

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	THREE MONTHS ENDED 30 SEPTEMBER		Changes %	SIX MONTHS ENDED 30 SEPTEMBER		Changes %
	2017 RM'000 Unaudited	2016 RM'000 Unaudited		2017 RM'000 Unaudited	2016 RM'000 Audited	
Revenue	92,516	104,546	(11.5)	181,707	199,509	(8.9)
Cost of sales	(63,280)	(78,736)	(19.6)	(119,845)	(151,041)	(20.7)
Gross profit	29,236	25,810	13.3	61,862	48,468	27.6
Other income	2,171	1,478	46.9	3,012	2,273	32.5
Other operating expenses	(36,215)	(35,102)	3.2	(66,214)	(62,743)	5.5
Finance costs	(2,379)	(2,853)	(16.6)	(4,892)	(5,550)	(11.9)
Share of results of associates, net of tax	1,113	2,533	(56.1)	2,582	5,515	(53.2)
Loss before tax	(6,074)	(8,134)	(25.3)	(3,650)	(12,037)	(69.7)
Tax expense	(289)	(951)	(69.6)	(1,706)	(1,411)	20.9
Loss for the financial period	(6,363)	(9,085)	(30.0)	(5,356)	(13,448)	(60.2)
Other comprehensive (loss)/income, net of tax						
Items that may be reclassified subsequently to profit or loss:						
- Foreign currency translation differences for foreign operations	50	230	(78.3)	56	(99)	NA
- Share of foreign currency translation of associates	(130)	54	NA	(130)	26	NA
Other comprehensive (loss)/income for the financial period, net of tax	(80)	284	NA	(74)	(73)	1.4
Total comprehensive loss for the financial period	(6,443)	(8,801)	(26.8)	(5,430)	(13,521)	(59.8)
(Loss)/Profit attributable to:-						
Owners of the Parent	(6,236)	(5,721)	9.0	(6,696)	(9,288)	(27.9)
Non-controlling interests	(127)	(3,364)	(96.2)	1,340	(4,160)	NA
Loss for the financial period	(6,363)	(9,085)	(30.0)	(5,356)	(13,448)	(60.2)
Total comprehensive (loss)/income attributable to:-						
Owners of the Parent	(6,327)	(5,533)	14.4	(6,746)	(8,908)	(24.3)
Non-controlling interests	(116)	(3,268)	(96.5)	1,316	(4,613)	NA
Total comprehensive loss for the financial period	(6,443)	(8,801)	(26.8)	(5,430)	(13,521)	(59.8)
Loss per ordinary share (sen)						
-Basic	(1.45)	(1.42)		(1.56)	(2.30)	
-Diluted	(1.45)	(1.42)		(1.56)	(2.30)	

