

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

Interim Report for the  
Third Quarter Ended  
31 December 2005

Contents

---

Condensed Consolidated Income Statements	1-2
Condensed Consolidated Balance Sheets	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Cash Flow Statement	5-6
Notes to the Condensed Financial Statements	7-13

**ATIS CORPORATION BERHAD (446118 -T)  
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2005**

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<u>Note</u>	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/12/2005 RM'000	Preceding Year Corresponding Quarter 31/12/2004 RM'000	Current Year To-date 31/12/2005 RM'000	Preceding Year Corresponding Period 31/12/2004 RM'000
Revenue		106,041	93,170	312,690	274,026
Operating Expenses		(98,599)	(80,789)	(286,565)	(237,659)
Other Operating Income		1,749	381	2,366	1,862
Profit from Operations		9,191	12,762	28,491	38,229
Finance Costs		(818)	(877)	(2,783)	(2,470)
Share of profit/(losses) in associated company		146	(28)	146	(68)
Profit Before Taxation		8,519	11,857	25,854	35,691
Taxation	17	(2,755)	(3,677)	(7,902)	(10,772)
Profit After Taxation		5,764	8,180	17,952	24,919
Minority Shareholders' Interests		(107)	(100)	(974)	(426)
Net profit for the financial period		5,657	8,080	16,978	24,493
Earnings per share (sen) :-	25				
(a) Basic		3.56	5.09	10.69	15.43
(b) Fully diluted		NA	NA	NA	NA

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

**Note**

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.

**CONDENSED CONSOLIDATED INCOME STATEMENTS OF GENETEC TECHNOLOGY BERHAD**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2005 RM'000	Preceding Year Corresponding Quarter 31/12/2004 RM'000	Current Year To-date 31/12/2005 RM'000	Preceding Year Corresponding Period 31/12/2004 RM'000
Revenue	9,071	7,943	28,313	20,229
Operating Expenses	(8,395)	(7,476)	(25,943)	(19,267)
Other Operating Income/(Expenses)	20	5	47	99
<b>Profit from Operations</b>	<b>696</b>	<b>472</b>	<b>2,417</b>	<b>1,061</b>
Finance Costs	(114)	(70)	(279)	(143)
<b>Profit Before Taxation</b>	<b>582</b>	<b>402</b>	<b>2,138</b>	<b>918</b>
Taxation	(25)	(117)	(50)	(262)
<b>Profit After Taxation</b>	<b>557</b>	<b>285</b>	<b>2,088</b>	<b>656</b>

ATIS CORPORATION BERHAD (446118 -T)  
 INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2005

The figures have not been audited

CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>Note</u>	As at end of current quarter 31/12/2005 RM'000	As at preceding financial year end 31/3/2005 RM'000
Property, plant and equipment		54,098	42,997
Long term investments		88	88
Investment in an associate		8,325	-
Goodwill		12,838	15,776
Deferred tax assets		923	1,816
<b>Current assets</b>			
Inventories		61,922	54,906
Trade receivables		151,574	138,062
Other receivables		12,687	13,031
Tax recoverable		969	704
Cash and cash equivalents		12,914	19,092
		240,066	225,795
<b>Current liabilities</b>			
Trade payables		53,632	46,299
Other payables		10,812	8,552
Borrowings	21	97,018	77,914
Hire purchase liabilities		252	253
Provision for taxation		2,083	4,105
Dividend payable		-	2,858
		163,797	139,981
<b>Net current assets</b>		76,269	85,814
		152,541	146,491
<b>Share capital</b>		79,397	79,390
<b>Reserves</b>		66,736	55,455
<b>Shareholders' funds</b>		146,133	134,845
<b>Negative goodwill</b>		4,001	5,966
<b>Minority shareholder's interest</b>		2,066	4,530
<b>Long term liabilities</b>			
Hire purchase liabilities		91	432
Deferred taxation liabilities		250	718
		341	1,150
		152,541	146,491
<b>Net assets per share (RM)*</b>		0.92	0.85

\* Net assets per share attributable to shareholders of the Company : Shareholder's funds/Number of issued and paid-up ordinary shares

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 THIRD QUARTER ENDED 31 DECEMBER 2005  
 The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Non- Distributable Exchange Fluctuation Reserve RM'000	Capital Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
<b><u>9 months ended 31 December 2004</u></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	-	-	-	-	24,493	24,493
Distribution of dividends	-	-	-	-	(5,716)	(5,716)
<b>Balance at 31 December 2004</b>	<b>79,390</b>	<b>8,573</b>	<b>-</b>	<b>-</b>	<b>51,812</b>	<b>139,775</b>
<b><u>9 months ended 31 December 2005</u></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
Currency translation differences	-	-	13	-	-	13
Net profit for the financial period	-	-	-	-	16,978	16,978
Distribution of dividends	-	-	-	-	(5,717)	(5,717)
<b>Balance at 31 December 2005</b>	<b>79,397</b>	<b>8,579</b>	<b>25</b>	<b>-</b>	<b>58,132</b>	<b>146,133</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 THIRD QUARTER ENDED 31 DECEMBER 2005**

