

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

Interim Report for the  
Fourth Quarter Ended  
31 March 2007

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**ATIS CORPORATION BERHAD (446118 -T)**  
**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2007**

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<u>Note</u>	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/3/2007 RM'000	Preceding Year Corresponding Quarter 31/3/2006 RM'000	Current Year To-date 31/3/2007 RM'000	Preceding Year Corresponding Period 31/3/2006 RM'000
Revenue		120,861	93,937	456,437	406,627
Operating Expenses		(111,501)	(90,713)	(421,727)	(377,278)
Other Operating Income		850	2,710	3,313	5,076
Profit from Operations		10,210	5,934	38,023	34,425
Finance Costs		(1,428)	(1,218)	(5,733)	(4,001)
Share of (loss)/profit in an associate		(342)	205	(1,983)	351
Profit Before Taxation		8,440	4,921	30,307	30,775
Taxation	20	(3,647)	236	(9,459)	(7,666)
Net profit for the financial period		<u>4,793</u>	<u>5,157</u>	<u>20,848</u>	<u>23,109</u>
Attributable to:					
Equity holders of the parent		4,850	5,197	20,440	22,175
Minority Shareholders' Interests		(57)	(40)	408	934
Net profit for the financial period		<u>4,793</u>	<u>5,157</u>	<u>20,848</u>	<u>23,109</u>
Earnings per share (sen) :-	28				
(a) Basic		<u>3.05</u>	<u>3.27</u>	<u>12.87</u>	<u>14.00</u>
(b) Fully diluted		<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>

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

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CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	As at end of current quarter 31/3/2007 RM'000	As at preceding financial year end 31/3/2006 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		63,757	50,893
Prepaid lease payments		4,259	4,845
Investments		5,657	88
Investment in an associate		7,256	8,662
Goodwill		13,404	11,144
Deferred tax assets		489	650
<b>Current assets</b>			
Inventories		71,104	49,982
Trade receivables		176,672	152,446
Other receivables		17,525	11,232
Amount due from an associate		604	718
Tax recoverable		2,595	2,724
Cash and cash equivalents		12,984	14,614
		<u>281,484</u>	<u>231,716</u>
<b>TOTAL ASSETS</b>		<u>376,306</u>	<u>307,998</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		79,397	79,397
Reserves		90,322	75,227
<b>Equity attributable to equity holders of the parent</b>		169,719	154,624
Minority shareholder's interest		2,591	824
<b>Total equity</b>		<u>172,310</u>	<u>155,448</u>
<b>Non-current liabilities</b>			
Hire purchase liabilities		47	77
Deferred taxation liabilities		1,374	789
Borrowings	24	6,400	-
		7,821	866
<b>Current liabilities</b>			
Trade payables		49,301	42,726
Other payables		14,605	9,048
Amount due to an associate		-	79
Borrowings	24	128,817	99,370
Hire purchase liabilities		245	31
Provision for taxation		3,207	430
		<u>196,175</u>	<u>151,684</u>
		<u>376,306</u>	<u>307,998</u>
<b>Net assets per share (RM)*</b>		<u>1.07</u>	<u>0.97</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

