

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30		THREE MONTHS ENDED 30	
	JUNE		JUNE	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	94,037	69,312	94,037	69,312
Cost of sales	(70,213)	(54,661)	(70,213)	(54,661)
Gross profits	23,824	14,651	23,824	14,651
Other income	6,456	1,457	6,456	1,457
Other operating expenses	(28,256)	(15,510)	(28,256)	(15,510)
Finance costs	(1,823)	(1,713)	(1,823)	(1,713)
Share of results of associates, net of tax	1,409	1,998	1,409	1,998
Profit before tax	1,610	883	1,610	883
Tax expense	(933)	(820)	(933)	(820)
Profit for the financial quarter	677	63	677	63
<b>Other comprehensive income / (loss), net of tax</b>				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation differences for foreign operations	759	(120)	759	(120)
- Share of foreign currency translation of associates	(1)	(75)	(1)	(75)
<b>Other comprehensive income / (loss) for the financial quarter, net of tax</b>	758	(195)	758	(195)
<b>Total comprehensive income / (loss) for the financial quarter</b>	1,435	(132)	1,435	(132)
<b>Profit / (Loss) attributable to:-</b>				
Owners of the Parent	1,086	545	1,086	545
Non-controlling interests	(409)	(482)	(409)	(482)
<b>Profit for the financial quarter</b>	677	63	677	63
<b>Total comprehensive income / (loss) attributable to:-</b>				
Owners of the Parent	1,668	414	1,668	414
Non-controlling interests	(233)	(546)	(233)	(546)
<b>Total comprehensive income / (loss) for the financial quarter</b>	1,435	(132)	1,435	(132)
Earnings per ordinary share (sen)				
-Basic	0.28	0.22	0.28	0.22
-Diluted	0.26	0.22	0.26	0.22

*(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes to the interim financial report and the audited financial statements for the financial year ended 31 March 2014.)*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014

	As at 30.06.2014 RM'000 Unaudited	As at 31.03.2014 RM'000 Audited
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	21,094	18,745
Investment in associates	74,350	64,597
Other intangible assets	25,703	26,282
Other investments	16,967	18,805
Other receivables	14,719	14,709
Goodwill	79,278	79,278
Deferred tax assets	767	781
	<u>232,878</u>	<u>223,197</u>
<b>Current Assets</b>		
Other investments	13,827	16,618
Inventories	31,337	26,754
Trade receivables	70,820	79,302
Other receivables, deposits and prepayments	63,947	63,425
Current tax assets	3,685	4,297
Cash and cash equivalents	60,921	67,347
	<u>244,537</u>	<u>257,743</u>
<b>TOTAL ASSETS</b>	<u>477,415</u>	<u>480,940</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	193,743	193,693
Share premium	15,604	15,574
Other reserves	39,233	38,651
Retained earnings	9,958	9,059
	<u>258,538</u>	<u>256,977</u>
<b>Non-controlling interests</b>	23,809	23,766
<b>TOTAL EQUITY</b>	<u>282,347</u>	<u>280,743</u>
<b>Non-Current Liabilities</b>		
Borrowings	20,695	14,588
Provision for post employment benefits	1,188	1,210
Deferred tax liabilities	1,093	1,024
	<u>22,976</u>	<u>16,822</u>
<b>Current Liabilities</b>		
Trade payables	18,261	33,656
Other payables, deposits and accruals	76,651	71,881
Borrowings	77,169	77,805
Current tax payables	11	33
	<u>172,092</u>	<u>183,375</u>
<b>Liabilities of disposal groups classified as held for sale</b>	-	-
<b>TOTAL LIABILITIES</b>	<u>195,068</u>	<u>200,197</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>477,415</u>	<u>480,940</u>
<b>Net assets per share (RM)</b>	<u>0.67</u>	<u>0.66</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes to the interim financial report and the audited financial statements for the financial year ended 31 March 2014.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

