

FORMIS (MALAYSIA) BERHAD  
(Incorporated in Malaysia)

Quarterly report on consolidated results for the 1st financial quarter ended 30 June 2001

The figures have not been audited

NOTES TO THE ACCOUNTS - 30 June 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 were no exceptional item for the current quarter and financial year to date.

3 **Extraordinary item**

There were no extraordinary item for the current quarter and financial year to date.

4 **Taxation**

	Current quarter 30-Jun-01 RM'000	Financial year to date 30-Jun-01 RM'000
Current year taxation	3,451	3,451
(Over)/under provision in prior year	0	0
Transfer (from)/to deferred taxation	0	0
	3,451	3,451

The effective tax rate of the Group for the current quarter and financial year to date is higher than the statutory tax rate due to the non availability of group relief where tax losses of certain subsidiary companies cannot be offset against the profits of other subsidiary companies.

5 **Profits on sales of unquoted investments and properties**

There were no sale of unquoted investments and properties for the current quarter and financial year to date.

6 **Quoted securities**

	Current quarter 30-Jun-01 RM'000	Financial year to date 30-Jun-01 RM'000
(a) (i) Purchase of quoted securities	0	0
(ii) Disposal/write-off of quoted securities	8	8
(iii) Gain/(loss) on disposa/write-off of quoted securities	(8)	(8)
(b) Investments in quoted securities as at end of this reporting period :		
(i) Cost	6,344	6,344
(ii) Book value	6,344	6,344
(iii) Market value	5,861	5,861

7 **Changes in composition of the Company**

In April 2001, Formis Holdings Berhad incorporated a wholly owned subsidiary company, Formis International Limited ("FIL"), in the Federal Territory of Labuan. FIL has an authorised share capital of USD25,000.00 and an issued and paid up share capital of USD10,000.00, comprising 10,000 shares of USD1.00 each. FIL is set up as the international business arm of Formis Group to handle all offshore business contracts and orders from its customers worldwide.

8 **Corporate proposals**

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.

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

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the curen financial year to date.

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10 **Borrowings and debt securities**

	As at 30-Jun-01 RM'000
As at the end of the reporting period :	
(a) <u>Short term bank borrowings</u>	
Bank overdrafts - secured	0
Bank overdrafts - unsecured	1,728
Other banking facilities - secured	0
Other banking facilities - unsecured	9,044
	<hr/>
	10,772
<u>Long term bank borrowings</u>	
Term loans - unsecured	17,554
	<hr/>
	<u>28,326</u>
(b) Total outstanding lease payments and hire purchase installments net of unexpired term charges	2,243
Amount due within the next 12 months included under current liabilities	(946)
Amount due after the next 12 months	<hr/>
	1,297
	<hr/>
(c) Borrowings denominated in foreign currency	Nil

11 **Contingent liabilities**

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

	As at 30-Jun-01 RM'000
Corporate guarantees given to a financial institution in respect of long term loans granted to a subsidiary company.	<hr/>
	1,422
	<hr/>

12 **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.

13 **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 30 June 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.

14 **Segmental reporting**

	Revenue RM'000	Profit/(loss) before taxation RM'000	Total assets employed RM'000
(a) <u>By business segment</u>			
Current year to date ended 30 June 2001:			
Information technology services	36,274	11,780	183,880
Garment manufacturing and retailing	3,165	(1,524)	45,041
	<hr/>	<hr/>	<hr/>
	39,439	10,256	228,921
Share of associated companies' results	0	(30)	0
	<hr/>	<hr/>	<hr/>
	39,439	10,226	228,921
	<hr/>	<hr/>	<hr/>
(b) <u>By geographical location</u>			
Current year to date ended 30 June 2001:			
Malaysia	37,746	9,757	225,263
Indonesia	1,693	499	3,658
	<hr/>	<hr/>	<hr/>
	39,439	10,256	228,921
Share of associated companies' results	0	(30)	0
	<hr/>	<hr/>	<hr/>
	39,439	10,226	228,921
	<hr/>	<hr/>	<hr/>

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

	Current quarter 30-Jun-01 RM'000	Preceding quarter 31-Mar-01 RM'000
Profit before taxation	10,226	12,310

The Group's profit before taxation in the current financial quarter is contributed mainly by the information technology service sector of RM11.7 million. The garment manufacturing and retailing sector recorded a loss of RM1.5 million due to the low sales.

16 **Review of performance**

The Group achieved a revenue of RM39.4 million and profit before taxation of RM10.2 million for the quarter ended 30 June 2001. The Group's revenue and profit before taxation increased 82% and more than 100% respectively compared to preceding year's corresponding period. This is mainly contributed by the information technology sector which recorded a sales of RM36.3 million compared to RM18.8 million in the preceding year's corresponding period.

The garment manufacturing and retailing sector also recorded an increase in revenue of RM3.2 million compared to the preceding year's corresponding period of RM2.9 million due to promotional sales during the period. However, the garment manufacturing and retailing sector recorded a higher loss of RM1.5 million compared to RM0.4 million in the preceding year's corresponding period as profit margin trimmed and higher advertising cost incurred.

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

17 **Subsequent events**

There was no material event subsequent to the balance sheet date at the date of this report.

18 **Seasonality/cyclicality of operations**

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

Not applicable to the Group.

21 **Dividend**

No dividend has been recommended for the financial period under review.

By Order of the Board

Chong Sook Furn  
Company Secretary

Kuala Lumpur,  
29 August 2001