

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30 SEPTEMBER		SIX MONTHS ENDED 30 SEPTEMBER	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	120,938	88,332	214,975	157,644
Cost of sales	(91,681)	(62,991)	(161,894)	(117,652)
Gross profits	29,257	25,341	53,081	39,992
Other income	55	8,614	6,511	10,071
Other operating expenses	(29,548)	(26,177)	(57,804)	(41,687)
Finance costs	(2,032)	(1,368)	(3,855)	(3,081)
Share of results of associates, net of tax	3,841	939	5,250	2,937
Profit before tax	1,573	7,349	3,183	8,232
Tax expense	(1,764)	(765)	(2,697)	(1,585)
(Loss) / Profit for the financial quarter / period	(191)	6,584	486	6,647
<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	76	553	835	433
- Share of foreign currency translation of associates	5	2	4	(73)
<b>Other comprehensive income for the financial quarter / period, net of tax</b>	81	555	839	360
<b>Total comprehensive (loss) / income for the financial quarter / period</b>	(110)	7,139	1,325	7,007
<b>(Loss) / Profit attributable to:-</b>				
Owners of the Parent	(1,548)	5,701	(462)	6,246
Non-controlling interests	1,357	883	948	401
<b>(Loss) / Profit for the financial quarter / period</b>	(191)	6,584	486	6,647
<b>Total comprehensive (loss) / income attributable to:-</b>				
Owners of the Parent	(1,499)	6,291	169	6,705
Non-controlling interests	1,389	848	1,156	302
<b>Total comprehensive (loss) / income for the financial quarter / period</b>	(110)	7,139	1,325	7,007
(Loss) / Earnings per ordinary share (sen)				
-Basic	(0.40)	1.90	(0.12)	2.08
-Diluted	(0.40)	1.79	(0.12)	1.97

*(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 SEPTEMBER 2014**

	<b>As at 30.09.2014 RM'000 Unaudited</b>	<b>As at 31.03.2014 RM'000 Audited (Restated)</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	21,392	18,745
Investment in associates	81,097	67,694
Other intangible assets	25,004	26,282
Other investments	16,978	18,805
Other receivables	15,792	14,709
Goodwill	80,464	79,278
Deferred tax assets	767	781
	<u>241,494</u>	<u>226,294</u>
<b>Current Assets</b>		
Other investments	11,546	16,618
Inventories	30,974	26,754
Trade receivables	102,822	79,302
Other receivables, deposits and prepayments	62,856	63,425
Amount due from associates	254	-
Current tax assets	3,524	4,297
Cash and cash equivalents	57,807	67,347
	<u>269,783</u>	<u>257,743</u>
<b>TOTAL ASSETS</b>	<u>511,277</u>	<u>484,037</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	193,743	193,693
Share premium	15,508	15,574
Other reserves	39,282	38,651
Retained earnings	11,391	12,156
	<u>259,924</u>	<u>260,074</u>
<b>Non-controlling interests</b>	25,288	23,766
<b>TOTAL EQUITY</b>	<u>285,212</u>	<u>283,840</u>
<b>Non-Current Liabilities</b>		
Borrowings	19,800	14,588
Provision for post employment benefits	1,214	1,210
Deferred tax liabilities	1,053	1,024
	<u>22,067</u>	<u>16,822</u>
<b>Current Liabilities</b>		
Trade payables	35,236	33,656
Other payables, deposits and accruals	72,350	71,881
Amount due to associates	6	-
Borrowings	96,011	77,805
Current tax payables	395	33
	<u>203,998</u>	<u>183,375</u>
<b>Liabilities of disposal groups classified as held for sale</b>	-	-
<b>TOTAL LIABILITIES</b>	<u>226,065</u>	<u>200,197</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>511,277</u>	<u>484,037</u>
<b>Net assets per share (RM)</b>	<u>0.67</u>	<u>0.67</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 SEPTEMBER 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						
	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				
<b>Unaudited</b>										
<b>Six Months Financial Period Ended 30 September 2014</b>										
<b>Balance as at 1 April 2014</b>										
- as previously stated	193,693	15,574	24,663	11,307	3,008	(327)	9,059	256,977	23,766	280,743
- effects of reversion from adoption of MFRSs to FRSs	-	-	-	-	-	-	3,097	3,097	-	3,097
<b>Balance as at 1 April 2014, as restated</b>	193,693	15,574	24,663	11,307	3,008	(327)	12,156	260,074	23,766	283,840
Profit / (Loss) after tax for the financial period	-	-	-	-	-	-	(462)	(462)	948	486
Foreign currency translation for foreign operations	-	-	-	-	-	627	-	627	208	835
Share of foreign currency translation of associates	-	-	-	-	-	4	-	4	-	4
Total comprehensive income / (loss) for the financial period	-	-	-	-	-	631	(462)	169	1,156	1,325
<b>Transactions with owners</b>										
Shares issued pursuant to Long Term Incentive Plan ("LTIP")	50	30	-	-	-	-	-	80	-	80
Share-based payment transactions	-	(96)	-	-	-	-	-	(96)	-	(96)
Arising from accretion of equity interests in subsidiaries	-	-	-	-	-	-	(258)	(258)	258	-
Arising from dilution of equity interests in subsidiaries	-	-	-	-	-	-	-	-	108	108
Share of other changes in equity of associates	-	-	-	-	-	-	(45)	(45)	-	(45)
Total transactions with owners	50	(66)	-	-	-	-	(303)	(319)	366	47
<b>Balance as at 30 September 2014</b>	193,743	15,508	24,663	11,307	3,008	304	11,391	259,924	25,288	285,212

