

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

Interim Report for the  
First Quarter Ended  
30 June 2008

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**ATIS CORPORATION BERHAD (446118 -T)  
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2008**

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2008 RM'000	Preceding Year Corresponding Quarter 30/06/2007 RM'000	Current Year To-date 30/06/2008 RM'000	Preceding Year Corresponding Year 30/06/2007 RM'000
Revenue	135,759	126,093	135,759	126,093
Operating expenses	(125,026)	(117,064)	(125,026)	(117,064)
Other operating Income	579	43	579	43
Profit from operations	11,312	9,072	11,312	9,072
Finance costs	(1,780)	(1,693)	(1,780)	(1,693)
Share of profit in associates	1,774	408	1,774	408
Profit before taxation	11,306	7,787	11,306	7,787
Taxation	17 (2,578)	(2,255)	(2,578)	(2,255)
Net profit for the financial period	<u>8,728</u>	<u>5,532</u>	<u>8,728</u>	<u>5,532</u>
Attributable to:				
Equity holders of the parent	8,315	5,384	8,315	5,384
Minority interests	413	148	413	148
Net profit for the financial period	<u>8,728</u>	<u>5,532</u>	<u>8,728</u>	<u>5,532</u>
Earnings per share (sen) :-	25			
(a) Basic	<u>5.23</u>	<u>3.39</u>	<u>5.23</u>	<u>3.39</u>
(b) Fully diluted	<u>5.12</u>	<u>NA</u>	<u>5.12</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 2008

ATIS CORPORATION BERHAD (446118 -T)  
 INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2008

The figures have not been audited

CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) As at end of current quarter 30/06/2008 RM'000	(Audited) As at preceding financial year end 31/03/2008 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	54,500	55,065
Prepaid lease payments	3,386	3,475
Investments properties	11,685	12,087
Investment in associates	11,353	9,599
Other investments	29	29
Intangible assets	14,116	14,217
Deferred tax assets	1,110	1,038
<b>Current assets</b>		
Inventories	90,828	89,556
Trade receivables	190,682	180,316
Other receivables, deposits and prepayments	21,448	19,349
Amount due from associates	475	218
Current tax assets	1,144	1,683
Assets classified as held for sale	-	2,174
Cash and cash equivalents	21,761	32,553
	<u>326,338</u>	<u>325,849</u>
<b>TOTAL ASSETS</b>	<u>422,517</u>	<u>421,359</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	79,770	79,397
Reserves	123,615	118,440
<b>Equity attributable to equity holders of the parent</b>	<u>203,385</u>	<u>197,837</u>
Minority interests	4,336	3,762
<b>Total equity</b>	<u>207,721</u>	<u>201,599</u>
<b>Non-current liabilities</b>		
Loans and borrowings	9,625	10,024
Hire purchase liabilities	2,074	2,520
Deferred tax liabilities	1,748	1,678
	<u>13,447</u>	<u>14,222</u>
<b>Current liabilities</b>		
Trade payables	61,897	53,599
Other payables and accruals	11,371	7,853
Loans and borrowings	121,979	138,326
Hire purchase liabilities	1,249	1,205
Current tax liabilities	4,853	4,555
	<u>201,349</u>	<u>205,538</u>
	<u>422,517</u>	<u>421,359</u>
<b>Net assets per share (RM)*</b>	<u>1.27</u>	<u>1.25</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 2008

ATIS CORPORATION BERHAD (446118 -T)  
 INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2008

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-Distributable					Distributable		Minority Interest RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Share Option Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	Shareholders Fund RM'000		
<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
Foreign exchange 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>	<b>79,397</b>	<b>8,579</b>	<b>(153)</b>	<b>-</b>	<b>-</b>	<b>87,482</b>	<b>175,305</b>	<b>2,751</b>	<b>178,056</b>
<b><u>3 months ended 30 June 2008</u></b>									
Balance at 1 April 2008	79,397	8,579	(205)	874	-	109,192	197,837	3,762	201,599
Share options exercised	766	-	-	-	-	-	766	-	766
Transfer to share premium for share options exercis	(393)	393	-	-	-	-	-	-	-
Foreign exchange translation differences	-	-	214	-	-	-	214	161	375
Repurchased of treasury shares	-	-	-	-	(3,748)	-	(3,748)	-	(3,748)
Net profit for the financial period	-	-	-	-	-	8,315	8,315	413	8,728
<b>Balance at 30 June 2008</b>	<b>79,770</b>	<b>8,972</b>	<b>9</b>	<b>874</b>	<b>(3,748)</b>	<b>117,507</b>	<b>203,384</b>	<b>4,336</b>	<b>207,720</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 2008

