

Interim Report for the  
Second Quarter Ended  
30 June 2012

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**ATIS CORPORATION BERHAD (446118 -T)**  
**INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 |
|  | Note<br>30/06/2012<br>RM'000 | 30/06/2011<br>RM'000                 | 30/06/2012<br>RM'000 | 30/06/2011<br>RM'000                |
| Revenue  | 207,066                      | 194,501                              | 392,629              | 482,797                             |
| Operating expenses   | (201,900)                    | (184,798)                            | (385,326)            | (447,231)                           |
| Other operating Income   | 1,943                        | 1,804                                | 5,257                | 2,871                               |
| Profit from operations   | 7,109                        | 11,507                               | 12,560               | 38,437                              |
| Finance costs  | (4,733)                      | (5,224)                              | (9,514)              | (9,814)                             |
| Net (loss)/ profit on financial assets and financial liabilities at fair value | 2,289                        | (263)                                | 905                  | 137                                 |
| Share of profit in associates  | 6,905                        | (151)                                | 9,722                | 139                                 |
| Profit before taxation   | 11,570                       | 5,869                                | 13,673               | 28,899                              |
| Income tax expense   | 17 (2,518)                   | (4,089)                              | (3,958)              | (10,174)                            |
| Profit for the period  | <u>9,052</u>                 | <u>1,780</u>                         | <u>9,715</u>         | <u>18,725</u>                       |
| Profit attributable to:  |                              |                                      |                      |                                     |
| Owners of the parent   | 4,591                        | 1,787                                | 8,023                | 9,907                               |
| Non-controlling interest   | 4,461                        | (7)                                  | 1,692                | 8,818                               |
| Profit for the period  | <u>9,052</u>                 | <u>1,780</u>                         | <u>9,715</u>         | <u>18,725</u>                       |
| Earnings per share (sen) :-  | 24                           |                                      |                      |                                     |
| (a) Basic  | <u>3.13</u>                  | <u>1.22</u>                          | <u>5.46</u>          | <u>6.75</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 Quarter | Preceding Year Corresponding Quarter | Current Year To-date | Preceding Year Corresponding Period |
|   | 30/06/2012<br>RM'000 | 30/06/2011<br>RM'000                 | 30/06/2012<br>RM'000 | 30/06/2011<br>RM'000                |
| Profit for the period                             | 9,052                | 1,780                                | 9,715                | 18,725                              |
| Other Comprehensive Income:                       |                      |                                      |                      |                                     |
| Foreign exchange translation differences          | (66)                 | 484                                  | (705)                | 284                                 |
| Fair value of available-for-sale financial assets | (427)                | (1)                                  | (411)                | -                                   |
| Fair value adjustment on cash flow hedge          | -                    | -                                    | -                    | -                                   |
| Other Comprehensive Income for the period         | <u>(493)</u>         | <u>483</u>                           | <u>(1,116)</u>       | <u>284</u>                          |
| Total Comprehensive Income for the period         | <u>8,559</u>         | <u>2,263</u>                         | <u>8,599</u>         | <u>19,009</u>                       |
| Total comprehensive income attributable to:       |                      |                                      |                      |                                     |
| Owners of the parent                              | 4,290                | 2,041                                | 7,415                | 10,100                              |
| Non-controlling interest                          | 4,269                | 222                                  | 1,184                | 8,909                               |
| Total comprehensive income for the period         | <u>8,559</u>         | <u>2,263</u>                         | <u>8,599</u>         | <u>19,009</u>                       |

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 SECOND QUARTER ENDED 30 JUNE 2012

