

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	INDIVIDUAL QUARTER THREE MONTHS ENDED			CUMULATIVE PERIOD THREE MONTHS ENDED		
	30 JUNE 2022 RM'000 Unaudited	30 JUNE 2021 RM'000 Unaudited	Variance %	30 JUNE 2022 RM'000 Unaudited	30 JUNE 2021 RM'000 Unaudited	Variance %
Revenue	77,978	66,532	17.2	77,978	66,532	17.2
Cost of sales	(44,799)	(38,064)	17.7	(44,799)	(38,064)	17.7
Gross profit	33,179	28,468	16.5	33,179	28,468	16.5
Other income	430	381	12.9	430	381	12.9
Other operating expenses	(26,584)	(25,356)	4.8	(26,584)	(25,356)	4.8
Finance costs	(5,754)	(2,317)	NA	(5,754)	(2,317)	NA
Share of results of associates, net of tax	(915)	(575)	59.1	(915)	(575)	59.1
Profit before tax	356	601	(40.8)	356	601	(40.8)
Taxation	(1,020)	(300)	NA	(1,020)	(300)	NA
(Loss) /Profit for the financial period	<u>(664)</u>	<u>301</u>	NA	<u>(664)</u>	<u>301</u>	NA
Other comprehensive income, net of tax						
Items that may be reclassified subsequently to profit or loss:						
- Foreign currency translation differences for foreign operations	13	31	(58.1)	13	31	(58.1)
Other comprehensive income, net of tax	<u>13</u>	<u>31</u>	(58.1)	<u>13</u>	<u>31</u>	(58.1)
Total comprehensive (loss) / income	<u>(651)</u>	<u>332</u>	NA	<u>(651)</u>	<u>332</u>	NA
(Loss) / Profit attributable to:-						
Owners of the Parent	(3,956)	(1,441)	NA	(3,956)	(1,441)	NA
Non-controlling interests	3,292	1,742	89.0	3,292	1,742	89.0
(Loss) /Profit for the financial period	<u>(664)</u>	<u>301</u>	NA	<u>(664)</u>	<u>301</u>	NA
Total comprehensive (loss) / income attributable to:-						
Owners of the Parent	(3,945)	(1,410)	NA	(3,945)	(1,410)	NA
Non-controlling interests	3,294	1,742	89.1	3,294	1,742	89.1
Total comprehensive (loss) / income	<u>(651)</u>	<u>332</u>	NA	<u>(651)</u>	<u>332</u>	NA
Loss per ordinary share (sen)						
- Basic and diluted	<u>(0.74)</u>	<u>(0.27)</u>		<u>(0.74)</u>	<u>(0.27)</u>	

(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 2022.)

OMESTI BERHAD (200001028094 (530701 - T))
Incorporated in Malaysia
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	As at 30 JUNE 2022 RM'000 Unaudited	As at 31 MARCH 2022 RM'000 Audited
ASSETS		
Non-Current Assets		
Right-of-Use assets	42,978	48,397
Property, plant and equipment	7,065	4,621
Investment in associates	86,872	87,683
Other intangible assets	255,010	260,882
Other investments	595	705
Investment properties	689	694
Goodwill on consolidation	51,196	51,196
Deferred tax assets	3,497	3,497
	447,902	457,675
Current Assets		
Other investments	14,005	4,475
Inventories	18,003	14,763
Trade receivables	58,245	52,416
Other receivables, deposits and prepayments	36,493	37,719
Contract assets	15,497	9,502
Amounts owing by associates	94	99
Amount owing by a jointly-controlled entity	786	1,111
Current tax assets	7,954	6,547
Cash and cash equivalents	85,273	97,510
	236,350	224,142
	684,252	681,817
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	276,949	276,949
Other reserves	23,674	23,663
Warrant reserves	27,121	27,121
Accumulated losses	(131,427)	(133,114)
	196,317	194,619
Non-controlling interests	98,915	92,662
TOTAL EQUITY	295,232	287,281
Non-Current Liabilities		
Other payables, deposits & accruals	158	181
Borrowings	46,841	50,321
Provision for post employment benefits	4,121	4,303
Deferred tax liabilities	3,747	3,747
Redeemable Preference shares	85,372	84,126
	140,239	142,678
Current Liabilities		
Trade payables	30,241	36,433
Other payables, deposits and accruals	39,088	38,650
Contract liabilities	18,610	18,722
Amounts owing to associates	165	234
Amount due to joint venture	76	135
Borrowings	158,951	154,744
Current tax payables	1,503	2,462
Provision for post employment benefits	147	478
	248,781	251,858
TOTAL LIABILITIES	389,020	394,536
TOTAL EQUITY AND LIABILITIES	684,252	681,817
Net assets per share (RM)	0.3675	0.3655

(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 2022.)

