

FORMIS (MALAYSIA) BERHAD  
(Incorporated in Malaysia)

Quarterly report on consolidated results for the 4th financial quarter ended 31st March 2001

The figures have not been audited

NOTES TO THE ACCOUNTS - 31 March 2001

1 **Accounting policies**

The same accounting policies and methods of computation are being followed in this quarterly report as compared with the most recent annual financial statements.

2 **Exceptional item**

There was no exceptional item for the financial period under review.

3 **Extraordinary item**

There was no extraordinary item for the financial period under review.

4 **Taxation**

	Current quarter 31-Mar-01 RM'000	Preceding year corresponding quarter 31-Mar-00 RM'000
Current year taxation	4,176	4,270
(Over)/under provision in prior year	0	(95)
Transfer (from)/to deferred taxation	(303)	384
	<u>3,873</u>	<u>4,559</u>

5 **Pre-acquisition profit/(losses)**

The Group recorded a pre-acquisition loss of RM20,858 during the 1st quarter arising from the acquisition of First Solution Sdn Bhd as indicated in Note 8 below. There were no other pre-acquisition profit/(losses) during the period under review.

6 **Profits on sales of investments/properties**

There was no sale of investments/properties for the financial period under review.

7 **Quoted securities**

	Current quarter 31-Mar-01 RM'000
(a) (i) Purchase of quoted securities	1,275
(ii) Disposal of quoted securities	0
(iii) Gain/(loss) on disposal of quoted securities	<u>0</u>
(b) Investments in quoted securities as at end of this reporting period :	
(i) Cost	6,352
(ii) Book value	6,352
(iii) Market value	<u>6,126</u>

8 **Changes in composition of the Company**

On 1 June 2000, Formis Holding Berhad ("FHB"), a wholly owned subsidiary company, acquired an additional 11% equity interest in an associate company, First Solution Sdn Bhd ("FSSB"), which resulted in an eventual control of FSSB of 51% equity interest. The effect of the piecemeal acquisition resulted in a minority interest expense of RM1.4 million on the Group's consolidated profit and loss account.

FHB has set up a wholly owned subsidiary company, PT Formis Solusi ("Formis Solusi"), in Indonesia to venture into the Indonesian market. Formis Solusi was granted a Foreign Investment Company status by the Indonesian Foreign Investment Committee. The authorised and issued and paid up capital of Formis Solusi is USD100,000 and USD100,000 respectively.

On 23 March 2001, FHB has also entered into a joint-venture agreement with Tera S.p.A, a global software provider from Italy, for a joint venture to market and develop editorial, print and publishing solutions in the Asia Pacific region. A joint venture company by the name of Tera Asia Pacific Sdn Bhd ("Tera AP") was set up for this purpose with an equity participation of 60:40 held by Tera S.p.A and FHB respectively. Tera AP has an authorised and paid up capital todate of RM1.9 million and RM0.38 million respectively.

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The Company has, on 16 October 2000, entered into a Sale and Purchase Agreement with Green Mountain Holdings (M) Sdn Bhd to dispose to them the Company's entire 51% equity interest, comprising 1,020,000 ordinary shares of RM1.00 each, in Orlando Realty Development (M) Sdn Bhd, in which the Group registered an exceptional gain of RM1.7 million.

9 **Corporate exercise**

Other than the uncompleted proposed private placement which is part and parcel of the rescue cum debt restructuring scheme undertaken by the Company, there are no further corporate exercises at the date of this report.

10 **Seasonality/cyclicality of operations**

The businesses of the Group were not materially affected by any seasonality or cyclicality during the financial period under review.

11 **Issuance and Repayment of Debt and Equity Securities**

As of todate, the Company's issued and paid-up share capital had increase from RM114,899,999 to RM114,905,999 comprising 114,905,999 ordinary shares of RM1.00 each by way of issuance of 6,000 new ordinary shares of RM1.00 each at an issue price of RM4.34 per share by virtue of the exercise of share options granted pursuant to the Company's Employee Share Option Scheme. The resulting share premium amounting to RM20,040 has been credited to the Share Premium Account.

12 **Borrowings and debt securities**

	As at 31-Mar-01 RM'000	As at 31-Mar-00 RM'000
As at the end of the reporting period :		
(a) <b><u>Short term bank borrowings</u></b>		
Bank overdrafts - secured	0	0
Bank overdrafts - unsecured	962	1,132
Other banking facilities - secured	0	2,010
Other banking facilities - unsecured	1,318	7,783
	2,280	10,925
<b><u>Long term bank borrowings</u></b>		
Term and bridging loans - Secured	17,554	18,154
	19,834	29,079
(b) Total outstanding lease payments and hire purchase installments net of unexpired term charges	2,284	1,822
Amount due within the next 12 months included under current liabilities	(960)	(1,044)
Amount due after the next 12 months	1,324	778
(c) Borrowings denominated in foreign currency	Nil	Nil

13 **Contingent liabilities**

The contingent liabilities of the Company at the date of this report is as follow :

	RM'000
Corporate guarantees given to a financial institution in respect of long term loans granted to a subsidiary company	1,422
Corporate guarantee given to a financial institution in respect of leasing facilities granted to certain subsidiary companies.	905

14 **Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risks at the date of this report or entered after the end of this reporting period.