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|   | (Unaudited)<br>As at<br>end of<br>current<br>quarter<br>30/06/2012<br>RM'000 | (Restated)<br>As at<br>preceding<br>financial<br>year ended<br>31/12/2011<br>RM'000 | (Restated)<br>As at<br>preceding<br>financial<br>year ended<br>01/01/2011<br>RM'000 |
|---|--|---|---|
| <b>ASSETS</b>   |  |   |   |
| <b>Non-current assets</b>                                       |  |   |   |
| Property, plant and equipment                                   | 62,382   | 65,483  | 57,665  |
| Investments properties  | 14,453   | 14,571  | 38,819  |
| Investment in associates  | 48,379   | 39,098  | 34,764  |
| Other investments   | 48,956   | 48,669  | 23,565  |
| Intangible assets   | 16,347   | 16,381  | 13,656  |
| Land held for property development                              | 108,838  | 108,058   | 211,426   |
| Deferred tax assets   | 10,529   | 5,928   | 11,832  |
| <b>Total non-current assets</b>                                 | <b>309,884</b>   | <b>298,188</b>  | <b>391,727</b>  |
| <b>Current assets</b>   |  |   |   |
| Inventories   | 521,010  | 440,433   | 458,478   |
| Trade receivables   | 272,428  | 230,532   | 234,195   |
| Other receivables, deposits and prepayments                     | 73,149   | 54,944  | 45,928  |
| Current tax assets  | 3,396  | 4,918   | 4,238   |
| Assets classified as held for sale                              | 164,353  | 206,043   | 50,798  |
| Cash and cash equivalents                                       | 115,616  | 138,640   | 135,175   |
| <b>Total current assets</b>                                     | <b>1,149,952</b>   | <b>1,075,510</b>  | <b>928,812</b>  |
| <b>TOTAL ASSETS</b>   | <b>1,459,836</b>   | <b>1,373,698</b>  | <b>1,320,539</b>  |
| <b>EQUITY AND LIABILITIES</b>                                   |  |   |   |
| Share capital   | 79,934   | 79,934  | 79,934  |
| Reserves  | 244,695  | 237,232   | 223,825   |
| <b>Total equity attributable to shareholders of the company</b> | <b>324,629</b>   | <b>317,166</b>  | <b>303,759</b>  |
| <b>Non-controlling interest</b>                                 | <b>243,020</b>   | <b>242,147</b>  | <b>237,957</b>  |
| <b>Total equity</b>   | <b>567,649</b>   | <b>559,313</b>  | <b>541,716</b>  |
| <b>Non-current liabilities</b>                                  |  |   |   |
| Loans and borrowings  | 303,912  | 298,866   | 192,077   |
| Deferred tax liabilities  | 30,181   | 29,447  | 44,185  |
| <b>Total non-current liabilities</b>                            | <b>334,093</b>   | <b>328,313</b>  | <b>236,262</b>  |
| <b>Current liabilities</b>                                      |  |   |   |
| Trade payables  | 117,470  | 142,079   | 102,061   |
| Other payables and accruals                                     | 97,819   | 86,544  | 53,456  |
| Loans and borrowings  | 152,748  | 167,918   | 238,389   |
| Derivative financial instrument                                 | (1,053)  | (148)   | 7,477   |
| Current tax liabilities   | 9,317  | 10,895  | 10,530  |
| Deferred revenue  | 181,793  | 78,784  | 130,648   |
| <b>Total current liabilities</b>                                | <b>558,094</b>   | <b>486,072</b>  | <b>542,561</b>  |
| <b>Total equity and liabilities</b>                             | <b>1,459,836</b>   | <b>1,373,698</b>  | <b>1,320,539</b>  |
| <b>Net assets per share (RM)*</b>                               | <b>2.21</b>  | <b>2.16</b>   | <b>2.07</b>   |

