

FORMIS (MALAYSIA) BERHAD  
(Incorporated in Malaysia)

Quarterly report on consolidated results for the 3rd financial quarter ended 31 December 2001  
The figures have not been audited

NOTES TO THE ACCOUNTS - 31 December 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 31-Dec-01 RM'000	Financial year to date 31-Dec-01 RM'000
Current year taxation	1,930	6,884
(Over)/under provision in prior year	5	259
Transfer (from)/to deferred taxation	0	230
	<u>1,935</u>	<u>7,373</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.

On 25 September 2001, 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 31-Dec-01 RM'000	Financial year to date 31-Dec-01 RM'000
(a) (i) Purchase of quoted securities	0	3
(ii) Disposal/write-off of quoted securities	0	8
(iii) Gain/(loss) on disposa/write-off of quoted securities	0	<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>4,961</u>	<u>4,961</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.

On 25 September 2001, Diversified Gateway Sdn Bhd, a 60% owned subsidiary company, accepted the issue and allotment by Applied Information Management Services Sdn Bhd ("AIMS") of 2,129,184 ordinary shares of RM1.00 each in AIMS at par, in settlement of the sum owing by them of RM2,129,184.00 to the Company.

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 places before the extended deadline on 21 September 2001 granted by the Securities Commission.

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

On 31 October 2001, Formis Computer and Communication ("FCC"), a wholly owned subsidiary company, increased its share capital from RM2.00 to RM200,000.00 by way of allotment of a total of 199,998 ordinary shares of RM1.00 each at par value. Subsequently, on 16 November 2001, FCC further increased its share capital from RM200,000.00 to RM300,000.00 by way of allotment of a total of 100,000 ordinary shares of RM1.00 each at par value.

Other than the above, 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 current financial year to date.

10 **Borrowings and debt securities**

	As at 31-Dec-01 RM'000
As at the end of the reporting period :	
(a) <b><u>Short term bank borrowings</u></b>	
Bank overdrafts - secured	0
Bank overdrafts - unsecured	1,329
Other banking facilities - secured	0
Other banking facilities - unsecured	4,360
	<u>5,689</u>
<b><u>Long term bank borrowings</u></b>	
Term loans - unsecured	17,554
	<u>23,243</u>
(b) Total outstanding lease payments and hire purchase installments net of unexpired term charges	1,589
Amount due within the next 12 months included under current liabilities	<u>(880)</u>
Amount due after the next 12 months	<u>709</u>
(c) Borrowings denominated in foreign currency	<u>Nil</u>

11 **Contingent liabilities**

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

	As at 31-Dec-01 RM'000
Corporate guarantees given to a financial institution in respect of long term loans granted to a subsidiary company.	<u>1,422</u>
Corporate guarantees given to a financial institution for leasing facilities granted to subsidiary companies.	<u>925</u>

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 31 December 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) <b><u>By business segment</u></b>			
Current year to date ended 31 December 2001:			
Information technology services	119,564	23,783	170,492
Garment manufacturing and retailing	12,632	<u>(2,716)</u>	45,029
	<u>132,196</u>	21,067	215,521
Share of associated companies' results	0	605	0
	<u>132,196</u>	<u>21,672</u>	<u>215,521</u>
(b) <b><u>By geographical location</u></b>			
Current year to date ended 31 December 2001:			
Malaysia	129,866	20,982	213,273
Indonesia	2,330	85	2,248
	<u>132,196</u>	21,067	215,521
Share of associated companies' results	0	605	0
	<u>132,196</u>	<u>21,672</u>	<u>215,521</u>

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

	Current quarter 31-Dec-01 RM'000	Preceding quarter 30-Sep-01 RM'000
Profit before taxation	<u>5,712</u>	<u>5,736</u>

The Group's profit before taxation in the current financial quarter is mainly contributed by the information technology service sector of RM6.4 million. The garment manufacturing and retailing sector recorded a loss of RM0.7 million. The decrease in profit before tax is mainly due to lower profit margins attained on billings as compared to the preceeding financial quarter.

16 **Review of performance**

The Group achieved a revenue of RM132.1 million and profit before taxation of RM21.7 million for the period ended 31 December 2001. The Group's revenue and profit before taxation increased 55% 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 RM119.6 million and profit before taxation of RM23.8 million.

The garment manufacturing and retailing sector recorded a revenue of RM12.6 million. However, this sector recorded a loss of RM2.7 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,  
27 February 2002