

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

Interim Report for the
Third Quarter Ended
31 December 2008

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**ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2008**

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2008 RM'000	Preceding Year Corresponding Quarter 31/12/2007 RM'000	Current Year To-date 31/12/2008 RM'000	Preceding Year Corresponding Year 31/12/2007 RM'000
Revenue	121,709	137,808	401,132	391,018
Operating expenses	(107,569)	(127,546)	(365,296)	(362,267)
Other operating Income	2,896	844	3,718	1,430
Profit from operations	17,036	11,106	39,554	30,181
Finance costs	(2,151)	(2,024)	(5,642)	(5,342)
Share of profit in associates	363	521	2,920	1,570
Profit before taxation	15,248	9,603	36,832	26,409
Tax expense	(891)	(2,381)	(6,044)	(7,051)
Net profit for the financial period	<u>14,357</u>	<u>7,222</u>	<u>30,788</u>	<u>19,358</u>
Attributable to:				
Equity holders of the parent	13,311	7,269	28,683	19,197
Minority interests	1,046	(47)	2,105	161
Net profit for the financial period	<u>14,357</u>	<u>7,222</u>	<u>30,788</u>	<u>19,358</u>
Earnings per share (sen) :-	25			
(a) Basic	<u>8.80</u>	<u>4.58</u>	<u>19.04</u>	<u>12.09</u>
(b) Fully diluted	<u>8.68</u>	<u>N/A</u>	<u>18.77</u>	<u>N/A</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 THIRD QUARTER ENDED 31 DECEMBER 2008

The figures have not been audited

CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) As at end of current quarter 31/12/2008 RM'000	(Audited) As at preceding financial year end 31/03/2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	51,717	55,065
Prepaid lease payments	3,299	3,475
Investments properties	11,841	12,087
Investment in associates	12,460	9,599
Other investments	29	29
Intangible assets	14,105	14,217
Deferred tax assets	71	1,038
Total non-current assets	93,522	95,510
Current assets		
Inventories	69,147	89,556
Trade receivables	164,996	180,316
Other receivables, deposits and prepayments	27,087	19,349
Amount due from associates	250	218
Current tax assets	1,966	1,683
Assets classified as held for sale	-	2,174
Cash and cash equivalents	60,428	32,553
Total current assets	323,874	325,849
TOTAL ASSETS	417,396	421,359
EQUITY AND LIABILITIES		
Share capital	79,934	79,397
Reserves	136,335	118,440
Total equity attributable to shareholders of the company	216,269	197,837
Minority interests	20,747	3,762
Total equity	237,016	201,599
Non-current liabilities		
Loans and borrowings	21 11,687	12,544
Deferred tax liabilities	697	1,678
Total non-current liabilities	12,384	14,222
Current liabilities		
Trade payables	42,972	53,599
Other payables and accruals	17,356	7,853
Loans and borrowings	21 103,583	139,531
Current tax liabilities	4,085	4,555
Total current liabilities	167,996	205,538
Total equity and liabilities	417,396	421,359
Net assets per share (RM)*	1.35	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 THIRD QUARTER ENDED 31 DECEMBER 2008

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-Distributable					Distributable	Total Shareholders' Equity RM'000	Minority Interest RM'000	Total Equity 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			
9 months ended 31 December 2007									
Balance at 1 April 2007	79,397	8,579	(114)	-	-	82,098	169,960	2,625	172,585
Foreign exchange translation differences	-	-	(25)	-	-	19	(6)	247	241
Net profit for the financial period	-	-	-	-	-	19,197	19,197	161	19,358
Balance at 31 December 2007	79,397	8,579	(139)	-	-	101,314	189,151	3,033	192,184
9 months ended 31 December 2008									
Balance at 1 April 2008	79,397	8,579	(205)	874	-	109,192	197,837	3,762	201,599
Share options exercised	1,101	-	-	-	-	-	1,101	-	1,101
Transfer to share premium for share options exercised	(564)	564	-	-	-	-	-	-	-
Foreign exchange translation differences	-	-	(39)	-	-	-	(39)	27	(12)
Repurchased of treasury shares	-	-	-	-	(11,313)	-	(11,313)	-	(11,313)
Net profit for the financial period	-	-	-	-	-	28,683	28,683	2,105	30,788
Disposal of subsidiary to minority interest	-	-	-	-	-	-	-	14,853	14,853
Balance at 31 December 2008	79,934	9,143	(244)	874	(11,313)	137,875	216,269	20,747	237,016

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 THIRD QUARTER ENDED 31 DECEMBER 2008

