

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	INDIVIDUAL QUARTER THREE MONTHS ENDED			CUMULATIVE PERIOD THREE MONTHS ENDED		
	30 JUNE 2021 RM'000 Unaudited	30 JUNE 2020 RM'000 Unaudited	Variance %	30 JUNE 2021 RM'000 Unaudited	30 JUNE 2020 RM'000 Unaudited	Variance %
Revenue	66,532	42,143	57.9	66,532	42,143	57.9
Cost of sales	(38,064)	(33,080)	15.1	(38,064)	(33,080)	15.1
Gross profit	28,468	9,063	NA	28,468	9,063	NA
Other income	381	7,040	(94.6)	381	7,040	(94.6)
Other operating expenses	(25,356)	(15,353)	65.2	(25,356)	(15,353)	65.2
Finance costs	(2,317)	(2,144)	8.1	(2,317)	(2,144)	8.1
Share of results of associates, net of tax	(575)	1,676	NA	(575)	1,676	NA
Share of results of a jointly-controlled entity, net of tax	-	-	NA	-	-	NA
Profit before tax	601	282	NA	601	282	NA
Taxation	(300)	-	NA	(300)	-	NA
Profit for the financial period	301	282	6.7	301	282	6.7
Other comprehensive income / (loss), net of tax						
Items that may be reclassified subsequently to profit or loss:						
- Foreign currency translation differences for foreign operations	31	(32)	NA	31	(32)	NA
- Share of other comprehensive loss of associates	-	-	NA	-	-	NA
Other comprehensive income / (loss), net of tax	31	(32)	NA	31	(32)	NA
Total comprehensive income	332	250	32.8	332	250	32.8
(Loss) / Profit attributable to:-						
Owners of the Parent	(1,441)	91	NA	(1,441)	91	NA
Non-controlling interests	1,742	191	NA	1,742	191	NA
Profit for the financial period	301	282	6.7	301	282	6.7
Total comprehensive (loss) / income attributable to:-						
Owners of the Parent	(1,410)	53	NA	(1,410)	53	NA
Non-controlling interests	1,742	197	NA	1,742	197	NA
Total comprehensive income	332	250	32.8	332	250	32.8
(Loss) / Earnings per ordinary share (sen)						
- Basic and diluted	(0.27)	0.02		(0.27)	0.02	

(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 2021.)

OMESTI BERHAD (200001028094 (530701 - T))
Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	As at 30 JUNE 2021 RM'000 Unaudited	As at 31 MARCH 2021 RM'000 Audited
ASSETS		
Non-Current Assets		
Right-of-Use assets	46,702	51,964
Property, plant and equipment	6,042	6,447
Investment in associates	90,203	90,778
Other intangible assets	223,508	180,521
Other investments	1,435	1,045
Investment properties	954	954
Other receivables	-	-
Goodwill on consolidation	38,027	38,027
Deferred tax assets	3,493	3,493
	<u>410,364</u>	<u>373,229</u>
Current Assets		
Other investments	82	99
Inventories	8,328	19,149
Trade receivables	43,132	39,426
Other receivables, deposits and prepayments	33,791	17,204
Contract assets	8,136	8,479
Amounts owing by associates	57	29
Amount owing by a jointly-controlled entity	637	705
Current tax assets	5,046	3,958
Cash and cash equivalents	61,031	130,547
	<u>160,240</u>	<u>219,596</u>
	<u>570,604</u>	<u>592,825</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	276,260	276,260
Other reserves	24,484	24,453
Warrant reserves	27,121	27,121
Accumulated losses	(124,065)	(112,352)
	<u>203,800</u>	<u>215,482</u>
Non-controlling interests	<u>49,938</u>	<u>49,721</u>
TOTAL EQUITY	<u>253,738</u>	<u>265,203</u>
Non-Current Liabilities		
Other payables, deposits & accruals	158	158
Borrowings	45,565	38,865
Provision for post employment benefits	4,798	4,798
Deferred tax liabilities	2	2
Redeemable Preference shares	79,320	79,320
	<u>129,843</u>	<u>123,143</u>
Current Liabilities		
Trade payables	16,594	33,161
Other payables, deposits and accruals	63,575	48,210
Contract liabilities	16,750	22,379
Amounts owing to associates	2	3
Amount due to joint venture	79	83
Borrowings	89,480	99,375
Current tax payables	543	1,268
	<u>187,023</u>	<u>204,479</u>
	<u>316,866</u>	<u>327,622</u>
TOTAL LIABILITIES	<u>316,866</u>	<u>327,622</u>
TOTAL EQUITY AND LIABILITIES	<u>570,604</u>	<u>592,825</u>
Net assets per share (RM)	<u>0.3827</u>	<u>0.4047</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

