

FORMIS (MALAYSIA) BERHAD
Notes to the Interim Financial Report
For the period ended 30 September 2002

1 Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with MASB 26 - Interim Financial Reporting.

The interim financial report should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 March 2002.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the year ended 31 March 2002 except for the following:

(a) Prospective application

The following new MASB Standards have been applied prospectively from 1 April 2002:

- MASB 23 - Impairment of Assets
- MASB 24 - Financial Instruments : Disclosure and Presentation

(b) Retrospective application

Comparative figures have been adjusted or extended to conform with changes in presentation due to the requirement of the following new MASB standards that have been applied retrospectively:

- MASB 19 - Events After Balance Sheet Date
- MASB 22 - Segment Reporting

There are no changes in the accounting policy that affect net profit for the period or shareholders' equity as a result of the adoption of these standards in the interim financial report except as follow:

(a) Dividends

The Group has changed its accounting policy to recognise dividends in shareholders' equity in the period in which the obligation to pay is established in accordance with MASB 19. Therefore, the final dividends proposed in the year ended 31 March 2002 has now been accrued as a liability after the approval was obtained from shareholders at the Annual General Meeting on 21 September 2002.

The effect of the change has been disclosed in the condensed statement of changes in equity.

2 Qualification

The financial statements for the year ended 31 March 2002 were not subject to any audit qualification.

3 Seasonal and cyclical factors

The business of the Group was not affected by any significant seasonal and cyclical factors during the period under review.

4 Significant items

Significant item(s) for the quarter ended 30 September 2002 is/are as follows:

	RM'000
Reversal of provision for goodwill of a subsidiary company as there is no indication that an impairment of asset exist.	(945)
Reversal of provision for diminution in value of quoted securities previously recognised as the Directors are of the opinion that these investments will be held for long term and the decrease in market value is temporary in nature.	(3,014)
Provision for diminution in value of quoted securities.	1,045

5 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities during the period under review.

6 Dividends paid

No dividends were paid during the period under review.

7 Segmental reporting

	Network	Systems	Distribution	Garment retailing	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 30 September 2002							
External sales	17,914	29,886	7,169	5,757	5,281	-	66,007
Inter segment sales	5,490	666	-	-	1,233	(7,389)	-
Total sales	<u>23,404</u>	<u>30,552</u>	<u>7,169</u>	<u>5,757</u>	<u>6,514</u>	<u>(7,389)</u>	<u>66,007</u>
Segment results	8,712	(334)	57	(2,125)	(2,581)	1,008	4,737
Net financing cost							(532)
Share of profits in associate company							(630)
Profit before taxation							<u>3,575</u>

	Network	Systems	Distribution	Garment retailing	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 30 September 2001							
External sales	24,564	40,725	4,363	6,710	6,875	-	83,237
Inter segment sales	3,437	2,150	-	-	1,758	(7,345)	-
Total sales	<u>28,001</u>	<u>42,875</u>	<u>4,363</u>	<u>6,710</u>	<u>8,633</u>	<u>(7,345)</u>	<u>83,237</u>
Segment results	11,867	4,338	32	(1,523)	1,930	(22)	16,622
Net financing cost							(977)
Share of profits in associate company							317
Profit before taxation							<u>15,962</u>

8 Carrying amount of revalued assets

(a) Property, plant and equipment

The carrying value of the freehold land and buildings is based on valuation incorporated in the annual financial statements for the year ended 31 March 2002.

(b) Investment property

The carrying value of the investment property is based on historical cost incorporated in the annual financial statements for the year ended 31 March 2002 as the investment property has not been fully constructed.

9 Subsequent events

On 7 October 2002, Formis Holdings Berhad ("FHB"), a wholly owned subsidiary company, entered into a sale and purchase agreement with Corak Gelombang Sdn Bhd to acquire 63,000 ordinary shares of RM1.00 each in Diversified Gateway Sdn Bhd, a 60% owned subsidiary company of FHB, for a cash consideration of RM4.5 million.

10 Changes in the composition of the company

There were no changes in the composition of the company during the period.

11 Changes in contingent liabilities

During the period, the corporate guarantees given to financial institutions for leasing facilities granted to a subsidiary company increased from RM0.9 million to RM1.5 million.

12 Capital commitment

(a) Property, plant and equipment

Approved but not provided for	<u>RM'000</u>
	<u>2,018</u>