	Attributable to owners of the Parent						Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable			Distributable						
Unaudited Three Months Financial Period Ended 30 June 2014	Ordinary shares RM'000	Share premium RM'000	Capital reserve RM'000	Warrant reserve RM'000	Equity compensation reserve RM'000	Exchange translation reserve RM'000				
Balance as at 1 April 2014	193,693	15,574	24,663	11,307	3,008	(327)	9,059	256,977	23,766	280,743
Profit / (Loss) after tax for the financial period	-	-	-	-	-	-	1,086	1,086	(409)	677
Foreign currency translation for foreign operations	-	-	-	-	-	583	-	583	176	759
Share of foreign currency translation of associates	-	-	-	-	-	(1)	-	(1)	-	(1)
Total comprehensive income / (loss) for the financial period	-	-	-	-	-	582	1,086	1,668	(233)	1,435
<b>Transactions with owners</b>										
Shares issued pursuant to Long Term Incentive Plan ("LTIP")	50	30	-	-	-	-	-	80	-	80
Arising from accretion of equity interests in subsidiaries	-	-	-	-	-	-	(258)	(258)	258	-
Arising from dilution of equity interests in subsidiaries	-	-	-	-	-	-	-	-	18	18
Share of other changes in equity of associates	-	-	-	-	-	-	71	71	-	71
Total transactions with owners	50	30	-	-	-	-	(187)	(107)	276	169
<b>Balance as at 30 June 2014</b>	<b>193,743</b>	<b>15,604</b>	<b>24,663</b>	<b>11,307</b>	<b>3,008</b>	<b>255</b>	<b>9,958</b>	<b>258,538</b>	<b>23,809</b>	<b>282,347</b>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014 (continued)

	Attributable to owners of the Parent						Distributable Retained earnings / (Accumulated losses) RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable									
Unaudited Three Months Financial Period 30 June 2013	Ordinary shares RM'000	Share premium RM'000	Capital reserve RM'000	Warrant reserve RM'000	Equity compensation reserve RM'000	Exchange translation reserve RM'000				
Balance as at 1 April 2013	92,950	9,744	24,663	-	-	609	11,350	139,316	17,737	157,053
Profit / (Loss) after tax for the financial period	-	-	-	-	-	-	545	545	(482)	63
Foreign currency translation for foreign operations	-	-	-	-	-	(56)	-	(56)	(64)	(120)
Share of foreign currency translation of associates	-	-	-	-	-	(160)	85	(75)	-	(75)
Total comprehensive (loss) / profit for the financial period	-	-	-	-	-	(216)	630	414	(546)	(132)
<b>Transactions with owners</b>										
Shares issued pursuant to the Rights Issue with Warrants	83,143	-	-	11,307	-	-	(11,307)	83,143	-	83,143
Arising from accretion of equity interests in subsidiaries	-	-	-	-	-	-	(2,127)	(2,127)	(2,607)	(4,734)
	83,143	-	-	11,307	-	-	(13,434)	81,016	(2,607)	78,409
<b>Balance as at 30 June 2013</b>	<b>176,093</b>	<b>9,744</b>	<b>24,663</b>	<b>11,307</b>	<b>-</b>	<b>393</b>	<b>(1,454)</b>	<b>220,746</b>	<b>14,584</b>	<b>235,330</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes to the interim financial report and the audited financial statements for the financial year ended 31 March 2014.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**

	<b>THREE MONTHS ENDED 30 JUNE</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,610	883
Adjustment for non-cash items:		
Depreciation and amortisation	1,760	419
Dividend income	(2)	(9)
Equity settled share-based payment transactions	80	-
Gain on dilution of equity interest in associates	(4,717)	-
Impairment losses on trade receivables	-	49
Interest expense	1,744	1,647
Interest income	(299)	(282)
Inventories written off	262	-
Net (gain)/loss on fair value adjustments on other investments	1,736	(112)
Net gain on disposal of other investments	(7)	-
Net gain on disposal of property, plant and equipment	-	(2)
Net unrealised loss/(gain) on foreign currency exchange	1,085	(81)
Property, plant and equipment written off	2	151
Reversal of impairment loss on property, plant and equipment	(27)	-
Reversal of impairment loss on trade receivables	(232)	(19)
Share of results of associates	(1,409)	(1,998)
Operating profit before working capital changes	<u>1,586</u>	<u>646</u>
Net changes in assets	2,373	(14,264)
Net changes in liabilities	(11,043)	4,413
Net cash used in operations	<u>(7,084)</u>	<u>(9,205)</u>
Tax paid	(1,112)	(1,442)
Tax refund	827	11
Net cash used in operating activities	<u>(7,369)</u>	<u>(10,636)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of associates	(3,557)	(4,079)
Acquisition of non-controlling interests	-	(4,733)
Interest received	226	282
Dividend received	2	1,179
(Placement) / Withdrawal of fixed deposits pledged	(1,119)	15,423
Proceeds from disposal of other investments	3,173	-
Proceeds from disposal of property, plant and equipment	-	18
Purchase of other investments	(202)	(3,076)
Purchase of property, plant and equipment	(542)	(924)
Net cash (used in) / from investing activities	<u>(2,019)</u>	<u>4,090</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown / (repayment) of borrowings	1,570	(14,120)
Issuance of share capital to non-controlling interests of a subsidiary	17	-
Proceeds from shares issued pursuant to the Rights Issue with Warrants	-	83,143
Interest paid	(1,744)	(1,647)
Net cash (used in) / from financing activities	<u>(157)</u>	<u>67,376</u>
Net (decrease) / increase in cash and cash equivalents	(9,545)	60,830
Cash and cash equivalents at 1 April 2014/2013*	37,397	(3,476)
Effect of foreign exchange on opening balance	589	(43)
Cash and cash equivalents at 30 June 2014/2013*	<u>28,441</u>	<u>57,311</u>

