

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

Interim Report for the
First Quarter Ended
30 June 2006

Contents

Condensed Consolidated Income Statements	1
Condensed Consolidated Balance Sheets	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Cash Flow Statement	4
Notes to the Condensed Financial Statements	5-12

**ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2006**

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/6/2006 RM'000	Preceding Year Corresponding Quarter 30/6/2005 RM'000	Current Year To-date 30/6/2006 RM'000	Preceding Year Corresponding Period 30/6/2005 RM'000
Revenue		100,771	96,085	100,771	96,085
Operating Expenses		(91,088)	(86,793)	(91,088)	(86,793)
Other Operating Income		265	317	265	317
Profit from Operations		9,948	9,609	9,948	9,609
Finance Costs		(1,136)	(847)	(1,136)	(847)
Share of loss in an associate		(606)	-	(606)	-
Profit Before Taxation		8,206	8,762	8,206	8,762
Taxation	20	(2,400)	(2,676)	(2,400)	(2,676)
Net profit for the financial period		<u>5,806</u>	<u>6,086</u>	<u>5,806</u>	<u>6,086</u>
Attributable to:					
Equity holders of the parent		5,574	5,836	5,574	5,836
Minority Shareholders' Interests		232	250	232	250
Net profit for the financial period		<u>5,806</u>	<u>6,086</u>	<u>5,806</u>	<u>6,086</u>
Earnings per share (sen) :-	28				
(a) Basic		<u>3.51</u>	<u>3.68</u>	<u>3.51</u>	<u>3.68</u>
(b) Fully diluted		<u>NA</u>	<u>3.66</u>	<u>NA</u>	<u>3.66</u>

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 31 March 2006

**ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2006**

The figures have not been audited

CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>Note</u>	As at end of current quarter 30/6/2006 RM'000	As at preceding financial year end 31/3/2006 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		53,047	50,893
Prepaid lease payments		4,778	4,845
Long term investments		88	88
Investment in an associate		8,524	8,662
Goodwill		11,144	11,144
Deferred tax assets		685	650
Current assets			
Inventories		51,920	49,982
Trade receivables		155,127	152,446
Other receivables		12,356	11,232
Amount due from an associate		726	718
Tax recoverable		2,724	2,724
Cash and cash equivalents		17,721	14,614
		<u>240,574</u>	<u>231,716</u>
TOTAL ASSETS		<u><u>318,840</u></u>	<u><u>307,998</u></u>
EQUITY AND LIABILITIES			
Share capital		79,397	79,397
Reserves		81,309	75,227
Equity attributable to equity holders of the parent		160,706	154,624
Minority shareholder's interest		1,073	824
Total equity		161,779	155,448
Non-current liabilities			
Hire purchase liabilities		70	77
Deferred taxation liabilities		789	789
		859	866
Current liabilities			
Trade payables		44,835	42,726
Other payables		9,829	9,048
Amount due to an associate		-	79
Borrowings	24	101,035	99,370
Hire purchase liabilities		30	31
Provision for taxation		473	430
		<u>156,202</u>	<u>151,684</u>
		<u><u>318,840</u></u>	<u><u>307,998</u></u>
Net assets per share (RM)*		<u><u>1.01</u></u>	<u><u>0.97</u></u>

* Net assets per share attributable to shareholders of the Company : Equity attributable to equity holders of the parent/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 2006

ATIS CORPORATION BERHAD (446118 -T)
 INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2006

