

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

Interim Report for the
Third Quarter Ended
30 September 2003

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**ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2003**

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	<u>Note</u>	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/09/2003 RM'000	Preceding Year Corresponding Quarter 30/09/2002 RM'000	Current Year To-date 30/09/2003 RM'000	Preceding Year Corresponding Period 30/09/2002 RM'000
Revenue		67,580	58,621	185,374	154,929
Operating Expenses		(58,661)	(49,554)	(161,231)	(130,995)
Other Operating Income/(Expenses)		597	(234)	1,875	(424)
Profit from Operations		9,516	8,833	26,018	23,510
Finance Costs		(411)	(329)	(1,094)	(1,044)
Share of results of associated company		-	-	-	-
Profit Before Taxation		9,105	8,504	24,924	22,466
Taxation	17	(2,697)	(1,934)	(7,235)	(6,293)
Profit After Taxation		6,408	6,570	17,689	16,173
Minority Interest		(298)	(994)	(1,316)	(1,851)
Pre-acquisition profit*		-	-	(2)	(6,768)
Net profit for the financial period		6,110	5,576	16,371	7,554
Earnings per share (sen) :-	25				
(a) Basic		5.09	4.68	13.64	13.65
(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 THIRD QUARTER ENDED 30 SEPTEMBER 2003**

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CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>Note</u>	As at end of current quarter 30/09/2003 RM'000	As at preceding financial year end 31/12/2002 RM'000
Property, plant and equipment		33,919	27,798
Quoted Investment		40	40
Intangible assets		797	714
Current assets			
Inventories		32,211	33,090
Trade receivables		103,559	82,007
Other receivables, deposits and prepayments		7,648	4,144
Cash and cash equivalents		17,409	23,319
		160,827	142,560
Current liabilities			
Trade payables		38,086	30,964
Other payables and accruals		6,773	5,617
Borrowings	21	25,142	17,155
Hire purchase liabilities		552	888
Provision for taxation		4,235	5,220
		74,788	59,844
Net current assets		86,039	82,716
		120,795	111,268
Share capital		60,000	60,000
Reserves		44,469	34,146
Shareholders' funds		104,469	94,146
Negative goodwill		8,893	10,714
Minority interest		6,471	5,154
Long term liabilities			
Hire purchase liabilities		163	455
Deferred taxation		799	799
		962	1,254
		120,795	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 THIRD QUARTER ENDED 30 SEPTEMBER 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
<u>9 months ended 30 September 2002</u>				
Balance at 1 January 2002	300	-	(9)	291
Issuance of shares				
- Acquisition of subsidiaries	41,150	5,001	-	46,151
- Right issue	9,040	904	-	9,944
- Public issue	9,510	19,020	-	28,530
Listing expenses	-	(2,704)	-	(2,704)
Net profit for the financial period	-	-	7,554	7,554
Balance at 30 September 2002	60,000	22,221	7,545	89,766
<u>9 months ended 30 September 2003</u>				
Balance at 1 January 2003	60,000	22,221	11,925	94,146
Net profit for the financial period	-	-	16,371	16,371
Dividend	-	-	(6,048)	(6,048)
Balance at 30 September 2003	60,000	22,221	22,248	104,469

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

**ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2003**

The figures have not been audited

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	9 months ended 30/09/2003 RM'000	9 months ended 30/09/2002 RM'000
Net Profit Before Tax*	24,922	15,698
Adjustment for :-		
Non-cash items	571	(3,326)
Non-operating items	723	88
Operating profit before changes in working capital	26,216	12,460
Changes in working capital		
Net change in current assets	(23,654)	(20,922)
Net change in current liabilities	(143)	(11,389)
Net cash generated from/(used in) operating activities	2,419	(19,851)
Investing Activities		
Equity Investments	(299)	3,678
Other Investments	(8,544)	(1,569)
Net cash (used in)/generated from investing activities	(8,843)	2,109
Financing Activities		
Proceed from right issues	-	9,944
Proceed from public issues, net of listing expenses	-	25,826
Net drawdown of bank borrowings	5,492	3,607
Repayment of hire purchase creditors	(794)	-
Dividend paid to minority shareholders	(396)	-
Payment of dividend	(6,048)	-
Interest paid	(870)	-
Net cash (used in)/generated from financing activities	(2,616)	39,377
Net Change in Cash and Cash Equivalents	(9,040)	21,635
Cash and Cash Equivalents at beginning of period	14,477	297
Cash and Cash Equivalents at end of period	5,437	21,932

