

Interim Report for the
Third Quarter Ended
30 September 2010

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ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To-date	Corresponding
Note	30/09/2010	Quarter #	30/09/2010	Period #
	RM'000	30/09/2009	RM'000	30/09/2009
		RM'000		RM'000
Revenue	187,464	112,748	501,524	318,544
Operating expenses	(157,104)	(89,434)	(450,960)	(290,485)
Other operating Income	1,038	108	2,405	3,364
Profit from operations	31,398	23,422	52,969	31,423
Finance costs	(1,964)	(901)	(4,577)	(3,131)
Net gain/(loss) on financial assets and financial liabilities at fair value	(412)	-	(304)	-
Share of profit in associates	1,421	805	2,746	1,007
Profit before taxation	30,443	23,326	50,834	29,299
Income tax expense	17 (4,008)	(2,145)	(9,389)	(1,869)
Profit for the period	<u>26,435</u>	<u>21,181</u>	<u>41,445</u>	<u>27,430</u>
Profit attributable to:				
Owners of the parent	23,574	20,290	34,417	25,456
Non-controlling interest	2,861	891	7,028	1,974
Profit for the period	<u>26,435</u>	<u>21,181</u>	<u>41,445</u>	<u>27,430</u>
Earnings per share (sen) :-	25			
(a) Basic	<u>16.08</u>	<u>13.89</u>	<u>23.50</u>	<u>17.23</u>
(b) Fully diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To-date	Corresponding
	30/09/2010	Quarter #	30/09/2010	Period #
	RM'000	(restated)	RM'000	(restated)
		30/09/2009		30/09/2009
		RM'000		RM'000
Profit for the period	26,435	21,181	41,445	27,430
Other Comprehensive Income:				
Foreign exchange translation differences	(363)	828	(928)	885
Fair value of available-for-sale financial assets	-	-	(6)	-
Fair value adjustment on cash flow hedge	373	-	711	-
Other Comprehensive Income for the period	<u>10</u>	<u>828</u>	<u>(223)</u>	<u>885</u>
Total Comprehensive Income for the period	<u>26,445</u>	<u>22,009</u>	<u>41,222</u>	<u>28,315</u>
Total comprehensive income attributable to:				
Owners of the parent	20,746	19,903	34,931	25,940
Non-controlling interest	5,699	2,106	6,291	2,375
Total comprehensive income for the period	<u>26,445</u>	<u>22,009</u>	<u>41,222</u>	<u>28,315</u>

ATIS has changed its financial year end from 31 March to 31 December from its financial year ended 31 March 2009. Therefore, comparative figures in the preceding year corresponding quarter and period is only for reference purpose. Preceding year corresponding period is in respect of the period from 1 January 2009 to 30 September 2009.

The Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the Financial Period Ended 31 December 2009

ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter	(Audited) As at preceding financial period ended (restated)
Note	30/09/2010 RM'000	31/12/2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	60,272	54,047
Investments properties	37,265	10,441
Investment in associates	29,539	110,204
Other investments	19,442	7,514
Intangible assets	31,340	13,227
Land held for property development	446,261	-
Deferred tax assets	13,548	461
Total non-current assets	637,667	195,894
Current assets		
Inventories	416,353	79,612
Trade receivables	236,189	169,355
Other receivables, deposits and prepayments	50,577	10,826
Amount due from associates	1,446	549
Current tax assets	2,272	3,346
Assets classified as held for sale	84,210	739
Cash and cash equivalents	75,445	36,650
Total current assets	866,492	301,077
TOTAL ASSETS	1,504,159	496,971
EQUITY AND LIABILITIES		
Share capital	79,934	79,934
Reserves	218,836	182,848
Total equity attributable to shareholders of the company	298,770	262,782
Non-controlling interest	421,126	33,983
Total equity	719,896	296,765
Non-current liabilities		
Loans and borrowings	21 188,375	68,033
Deferred tax liabilities	95,238	1,282
Total non-current liabilities	283,613	69,315
Current liabilities		
Trade payables	113,023	57,409
Other payables and accruals	201,346	11,645
Amount due to associates	19	20
Loans and borrowings	21 166,690	53,732
Derivative financial instrument	7,813	3,594
Current tax liabilities	11,759	4,491
Total current liabilities	500,650	130,891
Total equity and liabilities	1,504,159	496,971
Net assets per share (RM)*	2.04	1.80

* 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, net of treasury shares.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the Financial Period Ended 31 December 2009.

ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-Distributable										Distributable		Total Shareholders' Equity RM'000	Non-controlling 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	Hedge Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000								
9 months ended 30 September 2009 (restated) #																
Balance at 1 January 2009	79,934	9,143	(244)	874	(11,313)	-	-	137,875	216,269	20,747	237,016					
Transfer to share premium for share options exercised	-	77	-	(77)	-	-	-	-	-	-	-					
Transfer to retained profits for share options lapsed	-	-	-	(797)	-	-	-	797	-	-	-					
Repurchased of treasury shares	-	-	-	-	(5,502)	-	-	-	(5,502)	-	(5,502)					
Total comprehensive income for the period	-	-	484	-	-	-	-	25,456	25,940	2,375	28,315					
Disposal of subsidiary to minority interest	-	-	-	-	-	-	-	-	-	13,847	13,847					
Balance at 30 September 2009	79,934	9,220	240	-	(16,815)	-	-	164,128	236,707	36,969	273,676					
9 months ended 30 September 2010																
Balance at 1 January 2010	79,934	9,220	272	-	(16,832)	(1,883)	-	192,071	262,782	33,983	296,765					
Effects of applying FRS 139	-	-	-	-	-	-	-	(40)	(40)	-	(40)					
Balance at 1 January 2010, as restated	79,934	9,220	272	-	(16,832)	(1,883)	-	192,031	262,742	33,983	296,725					
Net resale of treasury shares	-	-	-	-	1,097	-	-	-	1,097	-	1,097					
Total comprehensive income for the period	-	-	(613)	-	-	1,133	(6)	34,417	34,931	6,291	41,222					
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	271,465	271,465					
Loss on deemed disposal of AIV	-	-	-	-	-	-	-	-	-	109,387	109,387					
Balance at 30 September 2010	79,934	9,220	(341)	-	(15,735)	(750)	(6)	226,448	298,770	421,126	719,896					

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**ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010**

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	9 months ended 30/09/2010 RM'000	9 months ended 30/09/2009 # RM'000
Profit before tax		50,834	29,299
Adjustment for :-			
Depreciation and amortisation		3,661	6,058
Other non-cash items		2,307	2,849
Non-operating items		(14,788)	(11,432)
Operating profit before changes in working capital		42,014	26,774
Changes in working capital			
Net change in current assets		(89,461)	13,624
Net change in current liabilities		39,222	(2,740)
Net cash generated from/(used in) operating activities		(8,225)	37,658
Investing Activities			
Proceeds from disposal of property, plant and equipment		101	-
Net cashflow for acquisition in subsidiary companies	1	32,554	-
Net proceeds from partial disposal of a subsidiary	2	-	28,272
Investment in quoted investment		-	(21,115)
Dividends received from an associate		1,814	965
Other Investments		(9,922)	(8,804)
Net cash used in investing activities		24,547	(682)
Financing Activities			
Net drawdown/(repayment) of bank borrowings and bonds		20,545	(78,490)
Net repayment of hire purchase liabilities		(904)	(1,902)
Net drawdown/(repayment) of term loan		(2,250)	45,758
Placement of pledged deposits placed with licensed banks		-	-
Resell/ (Repurchase) of treasury shares		1,103	(5,503)
Interest paid		(4,577)	(3,131)
Net cash generated/ (used) from financing activities		13,917	(43,268)
Net Change in Cash and Cash Equivalents		30,239	(6,292)
Cash and Cash Equivalents at beginning of year		35,524	60,428
Cash and Cash Equivalents at end of year		65,763	54,136
<u>Cash and cash equivalents</u>			
Cash and bank balances		75,445	55,590
Bank overdrafts		(9,682)	(1,454)
		<u>65,763</u>	<u>54,136</u>

ATIS has changed its financial year end from 31 March to 31 December from its financial year ended 31 March 2009. Therefore, comparative figures in the preceding year corresponding quarter and period is only for reference purpose. Preceding year corresponding period is in respect of the period from 1 January 2009 to 30 September 2009.