OMESTI BERHAD (200001028094 (530701 - T))

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	----- 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 2022								
Balance as at 1 APRIL 2022	276,949	24,663	27,121	(1,000)	(133,114)	194,619	92,662	287,281
(Loss) / profit after tax for the financial period	-	-	-	-	(3,956)	(3,956)	3,292	(664)
Foreign currency translation for foreign operations, net of tax	-	-	-	11	-	11	2	13
Total comprehensive (loss) / profit for the financial period	-	-	-	11	(3,956)	(3,945)	3,294	(651)
Transactions with owners								
Shares issued pursuant to Employee Share Grant Plan ("ESGP")	-	-	-	-	-	-	513	513
Arising from decreation of equity interests in subsidiaries	-	-	-	-	5,643	5,643	2,671	8,314
Dividend paid	-	-	-	-	-	-	(225)	(225)
Total transactions with owners	-	-	-	-	5,643	5,643	2,959	8,602
Balance as at 30 JUNE 2022	<u>276,949</u>	<u>24,663</u>	<u>27,121</u>	<u>(989)</u>	<u>(131,427)</u>	<u>196,317</u>	<u>98,915</u>	<u>295,232</u>

OMESTI BERHAD (20001028094 (530701 - T))

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022 (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 2021								
Balance as at 1 APRIL 2021	276,260	24,663	27,121	(210)	(112,352)	215,482	49,721	265,203
(Loss) / 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 profit/ (loss) 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>

(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 2022.)

OMESTI BERHAD (200001028094 (530701 - T))

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	THREE MONTHS ENDED	
	30 JUNE 2022	30 JUNE 2021
	RM'000 Unaudited	RM'000 Unaudited
CASH FLOWS USED IN OPERATING ACTIVITIES		
Profit before tax	356	601
Adjustments for:		
Bad debts written off	5	-
Depreciation and amortisation	10,050	9,342
Interest expense	5,573	2,227
Interest income	(188)	(163)
Net (gain) / loss on disposal of quoted investment	(21)	110
Net gain on fair value adjustments on other investments	235	-
Share of loss results of associates	915	575
Operating profit before working capital changes	16,925	12,692
Net changes in assets	(20,754)	(42,014)
Net changes in liabilities	(8,295)	(11,009)
Net cash used in operations	(12,124)	(40,331)
Tax paid	(2,533)	(2,108)
Net cash used in operating activities	(14,657)	(42,439)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of additional shares in subsidiaries	(475)	(11,797)
Purchase of additional shares in an associate	(104)	-
Addition of software development expenditure	(1,215)	(11,066)
Disposal of interest in subsidiaries	8,700	-
Interest received	188	162
Net placement of fixed deposits pledged	(285)	-
Proceeds from disposal of other investments	-	17
Purchase of other investments	(9,655)	-
Purchase of property, plant and equipment	(58)	(118)
Net placement of deposits pledged to licensed banks	-	(10,468)
Net cash used in investing activities	(2,904)	(33,270)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown/ (repayments) of borrowings	8,322	(12,099)
Interest paid	(1,842)	(1,938)
Net cash from / (used in) financing activities	6,480	(14,037)
Net decrease in cash and cash equivalents	(11,081)	(89,746)
Cash and cash equivalents at 1 APRIL 2022/2021*	61,401	116,525
Effect of foreign exchange on opening balance	23	42
Cash and cash equivalents at 31 March 2022/2021*	50,343	26,821

* 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 2022.)

OMESTI BERHAD (200001028094 (530701 - T))

Incorporated in Malaysia

**Notes to the Interim Financial Report
For the First Quarter Ended 30 June 2022**

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 2022. 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 2022.

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 2022 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)
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)
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)
Initial Application of MFRS 17 and MFRS 9 Comparative Information (Amendments to MFRS 17 Insurance Contracts)
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 2022 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.

