

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 JUNE		CUMULATIVE PERIOD THREE MONTHS ENDED 30 JUNE	
	2016 RM'000 Unaudited	2015 RM'000 Unaudited	2016 RM'000 Unaudited	2015 RM'000 Unaudited
Revenue	94,963	74,214	94,963	74,214
Cost of sales	(72,305)	(54,335)	(72,305)	(54,335)
Gross profit	22,658	19,879	22,658	19,879
Other income	795	1,512	795	1,512
Other operating expenses	(27,641)	(29,043)	(27,641)	(29,043)
Finance costs	(2,697)	(2,437)	(2,697)	(2,437)
Share of results of associates, net of tax	2,982	2,049	2,982	2,049
Loss before tax	(3,903)	(8,040)	(3,903)	(8,040)
Tax expense	(460)	(968)	(460)	(968)
Loss for the financial period	(4,363)	(9,008)	(4,363)	(9,008)
Other comprehensive loss, net of tax				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation differences for foreign operations	(329)	(951)	(329)	(951)
- Share of foreign currency translation of associates	(28)	-	(28)	-
Other comprehensive loss for the financial period, net of tax	(357)	(951)	(357)	(951)
Total comprehensive loss for the financial period	(4,720)	(9,959)	(4,720)	(9,959)
Loss attributable to:-				
Owners of the Parent	(3,567)	(7,033)	(3,567)	(7,033)
Non-controlling interests	(796)	(1,975)	(796)	(1,975)
Loss for the financial period	(4,363)	(9,008)	(4,363)	(9,008)
Total comprehensive loss attributable to:-				
Owners of the Parent	(3,375)	(7,984)	(3,375)	(7,984)
Non-controlling interests	(1,345)	(1,975)	(1,345)	(1,975)
Total comprehensive loss for the financial period	(4,720)	(9,959)	(4,720)	(9,959)
Loss per ordinary share (sen)				
-Basic	(0.92)	(1.81)	(0.92)	(1.81)
-Diluted	(0.92)	(1.79)	(0.92)	(1.79)

(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 2016.)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	As at 30.06.2016 RM'000 Unaudited	As at 31.03.2016 RM'000 Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	23,815	23,967
Investment in associates	81,404	78,474
Other intangible assets	35,657	17,601
Other investments	32,015	33,459
Trade receivables	6,077	6,077
Other receivables	20,621	20,938
Goodwill	78,240	78,240
Deferred tax assets	4,943	4,760
	<u>282,772</u>	<u>263,516</u>
Current Assets		
Other investments	122	3,182
Inventories	16,993	19,128
Trade receivables	100,099	129,204
Other receivables, deposits and prepayments	74,376	74,223
Amount due from associates	13	18
Current tax assets	6,988	6,339
Cash and cash equivalents	67,007	76,262
	<u>265,598</u>	<u>308,356</u>
TOTAL ASSETS	<u>548,370</u>	<u>571,872</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	194,631	194,631
Share premium	15,638	15,638
Other reserves	38,539	38,463
Retained earnings	10,342	16,579
	<u>259,150</u>	<u>265,311</u>
Non-controlling interests	40,491	39,703
TOTAL EQUITY	<u>299,641</u>	<u>305,014</u>
Non-Current Liabilities		
Borrowings	22,859	26,869
Provision for post employment benefits	4,463	4,119
Deferred tax liabilities	1,090	1,090
	<u>28,412</u>	<u>32,078</u>
Current Liabilities		
Trade payables	41,936	39,755
Other payables, deposits and accruals	93,053	102,375
Amount due to associates	1,600	1,619
Borrowings	83,485	90,820
Current tax payables	243	211
	<u>220,317</u>	<u>234,780</u>
TOTAL LIABILITIES	<u>248,729</u>	<u>266,858</u>
TOTAL EQUITY AND LIABILITIES	<u>548,370</u>	<u>571,872</u>
Net assets per share (RM)	<u>0.67</u>	<u>0.68</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 2016.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Attributable to owners of the Parent						Total RM'000	Non- controlling interests RM'000	Total equity RM'000	
	Non-distributable			Distributable						
Unaudited Three Months Financial Period Ended 30 June 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	Retained earnings 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	-	-	-	-	-	-	(3,567)	(3,567)	(796)	(4,363)
Foreign currency translation for foreign operations	-	-	-	-	-	220	-	220	(549)	(329)
Share of other comprehensive income of associates, net of tax	-	-	-	-	-	-	(28)	(28)	-	(28)
Total comprehensive income / (loss) for the financial period	-	-	-	-	-	220	(3,595)	(3,375)	(1,345)	(4,720)
Transactions with owners										
Arising from accretion of equity interests in subsidiaries	-	-	-	-	-	-	(2,654)	(2,654)	2,133	(521)
ESOS lapsed	-	-	-	-	(144)	-	12	(132)	-	(132)
Total transactions with owners	-	-	-	-	(144)	-	(2,642)	(2,786)	2,133	(653)
Balance as at 30 June 2016	194,631	15,638	24,663	11,307	3,800	(1,231)	10,342	259,150	40,491	299,641