OMESTI BERHAD (200001028094 (530701 - T))

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	----- Non-distributable -----							
	Share capital RM'000	Capital reserve RM'000	Warrant reserve RM'000	Exchange translation reserve RM'000	Accumulated losses RM'000	Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
Unaudited								
Three Months Financial Period Ended 30 JUNE 2021								
Balance as at 1 APRIL 2021	276,260	24,663	27,121	(210)	(112,352)	215,482	49,721	265,203
Profit after tax for the financial period	-	-	-	-	(1,441)	(1,441)	1,742	301
Foreign currency translation for foreign operations, net of tax	-	-	-	31	-	31	-	31
Total comprehensive (loss) / profit for the financial period	-	-	-	31	(1,441)	(1,410)	1,742	332
Transactions with owners								
Arising from accretion of equity interests in subsidiaries	-	-	-	-	(10,272)	(10,272)	(1,525)	(11,797)
Total transactions with owners	-	-	-	-	(10,272)	(10,272)	(1,525)	(11,797)
Balance as at 30 JUNE 2021	<u>276,260</u>	<u>24,663</u>	<u>27,121</u>	<u>(179)</u>	<u>(124,065)</u>	<u>203,800</u>	<u>49,938</u>	<u>253,738</u>

OMESTI BERHAD (200001028094 (530701 - T))

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (continued)**

	----- Non-distributable -----							
	Share capital RM'000	Capital reserve RM'000	Warrant reserve RM'000	Exchange translation reserve RM'000	Accumulated losses RM'000	Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
Unaudited								
Three Months Financial Period Ended 30 June 2020								
Balance as at 1 APRIL 2020	275,506	24,910	-	-	(107,975)	192,441	10,688	203,129
Profit after tax for the financial period	-	-	-	-	91	91	191	282
Foreign currency translation for foreign operations, net of tax	-	-	-	-	(38)	(38)	6	(32)
Total comprehensive profit for the financial period	-	-	-	-	53	53	197	250
Transactions with owners								
Share-based payment transactions in a subsidiary	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-
Balance as at 30 June 2020	<u>275,506</u>	<u>24,910</u>	<u>-</u>	<u>-</u>	<u>(107,922)</u>	<u>192,494</u>	<u>10,885</u>	<u>203,379</u>

(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 2021.)

OMESTI BERHAD (200001028094 (530701 - T))

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	THREE MONTHS ENDED	
	30 JUNE 2021 RM'000 Unaudited	30 JUNE 2020 RM'000 Unaudited
CASH FLOWS USED IN OPERATING ACTIVITIES		
Profit before tax	601	282
Adjustments for:		
Depreciation and amortisation	9,342	1,616
Interest expense	2,227	2,020
Interest income	(163)	(182)
Net loss / (gain) on fair value adjustments on other investments	110	(2,739)
Reversal of impairment losses on other intangible assets	-	(3,625)
Share of results of associates	575	(1,676)
Share of results of a jointly-controlled entity	-	-
Operating profit / (loss) before working capital changes	12,692	(4,304)
Net changes in assets	(42,014)	2,400
Net changes in liabilities	(11,009)	(10,274)
Net cash from used in operations	(40,331)	(12,178)
Tax paid	(2,108)	(721)
Tax refunded	-	2
Net cash used in operating activities	(42,439)	(12,897)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of additional shares in subsidiaries	(11,797)	(2,239)
Addition of software development expenditure	(11,066)	(193)
Interest received	162	182
Proceed from disposal of quoted investments	17	-
Purchase of property, plant and equipment	(118)	-
Net placement of deposits pledged to licensed banks	(10,468)	(30)
Net cash used in investing activities	(33,270)	(2,280)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayments) / drawdown of borrowings	(12,099)	12,988
Interest paid	(1,938)	(2,020)
Net cash (used in) / from financing activities	(14,037)	10,968
Net decrease in cash and cash equivalents	(89,746)	(4,209)
Cash and cash equivalents at 1 APRIL 2021/2020*	116,525	32,376
Effect of foreign exchange on opening balance	42	(57)
Cash and cash equivalents at 31 March 2021/2020*	<u>26,821</u>	<u>28,110</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 2021.)