(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 2017.)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	As at 30.09.2017 RM'000 Unaudited	As at 31.03.2017 RM'000 Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	33,089	31,718
Investment in associates	85,198	85,681
Other intangible assets	50,248	52,116
Other investments	29,173	32,421
Trade receivables	6,360	6,272
Other receivables	14,645	16,642
Goodwill	78,240	78,240
Deferred tax assets	6,942	6,705
	<u>303,895</u>	<u>309,795</u>
Current Assets		
Other investments	120	120
Inventories	28,100	21,811
Trade receivables	94,098	85,011
Other receivables, deposits and prepayments	64,278	77,916
Amount due from associates	7	8
Current tax assets	10,589	9,415
Cash and cash equivalents	54,423	73,389
	<u>251,615</u>	<u>267,670</u>
TOTAL ASSETS	<u><u>555,510</u></u>	<u><u>577,465</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	230,489	230,281
Other reserves	38,122	37,513
Retained earnings	2,175	8,700
	<u>270,786</u>	<u>276,494</u>
Non-controlling interests	58,896	53,415
TOTAL EQUITY	<u>329,682</u>	<u>329,909</u>
Non-Current Liabilities		
Borrowings	12,212	18,012
Provision for post employment benefits	4,718	4,556
Deferred tax liabilities	735	797
	<u>17,665</u>	<u>23,365</u>
Current Liabilities		
Trade payables	43,272	35,013
Other payables, deposits and accruals	71,667	93,397
Amount due to associates	1,058	1,280
Borrowings	91,384	94,097
Current tax payables	782	404
	<u>208,163</u>	<u>224,191</u>
TOTAL LIABILITIES	<u>225,828</u>	<u>247,556</u>
TOTAL EQUITY AND LIABILITIES	<u><u>555,510</u></u>	<u><u>577,465</u></u>
Net assets per share (RM)	<u>0.6288</u>	<u>0.6426</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 2017.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Attributable to owners of the Parent							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable				Distributable					
Unaudited Six Months Financial Period Ended 30 September 2017	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	Retained earnings RM'000			
Balance as at 1 April 2017	230,281	-	24,663	11,307	2,493	(950)	8,700	276,494	53,415	329,909
Loss after tax for the financial period	-	-	-	-	-	-	(6,696)	(6,696)	1,340	(5,356)
Foreign currency translation for foreign operations	-	-	-	-	-	80	-	80	(24)	56
Share of other comprehensive income of associates, net of tax	-	-	-	-	-	-	(130)	(130)	-	(130)
Total comprehensive (loss)/income for the financial period	-	-	-	-	-	80	(6,826)	(6,746)	1,316	(5,430)
Transactions with owners										
Shares issued pursuant to Long Term Incentive Plan ("LTIP")	208	-	-	-	-	-	-	208	-	208
Effects arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	376	376
Arising from dilution of equity interests in subsidiaries	-	-	-	-	-	-	301	301	3,405	3,706
Share-based payment transactions in a subsidiary	-	-	-	-	529	-	-	529	384	913
Total transactions with owners	208	-	-	-	529	-	301	1,038	4,165	5,203
Balance as at 30 September 2017	230,489	-	24,663	11,307	3,022	(870)	2,175	270,786	58,896	329,682

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (continued)

	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						
Audited Six Months Financial Period Ended 30 September 2016	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 2016	194,631	15,638	24,663	11,307	3,944	(1,451)	16,579	265,311	39,703	305,014
Loss after tax for the financial period	-	-	-	-	-	-	(9,288)	(9,288)	(4,160)	(13,448)
Foreign currency translation for foreign operations	-	-	-	-	-	354	-	354	(453)	(99)
Share of other comprehensive income of associates, net of tax	-	-	-	-	-	-	26	26	-	26
Total comprehensive loss for the financial period	-	-	-	-	-	354	(9,262)	(8,908)	(4,613)	(13,521)
Transactions with owners										
Shares issued pursuant to Long Term Incentive Plan ("LTIP")	661	10	-	-	-	-	-	671	-	671
Shares issued pursuant to Section 132D of Companies Act, 1965	19,490	-	-	-	-	-	-	19,490	-	19,490
Arising from accretion of equity interests in subsidiaries	-	-	-	-	-	-	(7,046)	(7,046)	4,180	(2,866)
Arising from dilution of equity interests in subsidiaries	-	-	-	-	-	-	13,033	13,033	4,867	17,900
Share-based payment transactions	-	-	-	-	4,379	-	-	4,379	-	4,379
ESOS lapsed	-	-	-	-	(144)	-	144	-	-	-
Total transactions with owners	20,151	10	-	-	4,235	-	6,131	30,527	9,047	39,574
Balance as at 30 September 2016	214,782	15,648	24,663	11,307	8,179	(1,097)	13,448	286,930	44,137	331,067

