

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

Interim Report for the  
Second Quarter Ended  
30 September 2005

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

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<u>Note</u>	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/9/2005 RM'000	Preceding Year Corresponding Quarter 30/9/2004 RM'000	Current Year To-date 30/9/2005 RM'000	Preceding Year Corresponding Period 30/9/2004 RM'000
Revenue		110,565	92,036	206,649	180,856
Operating Expenses		(101,174)	(80,407)	(187,966)	(156,870)
Other Operating Income		300	882	617	1,481
Profit from Operations		9,691	12,511	19,300	25,467
Finance Costs		(1,118)	(831)	(1,965)	(1,593)
Share of losses in associated company		-	(40)	-	(40)
Profit Before Taxation		8,573	11,640	17,335	23,834
Taxation	17	(2,471)	(3,428)	(5,147)	(7,095)
Profit After Taxation		6,102	8,212	12,188	16,739
Minority Shareholders' Interests		(617)	(162)	(867)	(326)
Net profit for the financial period		5,485	8,050	11,321	16,413
Earnings per share (sen) :-	25				
(a) Basic		3.45	5.07	7.13	10.34
(b) Fully diluted		NA	5.07	7.13	10.33

**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 7 November 2005 listed on the MESDAQ Market of Bursa Malaysia Securities Berhad. 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 30/9/2005 RM'000	Preceding Year Corresponding Quarter 30/9/2004 RM'000	Current Year To-date 30/9/2005 RM'000	Preceding Year Corresponding Period 30/9/2004 RM'000
Revenue	12,239	7,494	19,243	13,092
Operating Expenses	(11,131)	(7,212)	(17,550)	(12,371)
Other Operating Income/(Expenses)	19	264	27	259
Profit from Operations	1,127	546	1,720	980
Finance Costs	(108)	(39)	(165)	(77)
Profit Before Taxation	1,019	507	1,555	903
Taxation	(25)	(82)	(25)	(144)
Profit After Taxation	994	425	1,530	759

ATIS CORPORATION BERHAD (446118 -T)  
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CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>Note</u>	As at end of current quarter 30/9/2005 RM'000	As at preceding financial year end 31/3/2005 RM'000
<b>Property, plant and equipment</b>		55,886	42,997
<b>Long term investments</b>		88	88
<b>Goodwill</b>		14,308	15,776
<b>Deferred tax assets</b>		1,609	1,816
<b>Current assets</b>			
Inventories		72,559	54,906
Trade receivables		163,171	138,062
Other receivables		14,465	13,031
Tax recoverable		1,038	704
Cash and cash equivalents		16,556	19,092
		267,789	225,795
<b>Current liabilities</b>			
Trade payables		59,038	46,299
Other payables		11,793	8,552
Borrowings	21	104,335	77,914
Hire purchase liabilities		391	253
Provision for taxation		3,656	4,105
Dividend payable		-	2,858
		179,213	139,981
<b>Net current assets</b>		88,576	85,814
		160,467	146,491
<b>Share capital</b>		79,397	79,390
<b>Reserves</b>		66,703	55,455
<b>Shareholders' funds</b>		146,100	134,845
<b>Negative goodwill</b>		4,656	5,966
<b>Minority shareholder's interest</b>		8,590	4,530
<b>Long term liabilities</b>			
Hire purchase liabilities		403	432
Deferred taxation liabilities		718	718
		1,121	1,150
		160,467	146,491
<b>Net tangible assets per share (RM)</b>		0.86	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

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 The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Non- Distributable	Distributable		Total RM'000
			Exchange Fluctuation Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	
<b>6 months ended 30 September 2004</b>						
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	-	-	-	-	16,413	16,413
<b>Balance at 30 September 2004</b>	<b>79,390</b>	<b>8,573</b>	<b>-</b>	<b>-</b>	<b>49,448</b>	<b>137,411</b>
<b>6 months ended 30 September 2005</b>						
Balance at 1 April 2005	79,390	8,572	12	-	46,871	134,845
Issuance of shares - Employees' Share Option Scheme ("ESOS")	7	7	-	-	-	14
Bonus issue in subsidiary company	-	-	-	1,938	(1,938)	-
Currency translation differences	-	-	(80)	-	-	(80)
Net profit for the financial period	-	-	-	-	11,321	11,321
<b>Balance at 30 September 2005</b>	<b>79,397</b>	<b>8,579</b>	<b>(68)</b>	<b>1,938</b>	<b>56,254</b>	<b>146,100</b>

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 SECOND QUARTER ENDED 30 SEPTEMBER 2005