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 Six Months Financial Period 30 September 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				
<b>Balance as at 1 April 2013</b>										
- as previously stated	92,950	9,744	24,663	-	-	609	11,350	139,316	17,737	157,053
- effects of reversion from adoption of MFRSs to FRSs	-	-	-	-	-	-	620	620	-	620
<b>Balance as at 1 April 2013</b>	92,950	9,744	24,663	-	-	609	11,970	139,936	17,737	157,673
Profit after tax for the financial period	-	-	-	-	-	-	6,246	6,246	401	6,647
Foreign currency translation for foreign operations	-	-	-	-	-	532	-	532	(99)	433
Share of foreign currency translation of associates	-	-	-	-	-	(159)	86	(73)	-	(73)
Total comprehensive profit for the financial period	-	-	-	-	-	373	6,332	6,705	302	7,007
<b>Transactions with owners</b>										
Shares issued pursuant to the Rights Issue with Warrants	83,143	-	-	11,307	-	-	(11,307)	83,143	-	83,143
Effects arising from acquisition of subsidiaries	-	-	-	-	-	-	(16,329)	(16,329)	4,071	(12,258)
Share-based payment transactions	-	-	-	-	10	-	-	10	-	10
Arising from accretion of equity interests in subsidiaries	-	-	-	-	-	-	(2,127)	(2,127)	(2,607)	(4,734)
	83,143	-	-	11,307	10	-	(29,763)	64,697	1,464	66,161
<b>Balance as at 30 September 2013</b>	176,093	9,744	24,663	11,307	10	982	(11,461)	211,338	19,503	230,841