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016 (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 Three Months Financial Period 30 June 2015	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 2015	193,743	15,574	24,663	11,307	2,813	(251)	21,253	269,102	26,746	295,848
Loss after tax for the financial period	-	-	-	-	-	-	(7,033)	(7,033)	(1,975)	(9,008)
Foreign currency translation for foreign operations	-	-	-	-	-	(951)	-	(951)	-	(951)
Total comprehensive loss for the financial period	-	-	-	-	-	(951)	(7,033)	(7,984)	(1,975)	(9,959)
Transactions with owners										
Shares issued pursuant to Long Term Incentive Plan ("LTIP")	50	-	-	-	-	-	-	50	-	50
Shares issued pursuant to exercise of Employee Share Option Scheme ("ESOS")	50	10	-	-	-	-	-	60	-	60
Arising from accretion of equity interests in subsidiaries	-	-	-	-	-	-	(1,924)	(1,924)	1,570	(354)
Arising from dilution of equity interests in subsidiaries	-	-	-	-	-	-	5,324	5,324	4,791	10,115
Share-based payment transactions	-	-	-	-	1,143	-	-	1,143	-	1,143
Total transactions with owners	100	10	-	-	1,143	-	3,400	4,653	6,361	11,014
Balance as at 30 June 2015	193,843	15,584	24,663	11,307	3,956	(1,202)	17,620	265,771	31,132	296,903

(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 2016.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**

THREE MONTHS ENDED 30 JUNE
2016
RM'000
Unaudited

2015
RM'000
Audited

CASH FLOWS FROM OPERATING ACTIVITIES

Loss before tax	(3,903)	(8,040)
Adjustment for non-cash items:		
Bad debts written off	-	41
Depreciation and amortisation	2,245	1,871
Equity settled share-based payment transactions	(132)	1,253
Loss on dilution of equity interest in associates	23	2
Impairment losses on receivables	14	495
Interest expense	2,656	2,395
Interest income	(487)	(322)
Inventories written off	-	305
Net loss on fair value adjustments on other investments	1,445	694
Net gain on disposal of property, plant and equipment	-	(1)
Net unrealised gain on foreign currency exchange	(138)	(58)
Property, plant and equipment written off	5	17
Provision for post-employment benefits	165	-
Reversal of impairment loss on property, plant and equipment	-	(27)
Reversal of impairment loss on trade receivables	-	(212)
Share of results of associates	(2,982)	(2,049)
Operating loss before working capital changes	<u>(1,089)</u>	<u>(3,636)</u>
Net changes in assets	31,377	4,242
Net changes in liabilities	(7,151)	(12,781)
Net cash from/(used in) operations	<u>23,137</u>	<u>(12,175)</u>
Tax paid	(1,458)	(1,465)
Tax refund	414	197
Net cash generated from/(used in) operating activities	<u>22,093</u>	<u>(13,443)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of associates	-	(300)
Acquisition of non-controlling interests	-	(354)
Acquisition of additional shares in subsidiaries	(521)	-
Addition of software development	(19,223)	(184)
Disposal of interest in subsidiaries	-	3,215
Interest received	480	322
Placement of fixed deposits pledged	(1,712)	(322)
Proceeds from disposal of associate	-	495
Proceeds from disposal of other investments	3,067	-
Proceeds from disposal of property, plant and equipment	-	7
Purchase of other investments	-	(6)
Purchase of property, plant and equipment	(915)	(88)
Net cash (used in)/from investing activities	<u>(18,824)</u>	<u>2,785</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Net drawdown of borrowings	(5,600)	3,388
Ordinary share capital contributed by non-controlling interests of a subsidiary	-	6,900
Interest paid	(2,656)	(2,395)
Net cash (used in)/from financing activities	<u>(8,256)</u>	<u>7,893</u>
Net decrease in cash and cash equivalents	(4,987)	(2,765)
Cash and cash equivalents at 1 April 2016/2015*	41,854	39,437
Effect of foreign exchange on opening balance	(234)	(1,057)
Cash and cash equivalents at 30 June 2016/2015*	<u>36,633</u>	<u>35,615</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 2016.)

**Notes to the Interim Financial Report
For the First Quarter Ended 30 June 2016**

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 2016. 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 2016.

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 2016, 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>
FRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127 Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRSs Annual Improvements 2012 - 2014 Cycle	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 Investment Entities: Applying the Consolidation Exception	1 January 2016

The adoption of the above standards that are applicable from the financial period beginning on 1 April 2016 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 2016, 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 2018.

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 2016 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 for the allotment of 318 new ordinary shares of RM0.50 each pursuant to the exercise of warrants.