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the Financial Period Ended 31 December 2009.

**ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010**

The figures have not been audited

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

Note 1

In May 2010, KVC Industrial Supplies Sdn Bhd ("KVC"), a 64%-owned subsidiary of ATIS Corporation Berhad ("ATIS") acquired 765,000 ordinary shares of RM1 each in Skyline Technology (M) Sdn Bhd ("Skyline"), representing 51% of the total issued and paid-up share capital of Skyline for cash consideration of RM3,060,000.

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

	RM'000
Property, plant and equipment	2,650
Cash and cash equivalent	314
Other assets	8,014
Other liabilities	(8,416)
Net asset	<u>2,562</u>
Goodwill	498
Total purchase consideration paid, satisfied in cash	<u>3,060</u>
Less: Cash and cash equivalent of a subsidiary	<u>(616)</u>
Net cash outflow for acquisition in a subsidiary company	<u><u>2,444</u></u>

In September 2010, ATIS IDR Ventures Sdn Bhd (formerly known as Elkom Transformer Components Sdn Bhd) ("AIV"), a wholly-owned subsidiary of ATIS acquired 69,915,600 ordinary shares of RM1.00 each in Mutiara Goodyear Development Berhad ("Mutiara Shares") representing 30.28% equity interest in Mutiara Goodyear Development Berhad ("Mutiara") from ATIS for a total consideration of RM67,818,132 satisfied by the issuance of 27,500,000 new ordinary shares of RM1.00 each in AIV ("AIV Shares") and the remaining through the issuance of 40,318,132 five (5)-year 6.00% redeemable convertible preference shares ("AIV RCPS") at an issue price of RM1.00 per AIV RCPS ("Acquisition 1").

Meanwhile, AIV acquired 23,200,000 Mutiara Shares at RM0.97 per Mutiara Share, representing 10.05% equity interest in Mutiara from Ideal Region Sdn Bhd ("IRBS") for a total consideration of RM22,504,000 satisfied by the issuance of 22,500,000 AIV Shares and the balance of RM4,000 shall be amount due from AIV to IRSB ("Subscription").

Following this, the Subscription resulted in the direct equity interest of ATIS in AIV to decrease from 100.00% to 55.01%. Hence, the Subscription was deemed as a disposal of ATIS's interest in AIV to IRSB.

In addition, AIV further acquired 27,712,100 Mutiara Shares representing 12.00% equity interest in Mutiara by AIV from Kee Cheng Teik and Rejoice Matrix Sdn Bhd for a total cash consideration of RM26,880,737 at RM0.97 per Mutiara Share ("Acquisition 2").

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

	RM'000
Non-current assets	62,775
Current assets	55,825
Non-current liabilities	(30,667)
Current liabilities	(26,052)
Non-controlling interest	(545)
Net asset	<u>61,336</u>
Negative goodwill	(33,823)
Total purchase consideration	<u>27,513</u>
Less: Consideration not yet paid	(26,890)
Less: Cash and cash equivalent of a subsidiary	<u>(35,621)</u>
Net cash inflow for acquisition in a subsidiary company	<u><u>(34,998)</u></u>

Note 2

In September 2009, ATIS Corporation Berhad ("ATIS") completed the disposal of its 16% shareholding in KVC Industrial Supplies Sdn Bhd ("KVC"), comprising 80,000 ordinary shares of RM1.00 each for a cash consideration of RM28.272 million. The partial disposal has resulted to a gain of RM14.4 million to ATIS.

