

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

Interim Report for the
Second Quarter Ended
30 June 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 SECOND QUARTER ENDED 30 JUNE 2003

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/06/2003 RM'000	Preceding Year Corresponding Quarter 30/06/2002 RM'000	Current Year To-date 30/06/2003 RM'000	Preceding Year Corresponding Period 30/06/2002 RM'000
Revenue		62,538	48,161	117,794	96,308
Operating Expenses		(54,192)	(40,964)	(102,574)	(81,441)
Other Operating Income/(Expenses)		647	54	1,278	(190)
Profit from Operations		8,993	7,251	16,498	14,677
Finance Costs		(362)	(360)	(683)	(715)
Share of results of associated company		-	-	-	-
Profit Before Taxation		8,631	6,891	15,815	13,962
Taxation	17	(2,442)	(2,140)	(4,538)	(4,359)
Profit After Taxation		6,189	4,751	11,277	9,603
Minority Interest		(523)	(554)	(1,018)	(857)
Pre-acquisition profit*		2	(2,219)	2	(6,768)
Net profit for the financial period		5,668	1,978	10,261	1,978
Earnings per share (sen) :-	25				
(a) Basic		4.72	8.72	8.55	4.48
(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 SECOND QUARTER ENDED 30 JUNE 2003**

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CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>Note</u>	As at end of current quarter 30/06/2003 RM'000	As at preceding financial year end 31/12/2002 RM'000
Property, plant and equipment		31,921	27,798
Quoted Investment		40	40
Intangible assets		853	714
Current assets			
Inventories		30,955	33,090
Trade receivables		98,442	82,007
Other receivables, deposits and prepayments		7,190	4,144
Cash and cash equivalents		21,121	23,319
		157,708	142,560
Current liabilities			
Trade payables		33,766	30,964
Other payables and accruals		4,422	5,617
Borrowings	21	25,317	17,155
Hire purchase liabilities		529	888
Provision for taxation		5,306	5,220
		69,340	59,844
Net current assets		88,368	82,716
		121,182	111,268
Share capital		60,000	60,000
Reserves		44,407	34,146
Shareholders' funds		104,407	94,146
Negative goodwill		9,500	10,714
Minority interest		6,172	5,154
Long term liabilities			
Hire purchase liabilities		304	455
Deferred taxation		799	799
		1,103	1,254
		121,182	111,268
Net tangible assets per share (RM)		0.94	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 SECOND QUARTER ENDED 30 JUNE 2003**

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Non- Distributable Share Premium RM'000	Distributable Retained Profits RM'000	Total RM'000
Balance at 1 January 2003	60,000	22,221	11,925	94,146
Net profit for the financial period	-	-	10,261	10,261
Balance at 30 June 2003	<u>60,000</u>	<u>22,221</u>	<u>22,186</u>	<u>104,407</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 SECOND QUARTER ENDED 30 JUNE 2003**

The figures have not been audited

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	RM'000
Net Profit Before Tax	15,817
Adjustment for :-	
Non-cash items	401
Non-operating items	429
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Operating profit before changes in working capital	16,647
Changes in working capital	
Net change in current assets	(16,987)
Net change in current liabilities	(2,829)
	<hr/>
Net cash used in operating activities	(3,169)
	<hr/>
Investing Activities	
Equity Investments	(300)
Other Investments	(5,451)
	<hr/>
Net cash used in investing activities	(5,751)
	<hr/>
Financing Activities	
Net drawdown of bank borrowings	6,760
Repayment of hire purchase creditors	(683)
Dividend paid to minority shareholders	(396)
Interest paid	(559)
Interest received	164
	<hr/>
Net cash generated from financing activities	5,286
	<hr/>
Net Change in Cash and Cash Equivalents	(3,634)
Cash and Cash Equivalents at beginning of period	14,477
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Cash and Cash Equivalents at end of period	10,843
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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 SECOND QUARTER ENDED 30 JUNE 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:-

Business segment	Investment RM ' 000	Industrial Supply RM ' 000	Industrial Automation RM ' 000	Plastic Injection Moulding RM ' 000	Eliminations RM ' 000	Consolidated RM ' 000
Revenue						
Revenue from external customers	-	102,384	13,397	2,013	-	117,794
Inter-segment revenue	-	-	5	-	(5)	-
	-	102,384	13,402	2,013	(5)	117,794

Results

Profit/(loss) from operations	(147)	16,115	1,104	(824)	-	16,248
Interest expense						(593)
Interest income						160
Profit before taxation						15,815
Taxation						(4,538)
Minority interest						(1,018)
Pre-acquisition profit						2
Net profit for the financial period						10,261

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 15 August 2003, being the date not earlier than 7 days from the date of issuance of this interim report.