1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements outlined in the Malaysian Financial Reporting Standard ("MFRS") 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 MARCH 2021. The explanatory notes attached to the interim financial statements 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 2021.

2 Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 March 2021 except for the newly-issued accounting framework - MFRS and IC Interpretations ("IC Int.") to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2021:

Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)
Annual Improvements to MFRS Standards 2018 - 2020
Amendments to MFRS 3 Reference to the Conceptual Framework
Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
MFRS 17 Insurance Contracts
Amendments to MFRS 17 Insurance Contracts
Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)
Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the above did not have any significant effects on the interim financial statements upon their initial application.

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 2021 was not qualified.

4 Seasonal and cyclical factors

The business operations of the Group was not materially 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 7 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 changes in estimates of amounts which have a material effect to 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.

8 Dividends paid

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

Notes to the Interim Financial Report
For the First Quarter Ended 30 June 2021

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
Three Months Financial Period Ended 30 JUNE 2021						
Unaudited						
External revenue	42,979	23,007	14	532	-	66,532
Inter segment revenue	4,060	1,201	-	540	(5,801)	-
Total Revenue	<u>47,039</u>	<u>24,208</u>	<u>14</u>	<u>1,072</u>	<u>(5,801)</u>	<u>66,532</u>
Segment results	4,016	(508)	(59)	(564)	355	3,240
Share of results of associates	-	-	-	(575)	-	(575)
Share of results of a jointly-controlled entity	-	-	-	-	-	-
Interest expense	(1,646)	(205)	(6)	(366)	(4)	(2,227)
Interest Income	125	23	-	15	-	163
Profit / (Loss) before tax	<u>2,495</u>	<u>(690)</u>	<u>(65)</u>	<u>(1,490)</u>	<u>351</u>	<u>601</u>
Segment assets	<u>844,304</u>	<u>61,399</u>	<u>2,547</u>	<u>188,744</u>	<u>(526,390)</u>	<u>570,604</u>
Three Months Financial Period Ended 30 June 2020						
Unaudited						
External revenue	14,723	27,417	3	-	-	42,143
Inter segment revenue	2,965	732	-	490	(4,187)	-
Total Revenue	<u>17,688</u>	<u>28,149</u>	<u>3</u>	<u>490</u>	<u>(4,187)</u>	<u>42,143</u>
Segment results	292	1,124	(277)	(60)	(635)	444
Share of results of associates	-	-	-	1,676	-	1,676
Share of results of a jointly-controlled entity	-	-	-	-	-	-
Interest expense	(582)	(1,278)	-	(996)	836	(2,020)
Interest Income	124	156	-	34	(132)	182
Profit / (Loss) before tax	<u>(166)</u>	<u>2</u>	<u>(277)</u>	<u>654</u>	<u>69</u>	<u>282</u>
Segment assets	<u>276,564</u>	<u>97,807</u>	<u>2,954</u>	<u>225,917</u>	<u>(212,094)</u>	<u>391,148</u>

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

During the financial period under review, Omesti Holdings Berhad ("OHB"), a wholly-owned subsidiary of the Group acquired 4,637,300 ordinary shares in Microlink Solutions Berhad ("Microlink") for a total cash consideration of RM11,797,263. Following the acquisitions, OHB now holds 53.69% equity interest in Microlink.

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

12 Subsequent events

Omesti Berhad proposed acquisition of 20,000 ordinary shares and proposed subscription of 400,000 ordinary shares, representing 70% equity interest of the total enlarged number of issued shares in Bemed Tempua Sdn Bhd ("BTSB") for a total cash consideration of RM 700,000.00.

On 27 July 2021, Omesti Berhad announce that its wholly-owned subsidiary Omesti Holdings Berhad ("OHB") entered into the following agreements:

- (a) Share Sale Agreement with Bemed Holding Sdn Bhd ("BHSB") to acquire 20,000 ordinary shares ("Shares") in BTSB for a total cash consideration of RM300,000.00 only ("Proposed Acquisition"); and
- (b) Subscription Agreement with BTSB to subscribe for 400,000 Shares in BTSB for a total cash subscription price of RM400,000.00 only ("Proposed Subscription").

collectively referred to as the "Proposals".

Upon the completion of the Proposed Acquisition and Proposed Subscription, OHB will hold 420,000 Shares, representing 70% of the total enlarged number of issued shares in BTSB.