(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 2017.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	SIX MONTHS ENDED 30 SEPTEMBER	
	2017 RM'000 Unaudited	2016 RM'000 Audited
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(3,650)	(12,037)
Adjustment for non-cash items:		
Bad debts written off	23	-
Depreciation and amortisation	4,425	4,511
Equity settled share-based payment transactions	912	4,379
Loss on dilution of equity interest in associates	1,587	143
Impairment losses on receivables	307	564
Interest expense	4,642	5,443
Interest income	(566)	(1,213)
Inventories written off	1	-
Net loss on fair value adjustments on other investments	634	1,445
Net loss on disposal of other investments	614	-
Net (gain)/loss on disposal of property, plant and equipment	(10)	3
Net unrealised loss on foreign currency exchange	(113)	(703)
Property, plant and equipment written off	-	148
Provision for post-employment benefits	179	165
Reversal of impairment loss on trade receivables	(1,044)	-
Share of results of associates	(2,582)	(5,515)
Operating profit/(loss) before working capital changes	5,359	(2,667)
Net changes in assets	1,040	24,247
Net changes in liabilities	(13,277)	(25,531)
Net cash used in operations	(6,878)	(3,951)
Tax paid	(3,250)	(2,915)
Tax refund	422	414
Net cash used in operating activities	(9,706)	(6,452)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of additional shares in subsidiaries	-	(2,865)
Addition of software development	(262)	(33,083)
Disposal of interest in subsidiaries	3,707	144
Interest received	561	1,205
(Placement)/withdrawal of fixed deposits pledged	(1,930)	1,378
Proceeds from disposal of associate	1,348	-
Proceeds from disposal of other investments	2,003	3,072
Proceeds from disposal of property, plant and equipment	11	18
Purchase of other investments	-	(416)
Purchase of property, plant and equipment	(3,196)	(1,767)
Net cash from/(used in) investing activities	2,242	(32,314)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment)/drawdown of borrowings	(9,379)	11,662
Ordinary share capital contributed by non-controlling interests of a subsidiary	-	17,756
Proceeds from shares issued pursuant to LTIP	-	672
Net proceeds from shares issued pursuant to private placement	-	19,490
Interest paid	(4,642)	(5,443)
Net cash (used in)/from financing activities	(14,021)	44,137
Net (decrease)/increase in cash and cash equivalents	(21,485)	5,371
Cash and cash equivalents at 1 April 2017/2016*	46,954	41,854
Effect of foreign exchange on opening balance	114	510
Cash and cash equivalents at 30 September 2017/2016*	25,583	47,735

* 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 2017.)

**Notes to the Interim Financial Report
For the Second Quarter Ended 30 September 2017**
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 2017. 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 2017.

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 2017, except for the adoption of the following FRSs and Amendments to FRSs during the current financial period: -

	Effective for financial periods beginning <u>on or after</u>
Amendments to FRS 12 Annual Improvements to FRS Standards 2014 - 2016 Cycle	1 January 2017
Amendments to FRS 107 Disclosure Initiative	1 January 2017
Amendments to FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The adoption of the above standards that are applicable from the financial year beginning on 1 April 2017 is not expected to result in any material impact on the financial position and results of the Group.

As stated in our audited financial statements for the financial year ended 31 March 2017, the Group has yet to adopt the Malaysian Financial Reporting Standards ("MFRS") framework, and has elected to be a transitioning entity which will only adopt the MFRS framework for the financial year ending 31 March 2019.

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 2017 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.

7 Debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period under review except Allotment of 400,400 new ordinary shares pursuant to the exercise of Employee Share Grant Plan ("ESGP").

8 Dividends paid

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

**Notes to the Interim Financial Report
For the Second Quarter Ended 30 September 2017**
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
Six Months Financial Period Ended 30 September 2017						
External sales	103,622	71,127	6,843	115	-	181,707
Inter segment sales	31,570	(285)	1,905	812	(34,002)	-
Total Sales	135,192	70,842	8,748	927	(34,002)	181,707
Segment results	10,829	37	(4,819)	(6,051)	(2,152)	(2,156)
Share of results of associates	-	-	-	2,582	-	2,582
Interest expense	(965)	(613)	(158)	(2,935)	29	(4,642)
Interest Income	338	125	95	37	(29)	566
Profit / (Loss) before taxation	10,202	(451)	(4,882)	(6,367)	(2,152)	(3,650)
Segment assets	435,841	120,858	98,030	461,809	(561,028)	555,510
Six Months Financial Period Ended 30 September 2016						
External sales	90,057	97,341	11,988	123	-	199,509
Inter segment sales	20,402	1,916	7,332	749	(30,399)	-
Total Sales	110,459	99,257	19,320	872	(30,399)	199,509
Segment results	(3,493)	2,630	(5,927)	(3,135)	(3,397)	(13,322)
Share of results of associates	-	-	-	5,515	-	5,515
Interest expense	(1,702)	(526)	(181)	(3,034)	-	(5,443)
Interest Income	450	125	201	437	-	1,213
(Loss) / Profit before taxation	(4,745)	2,229	(5,907)	(217)	(3,397)	(12,037)
Segment assets	406,463	117,668	44,263	347,495	(338,601)	577,288

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.