\* 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 SECOND QUARTER ENDED 30 JUNE 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 |                                   |                                 |                     |
| <b>6 months ended 30 June 2011</b>                                  |                      |                      |                            |                        |                            |                           |                         |                                   |                                 |                     |
| 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                             | -                    | -                    | 193                        | -                      | -                          | -                         | 9,907                   | 10,100                            | 8,909                           | 19,009              |
| Repurchase of treasury shares                                       | -                    | -                    | -                          | (2)                    | -                          | -                         | -                       | (2)                               | -                               | (2)                 |
| Realisation of revaluation reserve                                  | -                    | -                    | -                          | -                      | (6,393)                    | -                         | 6,393                   | -                                 | -                               | -                   |
| Subscription of shares in subsidiary by non-controlling interest    | -                    | -                    | -                          | -                      | -                          | -                         | -                       | -                                 | 5,240                           | 5,240               |
| Acquisition of subsidiary   | -                    | -                    | -                          | -                      | -                          | -                         | -                       | -                                 | 3,417                           | 3,417               |
| Acquisition of non-controlling interest                             | -                    | -                    | -                          | -                      | -                          | -                         | -                       | -                                 | (178)                           | (178)               |
| Dividends paid to non-controlling interest                          | -                    | -                    | -                          | -                      | -                          | -                         | -                       | -                                 | (200)                           | (200)               |
| <b>Balance at 30 June 2011</b>                                      | <b>79,934</b>        | <b>9,220</b>         | <b>34</b>                  | <b>(15,733)</b>        | <b>9,283</b>               | <b>(8)</b>                | <b>231,127</b>          | <b>313,857</b>                    | <b>255,145</b>                  | <b>569,002</b>      |
| <b>6 months ended 30 June 2012</b>                                  |                      |                      |                            |                        |                            |                           |                         |                                   |                                 |                     |
| 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                                    | -                    | -                    | -                          | -                      | -                          | -                         | -                       | -                                 | (263)                           | (263)               |
| Total comprehensive income for the year                             | -                    | -                    | (427)                      | -                      | -                          | (181)                     | 8,023                   | 7,415                             | 1,184                           | 8,599               |
| Accretion of interest arising from subsidiary's own shares acquired | -                    | -                    | -                          | -                      | -                          | -                         | 48                      | 48                                | (48)                            | -                   |
| <b>Balance at 30 June 2012</b>                                      | <b>79,934</b>        | <b>9,220</b>         | <b>(349)</b>               | <b>(15,732)</b>        | <b>8,596</b>               | <b>(198)</b>              | <b>243,158</b>          | <b>324,629</b>                    | <b>243,020</b>                  | <b>567,649</b>      |

**ATIS CORPORATION BERHAD (446118 -T)**  
**INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

| NOTE  | 6 months<br>ended<br>30/06/2012<br>RM'000 | 6 months<br>ended<br>30/06/2011<br>RM'000 |
|---|---|---|
| Profit before tax   | 13,673                                    | 28,899                                    |
| <b>Adjustment for :-</b>                                  |   |   |
| Depreciation and amortisation                             | 4,084                                     | 3,506                                     |
| Other non-cash items                                      | (2,470)                                   | (1,836)                                   |
| Non-operating items                                       | (625)                                     | 8,774                                     |
| <b>Operating profit before changes in working capital</b> | <b>14,662</b>                             | <b>39,343</b>                             |
| <b>Changes in working capital</b>                         |   |   |
| Net change in current assets                              | (99,651)                                  | (17,172)                                  |
| Net change in current liabilities                         | 81,504                                    | (111,350)                                 |
| <b>Net cash used in operating activities</b>              | <b>(3,485)</b>                            | <b>(89,179)</b>                           |
| <b>Investing Activities</b>                               |   |   |
| Proceeds from disposal of property, plant and equipment   | 528                                       | 399                                       |
| Proceeds from disposal of quoted shares                   | 6   | -   |
| Acquisition of property, plant and equipment              | (1,885)                                   | (6,042)                                   |
| Net cash flow for acquisition of subsidiary companies     | -   | (20,492)                                  |
| Interest received   | 147                                       | 164                                       |
| Net cash flow from disposal of subsidiaries               | -   | 1,824                                     |
| Increase in an investment in an associated company        | -   | (7,590)                                   |
| Withdrawal of pledged deposit                             | 1,293                                     | 1,198                                     |
| Other investment  | (719)                                     | (21,829)                                  |
| <b>Net cash used in investing activities</b>              | <b>(630)</b>                              | <b>(52,368)</b>                           |
| <b>Financing Activities</b>                               |   |   |
| Net drawdown/(Repayment) of bank borrowings               | 17,016                                    | (11,883)                                  |
| Net (Repayment)/ drawdown of hire purchase liabilities    | (705)                                     | 4,460                                     |
| Net (Repayment)/ drawdown of term loan                    | (24,168)                                  | 108,923                                   |
| Dividend paid to non-controlling interest                 | -   | (200)                                     |
| Repurchase of treasury shares                             | (263)                                     | (2)                                       |
| Interest paid   | (9,486)                                   | (2,557)                                   |
| <b>Net cash generated from financing activities</b>       | <b>(17,606)</b>                           | <b>98,741</b>                             |
| Net Change in Cash and Cash Equivalents                   | (21,721)                                  | (42,806)                                  |
| Cash and Cash Equivalents at beginning of year            | 129,111                                   | 124,621                                   |
| Cash and Cash Equivalents at end of year                  | <u>107,390</u>                            | <u>81,815</u>                             |

