

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

Interim Report for the  
First Quarter Ended  
30 June 2007

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**ATIS CORPORATION BERHAD (446118 -T)**  
**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2007**

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

|                                          | Note | Individual Quarter                          |                                                             | Cumulative Quarter                          |                                                            |
|------------------------------------------|------|---------------------------------------------|-------------------------------------------------------------|---------------------------------------------|------------------------------------------------------------|
|                                          |      | Current Year Quarter<br>30/6/2007<br>RM'000 | Preceding Year Corresponding Quarter<br>30/6/2006<br>RM'000 | Current Year To-date<br>30/6/2007<br>RM'000 | Preceding Year Corresponding Period<br>30/6/2006<br>RM'000 |
| Revenue                                  |      | 126,093                                     | 100,771                                                     | 126,093                                     | 100,771                                                    |
| Operating Expenses                       |      | (117,064)                                   | (91,088)                                                    | (117,064)                                   | (91,088)                                                   |
| Other Operating Income                   |      | 43                                          | 265                                                         | 43                                          | 265                                                        |
| Profit from Operations                   |      | 9,072                                       | 9,948                                                       | 9,072                                       | 9,948                                                      |
| Finance Costs                            |      | (1,693)                                     | (1,136)                                                     | (1,693)                                     | (1,136)                                                    |
| Share of profit / (loss) in an associate |      | 408                                         | (606)                                                       | 408                                         | (606)                                                      |
| Profit Before Taxation                   |      | 7,787                                       | 8,206                                                       | 7,787                                       | 8,206                                                      |
| Taxation                                 | 17   | (2,255)                                     | (2,400)                                                     | (2,255)                                     | (2,400)                                                    |
| Net profit for the financial period      |      | <u>5,532</u>                                | <u>5,806</u>                                                | <u>5,532</u>                                | <u>5,806</u>                                               |
| Attributable to:                         |      |                                             |                                                             |                                             |                                                            |
| Equity holders of the parent             |      | 5,384                                       | 5,574                                                       | 5,384                                       | 5,574                                                      |
| Minority Shareholders' Interests         |      | 148                                         | 232                                                         | 148                                         | 232                                                        |
| Net profit for the financial period      |      | <u>5,532</u>                                | <u>5,806</u>                                                | <u>5,532</u>                                | <u>5,806</u>                                               |
| Earnings per share (sen) :-              | 25   |                                             |                                                             |                                             |                                                            |
| (a) Basic                                |      | <u>3.39</u>                                 | <u>3.51</u>                                                 | <u>3.39</u>                                 | <u>3.51</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 2007**

ATIS CORPORATION BERHAD (446118 -T)  
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2007