\* Cash and cash equivalents at the beginning and end of the financial period are net of deposits pledged to banks.

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes to the interim financial report and the audited financial statements for the financial year ended 31 March 2014.)

**Notes to the Interim Financial Report  
For the First Quarter Ended 30 June 2014**

**1 Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 March 2014. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the previous financial year ended 31 March 2014.

**2 Significant Accounting Policies**

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 March 2014, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS during the current financial period: -

<u>MFRSs / IC Interpretations</u>		<u>Effective for financial periods beginning on or after</u>
Amendments to MFRS 10	Consolidated Financial Statements	1 January 2014
Amendments to MFRS 12	Disclosure of Interests in Other Entities	1 January 2014
Amendments to MFRS 127 (2011)	Consolidated and Separate Financial Statements	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014

The adoption of the above standards that are applicable from the financial period beginning on 1 April 2014 is not expected to result in any material impact on the financial position and results of the Group and Company.

**3 Qualification of independent auditors' report on preceding annual audited financial statements**

The independent auditors' report on the annual audited financial statements for the financial year ended 31 March 2014 was not qualified.

**4 Seasonal and cyclical factors**

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

**5 Unusual items due to their nature, size or incidence**

Saved as disclosed in note 2 and note 6 of this report, there were no unusual items affecting the assets, liabilities, equity, net income, or cash flows due to their nature, size, or incidence during the current financial quarter under review.

**6 Material changes in estimates**

There were no material changes in estimates of amounts reported in prior financial years. Thus, there is no material effect in the financial statements of the current financial quarter under review.

**7 Debt and equity securities**

Long Term Incentive Plan ("LTIP")

On 1 April 2014, the Board of Directors of the Company made the first award of 100,000 new ordinary shares of RM0.50 each ("FRB Shares") under the Employee Share Grant Plan ("ESGP") pursuant to the LTIP ("First Award") to an eligible employee. The award was vested immediately on 1 April 2014.

Exercise price of the First Award is not applicable as the FRB Shares will be issued upon vesting at no consideration. The closing market price of the FRB Shares on the date of Award was RM0.80.

There were no other issuance, cancellation, repurchase, resale and repayment of debt securities of the Group and equity securities of the Company during the current financial quarter under review.

**8 Dividends paid**

No dividends have been paid during the current financial quarter under review.

**Notes to the Interim Financial Report  
For the First Quarter Ended 30 June 2014**

**9 Segmental reporting**

The Group's reportable segments were identified as follows: -

- Business Performance Services - Provision of business performance improvement related services
- Trading & Distribution Services - Distribution and reselling of hardware and software and related services
- Digital & Infrastructure Services - Provision of a comprehensive range of tele/data communication, networking solutions and related services

Other operating segments that do not constitute reportable segments comprise operations related to property development and investment holding.

Business Segments	Business Performance Services RM'000	Trading & Distribution Services RM'000	Digital & Infrastructure Services RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Three Months Financial Period Ended 30 June 2014</b>						
External sales	50,933	32,798	10,063	243	-	94,037
Inter segment sales	3,347	9,042	74	722	(13,185)	-
Total Sales	54,280	41,840	10,137	965	(13,185)	94,037
Segment results	1,098	419	(656)	(425)	1,210	1,646
Share of results of associates	-	-	-	1,409	-	1,409
Interest expense	(351)	(106)	(80)	(1,244)	37	(1,744)
Interest Income	208	84	27	17	(37)	299
Profit / (Loss) before taxation	955	397	(709)	(243)	1,210	1,610
Segment assets	242,514	80,212	87,806	260,300	(193,417)	477,415
<b>Three Months Financial Period 30 June 2013</b>						
External sales	29,329	36,198	3,776	9	-	69,312
Inter segment sales	2,743	1,668	4,510	651	(9,572)	-
Total Sales	32,072	37,866	8,286	660	(9,572)	69,312
Segment results	(115)	795	1,329	(2,406)	647	250
Share of results of associates	-	-	-	1,998	-	1,998
Interest expense	(219)	(134)	(29)	(1,269)	4	(1,647)
Interest Income	83	79	54	70	(4)	282
(Loss) / Profit before taxation	(251)	740	1,354	(1,607)	647	883
Segment assets	188,583	77,724	66,385	224,254	(168,001)	388,945