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

* Net profit before taxation after deducting pre-acquisition profit

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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

A first and final dividend of 7 sen per share less 28% tax totaling RM6,048,000 proposed in respect of the previous financial year was paid by the Company during the current quarter and 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	-	164,454	17,428	3,492	-	185,374
Inter-segment revenue	-	-	8	-	(8)	-
	-	164,454	17,436	3,492	(8)	185,374

Results

Profit/(loss) from operations	(212)	26,449	549	(1,168)	-	25,618
Interest expense						(907)
Interest income						213
Profit before taxation						24,924
Taxation						(7,235)
Minority interest						(1,316)
Pre-acquisition profit						(2)
Net profit for the financial period						16,371

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 18 November 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 RM185.4 million for the 9-month period ended 30 September 2003 as compared to RM154.9 million for the corresponding period of 2002. The 20% growth in revenue is mainly contributed by an increase of 20% and 33% in the Industrial Supply and Industrial Automation divisions respectively. The increase in revenue led to an 11% increase in profit before taxation to RM24.9 million for the 9-month period.

14. Comparison with preceding quarter's results

The Group continued to register growth of 8% and 5% in its third quarter's revenue and profit before taxation. The growth is boosted by increase of 17% in the revenue for the Industrial Supply division.

15. Prospects

With the completion of acquisition of R&R Group on 31 October 2003, the Directors of the Group anticipate the next quarter performance 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>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>30/09/2003</u>	<u>Quarter</u>	<u>30/09/2003</u>	<u>Period</u>
	<u>RM'000</u>	<u>30/09/2002</u>	<u>RM'000</u>	<u>30/09/2002</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Taxation				
- Current Year	2,697	1,934	7,235	6,293

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	42

20. Status of corporate proposals

Date of Announcement	Subject	Status
30 May 2003 & 2 October 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	Approval from Foreign Investment Committee has been obtained on 26 September 2003. The acquisition was completed on 31 October 2003 when the final payment of the purchase consideration has been paid to the vendors of R&R Group.
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 vendors have granted an extension of time until 31 December 2003 for the payment of the balance of the purchase consideration.
25 September 2003	Revision to the utilisation of proceeds from the rights issue and public issue pursuant to the listing of ATIS on the Main Board of the Kuala Lumpur Stock Exchange	The revised proceeds of RM7.775 million have been fully utilised for working capital purposes.
1 October 2003 & 14 November 2003	Proposed RM80,000,000 commercial papers/medium term notes issuance programme by KVC Electric (M) Sdn Bhd (“KVC”), a wholly-owned subsidiary company of ATIS	Approval from the Securities Commission has been obtained on 5 November 2003. KVC is still in the process of identifying suitable investors to subscribe for the commercial papers/medium term notes.
14 November 2003	Proposed listing of Genetec Technology Sdn Bhd, a 51% subsidiary of ATIS, on the MESDAQ Market of the Kuala Lumpur Stock Exchange	Pending approval from the Securities Commission, Kuala Lumpur Stock Exchange, Foreign Investment Committee, Ministry of International Trade and Industry and the shareholders of ATIS.

21. Group's borrowings and debt securities

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

		Secured RM'000	Unsecured RM'000	Total RM'000
Short Term	- Bank Overdraft	4,032	-	4,032
	- Bills Payable	21,110	-	21,110
		25,142	-	25,142

The above Group's borrowings are denominated in Ringgit Malaysia

22. Off balance sheet risk financial instruments

There were no financial instruments with off balance sheet risk as at 18 November 2003 (being the latest practicable date which is not later than 7 days from the date of issuance of this interim report).

23. Changes in material litigations

There were no impending material litigations as at 18 November 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 for the current financial year-to-date:

- (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
21 November 2003