Gains and losses on contracts that are no longer designated as hedges are included in the income statement.

The above instruments are executed with creditworthy financial institutions and the Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength. The Group also has no significant concentrations of market risk in relation to the above financial instruments.

## **23. Changes in material litigations**

There were no impending material litigations as at 22 May 2003 (being the latest practicable date which is not later than 7 days from the date of issuance of this interim report).

## **24. Dividend**

No interim dividend has been recommended by the Board for the current quarter and financial year-to-date.

**25. Earnings per share**

**(a) Basic earnings per share**

The calculation of basic earnings per ordinary share is based on net profit attributable to ordinary shareholders of the period and weighted average number of ordinary shares outstanding during the period of 120,000,000.

**(b) Diluted earnings per share**

This note is not applicable.

By Order of the Board  
ATIS Corporation Berhad

Goh Chok Siang  
Group Accountant

Selangor Darul Ehsan  
28 May 2003