(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 SEPTEMBER 2014**

	<b>SIX MONTHS ENDED 30 SEPTEMBER</b>	
	<b>2014 RM'000 Unaudited</b>	<b>2013 RM'000 Unaudited</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	3,183	8,232
Adjustment for non-cash items:		
Bad debts written off	24	-
Depreciation and amortisation	3,550	1,439
Dividend income	(4)	(9)
Equity settled share-based payment transactions	(16)	10
Gain on dilution of equity interest in associates	(3,541)	-
Net gain on remeasurement arising on business combinations achieved in stages	-	(6,282)
Impairment losses on trade receivables	342	40
Interest expense	3,628	2,893
Interest income	(659)	(682)
Inventories written down	-	574
Inventories written off	616	-
Net loss/(gain) on fair value adjustments on other investments	2,307	(159)
Net gain on disposal of other investments	(5)	-
Net loss/(gain) on disposal of property, plant and equipment	13	(5)
Net unrealised loss on foreign currency exchange	925	640
Property, plant and equipment written off	35	494
Reversal of impairment loss on property, plant and equipment	(55)	-
Reversal of impairment loss on trade receivables	(294)	(406)
Share of results of associates	(5,250)	(2,937)
Other non-cash items	-	(55)
Operating profit before working capital changes	<u>4,799</u>	<u>3,787</u>
Net changes in assets	(29,992)	2,631
Net changes in liabilities	1,228	(10,423)
Net cash used in operations	<u>(23,965)</u>	<u>(4,005)</u>
Tax paid	(2,344)	(2,892)
Tax refund	827	11
Net cash used in operating activities	<u>(25,482)</u>	<u>(6,886)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of associates	(4,654)	(5,134)
Acquisition of non-controlling interests	-	(4,733)
Acquisition of subsidiaries, net of cash acquired	(1,184)	(23,486)
Interest received	504	682
Dividend received	4	1,179
(Placement) / Withdrawal of fixed deposits pledged	(4,163)	10,570
Proceeds from disposal of other investments	10,549	-
Proceeds from disposal of property, plant and equipment	8	16
Purchase of other investments	(5,796)	(5,753)
Purchase of property, plant and equipment	(1,646)	(2,102)
Net cash used in investing activities	<u>(6,378)</u>	<u>(28,761)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown / (repayment) of borrowings	18,357	(1,388)
Ordinary share capital contributed by non-controlling interests of a subsidiary	107	9
Proceeds from shares issued pursuant to the Rights Issue with Warrants	-	83,143
Interest paid	(3,628)	(2,893)
Net cash from financing activities	<u>14,836</u>	<u>78,871</u>
Net (decrease) / increase in cash and cash equivalents	(17,024)	43,224
Cash and cash equivalents at 1 April 2014/2013*	37,397	(3,476)
Effect of foreign exchange on opening balance	661	(179)
Cash and cash equivalents at 30 September 2014/2013*	<u>21,034</u>	<u>39,569</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 Second Quarter Ended 30 September 2014**

**1 Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 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**

**Reversion from Malaysian Financial Reporting Standards ("MFRS Framework") to Financial Reporting Standards ("FRS Framework")**

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* ("MFRS 141") and IFRIC Interpretation 15 *Agreements for the Construction of Real Estate* ("IFRIC 15"), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

The Group is a transitioning entity as defined by MASB and is required to mandatorily adopt MFRS Framework during the financial year ending 31 March 2016. However, during the previous financial year, the Group decided to early adopt the MFRS Framework. Accordingly, the financial statements of the previous financial year ended 31 Mar 2014 of the Group were prepared in accordance with MFRSs, International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia.

At the beginning of the current financial period under review, the Group has decided to revert from the adoption of MFRS Framework to FRS Framework. This is in view of the significant increase in level of the property development activities of its associate during the financial period under review and it is in the view of the Group that the FRS Framework will present a fairer view of the financial position of the Group.

With the reversion from MFRS to FRS Framework, the Group no longer applied IFRIC 15 and will revert to FRS 201<sub>2004</sub> Property Development Activities. The Group will recognised the revenue and expenses in the statement of profit or loss and other comprehensive income of its associates under property development industry using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Following the reversion from MFRS Framework to FRS Framework, the Group has consistently applied the same accounting policies in its opening FRSs statements of financial position as at the date of reversion from MFRS to FRS Framework, i.e. 1 April 2013, and throughout all financial years presented, as if these policies had always been in effect. Comparative figures for the financial year ended 31 March 2014 in these financial statements have been restated to give effect to these changes.