**10 Carrying amount of revalued assets**

There were no changes to the valuation of property, plant and equipment during the current financial quarter under review.

**11 Changes in the composition of the group**

Subsidiary

- (i) On 11 June 2014, Microlink Solutions Berhad ("Microlink"), a 88.5% owned subsidiary of Formis Holdings Berhad ("FHB"), which in turn is a wholly-owned subsidiary of the Company, entered into a share sale agreement for the acquisition of the entire issued and paid-up share capital of CSA Servis (M) Sdn Bhd ("CSAS") comprising 500,000 ordinary shares of RM1.00 each for the purchase consideration of Ringgit Malaysia One Million Eight Hundred Twenty Nine Thousand Five Hundred Twenty One (RM1,829,521.00) only ("Proposed Acquisition").

With the completion of the Proposed Acquisition, CSAS has become a wholly owned subsidiary of the Microlink on 1 August 2014.

Associate

- (i) On 30 April 2014, the Company exercised its fourth tranche right on 125,401 Subscription Warrants which carry a right to subscribe for 125,401 ICPS in Bancore A/S for a total exercise price of approximately EUR500,000 only (equivalent to approximately RM2,258,356).

On 30 May 2014, the Company exercised its fifth and the final tranche right on 125,401 Subscription Warrants which carry a right to subscribe for 125,401 ICPS in Bancore A/S for a total exercise price of approximately EUR500,000 (equivalent to approximately RM2,219,000).

Upon completion of the exercise of the final tranche right of the Subscription Warrants on 30 May 2014, the Company's shareholdings in Bancore A/S is as follows:-

Type of Securities	Number of Securities	Percentage (%) of Securities
Shares	863,804	18.62
ICPS	877,632	100.00

**Notes to the Interim Financial Report  
For the First Quarter Ended 30 June 2014**

**11 Changes in the composition of the group (continued)**

- (ii) During the current financial quarter, FHB's equity interest in Ho Hup has been diluted from 12.84% to 8.96% resulting from the conversion of Ho Hup's ICPS and RCPS to ordinary shares of Ho Hup by other ICPS and RCPS's holders of Ho Hup.

On 27 May 2014 and 28 May 2014, FHB acquired a total of 800,000 ordinary shares of RM0.50 each in Ho Hup for a total cash consideration of RM1,088,018.05. On 30 May 2014, FHB has converted the existing 23,115,000 of ICPS to ordinary shares of RM0.50 each in Ho Hup. On 27 June 2014, FHB further acquired a total of 150,000 ordinary shares of RM0.50 each in Ho Hup for a total cash consideration of RM208,500. Following these acquisitions and conversion, FHB hold a total of 51,426,000 Ho Hup's ordinary shares representing 16.8% equity interest in Ho Hup as at the end of the current financial quarter.

Saved as disclosed above, there were no other changes in the composition of the Group during the current financial quarter under review.

**12 Subsequent events**

- (i) On 24 July 2014, Bancore Asia Pte Ltd, a 66.67% owned subsidiary of Continuous Network Advisers Sdn Bhd ("CNA"), which is a wholly-owned subsidiary of FRB had incorporated a wholly-owned subsidiary company known as Bancore Vietnam Company Limited ("BVCL") in the Socialist Republic of Vietnam.

The charter capital of BVCL is VND 2,103,600,000, equivalent to US\$ 100,000, which will be fully contributed by the investor in cash within thirty six months from the date of issuance of the Investment Certificate.

The intended principal activities of BVCL are to provide computer and related services, including consultancy services related to the installation of computer hardware, software implementation services, data processing services, database services, maintenance and repair services of office machinery and equipment including computers, other services such as data preparation.