The figures have not been audited

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	(Unaudited) 9 months ended 31/12/2008 RM'000	(Unaudited) 9 months ended 31/12/2007 RM'000
Profit before tax	36,832	26,409
Adjustment for :-		
Depreciation and amortisation	3,194	3,846
Other non-cash items	(379)	(196)
Non-operating items	(17,866)	3,772
Operating profit before changes in working capital	21,781	33,831
Changes in working capital		
Net change in current assets	31,225	(34,218)
Net change in current liabilities	(7,595)	(13,482)
Net cash generated from/(used in) operating activities	45,411	(13,869)
Investing Activities		
Net proceeds from disposal of a subsidiary	14	-
Net proceeds from partial disposal of a subsidiary	36,150	-
Net cashflow for acquisition in subsidiary companies	(3,570)	(1,466)
Proceeds from quoted investment	-	5,979
Addition investment in an associate	-	(1,193)
Other Investments	3,151	(3,443)
Net cash generated from/(used in) investing activities	35,745	(123)
Financing Activities		
Net (repayment)/drawdown of bank borrowings and bonds	(34,557)	26,358
Net (repayment)/drawdown of hire purchase liabilities	(1,050)	479
Net repayment of term loan	(1,198)	-
Proceeds from exercise of ESOS	1,101	-
Repurchase of treasury shares	(11,313)	-
Interest paid	(6,264)	(5,342)
Net cash generated from financing activities	(53,281)	21,495
Net Change in Cash and Cash Equivalents	27,875	7,503
Cash and Cash Equivalents at beginning of year	32,553	13,994
Cash and Cash Equivalents at end of period	60,428	21,497

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	<u>2</u>
Net assets disposed	(90)
Goodwill on consolidation	<u>(86)</u>
	(176)
Proceeds for disposal of a subsidiary	<u>89</u>
Loss on disposal of a subsidiary	<u>(87)</u>
	89
Proceeds for disposal of a subsidiary	89
Cash and cash equivalent of a subsidiary deconsolidated	<u>(75)</u>
	<u>14</u>
	Note 1

Note 2

In October 2008, ATIS Corporation Berhad ("ATIS"), disposal of its 20% equity shareholding in KVC Industrial Supplies Sdn Bhd ("KVC"), comprising 500,000 ordinary shares of RM1.00 each for a final cash consideration of RM36.15 million. The partial disposal has resulted to a gain of RM20.5 million to ATIS.

Note 3

- a) In December 2008, KVC has subscribed 70,000 ordinary shares of RM1.00 each fully paid-up, representing 70% of the total issued and paid-up share capital of Allied Fluid Engineering Sdn Bhd, a newly incorporated company in Malaysia at subscription sum of RM70,000.
- b) In December 2008, Presto Asia Sdn Bhd, an 80%-owned subsidiary of ATIS has subscribed 60 ordinary shares of SGD1 each fully paid-up, representing 60% of the total issued and paid-up share capital of Pressto Singapore Pte Ltd, a newly incorporated company in Singapore at subscription sum of SGD60, equivalent to RM146.
- c) In December 2008, ATIS subscribed 1 million new ordinary shares of RM1.00 each in Kimpress Holdings Sdn Bhd ("KHSB"), representing 20% of the total issued and paid-up share capital of KHSB at a cash consideration of RM3.5 million.
- d) In August 2007, the Company acquired 500,000 ordinary shares of RM1 each in Pressto Asia Sdn Bhd ("Pressto") of RM500,000 and further subscribed an additional of 1,500,000 new ordinary shares of RM1,500,000, thereby resulting in Pressto becoming a 80% owned subsidiary company in ATIS.

The fair value of the net assets acquired and cash flow arising from the acquisition is as follows:-

	RM'000
Property, plant and equipment	4,135
Cash and cash equivalent	534
Other assets	725
Other liabilities	<u>(3,978)</u>
	1,416
Minority interests	<u>(283)</u>
Net asset	1,133
Goodwill	<u>867</u>
Purchase consideration, satisfied by cash	2,000
Cash and cash equivalent of a subsidiary	<u>534</u>
Net cash outflow for acquisition in a subsidiary company	<u>1,466</u>
	Note 3

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 THIRD QUARTER ENDED 31 DECEMBER 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 except there was a gain on disposal of 20% equity interest in a subsidiary amounting to RM20.5 million.

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 31 December 2008, the Company issued 1,074,700 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 31 December 2008, the Company repurchased 8,602,180 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 RM11,312,294 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
20,000	18 April 2008	364	19,043

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 has subscribed 70,000 ordinary shares of RM1.00 each fully paid-up, representing 70% of the total issued and paid-up share capital of Allied Fluid Engineering Sdn Bhd, a newly incorporated company in Malaysia.

Pressto Asia Sdn Bhd, an 80%-owned subsidiary of ATIS has subscribed 60 ordinary shares of SGD1 each fully paid-up, representing 60% of the total issued and paid-up share capital of Pressto Singapore Pte Ltd, a newly incorporated company in Singapore.

ATIS has subscribed 1 million new ordinary shares of RM1.00 each in Kimpress Holdings Sdn Bhd (“KHSB”), representing 20% of the total issued and paid-up share capital of KHSB at a cash consideration of RM3.5 million to enter into a Joint Venture agreement with the existing shareholders, Karma Metal Isleme Sanagi IC Ve Dis Ticaret A.S., a company incorporated under the laws of Turkey and Messrs Yee Kim Yuen.