A summary of the financial impact of the change in accounting policy on the financial statements of the Group is as follows:

	As at 31.03.2014 RM'000	As at 01.04.2013 RM'000
<b>Statement of Financial Position</b>		
<u>Investment in associates</u>		
As previously stated	64,597	34,074
Effects of change in accounting policy	3,097	620
As restated	<u>67,694</u>	<u>34,694</u>
<u>Retained earnings</u>		
As previously stated	9,059	11,350
Effects of change in accounting policy	3,097	620
As restated	<u>12,156</u>	<u>11,970</u>
<b>Statement of Comprehensive Income</b>		
<u>Profit / (Loss) attributable to owners of the Parent</u>		
As previously stated	30,130	(40,155)
Effects of change in accounting policy	3,097	620
As restated	<u>33,227</u>	<u>(39,535)</u>
<u>Total comprehensive income / (loss) attributable to owners of the Parent</u>		
As previously stated	29,193	(39,832)
Effects of change in accounting policy	3,097	620
As restated	<u>32,290</u>	<u>(39,212)</u>

**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 period 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 period 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 period under review.

**Notes to the Interim Financial Report  
For the Second Quarter Ended 30 September 2014**

**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 ("OMESTI 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 OMESTI Shares will be issued upon vesting at no consideration. The closing market price of the OMESTI 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 period under review.

**8 Dividends paid**

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

**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.

<b>Business Segments</b>	<b>Business Performance Services RM'000</b>	<b>Trading &amp; Distribution Services RM'000</b>	<b>Digital &amp; Infrastructure Services RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b><u>Six Months Financial Period Ended 30 September 2014</u></b>						
External sales	113,628	70,076	31,121	150	-	214,975
Inter segment sales	5,441	14,368	1,543	1,390	(22,742)	-
Total Sales	119,069	84,444	32,664	1,540	(22,742)	214,975
Segment results	2,699	976	1,894	(4,671)	4	902
Share of results of associates	-	-	-	5,250	-	5,250
Interest expense	(655)	(312)	(196)	(2,545)	80	(3,628)
Interest Income	500	162	57	24	(84)	659
Profit / (Loss) before taxation	2,544	826	1,755	(1,942)	-	3,183
Segment assets	261,448	89,669	100,214	272,350	(212,404)	511,277
<b><u>Six Months Financial Period 30 September 2013</u></b>						
External sales	70,579	78,508	8,311	246	-	157,644
Inter segment sales	5,302	3,202	10,543	1,407	(20,454)	-
Total Sales	75,881	81,710	18,854	1,653	(20,454)	157,644
Segment results	3,533	1,498	3,199	1,685	(2,409)	7,506
Share of results of associates	-	-	-	2,937	-	2,937
Interest expense	(504)	(367)	(42)	(2,020)	40	(2,893)
Interest Income	187	177	79	279	(40)	682
Profit / (Loss) before taxation	3,216	1,308	3,236	2,881	(2,409)	8,232
Segment assets	229,361	75,573	72,656	213,338	(198,777)	392,151

**10 Carrying amount of revalued assets**

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

**Notes to the Interim Financial Report  
For the Second Quarter Ended 30 September 2014**

**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 Microlink on 1 August 2014.

- (ii) 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 OMESTI 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.

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

- (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.

The subscription for the 1st Tranche Subscription Shares by CNA has been completed on 13 October 2014. Accordingly, MIHCM is now a 33.33% owned associated company of CNA

- (iii) On 27 May 2014 and 28 May 2014, FHB acquired a total of 800,000 ordinary shares of RM0.50 each in Ho Hup Construction Company Berhad ("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. As at the end of the financial period, FHB hold a total of 51,426,000 Ho Hup's ordinary shares.

Following these acquisitions and conversion by the Company and other ICPS and RCPS's holders of Ho Hup, FHB's equity interest in Ho Hup has been increased from 12.84% to 16.6%.