15 **Material litigation**

The Group had taken legal action against several companies for the recovery of debts in the normal course of business. In addition, the Company had taken legal action against a property development company for the refund of all monies (including interest) amounting to RM1.35 million in respect of non-delivery of a vacant possession. As at 31 March 2001, the Company has not recognised an amount of RM1.68 million being progress billing on the property in view of the litigation. These litigation cases are still in-progress.

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16 **Segmental reporting**

	Turnover RM'000	Profit/(loss) before taxation RM'000	Total assets employed RM'000
(a) <b><u>By business segment</u></b>			
Current year to date ended 31 March 2001:			
Information technology services	109,029	21,388	164,279
Garment manufacturing and retailing	16,301	685	46,501
	<u>125,330</u>	<u>22,073</u>	<u>210,780</u>
Share of associated companies' results	0	0	0
	<u>125,330</u>	<u>22,073</u>	<u>210,780</u>
Preceding financial year ended 31 March 2000:			
Information technology services	112,775	17,614	136,595
Garment manufacturing and retailing	21,330	13,582	51,158
	<u>134,105</u>	<u>31,196</u>	<u>187,753</u>
Share of associated companies' results	(3,257)	0	0
	<u>130,848</u>	<u>31,196</u>	<u>187,753</u>

Note: The profit before taxation for the financial year ended 31 March 2000 includes the exceptional gain of RM17 million.

	Turnover RM'000	Profit/(loss) before taxation RM'000	Total assets employed RM'000
(b) <b><u>By geographical location</u></b>			
Current year to date ended 31 March 2001:			
Malaysia	120,797	21,192	208,848
Indonesia	4,533	881	1,932
	<u>125,330</u>	<u>22,073</u>	<u>210,780</u>
Share of associated companies' results	0	0	0
	<u>125,330</u>	<u>22,073</u>	<u>210,780</u>
Preceding financial year ended 31 March 2000:			
Malaysia	134,105	31,196	187,753
Indonesia	0	0	0
	<u>134,105</u>	<u>31,196</u>	<u>187,753</u>
Share of associated companies' results	(3,257)	0	0
	<u>130,848</u>	<u>31,196</u>	<u>187,753</u>

17 **Comments on material changes in profit before taxation in current quarter with preceding quarter**

	Current quarter 31-Mar-01 RM'000	Preceding quarter 31-Dec-00 RM'000
Profit/(loss) before taxation	<u>12,310</u>	<u>7,042</u>

The Group's profit before taxation in the current financial quarter is contributed mainly by the information technology service sector of RM11.1 million. The garment manufacturing and retailing sector recorded a profit before taxation of RM1.2 million due to the higher sales during the festive seasons.

18 **Review of performance**

The Group achieved a turnover of RM125.3 million and profit before taxation of RM22.1 million for the financial year ended 31 March 2001. The Group's turnover decrease by 4.2% while profit before taxation decrease by 29% compared to the preceding financial year. However, the preceding financial year's profit before taxation includes an exceptional item resulting from debts waived under the debt restructuring scheme amounting to RM14 million.

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The information technology sector contributed a turnover of RM109 million and a profit before taxation of RM21.4 million. This is mainly due to an increase in billing for on going contracts. The garment manufacturing and retailing sector recorded a turnover of RM16.3 million and profit before taxation of RM0.7 million (including the exceptional gain of RM1.7 million arising from the disposal of Orlando Realty Development (M) Sdn Bhd).

Other than the above, there was no other material factors affecting the operating performance of the Group during the financial quarter under review.

19 **Current year prospects**

The Group expects the prospect and outlook for the financial year ending 31 March 2002 to be satisfactory in view of the economic growth in the information technology sector. The Group shall continue to focus on the information technology sector as its core business and look for new business opportunities.

20 **Variations**

	Forecast 31-Mar-01 RM'000	Actual 31-Mar-01 RM'000	Variance 31-Mar-01 RM'000
(a) Profit after taxation attributable to the shareholders of Formis (Malaysia) Berhad	12,746	12,973	227
(b) Profit before taxation after minority interest guaranteed by the vendors of Formis Holdings Berhad	19,000	18,256	(744)

The shortfall in profit guarantee of RM0.7 million is mainly attributed by the lower turnover of RM109 million as compared to the forecast turnover of RM188 million. However, Formis Holdings Berhad managed to improve its profit margins during the financial year and hence, the shortfall only constitute 3.9% of the forecast profit guarantee.

21 **Dividend**

The directors have recommended for the Company to declare a first and final dividend of 3% less income tax of 28% amounting to a net sum of RM2.5 million for the financial year ended 31 March 2001, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. The dividend, if approved by the shareholders, shall be payable at a date to be determined by the directors at a later time.

By Order of the Board

Chong Sook Furn  
Company Secretary

Kuala Lumpur,  
30 May 2001