

FORMIS (MALAYSIA) BERHAD  
(Incorporated in Malaysia)

Quarterly report on consolidated results for the 1st financial quarter ended 30 June 2002  
The figures have not been audited

NOTES TO THE ACCOUNTS - 30 June 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<br>30-Jun-02<br>RM'000 | Financial year<br>to date<br>30-Jun-02<br>RM'000 |
|--------------------------------------|--|--|
| Current year taxation                | 1,241                                  | 1,241  |
| (Over)/under provision in prior year | 42                                     | 42   |
| Transfer (from)/to deferred taxation | 0                                      | 0  |
|                                      | <u>1,283</u>                           | <u>1,283</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 and certain expenses not deductible for tax purposes.
- 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<br>30-Jun-02<br>RM'000 | Financial year<br>to date<br>30-Jun-02<br>RM'000 |
|---|--|--|
| (a) (i) Purchase of quoted securities                                     | 4,475                                  | 4,475  |
| (ii) Impairment/write down of quoted securities                           | (3,241)                                | (3,241)  |
| (iii) Loss arising from on impairment/write down of quoted securities     | <u>(3,241)</u>                         | <u>(3,241)</u>                                   |
| (b) Investments in quoted securities as at end of this reporting period : |  |  |
| (i) Cost  | 9,711                                  | 9,711  |
| (ii) Book value   | 9,711                                  | 9,711  |
| (iii) Market value  | <u>9,711</u>                           | <u>9,711</u>                                     |
- 7 **Changes in composition of the Company**  
There were no changes in the composition for the Company for the current quarter and financial year to date.
- 8 **Corporate proposals**  
There were no corporate proposals 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 current financial year to date.
- 10 **Borrowings and debt securities**
- |  | As at<br>30-Jun-02<br>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                  | 712                          |
| Other banking facilities - secured           | 0                            |
| Other banking facilities - unsecured         | <u>5,804</u>                 |
|  | 6,516                        |
| <b><u>Long term bank borrowings</u></b>      |                              |
| Term loans - unsecured                       | <u>14,043</u>                |
|  | <u>20,559</u>                |

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(b)	Total outstanding lease payments and hire purchase installments net of unexpired term charges	1,957
	Amount due within the next 12 months included under current liabilities	(986)
	Amount due after the next 12 months	<u>971</u>
(c)	Borrowings denominated in foreign currency	<u>Nil</u>
11	<b><u>Contingent liabilities</u></b>	
	The contingent liabilities of the Company at the date of this report is as follow :	As at 30-Jun-02 RM'000
	Corporate guarantees given to a financial institution in respect of long term loans granted to subsidiary companies.	<u>1,422</u>
	Corporate guarantees given to financial institutions for leasing facilities granted to subsidiary companies	<u>925</u>
12	<b><u>Off balance sheet financial instruments</u></b>	
	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	<b><u>Material litigation</u></b>	
	The Company has initiated legal proceedings against the developer of the freehold land and building under construction for failure to deliver vacant possession in accordance with the terms of the sale and purchase agreements. No adjustment has been made in respect of these legal proceedings as their outcome is presently uncertain.	
14	<b><u>Segmental reporting</u></b>	
(a)	<b><u>By business segment</u></b>	
	Current year to date ended 30 June 2002:	
	Information technology services	25,185      2,129      137,522
	Garment manufacturing and retailing	2,670      (1,446)      32,721
	Investment holding	0      (3,484)      36,822
		<u>27,855      (2,801)      207,065</u>
	Associated company	0      (260)      1,106
		<u>27,855      (3,061)      208,171</u>
(b)	<b><u>By geographical location</u></b>	
	Current year to date ended 30 June 2002:	
	Malaysia	27,497      (2,472)      205,472
	Indonesia	358      (329)      1,593
		<u>27,855      (2,801)      207,065</u>
	Associated company	0      (260)      1,106
		<u>27,855      (3,061)      208,171</u>
15	<b><u>Material changes in profit before taxation in current quarter with preceding quarter</u></b>	
		Current quarter 30-Jun-02 RM'000
		Preceding quarter 31-Mar-02 RM'000
	(Loss)/profit before taxation	<u>(3,061)      3,211</u>

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The Group is involved in the information technology, garment manufacturing and retailing and investment holding sectors. The information technology sector recorded a profit before taxation of RM1.8 million. The garment manufacturing and retailing sector recorded a loss of RM1.4 million while the investment holding sector recorded a loss of RM3.4 million. The Group's loss for the period is mainly due to provision for impairment of assets on goodwill and quoted investments amounting to RM1 million and RM3 million respectively.

16 **Review of performance**

The Group recorded a revenue decrease of 29% to RM27.9million compared to its revenue of the preceding year's corresponding period and a loss of RM3.0million. The information technology sector recorded a revenue of RM25.2 million and profit before taxation of RM1.8 million. The profit before taxation is lower compared to the preceding year's corresponding period due to lower revenue combined with higher operating costs and a provision for impairment of assets on quoted investments made by a subsidiary company amounting to RM0.9 million.

The garment manufacturing and retailing sector recorded a revenue of RM2.7 million. However, this sector recorded a loss of RM1.4 million due to lower than expected revenue and sustained advertising cost.

The investment holding sector recorded a loss of RM3.4 million resulting from the provision for the impairment of assets on goodwill and quoted investments amounting to RM3.1 million.

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 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,  
30 August 2002