13. Review of performance

Revenue for the first half of 2003 of RM117.8 million was 22% higher than that achieved during the corresponding period of 2002. The Industrial Automation division registered significant increase of 126% in revenue with higher production of automated machines. The Industrial Supply division continued to grow by another 18% with higher sales volume from branches and higher demand from infrastructure related projects. On the back of higher turnover, profit before tax increased by 13% to RM15.8 million for the first half of 2003. There is a slight decrease in the profit margin due to the changes in product mix.

14. Comparison with preceding quarter's results

The Group achieved revenue of RM62.5 million, an increase of 12% from preceding quarter's revenue of RM55.3 million. This is mainly attributable to the strong increase of 57% in the revenue of the Industrial Automation division. The Industrial Supply division continued to grow by 8% with higher demand for certain product ranges. Profit before tax rose from RM7.2million to RM8.6 million with increase in revenue and profit margin.

15. Prospects

With the continuous growth in its core businesses, the Directors of the Group anticipate the performance of the Group for the next quarter to remain satisfactory.

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>Quarter</u>	<u>Preceding</u> <u>Year</u> <u>Corresponding</u> <u>Quarter</u>	<u>Current Year</u> <u>To-date</u>	<u>Preceding</u> <u>Year</u> <u>Corresponding</u> <u>Period</u>
	30/06/2003	30/06/2002	30/06/2003	30/06/2002
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Current Year	2,442	2,140	4,538	4,359

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 subsidiary companies 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:

	RM'000
At Cost	40
At Net Book Value	40
At Market Value	37

20. Status of corporate proposals

Date of Announcement	Subject	Status
30 May 2003	Proposed acquisition of the entire equity interest in R&R Group of companies for a total cash consideration of RM25,000,000 thereby resulting in these companies becoming wholly-owned subsidiary companies of ATIS	Pending approval from Foreign Investment Committee
6 August 2003	Proposed acquisition of the remaining 21.74% equity interest in Thian Soon Industrial Hardware Sdn Bhd (“TS”), a subsidiary of ATIS for a total cash consideration of RM8,250,000 thereby resulting in TS becoming a wholly-owned subsidiary company of ATIS	A deposit sum of RM825,000 has been paid upon execution of the Sales and Purchase Agreement (“SPA”). The balance of the purchase consideration shall be paid within three (3) months from the execution of the SPA

Status of utilization of total gross proceeds of RM38,474,000 from the Right Issue of Shares and Public Issue of Shares as at 30 June 2003 is as follows:-

	Proposed Utilization RM'000	Paid RM'000	Status Balance to be utilized RM'000
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)
Total	38,474	30,903	7,571

21. Group's borrowings and debt securities

Particulars of the Group's borrowings as at 30 June 2003 are as follows:-

		Secured RM'000	Unsecured RM'000	Total RM'000
Short Term	- Bank Overdraft	2,939	-	2,939
	- Bills Payable	22,378	-	22,378
		25,317	-	25,317

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 15 August 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:

Currency	Contract amount in FCY'000	Date of contract	Value date of Contract	Equivalent amount in RM'000
US Dollar	471	9/7/2003	12/1/2004	<u>1,800</u>

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 15 August 2003 (being the latest practicable date which is not later than 7 days from the date of issuance of this interim report).

24. Dividend

The Board of Directors is recommending the payment of an interim dividend of 5% less 28% taxation:

- (a) i. Amounts per share : 2.5 sen (less 28% taxation)
- ii. No dividend were paid or recommended in the previous corresponding period;
- iii. Total dividend for the current financial period: RM2,160,000 (net)
- (b) Date payable : To be announced at a later date; and
- (c) The date of entitlement of dividend will be announced later.

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
19 August 2003