

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

Interim Report for the
Fourth Quarter Ended
31 December 2003

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

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	<u>Note</u>	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/12/2003 RM'000	Preceding Year Corresponding Quarter 31/12/2002 RM'000	Current Year To-date 31/12/2003 RM'000	Preceding Year Corresponding Period 31/12/2002 RM'000
Revenue		76,828	61,042	262,202	215,971
Operating Expenses		(65,640)	(55,735)	(226,871)	(186,730)
Other Operating Income/(Expenses)		1,048	1,762	2,923	1,338
Profit from Operations		12,236	7,069	38,254	30,579
Finance Costs		(950)	(166)	(2,044)	(1,210)
Share of results of associated company		-	(49)	-	(49)
Profit Before Taxation		11,286	6,854	36,210	29,320
Taxation	17	(3,068)	(1,877)	(10,303)	(8,170)
Profit After Taxation		8,218	4,977	25,907	21,150
Minority Interest		(878)	(596)	(2,194)	(2,447)
Pre-acquisition profit*		-	-	-	(6,768)
Net profit for the financial period/year		7,340	4,381	23,713	11,935
Earnings per share (sen) :-	25				
(a) Basic		6.12	3.65	19.76	16.62
(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

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CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>Note</u>	As at end of current quarter 31/12/2003 RM'000	As at preceding financial year end 31/12/2002 RM'000
Property, plant and equipment		38,872	27,798
Long term investments		99	40
Intangible assets		19,038	714
Current assets			
Inventories		42,674	33,090
Trade receivables		122,276	82,007
Other receivables, deposits and prepayments		6,480	4,144
Cash and cash equivalents		15,966	23,319
		187,396	142,560
Current liabilities			
Trade payables		49,977	30,964
Other payables and accruals		6,677	5,617
Borrowings	21	57,567	17,155
Hire purchase liabilities		369	888
Provision for taxation		6,068	5,220
		120,658	59,844
Net current assets		66,738	82,716
		124,747	111,268
Share capital		60,000	60,000
Reserves		51,811	34,146
Shareholders' funds		111,811	94,146
Negative goodwill		9,125	10,714
Minority interest		2,560	5,154
Long term liabilities			
Bank borrowings	21	256	-
Hire purchase liabilities		186	455
Deferred taxation		809	799
		1,251	1,254
		124,747	111,268
Net tangible assets per share (RM)		0.85	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)
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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>12 months ended 31 December 2002</u>				
Balance at 1 January 2002	300	-	(10)	290
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 year	-	-	11,935	11,935
Balance at 31 December 2002	60,000	22,221	11,925	94,146
<u>12 months ended 31 December 2003</u>				
Balance at 1 January 2003	60,000	22,221	11,925	94,146
Net profit for the financial period	-	-	23,713	23,713
Dividend	-	-	(6,048)	(6,048)
Balance at 31 December 2003	60,000	22,221	29,590	111,811

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 FOURTH QUARTER ENDED 31 DECEMBER 2003**

The figures have not been audited

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	12 months ended 31/12/2003 RM'000	12 months ended 31/12/2002 RM'000
Net Profit Before Tax*	36,210	18,332
Adjustment for :-		
Non-cash items	1,561	1,782
Non-operating items	1,441	271
Operating profit before changes in working capital	<u>39,212</u>	<u>20,385</u>
Changes in working capital		
Net change in current assets	(22,661)	(21,987)
Net change in current liabilities	(12,150)	(19,612)
Net cash generated from/(used in) operating activities	<u>4,401</u>	<u>(21,214)</u>
Investing Activities		
Equity Investments	(32,441)	4,148
Other Investments	(11,891)	(4,522)
Net cash used in investing activities	<u>(44,332)</u>	<u>(374)</u>
Financing Activities		
Proceed from right issues	-	9,944
Proceed from public issues, net of listing expenses	-	25,826
Net drawdown of bank borrowings	37,157	1,982
Repayment of term loan	(4)	(226)
Repayment of hire purchase creditors	(1,016)	(254)
Dividend paid to minority shareholders	(396)	(882)
Payment of dividend	(6,048)	-
Interest paid	(1,154)	(622)
Net cash generated from financing activities	<u>28,539</u>	<u>35,768</u>
Net Change in Cash and Cash Equivalents	(11,392)	14,180
Cash and Cash Equivalents at beginning of period/year	14,477	297
Cash and Cash Equivalents at end of period/year	<u><u>3,085</u></u>	<u><u>14,477</u></u>