INTERIM REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2010

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 period ended 31 December 2009.

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 period ended 31 December 2009.

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 period ended 31 December 2009, except for the following:

Adoption of New and Revised FRSs, IC Interpretations and Amendments

In the current period ended 30 September 2010, the Group adopted the following new and revised FRSs and IC Interpretations (including their consequential amendments) which are applicable to its financial statements and are relevant to its operations:

- FRS 7, Financial Instruments: Disclosures.
- FRS 8, Operating Segments.
- FRS 101(revised), Presentation of Financial Statements.
- FRS 123(revised), Borrowing Costs.
- FRS 132(revised), Financial Instruments: Presentation.
- FRS 139, Financial Instruments: Recognition and Measurement.
- IC Interpretation 9, Reassessment of Embedded Derivatives.
- IC Interpretation 10, Impairment and Interim Financial Reporting.
- IC Interpretation 11, FRS 2, Group and Treasury Share Transactions.

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:

FRS 101(revised), Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income (presented in either one statement of comprehensive income or two statements of a separate income statement and a statement of comprehensive income), a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The effects of the change in presentation are as follows:

The gains and losses that were recognised directly in equity in the preceding year corresponding period are presented as components in other comprehensive income in the statement of comprehensive income. The total comprehensive income for preceding year corresponding period is presented separately and allocation is made to show the amount attributable to owners of the parent and to non-controlling interests. The effects on the comparatives to the Group on adoption of FRS 101 are as follows:

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

For the period ended 30 September 2009	Income Statement As previously reported RM'000	Effects of adopting FRS 101 RM'000	Statement of comprehensive income As restated RM'000
Profit for the period	27,430	-	27,430
Other comprehensive income	-	885	885
Total comprehensive income	-		<u>28,315</u>
Total comprehensive income attributable to:			
Owners of the Parent	-		25,940
Non-controlling interest	-		<u>2,375</u>
			<u>28,315</u>

The total comprehensive income for the period is presented as a one-line item in the statement of changes in equity.

FRS 139, Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the balance sheet date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when, the Company or any subsidiary becomes a party to the contractual provisions of the instruments.

With the adoption of FRS 139, financial assets and financial liabilities recognised and unrecognised in the prior financial year are classed into the following categories:

	Pre-FRS 139	Post-FRS 139
1	Long-term equity investments	Available-for-sale (AFS) investments
2	Long-term quoted debt instruments	Held-to-maturity investments
3	Private-debt instruments	Loans and receivables
4	Current investments	Financial assets at fair value through profit or loss
5	Unrecognised derivative assets	Financial assets at fair value through profit or loss
6	Long-term borrowings and bonds	Financial liabilities at amortised cost
7	Unrecognised derivative liabilities	Financial liabilities at fair value through profit or loss

The measurement bases applied to the financial assets and financial liabilities in the prior financial year are changed to conform to the measurement standards of FRS 139 in the current quarter. At initial recognition, all financial assets and financial liabilities are measured at their fair value plus in the case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments. Subsequent to their initial recognition, the financial assets and financial liabilities are measured as follows:

	Category	Measurement basis
1	Financial instruments at fair value through profit loss	At fair value through profit or loss
2	Held-to-maturity investments	At amortised cost effective interest method
3	Loans and receivables	At amortised cost effective interest method
4	Available-for-sale (AFS) investments	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost
5	Loans and other financial liabilities	At amortised cost effective interest method

Financial assets and financial liabilities designated as hedged items and hedging financial derivatives are accounted for using the specified hedge accounting requirements of FRS 139.

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All financial assets other than those classified as at fair value through profit or loss are subject to impairment test of FRS 139.

In accordance with FRS 139, the recognition, derecognition, measurement and hedge accounting requirements are applied prospectively from 1 January 2010. The effects of the remeasurement on 1 January 2010 of the financial assets and financial liabilities brought forward from the previous financial year are adjusted to the opening retained profits and other opening reserves. The effects on the statement of financial position as at 1 January 2010 are as follows:

As at 1 January 2010	As previously reported RM'000	Effects of adopting FRS 139 RM'000	As restated RM'000
Current liabilities			
Derivative financial instrument	3,594	40	3,634
Equity			
Retained profits	192,071	(40)	192,031

Amendment to FRS 117, Leases

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid lease payments in the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie.