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

|   | 30/06/2012<br>RM'000 | 30/06/2011<br>RM'000 |
|---|----------------------|----------------------|
| Cash and bank balances (excluding cash and bank balances pledged) | 66,995               | 60,340               |
| Liquid investment   | 29,405               | 22,682               |
| Deposit (excluding deposits pledged)                              | 14,860               | 4,222                |
| Bank overdrafts   | (3,870)              | (5,429)              |
|   | <u>107,390</u>       | <u>81,815</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 SECOND QUARTER ENDED 30 JUNE 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<br>01-Jan-11<br>RM'000 | Reclassifications<br>RM'000 | MFRS as at<br>01-Jan-11<br>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 30 June 2011

|                          | FRS as at<br>30-June-11<br>RM'000 | Reclassifications<br>RM'000 | MFRS as at<br>30-June-11<br>RM'000 |
|--------------------------|-----------------------------------|-----------------------------|------------------------------------|
| Intangible assets        | 32,657                            | (16,219)                    | 16,438                             |
| Retained earnings        | 236,551                           | (5,424)                     | 231,127                            |
| Non-controlling interest | 265,940                           | (10,795)                    | 255,145                            |

Reconciliation of statement of financial statements as at 31 December 2011

|                          | FRS as at<br>31-Dec-11<br>RM'000 | Reclassifications<br>RM'000 | MFRS as at<br>31-Dec-11<br>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 30 June 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.

|   | <b>Industrial<br/>supply</b> | <b>Property<br/>development<br/>and investment</b> | <b>Consolidated</b> |
|---|------------------------------|--|---------------------|
|   | <b>RM'000</b>                | <b>RM'000</b>                                      | <b>RM'000</b>       |
| <b>Business segments</b>  |                              |  |                     |
| Revenue from external customers   | 371,088                      | 21,541   | 392,629             |
| Segment result  | 19,053                       | (6,493)  | 12,560              |
| <b>Results from operating activities</b>                                |                              |  | <b>12,560</b>       |
| Interest expenses   |                              |  | (9,514)             |
| Net gain on financial assets<br>and financial liabilities at fair value |                              |  | 905                 |
| Share of profit of associate companies                                  |                              |  | 9,722               |
| <b>Profit before tax</b>  |                              |  | <b>13,673</b>       |
| Tax expense   |                              |  | (3,958)             |
| <b>Profit for the period</b>  |                              |  | <b>9,715</b>        |

**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.

SC had vide its letter dated 5 July 2012, consented to the contents of the Circular and the Explanatory Statement in relation to the Proposed SCR under Practice Note 44 of the Malaysian Code on Take-Overs and Mergers 2010.

