

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

Interim Report for the
Third Quarter Ended
31 December 2004

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**ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2004**

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/12/2004 RM'000	Preceding Year Corresponding Quarter 31/12/2003 RM'000	Current Year To-date 31/12/2004 RM'000	Preceding Year Corresponding Period # 31/12/2003 RM'000
Revenue		93,170	76,828	274,026	206,946
Operating Expenses		(80,789)	(65,640)	(237,659)	(178,489)
Other Operating Income		381	1,048	1,862	2,292
Profit from Operations		12,762	12,236	38,229	30,749
Finance Costs		(877)	(950)	(2,470)	(1,723)
Share of associated company		(28)	-	(68)	-
Profit Before Taxation		11,857	11,286	35,691	29,026
Taxation	17	(3,677)	(3,068)	(10,772)	(8,207)
Profit After Taxation		8,180	8,218	24,919	20,819
Minority Interest		(100)	(878)	(426)	(1,699)
Net profit for the financial period		8,080	7,340	24,493	19,120
Earnings per share (sen) :-	25				
(a) Basic		5.09	4.71	15.43	12.26
(b) Fully diluted		N/A	N/A	N/A	N/A

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 31 December 2003

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

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 INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2004

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CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>Note</u>	As at end of current quarter 31/12/2004 RM'000	As at preceding financial year end 31/3/2004 RM'000
Property, plant and equipment		41,887	40,502
Long term investments		88	88
Goodwill		16,454	17,766
Deferred tax assets		213	213
Current assets			
Inventories		60,744	40,966
Trade receivables		148,415	127,096
Other receivables		9,645	7,718
Tax recoverable		890	296
Cash and cash equivalents		20,764	32,186
		240,458	208,262
Current liabilities			
Trade payables		52,600	47,293
Other payables		7,177	5,083
Borrowings	21	82,811	72,546
Hire purchase liabilities		255	326
Provision for taxation		4,394	4,869
Dividend payable		-	2,857
		147,237	132,974
Net current assets		93,221	75,288
		151,863	133,857
Share capital		79,390	79,369
Reserves		60,385	41,541
Shareholders' funds		139,775	120,910
Negative goodwill		6,621	8,477
Minority interest		4,212	3,090
Long term liabilities			
Borrowings	21	-	266
Hire purchase liabilities		219	113
Deferred taxation liabilities		1,036	1,001
		1,255	1,380
		151,863	133,857
Net tangible assets per share (RM)		0.82	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
<u>9 months ended 31 December 2003</u>				
Balance at 1 April 2003	60,000	22,221	16,518	98,739
Net profit for the financial period	-	-	19,120	19,120
Balance at 31 December 2003	<u><u>60,000</u></u>	<u><u>22,221</u></u>	<u><u>35,638</u></u>	<u><u>117,859</u></u>
<u>9 months ended 31 December 2004</u>				
Balance at 1 April 2004	79,369	8,506	33,035	120,910
Issuance of shares - Employees' Share Option Scheme ("ESOS")	21	67	-	88
Net profit for the financial period	-	-	24,493	24,493
Distribution of dividends			(5,716)	(5,716)
Balance at 31 December 2004	<u><u>79,390</u></u>	<u><u>8,573</u></u>	<u><u>51,812</u></u>	<u><u>139,775</u></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

**ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2004**

The figures have not been audited

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	9 months ended 31/12/2004 RM'000	9 months ended 31/12/2003 # RM'000
Net Profit Before Tax	35,691	29,026
Adjustment for :-		
Depreciation and amortisation	6,317	3,289
Amortisation of negative goodwill	(1,957)	(1,849)
Other non-cash items	(384)	(120)
Non-operating items	2,311	1,301
Operating profit before changes in working capital	<u>41,978</u>	<u>31,647</u>
Changes in working capital		
Net change in current assets	(32,185)	(15,484)
Net change in current liabilities	(11,169)	(10,380)
Net cash (used in)/generated from operating activities	<u>(1,376)</u>	<u>5,783</u>
Investing Activities		
Equity Investments	(4,688)	(32,441)
Other Investments	(1,506)	(9,202)
Net cash used in investing activities	<u>(6,194)</u>	<u>(41,643)</u>
Financing Activities		
Proceeds from Employees' Share Option Scheme	88	-
Net drawdown of bank borrowings	894	6,401
Net drawdown of commercial paper	10,000	30,000
Repayment of hire purchase creditors	(327)	(758)
Payment of dividend	(8,573)	(6,048)
Interest paid	(2,231)	(899)
Net cash (used in)/generated from financing activities	<u>(149)</u>	<u>28,696</u>
Net Change in Cash and Cash Equivalents	(7,719)	(7,164)
Cash and Cash Equivalents at beginning of period	22,408	10,249
Cash and Cash Equivalents at end of period	<u><u>14,689</u></u>	<u><u>3,085</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 31 December 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 THIRD QUARTER ENDED 31 DECEMBER 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 cyclicity 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 the following new number of ordinary shares of RM0.50 each pursuant to exercise of share options by eligible employees pursuant to an Employees' Share Option Scheme

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Date of issuance	Number of ordinary shares of RM0.50 each issued
23 April 2004	8,500
25 May 2004	5,200
23 July 2004	13,000
25 August 2004	15,000

; and

ii) Issuance of Commercial Papers

Face Value (RM'000)	Date	Tenor	Net Proceeds (RM'000)
55,000	21 December 2004	91 days	54,605

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 and final dividend of 5.0 sen per share less 28% less tax totalling RM5,716,000 was paid by the Company during the current financial year-to-date.