ATIS CORPORATION BERHAD (446118 -T)  
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2008

The figures have not been audited

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	(Unaudited) 3 months ended 30/06/2008 RM'000	(Unaudited) 3 months ended 30/06/2007 RM'000
Profit before tax	11,306	7,787
<b>Adjustment for :-</b>		
Depreciation and amortisation	1,328	1,208
Other non-cash items	(379)	2,375
Non-operating items	(237)	1,137
<b>Operating profit before changes in working capital</b>	<b>12,018</b>	<b>12,507</b>
<b>Changes in working capital</b>		
Net change in current assets	(13,464)	(11,684)
Net change in current liabilities	9,930	(3,443)
<b>Net cash generated from/(used in) operating activities</b>	<b>8,484</b>	<b>(2,620)</b>
<b>Investing Activities</b>		
Net proceeds from disposal of a subsidiary	14	-
Other Investments	2,290	(5,505)
<b>Net cash generated from/(used in) investing activities</b>	<b>2,304</b>	<b>(5,505)</b>
<b>Financing Activities</b>		
Net (repayment)/drawdown of bank borrowings	(16,347)	19,169
Repayment of hire purchase liabilities	(402)	(416)
Net repayment of term loans	(399)	-
Proceeds from exercise of ESOS	766	-
Repurchase of treasury shares	(3,748)	-
Interest paid	(1,450)	(1,545)
<b>Net cash generated from financing activities</b>	<b>(21,580)</b>	<b>17,208</b>
Net Change in Cash and Cash Equivalents	(10,792)	9,083
Cash and Cash Equivalents at beginning of year	32,553	13,994
Cash and Cash Equivalents at end of period	21,761	23,077

Note 1

In May 2008, KVC Industrial Supplies Sdn Bhd ("KVC"), a wholly-owned subsidiary completed the disposal of its entire shareholding in R&R Industrial Products (Malacca) Sdn Bhd, comprising 100,000 ordinary shares of RM1.00 each for a cash consideration of RM89,279.

The disposal of the subsidiary had the following effect on the Group's net assets as at the date of deconsolidation:-

	RM'000
Other assets	(17)
Cash and cash equivalent	(75)
Other liabilities	2
Net assets disposed	(90)
Goodwill on consolidation	(86)
	(176)
Proceeds for disposal of a subsidiary	89
Loss on disposal of a subsidiary	(87)
	2
Proceeds for disposal of a subsidiary	89
Cash and cash equivalent of a subsidiary deconsolidated	(75)
	14
Note 1	14

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 31 March 2008

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2008**

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 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 2008.

The same 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 2008.

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 financial year ended 31 March 2008.

**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 years of the current financial year-to-date or in prior financial year-to-date**

There was no material changes in estimates in respect of amounts reported in prior interim years 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**

(a) Employee Share Option Scheme (“ESOS”)

During the current quarter, the Company issued 746,500 new ordinary shares of RM0.50 each for cash arising from the exercise of options granted under the Company’s ESOS.

(b) Share buybacks

On 19 September 2007, the shareholders of the Company renewed their approval for the Company’s plan to repurchase its own ordinary shares. During the current quarter, the Company repurchased 2,675,600 of its issued ordinary shares from the open market at an average price of RM1.40 per share. The total consideration paid for the repurchase including transaction costs was RM3,747,623 and this was financed by internally generated funds. The share repurchased were retained as treasury shares.

(c) Issuance of Commercial Papers

Other than the above, 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:

<b>Face Value RM’000</b>	<b>Issued Date</b>	<b>Tenor (Days)</b>	<b>Net Proceeds RM’000</b>
15,000	28 February 2007	365	14,280
20,000	28 March 2008	364	19,043
10,000	18 April 2008	182	9,786
20,000	18 April 2008	364	19,043
15,000	27 June 2008	91	14,849

**7 Dividends paid**

There was no dividend paid in the financial year 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 period-to-date except for the following:

KVC, a wholly-owned subsidiary completed the disposal of its entire shareholding in R&R Industrial Products (Malacca) Sdn Bhd, comprising 100,000 ordinary shares of RM1.00 each for a cash consideration of RM89,279.