The figures have not been audited

CONDENSED CONSOLIDATED BALANCE SHEETS

|                                                            | As at<br>end of<br>current<br>quarter<br>30/6/2007<br>RM'000 | As at<br>preceding<br>financial<br>year end<br>31/3/2007<br>RM'000 |
|------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------------|
| <b>ASSETS</b>                                              |                                                              |                                                                    |
| <b>Non-current assets</b>                                  |                                                              |                                                                    |
| Property, plant and equipment                              | 49,803                                                       | 47,907                                                             |
| Prepaid lease payments                                     | 3,654                                                        | 3,561                                                              |
| Investments properties                                     | 14,712                                                       | 14,615                                                             |
| Investment in an associate                                 | 7,174                                                        | 6,786                                                              |
| Other investments                                          | 29                                                           | 29                                                                 |
| Goodwill                                                   | 13,649                                                       | 13,649                                                             |
| Deferred tax assets                                        | 892                                                          | 961                                                                |
| <b>Current assets</b>                                      |                                                              |                                                                    |
| Other investments                                          | 6,415                                                        | 5,629                                                              |
| Inventories                                                | 76,354                                                       | 71,142                                                             |
| Trade receivables                                          | 182,216                                                      | 176,563                                                            |
| Other receivables                                          | 19,155                                                       | 19,072                                                             |
| Amount due from an associate                               | 911                                                          | 403                                                                |
| Tax recoverable                                            | 2,373                                                        | 2,083                                                              |
| Assets classified as held for sale                         | 2,370                                                        | 2,379                                                              |
| Cash and cash equivalents                                  | 23,077                                                       | 15,324                                                             |
|                                                            | 312,871                                                      | 292,595                                                            |
| <b>TOTAL ASSETS</b>                                        | 402,784                                                      | 380,103                                                            |
| <b>EQUITY AND LIABILITIES</b>                              |                                                              |                                                                    |
| Share capital                                              | 79,397                                                       | 79,397                                                             |
| Reserves                                                   | 95,908                                                       | 90,563                                                             |
| <b>Equity attributable to equity holders of the parent</b> | 175,305                                                      | 169,960                                                            |
| Minority shareholder's interest                            | 2,751                                                        | 2,625                                                              |
| <b>Total equity</b>                                        | 178,056                                                      | 172,585                                                            |
| <b>Non-current liabilities</b>                             |                                                              |                                                                    |
| Loans and borrowings                                       | 6,400                                                        | 6,400                                                              |
| Hire purchase liabilities                                  | -                                                            | 162                                                                |
| Deferred taxation liabilities                              | 1,397                                                        | 1,438                                                              |
|                                                            | 7,797                                                        | 8,000                                                              |
| <b>Current liabilities</b>                                 |                                                              |                                                                    |
| Trade payables                                             | 52,312                                                       | 56,695                                                             |
| Other payables                                             | 12,629                                                       | 9,966                                                              |
| Amount due to an associate                                 | 35                                                           | -                                                                  |
| Loans and borrowings                                       | 148,853                                                      | 130,268                                                            |
| Provision for taxation                                     | 3,102                                                        | 2,589                                                              |
|                                                            | 216,931                                                      | 199,518                                                            |
|                                                            | 402,784                                                      | 380,103                                                            |
| <b>Net assets per share (RM)*</b>                          | 1.10                                                         | 1.07                                                               |

\* 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 2007

ATIS CORPORATION BERHAD (446118 -T)  
 INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2007  
 The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|                                                                | Non-Distributable          |                            | Exchange                              |                                  | Distributable                 |                                |                                | Total<br>RM'000       |
|----------------------------------------------------------------|----------------------------|----------------------------|---------------------------------------|----------------------------------|-------------------------------|--------------------------------|--------------------------------|-----------------------|
|                                                                | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | Reserve on<br>Consolidation<br>RM'000 | Fluctuation<br>Reserve<br>RM'000 | Retained<br>Profits<br>RM'000 | Shareholders<br>Fund<br>RM'000 | Minority<br>Interest<br>RM'000 |                       |
| <b><u>3 months ended 30 June 2006</u></b>                      |                            |                            |                                       |                                  |                               |                                |                                |                       |
| 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                         | -                              | -                              | -                     |
|                                                                | <u>79,397</u>              | <u>8,579</u>               | <u>-</u>                              | <u>(27)</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 year                              | -                          | -                          | -                                     | -                                | 5,574                         | 5,574                          | 232                            | 5,806                 |
| <b>Balance at 30 June 2006</b>                                 | <u><u>79,397</u></u>       | <u><u>8,579</u></u>        | <u><u>-</u></u>                       | <u><u>12</u></u>                 | <u><u>72,718</u></u>          | <u><u>160,706</u></u>          | <u><u>1,073</u></u>            | <u><u>161,779</u></u> |
| <b><u>3 months ended 30 June 2007</u></b>                      |                            |                            |                                       |                                  |                               |                                |                                |                       |
| Balance at 1 April 2007                                        | 79,397                     | 8,579                      | -                                     | (114)                            | 82,098                        | 169,960                        | 2,625                          | 172,585               |
| Currency translation differences                               | -                          | -                          | -                                     | (39)                             | -                             | (39)                           | (22)                           | (61)                  |
| Net profit for the financial period                            | -                          | -                          | -                                     | -                                | 5,384                         | 5,384                          | 148                            | 5,532                 |
| <b>Balance at 30 June 2007</b>                                 | <u><u>79,397</u></u>       | <u><u>8,579</u></u>        | <u><u>-</u></u>                       | <u><u>(153)</u></u>              | <u><u>87,482</u></u>          | <u><u>175,305</u></u>          | <u><u>2,751</u></u>            | <u><u>178,056</u></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 2007

