

FORMIS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

Quarterly report on consolidated results for the 4th financial quarter ended 31 March 2002

The figures have not been audited

NOTES TO THE ACCOUNTS - 31 March 2002

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-Mar-02 RM'000	Financial year to date 31-Mar-02 RM'000
Current year taxation	1,133	8,017
(Over)/under provision in prior year	281	540
Transfer (from)/to deferred taxation	(334)	(104)
	<u>1,080</u>	<u>8,453</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-Mar-02 RM'000	Financial year to date 31-Mar-02 RM'000
(a) (i) Purchase of quoted securities	2,129	2,133
(ii) Disposal/write-off of quoted securities	0	8
(iii) Gain/(loss) on disposa/write-off of quoted securities	0	(8)
(b) Investments in quoted securities as at end of this reporting period :		
(i) Cost	8,477	8,477
(ii) Book value	8,477	8,477
(iii) Market value	<u>6,740</u>	<u>6,740</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. On 28 January 2002, these shares were subsequently converted into 986,513 ordinary shares of RM1 each in MY-Infotech (M) Berhad pursuant the completion of its restructuring exercise.

On 18 February 2002, Formis Computer Services Sdn Bhd, a wholly owned subsidiary company, entered into an agreement to acquire the 49% minority equity in Formis Dialog Automation Sdn Bhd, comprising 490,000 fully paid up ordinary shares of RM1 each from Infodasia Sdn Bhd, a wholly owned subsidiary company of Dialog Group Berhad, and Dr Junid bin Abu Saham for a cash consideration of RM4.9 million.

8 **Corporate proposals**

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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**

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-Mar-02 RM'000
As at the end of the reporting period :	
(a) <u>Short term bank borrowings</u>	
Bank overdrafts - secured	
Bank overdrafts - unsecured	3,771
Other banking facilities - secured	
Other banking facilities - unsecured	5,325
	<u>9,096</u>
<u>Long term bank borrowings</u>	
Term loans - unsecured	14,043
	<u>23,139</u>
(b) Total outstanding lease payments and hire purchase installments net of unexpired term charges	1,673
Amount due within the next 12 months included under current liabilities	(901)
Amount due after the next 12 months	<u>772</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-Mar-02 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 March 2002, 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.

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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 31 March 2002:			
Information technology services	153,210	25,977	173,590
Garment manufacturing and retailing	17,665	(2,480)	44,568
	<u>170,875</u>	<u>23,497</u>	<u>218,158</u>
Share of associated companies' results	0	1,386	0
	<u>170,875</u>	<u>24,883</u>	<u>218,158</u>

(b) **By geographical location**

Current year to date ended 31 March 2002:

Malaysia *	168,628	23,402	216,220
Indonesia	2,247	95	1,938
	<u>170,875</u>	<u>23,497</u>	<u>218,158</u>
Share of associated companies' results	0	1,386	0
	<u>170,875</u>	<u>24,883</u>	<u>218,158</u>

* Formis international Limited, a company incorporated in the Federal Territory of Labuan to handle offshore business contracts, recorded a revenue and profit before taxation of RM4.7 million and RM1.4 million respectively from the sale of equipment in Indonesia.

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

	Current quarter 31-Mar-02 RM'000	Preceding quarter 31-Dec-01 RM'000
Profit before taxation	<u>3,211</u>	<u>5,712</u>

The Group's profit before taxation in the current financial quarter is mainly contributed by the information technology service sector of RM3 million. The garment manufacturing and retailing sector recorded a profit before taxation of RM0.2 million. The decrease in profit before tax is mainly due to higher operating expenses as compared to the preceeding financial quarter.

16 **Review of performance**

The Group achieved a revenue of RM170.9 million and profit before taxation of RM24.9 million for the period ended 31 March 2002. The Group's revenue and profit before taxation increased by 36% and 12.7% respectively compared to preceding year's corresponding period. This is mainly contributed by the information technology sector which recorded a revenue of RM153.2 million and profit before taxation of RM26 million.

The garment manufacturing and retailing sector recorded a revenue of RM17.6 million. However, this sector recorded a loss of RM2.5 million due to lower profit margins and higher advertising cost to reposition 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 2003 to be satisfactory. The Group shall continue to focus on the information technology sector as its core business and look for new business opportunities.

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20 **Variations**

	Projection 31-Mar-02 RM'000	Actual 31-Mar-02 RM'000	Variance 31-Mar-02 RM'000
(a) Profit after taxation after minority interest attributable to the shareholders of Formis (Malaysia) Berhad	13,465	12,406	(1,059)
(b) Profit before taxation after minority interest guaranteed by the vendors of Formis Holdings Berhad	22,000	21,792	(208)

The shortfall in profit after taxation after minority interest and profit guarantee is mainly attributed by the lower revenue of RM170.9 million as compared to the projected revenue of RM251.6 million. However, the Group managed to improve its profit margins and reduce its operating expenses during the financial year. Hence, the shortfall constitute 7.9% of profit after taxation after minority interest attributable to the shareholders of Formis (Malaysia) Berhad and 0.9% of profit before taxation after minority interest guaranteed by the vendors of Formis Holdings Berhad respectively.

21 **Dividend**

The directors have recommended for the company to declare a 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 2002, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company and shall be payable at a date to be determined by the directors at a later time.

By Order of the Board

Chong Sook Fum
Company Secretary

Kuala Lumpur,
30 May 2002