#### **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 7 August 2008, being the date not earlier than 7 days from the date of issuance of this interim report.

#### **13 Review of performance**

For the current period to date, the Group achieved revenue of RM135.8 million. This represents an increase of RM9.7 million or 7.7% as compared to the preceding year corresponding period. The increase was mainly contributed by revenue generated from oversea subsidiaries and non-ferrous metal business. With revenue of RM135.8 million, the Group net profit after minority interest recorded at RM8.3 million against RM5.4 million in the preceding year corresponding period.

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

Despite a decrease of revenue by RM2.4 million or 1.7% to RM135.8 million as compared to RM138.2 million in the immediate preceding quarter, the Group achieved a net profit after minority interest of RM8.3 million as compared to a net profit of RM8.0 million in the immediate preceding quarter mainly due to improvement in the share of profit in an associate.



## 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>	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30/06/2008 RM'000	30/06/2007 RM'000	30/06/2008 RM'000	30/06/2007 RM'000
In respect of current year:				
- income tax	2,579	2,290	2,579	2,290
(Over)/under provision in prior years				
- deferred tax	(21)	27	(21)	27
- associate company	20	19	20	19
	<u>2,578</u>	<u>2,255</u>	<u>2,578</u>	<u>2,255</u>

The effective tax rate for the current quarter is lower than statutory tax rate due to availability of pioneer status tax incentive for an associate's share profit.

## 18 Sale of unquoted investments and/or properties

The Group's sales of properties for the current quarter are as follows:

	<u>Current Quarter</u> RM'000	<u>Cumulative Quarter</u> RM'000
Sales proceeds	<u>3,348</u>	<u>3,348</u>
Carrying amount	<u>2,969</u>	<u>2,969</u>
Gain on disposal of properties	<u>379</u>	<u>379</u>

**19 Purchase /Disposal of quoted securities**

(a) There were no purchases or disposals of quoted securities during the current quarter and financial period to date under review.

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

	<b>RM'000</b>
At Cost	29
At Net Book Value	29
At Market Value	24

**20 Status of corporate proposals**

<b>Date of Announcement</b>	<b>Subject</b>	<b>Status</b>
26 April 2008	Proposed joint venture between ATIS and Otra Development B.V, a subsidiary of Sonepar SA and proposed disposal by ATIS of 100,000 ordinary shares of RM1.00 each, representing 20% equity interest in KVC, a wholly-owned subsidiary of ATIS, for an initial cash consideration of approximately RM27.05 million. The proposed disposal has been approved by Foreign Investment Committee ("FIC") dated on 25 July 2008.	On-going

**21 Group's borrowings and debt securities**

Particulars of the Group's loans and borrowings as at 30 June 2008 are as follows:-

	<b>RM'000</b>
<u>Current portion</u>	
Bank overdrafts	2,647
Banker's acceptances and trust receipts	37,098
Commercial paper	80,000
Term loan	2,234
	<u>121,979</u>
<u>Non-current portion</u>	
Term loan	<u>9,625</u>
	<u>131,604</u>

**21 Group's borrowings and debt securities (cont'd)**

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

	<b>Foreign Currency '000</b>	<b>RM'000</b>
Malaysian Ringgit		125,360
Singapore Dollars		6,244
		<hr/>
		<b>131,604</b>
		<hr/> <hr/>

**22 Off balance sheet risk financial instruments**

There were no financial instruments with off balance sheet risk as at 07.08.2008 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim report).

**23 Changes in material litigations**

There were no impending material litigations as at 07.08.2008 (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**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.08 RM'000	Preceding Year Corresponding Quarter 30.6.07 RM'000	Current Year To-date 30.6.08 RM'000	Preceding Year Corresponding Period 30.6.07 RM'000
<b>Basic earnings/ (loss) per share EPS/(LPS)</b>				
Net profit attributable to shareholders	8,315	5,384	8,315	5,384
Weighted average number of ordinary shares in issue	159,128	158,793	159,128	158,793
Basic EPS (sen)	5.23	3.39	5.23	3.39
<b>Diluted earnings per share EPS</b>				
Net profit attributable to shareholders	8,315	5,384	8,315	5,384
Weighted average number of ordinary shares in issue	162,491	NA	162,491	NA
Diluted EPS (sen)	5.12	NA	5.12	NA

It is not applicable to calculate the diluted earnings per share for the preceding year corresponding quarter and preceding year corresponding period 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  
14 August 2008