

Interim Report for the
First Quarter Ended
31 March 2012

Contents

Condensed Consolidated Income Statement	1
Condensed Consolidated Statement of Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flows	4
Notes to the Condensed Financial Statements	5-13

ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31/03/2012 RM'000	31/03/2011 RM'000	31/03/2012 RM'000	31/03/2011 RM'000
Revenue	185,563	288,296	185,563	288,296
Operating expenses	(183,426)	(262,433)	(183,426)	(262,433)
Other operating Income	3,314	1,067	3,314	1,067
Profit from operations	5,451	26,930	5,451	26,930
Finance costs	(4,781)	(4,590)	(4,781)	(4,590)
Net (loss)/ profit on financial assets and financial liabilities at fair value	(1,384)	400	(1,384)	400
Share of profit in associates	2,817	290	2,817	290
Profit before taxation	2,103	23,030	2,103	23,030
Income tax expense	(1,440)	(6,085)	(1,440)	(6,085)
Profit for the period	663	16,945	663	16,945
Profit attributable to:				
Owners of the parent	3,432	8,120	3,432	8,120
Non-controlling interest	(2,769)	8,825	(2,769)	8,825
Profit for the period	663	16,945	663	16,945
Earnings per share (sen) :-				
(a) Basic	2.34	5.53	2.34	5.53
(b) Fully diluted	N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31/03/2012 RM'000	31/03/2011 RM'000	31/03/2012 RM'000	31/03/2011 RM'000
Profit for the period	663	16,945	663	16,945
Other Comprehensive Income:				
Foreign exchange translation differences	(639)	(200)	(639)	(200)
Fair value of available-for-sale financial assets	16	1	16	1
Fair value adjustment on cash flow hedge	-	-	-	-
Other Comprehensive Income for the period	(623)	(199)	(623)	(199)
Total Comprehensive Income for the period	40	16,746	40	16,746
Total comprehensive income attributable to:				
Owners of the parent	3,125	8,059	3,125	8,059
Non-controlling interest	(3,085)	8,687	(3,085)	8,687
Total comprehensive income for the period	40	16,746	40	16,746

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 Year Ended 31 December 2011.

ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR FIRST QUARTER ENDED 31 MARCH 2012

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter 31/03/2012 RM'000	(Restated) As at preceding financial year ended 31/12/2011 RM'000	(Restated) As at 01/01/2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	63,232	65,483	57,665
Investments properties	14,461	14,571	38,819
Investment in associates	41,916	39,098	34,764
Other investments	48,667	48,669	23,565
Intangible assets	16,363	16,381	13,656
Land held for property development	108,838	108,058	211,426
Deferred tax assets	8,312	5,928	11,832
Total non-current assets	301,789	298,188	391,727
Current assets			
Inventories	468,720	440,433	458,478
Trade receivables	246,388	230,532	234,195
Other receivables, deposits and prepayments	66,288	54,944	45,928
Current tax assets	4,027	4,918	4,238
Assets classified as held for sale	164,353	206,043	50,798
Cash and cash equivalents	102,606	138,640	135,175
Total current assets	1,052,382	1,075,510	928,812
TOTAL ASSETS	1,354,171	1,373,698	1,320,539
EQUITY AND LIABILITIES			
Share capital	79,934	79,934	79,934
Reserves	240,395	237,232	223,825
Total equity attributable to shareholders of the company	320,329	317,166	303,759
Non-controlling interest	238,803	242,147	237,957
Total equity	559,132	559,313	541,716
Non-current liabilities			
Loans and borrowings	19 284,586	298,866	192,077
Deferred tax liabilities	29,707	29,447	44,185
Total non-current liabilities	314,293	328,313	236,262
Current liabilities			
Trade payables	90,718	142,079	102,061
Other payables and accruals	82,957	86,544	53,456
Loans and borrowings	19 175,324	167,918	238,389
Derivative financial instrument	1,236	(148)	7,477
Current tax liabilities	8,905	10,895	10,530
Deferred revenue	121,606	78,784	130,648
Total current liabilities	480,746	486,072	542,561
Total equity and liabilities	1,354,171	1,373,698	1,320,539
Net assets per share (RM)*	2.18	2.16	2.07

* Net assets per share attributable to shareholders of the Company : Equity attributable to equity holders of the parent/Number of issued and paid-up ordinary shares, net of treasury shares.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 31 December 2011 and the accompanying explanatory notes attached to the interim report.

ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

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	Treasury Shares RM'000	Revaluation Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000			
3 months ended 31 March 2011										
Balance at 1 January 2011	79,934	9,220	(159)	(15,731)	15,676	(8)	220,251	309,183	248,752	557,935
Effects of adopting MFRS	-	-	-	-	-	-	(5,424)	(5,424)	(10,795)	(16,219)
Balance at 1 January 2011, as restated	79,934	9,220	(159)	(15,731)	15,676	(8)	214,827	303,759	237,957	541,716
Total comprehensive income for the year	-	-	(62)	-	-	1	8,120	8,059	8,687	16,746
Realisation of revaluation reserve	-	-	-	-	(6,393)	-	6,393	-	-	-
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	(200)	(200)
Balance at 31 March 2011	79,934	9,220	(221)	(15,731)	9,283	(7)	229,340	311,818	246,444	558,262
3 months ended 31 March 2012										
Balance at 1 January 2012	79,934	9,220	78	(15,732)	8,596	(17)	240,184	322,263	253,269	575,532
Effects of adopting MFRS	-	-	-	-	-	-	(5,097)	(5,097)	(11,122)	(16,219)
Balance at 1 January 2012, as restated	79,934	9,220	78	(15,732)	8,596	(17)	235,087	317,166	242,147	559,313
Subsidiary's own shares acquired	-	-	-	-	-	-	-	-	(221)	(221)
Total comprehensive income for the year	-	-	(316)	-	-	9	3,432	3,125	(3,085)	40
Accretion of interest arising from subsidiary's own shares acquired	-	-	-	-	-	-	38	38	(38)	-
Balance at 31 March 2012	79,934	9,220	(238)	(15,732)	8,596	(8)	238,557	320,329	238,803	559,132

ATIS CORPORATION BERHAD (446118 -T)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOTE	3 months ended 31/03/2012 RM'000	3 months ended 31/03/2011 RM'000
Profit before tax	2,103	23,030
Adjustment for :-		
Depreciation and amortisation	2,086	1,548
Other non-cash items	5	(2,894)
Non-operating items	1,706	3,949
Operating profit before changes in working capital	<u>5,900</u>	<u>25,633</u>
Changes in working capital		
Net change in current assets	(14,559)	43,740
Net change in current liabilities	(18,365)	(139,963)
Net cash used in operating activities	<u>(27,024)</u>	<u>(70,590)</u>
Investing Activities		
Proceeds from disposal of property, plant and equipment	38	46
Proceeds from disposal of quoted shares	6	-
Acquisition of property, plant and equipment	(455)	(2,305)
Interest received	86	107
Increase in an investment in an associated company	-	(5,250)
Withdrawal/ (Placement) of pledged deposit	2,352	(181)
Other investment	(3)	(22)
Net cash used in investing activities	<u>2,024</u>	<u>(7,605)</u>
Financing Activities		
Net drawdown/(Repayment) of bank borrowings	3,895	(31,659)
Net (Repayment)/ drawdown of hire purchase liabilities	(397)	218
Net (Repayment)/ drawdown of term loan	(8,553)	80,902
Dividend paid to non-controlling interest	-	(200)
Repurchase of treasury shares	(221)	-
Interest paid	(3,843)	(2,557)
Net cash generated from financing activities	<u>(9,119)</u>	<u>46,704</u>
Net Change in Cash and Cash Equivalents	(34,119)	(31,491)
Cash and Cash Equivalents at beginning of year	129,111	124,621
Cash and Cash Equivalents at end of year	<u><u>94,992</u></u>	<u><u>93,130</u></u>

Cash and cash equivalents included in the condensed consolidated statements of cash flows comprise the following statements of financial position amounts:

	31/03/2012 RM'000	31/03/2011 RM'000
Cash and bank balances (excluding cash and bank balances pledged)	61,232	56,881
Liquid investment	29,405	8,816
Deposit (excluding deposits pledged)	8,672	32,225
Bank overdrafts	(4,317)	(4,792)
	<u><u>94,992</u></u>	<u><u>93,130</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 31 December 2011.

INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

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 Malaysian Financial Reporting Standard (MFRS) 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 December 2011.

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 December 2011.

The accounting policies and methods of computation adopted by ATIS and its subsidiary companies ("ATIS Group" or "the Group") in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2011, except for the following:

Adoption of a new MASB accounting framework, the MFRS Framework

The Group has adopted the MFRS framework and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards for the first time in these condensed consolidated interim financial statements. In the previous years, the financial statements of the Group was prepared in accordance with Financial Reporting Standards (FRSs). The Group has early adopted the amendments to MFRS 101, *Presentation of Financial Statements* which is originally effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statements of comprehensive income. The transition to the MFRS framework has no significant impact on the financial statements except for the following:

Retrospective application of MFRS 3, Business Combinations

MFRS 1 provides the option to apply MFRS 3 prospectively from the day of transition or retrospective from designated date prior to date of transition. This provide relief from full retrospective application of MFRS 3 which would require restatement of all business combination prior to the date of transition where MFRS 3 is applied retrospectively from designated date, MFRS 127 *Consolidated and Separate Financial Statements* should be applied from the same date.

The Group has elected to apply MFRS 3 retrospectively. As such all business combinations are accounted for in complying with MFRS 3 and MFRS 127 which include amongst others, the following requirement applicable to the Group:

- a) when a business combination is achieved in stages (i.e. step acquisition), the Group re-measure its previously held non-controlling equity interest in the acquiree at fair value at the acquisition date, with any resulting gain or loss recognise in profit and loss; and increase in the group ownership interest in an existing subsidiary is accounted for as equity transaction with difference between fair value of consideration paid and the Group proportionate share of net assets acquired, recognised directly in equity and therefore previously recognized goodwill, if any should be taken to retained earnings.

1 Notes to the Condensed Financial Statements (Cont'd)

The reconciliations of consolidated statement of financial statements for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

Reconciliation of statement of financial statements as at 1 January 2011

	FRS as at 01-Jan-11 RM'000	Reclassifications RM'000	MFRS as at 01-Jan-11 RM'000
Intangible assets	29,875	(16,219)	13,656
Retained earnings	220,251	(5,424)	214,827
Non-controlling interest	248,752	(10,795)	237,957

Reconciliation of statement of financial statements as at 31 March 2011

	FRS as at 31-Mar-11 RM'000	Reclassifications RM'000	MFRS as at 31-Mar-11 RM'000
Intangible assets	29,857	(16,219)	13,638
Retained earnings	234,764	(5,424)	229,340
Non-controlling interest	257,239	(10,795)	246,444

Reconciliation of statement of financial statements as at 31 December 2011

	FRS as at 31-Dec-11 RM'000	Reclassifications RM'000	MFRS as at 31-Dec-11 RM'000
Intangible assets	32,600	(16,219)	16,381
Retained earnings	240,184	(5,097)	235,087
Non-controlling interest	253,269	(11,122)	242,147

The Group adopted IC Interpretation 15 ("IC 15"), Agreements for the Construction of Real Estate as a result of the early adoption of the said interpretation by a subsidiary. Pursuant to the adoption of IC 15, revenue recognition for property development activities should be recognised in accordance with the conditions for the sale of goods of para 14 of FRS 118, Revenue and the Group has recognised revenue from property development activities based on completion method.

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. All ATIS Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. As at 31 March 2012, a total of 13,057,280 ATIS Shares bought back were held as treasury shares.