On 30 July 2012, the special resolution for the Proposed SCR was passed by the Company's shareholders at the extraordinary general meeting.

This corporate exercise is expected to be completed by fourth 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 22.08.2012, 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 RM392.6 million for the current financial year, a decrease of RM90.2 million or -18.7% compared to the preceding year corresponding period. The decrease of revenue was mainly attributed to the drop of revenue of RM104.7 million in Property Development and Investment segment. Meanwhile, there was an increase of revenue of RM13.7 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 RM181.8 million as at 30 June 2012.

The Group's pre-tax profit recorded at RM13.7 million, a drop of RM15.2 million against the preceding year corresponding period at RM28.9 million. The drop of pre-tax profit was mainly due to the drop of revenue.

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

The Group recorded revenue of RM207.1 million for the current quarter, an increase of RM21.5 million or 11.6% compared to the preceding quarter. The increase in revenue was mainly contributed by Industrial Supply segment i.e. RM32.6 million. However, revenue for Property Development and Investment segment dropped by RM11.1 million.

Net profit after non-controlling interest ("net profit") of the Group reported at RM4.6 million, an increase of RM1.2 million as compared to net profit of RM3.4 million in the preceding quarter. The increase was mainly due to share of profit in associates.

### **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<br>Quarter   | Preceding<br>Year<br>Corresponding<br>Quarter | Current Year<br>To-date   | Preceding<br>Year<br>Corresponding<br>Period |
|                             | 30.06.2012                | 30.06.2011                                    | 30.06.2012                | 30.06.2011                                   |
|                             | RM'000                    | RM'000  | RM'000                    | RM'000                                       |
| Income tax - current period | 4,261                     | 5,064   | 7,928                     | 10,382                                       |
| - prior period              | -                         | -   | (75)                      | -  |
| Deferred tax                | (1,743)                   | (975)   | (3,895)                   | (208)  |
|                             | <u>2,518</u>              | <u>4,089</u>                                  | <u>3,958</u>              | <u>10,174</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 for the proposed SCR mentioned under note 10 of this interim financial report and the following:

On 4 May 2011, the Group's subsidiary Pembangunan Bandar Mutiara Sdn Bhd ('PBM') entered into a Shareholders' Agreement with Tambun Indah Land Berhad ('Tambun Indah'), the shareholder of Palmington Sdn Bhd ('Palmington') with an equity interest of 60%, to facilitate the arrangement between PBM and Tambun Indah to jointly develop land identified as 'Parcel R1', 'Parcel R2', 'Parcel R3', 'Parcel C' and 'Amenities Land' measuring approximately 526.7531 acres, situated in an ongoing township development known as Bandar Tasik Mutiara, Seberang Perai, Penang (Project Lands). In connection with the said joint development, PBM also had on even date entered into a Master Agreement and five separate Sale and Purchase Agreements with Palmington for the proposed disposal by PBM of the Project Lands to Palmington for an aggregate cash consideration of RM233,223,021.

The sale of Parcel R1 and Amenities Land were completed on 7 December 2011 and 10 August 2012 respectively.

Pursuant to the Master Agreement, Parcel R2 SPA and Parcel R3 SPA dated 4 May 2011 (collectively referred to as "Agreement"), Parcel R2 SPA would complete ahead of Parcel R3 SPA, whereby the balance of the purchase consideration for Parcel R2 and Parcel R3 would be paid by Palmington to PBM on or before 18 months and 33 months from the date of the Agreement respectively.

On 10 August 2012, PBM entered into a supplemental agreement with Palmington to vary the order of completion of Parcel R2 and Parcel R3 in respect of the proposed disposal, wherein Parcel R3 SPA will be completed first, followed by Parcel R2 SPA. Hence, the balance of the purchase consideration for Parcel R3 and R2 would be paid by Palmington to PBM on or before 18 months and 33 months from the date of the agreement respectively.

