

Interim Report for the  
First Quarter Ended  
30 June 2004

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**ATIS CORPORATION BERHAD (446118 -T)  
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2004**

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<u>Note</u>	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/6/2004 RM'000	Preceding Year Corresponding Quarter 30/6/2003 RM'000	Current Year To-date 30/6/2004 RM'000	Preceding Year Corresponding Period # 30/6/2003 RM'000
Revenue		88,820	62,538	88,820	62,538
Operating Expenses		(76,463)	(54,192)	(76,463)	(54,192)
Other Operating Income		599	647	599	647
Profit from Operations		12,956	8,993	12,956	8,993
Finance Costs		(762)	(362)	(762)	(362)
Profit Before Taxation		12,194	8,631	12,194	8,631
Taxation	17	(3,667)	(2,442)	(3,667)	(2,442)
Profit After Taxation		8,527	6,189	8,527	6,189
Minority Interest		(164)	(523)	(164)	(523)
Pre-acquisition profit		-	2	-	2
Net profit for the financial period		<u>8,363</u>	<u>5,668</u>	<u>8,363</u>	<u>5,668</u>
Earnings per share (sen) :-	25				
(a) Basic		<u>5.27</u>	<u>3.63</u>	<u>5.27</u>	<u>3.63</u>
(b) Fully diluted		<u>5.24</u>	<u>N/A</u>	<u>5.24</u>	<u>N/A</u>

# ATIS has changed its financial year end from 31 December 2003 to 31 March 2004. Therefore, comparative figures in the preceding year corresponding period is in respect of the period from 1 April 2003 to 30 June 2003

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the Financial Period Ended 31 March 2004

**ATIS CORPORATION BERHAD (446118 -T)**  
**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2004**

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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>Note</u>	<b>As at end of current quarter 30/6/2004 RM'000</b>	<b>As at preceding financial year end 31/3/2004 RM'000</b>
<b>Property, plant and equipment</b>		40,486	40,502
<b>Investment in associate</b>		375	-
<b>Long term investments</b>		88	88
<b>Goodwill</b>		16,791	17,766
<b>Deferred tax assets</b>		213	213
<b>Current assets</b>			
Inventories		50,973	40,966
Trade and other receivables		147,046	134,814
Tax recoverable		408	296
Cash and cash equivalents		21,375	32,186
		219,802	208,262
<b>Current liabilities</b>			
Trade and other payables		52,260	52,376
Borrowings	21	77,904	72,546
Hire purchase liabilities		273	326
Provision for taxation		5,617	4,869
Dividend payable		-	2,857
		136,054	132,974
<b>Net current assets</b>		83,748	75,288
		141,701	133,857
<b>Share capital</b>		79,376	79,369
<b>Reserves</b>		49,926	41,541
<b>Shareholders' funds</b>		129,302	120,910
<b>Negative goodwill</b>		7,826	8,477
<b>Minority interest</b>		3,254	3,090
<b>Long term liabilities</b>			
Bank borrowings		257	266
Hire purchase liabilities		61	113
Deferred taxation liabilities		1,001	1,001
		1,319	1,380
		141,701	133,857
<b>Net tangible assets per share (RM)</b>		0.76	0.70

The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the Financial Period Ended 31 March 2004

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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
<b><u>3 months ended 30 June 2003</u></b>				
Balance at 1 April 2003	60,000	22,221	16,518	98,739
Net profit for the financial period	-	-	5,668	5,668
<b>Balance at 30 June 2003</b>	<u>60,000</u>	<u>22,221</u>	<u>22,186</u>	<u>104,407</u>
<b><u>3 months ended 30 June 2004</u></b>				
Balance at 1 April 2004	79,369	8,506	33,035	120,910
Issuance of shares - Employees' Share Option Scheme ("ESOS")	7	22	-	29
Net profit for the financial period	-	-	8,363	8,363
<b>Balance at 30 June 2004</b>	<u>79,376</u>	<u>8,528</u>	<u>41,398</u>	<u>129,302</u>