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 before taxation

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2003

The figures have not been audited.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting 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 Malaysia Securities Exchange Berhad 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 except for the following:

Issuance of Commercial Papers

Face Value (RM'000)	Date	Tenor	Net Proceeds (RM'000)
30,000	22/12/2003	91 days	29,757

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 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	-	233,572	22,669	5,961	-	262,202
Inter-segment revenue	-	-	10	-	(10)	-
	-	233,572	22,679	5,961	(10)	262,202

Results

Profit/(loss) from operations	(305)	37,343	1,314	(1,109)	-	37,243
Interest expense						(1,498)
Interest income						465
Profit before taxation						36,210
Taxation						(10,303)
Minority interest						(2,194)
Net profit for the financial period						23,713

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 following:-

- i) completion of the acquisition of 100% equity interest in GEIC Technology Sdn Bhd by KVC Electric (M) Sdn Bhd, a wholly-owned subsidiary of the Group;
- ii) completion of the acquisition of 100% equity interest in R&R Industrial Products (M) Sdn Bhd, R&R Industrial Products (Kuantan) Sdn Bhd, R&R Industrial Products (N.S.) Sdn Bhd, R&R Industrial Products (Malacca) Sdn Bhd, R&R Industrial Products (Johor Bahru) Sdn Bhd and Sysnet Controls Sdn Bhd by KVC Electric (M) Sdn Bhd, a wholly-owned subsidiary of the Group; and
- iii) completion of the acquisition of the remaining 21.74% equity interest in Thian Soon Industrial Hardware 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 20 February 2004, being the date not earlier than 7 days from the date of issuance of this interim report.

13. Review of performance

For year-to-date, the Group achieved revenue of RM262.2 million, an increase of RM46.2 million or 21.4% growth over the preceding year's corresponding period. The year-to-date net profit of RM23.7 million was 26.8% higher than the preceding year's net profit of RM18.7 million.

14. Comparison with preceding quarter's results

The Group achieved revenue of RM76.8 million for the quarter under review, an increase of RM9.2 million or 13.7% over the previous quarter of RM67.6 million. The growth was substantially contributed by strong growth in the Industrial Supply division. Net profit for the quarter under review was RM7.3 million, an increase of 20.1 % over the last quarter.

15. Prospects

With the full consolidation of the results of the R&R Group in the next quarter, the Board of Directors expects the Group's performance to be satisfactory.

16. Profit forecast/profit guarantee

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>
	31/12/2003	31/12/2002	31/12/2003	31/12/2002
	RM'000	RM'000	RM'000	RM'000
In respect of current period/year:				
- income tax	3,159	2,157	10,394	8,450
- deferred tax	(107)	24	(107)	24
	<u>3,052</u>	<u>2,181</u>	<u>10,287</u>	<u>8,474</u>
In respect of prior year				
- income tax	16	(304)	16	(304)
	<u>3,068</u>	<u>1,877</u>	<u>10,303</u>	<u>8,170</u>

The effective tax rate in current financial year-to-date and preceding year corresponding period are 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	<u>40</u>
At Market Value	<u>46</u>

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	The acquisition was completed on 23 December 2003 when the final payment of the purchase consideration has been paid to the minority shareholders of TS.
1 October 2003, 14 November 2003, 19 November 2003 & 11 December 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 has successfully issued its first issuance of commercial papers on 22 December 2003.
14 November 2003	Proposed listing of Genetec Technology Sdn Bhd, a 51% subsidiary of ATIS, on the MESDAQ Market of the Malaysia Securities Exchange Berhad	Pending approval from the Securities Commission, Malaysia Securities Exchange Berhad, Foreign Investment Committee, Ministry of International Trade and Industry and the shareholders of ATIS.
21 November 2003 & 8 January 2004	Proposed Bonus Issue and Proposed Employees’ Share Option Scheme	Approval from the Securities Commission and shareholders of the Company have been obtained on 7 January 2004 and 19 February 2004 respectively.

21. Group's borrowings and debt securities

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

	Short-Term RM'000	Long-Term RM'000	Total RM'000
<u>Bank Borrowings</u>			
Secured	27,567	256	27,823
<u>Bonds</u>			
Unsecured	30,000	-	30,000
	57,567	256	57,823

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 20 February 2004 (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 20 February 2004 (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. Amount 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 for 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
26 February 2004