The figures have not been audited

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 30/9/2005 RM'000	12 months ended 31/3/2005 RM'000
Net Profit Before Tax	17,335	33,154
<b>Adjustment for :-</b>		
Depreciation and amortisation	4,664	8,592
Amortisation of negative goodwill	(1,310)	(2,613)
Allowance for doubtful debts	209	6,357
Other non-cash items	(164)	(62)
Non-operating items	1,781	2,951
<b>Operating profit before changes in working capital</b>	<u>22,515</u>	<u>48,379</u>
<b>Changes in working capital</b>		
Net change in current assets	(40,681)	(25,738)
Net change in current liabilities	10,492	(18,507)
<b>Net cash (used in)/generated from operating activities</b>	<u>(7,674)</u>	<u>4,134</u>
<b>Investing Activities</b>		
Equity Investments	(2,058)	(4,660)
Other Investments	(14,377)	(644)
<b>Net cash used in investing activities</b>	<u>(16,435)</u>	<u>(5,304)</u>
<b>Financing Activities</b>		
Proceeds from Employees' Share Option Scheme	14	87
Net drawdown of bank borrowings	10,342	(3,719)
Net drawdown of commercial paper	15,000	10,000
Repayment of hire purchase creditors	(199)	(581)
Payment of dividend	(2,858)	(8,572)
Interest paid	(1,822)	(3,100)
<b>Net cash generated from/(used in) financing activities</b>	<u>20,477</u>	<u>(5,885)</u>
Net Change in Cash and Cash Equivalents	(3,632)	(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>11,721</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 7 November 2005 listed on the MESDAQ Market of Bursa Malaysia Securities Berhad. 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**

	<b>6 months ended 30/9/2005 RM'000</b>	<b>12 months ended 31/3/2005 RM'000</b>
Net cash flows (used in)/from operating activities	(8,908)	167
Net cash flows used in investing activities	(136)	(289)
Net cash flows from financing activities	8,083	1,439
Net Change in Cash and Cash Equivalent	<u>(961)</u>	<u>1,317</u>

**INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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)
35,000	22 September 2005	91 days	34,746

**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
<b>Revenue</b>					
Revenue from external Customers	184,775	19,243	2,631	-	206,649
Inter-segment revenue	904	-	431	(1,335)	-
	<u>185,679</u>	<u>19,243</u>	<u>3,062</u>	<u>(1,335)</u>	<u>206,649</u>

<b>Business segment</b>	<b>Industrial Supply</b>	<b>Industrial Automation</b>	<b>Plastic Injection Moulding</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>RM ' 000</b>	<b>RM ' 000</b>	<b>RM ' 000</b>	<b>RM ' 000</b>	<b>RM ' 000</b>
<b>Segment results</b>	18,465	1,669	(826)	-	19,308
Unallocated expenses					(192)
Operating profit					19,116
Interest expense					(1,841)
Interest income					60
Profit before taxation					17,335
Taxation					(5,147)
Minority shareholders' interests					(867)
Net profit for the financial period					11,321

## 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.

## 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.
- ii) Completion of subscription of 99.99% equity interest in Mitra Bintang Sdn Bhd by TSA Industries Sdn Bhd on 8 August 2005.
- iii) Completion of the acquisition of 60% equity interest in PT Fanah Jaya Maindo by KVC Electric (M) Sdn Bhd on 1 July 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 16 November 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 RM110.6 million for the quarter under review. This represents an increase of 20.1% over previous year's corresponding quarter of RM92.0 million. The increase in revenue was mainly contributed by Industrial Supply segment. The decrease in net profit is mainly due to lower margin and increase in operating expenses.

## 14. Comparison with preceding quarter's results

Despite achieving a higher revenue of RM110.6 million, an increase of 14 million from the preceding quarter's revenue of RM96.1 million, the Group recorded a net profit of RM5.5 million as compared to a net profit of RM5.8 million in the immediate preceding quarter due to slight reduction in margin and higher operating expenses in current quarter.

## 15. Prospects

The Board is confident of the Group's prospect in the coming months despite the challenges faced. Barring unforeseen circumstances, the Board anticipates 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>
	<b>30/9/2005</b>	<b>30/9/2004</b>	<b>30/9/2005</b>	<b>30/9/2004</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
In respect of current year:				
- income tax	2,202	3,428	4,940	7,095
- deferred tax	269	-	207	-
	<u>2,471</u>	<u>3,428</u>	<u>5,147</u>	<u>7,095</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:

	<b>RM'000</b>
At Cost	<u>29</u>
At Net Book Value	<u>29</u>
At Market Value	<u>24</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.	GT was officially listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 7 November 2005.

## 21. Group's borrowings and debt securities

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

	<b>RM'000</b>
<u>Secured</u>	
Bank borrowings	17,382
<u>Unsecured</u>	
Bank borrowings	16,953
Commercial paper	70,000
	<u>104,335</u>

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

	<b>Foreign Currency</b>	<b>RM'000</b>
Malaysian Ringgit	<b>'000</b>	101,236
Singapore Dollars	-	3,099
	1,403	<u>104,335</u>

## 22. Off balance sheet risk financial instruments

There were no financial instruments with off balance sheet risk as at 16 November 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 16 November 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: 158.8 million) and 158.8 million (2004: 158.8 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 2004: 158.9 million and 158.7 million (2004: 158.9 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  
22 November 2005