**The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the Financial Period Ended 31 March 2004**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>3 months ended 30/6/2004 RM'000</b>	<b>3 months ended 30/6/2003 # RM'000</b>
Net Profit Before Tax	12,194	8,633
<b>Adjustment for :-</b>		
Depreciation and amortisation	2,130	852
Amortisation of negative goodwill	(718)	(607)
Other non-cash items	(70)	(84)
Non-operating items	669	288
<b>Operating profit before changes in working capital</b>	<u>14,205</u>	<u>9,082</u>
<b>Changes in working capital</b>		
Net change in current assets	(21,889)	(9,810)
Net change in current liabilities	(3,672)	(1,059)
<b>Net cash used in operating activities</b>	<u>(11,356)</u>	<u>(1,787)</u>
<b>Investing Activities</b>		
Equity Investments	(375)	(300)
Other Investments	(843)	(2,598)
<b>Net cash used in investing activities</b>	<u>(1,218)</u>	<u>(2,898)</u>
<b>Financing Activities</b>		
Proceed from Employees' Share Option Scheme	28	-
Net (payment)/drawdown of bank borrowings	(2,571)	6,008
Drawdown of commercial paper	50,000	-
Repayment of commercial paper	(45,000)	-
Repayment of hire purchase creditors	(105)	(425)
Payment of dividend	(2,857)	-
Interest paid	(675)	(304)
<b>Net cash (used in)/generated from financing activities</b>	<u>(1,180)</u>	<u>5,279</u>
Net Change in Cash and Cash Equivalents	(13,754)	594
Cash and Cash Equivalents at beginning of period	22,408	10,249
Cash and Cash Equivalents at end of period	<u><u>8,654</u></u>	<u><u>10,843</u></u>

# ATIS has changed its financial year end from 31 December 2003 to 31 March 2004. Therefore, comparative figures in the preceding year corresponding period is in respect of the period from 1 April 2003 to 30 June 2003

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the Financial Period Ended 31 March 2004

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2004**

The figures have not been audited.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

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

The unaudited 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 Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 March 2004.

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 period ended 31 March 2004 except for the adoption of new MASB standards.

The adoption of the other 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 were 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:

- i) Issuance of 8,500 and 5,200 new ordinary shares of RM0.50 each on 23 April 2004 and 25 May 2004 respectively pursuant to exercise of share options by eligible employees pursuant to an Employees' Share Option Scheme; and

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ii) Issuance of Commercial Papers

Face Value (RM'000)	Date	Tenor	Net Proceeds (RM'000)
50,000	22/06/2004	92 days	49,616

**7. Dividends paid**

An interim dividend of 2.5 sen per share less 28% tax totaling RM2,857,000 proposed in respect of the previous financial period 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:-

<b>Business segment</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	80,843	5,338	2,639	-	88,820
Inter-segment revenue	84	163	-	(247)	-
	<u>80,927</u>	<u>5,501</u>	<u>2,639</u>	<u>(247)</u>	<u>88,820</u>
<b>Segment results</b>	<u>12,429</u>	<u>234</u>	<u>366</u>	<u>-</u>	<u>13,029</u>
Unallocated expenses					(150)
Operating profit					<u>12,879</u>
Interest expense					(714)
Interest income					29
Profit before taxation					<u>12,194</u>
Taxation					(3,667)
Minority shareholders' interests					<u>(164)</u>
Net profit for the financial period					<u><u>8,363</u></u>

#### **9. Valuation of property, plant and equipment**

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

#### **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 statements 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 Genevision (M) Sdn Bhd by Genetec Technology Berhad on 25 June 2004; and
- ii) Completion of the acquisition of 30% equity interest in AZ Master (M) Sdn Bhd by KVC Electric (M) Sdn Bhd on 26 June 2004.

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

There were no material changes in contingent liabilities or contingent assets since the date of the last audited financial statements to 23 August 2004, 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 RM88.8 million for the quarter under review. This represents an increase of 42% over the previous year's corresponding quarter of RM62.5 million. This increase is driven by high growth in the Industrial Supply division. On the back of the higher revenue, net profit rose by 48% to RM8.4 million in the current quarter.

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

The Group's revenue of RM88.8 million for the quarter under review was 8% higher than the preceding quarter's revenue of RM82.1 million. The Industrial Supply division continued to record higher revenue in its key market segments. Net profit increased by RM2.1 million or 33% as compared to the previous quarter due to improvement in margin and lower provisions made in the current quarter.

#### **15. Prospects**

With the continuous focus on strategic growth, the Directors of the Group anticipate the performance of the Group for the next quarter to remain 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>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>30/6/2004</u>	<u>Quarter</u>	<u>30/6/2004</u>	<u>Period #</u>
	<u>RM'000</u>	<u>30/6/2003</u>	<u>RM'000</u>	<u>30/6/2003</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
In respect of current period:				
- income tax	3,667	2,442	3,667	2,442

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 profits of other subsidiary companies within the Group.