Saved as disclosed above, there were no 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

There were no changes in contingent liabilities or contingent assets during the current financial period under review.

14 Capital commitments

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

15 Cash and bank balances

The Group's cash and bank balances as at the end of the reporting date can be analysed as follows:

	As at 30 JUNE 2021	As at 30 JUNE 2020
	RM'000	RM'000
Cash and bank balances	39,635	28,848
Fixed deposits with licensed financial institutions	21,396	11,519
	61,031	40,367
Less: Fixed deposits pledged with licensed banks	(21,396)	(11,037)
Less: Bank overdraft	(12,814)	(1,220)
	<u>26,821</u>	<u>28,110</u>

**Additional information required by Bursa Securities Listing Requirements
For the First Quarter Ended 30 June 2021**

1 Detailed analysis of performance

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

	INDIVIDUAL QUARTER THREE MONTHS ENDED			CUMULATIVE PERIOD THREE MONTHS ENDED		
	30 JUNE 2021 RM'000 Unaudited	30 JUNE 2020 RM'000 Unaudited	Variance %	30 JUNE 2021 RM'000 Unaudited	30 JUNE 2020 RM'000 Unaudited	Variance %
Business Performance Services	47,039	17,688	NA	47,039	17,688	NA
Trading & Distribution Services	24,208	28,149	(14.0)	24,208	28,149	(14.0)
Digital & Infrastructure Services	14	3	NA	14	3	NA
Others	1,072	490	NA	1,072	490	NA
	72,333	46,330	56.1	72,333	46,330	56.1
Less : Inter Segment Revenue	(5,801)	(4,187)		(5,801)	(4,187)	
Total Group Revenue	66,532	42,143	57.9	66,532	42,143	57.9

The Group's revenue for the current quarter under review has increased to RM66.53 million, representing an increase of 57.9% as compared to the corresponding quarter of the preceding financial period mainly due to higher order fulfilments and progress billings in the Business Performance Services.

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

	INDIVIDUAL QUARTER THREE MONTHS ENDED			CUMULATIVE PERIOD THREE MONTHS ENDED		
	30 JUNE 2021 RM'000 Unaudited	30 JUNE 2020 RM'000 Unaudited	Variance %	30 JUNE 2021 RM'000 Unaudited	30 JUNE 2020 RM'000 Unaudited	Variance %
Business Performance Services	2,495	(166)	NA	2,495	(166)	NA
Trading & Distribution Services	(690)	2	NA	(690)	2	NA
Digital & Infrastructure Services	(65)	(277)	(76.5)	(65)	(277)	(76.5)
Others	(1,490)	654	NA	(1,490)	654	NA
	250	213	17.4	250	213	17.4
Less : Elimination	351	69		351	69	
Profit before tax	601	282	NA	601	282	NA

The Group posted a profit before tax of RM0.60 million for the current financial quarter as compared to a profit before tax of RM0.28 million as recorded in the previous corresponding quarter. The increase is mainly due to higher margins contributions achieved in the Business Performance Services segment.

2 Variation of results against preceding quarter

	THREE MONTHS ENDED		
	30 JUNE 2021 RM'000	31 MARCH 2021 RM'000	Variance %
Revenue	66,532	56,152	18.5
Profit before tax	601	2,253	-73.3%

The Group's revenue for the current quarter under review has increased to RM66.53 million, representing an increase of 18.5% as compared to the immediate preceding quarter mainly attributable to higher order fulfilments from Business Performance Services.

The decrease in profit before tax by RM1.65 million in the current quarter as compared to the immediate preceding quarter. The higher profit recorded in the immediate preceding quarter was mainly attributable to the reversal of the Software Development Expenditure impairments as a result of successful closure of new contracts and significant prospects for the Business Performance Services segment.

**Additional information required by Bursa Securities Listing Requirements
For the First Quarter Ended 30 June 2021**
3 Business prospects

The on-going COVID-19 pandemic and the various movement control restrictions undertaken by the Government have changed the landscape of the business environment over the last 15 months. Nevertheless, the core business remains stable and the Group continues to pursue opportunities to introduce new revenue streams.

In line with the continuous effort to deliver our commitments to customers, the Board of Directors remain optimistic on delivering positive financial results in FY 2022.

4 Profit forecast

Not applicable.