7 Dividends paid

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

8 Segmental reporting

Segmental information is presented in respect of the Group's main business segments that are industrial supply and property development.

	Industrial supply	Property development and investment	Consolidated
	RM'000	RM'000	RM'000
Business segments			
Revenue from external customers	169,254	16,309	185,563
Segment result	10,825	(5,374)	5,451
Results from operating activities			5,451
Interest expenses			(4,781)
Net loss on financial assets and financial liabilities at fair value			(1,384)
Share of profit of associate companies			2,817
Profit before tax			2,103
Tax expense			(1,440)
Profit for the period			663

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 except for the following:

On 4 August 2011, the Board of Directors of the Company received a letter from Evolusi Impian Sdn Bhd on behalf of certain non-entitled shareholders, being the major shareholder of ATIS and its parties acting in concert, requesting for the Company to undertake a selective capital repayment exercise pursuant to Section 64 of the Companies Act, 1965 ("Act") ("Proposed SCR"), subject to the non-entitled shareholders obtaining the approval from the Securities Commission Malaysia ("SC") for the exemption under paragraph 21, PN9 of the Malaysian Code on Take-Overs And Mergers 2010 from the obligation to acquire all the remaining shares in Nadayu Properties Berhad (formerly known as Mutiara Goodyear Development Berhad), not owned by the Company.

Upon completion of the proposed SCR, the Company will make an application to Bursa Securities Malaysia Berhad ("Bursa Securities") to de-list the Company's entire issued and paid-up share capital from the official list of Bursa Securities.

The Proposed SCR is subject to the following approvals:-

1. approval of the SC for the Proposed SCR and the Proposed Exemption;
2. approval of the shareholders of the Company via a special resolution for the Proposed SCR at the extraordinary general meeting to be convened;
3. approval and/or consent of the existing financiers and/or creditors of the Company and/or its subsidiaries, where required;
4. the grant of an order of the High Court of Malaya approving the Proposed SCR; and
5. any other relevant regulatory authorities where required

SC had, vide its letter dated 16 December 2011, granted its approval for the Proposed Exemption. In addition, Equity Compliance Unit of the SC had vide its letter dated 12 January 2012 approved the Proposed SCR under the equity requirement for public companies.

This corporate exercise is expected to be completed by the third quarter of 2012.

11 Changes in the composition of the Group

There were no material changes in the composition of the Group for the current quarter and financial year.

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 21.05.2012, being the date not earlier than 7 days from the date of issuance of this interim report.

13 Review of performance

The Group recorded revenue of RM185.6 million for the current financial year, a decrease of RM102.7 million or -35.6% compared to the preceding year corresponding period. The decrease of revenue mainly attributed to the drop of revenue of RM109.3 million in Property Development and Investment segment, while there was increase of RM6.6 million in Industrial Supply segment. The Group adopted IC Interpretation 15 ("IC") in April 2010, where the revenue recognition for property development activities are based on completion method. Total deferred revenue from progress billings issued from property development activities stood at RM121.6 million as at 31 March 2012.

The Group's pre-tax profit recorded at RM2.1 million, a drop of RM20.9 million against the preceding year corresponding period at RM23.0 million. There was a drop of RM18.7 million and RM4.3 in Property Development and Investment segment and Industrial Supply segment respectively.

14 Comparison with preceding quarter's results

The Group recorded revenue of RM185.6 million for the current quarter, a decrease of RM56.8 million or -23.4% compared to RM242.4 million in the preceding quarter. The decrease of revenue mainly attributed by the drop of revenue of RM31.9 million in Property Development and Investment segment and RM24.9 million in Industrial Supply segment.

Net profit after non-controlling interest ("net profit") of the Group reported at RM3.4 million, an increase of RM2.1 million as compared to net profit of RM1.3 million in the preceding quarter. The increase was mainly due to a share of associate profit of RM2.8 million as compared to a share of associate loss of RM2.5 million in the preceding quarter.