The Group has reassessed and determined that all leasehold land of the Group are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment. The reclassification has no effect to the profit or loss of the current period ended 30 September 2010 or the comparative prior period. The effect of the reclassification to the comparative of the prior year's statement of financial position is as follows:

As at 1 January 2010	As previously stated RM'000	Effects of Amendment of FRS 117 RM'000	As restated RM'000
Non-current assets			
Property, plant and equipment	51,364	2,683	54,047
Prepaid lease payments	2,683	(2,683)	-

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

There were no issuance, cancellations, resale and repayment of debt and equity securities for the current financial year-to-date except for the following:

(a) Shares resold

During the last quarter, the Company resold 914,100 of its issued ordinary shares to the open market at an average price of RM1.21 per share. The total consideration received for the resale excluding transaction costs was RM1,106,163.

(b) Shares buy-back

The Company repurchased 2,000 of its issued ordinary shares from the open market at an average purchase price of RM1.19 per share during the last quarter. The total consideration paid for the repurchase including transaction cost was RM2,424 and this was financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 67A of the Company Act 1965. As at 30 September 2010, the total shares repurchased and held as treasury shares were 13,055,280.

7 Dividends paid

There was no dividend paid in the financial year under review.

8 Segmental reporting

Segmental reports are not provided as The Group is primarily engaged in one operating segment which is industrial supply. Next quarter onwards, segmental reports will be provided, mainly segregated into two main segments, which are Industrial Supply and Property Development.

9 Valuation of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment loss.

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 financial year.

11 Changes in the composition of the Group

ATIS has subscribed the following shares:

- (i) 6,000 ordinary shares of HK\$1/- each for cash, representing 60% of the total issued and paid-up share capital of ATIS Porcelain (HK) Limited, a newly incorporated company in Hong Kong.
- (ii) 4,900 ordinary shares of RM1.00 each in ATIS IDR Ventures Sdn Bhd (formerly known as Elkom Transformer Components Marketing Sdn Bhd) representing 49% of the issued and paid up share.

Meanwhile, ATIS's wholly-owned subsidiary, TSA Industries Sdn Bhd has incorporated and subscribed 2 ordinary shares of SGD/- each fully paid-up, representing 100% of the total issued and paid up share capital of TSA Industries (SEA) Pte Ltd, a newly incorporated private company limited by shares in Singapore.

KVC Industrial Supplies Sdn Bhd, a 64%-owned subsidiary of ATIS has acquired 765,000 ordinary shares of RM1.00 each in Skyline Technology (M) Sdn Bhd ("Skyline"), representing 51% of the total issued and paid-up share of Skyline.

ATIS Porcelain (HK) Limited ("APHL"), a 60%-owned subsidiary of ATIS has together with Jingdezhen Hua Ya Porcelain Limited ("JHYPL") (incorporated in People's Republic of China) established ATIS Porcelain (China) Limited ("APCL") on 17 May 2010. The registered capital of APCL is RMB35 million (approximately RM16.8 million) of which 80% interest is held by APHL and the remaining 20% of equity interest is held by JHYPL.