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-Distributable					Distributable		Shareholders Fund RM'000	Minority Interest RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Reserve on Consolidation RM'000	Exchange Fluctuation Reserve RM'000	Capital Reserve RM'000	Other Reserve RM'000	Retained Profits RM'000			
3 months ended 30 June 2005										
Balance at 1 April 2005	79,390	8,572	5,310	12	-	-	46,871	140,155	4,530	144,685
Currency translation differences	-	-	-	(18)	-	-	-	(18)	-	(18)
Net profit for the financial period	-	-	-	-	-	-	5,836	5,836	250	6,086
Balance at 30 June 2005	<u>79,390</u>	<u>8,572</u>	<u>5,310</u>	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>52,707</u>	<u>145,973</u>	<u>4,780</u>	<u>150,753</u>
3 months ended 30 June 2006										
Balance at 1 April 2006	79,397	8,579	3,346	(27)	-	-	63,329	154,624	824	155,448
Reclassification of reserve on consolidation FRS3	-	-	(3,346)	-	-	-	3,346	-	-	-
Balance at 1 April 2006 (restated)	<u>79,397</u>	<u>8,579</u>	<u>-</u>	<u>(27)</u>	<u>-</u>	<u>-</u>	<u>66,675</u>	<u>154,624</u>	<u>824</u>	<u>155,448</u>
Equity accounting for share of reserve in associated companies	-	-	-	-	-	469	-	469	-	469
Currency translation differences	-	-	-	39	-	-	-	39	17	56
Net profit for the financial period	-	-	-	-	-	-	5,574	5,574	232	5,806
Balance at 30 June 2006	<u>79,397</u>	<u>8,579</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>469</u>	<u>72,249</u>	<u>160,706</u>	<u>1,073</u>	<u>161,779</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 2006

**ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2006**

The figures have not been audited

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 months ended 30/6/2006 RM'000	12 months ended 31/3/2006 RM'000
Net Profit Before Tax	8,206	30,775
Adjustment for :-		
Depreciation and amortisation	1,380	8,822
Amortisation of negative goodwill	-	(2,620)
Allowance for doubtful debts	174	2,420
Other non-cash items	598	407
Non-operating items	(1,513)	3,091
Operating profit before changes in working capital	<u>8,845</u>	<u>42,895</u>
Changes in working capital		
Net change in current assets	(5,919)	(9,676)
Net change in current liabilities	2,870	(39,906)
Net cash generated from/(used in) operating activities	<u>5,796</u>	<u>(6,687)</u>
Investing Activities		
Net cashflow for dilution in subsidiary company	-	(3,165)
Other Investments	(2,409)	(13,847)
Net cash used in investing activities	<u>(2,409)</u>	<u>(17,012)</u>
Financing Activities		
Proceeds from Employees' Share Option Scheme	-	14
Proceeds from shares issued to minority shareholders	-	2,058
Net drawdown of bank borrowings	1,899	15,982
Net drawdown of commercial paper	-	15,000
Repayment of hire purchase creditors	(206)	(169)
Payment of dividend	-	(8,575)
Interest paid	(890)	(4,070)
Net cash generated from financing activities	<u>803</u>	<u>20,240</u>
Net Change in Cash and Cash Equivalents	4,190	(3,459)
Cash and Cash Equivalents at beginning of year	11,894	15,353
Cash and Cash Equivalents at end of period/year	<u><u>16,084</u></u>	<u><u>11,894</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 2006

INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2006

The figures have not been audited.

1 NOTES TO THE CONDENSED FINANCIAL STATEMENTS

The interim financial report has been prepared in accordance with the requirements of the Financial Reporting Standard (FRS) 134: Interim Financial Reporting (previously known as MASB 26) issued by Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the audited financial statements of ATIS Corporation Berhad ("ATIS" or "the Company") for the year ended 31 March 2006. The accounting policies and methods of computation adopted by ATIS and its subsidiary companies ("ATIS Group" or "the Group") in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 March 2006.

These explanatory notes attached to the interim financial report provides an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2006. Details of these changes in accounting policies are set out in Note 2.

2 ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS

The Group has adopted all the 18 new and revised Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to its operations effective from accounting periods beginning on 1 January 2006. In addition to the above, the Group has also taken the option of early adoption of FRS 117 and FRS 124.

The impact of these new FRS and changes in accounting policies is disclosed in Note 3.

3 SUMMARY OF NEW FRS AND CHANGES IN ACCOUNTING POLICIES

The adoption of these new and revised FRS has resulted in changes to the Group's accounting policies in the following areas that have affected the amounts reported for the current period or prior years:

a. Share-based Payments (FRS 2)

FRS 2 requires the recognition of equity-settled share-based payments at fair value at the date of grant. Prior to the adoption of FRS 2, the Group did not recognise the financial effect of share-based payments until such payments were settled.