8. Segmental reporting

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

Business segment	Industrial Supply RM ' 000	Industrial Automation RM ' 000	Plastic Injection Moulding RM ' 000	Eliminations RM ' 000	Consolidated RM ' 000
Revenue					
Revenue from external customers	247,275	20,217	6,534	-	274,026
Inter-segment revenue	367	12	504	(883)	-
	<u>247,642</u>	<u>20,229</u>	<u>7,038</u>	<u>(883)</u>	<u>274,026</u>

Business segment	Industrial Supply	Industrial Automation	Plastic Injection Moulding	Eliminations	Consolidated
	RM ' 000	RM ' 000	RM ' 000	RM ' 000	RM ' 000
Segment results	36,911	995	330	-	38,236
Unallocated expenses					(322)
Operating profit					37,914
Interest expense					(2,232)
Interest income					77
Share of associated company					(68)
Profit before taxation					35,691
Taxation					(10,772)
Minority shareholders' interests					(426)
Net profit for the financial period					24,493

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 financial period.

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;
- 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 and further acquisition of additional 21% equity interest in AZ Master (M) Sdn Bhd by KVC Electric (M) Sdn Bhd on 20 December 2004;
- iii) Completion of the acquisition of 100% equity interest in Metrosure Sdn Bhd by TSA Industries Sdn Bhd on 27 July 2004;
- iv) Completion of the internal restructuring involving the disposal by Genetec Technology Berhad of 51% equity interest in Genetec Plastic Technology (M) Sdn Bhd to Wawasan Plastic Industry Sdn Bhd on 30 September 2004;

- v) Completion of the acquisition of 100% equity interest in Cotel Precision Industries Sdn Bhd by KVC Electric (M) Sdn Bhd on 30 September 2004;
- vi) The incorporation of FAS Technology Solution Sdn Bhd, a 60% owned subsidiary company of Genetec Technology Berhad on 22 October 2004; and
- vii) Completion of the acquisition and subscription of 70% equity interest in Cable Solutions (SEA) Pte Ltd by KVC Electric (M) Sdn Bhd on 28 October 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 19 February 2005, 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 RM274.0 million for the 9-month period ended 31 December 2004. This represents an increase of 32% over the previous year's corresponding period of RM206.9 million. Revenue in all business segments improved, in particular the Industrial Supply division. The increase in revenue led to a corresponding 28% increase in net profit to RM24.5 million for the current financial period.

14. Comparison with preceding quarter's results

In the quarter under review, the Group achieved a marginally higher net profit of RM8.08 million as revenue strengthened from RM92.0 million to RM93.2 million in the current quarter.

15. Prospects

The Directors anticipate performance of the Group in the next quarter 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>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>31/12/2004</u>	<u>Quarter</u>	<u>31/12/2004</u>	<u>Period #</u>
	<u>RM'000</u>	<u>31/12/2003</u>	<u>RM'000</u>	<u>31/12/2003</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
In respect of current period:				
- income tax	3,677	3,068	10,772	8,207

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.

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 31 December 2003

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:

	RM'000
At Cost	29
At Net Book Value	29
At Market Value	28

20. Status of corporate proposals

Date of Announcement	Subject	Status
14 November 2003, 23 April 2004, 23 July 2004 and 26 July 2004	Proposed listing of Genetec Technology Berhad (“GT”), a 51% owned subsidiary of ATIS, on the MESDAQ Market of Bursa Malaysia Securities Berhad	Pending approvals from Securities Commission and Foreign Investment Committee.
18 February 2005	Proposed acquisition of 60% equity interest in PT Fanah Jaya Maindo (“Fanah Jaya”) for a total cash consideration of RM2,500,000 thereby resulting in Fanah Jaya becoming a 60% owned subsidiary company of ATIS	Pending approval from Bank Negara Malaysia and Badan Kordinasi Penanaman Modal in Indonesia

21. Group's borrowings and debt securities

Particulars of the Group's borrowings as at 31 December 2004 are as follows:-

	Short-Term RM'000	Long-Term RM'000	Total RM'000
<u>Secured</u>			
Bank borrowings	13,795	-	13,795
<u>Unsecured</u>			
Bank borrowings	14,016	-	14,016
Commercial paper	55,000	-	55,000
	82,811	-	82,811

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 19 February 2005 (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 19 February 2005 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim report).

24. Dividend

No dividend was declared during the current financial quarter.

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 financial period and weighted average number of ordinary shares outstanding during the financial period of 158.8 million (2003: 156.0 million) and 158.8 (2003: 156.0 million) million for the current year quarter and financial year-to-date respectively.

(b) Diluted earnings per share

It is not applicable to calculate the diluted earnings per share for the current quarter and financial year-to-date as any potential conversion of the Company's employee share options to ordinary shares would be antidilutive.

By Order of the Board
ATIS Corporation Berhad

Goh Chok Siang
Group Accountant

Selangor Darul Ehsan
25 February 2005