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-Distributable						Distributable			
	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	Shareholders Fund RM'000	Minority Interest RM'000	Total RM'000
<b>12 months ended 31 March 2006</b>										
Balance at 1 April 2005	79,390	8,572	5,966	12	-	-	46,871	140,811	4,530	145,341
Issuance of shares - Employees' Share Option Scheme ("ESOS")	7	7	-	-	-	-	-	14	-	14
Bonus issue in subsidiary company	-	-	-	-	1,938	-	(1,938)	-	-	-
Dilution of interest from subsidiary to associate company	-	-	-	-	-	-	-	-	(4,640)	(4,640)
Currency translation differences	-	-	-	(39)	-	-	-	(39)	-	(39)
Net profit for the financial year	-	-	(2,620)	-	-	-	22,175	19,555	934	20,489
Distribution of dividends	-	-	-	-	-	-	(5,717)	(5,717)	-	(5,717)
<b>Balance at 31 March 2006</b>	<b>79,397</b>	<b>8,579</b>	<b>3,346</b>	<b>(27)</b>	<b>1,938</b>	<b>-</b>	<b>61,391</b>	<b>154,624</b>	<b>824</b>	<b>155,448</b>
<b>12 months ended 31 March 2007</b>										
Balance at 1 April 2006	79,397	8,579	3,346	(27)	1,938	-	61,391	154,624	824	155,448
Reclassification of reserve on consolidation FRS3	-	-	(3,346)	-	-	-	3,346	-	-	-
Balance at 1 April 2006 (restated)	79,397	8,579	-	(27)	1,938	-	64,737	154,624	824	155,448
Equity accounting for share of reserve in associated companies	-	-	-	-	-	469	-	469	-	469
Acquisition of new subsidiary	-	-	-	-	-	-	-	-	1,427	1,427
Currency translation differences	-	-	-	(97)	-	-	-	(97)	(68)	(165)
Net profit for the financial period	-	-	-	-	-	-	20,440	20,440	408	20,848
Distribution of dividends	-	-	-	-	-	-	(5,717)	(5,717)	-	(5,717)
<b>Balance at 31 March 2007</b>	<b>79,397</b>	<b>8,579</b>	<b>-</b>	<b>(124)</b>	<b>1,938</b>	<b>469</b>	<b>79,460</b>	<b>169,719</b>	<b>2,591</b>	<b>172,310</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 2006

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The figures have not been audited

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	<b>12 months ended 31/3/2007 RM'000</b>	<b>12 months ended 31/3/2006 RM'000</b>
Net Profit Before Tax	30,307	30,775
<b>Adjustment for :-</b>		
Depreciation and amortisation	4,699	8,822
Amortisation of negative goodwill	-	(2,620)
Allowance for doubtful debts	3,933	2,420
Inventories written down	6,431	1,444
Other non-cash items	(69)	(1,037)
Non-operating items	278	3,091
<b>Operating profit before changes in working capital</b>	<b>45,579</b>	<b>42,895</b>
<b>Changes in working capital</b>		
Net change in current assets	(49,775)	(39,906)
Net change in current liabilities	1,670	(9,676)
<b>Net cash used in operating activities</b>	<b>(2,526)</b>	<b>(6,687)</b>
<b>Investing Activities</b>		
Net cashflow for dilution in subsidiary company	-	(3,165)
Other Investments	(22,235)	(13,847)
<b>Net cash used in investing activities</b>	<b>(22,235)</b>	<b>(17,012)</b>
<b>Financing Activities</b>		
Proceeds from Employees' Share Option Scheme	-	14
Proceeds from shares issued to minority shareholders	-	2,058
Net drawdown of bank borrowings	26,081	15,982
Net drawdown of commercial paper	10,000	15,000
Repayment of hire purchase creditors	(181)	(169)
Payment of dividend	(5,717)	(8,575)
Interest paid	(4,332)	(4,070)
<b>Net cash generated from financing activities</b>	<b>25,851</b>	<b>20,240</b>
Net Change in Cash and Cash Equivalents	1,090	(3,459)
Cash and Cash Equivalents at beginning of year	11,894	15,353
Cash and Cash Equivalents at end of year	<u>12,984</u>	<u>11,894</u>

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

**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2007**

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 twelve months ended 31 March 2007.

**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.

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 twelve months ended 31 March 2007.

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 twelve months ended 31 March 2007.