5 Taxation

	INDIVIDUAL QUARTER THREE MONTHS ENDED		CUMULATIVE PERIOD THREE MONTHS ENDED	
	30 JUNE 2021	30 JUNE 2020	30 JUNE 2021	30 JUNE 2020
	RM'000 Unaudited	RM'000 Unaudited	RM'000 Unaudited	RM'000 Unaudited
Current tax expense				
- Malaysian taxation	300	-	300	-
Under provision in prior periods				
- Malaysian taxation	-	-	-	-
	300	-	300	-
Deferred taxation				
- origination and reversal of temporary differences				
- Malaysian taxation	-	-	-	-
Under provision in prior periods				
- Malaysian taxation	-	-	-	-
	300	-	300	-

The Group has incurred an income tax expense of RM 0.30 million for the financial period under review consists of taxation from certain subsidiaries.

6 Status of corporate proposals

On 7 April 2021, the Company announced that the Company has completed its Rights Issue of RPS with Warrants following the listing of and quotation for 106,441,367 RPS and 248,362,936 Warrants in Omesti.

The utilisation of proceeds are as follows:

	Proposed Utilisation	Actual Utilisation	Deviation
Funding for TM Project	56,580,000	51,243,000 Within 6 months	The remaining proceeds are expected to be utilised within the intended timeframe.
Repayment of borrowings	44,400,000	44,400,000 Within 6 months	-
Working capital	4,501,367	4,501,367 Within 12 months	-
Estimated expenses	960,000	960,000 Within 1 month	-
	<u>106,441,367</u>	<u>101,104,367</u>	

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

7 Borrowings and debt securities

The Group's bank borrowings consist of redeemable preference shares, term loan, invoice financing, lease creditors, trust receipts and bank overdraft, and are denominated in RM.

**Additional information required by Bursa Securities Listing Requirements
For the First Quarter Ended 30 June 2021**

8 Changes in material litigation

Save as disclosed below, the Group and its subsidiaries are not engaged in any other material litigations, claims or arbitration, either as plaintiff or defendant as at the date of this report:

- 1) Foster Moore International Limited ("the Plaintiff") vs. Formis Network Services Sdn. Bhd. ("FNS") and Omesti Berhad ("Omesti")
Omesti Berhad ("OB") together with Formis Network Services Sdn Bhd ("FNS"), an indirect subsidiary of OB (collectively, the "Defendants"), had on 13 May 2020 received a Writ of Summons and Statement of Claim both dated 2 April 2020 from Foster Moore International Limited ("Plaintiff"), alleging that FNS has failed to pay the Plaintiff for works done in accordance with a master service agreement dated 20 November 2017 entered into between the Plaintiff, OB (as corporate guarantor to guarantee the payment obligation of FNS) and FNS. The works in question relate to the provision of services and deliverables by the Plaintiff to FNS in connection with an online register of companies' solution to the Companies Commission of Malaysia ("CCM").

The Plaintiff sought for, inter-alia, the following orders from the Kuala Lumpur High Court ("the Court"):

- a) that the Defendants jointly and severally pay the Plaintiff an outstanding sum of USD0.8 million;
- b) interest at the rate of 1.5% per month for the sums due and owing amounting to an aggregate sum of USD0.8 million, calculated from the due date, being no later than 30 days after the date of the invoice or the date of issuance of the invoice, until the date of judgment;
- c) post-judgment interest at the rate of 5% per annum on the judgment sum from the date of judgment until full and final settlement of the same;
- d) costs; and
- e) any further and other relief as this Court deems appropriate.

The Defendants filed a statement of defence and counterclaim against the Plaintiff on 10 July 2020. In the counterclaim, the Defendants are claiming for, amongst

- (i) Damages for overpayment to the Plaintiff; and
- (ii) Licence fees in the approximate sum of USD1.0 million.

Subsequently, the Plaintiff filed its reply and defence to counterclaim on 4 September 2020 and the Defendants filed their reply to the Plaintiff's defence to counterclaim on 16 October 2020. Further the Defendants had received the Plaintiff amended reply to defence and counterclaim on 14 December 2020 and the Defendants had subsequently filed their amended reply to the Counterclaim on 4 January 2021.

The suit is presently fixed for a case management via e-review on 15 September 2021 for parties to file pre-trial documents.

The solicitors acting for and on behalf of the Defendants are of the view that the Defendants have a fair chance of defending the claim and also in succeeding with the counterclaim.