11 Changes in the composition of the group
Subsidiary

During the current financial period under review, Omesti Holdings Berhad ("OHB"), a wholly-owned subsidiary of the Company, disposed off a total of 104,332,292 ordinary shares in Diversified Gateway Solutions Berhad ("DGSB"), a 54.47% owned subsidiary of OHB, in the open market for a total cash consideration of RM3,706,384, at RM0.0355 per DGSB share. Following the disposals, OHB hold 46.77% equity interest in DGSB.

Associates

During the financial quarter, OHB disposed off a total of 2,302,200 ordinary shares of RM1.00 each in Ho Hup Construction Company Berhad ("Ho Hup") for a total consideration of RM1,348,247. Following this disposal, OHB's equity interest in Ho Hup has been decreased from 13.88% to 13.38%.

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 2017**

12 Subsequent events

Subsidiary

On October and November 2017, OHB has further disposed a total of 335,000,000 ordinary shares in DGSB in the open market for a total cash consideration of RM15,625,000 at RM0.0466 per DGSB share. Following this disposal, OHB now hold 22.06% equity interest in DGSB.

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 Guarantee granted by the following Companies during the current financial period under review are as follows:-

Omesti

- to financial institution for facilities granted to subsidiaries

- to leasing party for leasing facilities to subsidiaries

RM'000

1,490

13,459

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 2017**
1 Detailed analysis of performance

The Group's revenue decreased in the current quarter under review by RM12.03 million as compared to the revenue in the corresponding quarter of the preceding financial year due to lower order fulfilments during the quarter under review.

For the financial period under review, the Group recorded a lower revenue, a decrease of 8.9% amounting to RM17.80 million as compared to the preceding financial period.

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		
	2017	2016	Variance	2017	2016	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	77,168	50,750	52.1	135,192	110,459	22.4
Trading & Distribution Services	31,225	55,645	(43.9)	70,842	99,257	(28.6)
Digital & Infrastructure Services	4,376	11,531	(62.1)	8,748	19,320	(54.7)
Others	490	450	8.9	927	872	6.3
	<u>113,259</u>	<u>118,376</u>	<u>(4.3)</u>	<u>215,709</u>	<u>229,908</u>	<u>(6.2)</u>
Less : Inter Segment Revenue	(20,743)	(13,830)		(34,002)	(30,399)	
Total Group Revenue	<u>92,516</u>	<u>104,546</u>	<u>(11.5)</u>	<u>181,707</u>	<u>199,509</u>	<u>(8.9)</u>

The Business Performance Services segment recorded an increase in revenue for the current quarter under review by RM26.42 million. For the financial period, the revenue for the segment increased by RM24.73 million. The increase was mainly due to the higher progress billings from on-going projects in the government sector and Thailand segment during the quarter under review and financial period to date.

The Trading and Distribution Services Segment recorded a lower revenue in the current quarter and period under review by RM24.42 million and RM28.42 million respectively compared to the corresponding period of the immediate preceding year. This is mainly due to the lower order fulfillment.

The Digital & Infrastructure Services segment recorded a lower revenue in the current quarter and period under review by RM7.16 million and RM10.57 million respectively compared to the corresponding period of the immediate preceding year. This is mainly due to the lower new orders and projects fulfillment during the financial period under review.

The Other segment recorded a marginal increase in revenue in the current quarter and period under review by RM0.04 million and RM0.06 million respectively compared to the corresponding period of the immediate preceding year.