OMESTI BERHAD (200001028094 (530701 - T))

Incorporated in Malaysia

**Notes to the Interim Financial Report
For the First Quarter Ended 30 June 2022**

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.
- Healthcare Services - Distribution of pharmaceutical products, vaccines and medical devices and provision of various medical 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	Healthcare Services RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Three Months Financial Period Ended 30 June 2022							
Unaudited							
External revenue	43,859	28,217	14	5,583	305	-	77,978
Inter segment revenue	9,557	2,540	-	-	226	(12,323)	-
Total Revenue	53,416	30,757	14	5,583	531	(12,323)	77,978
Segment results	10,307	25	(165)	202	46,548	(50,261)	6,656
Share of results of associates	-	-	-	-	(915)	-	(915)
Share of results of a jointly-controlled entity	-	-	-	-	-	-	-
Interest expense	(3,380)	(305)	(5)	(39)	(1,844)	-	(5,573)
Interest Income	121	56	-	-	11	-	188
Profit / (Loss) before tax	7,048	(224)	(170)	163	43,800	(50,261)	356
Segment assets	944,887	76,325	438	21,941	209,953	(569,292)	684,252

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	47,039	24,208	14	-	1,072	(5,801)	66,532
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	2,495	(690)	(65)	-	(1,490)	351	601
Segment assets	844,304	61,399	2,547	-	188,744	(526,390)	570,604

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

- (i) During the financial period under review, Omesti Holdings Berhad ("OHB"), a wholly-owned subsidiary of the Group acquired 800,000 ordinary shares in Microlink Solutions Berhad ("Microlink") for a total cash consideration of RM474,720. During June 2022, OHB sold 15,000,000 ordinary shares in Microlink for a total cash consideration of RM8,700,000. Following the acquisitions, OHB now holds 49.20% equity interest in Microlink.
- (ii) Heads Of Agreement ("HOA") Entered Into Between Omesti Berhad, Man Yau Holdings Berhad And Microlink Solutions Berhad
- M&A Securities Sdn Bhd, on behalf of the Board of Directors of Omesti wishes to announce that the Company had on 19 January 2022 entered into a Heads of Agreement with Man Yau Holdings Berhad ("MYHB"), a wholly-owned subsidiary of Omesti, and Microlink Solutions Berhad ("Microlink"), wherein Omesti and MYHB on the one hand are desirous of undertaking the transfer of certain information technology projects to Microlink on the other hand, which will comprise and involve the following:
- (i) the proposed sale and transfer by Omesti of its rights and interests under the TMBSSP contracts in respect of a business support system project for Telekom Malaysia Berhad ("TMBSSP"), to Microlink ("Proposed Transfer of TMBSSP");
- (ii) the proposed sale and transfer by Omesti of 250,000 ordinary shares in Formis Research & Development Sdn Bhd, representing 100% of its equity interest, which is carrying out certain electronic services development and maintenance projects, to Microlink ("Proposed Share Sale of FRDSB"); and
- (iii) the proposed sale and transfer by MYHB of 10,000 ordinary shares in Omesti Assist Sdn Bhd, representing 100% of its equity interest, which is also carrying out certain electronic services development and maintenance projects, to Microlink ("Proposed Share Sale of OASB").
- (iv) all parties acknowledge that the definitive agreements shall be executed within 60 days from the date of the HOA, with an automatic extension of 30 days upon the expiry of such 60 days period (i.e. by 18 April 2022), or such further extended date as the parties may mutually agree upon ("Expiry Date").

On 12 April 2022, all parties executed a letter mutually agreeing to extend the Expiry Date for a period of 3 months, commencing from 19 April 2022 and expiring on 18 July 2022, subject to any further extension as may be mutually agreed upon between the parties.

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

12 Subsequent events

- (i) On 12 July 2022, Omesti Holdings Berhad ("OHB"), a wholly-owned subsidiary has entered into a Joint Venture and Shareholders' Agreement with 360 Medic Holdings Sdn Bhd ("360MH") for the purpose to regulate the conditions for the formation and operation of a joint venture company, namely, Aurora 360 Sdn Bhd.

The purpose of the JVSA is to formalise a collaboration between OHB and 360MH (collectively referred to as the "Parties") to pool resources for the common purpose of establishing and operating one or more diagnostic and screening centre(s) in Malaysia.