**ATIS CORPORATION BERHAD (446118 -T)  
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2007**

The figures have not been audited

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

|                                                           | <b>3 months<br/>ended<br/>30/6/2007<br/>RM'000</b> | <b>12 months<br/>ended<br/>31/3/2007<br/>RM'000</b> |
|-----------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------|
| Net Profit Before Tax                                     | 7,787                                              | 30,353                                              |
| <b>Adjustment for :-</b>                                  |                                                    |                                                     |
| Depreciation and amortisation                             | 1,208                                              | 4,578                                               |
| Allowance for doubtful debts                              | 5                                                  | 4,152                                               |
| Inventories written off/down                              | -                                                  | 6,423                                               |
| Other non-cash items                                      | 2,370                                              | 2,127                                               |
| Non-operating items                                       | 1,137                                              | 4,837                                               |
| <b>Operating profit before changes in working capital</b> | <u>12,507</u>                                      | <u>52,470</u>                                       |
| <b>Changes in working capital</b>                         |                                                    |                                                     |
| Net change in current assets                              | (11,684)                                           | (28,725)                                            |
| Net change in current liabilities                         | (3,443)                                            | (24,024)                                            |
| <b>Net cash used in operating activities</b>              | <u>(2,620)</u>                                     | <u>(279)</u>                                        |
| <b>Investing Activities</b>                               |                                                    |                                                     |
| Other Investments                                         | (5,505)                                            | (22,502)                                            |
| <b>Net cash used in investing activities</b>              | <u>(5,505)</u>                                     | <u>(22,502)</u>                                     |
| <b>Financing Activities</b>                               |                                                    |                                                     |
| Net drawdown of bank borrowings                           | 19,169                                             | 26,072                                              |
| Net drawdown of commercial paper                          | -                                                  | 10,000                                              |
| Repayment of hire purchase creditors                      | (416)                                              | (114)                                               |
| Payment of dividend                                       | -                                                  | (5,717)                                             |
| Interest paid                                             | (1,545)                                            | (5,360)                                             |
| <b>Net cash generated from financing activities</b>       | <u>17,208</u>                                      | <u>24,881</u>                                       |
| Net Change in Cash and Cash Equivalents                   | 9,083                                              | 2,100                                               |
| Cash and Cash Equivalents at beginning of year            | 13,994                                             | 11,894                                              |
| Cash and Cash Equivalents at end of year                  | <u><u>23,077</u></u>                               | <u><u>13,994</u></u>                                |

**The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 31 March 2007**

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 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 2007. 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 2007.

**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:

Issuance of Commercial Papers

| <b>Face Value<br/>RM'000</b> | <b>Date</b>   | <b>Tenor</b> | <b>Net Proceeds<br/>RM'000</b> |
|------------------------------|---------------|--------------|--------------------------------|
| 40,000                       | 29 March 2007 | 183 days     | 39,178                         |
| 30,000                       | 19 April 2007 | 183 days     | 29,398                         |
| 10,000                       | 29 June 2007  | 182 days     | 9,801                          |

**7 Dividends paid**

There were no dividend paid in the financial period under review.

**8 Segmental reporting**

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

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

### **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.

### **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 August 2007, being the date not earlier than 7 days from the date of issuance of this interim report.

### **13 Review of performance**

For the current year to date, the Group achieved revenue of RM126.1 million. This represents an increase of RM25.3 million or 25.1% 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 RM126.1 million, the Group recorded net profit of RM5.5 million against RM5.8 million in the preceding year.

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

For the current quarter, the Group's revenue increased by RM5.2 million or 4.3% to RM126.1 million as compared to RM120.9 million in the preceding quarter. Correspondingly, net profit of the Group increased to RM5.5 million from RM4.9 million.