The detailed breakdown of loss 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		
	2017	2016	Variance	2017	2016	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	4,166	(4,355)	NA	10,202	(4,745)	NA
Trading & Distribution Services	(459)	1,344	NA	(451)	2,229	NA
Digital & Infrastructure Services	(2,560)	(3,706)	30.9	(4,882)	(5,907)	17.4
Others	(4,060)	1,252	NA	(6,367)	(217)	(2,834.1)
	<u>(2,913)</u>	<u>(5,465)</u>	<u>46.7</u>	<u>(1,498)</u>	<u>(8,640)</u>	<u>82.7</u>
Less : Elimination	(3,161)	(2,669)		(2,152)	(3,397)	
Loss before tax ("LBT")	<u>(6,074)</u>	<u>(8,134)</u>	<u>25.3</u>	<u>(3,650)</u>	<u>(12,037)</u>	<u>69.7</u>

The Group recorded a lower LBT in the current quarter and year under review by RM2.06 million and RM8.39 million respectively compared to the corresponding period of the immediate preceding year. This is mainly due to the higher revenue and gross profit margin recorded by the Business Performance Services segment. In previous financial period, the Group recorded higher losses partial due to the Business Performance Services segment and the Trading and Distribution Services segment have accounted for the ESOS charge of RM4.39 million as well as costs associated with the Group's human capital restructuring amounting to RM1.49 million.

The Business Performance Services segment recorded a PBT of RM4.17 million in the current quarter under review compared to a LBT of RM4.36 million in the corresponding quarter of the previous financial year. The improvement was mainly attributable to higher revenue and improved gross profit margin recorded during the current quarter under review. For the financial period, the segment recorded an improvement as well, compared to the corresponding period of the preceding financial year's LBT of RM4.75 million.

The Trading and Distribution Services segment recorded a LBT of RM0.46 million in the current quarter under review against a PBT of RM1.34 million in the corresponding quarter of the previous financial year, mainly due to lower revenue and gross profit margin. For the financial period, the segment recorded a LBT of RM0.45 million compared to PBT of RM2.23 million in the corresponding period of the preceding financial year.

During the quarter under review, the Digital and Infrastructure Services segment recorded losses due to lower revenue as well as loss contribution attributable to the new startup businesses under this segment (RM2.41 million and RM4.80 million respectively for quarter under review and period to-date). Consequently, these factors weighed down on this segment performance for the financial year under review.

The Other's segment recorded a LBT of RM3.07 million in the current quarter under review and RM3.65 million in the period under review. This is mainly due to lower share of profits from associates and loss on dilution of equity interest in associates.

2 Variation of results against preceding quarter

	3 months ended 30.09.2017 RM'000	3 months ended 30.06.2017 RM'000	Variance %
Revenue	<u>92,516</u>	<u>89,191</u>	3.7
Loss before tax ("LBT") /Profit before tax ("PBT")	<u>(6,074)</u>	<u>2,424</u>	NA

The Group recorded a LBT of RM6.07 million for the current quarter under review against a PBT of RM2.42 million in the immediate preceding quarter. Contributing to the LBT are mainly due to lower gross profit margin, loss on dilution of equity interest in an associate (RM1.58 million), net loss on fair value adjustments on other investments (RM0.63 million) and net loss on disposal of other investments (RM0.66 million).

**Additional information required by Bursa Securities Listing Requirements
For the Second Quarter Ended 30 September 2017**
3 Business prospects

The Board remains hopeful of an improved operational performance for the remainder of the current financial year.

4 Profit forecast

Not applicable.

5 Income tax expense

	THREE MONTHS ENDED 30 SEPTEMBER		SIX MONTHS ENDED 30 SEPTEMBER	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax expense				
- Malaysian taxation	(63)	785	1,649	1,161
- Foreign taxation	254	139	254	237
	191	924	1,903	1,398
Under provision in prior period				
- Malaysian taxation	-	10	106	10
- Foreign taxation	35	-	-	-
	35	10	106	10
	226	934	2,009	1,408
Deferred taxation				
- origination and reversal of temporary differences				
- Malaysian taxation	63	17	(303)	3
	289	951	1,706	1,411

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 October and November 2017, OHB has further disposed a total of 335,000,000 ordinary shares in DGSB in the open market for a total cash consideration of RM15,625,000 at RM0.0466 per DGSB share. Following this disposal, OHB now hold 22.06% equity interest in DGSB.
- b) On 15 November 2017, the Company announced that the Company proposes to implement a private placement of up to 51,401,900 new ordinary shares ("Placement Shares") in Omesti, to independent third party investor(s) to be identified ("Private Placement").