- (ii) On 30 July 2014, CNA has entered into the following agreements:-

- (1) an Investment and Option Agreement with Microimage (Private) Ltd ("Microimage") and MIHCM Asia Sdn Bhd ("MIHCM") for the subscription of a total of 100,001 ordinary shares of RM0.10 each ("Subscription Shares") in MIHCM to be divided into two tranches as follows:

- (a) 1st Tranche Subscription Shares

Allotment of 50,000 ordinary shares in MIHCM representing 33.33% of the enlarged issued and paid-up share capital of MIHCM to CNA for USD One Million (USD1,000,000) or RM3.3 million.

- (b) 2nd Tranche Subscription Shares

Call option granted by MIHCM to CNA to require MIHCM to issue and allot 50,001 ordinary shares or 16.67% stake in MIHCM to CNA for an additional total cash consideration of USD One Million (USD1,000,000) or RM3.3 million exercisable anytime during the call option period commencing from the date of completion of the 1st Tranche Subscription Shares and ending by 31 December 2017.

Upon completion of the subscription of the 1st and 2nd Tranche Subscription Shares, CNA will hold an aggregate of 50% of the issued and paid-up capital in MIHCM.

- (2) a Shareholders' Agreement with Microimage to record their certain commitments and otherwise regulate their rights as shareholders of MIHCM and in respect of the management of MIHCM concerning the business of distribution, marketing, implementing and maintenance of human capital management software in Asia.

MIHCM is principally engaged in business of distribution, marketing, implementing and maintenance and of human capital management software solutions and services in Asia.

Saved as disclosed above, there were no other material events announced subsequent to the end of the current financial quarter under review up to the date of this announcement.

**13 Changes in contingent liabilities or contingent assets**

Corporate Guarantees granted by the following Company during the current financial quarter under review are as follows:-

	<b>RM'000</b>
FRB	
- to financial institution for facilities granted to subsidiaries	<u>46,449</u>
- to leasing party for leasing facilities to subsidiaries	<u>22,461</u>

**14 Capital commitments**

There were no capital commitments during the current financial quarter under review.



**Additional information required by Bursa Securities Listing Requirements  
For the First Quarter Ended 30 June 2014**

**1 Detailed analysis of performance**

The Group's revenue in the current quarter under review increased by RM24.73 million compared to the revenue in the corresponding quarter of the preceding financial year. Overall, the Group's revenue for all segments have improved.

The detailed breakdown of revenue by business segments of the Group is as follows: -

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	THREE MONTHS ENDED 30 JUNE			THREE MONTHS ENDED 30 JUNE		
	2014	2013	Variance	2014	2013	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	54,280	32,072	69.2	54,280	32,072	69.2
Trading & Distribution Services	41,840	37,866	10.5	41,840	37,866	10.5
Digital & Infrastructure Services	10,137	8,286	22.3	10,137	8,286	22.3
Others	965	660	46.2	965	660	46.2
	<u>107,222</u>	<u>78,884</u>	<u>35.9</u>	<u>107,222</u>	<u>78,884</u>	<u>35.9</u>
Less : Inter Segment Revenue	(13,185)	(9,572)		(13,185)	(9,572)	
Total Group Revenue	<u>94,037</u>	<u>69,312</u>	<u>35.7</u>	<u>94,037</u>	<u>69,312</u>	<u>35.7</u>

The Business Performance Services segment recorded an increase in revenue for the current quarter under review mainly due to a sizable project secured by one of its existing subsidiaries and the revenue contributed from its newly acquired subsidiary, Microlink amounting to RM9.00 million.

The Trading & Distribution Services Segment's revenue has increased in the current quarter under review. This was due to a sizeable order secured under one of its existing subsidiaries in addition to the revenue contributed from its newly acquired subsidiary, CA IT Infrastructure Solutions Sdn Bhd ("CAIT") amounting to RM0.99 million.

The increase in the revenue of Digital & Infrastructure Services segment was partly attributable from a sizeable order secured under one of its existing subsidiaries and the revenue recorded under a newly acquired subsidiary, Fiber At Home City Networks Sdn Bhd ("FIBER") amounting to RM0.81 million.

The detailed breakdown of profit/(loss) before tax by business segments of the Group is as follows: -

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	THREE MONTHS ENDED 30 JUNE			THREE MONTHS ENDED 30 JUNE		
	2014	2013	Variance	2014	2013	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	955	(251)	480.5	955	(251)	480.5
Trading & Distribution Services	397	740	(46.4)	397	740	(46.4)
Digital & Infrastructure Services	(709)	1,354	(152.4)	(709)	1,354	(152.4)
Others	(243)	(1,607)	84.9	(243)	(1,607)	84.9
	<u>400</u>	<u>236</u>		<u>400</u>	<u>236</u>	
Less : Elimination	1,210	647		1,210	647	
Profit before tax	<u>1,610</u>	<u>883</u>	<u>82.3</u>	<u>1,610</u>	<u>883</u>	<u>82.3</u>

The improved performance of the Group is mainly due to the gain on dilution of equity interest in an associate of RM4.72 million under the Others segment recognised during the current quarter, which also included RM1.75 million loss on fair value adjustments from other investments.