Under the transitional provisions of FRS 2, the Standard has been applied retrospectively to all equity instruments granted after 31 December 2004 and had not yet vested on 1 January 2006. The change in accounting policy has no impact on income statement reported for the three months ended 30 June 2006.

b. Business Combinations (FRS 3) and Impairment of Assets (FRS 136)

With effect from 1 April 2006, in accordance with FRS 3 & FRS 136, the Group no longer amortises goodwill and negative goodwill.

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

Goodwill is tested annually for impairment, as well as when there are indications of impairment and including in the year of its initial recognition. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount. FRS 3 has been applied prospectively, there has been no restatement of comparative amounts with the cumulative amount of amortisation as of 1 April 2006 has been offset against the cost of the goodwill and no amortisation charge for goodwill has been recognised in the income statement for the three months ended 30 June 2006.

FRS 3 requires that, after reassessment, any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition (previously referred to as "negative goodwill") is now recognised immediately in profit or loss.

In accordance with the transitional provision of FRS 3, the Group has applied the new accounting policy prospectively from 1 January 2006. The carrying amount of reserve on consolidation as at 1 April 2006 has been derecognised with an adjustment of RM3.346 million made to the opening retained earnings at 1 April 2006. Therefore, the change has had no impact on income statement reported for the three months ended 30 June 2006.

c. Presentation of Financial Statements (FRS 101)

The adoption of FRS 101 has affected the presentation of minority interest and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The presentation of minority interest in the consolidated balance sheet, income statement and statement of changes in equity for the comparative period has been restated accordingly.

d. Leases (FRS 117)

The adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold lands. The up-front payments made for the leasehold lands represent prepaid lease payments and are amortised on a straight-line basis over the lease term. Prior to 1 January 2006, leasehold lands were classified as property, plant and equipment and were stated at cost less accumulated depreciation and impairment loss.

Upon the adoption of FRS 117 at 1 January 2006, the unamortized cost amount of leasehold lands are retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold lands as prepaid lease payments has been accounted for retrospectively and comparative amounts as at 31 March 2006 have been restated.

4. Comparatives

The following comparative amounts have been restated due to the adoption of new FRS's:

At 31 March 2006	Previously stated RM'000	FRS 3 RM'000	FRS117 RM'000	Restated RM'000
Property, plant and equipment	55,738	-	(4,845)	50,893
Prepaid lease payments	-	-	4,845	4,845
Reserve on consolidation	3,346	(3,346)	-	-
Retained profit	63,329	3,346	-	66,675

5 Qualification of audit report of the preceding annual financial statements

There were no qualifications of audit report of the preceding annual financial statements.

6 Seasonality or cyclicity of interim operations

The operations of the Group are not significantly affected by any seasonality or cyclically factors.

7 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.

8 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.

9 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:

Issuance of Commercial Papers

Face Value RM'000	Date	Tenor	Net Proceeds RM'000
20,000	22 March 2006	184 days	19,597
10,000	24 April 2006	91 days	9,893
40,000	22 June 2006	99 days	39,490

10 Dividends paid

There were no dividends paid during the financial year-to-date.

11 Segmental reporting

Segmental information is not presented as the Group is primarily engaged in one business segment which is industrial supply.

Industrial automation segment has been deconsolidated from the Group's financial statements during the last financial year as Genetec Technology Berhad, a 51%-owned subsidiary of the Company became an associate (38%) of the Group on 7 November 2005 in conjunction with its listing on the Bursa Malaysia Securities Berhad for MESDAQ market.

Plastic injection moulding segment has been discontinued during the last financial year as Wawasan Plastic Industry Sdn. Bhd., a wholly-owned subsidiary of the Company ceased its operations during the last financial year.

12 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.

13 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.

14 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.

15 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 2006, being the date not earlier than 7 days from the date of issuance of this interim report.