15 Prospects

In view of the current economic environment and barring any unexpected changes to the business environment, the Board of Directors anticipates its performance for the coming year to be satisfactory.

16 Profit forecast/profit guarantee

There was no profit forecast or profit guarantee issued by the Group.

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
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	RM'000	RM'000	RM'000	RM'000
Income tax - current period	3,667	5,318	3,667	5,318
- prior period	(75)	-	(75)	-
Deferred tax	(2,152)	767	(2,152)	767
	<u>1,440</u>	<u>6,085</u>	<u>1,440</u>	<u>6,085</u>

18 Status of corporate proposals

There are no corporate proposals announced but not completed at the latest practicable date which shall not be earlier than 7 days from the issuance of this report except the proposed SCR mentioned under note 10 of this interim financial report.

19 Group's borrowings and debt securities

Particulars of the Group's loans and borrowings as at 31 March 2012 are as follows:-

	RM'000
<u>Current portion</u>	
Banker's acceptances and trust receipts	61,894
Hire purchase liabilities	1,990
Bank overdrafts	4,317
Bridging loan	1,936
Onshore Foreign Currency Loan	706
Foreign loan against import	3,327
Term loans	<u>101,154</u>
	<u>175,324</u>
	RM'000
<u>Non-current portion</u>	
Term loans	261,162
Bridging loan	20,374
Hire purchase liabilities	<u>3,050</u>
	<u>284,586</u>
	<u>459,910</u>

19 Group's borrowings and debt securities (Cont'd)

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

	RM'000
Malaysian Ringgit	391,720
US Dollar	66,472
Singapore Dollar	1,718
	<u>459,910</u>

20 Off balance sheet risk financial instruments

There were no financial instruments with off balance sheet risk as at 21.05.2012 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim report).

21 Changes in material litigations

There were no impending material litigations as at 21.05.2012 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim report).

22 Dividend

No dividend has been recommended by the Board for the current quarter and financial year-to-date.

23 Notes to the Condensed Consolidated Income Statement

Profit before tax is arrived at after charging / (crediting) the following items:

	Current Year Quarter 31.03.2 012 RM'000	Current Year To-date 31.03.2011 RM'000
Interest Income	(258)	(351)
Other income including investment income	(1,014)	(716)
Interest expenses	4,781	4,590
Depreciation and amortisation	1,784	1,548
Provision for and write off of receivables	309	308
Provision for and write off of inventories	152	560
Loss/ (gain) on disposal of quoted or unquoted investment or properties	19	(25)
Impairment of assets	Nil	Nil
Foreign exchange (gain) or loss	(2,660)	76
(Gain)/ loss on derivatives	1,384	(400)
Exceptional items (with details)	Nil	Nil

24 Earnings per share (EPS)

(a) Basic EPS

The calculations of the basic earnings per share of the Group is based on the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2012 RM'000	Preceding Year Corresponding Quarter 31.03.2011 RM'000	Current Year To-date 31.03.2012 RM'000	Preceding Year Corresponding Period 31.03.2011 RM'000
Basic EPS				
Net profit attributable to owner of the parents	3,432	8,120	3,432	8,120
Adjusted Weighted average number of ordinary shares in issue	146,810	146,812	146,810	146,812
Basic EPS (sen)	2.34	5.53	2.34	5.53

(b) Diluted EPS

Not applicable as there was no dilutive potential ordinary shares for the current period and financial year-to-date.

25 Realised and unrealised profits/ losses

	As at 31.03.2012 RM'000	As at 31.12.2011 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	497,208	484,768
- Unrealised	(5,285)	7,518
	<u>491,923</u>	<u>492,286</u>
Total share of retained profits from associated companies:		
- Realised	8,522	8,783
- Unrealised	4,736	3,095
Less: Consolidation adjustments	(266,624)	(269,077)
Total group retained profits as per consolidated accounts	<u>238,557</u>	<u>235,087</u>

By Order of the Board
ATIS Corporation Berhad

Teoh Phaik Ai
Financial Controller

Selangor Darul Ehsan