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

Particulars of the Group's loans and borrowings as at 30 June 2012 are as follows:-

|   | <b>RM'000</b>  |
|---|----------------|
| <u>Current portion</u>                  |                |
| Banker's acceptances and trust receipts | 72,039         |
| Hire purchase liabilities               | 1,917          |
| Bank overdrafts                         | 3,870          |
| Bridging loan                           | 2,662          |
| Onshore Foreign Currency Loan           | 765            |
| Foreign loan against import             | 5,518          |
| Term loans                              | 65,977         |
|   | <u>152,748</u> |
|   | <b>RM'000</b>  |
| <u>Non-current portion</u>              |                |
| Term loans                              | 280,759        |
| Bridging loan                           | 20,338         |
| Hire purchase liabilities               | 2,815          |
|   | <u>303,912</u> |
|   | <u>456,660</u> |

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

|                   | <b>RM'000</b>  |
|-------------------|----------------|
| Malaysian Ringgit | 383,229        |
| US Dollar         | 72,071         |
| Singapore Dollar  | 1,249          |
| Indonesian Rupiah | 111            |
|                   | <u>456,660</u> |

**20 Off balance sheet risk financial instruments**

There were no financial instruments with off balance sheet risk as at 22.08.2012 (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 22.08.2012 (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:

|   | <b>Current<br/>Year<br/>Quarter<br/>30.06.2012<br/>RM'000</b> | <b>Current<br/>Year<br/>To-date<br/>30.06.2012<br/>RM'000</b> |
|---|---|---|
| Interest Income   | (160)   | (418)   |
| Other income including investment income                                | (1,165)   | (2,179)   |
| Interest expenses   | 4,733   | 9,514   |
| Depreciation and amortisation   | 2,300   | 4,084   |
| Provision for and write off of receivables                              | 585   | 894   |
| Provision for and write off of inventories                              | 906   | 1,058   |
| Loss/ (gain) on disposal of quoted or unquoted investment or properties | (4)   | 15  |
| Impairment of assets  | (91)  | (91)  |
| Foreign exchange (gain) or loss   | 1,859   | (801)   |
| (Gain)/ loss on derivatives   | (2,289)   | (905)   |
| 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<br>30.06.2012<br>RM'000 | Preceding Year Corresponding Quarter<br>30.06.2011<br>RM'000 | Current Year To-date<br>30.06.2012<br>RM'000 | Preceding Year Corresponding Period<br>30.06.2011<br>RM'000 |
| <b>Basic EPS</b>   |  |  |  |   |
| Net profit attributable to owner of the parents              | 4,591  | 1,787  | 8,023  | 9,907   |
| Adjusted Weighted average number of ordinary shares in issue | 146,811                                      | 146,811  | 146,811                                      | 146,811   |
| Basic EPS (sen)  | 3.13   | 1.22   | 5.46   | 6.75  |

**(b) Diluted EPS**

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

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

**25 Realised and unrealised profits/ losses**

|  | <b>As at<br/>30.06.2012<br/>RM'000</b> | <b>As at<br/>31.12.2011<br/>RM'000</b> |
|--|--|--|
| Total retained profits of the Company and its subsidiaries:    |  |  |
| - Realised   | 493,422                                | 484,768                                |
| - Unrealised   | (1,735)                                | 7,518                                  |
|  | <u>491,687</u>                         | <u>492,286</u>                         |
| <br>Total share of retained profits from associated companies: |  |  |
| - Realised   | 16,887                                 | 8,783                                  |
| - Unrealised   | 3,401                                  | 3,095                                  |
| <br>Less: Consolidation adjustments                            | <u>(268,817)</u>                       | <u>(269,077)</u>                       |
| Total group retained profits as per consolidated accounts      | <u>243,158</u>                         | <u>235,087</u>                         |

By Order of the Board  
ATIS Corporation Berhad

Teoh Phaik Ai  
Financial Controller

Selangor Darul Ehsan