- 2) Formis Network Services Sdn Bhd ("FNS") vs Suruhanjaya Syarikat Malaysia ("SSM")

On 5 August 2019, CCM issued a termination notice ("Termination Notice") to FNS to terminate the outsourcing agreement dated 28 November 2017 entered into between CCM and FNS (which was supplemented by a first supplemental agreement dated 28 March 2019) for the supply, implementation, training, support and maintenance of CCM's Core Digital Registry Solution ("Outsourcing Agreement"). Pursuant to the Termination Notice, CCM alleged that FNS failed and/or neglected to complete the implementation of "Release 1" within the prescribed time frame set out in the notice of default dated 3 June 2019 issued by CCM and to fulfil all its obligations as stipulated in the Outsourcing Agreement. By reason thereof, CCM sought to terminate the Outsourcing Agreement and demanded liquidated ascertained damages in the sum of RM13.2 million from FNS.

FNS in response, via its letter dated 9 August 2019, denied CCM's allegations and took the position, amongst others, that the Termination Notice is unlawful and premature. In this regard, FNS took the position that if CCM continues to breach the Outsourcing Agreement, FNS will be constrained to commence proceedings against CCM and the indicative sum of damages sought (which is provided by the Outsourcing Agreement) would be RM150.0 million.

The parties thereafter engaged in a dispute resolution discussions as provided for under the terms of the Outsourcing Agreement.

On 8 July 2020, CCM via its solicitors issued a letter to FNS confirming that CCM has maintained its decision to terminate the Outsourcing Agreement in accordance with the Termination Notice, as CCM believes that no amicable solution can be reached between the parties.

FNS maintains the position that it is not in default of the Outsourcing Agreement and had filed a writ and statement of claim on 11 February 2021 against CCM. CCM had served their defence and counterclaim on FNS on 30 March 2021, claiming among others:

- a) RM 49,298,651.00 for liquidated ascertained damages ("LAD") allegedly owing by FNS to CCM due to delays and costs for the payment of licensing which CCM would not have had to allegedly incur, had the Core Project been completed as per the agreed timeline under the Outsourcing Agreement.
- b) Damages – to be assessed by Court
- c) Interests on all sums allegedly due
- d) Costs
- e) An order for the delivery of all the content, materials, designs, specifications, records, accounts, detailed report, data, document and any other information belonging to the CCM by FNS.

**Additional information required by Bursa Securities Listing Requirements
For the First Quarter Ended 30 June 2021**
8 Changes in material litigation (cont.)

FNS had filed and served its reply to CCM's defence and counterclaim on 12 May 2021 denying and disputing CCM's defence and counterclaim. Apart from the writ and statement of claim filed by FNS against CCM, FNS had on 28 April 2021 filed an injunction application against CCM to restrain CCM from, inter alia, using and/or disseminating FNS's intellectual property and/or confidential information including works created and/or products designed and/or developed by FNS in performing its obligations under the Outsourcing Agreement, until the final disposal and/or conclusion of the suit. Consequentially, FNS had subsequently filed a sealing application to ensure all documents in relation to FNS's confidential information and intellectual properties including works created and/or products designed and/or developed by FNS in performing its obligations under the Outsourcing Agreement are sealed and shall only be privy to parties named in the Suit and the Court. The sealing application is presently fixed for hearing on 26 October 2021.

The solicitors acting for and on behalf of the FNS are of the view that FNS has a fair chance of succeeding in the claim and also in defending the counterclaim.

The Group assessed that the expected losses arising from the litigation are the expenses in engaging advocates and solicitors to address the litigation and the cost of the litigation and litigation proceedings.

9 Dividends

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

10 (Loss) / Earnings per ordinary share
Basic / diluted (loss) / earnings per ordinary share

Basic / diluted earnings per ordinary share for the quarter and financial period under review is calculated based on the Group's (loss) / profit 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		CUMULATIVE PERIOD THREE MONTHS ENDED	
	30 JUNE 2021	30 JUNE 2020	30 JUNE 2021	30 JUNE 2020
	Unaudited	Unaudited	Unaudited	Unaudited
(Loss) / Profit after tax and non-controlling interests (RM'000)	(1,441)	91	(1,441)	91
Number of shares in issue as at beginning of the period ('000)	532,479	530,838	532,479	530,838
WA number of ordinary shares in issue ('000)	532,479	530,838	532,479	530,838
Basic / diluted (loss) / earnings per ordinary share (sen)	(0.27)	0.02	(0.27)	0.02