

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

Interim Report for the
First Quarter Ended
30 June 2005

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**ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2005**

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	<u>Note</u>	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/6/2005 RM'000	Preceding Year Corresponding Quarter 30/6/2004 RM'000	Current Year To-date 30/6/2005 RM'000	Preceding Year Corresponding Period 30/6/2004 RM'000
Revenue		96,085	88,820	96,085	88,820
Operating Expenses		(86,793)	(76,463)	(86,793)	(76,463)
Other Operating Income		317	599	317	599
Profit from Operations		9,609	12,956	9,609	12,956
Finance Costs		(847)	(762)	(847)	(762)
Profit Before Taxation		8,762	12,194	8,762	12,194
Taxation	17	(2,676)	(3,667)	(2,676)	(3,667)
Profit After Taxation		6,086	8,527	6,086	8,527
Minority Shareholders' Interests		(250)	(164)	(250)	(164)
Net profit for the financial period		5,836	8,363	5,836	8,363
Earnings per share (sen) :-	25				
(a) Basic		3.68	5.27	3.68	5.27
(b) Fully diluted		3.66	5.24	3.66	5.24

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 31 March 2005

Note 1 : FRS 135 (MASB 28) - Discontinuing Operations

Genetec Technology Berhad ("GT") had on 9 June 2005 obtained approval from Securities Commission for its proposed flotation on the MESDAQ Market of Bursa Malaysia Securities Berhad. Upon completion of the proposed flotation, GT will be de-merged from the ATIS Group thus resulting in the deconsolidation of its Industrial Automation division. The condensed consolidated income statements of GT is as follows:-

CONDENSED CONSOLIDATED INCOME STATEMENTS OF GENETEC TECHNOLOGY BERHAD

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/6/2005 RM'000	Preceding Year Corresponding Quarter 30/6/2004 RM'000	Current Year To-date 30/6/2005 RM'000	Preceding Year Corresponding Period 30/6/2004 RM'000
Revenue	7,003	5,598	7,003	5,598
Operating Expenses	(6,412)	(5,159)	(6,412)	(5,159)
Other Operating Income/(Expenses)	3	(5)	3	(5)
Profit from Operations	594	434	594	434
Finance Costs	(58)	(38)	(58)	(38)
Profit Before Taxation	536	396	536	396
Taxation	-	(62)	-	(62)
Profit After Taxation	536	334	536	334

ATIS CORPORATION BERHAD (446118 -T)
 INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2005

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CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>Note</u>	As at end of current quarter 30/6/2005 RM'000	As at preceding financial year end 31/3/2005 RM'000
Property, plant and equipment		45,602	42,997
Long term investments		88	88
Goodwill		14,692	15,776
Deferred tax assets		1,878	1,816
Current assets			
Inventories		69,437	54,906
Trade receivables		148,328	138,062
Other receivables		18,419	13,031
Tax recoverable		791	704
Cash and cash equivalents		15,031	19,092
		252,006	225,795
Current liabilities			
Trade payables		52,880	46,299
Other payables		9,063	8,552
Borrowings	21	95,946	77,914
Hire purchase liabilities		349	253
Provision for taxation		4,159	4,105
Dividend payable		-	2,858
		162,397	139,981
Net current assets		89,609	85,814
		151,869	146,491
Share capital		79,390	79,390
Reserves		61,273	55,455
Shareholders' funds		140,663	134,845
Negative goodwill		5,310	5,966
Minority interest		4,771	4,530
Long term liabilities			
Hire purchase liabilities		407	432
Deferred taxation liabilities		718	718
		1,125	1,150
		151,869	146,491
Net tangible assets per share (RM)		0.83	0.79

The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 31 March 2005

ATIS CORPORATION BERHAD (446118 -T)
 INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2005
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Non- Distributable		Distributable	Total RM'000
		Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Retained Profits RM'000	
<u>3 months ended 30 June 2004</u>					
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
Balance at 30 June 2004	<u>79,376</u>	<u>8,528</u>	<u>-</u>	<u>41,398</u>	<u>129,302</u>
<u>3 months ended 30 June 2005</u>					
Balance at 1 April 2005	79,390	8,572	12	46,871	134,845
Currency translation differences	-	-	(18)	-	(18)
Net profit for the financial period	-	-	-	5,836	5,836
Balance at 30 June 2005	<u>79,390</u>	<u>8,572</u>	<u>(6)</u>	<u>52,707</u>	<u>140,663</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 31 March 2005

ATIS CORPORATION BERHAD (446118 -T)
 INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2005

The figures have not been audited

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 months ended 30/6/2005 RM'000	12 months ended 31/3/2005 RM'000
Net Profit Before Tax	8,762	33,154
Adjustment for :-		
Depreciation and amortisation	2,293	8,592
Amortisation of negative goodwill	(654)	(2,613)
Allowance for doubtful debts	-	6,357
Other non-cash items	(126)	(62)
Non-operating items	710	2,951
Operating profit before changes in working capital	<u>10,985</u>	<u>48,379</u>
Changes in working capital		
Net change in current assets	(29,830)	(25,738)
Net change in current liabilities	4,303	(18,507)
Net cash (used in)/generated from operating activities	<u>(14,542)</u>	<u>4,134</u>
Investing Activities		
Equity Investments	60	(4,660)
Other Investments	(3,566)	(644)
Net cash used in investing activities	<u>(3,506)</u>	<u>(5,304)</u>
Financing Activities		
Proceeds from Employees' Share Option Scheme	-	87
Net drawdown of bank borrowings	6,988	(3,719)
Net drawdown of commercial paper	10,000	10,000
Repayment of hire purchase creditors	(87)	(581)
Payment of dividend	(2,858)	(8,572)
Interest paid	(1,090)	(3,100)
Net cash generated from/(used in) financing activities	<u>12,953</u>	<u>(5,885)</u>
Net Change in Cash and Cash Equivalents	(5,095)	(7,055)
Cash and Cash Equivalents at beginning of period/year	15,353	22,408
Cash and Cash Equivalents at end of period/year	<u><u>10,258</u></u>	<u><u>15,353</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 31 March 2005

