

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

Interim Report for the
Second Quarter Ended
30 September 2008

Contents

Condensed Consolidated Income Statements	1
Condensed Consolidated Balance Sheets	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Cash Flow Statements	4
Notes to the Condensed Financial Statements	5-11

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

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2008 RM'000	Preceding Year Corresponding Quarter 30/09/2007 RM'000	Current Year To-date 30/09/2008 RM'000	Preceding Year Corresponding Year 30/09/2007 RM'000
Revenue	143,664	127,118	279,423	253,210
Operating expenses	(132,701)	(117,664)	(257,727)	(234,721)
Other operating Income	243	543	822	587
Profit from operations	11,206	9,997	22,518	19,076
Finance costs	(1,711)	(1,625)	(3,491)	(3,318)
Share of profit in associates	783	641	2,557	1,049
Profit before taxation	10,278	9,013	21,584	16,807
Tax expense	17 (2,575)	(2,415)	(5,153)	(4,670)
Net profit for the financial period	<u>7,703</u>	<u>6,598</u>	<u>16,431</u>	<u>12,137</u>
Attributable to:				
Equity holders of the parent	7,057	6,538	15,372	11,929
Minority interests	646	60	1,059	208
Net profit for the financial period	<u>7,703</u>	<u>6,598</u>	<u>16,431</u>	<u>12,137</u>
Earnings per share (sen) :-	25			
(a) Basic	<u>4.63</u>	<u>4.12</u>	<u>10.09</u>	<u>7.51</u>
(b) Fully diluted	<u>4.54</u>	<u>NA</u>	<u>9.90</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 SECOND QUARTER ENDED 30 SEPTEMBER 2009

The figures have not been audited

CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) As at end of current quarter 30/09/2008 RM'000	(Audited) As at preceding financial year end 31/03/2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	53,489	55,065
Prepaid lease payments	3,322	3,475
Investments properties	11,924	12,087
Investment in associates	12,117	9,599
Other investments	29	29
Intangible assets	14,116	14,217
Deferred tax assets	1,034	1,038
Current assets		
Inventories	83,637	89,556
Trade receivables	173,574	180,316
Other receivables, deposits and prepayments	12,623	19,349
Amount due from associates	283	218
Current tax assets	1,365	1,683
Assets classified as held for sale	-	2,174
Cash and cash equivalents	93,164	32,553
	364,646	325,849
TOTAL ASSETS	460,677	421,359
EQUITY AND LIABILITIES		
Share capital	79,916	79,397
Reserves	124,910	118,440
Equity attributable to equity holders of the parent	204,826	197,837
Minority interests	5,062	3,762
Total equity	209,888	201,599
Non-current liabilities		
Loans and borrowings	21 9,228	10,024
Hire purchase liabilities	967	2,520
Deferred tax liabilities	1,659	1,678
	11,854	14,222
Current liabilities		
Trade payables	65,811	53,599
Other payables and accruals	10,967	7,853
Loans and borrowings	21 154,258	138,326
Hire purchase liabilities	2,041	1,205
Current tax liabilities	5,858	4,555
	238,935	205,538
	460,677	421,359
Net assets per share (RM)*	1.28	1.25

* 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 SECOND QUARTER ENDED 30 SEPTEMBER 2008

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-Distributable					Distributable			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	Minority Interest RM'000	
6 months ended 30 September 2007									
Balance at 1 April 2007	79,397	8,579	(114)	-	-	82,098	169,960	2,625	172,585
Foreign exchange translation differences	-	-	51	-	-	20	71	305	376
Net profit for the financial period	-	-	-	-	-	11,929	11,929	208	12,137
Balance at 30 September 2007	79,397	8,579	(63)	-	-	94,047	181,960	3,138	185,098
6 months ended 30 September 2008									
Balance at 1 April 2008	79,397	8,579	(205)	874	-	109,192	197,837	3,762	201,599
Share options exercised	1,065	-	-	-	-	-	1,065	-	1,065
Transfer to share premium for share options exercis	(546)	546	-	-	-	-	-	-	-
Foreign exchange translation differences	-	-	327	-	-	-	327	242	569
Repurchased of treasury shares	-	-	-	-	(9,776)	-	(9,776)	-	(9,776)
Net profit for the financial period	-	-	-	-	-	15,372	15,372	1,059	16,431
Balance at 30 September 2008	79,916	9,125	122	874	(9,776)	124,564	204,825	5,063	209,888

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 SECOND QUARTER ENDED 30 SEPTEMBER 2008

The figures have not been audited

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	(Unaudited) 6 months ended 30/09/2008 RM'000	(Unaudited) 6 months ended 30/09/2007 RM'000
Profit before tax	21,584	16,807
Adjustment for :-		
Depreciation and amortisation	2,267	2,377
Other non-cash items	986	3,873
Non-operating items	1,021	(1,049)
Operating profit before changes in working capital	25,858	22,008
Changes in working capital		
Net change in current assets	18,244	(29,678)
Net change in current liabilities	12,091	260
Net cash generated from/(used in) operating activities	56,193	(7,410)
Investing Activities		
Net proceeds from disposal of a subsidiary	14	(1,466)
Proceeds from quoted investment	-	5,979
Other Investments	2,188	(5,546)
Net cash generated from/(used in) investing activities	2,202	(1,033)
Financing Activities		
Net drawdown of bank borrowings	12,859	11,113
Net (repayment)/drawdown of hire purchase liabilities	(717)	2,512
Net drawdown of term loan	2,277	-
Proceeds from exercise of ESOS	1,065	-
Repurchase of treasury shares	(9,777)	-
Interest paid	(3,491)	(4,092)
Net cash generated from financing activities	2,216	9,533
Net Change in Cash and Cash Equivalents	60,611	1,090
Cash and Cash Equivalents at beginning of year	32,553	13,994
Cash and Cash Equivalents at end of period	93,164	15,084