The Business Performance Services Segment's profit before tax increased in the current quarter contributed mainly by the newly acquired subsidiary, Microlink.

In the Trading and Distribution Services segment, the profit before tax decreased in the current quarter mainly due to losses contributed by the newly acquired subsidiary, CAIT.

Despite the increase in revenue, the Digital & Infrastructure Services segment recorded a loss before tax against a profit before tax in the corresponding quarter of the preceding financial year. This was mainly attributable to a combination of factors, including lower gross profit margin recorded from the sizeable sale as aforementioned, inventories written off of RM0.26 million and the continuous costs of new startup businesses under this segment.

**2 Variation of results against preceding quarter**

	3 months ended 30.06.2014	3 months ended 31.03.2014	Variance
	RM'000	RM'000	%
Revenue	<u>94,037</u>	<u>89,216</u>	5.4
Profit before tax	<u>1,610</u>	<u>14,286</u>	(88.7)

The Group's profit before tax decreased in the current quarter under review compared to the immediate preceding quarter due mainly to lower gain on dilution of equity interest in an associate recognised in the quarter under review of RM4.72 million compared to RM13.43 million in the immediate preceding quarter. Additionally, there was a recognition of loss on fair value adjustments from other investments of RM1.75 million during the current quarter under review compared to a gain recognized from other investments amounting to RM4.49 million in the preceding quarter.

**Additional information required by Bursa Securities Listing Requirements  
For the First Quarter Ended 30 June 2014**

**3 Business prospects**

The Group has invested in several startup business, and the Board is hopeful that they will contribute to the financial performance for the remaining quarters of the current financial year.

Efforts will continue in exploring, identifying and pursuing potential business partnerships with synergistic businesses domestically and as well as internationally.

**4 Profit forecast**

Not applicable.

**5 Income tax expense**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 JUNE		CUMULATIVE PERIOD THREE MONTHS ENDED 30 JUNE	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current tax expense				
- Malaysian taxation	857	482	857	482
- Foreign taxation	-	62	-	62
	<u>857</u>	<u>544</u>	<u>857</u>	<u>544</u>
Over provision in prior period				
- Foreign taxation	-	(1)	-	(1)
	<u>857</u>	<u>543</u>	<u>857</u>	<u>543</u>
Deferred taxation				
- origination and reversal of temporary differences				
- Malaysian taxation	76	277	76	277
	<u>933</u>	<u>820</u>	<u>933</u>	<u>820</u>

The Group's effective tax rate for the current quarter under review is higher than the statutory tax rate as profits of certain subsidiaries cannot be set-off against losses of other subsidiaries for tax purposes as these subsidiaries are not able to satisfy the conditions for group relief and certain expenses were disallowed for tax deductions.

**6 Status of corporate proposals**

(a) On 3 April 2014, the Company announced that the Company has together with Formis Holdings Berhad ("FHB") and Man Yau Holdings Berhad ("MYHB"), both wholly-owned subsidiaries of the Company (collectively known as "the Vendors"), entered into a Heads of Agreement ("HOA") with Microlink for the proposed disposal of all of their shareholdings in the following subsidiaries for an indicative disposal consideration of RM50.0 million ("Pre-Adjusted Disposal Consideration") to be satisfied partly by cash and partly via issuance of up to 45 million redeemable preference shares ("RPS") in Microlink ("Proposed Disposal"):-

- (i) 100% equity interest in Applied Business Systems Sdn Bhd ("ABSSB") held by FRB;
- (ii) 100% equity interest in Formis Systems & Technology Sdn Bhd ("FSTSB") held by FRB;
- (iii) 100% equity interest in Formis Computer Services Sdn Bhd ("FCSSB") held by FHB;
- (iv) 100% equity interest in First Solution Sdn Bhd ("FSSB") held by FHB
- (v) 60% equity interest in Formis Advanced Systems Sdn Bhd ("FASSB") held by MYHB.