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



**Notes to the Interim Financial Report  
For the Second Quarter Ended 30 September 2014**

**12 Subsequent events**

- (i) On 28 October 2014, Formis Computer Services Sdn Bhd ("FCS"), a wholly-owned subsidiary of FHB transferred to FHB 1,020,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Formis Network Services Sdn Bhd ("FNS"), a 51% owned subsidiary of FCS, and 1,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Formis Automation Sdn Bhd ("FASB") a wholly-owned subsidiary of FCS for a total cash consideration of RM4,920,000.00 and RM1,000,000.00 respectively ("Re-Organisation"). The Re-Organisation is to fulfil one of the conditions precedent of the conditional Share Sale Agreement dated 12 June 2014 ("SSA") in respect of the Proposed Disposal which announced on 3 April 2014, whereby FCS is required to implement a restructuring exercise to give effect, amongst others, to the transfer by FCS of its entire equity interests in FASB and FNS to one or more other companies within the Omesti Group (other than the Target Companies).

Saved as disclosed above, there were no other material events announced subsequent to the end of the current financial period 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 period 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>37,927</u>

Corporate Guarantee cancelled by the following Companies for the current financial period under review are as follows:-

FRB	
- to leasing party for leasing facilities to subsidiaries	<u>16,814</u>
FHB	
- to leasing party for leasing facilities to subsidiaries	<u>15,754</u>

**14 Capital commitments**

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

**Additional information required by Bursa Securities Listing Requirements  
For the Second Quarter Ended 30 September 2014**

**1 Detailed analysis of performance**

The Group's revenue increased in the current quarter and period under review by RM32.61 million and RM57.33 million respectively.

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

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	THREE MONTHS ENDED 30 SEPTEMBER			SIX MONTHS ENDED 30 SEPTEMBER		
	2014	2013	Variance	2014	2013	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	64,789	43,809	47.9	119,069	75,881	56.9
Trading & Distribution Services	42,604	43,844	(2.8)	84,444	81,710	3.3
Digital & Infrastructure Services	22,527	10,568	113.2	32,664	18,854	73.2
Others	575	993	(42.1)	1,540	1,653	(6.8)
	130,495	99,214	31.5	237,717	178,098	33.5
Less : Inter Segment Revenue	(9,557)	(10,882)		(22,742)	(20,454)	
<b>Total Group Revenue</b>	<b>120,938</b>	<b>88,332</b>	<b>36.9</b>	<b>214,975</b>	<b>157,644</b>	<b>36.4</b>

The Business Performance Services segment's revenue increased due to fulfilment of orders from the government sector and telco industry during the quarter under review.

The Digital & Infrastructure Services segment also had a significant improvement in the revenue recorded during the current quarter under review. The increase in revenue was mainly due to the fulfillment of sizeable orders secured from new customers.

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

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	THREE MONTHS ENDED 30 SEPTEMBER			SIX MONTHS ENDED 30 SEPTEMBER		
	2014	2013	Variance	2014	2013	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	1,589	3,467	(54.2)	2,544	3,216	(20.9)
Trading & Distribution Services	429	568	(24.5)	826	1,308	(36.9)
Digital & Infrastructure Services	2,464	1,882	30.9	1,755	3,236	(45.8)
Others	(1,699)	4,488	(137.9)	(1,942)	2,881	(167.4)
	2,783	10,405		3,183	10,641	
Less : Elimination	(1,210)	(3,056)		-	(2,409)	
<b>Profit before tax ("PBT")</b>	<b>1,573</b>	<b>7,349</b>	<b>(78.6)</b>	<b>3,183</b>	<b>8,232</b>	<b>(61.3)</b>

The Group's PBT recorded a decrease for the current quarter and period under review as compared to the corresponding quarter of the previous financial period. This is mainly due to lower other operating income accounted under the Others segment.

