

FORMIS (MALAYSIA) BERHAD
Additional information required by KLSE Listing Requirements
For the period ended 30 September 2002

1 Review of performance

The revenue of the Group has reduced by RM5.6 million and RM17.2 million compared to the previous year's corresponding quarter and year to date respectively. Profit before taxation for the quarter has increased by RM0.9 million. However, the profit before taxation is not comparable as the Group made a reversal of provision for goodwill amounting RM0.9 million and provision for diminution in value of RM3 million. Effectively, the profit before taxation after adjusting for the above is RM2.7 million. On a year to date comparison, the profit before taxation decreased by RM12.4 million. The decrease in revenue and profit before taxation is due to weak economic conditions locally and in the Asia Pacific region.

2 Variation of results against preceeding quarter

| | Quarter ending 30.9.2002 RM'000 | Quarter ending 30.6.2002 RM'000 |
|-------------------------------|--|--|
| Profit/(loss) before taxation | 6,636 | (3,061) |

Included the profit before taxation for the current quarter are the reversal of provision for goodwill of RM0.9 million and provision for diminution in value of RM3 million made in the preceeding quarter. The rationale for the reversal are as follows:

(a) Reversal of provision for goodwill

The provision was made in the preceeding quarter as the subsidiary company had a deficit in shareholders equity. However, the performance of the subsidiary company's has improved steadily since year 2000. As such, the directors are of the opinion that there is no indication that the goodwill is impaired.

(b) Reversal of provision for diminution in value

The directors are of the opinion that there is no indication of permanent diminution in value of quoted securities other than those that have a deficit in shareholder equity and is continuing to make losses in their business operations. A provision of RM1.05 million was made during the quarter under review. As of 30 September 2002, a total of RM1.27 million provision have been recorded.

For comparative purposes, the adjusted profit before tax for the current quarter and preceeding quarter are as follows:

| | Quarter ending 30.9.2002 RM'000 | Quarter ending 30.6.2002 RM'000 |
|-------------------------------|--|--|
| Profit/(loss) before taxation | 6,636 | (3,061) |
| Adjustments | (3,959) | 3,959 |
| Restated | <u>2,677</u> | <u>898</u> |

The increase in the adjusted profit before taxation is mainly due to an increase in revenue from RM27.8 million in the previous quarter to RM38.1 million in the current quarter.

3 Current year prospects

Based on current economic outlook, the Board of Directors expects the Group's result 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.

4 Profit forecast

Not applicable.

5 Taxation

| | 3 months ended | | 6 months ended | |
|--------------------|----------------|--------------|----------------|--------------|
| | 30.9.2002 | 30.9.2001 | 30.9.2002 | 30.9.2001 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian taxation | | | | |
| - current | 1,471 | 1,535 | 2,712 | 4,836 |
| - prior period | - | 254 | - | 254 |
| | <u>1,471</u> | <u>1,789</u> | <u>2,712</u> | <u>5,090</u> |
| Overseas taxation | | | | |
| - current | - | (120) | - | 30 |
| - prior period | (667) | - | (625) | - |
| | <u>(667)</u> | <u>(120)</u> | <u>(625)</u> | <u>30</u> |
| Deferred taxation | | | | |
| - Malaysian | 145 | 230 | 145 | 230 |
| - Overseas | - | - | - | - |
| | <u>145</u> | <u>230</u> | <u>145</u> | <u>230</u> |
| Associate company | | | | |
| - current | - | 89 | - | 89 |
| - prior period | 4 | - | 4 | - |
| | <u>4</u> | <u>89</u> | <u>4</u> | <u>89</u> |
| | <u>953</u> | <u>1,988</u> | <u>2,236</u> | <u>5,439</u> |

The Group's effective tax rate for the six month ended 30 September 2002 is higher than the statutory tax rate as the tax charge relates to tax on profit of certain subsidiaries which cannot be set-off against losses of other subsidiaries for tax purposes as group relief is not available.

The Group's effective tax rate for the current quarter is lower than the preceeding quarter is mainly due to the reversal of provision for goodwill and provision for diminution in value of quoted investments which were previously disallowed for tax purposes.

6 Unquoted investments and properties

There were no sale of unquoted investments and properties during the period under review.

7 Quoted investments

| | 3 months | 6 months |
|--|-----------|---------------|
| | ended | ended |
| | 30.9.2002 | 30.9.2002 |
| | RM'000 | RM'000 |
| Purchase of quoted investments | - | 4,475 |
| Disposal of quoted investments | - | - |
| Gain/(loss) on disposal of quoted investment | - | - |
| | | <u>RM'000</u> |
| At cost | | 12,952 |
| At book value | | 11,681 |
| At market value | | <u>7,611</u> |

8 Status of corporate proposals

There were no corporate proposals at the date of this report.

9 Borrowings and debts securities

The Group's bank borrowings are as follows:

| | As at |
|-------------|---------------|
| | 30.9.2002 |
| | RM'000 |
| Current | |
| Unsecured | <u>8,149</u> |
| Non current | |
| Unsecured | <u>14,043</u> |

10 Off balance sheet financial instruments

Pursuant to an agreement dated 11 November 1996, Formis Holdings Berhad ("FHB"), a wholly owned subsidiary company, entered into a sale and option agreement with Corak Gelombang Sdn Bhd ("CGSB") which grants FHB the right to exercise a call option to acquire the remaining 30% equity interest in a subsidiary company, Diversified Gateway Sdn Bhd ("DGSB"), at 2.5 times the net tangible assets per share of DGSB. The agreement also grants CGSB a right to exercise a put option which requires FHB to purchase the remaining 30% equity interest in DGSB in an event of a change in substantial shareholders of Formis (Malaysia) Berhad.

Other than the above, Group and the Company have not entered into any contract and/or agreement involving off balance sheet financial instruments during the period under review.

11 Changes in material litigation

There has been no changes in the status of material litigation during the period under review.

12 Dividends

No dividends has been recommended during the period under review.

13 Earnings per share

(a) Basic earnings per share

| | 3 months ended 30.9.2002 | 6 months ended 30.9.2002 |
|--|---|---|
| Net profit for the period (RM'000) | 3,968 | (1,120) |
| Weighted average number of ordinary shares in issue ('000) | 114,906 | 114,906 |
| Basic earnings per share (sen) | <u>3.45</u> | <u>(0.97)</u> |

(b) Diluted earnings per share

| | 3 months ended 30.9.2002 RM'000 | 6 months ended 30.9.2002 RM'000 |
|--|--|--|
| Net profit for the period | 3,968 | (1,120) |
| Savings on interest expense, net of tax, on conversion of ICULS | 159 | 316 |
| Interest income deemed to be received, net of tax, based on cash proceeds from conversion from ICULS | 63 | 126 |
| | <u>4,190</u> | <u>(678)</u> |
| Weighted average number of ordinary shares in issue ('000) | 114,906 | 114,906 |
| Adjustment for conversion of ICULS ('000) | 29,150 | 29,150 |
| | <u>144,056</u> | <u>144,056</u> |
| Diluted earnings per share (sen) | <u>2.91</u> | <u>(0.47)</u> |