The figures have not been audited

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>9 months ended 31/12/2005 RM'000</b>	<b>12 months ended 31/3/2005 RM'000</b>
Net Profit Before Tax	25,854	33,154
<b>Adjustment for :-</b>		
Depreciation and amortisation	6,822	8,592
Amortisation of negative goodwill	(1,964)	(2,613)
Allowance for doubtful debts	1,437	6,357
Other non-cash items	(607)	(62)
Non-operating items	1,972	2,951
<b>Operating profit before changes in working capital</b>	<b>33,514</b>	<b>48,379</b>
<b>Changes in working capital</b>		
Net change in current assets	(51,414)	(25,738)
Net change in current liabilities	14,656	(18,507)
<b>Net cash (used in)/generated from operating activities</b>	<b>(3,244)</b>	<b>4,134</b>
<b>Investing Activities</b>		
Equity Investments	(2,057)	(4,660)
Net cashflow for dilution in subsidiary company	(3,165)	-
Proceeds from issuance of shares to minority shareholders	2,058	-
Other Investments	(16,690)	(644)
<b>Net cash used in investing activities</b>	<b>(19,854)</b>	<b>(5,304)</b>
<b>Financing Activities</b>		
Proceeds from Employees' Share Option Scheme	14	87
Net drawdown of bank borrowings	18,864	(3,719)
Net drawdown of commercial paper	10,000	10,000
Repayment of hire purchase creditors	(242)	(581)
Payment of dividend	(8,575)	(8,572)
Interest paid	(2,166)	(3,100)
<b>Net cash generated from/(used in) financing activities</b>	<b>17,895</b>	<b>(5,885)</b>
Net Change in Cash and Cash Equivalents	(5,203)	(7,055)
Cash and Cash Equivalents at beginning of period/year	15,353	22,408
Cash and Cash Equivalents at end of period/year	10,150	15,353

**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**

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.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS OF GENETEC TECHNOLOGY BERHAD**

	<b>9 months ended 31/12/2005 RM'000</b>	<b>12 months ended 31/3/2005 RM'000</b>
Net cash flows (used in)/from operating activities	(4,370)	167
Net cash flows used in investing activities	(146)	(289)
Net cash flows from financing activities	14,357	1,439
Net Change in Cash and Cash Equivalents	<u>9,841</u>	<u>1,317</u>

**INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 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)
10,000	22 December 2005	32 days	9,968
45,000	22 December 2005	90 days	44,556
15,000	22 December 2005	182 days	14,686

**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 and final dividend of 5.0 sen per share less 28% less tax totaling RM5,716,552 was paid by the Company during the current financial period-to-date.

**8. Segmental reporting**

The Group's segmental report for the current 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	290,093	19,243	3,354	-	312,690
Inter-segment revenue	904	-	431	(1,335)	-
	<u>290,997</u>	<u>19,243</u>	<u>3,785</u>	<u>(1,335)</u>	<u>312,690</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>	27,579	3,033	(2,183)	-	28,429
Unallocated expenses					(163)
Operating profit					28,266
Interest expense					(2,864)
Interest income					452
Profit before taxation					25,854
Taxation					(7,902)
Minority shareholders' interests					(974)
Net profit for the financial period					16,978

## 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 60.00% equity interest in PT Fanah Jaya Maindo by KVC Electric (M) Sdn Bhd on 1 July 2005.
- iv) Completion of the listing of Genetec Technology Berhad (GT) on the MESDAQ Market of Bursa Malaysia Securities Berhad on 7 November 2005 resulting in ATIS Corporation Berhad's dilution of its equity interest in GT from 51.00% to 38.25%.

## 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 15 February 2006, 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 RM106.0 million for the quarter under review. This represents an increase of 13.8% over previous year's corresponding quarter of RM93.2 million. The increase in revenue was mainly contributed by Industrial Supply segment.

## 14. Comparison with preceding quarter's results

For the current quarter, the Group's revenue continued to strengthen by 13.8% to RM106.0 million. On the back of this increase in revenue, the Group registered net profit of RM5.7 million as compared to RM5.5 million in the preceding quarter. The increase in profit is mainly contributed by higher volume of sales.

## 15. Prospects

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>
	<u>31/12/2005</u>	<u>31/12/2004</u>	<u>31/12/2005</u>	<u>31/12/2004</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
In respect of current year:				
- income tax	1,983	3,677	6,921	10,772
- deferred tax	762	-	971	-
- associate company	10	-	10	-
	<u>2,755</u>	<u>3,677</u>	<u>7,902</u>	<u>10,772</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	29
At Net Book Value	<u>29</u>
At Market Value	<u>23</u>

**20. Status of corporate proposals**

<b>Date of Announcement</b>	<b>Subject</b>	<b>Status</b>
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 31 December 2005 are as follows:-

	<b>RM'000</b>
<u>Secured</u>	
Bank borrowings	4,379
<u>Unsecured</u>	
Bank borrowings	22,639
Commercial paper	70,000
	97,018

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

	<b>Foreign Currency '000</b>	<b>RM'000</b>
Malaysian Ringgit	-	94,252
Singapore Dollars	1,206	2,766
		97,018

## 22. Off balance sheet risk financial instruments

There were no financial instruments with off balance sheet risk as at 15 February 2006 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim report) except for the following:

<b>Currency</b>	<b>Contract amount in FCY'000</b>	<b>Date of contract</b>	<b>Value date of Contract</b>	<b>Equivalent amount in SGD'000</b>
EURO	300	4/10/2005	4/4/2006	608

As the above foreign currency contracts are entered into to cover the Group's commitments in foreign currencies, the contracted rates will be used to translate the underlying foreign currency transactions into Singapore Dollar. The above contracts are entered into with licensed banks.

The Company does not foresee any significant credit and market risks posed by the above off balance sheet financial instruments.

There is no cash requirement as the Company uses fixed forward foreign exchange contracts as its hedging instrument.

**23. Changes in material litigations**

There were no impending material litigations as at 15 February 2006 (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**

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

Too Kok Thai  
Group Financial Controller

Selangor Darul Ehsan  
21 February 2006