

FORMIS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

Quarterly report on consolidated results for the 2nd financial quarter ended 30 September 2001

The figures have not been audited

NOTES TO THE ACCOUNTS - 30 September 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-Sep-01 RM'000	Financial year to date 30-Sep-01 RM'000
Current year taxation	1,504	4,954
(Over)/under provision in prior year	254	254
Transfer (from)/to deferred taxation	230	230
	<u>1,988</u>	<u>5,438</u>

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 for the current quarter and financial year to date.

During the quarter, Orlando Corporation Sdn Bhd, a wholly owned subsidiary company, entered into a sale and purchase agreement with Hon Ming Trading Sdn Bhd to dispose its 1 1/2 storey factory in Taman Shamelin Perkasa for cash consideration of RM2.25 million. The gain arising from the disposal of the said property is RM0.87 million.

6 **Quoted securities**

	Current quarter 30-Sep-01 RM'000	Financial year to date 30-Sep-01 RM'000
(a) (i) Purchase of quoted securities	3	3
(ii) Disposal/write-off of quoted securities	0	8
(iii) Gain/(loss) on disposa/write-off of quoted securities	<u>0</u>	<u>8</u>
(b) Investments in quoted securities as at end of this reporting period :		
(i) Cost	6,347	6,347
(ii) Book value	6,347	6,347
(iii) Market value	<u>4,990</u>	<u>4,990</u>

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**

The proposed private placement, which is part and parcel of the rescue cum debt restructuring scheme undertaken by the Company in 2000, has been discontinued as the Company is unable to secure any placees before the extended deadline on 21 September 2001 granted by the Securities Commission.

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.

FORMIS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

Quarterly report on consolidated results for the 2nd financial quarter ended 30 September 2001

The figures have not been audited

NOTES TO THE ACCOUNTS - 30 September 2001

10 **Borrowings and debt securities**

	As at 30-Sep-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	621
Other banking facilities - secured	0
Other banking facilities - unsecured	3,413
	<hr/>
	4,034
<u>Long term bank borrowings</u>	
Term loans - unsecured	17,554
	<hr/>
	<u>21,588</u>
(b) Total outstanding lease payments and hire purchase installments net of unexpired term charges	1,759
Amount due within the next 12 months included under current liabilities	(929)
Amount due after the next 12 months	<hr/>
	830
	<hr/>
(c) Borrowings denominated in foreign currency	<hr/>
	Nil

11 **Contingent liabilities**

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

	As at 30-Sep-01 RM'000
Corporate guarantees given to a financial institution in respect of long term loans granted to a subsidiary company.	<hr/>
	1,422
Corporate guarantees given to a financial institution for leasing facilities granted to subsidiary companies.	<hr/>
	925
	<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 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 September 2001, the Company has not recognised an amount of RM1.68 million being progress billing on the property in view of the litigation. The above mentioned case is 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 September 2001:			
Information technology services	76,527	17,645	172,843
Garment manufacturing and retailing	6,710	(2,001)	44,312
	<hr/>	<hr/>	<hr/>
	83,237	15,644	217,155
Share of associated companies' results	0	317	0
	<hr/>	<hr/>	<hr/>
	83,237	15,961	217,155

FORMIS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

Quarterly report on consolidated results for the 2nd financial quarter ended 30 September 2001

The figures have not been audited

NOTES TO THE ACCOUNTS - 30 September 2001

(b) By geographical location

Current year to date ended 30 September 2001:

Malaysia	81,159	15,588	214,942
Indonesia	2,078	56	2,213
	<u>83,237</u>	<u>15,644</u>	<u>217,155</u>
Share of associated companies' results	0	317	0
	<u>83,237</u>	<u>15,961</u>	<u>217,155</u>

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

	Current quarter 30-Sep-01 RM'000	Preceding quarter 30-Jun-01 RM'000
Profit before taxation	<u>5,735</u>	<u>10,226</u>

The Group's profit before taxation in the current financial quarter is mainly contributed by the information technology service sector of RM6.2 million. The garment manufacturing and retailing sector recorded a loss of RM0.5 million. The decrease in profit before tax is mainly due to lower profit margins attained on billings as compared to the preceding financial quarter.

16 Review of performance

The Group achieved a revenue of RM83.2 million and profit before taxation of RM15.9 million for the period ended 30 September 2001. The Group's revenue and profit before taxation increased 58% and more than 100% respectively compared to preceding year's corresponding period. This is mainly contributed by the information technology sector which recorded a revenue of RM76.5 million and profit before taxation of RM17.9 million.

The garment manufacturing and retailing sector recorded a revenue of RM6.7 million. However, this sector recorded a loss of RM2 million due to discounts given to consumers and higher advertising cost to promote the Orlando brand.

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. 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,
26 November 2001