- (ii) Heads Of Agreement ("HOA") Entered Into Between Omesti Berhad, Man Yau Holdings Berhad And Microlink Solutions Berhad

On 18 July 2022, the HOA expired and lapsed with no further extension of time has been between the Company, Man Yau Holdings Berhad, a wholly-owned subsidiary of Omesti, and Microlink Solutions Berhad.

- (iii) 18 July 2022, the Company will stop treating Microlink Solutions Berhad ("Microlink") as a subsidiary of the Company for the following reasons:-

- (i) as at 18 July 2022, the Company through Omesti Holdings Berhad ("OHB"), a wholly-owned subsidiary of Omesti holds a total of 525,594,972 Microlink shares, representing 49.2% equity interest in Microlink; and
- (ii) with the changes to the board compositions of both Omesti and Microlink and the re-designation of a director in Omesti announced on 18 July 2022, Omesti will stop treating Microlink as a subsidiary, as Omesti no longer controls the board of directors of Microlink.

Accordingly, Microlink is now a 49.2%-owned associated company of OHB, and consequently an indirect 49.2%-owned associated company of Omesti with effect from 18 July 2022.

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 2022	As at 30 JUNE 2021
	RM'000	RM'000
Cash and bank balances	61,309	39,635
Fixed deposits with licensed financial institutions	<u>23,964</u>	<u>21,396</u>
	85,273	61,031
Less: Fixed deposits pledged with licensed banks	(23,964)	(21,396)
Less: Bank overdraft	<u>(10,966)</u>	<u>(12,814)</u>
	<u>50,343</u>	<u>26,821</u>

Additional information required by Bursa Securities Listing Requirements
For the First Quarter Ended 30 June 2022

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		
			Variance			Variance
	30 JUNE 2022 RM'000 Unaudited	30 JUNE 2021 RM'000 Unaudited	%	30 JUNE 2022 RM'000 Unaudited	30 JUNE 2021 RM'000 Unaudited	%
Business Performance Services	53,416	47,039	13.6	53,416	47,039	13.6
Trading & Distribution Services	30,757	24,208	27.1	30,757	24,208	27.1
Digital & Infrastructure Services	14	14	-	14	14	-
Healthcare Services	5,583	-	NA	5,583	-	NA
Others	531	1,072	(50.5)	531	1,072	(50.5)
	90,301	72,333	24.8	90,301	72,333	24.8
Less : Inter Segment Revenue	(12,323)	(5,801)		(12,323)	(5,801)	
Total Group Revenue	<u>77,978</u>	<u>66,532</u>	17.2	<u>77,978</u>	<u>66,532</u>	17.2

The Group's revenue for the current quarter under review has increased to RM77.98 million, representing an increase of 17.2% 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 and higher order fulfilments in the Trading & Distribution Services.

The Group has also begun to recognise the financial contribution from the Healthcare Services segment since month of September 2021 following the completion of the acquisition of 70% equity interest on 30 August 2021 for Bemed Tempua Sdn Bhd and the completion of acquired 70% interest in additional 9 Bemed pharmaceutical companies.

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		
			Variance			Variance
	30 JUNE 2022 RM'000 Unaudited	30 JUNE 2021 RM'000 Unaudited	%	30 JUNE 2022 RM'000 Unaudited	30 JUNE 2021 RM'000 Unaudited	%
Business Performance Services	7,048	2,495	NA	7,048	2,495	NA
Trading & Distribution Services	(224)	(690)	(67.5)	(224)	(690)	(67.5)
Digital & Infrastructure Services	(170)	(65)	NA	(170)	(65)	NA
Healthcare Services	163	-	NA	163	-	NA
Others	43,800	(1,490)	NA	43,800	(1,490)	NA
	50,617	250	NA	50,617	250	NA
Less : Elimination	(50,261)	351		(50,261)	351	
Profit before tax	<u>356</u>	<u>601</u>	(40.8)	<u>356</u>	<u>601</u>	(40.8)

The Group posted a profit before tax of RM0.36 million for the current financial quarter as compared to profit before tax of RM0.60 million recorded in the previous corresponding quarter. The decrease is mainly due to lower gross profit margin achieved in Trading & Distribution Services.