The Business Performance Services segment's lower PBT was mainly attributable to the loss contributed by Microlink against a profit in the corresponding quarter of the previous financial period due to slower pipeline conversions and the recognition of professional fees incurred for corporate exercises of RM1.1 million.

Despite the increase in revenue during the financial period under review, the Trading and Distribution segment's PBT posted a decrease. This was mainly attributable from the higher staff cost due to capacity expansion.

The Digital & Infrastructure Services segment's performance improved in the current quarter under review.

**2 Variation of results against preceding quarter**

	3 months ended 30.09.2014 RM'000	3 months ended 30.06.2014 RM'000	Variance %
Revenue	120,938	94,037	28.6
Profit before tax	1,573	1,610	(2.3)

Despite the increase of the revenue in the current quarter under review, the Group's profit before tax decreased marginally compared to the immediate preceding quarter mainly due to the recognition of professional fees in relation to corporate exercises under Microlink of RM1.1 million and lesser gain on dilution of equity interest in associates in the current quarter.

**Additional information required by Bursa Securities Listing Requirements  
For the Second Quarter Ended 30 September 2014**

**3 Business prospects**

While the Group remains committed to the new startup businesses, the Board is cautiously optimistic of the financial performance for the second half of the current financial year.

**4 Profit forecast**

Not applicable.

**5 Income tax expense**

	THREE MONTHS ENDED 30 SEPTEMBER		SIX MONTHS ENDED 30 SEPTEMBER	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current tax expense				
- Malaysian taxation	1,642	694	2,499	1,176
- Foreign taxation	156	1	156	63
	<u>1,798</u>	<u>695</u>	<u>2,655</u>	<u>1,239</u>
Over provision in prior period				
- Foreign taxation	-	-	-	(1)
	<u>1,798</u>	<u>695</u>	<u>2,655</u>	<u>1,238</u>
Deferred taxation				
- origination and reversal of temporary differences				
- Malaysian taxation	(34)	70	42	347
	<u>1,764</u>	<u>765</u>	<u>2,697</u>	<u>1,585</u>

The Group's effective tax rate for the current quarter and period 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 OMESTI;
- (ii) 100% equity interest in Formis Systems & Technology Sdn Bhd ("FSTSB") held by OMESTI;
- (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 OMESTI 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. On 18 September 2014, shareholders have approved for the Proposed Disposal. 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 Second Quarter Ended 30 September 2014**

**7 Borrowings and debts securities**

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

	RM'000
Short term bank borrowings - secured	
- Denominated in RM	93,352
- Denominated in Thai Baht	2,660
Long term bank borrowings - secured	
- Denominated in RM	19,695
- Denominated in Thai Baht	104
Total borrowings	<u>115,811</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:

	30.09.2014 RM'000	30.06.2014 RM'000
Total retained earnings of the Group: -		
- Realised	57,288	61,547
- Unrealised	9,715	9,725
	<u>67,003</u>	<u>71,272</u>
Less: Consolidation adjustments	(55,612)	(61,314)
Total Group retained earnings as per consolidated financial statements	<u>11,391</u>	<u>9,958</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 (Loss) / Earnings per ordinary share**

(a) Basic (loss) / earnings per ordinary share

Basic (loss) / earnings per ordinary share for the quarter and financial period under review is calculated based on the Group's profit / (loss) 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 THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2014	2013	2014	2013
(Loss) / Profit after tax and non-controlling interests (RM'000)	(1,548)	5,701	(462)	6,246
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)	-	114,207	-	114,207
Effect of issuance of LTIP ('000)	100	-	100	-
WA number of ordinary shares in issue ('000)	<u>387,485</u>	<u>300,107</u>	<u>387,485</u>	<u>300,107</u>
Basic (loss) / earnings per ordinary share (sen)	<u>(0.40)</u>	<u>1.90</u>	<u>(0.12)</u>	<u>2.08</u>

**Additional information required by Bursa Securities Listing Requirements  
For the Second Quarter Ended 30 September 2014**

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

(b) Fully diluted (loss) / earnings per ordinary share

Diluted (loss) / earnings per share for the quarter and period of the previous financial year was calculated based on the Group's (loss) / 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 were not included in the calculation of the diluted EPS because they are anti-dilutive for the previous financial year. The adjusted weighted average number of ordinary shares in issue and issuable had been arrived at based on the assumption that Warrants 2013/2018 and ESOS are exercised at the beginning of the financial period/quarter of the previous financial year.