Note 1 : FRS 135 (MASB 28) - Discontinuing Operations

Genetec Technology Berhad ("GT") had on 9 June 2005 obtained approval from Securities Commission for its proposed flotation on the MESDAQ Market of Bursa Malaysia Securities Berhad. Upon completion of the proposed flotation, GT will be de-merged from the ATIS Group thus resulting in the deconsolidation of its Industrial Automation division. The condensed consolidated cash flow statements of GT is as follows:-

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS OF GENETEC TECHNOLOGY BERHAD

	3 months ended 30/6/2005 RM'000	12 months ended 31/3/2005 RM'000
Net cash flows used in operating activities	(2,698)	167
Net cash flows used in investing activities	(62)	(289)
Net cash flows from financing activities	231	1,439
Net Change in Cash and Cash Equivalents	<u>(2,529)</u>	<u>1,317</u>

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2005

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 Financial Reporting Standard (FRS) 134: (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 year ended 31 March 2005.

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 March 2005 except for the adoption of new FRS (MASB) standards.

The adoption of the other new FRS (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 Commercial Papers

Face Value (RM'000)	Date	Tenor	Net Proceeds (RM'000)
30,000	22 June 2005	92 days	29,788
35,000	22 June 2005	184 days	34,485

7. Dividends paid

An interim dividend of 2.5 sen per share less 28% tax totaling RM2,858,027 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 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	87,348	7,003	1,734	-	96,085
Inter-segment revenue	415	-	-	(415)	-
	<u>87,763</u>	<u>7,003</u>	<u>1,734</u>	<u>(415)</u>	<u>96,085</u>

Business segment	Industrial Supply	Industrial Automation	Plastic Injection Moulding	Eliminations	Consolidated
	RM ' 000	RM ' 000	RM ' 000	RM ' 000	RM ' 000
Segment results	9,458	576	(256)	-	9,778
Unallocated expenses					(194)
Operating profit					9,584
Interest expense					(847)
Interest income					25
Profit before taxation					8,762
Taxation					(2,676)
Minority shareholders' interests					(250)
Net profit for the financial period					5,836

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 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 statements for the interim period, except for the following:-

- i) Completion of subscription of 99.99% equity interest in Mitra Bintang Sdn Bhd by TSA Industries Sdn Bhd on 11 July 2005.

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 disposal of 30.00% equity interest in TSA Truck Parts Industries Sdn Bhd (formerly known as Center De Abrasive Sdn Bhd) by TSA Industries Sdn Bhd on 22 April 2005.

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 24 August 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 RM96.1 million for quarter under review. This represent an increase of 8% over previous year's corresponding quarter of RM88.8 million. The increase in revenue was mainly contributed by Industrial Supply segment.

14. Comparison with preceding quarter's results

The Group recorded a net profit of RM5.8 million as compared to a net loss of RM1.3 million in the immediate preceding quarter. This is mainly due to an allowance of doubtful debts amounting to RM4.7 million was provided in the immediate preceding quarter.

15. Prospects

With the continuous focus on strategic growth, the Directors of the Group anticipate the performance of the Group 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>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>
	30/6/2005	30/6/2004	30/6/2005	30/6/2004
	RM'000	RM'000	RM'000	RM'000
In respect of current year:				
- income tax	2,738	3,667	2,738	3,667
- deferred tax	(62)	-	(62)	-
	<u>2,676</u>	<u>3,667</u>	<u>2,676</u>	<u>3,667</u>

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.

18. Sale of unquoted investments and/or properties

Other than as disclosed in Note 11, 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	<u>29</u>
At Net Book Value	<u>29</u>
At Market Value	<u>26</u>

20. Status of corporate proposals

Date of Announcement	Subject	Status
14 November 2003, 23 April 2004, 23 July 2004, 26 July 2004, 14 June 2005 and 7 July 2005	Proposed listing of Genetec Technology Berhad ("GT"), a 51% owned subsidiary of ATIS, on the MESDAQ Market of Bursa Malaysia Securities Berhad	Securities Commission (SC) has via its letter dated 9 June 2005 approved the Proposed Flotation. The said approval also includes the approval under Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interest
18 February 2005 and 7 April 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 fulfillment of certain conditions precedent

21. Group's borrowings and debt securities

Particulars of the Group's short term borrowings as at 30 June 2005 are as follows:-

	RM'000
<u>Secured</u>	
Bank borrowings	15,831
<u>Unsecured</u>	
Bank borrowings	15,115
Commercial paper	65,000
	<u>95,946</u>

The above Group's borrowings are denominated in the following currencies :

	Foreign Currency	RM'000
Malaysian Ringgit	'000	95,539
Singapore Dollars	-	407
		<u>95,946</u>

22. Off balance sheet risk financial instruments

There were no financial instruments with off balance sheet risk as at 24 August 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 24 August 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 (2004: 158.7 million) and 158.8 million (2004: 158.7 million) for the current year quarter and financial year-to-date respectively.

(b) Diluted earnings per share

The calculation of diluted 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 159.7 million (2004: 159.6 million) and 159.7 million (2004: 159.6 million) for the current year quarter and financial year-to-date respectively, 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

Too Kok Thai
Group Financial Controller

Selangor Darul Ehsan
30 August 2005