The Pre-Adjusted Disposal Consideration is subject to adjustment pursuant to terms and conditions to be set out in the definitive agreements to be entered into between the Vendors and Microlink at a later date.

The Proposed Disposal forms part of an intended plan to restructure FRB and streamline its existing business segments with similar activities into its subsidiary company, Microlink.

On 12 June 2014, the Company, FHB and MYHB have entered into a conditional Share Sale Agreement ("SSA") with Microlink pursuant to the HOA. As at the date of this report, the Proposed Disposal has yet to be completed.

Saved as disclosed above, there were no other corporate proposals announced or outstanding as at the date of this report.

**Additional information required by Bursa Securities Listing Requirements  
For the First Quarter Ended 30 June 2014**

**7 Borrowings and debts securities**

The Group's bank borrowings as at 30 June 2014 are as follows:

	RM'000
Short term bank borrowings - secured	
- Denominated in RM	75,638
- Denominated in Thai Baht	1,531
Long term bank borrowings - secured	
- Denominated in RM	20,570
- Denominated in Thai Baht	125
Total borrowings	<u>97,864</u>

All borrowings are denominated in Ringgit Malaysia.

**8 Realised and Unrealised Profits or Losses**

The breakdown of retained earnings/(accumulated losses) of the Group as at the reporting date, into realised and unrealised profits or losses, pursuant to the directive issued by Bursa Securities on 25 March 2010 and 20 December 2010, is as follows:

	30.06.2014 RM'000	31.03.2014 RM'000
Total retained earnings of the Group: -		
- Realised	61,547	63,876
- Unrealised	9,725	11,570
	<u>71,272</u>	<u>75,446</u>
Less: Consolidation adjustments	(61,314)	(66,387)
Total Group retained earnings as per consolidated financial statements	<u>9,958</u>	<u>9,059</u>

The determination of realised and unrealised profits or losses is based on the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses above, is solely compliance with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

**9 Changes in material litigation**

Please refer to the Summary of Material Litigation attached for further details.

**10 Dividends**

No dividends have been recommended during the current quarter under review.

**11 Earnings per ordinary share**

(a) Basic earnings per ordinary share

Basic earnings per ordinary share for the quarter and financial year under review is calculated based on the Group's profit after tax and non-controlling interests divided by the weighted average ("WA") number of ordinary shares in issue during the quarter and period.

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30 JUNE		THREE MONTHS ENDED 30 JUNE	
	2014	2013	2014	2013
Profit after tax and non-controlling interests (RM'000)	1,086	545	1,086	545
Number of shares in issue as at beginning of the year ('000)	387,385	185,900	387,385	185,900
Effect of issuance of Rights Shares ('000)	-	60,971	-	60,971
Effect of issuance of LTIP ('000)	100	-	100	-
WA number of ordinary shares in issue ('000)	<u>387,485</u>	<u>246,871</u>	<u>387,485</u>	<u>246,871</u>
Basic earnings per ordinary share (sen)	<u>0.28</u>	<u>0.22</u>	<u>0.28</u>	<u>0.22</u>

**Additional information required by Bursa Securities Listing Requirements  
For the First Quarter Ended 30 June 2014**

**11 Earnings per ordinary share (continued)**

(b) Fully diluted earnings per ordinary share

Diluted earnings per share for the quarter and financial year under review is calculated based on the Group's profit after tax and non-controlling interests divided by the weighted average number of ordinary shares outstanding during the quarter and period adjusted for the effects of dilutive potential ordinary shares. The Group's dilutive potential ordinary shares are its Warrants 2013/2018 outstanding and Employee Share Option Scheme ("ESOS") granted to its employee. Warrants 2011/2016 are not included in the calculation of the diluted EPS because they are anti-dilutive for the financial period. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that Warrants 2013/2018 and ESOS are exercised at the beginning of the financial period/quarter.

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30		THREE MONTHS ENDED 30	
	JUNE		JUNE	
	2014	2013	2014	2013
Profit after tax and non-controlling interests (RM'000)	1,086	545	1,086	545
WA number of ordinary shares in issue ('000)	387,485	246,871	387,485	246,871
Effect of dilution : Warrants 2013/2018 ('000)	26,583	1,631	26,583	1,631
Effect of dilution : Employee Share Option Scheme ("ESOS")('000)	466	-	466	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	414,534	248,502	414,534	248,502
Diluted earnings per ordinary share (sen)	0.26	0.22	0.26	0.22