ATIS IDR Ventures Sdn Bhd (formerly known as Elkom Transformer Components Sdn Bhd) ("AIV") has acquired 120,827,700 ordinary shares of Mutiara Goodyear Development Berhad ("Mutiara Shares") representing 52.33% equity interest in Mutiara Goodyear Development Berhad ("Mutiara") as follows:-

- (i) AIV has acquired 69,915,600 ordinary shares of RM1.00 each in Mutiara Shares representing 30.28% equity interest in Mutiara from ATIS for a total consideration of RM67,818,132 satisfied by the issuance of 27,500,000 new ordinary shares of RM1.00 each in AIV ("AIV Shares") and the remaining through the issuance of 40,318,132 five (5)-year 6.00% redeemable convertible preference shares ("AIV RCPS") at an issue price of RM1.00 per AIV RCPS ("Acquisition 1").
- (ii) Meanwhile, AIV acquired 23,200,000 Mutiara Shares at RM0.97 per Mutiara Share, representing 10.05% equity interest in Mutiara from Ideal Region Sdn Bhd ("IRBS") for a total consideration of RM22,504,000 satisfied by the issuance of 22,500,000 AIV Shares and the balance of RM4,000 shall be amount due from AIV to IRSB ("Subscription").
- (iii) In addition, AIV further acquired 27,712,100 Mutiara Shares representing 12.00% equity interest in Mutiara by AIV from Kee Cheng Teik and Rejoice Matrix Sdn Bhd for a total cash consideration of RM26,880,737 at RM0.97 per Mutiara Share ("Acquisition 2").

The Acquisition 1, the Subscription and the Acquisition 2 were completed on 30 September 2010 which resulted in AIV from a 100%-owned subsidiary of ATIS became a 55.01%-owned subsidiary of ATIS and Mutiara changed from ATIS's associate status became a 52.33%-owned subsidiary of AIV.

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 17.11.2010, being the date not earlier than 7 days from the date of issuance of this interim report.

13 Review of performance

For the current financial year to date, the Group recorded revenue of RM501.5 million. This represents an increase of RM183.0 million or 57.4% as compared to the preceding year corresponding period. The Group pre-tax profit recorded at RM50.8 million (consists of loss on deemed disposal of AIV by ATIS to Ideal Region Sdn Bhd amounted to RM17.2 million and negative goodwill amounting to RM33.8 million that arises from the acquisition of Mutiara by AIV) against RM29.3 million in the preceding year corresponding period (consists of gain on disposal of subsidiary amounting to RM14.4 million). Without these exceptional items mentioned above, indeed the pre-tax profit has increased 129.8% from RM14.9 million to RM34.2 million. The increase mainly due to the increase of revenue.

14 Comparison with preceding quarter's results

The Group's revenue increased by RM5.0 million or 2.8% to 187.5 million as compared to RM182.4 million in the preceding quarter. Net profit after non- controlling interest of current quarter recorded at RM23.6 million compared to net profit after non- controlling interest of RM5.1 million in preceding quarter. Current quarter net profit consists of loss on deemed disposal of AIV by ATIS to Ideal Region Sdn Bhd amounted to RM17.2 million and negative goodwill amounting to RM33.8 million that arises from the acquisition of Mutiara by AIV. Without these, the net profit after non- controlling interest is recorded at RM7.0 million. The increase compared to preceding quarter's net profit mainly due to the increase of revenue and the share of associate profit.

15 Prospects

Whilst the global economy continues to show signs of recovery, the Board of Directors is optimistic of the Group's prospects. Barring any unexpected changes to the business environment, the management anticipates its performance for the remaining period of the year to be 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 Quarter</u>	<u>Preceding Year Corresponding Quarter</u>	<u>Current Year To-date</u>	<u>Preceding Year Corresponding Period</u>
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM'000	RM'000	RM'000	RM'000
In respect of current year:				
- income tax	3,512	2,120	8,732	2,619
- (Over)/under provision in prior years	-	2	-	(172)
- deferred tax	208	3	219	(638)
- associate company	288	20	438	60
	4,008	2,145	9,389	1,869

18 Sale of unquoted investments and/or properties

There was no sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

19 Purchase /Disposal of quoted securities

(a) There were no purchases or disposals of quoted securities during the current quarter and financial year 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	29
At Book Value/Carrying amount	23
At Fair Value	23

ATIS CORPORATION BERHAD (446118-T)
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20 Status of corporate proposals