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

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 SECOND QUARTER ENDED 30 SEPTEMBER 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”)

As at 30 September 2008, the Company issued 1,038,500 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 25 September 2008, the shareholders of the Company renewed their approval for the Company’s plan to repurchase its own ordinary shares. As at 30 September 2008, the Company repurchased 7,114,400 of its issued ordinary shares from the open market at an average price of RM1.37 per share. The total consideration paid for the repurchase including transaction costs was RM9,776,979 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:

Face Value RM’000	Issued Date	Tenor (Days)	Net Proceeds RM’000
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
10,000	26 September 2008	84	9,898

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:

ATIS has completed the acquisition of the entire shareholding of TSA Industries Sdn Bhd ("TSA") comprising 2,300,000 ordinary shares of RM1.00 each from KVC Industrial Supplies Sdn Bhd ("KVC"), a wholly-owned subsidiary of ATIS for a consideration of RM10.05 million. As a result of the internal reorganization, TSA has become a direct subsidiary of ATIS instead of via KVC.

ATIS has completed the acquisition of the entire shareholding of ATIS Properties Sdn Bhd ("ATIS Prop") (formerly known as R&R Industrial Products (Johor Bahru) Sdn. Bhd.) comprising 100,000 ordinary shares of RM1.00 each from KVC Industrial Supplies Sdn Bhd ("KVC"), a wholly-owned subsidiary of ATIS for a consideration of RM408,771. As a result of the internal reorganization, ATIS Prop has become a direct subsidiary of ATIS instead of via KVC.

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 4 November 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 RM279.4 million. This represents an increase of RM26.2 million or 10.4% as compared to the preceding year corresponding period. The increase was mainly contributed by revenue generated from overseas subsidiaries and non-ferrous metal business. With revenue of RM279.4 million, the Group net profit after minority interest recorded at RM15.4 million against RM11.9 million in the preceding year corresponding period.

14 Comparison with preceding quarter's results

For the current quarter, the Group's revenue increased by RM7.9 million or 5.8% to RM143.7 million as compared to RM135.8 million in the preceding quarter. Net profit of the Group decreased to RM7.1 million from RM8.3 million due to lower gross profit margin.

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
	30/09/2008	30/09/2007	30/09/2008	30/09/2007
	RM'000	RM'000	RM'000	RM'000
In respect of current year:				
- income tax	2,099	2,352	4,678	4,561
- (Over)/under provision in prior years	-	(8)	-	(8)
- deferred tax	456	52	435	79
- associate company	20	19	40	38
	<u>2,575</u>	<u>2,415</u>	<u>5,153</u>	<u>4,670</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>	<u>Cumulative Quarter</u>
	RM'000	RM'000
Sales proceeds	-	3,348
Carrying amount	-	2,969
Gain on disposal of properties	-	379

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:

	RM'000
At Cost	<u>29</u>
At Net Book Value	<u>29</u>
At Market Value	<u>27</u>

20 Status of corporate proposals

Date of Announcement	Subject	Status
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.	Completed
29 September 2008	ATIS has acquired the entire shareholding of TSA Industries Sdn Bhd ("TSA") comprising 2,300,000 ordinary shares of RM1.00 each from KVC Industrial Supplies Sdn Bhd ("KVC"), a wholly-owned subsidiary of ATIS for a consideration of RM10.05 million. As a result of the internal reorganization, TSA has become a direct subsidiary of ATIS instead of via KVC.	Completed
29 September 2008	ATIS has acquired the entire shareholding of ATIS Properties Sdn Bhd ("ATIS Prop") (formerly known as R&R Industrial Products (Johor Bahru) Sdn. Bhd.), comprising 100,000 ordinary shares of RM1.00 each from KVC Industrial Supplies Sdn Bhd ("KVC"), a wholly-owned subsidiary of ATIS for a consideration of RM408,771. As a result of the internal reorganization, ATIS Prop has become a direct subsidiary of ATIS instead of via KVC.	Completed

21 Group's borrowings and debt securities

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

	RM'000
<u>Current portion</u>	
Bank overdrafts / Revolving Credit	32,435
Banker's acceptances and trust receipts	41,516
Commercial paper	75,000
Term loan	5,307
	<u>154,258</u>
<u>Non-current portion</u>	
Term loan	9,228
	<u>163,486</u>

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

	Foreign Currency '000	RM'000
Malaysian Ringgit		154,748
Singapore Dollars		8,738
		<u>163,486</u>

22 Off balance sheet risk financial instruments

There were no financial instruments with off balance sheet risk as at 04.11.2008 (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 04.11.2008 (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 30.9.08 RM'000	Preceding Year Corresponding Quarter 30.9.07 RM'000	Current Year To-date 30.9.08 RM'000	Preceding Year Corresponding Period 30.9.07 RM'000
Basic earnings/ (loss) per share EPS/(LPS)				
Net profit attributable to shareholders	7,057	6,538	15,372	11,929
Adjusted Weighted average number of ordinary shares in issue	152,541	158,793	152,293	158,793
Basic EPS (sen)	4.63	4.12	10.09	7.51
Diluted earnings per share EPS				
Net profit attributable to shareholders	7,057	6,538	15,372	11,929
Adjusted Weighted average number of ordinary shares in issue	155,526	NA	155,277	NA
Diluted EPS (sen)	4.54	NA	9.90	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
11 November 2008