### **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><br><u>Quarter</u> | <u>Preceding Year</u><br><u>Corresponding</u><br><u>Quarter</u> | <u>Current Year</u><br><u>To-date</u> | <u>Preceding Year</u><br><u>Corresponding</u><br><u>Year</u> |
|                                 | <b>30/6/2007</b>                      | <b>30/6/2006</b>                                                | <b>30/6/2007</b>                      | <b>30/6/2006</b>                                             |
|                                 | <b>RM'000</b>                         | <b>RM'000</b>                                                   | <b>RM'000</b>                         | <b>RM'000</b>                                                |
| In respect of current year:     |                                       |                                                                 |                                       |                                                              |
| - income tax                    | 2,290                                 | 2,435                                                           | 2,290                                 | 2,435                                                        |
| - Over provision in prior years | -                                     | -                                                               | -                                     | -                                                            |
| - deferred tax                  | 27                                    | (35)                                                            | 27                                    | (35)                                                         |
| - associate company             | 19                                    | -                                                               | 19                                    | -                                                            |
|                                 | <u>2,255</u>                          | <u>2,400</u>                                                    | <u>2,255</u>                          | <u>2,400</u>                                                 |

The effective tax rate for the current quarter is higher 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.

**18 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.

**19 Purchase /Disposal of quoted securities**

(a) The Group's purchase/disposal of quoted securities for the current quarter are as follows:

|                        | <u>Current</u><br><u>Quarter</u><br><u>RM'000</u> |
|------------------------|---------------------------------------------------|
| Purchase consideration | <u>1,217</u>                                      |
| Sale proceeds          | <u>-</u>                                          |
| Profit                 | <u>-</u>                                          |

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

|                   | <u>RM'000</u> |
|-------------------|---------------|
| At Cost           | <u>6,444</u>  |
| At Net Book Value | <u>6,444</u>  |
| At Market Value   | <u>6,721</u>  |

## 20 Status of corporate proposals

| <b>Date of Announcement</b> | <b>Subject</b>                                                                                                                                                                                                                                                                      | <b>Status</b>                                       |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| 8 August 2007               | Proposed disposal of 100% equity interest in Sysnet Controls Sdn Bhd (Sysnet) for a total cash consideration of RM 600,000 thereby resulting in Sysnet cease to be a subsidiary of KVC Industrial Supplies Sdn Bhd.                                                                 | Pending fulfillment of certain condition precedent. |
| 13 August 2007              | Proposed acquisition of 500,000 ordinary shares of RM 1.00 each in Pressto Asia Sdn Bhd (Pressto) of RM 500,000 and further subscription an additional 1,500,000 new ordinary shares of RM 1,500,000, thereby resulting in Pressto becoming a 80% owned subsidiary company of ATIS. | Pending fulfillment of certain condition precedent. |

## 21 Group's borrowings and debt securities

Particulars of the Group's short term borrowings as at 30 June 2007 are as follows:-

|                               | <b>RM'000</b>         |
|-------------------------------|-----------------------|
| <u>Unsecured – short term</u> |                       |
| Bank borrowings               | 68,853                |
| Commercial paper              | 80,000                |
|                               | <u>148,853</u>        |
| <u>Unsecured – long term</u>  |                       |
| Bank borrowings               | 6,400                 |
|                               | <u><u>155,253</u></u> |

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

|                   | <b>Foreign<br/>Currency<br/>'000</b> | <b>RM'000</b>         |
|-------------------|--------------------------------------|-----------------------|
| Malaysian Ringgit | -                                    | 153,135               |
| Singapore Dollars | 931                                  | 2,118                 |
|                   |                                      | <u><u>155,253</u></u> |

## **22 Off balance sheet risk financial instruments**

There were no financial instruments with off balance sheet risk as at 16 August 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             | 320                               | 30.07.2007              | 30.09.2007                    | 1,118                              |

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.

## **23 Changes in material litigations**

There were no impending material litigations as at 16 August 2007 (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 has been recommended by the Board for the current quarter and financial year-to-date.

## **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 (2007: 158.8 million) and 158.8 million (2007: 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  
23 August 2007