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 19 February 2009, 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 RM401.1 million. This represents an increase of RM10.1 million or 2.6% as compared to the preceding year corresponding period. The Group pre-tax profit increase from RM26.4 million to RM36.8 million in the same period mainly attributed to gain on disposal of 20% equity interest in KVC of RM20.5 million. The gain was however partially off set by one off write down of inventories and plant & equipment of RM8.4 million and RM1.2 million respectively in the non-ferrous base metals trading business due to the collapse of copper and nickel prices.

14 Comparison with preceding quarter's results

In tandem with the global economic slow down, the Group's revenue decreased by RM21.9million or 15.3% to RM121.7 million as compared to RM143.6 million in the preceding quarter. Group pre-tax profit increased to RM15.2 million from RM10.3 million. Excluding the gain on disposal and one off write down of inventories/plant & equipment as mentioned in Note 13, the pre-tax profit would have decreased by 66.0% to RM3.5 million, reflecting a more challenging business environment affecting the performance of the Group.

15 Prospects

The global economic slowdown will inevitably have an adverse impact on the Group's business. Measures have been put in place to mitigate a likely slowdown in the Group's earnings in the near term.

The Board of Director however believes that despite an economic slowdown the longer term prospects of the Group remains resilient given its strong fundamental to withstand any potential slowdown.

16 Profit forecast/profit guarantee

This note is not applicable.

17 Tax expense

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter</u>	<u>Preceding Year Corresponding Quarter</u>	<u>Current Year To-date</u>	<u>Preceding Year Corresponding Period</u>
	<u>31/12/2008</u>	<u>31/12/2007</u>	<u>31/12/2008</u>	<u>31/12/2007</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
In respect of current year:				
- income tax	1,502	2,779	6,180	7,340
- real property gain tax		39		39
- (Over)/under provision in prior years	(196)	(332)	(196)	(340)
- deferred tax	(435)	(124)	-	(45)
- associate company	20	19	60	57
	<u>891</u>	<u>2,381</u>	<u>6,044</u>	<u>7,051</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 and non-taxable gain in the disposal of 20% equity interest in KVC.

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>
	<u>RM'000</u>	<u>RM'000</u>
Sales proceeds	<u>-</u>	<u>3,348</u>
Carrying amount	<u>-</u>	<u>2,969</u>
Gain on disposal of properties	<u>-</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:

	RM'000
At Cost	<u>29</u>
At Net Book Value	<u>29</u>
At Market Value	<u>24</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 a final cash consideration of approximately RM36.15 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

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

Date of Announcement	Subject	Status
15 December 2008	KVC has subscribed 70,000 ordinary shares of RM1.00 each fully paid-up, representing 70% of the total issued and paid-up share capital of Allied Fluid Engineering Sdn Bhd, a newly incorporated company in Malaysia.	Completed
23 December 2008	Pressto Asia Sdn Bhd, an 80%-owned subsidiary of ATIS has subscribed 60 ordinary shares of SGD1 each fully paid-up, representing 60% of the total issued and paid-up share capital of Pressto Singapore Pte Ltd, a newly incorporated company in Singapore.	Completed
31 December 2008	ATIS has subscribed 1 million new ordinary shares of RM1.00 each in Kimpress Holdings Sdn Bhd ("KHSB"), representing 20% of the total issued and paid-up share capital of KHSB at a cash consideration of RM3.5 million to enter into a Joint Venture agreement with the existing shareholders, Karma Metal Isleme Sanagi IC Ve Dis Ticaret A.S., a company incorporated under the laws of Turkey and Messrs Yee Kim Yuen.	On-going

21 Group's borrowings and debt securities

Particulars of the Group's loans and borrowings as at 31 December 2008 are as follows:-

	RM'000
<u>Current portion</u>	
Bank overdrafts / Revolving Credit	
Banker's acceptances and trust receipts	46,534
Commercial paper	55,000
Hire purchase liabilities	1,403
Term loan	646
	<u>103,583</u>
<u>Non-current portion</u>	
Hire purchase liabilities	1,273
Term loan	10,414
	<u>11,687</u>
	<u>115,270</u>

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

	Foreign Currency '000	RM'000
Malaysian Ringgit		111,981
Singapore Dollars		3,289
		<u>115,270</u>

22 Off balance sheet risk financial instruments

There were no financial instruments with off balance sheet risk as at 19.02.2008 (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 19.02.2009 (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 31.12.08 RM'000	Preceding Year Corresponding Quarter 31.12.07 RM'000	Current Year To-date 31.12.08 RM'000	Preceding Year Corresponding Period 31.12.07 RM'000
Basic earnings per share EPS				
Net profit attributable to shareholders	13,311	7,269	28,683	19,197
Adjusted Weighted average number of ordinary shares in issue	151,256	158,793	150,609	158,793
Basic EPS (sen)	8.80	4.58	19.04	12.09
Diluted earnings per share EPS				
Net profit attributable to shareholders	13,311	7,269	28,683	19,197
Adjusted Weighted average number of ordinary shares in issue	153,421	N/A	152,774	N/A
Diluted EPS (sen)	8.68	N/A	18.77	N/A

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
26 February 2009