Date of Announcement	Subject	Status
27 January 2010	ATIS has subscribed 6,000 ordinary shares of HK\$1/- each for cash, representing 60% of the total issued and paid-up share capital of ATIS Porcelain (HK) Limited, a newly incorporated company in Hong Kong.	Completed
8 April 2010	<p>TSA Industries Sdn Bhd, a wholly-owned subsidiary of ATIS has incorporated and subscribed 2 ordinary shares of SGD1/- each for cash, representing 100% of the total issued and paid-up share capital of TSA Industries (SEA) Pte Ltd ("TSA SEA"), a newly incorporated private company limited by shares in Singapore.</p> <p>The current issued and paid up share capital of TSA SEA is 2 ordinary shares of SGD1/- each. Upon opening of bank account, TSA SEA would further increase its paid-up share capital to 100,000 ordinary shares of SGD1/- each by the issuance of additional 99,998 ordinary shares of SGD1/- each, all of which to be subscribed by TSA.</p>	<p>Completed</p> <p>Completed</p>
21 April 2010	ATIS has acquired 4,900 ordinary shares of RM1.00 each, representing 49% of the total issued and paid-up share capital of ATIS IDR Ventures Sdn Bhd (fka: Elkom Transformer Components Marketing Sdn Bhd) ("AIV") at a total cash consideration of RM4,900 from Elkom Transformer Components Sdn Bhd. Upon completion, AIV will become a wholly-owned subsidiary of ATIS.	Completed
23 April 2010, 2 July 2010, 15 July 2010, 24 September 2010, 27 September 2010, 30 September 2010, 12 October 2010, 15 October 2010, 8 November 2010.	<p>(i) Acquisition of 69,915,600 ordinary shares of RM1.00 each in Mutiara Goodyear Development Berhad ("Mutiara Shares") representing 30.28% equity interest in Mutiara Goodyear Development Berhad ("Mutiara") by AIV from ATIS for a total consideration of RM67,818,132 satisfied by the issuance of 27,500,000 new ordinary shares of RM1.00 each in AIV ("AIV Shares") and the remaining through the issuance of 40,318,132 five (5)-year 6% redeemable convertible preference shares ("AIV RCPS") at an issue price of RM1.00 per AIV RCPS;</p> <p>(ii) Subscription of 22,500,000 AIV Shares by Ideal Region Sdn Bhd ("IRSB") for a total consideration of RM22,500,000 satisfied by 23,200,000 Mutiara Shares at RM0.97 per Mutiara Share and the balance RM4,000 shall be amount due from AIV to IRSB;</p>	<p>Completed</p> <p>Completed</p>

21 Group's borrowings and debt securities

Particulars of the Group's loans and borrowings as at 30 September 2010 are as follows:-

	RM'000
<u>Current portion</u>	
Banker's acceptances and trust receipts	71,606
Hire purchase liabilities	1,071
Bank overdrafts	9,682
Revolving credits	27,122
Term loans	57,209
	<hr/>
	166,690
<u>Non-current portion</u>	
Term loans	188,191
Hire purchase liabilities	184
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	188,375
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	355,065
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The above borrowings are denominated in Ringgit Malaysia.

22 Off balance sheet risk financial instruments

There were no financial instruments with off balance sheet risk as at 17.11.2010 (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 17.11.2010 (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.

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25 Earnings per share (EPS)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.10 RM'000	Preceding Year Corresponding Quarter 30.09.09 RM'000	Current Year To-date 30.09.10 RM'000	Preceding Year Corresponding Period 30.09.09 RM'000
Basic EPS				
Net profit attributable to owner of the parents	23,574	20,290	34,417	25,456
Adjusted Weighted average number of ordinary shares in issue	146,649	146,113	146,457	147,714
Basic EPS (sen)	16.08	13.89	23.50	17.23

The diluted earnings per share are not applicable during the current year quarter and current year to-year as the ESOS scheme has expired on 19 February 2009.

By Order of the Board
ATIS Corporation Berhad

Teoh Phaik Ai
Senior Finance Manager

Selangor Darul Ehsan
24 November 2010