16 Review of performance

For the current year to date, the Group achieved revenue of RM100.8 million. This represents an increase of RM4.7 million or 4.9% compare to the preceding years' corresponding quarter. Despite a challenging business landscape, the Group managed to achieve higher growth from its business units in Malaysia and regionally. With revenue of RM100.8 million, the Group recorded net profit of RM5.8 million against RM6.1 million in the preceding year.

17 Comparison with preceding quarter's results

For the current quarter, the Group's revenue increased by RM6.9 million or 7.3% to RM100.8 million as compared to RM93.9 million in the preceding quarter. Correspondingly, net profit of the Group decreased to RM5.8 million from RM6.1 million. The increase in revenue is mainly attributable to higher volume of sales from various segments during the first quarter.

18 Prospects

Barring unforeseen circumstances, the Board anticipates the performance of the Group to remain satisfactory.

19 Profit forecast/profit guarantee

This note is not applicable.

20 Tax Expense

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30/6/2006 RM'000	30/6/2005 RM'000	30/6/2006 RM'000	30/6/2005 RM'000
In respect of current year:				
- income tax	2,435	2,738	2,435	2,738
- deferred tax	(35)	(62)	(35)	(62)
- associate company	-	-	-	-
	<u>2,400</u>	<u>2,676</u>	<u>2,400</u>	<u>2,676</u>

The effective tax rate for the current quarter and corresponding quarter is higher than the statutory tax rate mainly due 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.

21 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 except for the following:

On 28 July 2006 the Board of Directors of ATIS announce that its wholly-owned subsidiary, KVC Industrial Supplies Sdn Bhd (formerly known as KVC Electric (M) Sdn Bhd), had on 28 July 2006 entered into a conditional sale and purchase agreement with the Company's 38.25%-owned associated company, Genetec Technology Berhad (Genetec) for the disposal of a piece of vacant leasehold land held under Title No. HS(D) 52707 No. PT 40856 in the Town of Bandar Baru Bangi, District of Hulu Langat, State of Selangor for a cash consideration of RM1,835,000. The Proposed Disposal is subject to the following approvals being obtained:

- (i) State Authority for the sale and transfer of the property from KVC Industrial Supplies Sdn Bhd to Genetec to be obtained by KVC Industrial Supplies Sdn Bhd;
- (ii) shareholders of Genetec at a general meeting to be convened;
- (iii) shareholder of KVC Industrial Supplies Sdn Bhd, namely ATIS Corporation Berhad;
- (iv) shareholders of ATIS Corporation Berhad at a general meeting to be convened; and
- (v) other relevant authorities or parties, if necessary.

22 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	<u>29</u>
At Market Value	<u>24</u>

23 Status of corporate proposals

There are no outstanding corporate proposals as at the date of this report.

24 Group's borrowings and debt securities

Particulars of the Group's short term borrowings as at 30 June 2006 are as follows:-

	RM'000
<u>Secured</u>	
Bank borrowings	4,390
<u>Unsecured</u>	
Bank borrowings	26,645
Commercial paper	70,000
	101,035

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

	Foreign Currency '000	RM'000
Malaysian Ringgit	-	97,664
Singapore Dollars	1,460	3,371
		101,035

25 Off balance sheet risk financial instruments

There were no financial instruments with off balance sheet risk as at 24 August 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:

Currency	Contract amount in FCY'000	Date of contract	Value date of contract	Equivalent amount in RM'000
USD	4,400	17.7.2006	16.6.2007	15,642

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 Ringgit Malaysia. 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.

26 Changes in material litigations

There were no impending material litigations as at 24 August 2006 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim report).

27 Dividend

No interim dividend has been recommended by the Board for the current quarter and financial year-to-date.

28 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 (2005: 158.8 million) and 158.8 million (2005: 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.

The calculation of diluted earnings per ordinary share for preceding year corresponding quarter and preceding year corresponding period 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 and 159.7 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

Cheang Chee Leong
Chief Financial Officer

Selangor Darul Ehsan
30 August 2006