**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.

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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:

<b>At 31 March 2006</b>	<b>Previously stated RM'000</b>	<b>FRS 3 RM'000</b>	<b>FRS117 RM'000</b>	<b>Restated RM'000</b>
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

<b>Face Value RM'000</b>	<b>Date</b>	<b>Tenor</b>	<b>Net Proceeds RM'000</b>
10,000	29 December 2006	182 days	9,788
30,000	19 January 2007	90 days	29,697
40,000	29 March 2007	183 days	39,178

## **10 Dividends paid**

A final dividend of 5.0 sen per share less 28% tax totaling RM5,716,552 proposed in respect of the previous financial year was paid by the Company during the current 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 (38.25%) of the Group on 7 November 2005 in conjunction with its listing on the MESDAQ market of Bursa Malaysia Securities Berhad.

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 financial year that have not been reflected in the financial statements for the year.

#### **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 23 May 2007, 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 RM456.4 million. This represents an increase of RM49.8 million or 12.2% as compared to the preceding year corresponding year. Despite a challenging business landscape, the Group managed to achieve higher growth from its business units in Malaysia and regionally. With revenue of RM456.4 million, the Group recorded net profit of RM20.8 million against RM23.1 million in the preceding year corresponding year.

#### **17 Comparison with preceding quarter's results**

For the current quarter, the Group's revenue increased by RM1.7 million or 1.4% to RM120.9 million as compared to RM119.2 million in the preceding quarter. However, net profit of the Group decreased to RM4.8 million from RM5.0 million.

#### **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>	
	<u>Current Year</u>	<u>Preceding Year</u>	<u>Current Year</u>	<u>Preceding Year</u>
	<u>Quarter</u>	<u>Corresponding</u>	<u>To-date</u>	<u>Corresponding</u>
	<u>31/3/2007</u>	<u>31/3/2006</u>	<u>31/3/2007</u>	<u>31/3/2006</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
In respect of current year:				
- income tax	2,743	(236)	9,200	8,667
- Over provision in prior years	129	-	(473)	(2,657)
- deferred tax	775	-	732	1,779
- associate company		-	-	(123)
	<u>3,647</u>	<u>(236)</u>	<u>9,459</u>	<u>7,666</u>

The effective tax rate for the corresponding year and corresponding quarter is lower than the statutory tax rate mainly due to over provision in prior years.

## 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 announced 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, which was obtained on 21 December 2006;
- (ii) shareholders of Genetec at a general meeting, which was obtained on 29 September 2006;
- (iii) shareholder of KVC Industrial Supplies Sdn Bhd, namely ATIS Corporation Berhad, which was obtained on 29 September 2006;
- (iv) shareholders of ATIS Corporation Berhad at a general meeting, which was obtained on 29 September 2006; and
- (v) other relevant authorities or parties, if necessary.

## 22 Purchase /Disposal of quoted securities

(a) The Group's purchase/disposal of quoted securities for the current quarter and financial year-to-date are as follows:

	<u>Current Quarter</u> RM'000	<u>Cumulative Quarter</u> RM'000
Purchase consideration	1,920	9,955
Sale proceeds	1,151	4,871
Profit	104	274

(b) The Group's investment in quoted securities as at the end of the reporting period are as follows:

	RM'000
At Cost	5,657
At Net Book Value	5,657
At Market Value	6,082

## 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 31 March 2007 are as follows:-

	RM'000
<u>Unsecured – short term</u>	
Bank borrowings	48,817
Commercial paper	80,000
	<u>128,817</u>
<u>Unsecured – long term</u>	
Bank borrowings	6,400
	<u>135,217</u>

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

	<b>Foreign Currency '000</b>	<b>RM'000</b>
Malaysian Ringgit	-	132,346
Singapore Dollars	1,248	2,871
		<u>135,217</u>

## 25 Off balance sheet risk financial instruments

There were no financial instruments with off balance sheet risk as at 23 May 2007 (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 RM'000</b>
USD	640	28.2.2007	30.8.2007	2,238

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 23 May 2007 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim report).

## 27 Dividend

No 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 (2006: 158.8 million) and 158.8 million (2006: 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

Cheang Chee Leong  
Chief Financial Officer

Selangor Darul Ehsan  
30 May 2007