The listing application to Bursa Securities in relation to the Proposed Private Placement has been submitted on 22 November 2017.

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

7 Status of utilisation of proceeds from Private Placement

On 24 August 2016, the Private Placement has been completed with the listing of and quotation for the 38,979,200 Placement Shares on the Main Market of Bursa Securities.

On 28 August 2017, the Company approved the variation to the utilisation of proceeds raised from the Private Placement. As at 27 September 2017, the status of utilisation of the proceeds raised is as follows: -

	Intended timeframe	Proposed Utilisation RM'000	Actual Utilisation as at 23 August 2017 RM'000	Balance Utilisation RM'000	Revision of utilisation of proceeds RM'000	Balance Utilisation RM'000
a) Repayment of Bank Borrowings	Within six (6) months	3,000	3,000	-	-	-
b) Working capital for general business purposes	Within twelve (12) months	11,055	8,826	2,229	-	-
c) Capital expenditure for Fibre@Home City Networks	Within twelve (12) months	4,888	2,092	2,796	-	-
d) Estimated expenses for the Proposed Private Placement	Within one (1) month	547	547	-	-	-
e) Capital expenditure for cloud based storage solution and services	Within one (1) month	-	-	-	5,025	-
Total		19,490	14,465	5,025	5,025	-

**Additional information required by Bursa Securities Listing Requirements
For the Second Quarter Ended 30 September 2017**
8 Borrowings and debt securities

	As at 30 September 2017					
	Long term		Short term		Total borrowings	
	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000
Secured (Term Loan, Invoice Financing, Lease creditors, Trust Receipts, Bank Overdraft)	-	12,212	1,324	90,060	1,324	102,272

	As at 30 September 2016					
	Long term		Short term		Total borrowings	
	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000
Secured (Term Loan, Invoice Financing, Lease creditors, Trust Receipts, Bank Overdraft)	-	23,991	2,284	95,882	2,284	119,873

9 Realised and Unrealised Profits or Losses

The breakdown of retained earnings 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:

	30.09.2017 RM'000	31.03.2017 RM'000
Total retained earnings of the Group: -		
- Realised	25,079	30,613
- Unrealised	4,475	7,211
	<u>29,554</u>	<u>37,824</u>
Less: Consolidation adjustments	(27,379)	(29,124)
Total Group retained earnings as per consolidated financial statements	<u>2,175</u>	<u>8,700</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.

10 Changes in material litigation

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

11 Dividends

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

12 Loss per ordinary share
(a) Basic loss per ordinary share

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

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2017	2016	2017	2016
Loss after tax and non-controlling interests (RM'000)	(6,236)	(5,721)	(6,696)	(9,288)
Number of shares in issue as at beginning of the year ('000)	430,254	389,262	430,254	389,262
Effect of Private Placement of Shares ('000)	-	13,418	-	13,418
Effect of issuance of LTIP ('000)	289	987	289	987
WA number of ordinary shares in issue ('000)	<u>430,543</u>	<u>403,667</u>	<u>430,543</u>	<u>403,667</u>
Basic loss per ordinary share (sen)	<u>(1.45)</u>	<u>(1.42)</u>	<u>(1.56)</u>	<u>(2.30)</u>

OMESTI BERHAD (530701-T)

SUMMARY OF STATUS OF MATERIAL LITIGATIONS AS AT 29 NOVEMBER 2017
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, "the Defendants")	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 Federal Court Application No: 08-418-08/2016	Kuala Lumpur High Court Court of Appeal Federal Court	The Federal Court had on 15 May 2017 allowed RMSS' Notice of Motion dated 25 August 2016 for leave to appeal to the Federal Court against the decision of the Court of Appeal dated 28 July 2016. Following the Federal Court's decision on 15 May 2017, RMSS filed a Notice of Appeal to the Federal Court on 17 May 2017. The Federal Court has fixed a hearing date for the appeal for hearing on 15 February 2018.