2 Variation of results against preceding quarter

	THREE MONTHS ENDED		
	30 JUN 2022	31 MAR 2022	Variance
	RM'000	RM'000	%
Revenue	<u>77,978</u>	<u>70,804</u>	10.1
Loss before tax	<u>356</u>	<u>(4,708)</u>	-107.6%

The Group's revenue for the current quarter under review has increased to RM77.98 million, representing a increase of 10.1% as compared to the immediate preceding quarter mainly due to higher order fulfilments and progress billings in the Business Performance Services and higher order fulfilments in the Trading & Distribution Services.

The Group has registered a profit before tax for the current quarter as compared to a loss before tax in the immediate preceding quarter due to higher contribution of losses from an associate in the immediate preceding quarter.

**Additional information required by Bursa Securities Listing Requirements
For the First Quarter Ended 30 June 2022**
3 Business prospects

The global economic recovery resulting from the tail-end of the COVID-19 pandemic has been hampered by continuing geopolitical tensions e.g. the Russia-Ukraine war and various trade sanctions, which resulted in supply chain issues and hence, higher costs and mounting inflationary pressures globally. Major central banks around the world has begun to tighten monetary policies to contain inflation, which has triggered fears of a global recession, prompting downward revisions to global economic growth for calendar year 2022 and 2023.

Despite the challenges, the Group has continued its focus in pursuing growth in the healthcare segment. The Group has expanded its chain of pharmacies by opening 2 new outlets in Segambut in April 2022 and Sungai Buloh in August 2022 respectively. The Group has also entered into a new Joint Venture and Shareholders Agreement with a partner to establish and operate diagnostic and screening centres. The Group is committed to continually pursue its pipelines in healthcare projects, to increase its presence in the healthcare market.

The Group has also pared down its shareholding in Microlink Solutions Berhad ("MSB") and de-merged MSB from being a subsidiary within the Group to the status of an associate on 18 July 2022.

Given the challenges posed as outlined above vis a vis the pandemic, and geopolitical tensions, the group maintains a cautious stance with respect to its overall performance, and is optimistic that with the addition of the healthcare business, coupled with it's continued focus to contain costs, the Group will improve it's financial performance.

4 Profit forecast

Not applicable.

5 Taxation

	INDIVIDUAL QUARTER THREE MONTHS ENDED		CUMULATIVE PERIOD THREE MONTHS ENDED	
	30 JUNE 2022	30 JUNE 2021	30 JUNE 2022	30 JUNE 2021
	RM'000 Unaudited	RM'000 Unaudited	RM'000 Unaudited	RM'000 Unaudited
Current tax expense				
- Malaysian taxation	1,020	300	1,020	300
Under provision in prior periods				
- Malaysian taxation	-	-	-	-
	1,020	300	1,020	300
Deferred taxation				
- origination and reversal of temporary differences				
- Malaysian taxation	-	-	-	-
Under provision in prior periods				
- Malaysian taxation	-	-	-	-
	1,020	300	1,020	300

The Group has incurred an income tax expense of RM 1.02 million for the financial period under review consists of taxation from certain subsidiaries.

6 Status of corporate proposals

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 2022****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 is seeking 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 on 15 May 2023 for parties to finalise pre-trial documents, further, the suit now fixed for trial from 5th to 9th June 2023. The previous trial dates that were fixed in September 2022 was vacated due to other high priority cases.

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 2022**
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. A Consent Order for the sealing application was recorded on 23 November 2021 and the Court further fixed 26 September 2022 for the Hearing of FNS's injunction application.

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 per ordinary share
Basic / diluted loss per ordinary share

Basic / diluted 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		CUMULATIVE PERIOD THREE MONTHS ENDED	
	30 JUNE 2022	30 JUNE 2021	30 JUNE 2022	30 JUNE 2021
	Unaudited	Unaudited	Unaudited	Unaudited
Loss after tax and non-controlling interests (RM'000)	(3,956)	(1,441)	(3,956)	(1,441)
Number of shares in issue as at beginning of the period ('000)	534,190	532,479	534,190	532,479
Effect of issuance of ESGP ('000)	-	-	-	-
WA number of ordinary shares in issue ('000)	534,190	532,479	534,190	532,479
Basic / diluted loss per ordinary share (sen)	(0.74)	(0.27)	(0.74)	(0.27)