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2014	2013	2014	2013
(Loss) / Profit after tax and non-controlling interests (RM'000)	(1,548)	5,701	(462)	6,246
WA number of ordinary shares in issue ('000)	387,485	300,107	387,485	300,107
Effect of dilution : Warrants 2013/2018 ('000)	-	17,656	-	17,656
Effect of dilution : Employee Share Option Scheme ("ESOS")('000)	-	-	-	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	387,485	317,763	387,485	317,763
Diluted (loss) / earnings per ordinary share (sen)	(0.40)	1.79	(0.12)	1.97

During the current financial period, diluted loss per ordinary share equals basic loss per ordinary share as there is an anti-dilutive effect arising from the exercise of Warrants and ESOS outstanding as at the end of the financial period.

**12 Profit before tax**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before tax is arrived at after charging: -				
Bad debts written off	24	-	24	-
Depreciation and amortisation	1,790	1,020	3,550	1,439
Equity settled share-based payment transactions	(96)	10	(16)	10
Impairment losses on:				
- trade receivables	342	(9)	342	40
Interest expenses	1,884	1,246	3,628	2,893
Inventories written down	-	574	-	574
Inventories written off	354	-	616	-
Loss on disposal of:				
- other investments	-	-	65	-
- property, plant and equipment	23	-	13	-
Net loss on fair value adjustment on other investments	571	-	2,307	-
Property, plant and equipment written off	33	343	35	494
Realised loss on foreign currency transactions	42	19	66	126
Share of losses of associates	-	206	-	-
Software development costs written off	-	-	-	-
Unrealised loss on foreign currency translation	-	952	1,135	1,022
And crediting: -				
Dividend income	2	-	4	9
Gain on disposal of:				
- property, plant and equipment	-	3	-	5
- other investments	5	-	5	-
Gain on deprecation of equity interest in associates	(1,176)	6,282	3,541	6,282
Interest income	360	400	659	682
Net gain on fair value adjustment on other investments	-	47	-	159
Reversal of impairment losses on:				
- property, plant and equipment	28	-	55	-
- trade receivables	62	387	294	406
Realised gain on foreign currency transactions	106	32	145	159
Share of profits of associates	3,841	1,145	5,250	2,937
Unrealised gain on foreign currency translation	204	233	210	384

SUMMARY OF STATUS OF MATERIAL LITIGATIONS AS AT 26 NOVEMBER 2014

A. MATERIAL LITIGATION AGAINST THE GROUP

No.	Parties to the Suit	Case / Summons No.	Court	Latest Status
1	Risk Management and Safety Systems Pty Ltd ("RMSS") vs. 1. Omesti Berhad (formerly known as Formis Resources Berhad) ("Omesti"); 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, " <b>the Defendants</b> ")	Civil Suit No. 22NCVC-439-04/2012  Court of Appeal Civil Appeal No. W-02(NCVC)(W)-1337-08/2014 Omesti & 8 Others vs. RMSS & 4 Others	Kuala Lumpur High Court	At the case management of the appeal on 9 October 2014 before the Deputy Registrar in the Court of Appeal, Omesti's lawyers informed the Deputy Registrar that they were still waiting for the grounds of judgment from the High Court and would file the grounds of judgment and memorandum of appeal in a Supplementary Record of Appeal after obtaining the grounds of judgment. The Deputy Registrar then proceeded to fix the appeal for case management on 25 November 2014 pending the filing of the Supplementary Record of Appeal, consisting the High Court grounds of judgment and memorandum of appeal.