**13 Profit before tax**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30		THREE MONTHS ENDED 30	
	JUNE		JUNE	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging: -				
Depreciation and amortisation	1,760	419	1,760	419
Equity settled share-based payment transactions	80	-	80	-
Impairment losses on:				
- trade receivables	-	49	-	49
Interest expenses	1,744	1,647	1,744	1,647
Inventories written down	-	-	-	-
Inventories written off	262	-	262	-
Loss on disposal of:				
- other investments	65	-	65	-
Net loss on fair value adjustment on other investments	1,736	-	1,736	-
Property, plant and equipment written off	2	151	2	151
Realised loss on foreign currency transactions	24	107	24	107
Unrealised loss on foreign currency translation	1,227	70	1,227	70
And crediting: -				
Dividend income	2	9	2	9
Gain on disposal of:				
- property, plant and equipment	10	2	10	2
Gain on decreation of equity interest in associates	4,717	-	4,717	-
Interest income	299	282	299	282
Net gain on fair value adjustment on other investments	-	112	-	112
Reversal of impairment losses on:				
- property, plant and equipment	27	-	27	-
- trade receivables	232	19	232	19
Realised gain on foreign currency transactions	39	127	39	127
Share of profits of associates	1,409	1,998	1,409	1,998
Unrealised gain on foreign currency translation	98	151	98	151

## SUMMARY OF STATUS OF MATERIAL LITIGATIONS AS AT 18 AUGUST 2014

## A. MATERIAL LITIGATION AGAINST THE GROUP

No.	Parties to the Suit	Case / Summons No.	Court	Latest Status
1	Kuala Lumpur High Court Civil Suit No. 22NCVC-439-04/2012 Risk Management and Safety Systems Pty Ltd vs. 1. Formis Resources Berhad ("FRB"); 2. Chan Ngow; 3. Tan Sri Megat Najmuddin bin Datuk Seri Dr Haji Megat Khas; 4. Dato' Mah Siew Kwok; 5. Datuk Rahim bin Baba; 6. Dato' Hairuddin bin Mohamed; 7. Ahmad bin Khalid; 8. Dato' Thong Kok Khee; 9. Dato' Gan Nyap Liou @ Gan Nyap Liow; 10. Au Yong Kam Weng; 11. Mah Xian-Zhen; 12. Formis Bass Software Sdn Bhd; and 13. Bioserasi Sdn Bhd ("the Defendants"). (collectively, "the Defendants")	Civil Suit No. 22NCVC-439-04/2012	Kuala Lumpur High Court	<p>On 17 July 2014, the Judge allowed the Plaintiff's claim against all the Defendants who were found to be jointly and severally liable and awarded the following sums ("Judgment"):</p> <ol style="list-style-type: none"> <li>(1) USD420,000 together with interest thereon at the rate of 5% per annum from 9 November 2010 to 27 March 2012, and thereafter interest thereon at the rate of 5% per annum to the date of full payment;</li> <li>(2) RM319,084.63 together with interest thereon at the rate of 5% per annum from 16 October 2012 to the date of full payment;</li> <li>(3) SGD113,383.93 together with interest thereon at the rate of 5% per annum from 16 October 2012 to the date of full payment;</li> <li>(4) AUD136,010.21 together with interest thereon at the rate of 5% per annum from 16 October 2012 to the date of full payment;</li> <li>(5) USD1,276.40 together with interest thereon at the rate of 5% per annum from 16 October 2012 to the date of full payment;</li> <li>(6) USD455,000 together with interest thereon at the rate of 5% per annum from 22 May 2011 to the date of full payment;</li> <li>(7) USD490,000 together with interest thereon at the rate of 5% per annum from 22 May 2012 to the date of full payment;</li> <li>(8) RM5000 together with interest thereon at the rate of 5% per annum from 17 July 2014 to the date of full payment;</li> <li>(9) SGD5000 and SGD7,365.40 together with interest thereon at the rate of 5% per annum from 17 July 2014 to the date of full payment;</li> <li>(10) RM2000 together with interest thereon at the rate of 5% per annum from 17 July 2014 to the date of full payment; and</li> <li>(11) Costs of RM10,000 each Defendant, totalling RM130,000.</li> </ol> <p>FRB filed its notice of appeal to the Court of Appeal on 24 July 2014 against the Judgment. On 25 July 2014, FRB also filed an application to the High Court for stay of execution of the Judgment pending disposal of the appeal. On 12 August 2014, the Judge granted FRB a conditional stay of execution of the Judgment pending the disposal of FRB's appeal to the Court of Appeal.</p>