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

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

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

- (a) There were no purchase/disposal of quoted securities for the current quarter and financial year-to-date.
- (b) The Group's investment in quoted securities as at the end of the reporting period are as follows:

	<b>RM'000</b>
At Cost	29
At Net Book Value	29
At Market Value	26

**20. Status of corporate proposals**

<b>Date of Announcement</b>	<b>Subject</b>	<b>Status</b>
14 November 2003	Proposed listing of Genetec Technology Berhad (“GT”), a 51% owned subsidiary of ATIS, on the MESDAQ Market of Bursa Malaysia Securities Berhad (the “Proposed GT Listing”)	The application for the Proposed GT Listing to the Securities Commission, Bursa Malaysia Securities Berhad, Foreign Investment Committee and Ministry of International Trade and Industry which was submitted on 14 November 2003 has been withdrawn.
6 April 2004	Proposed internal restructuring involving the proposed disposal by GT of 51,000 ordinary shares of RM1.00 each representing 51% of the issued and paid-up share capital of Genetec Plastic Technology (M) Sdn Bhd to Wawasan Plastic Industry Sdn Bhd, a wholly owned subsidiary of ATIS for cash consideration of RM1.00	Pending approval from the Foreign Investment Committee.
23 April 2004, 23 July 2004 and 26 July 2004	<p>Proposed acquisition by GT of the entire enlarged issued and paid-up share capital of Pejuta (Malaysia) Sdn Bhd (“Pejuta”), a wholly-owned subsidiary of Sapura Telecommunications Berhad (“Sapura”) for a total purchase consideration of RM121.08 million to be satisfied by the issuance of:</p> <ul style="list-style-type: none"> <li>• 47.50 million new ordinary shares of RM0.10 each in GT (“GT Shares”) at an issue price of RM2.00 per GT Share; and</li> <li>• 13.04 million irredeemable convertible preference shares of RM0.10 each in GT (“GT ICPS”) at an issue price of RM2.00 per GT ICPS;</li> </ul> <p>in conjunction with the proposed listing exercise of GT on the MESDAQ Market of Bursa Malaysia Securities Berhad (the “Revised Proposed GT Listing”)</p>	The Revised Proposed GT Listing has been terminated. Following the above termination, GT intends to undertake a listing exercise on the MESDAQ market on its own.

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<b>Date of Announcement</b>	<b>Subject</b>	<b>Status</b>
11 May 2004	Proposed acquisition of the entire equity interest in Cotel Precision Industries Sdn Bhd (“Cotel”) for a total cash consideration of RM2,500,000.00 thereby resulting in Cotel becoming a wholly-owned subsidiary company of ATIS	Pending approval from the Foreign Investment Committee.
16 August 2004	Proposed acquisition of 70% equity interest in Cable Solutions (SEA) Pte Ltd (“Cable Solutions”) for a total cash consideration of SGD255,000, thereby resulting in Cable Solutions becoming a 70% owned subsidiary company of ATIS	Pending approval from Bank Negara Malaysia.

**21. Group's borrowings and debt securities**

Particulars of the Group's borrowings as at 30 June 2004 are as follows:-

	<b>Short-Term RM'000</b>	<b>Long-Term RM'000</b>	<b>Total RM'000</b>
<u>Bank Borrowings</u>			
Secured	27,904	257	28,161
<u>Commercial Papers</u>			
Unsecured	50,000	-	50,000
	<b>77,904</b>	<b>257</b>	<b>78,161</b>

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 23 August 2004 (being the latest practicable date which is not earlier 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 23 August 2004 (being the latest practicable date which is not earlier 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. Amount per share in previous year corresponding period : 2.5 sen less 28% taxation;
- iii. Total dividend for the current financial period: RM2,857,523.40 (net)
- (b) Entitlement date: To be determined and announced at a later date; and
- (c) Date payable: To be determined and announced at a later 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 for the period and weighted average number of ordinary shares outstanding during the period of 158.7 million and 156.0 million for the current year quarter and preceding year corresponding quarter respectively.

### **(b) Diluted earnings per share**

The fully diluted earnings per ordinary share is calculated by dividing the Group's net profit attributable to ordinary shareholders for the period by the weighted average number of ordinary shares of 159.6 million, after adjusting for the unissued ordinary shares in relation to options granted to employees pursuant to the Company's Employees Share Option Scheme.

By Order of the Board  
ATIS Corporation Berhad

Goh Chok Siang  
Group Accountant

Selangor Darul Ehsan  
27 August 2004