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 2016**
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 2016						
External sales	47,122	42,886	4,901	54	-	94,963
Inter segment sales	12,587	726	2,888	368	(16,569)	-
Total Sales	59,709	43,612	7,789	422	(16,569)	94,963
Segment results	196	1,016	(2,283)	(2,917)	(728)	(4,716)
Share of results of associates	-	-	-	2,982	-	2,982
Interest expense	(801)	(199)	(100)	(1,556)	-	(2,656)
Interest Income	215	68	182	22	-	487
(Loss) / Profit before taxation	(390)	885	(2,201)	(1,469)	(728)	(3,903)
Segment assets	373,601	113,613	97,653	314,756	(351,253)	548,370
Three Months Financial Period 30 June 2015						
External sales	43,182	27,261	3,693	78	-	74,214
Inter segment sales	6,536	326	2,812	324	(9,998)	-
Total Sales	49,718	27,587	6,505	402	(9,998)	74,214
Segment results	(1,974)	(371)	(1,363)	(3,610)	(698)	(8,016)
Share of results of associates	-	-	-	2,049	-	2,049
Interest expense	(701)	(86)	(103)	(1,505)	-	(2,395)
Interest Income	184	68	33	37	-	322
Loss before taxation	(2,491)	(389)	(1,433)	(3,029)	(698)	(8,040)
Segment assets	356,654	80,234	87,095	309,849	(309,417)	524,415

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

- (i) Pursuant to the Call Option Agreement dated 17 January 2013 entered into between Fiber At Home City Networks Sdn. Bhd. ("FIBER") and Continuous Network Advisers Sdn. Bhd. ("CNA"), a wholly-owned subsidiary of the Company, CNA has on 28 April 2016 exercised the Call Option B of 800,000 Call Option Shares at the Call Option B Price of RM5.00 each granted to CNA for a total cash consideration of RM4,000,000 only as mutually agreed upon by FIBER and CNA.

Following the exercise of the Call Option B, CNA now holds a total of 1,800,000 ordinary shares of RM1.00 in FIBER, representing 66.67% equity interest in FIBER.

- (ii) During the current financial period under review, Omesti Holdings Berhad ("OHB"), a wholly-owned subsidiary of the Company, acquired 523,600 ordinary shares of RM0.10 each in Microlink Solutions Berhad ("MLSB"), a 62.7% owned subsidiary of OHB, representing 0.3% of the total issued and paid-up share capital of MLSB for a total cash consideration of RM520,615. Following the acquisition, OHB holds 63.1% equity interest in MLSB.

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 First Quarter Ended 30 June 2016**

12 Subsequent events

On 11 January 2016, the Company announced that the Company proposes to implement a private placement of up to 59,899,800 new ordinary shares of RM0.50 each ("Placement Shares") in Omesti, to independent third party investor(s) to be identified ("Private Placement").

The listing application for the Placement Shares to be issued pursuant to the Private Placement was approved by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 23 February 2016.

On 14 July 2016, the Company announced that the issue price for the Placement Shares is fixed at RM0.500 per Placement Share pursuant to the Private Placement. The first tranche of 37,000,000 Placement Shares were issued on 22 July 2016 and a total cash proceeds of RM18.50 million were raised.

On 11 August 2016, the Company announced that the issue price for the second and final tranche of Placement Shares is fixed at RM0.500 per Placement Share pursuant to the Private Placement.

On 16 August 2016, the Company applied for an extension of time of two (2) weeks up to 5 September 2016 to complete the Private Placement with Bursa Malaysia. Approval was granted vide Bursa Malaysia's letter dated 17 August 2016.

The second and final tranche of 1,979,200 Placement Shares were issued on 22 August 2016 and a total cash proceeds of RM989,600 were raised.

On 24 August 2016, the Company announced that the Private Placement is completed upon the listing of and quotation for the 38,979,200 Placement Shares on the Main Market of Bursa Securities.

On 25 August 2016, the Company announced a variation of utilisation of proceeds raised from the Private Placement.

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

Corporate Guarantee granted by the following Company during the current financial period under review is as follows:-

	RM'000
Omesti	
- to leasing party for leasing facilities to a subsidiary	<u>6,400</u>

14 Capital commitments

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

**Additional information required by Bursa Securities Listing Requirements
For the First Quarter Ended 30 June 2016**
1 Detailed analysis of performance

The Group's revenue increased in the current quarter under review by RM20.75 million compared to the corresponding period of the immediate preceding year.

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

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	THREE MONTHS ENDED 30 JUNE			THREE MONTHS ENDED 30 JUNE		
	2016	2015	Variance	2016	2015	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	59,709	49,718	20.1	59,709	49,718	20.1
Trading & Distribution Services	43,612	27,587	58.1	43,612	27,587	58.1
Digital & Infrastructure Services	7,789	6,505	19.7	7,789	6,505	19.7
Others	422	402	5.0	422	402	5.0
	<u>111,532</u>	<u>84,212</u>	<u>32.4</u>	<u>111,532</u>	<u>84,212</u>	<u>32.4</u>
Less : Inter Segment Revenue	(16,569)	(9,998)		(16,569)	(9,998)	
Total Group Revenue	<u>94,963</u>	<u>74,214</u>	<u>28.0</u>	<u>94,963</u>	<u>74,214</u>	<u>28.0</u>

The Business Performance Services segment's revenue increased by RM9.99 million as compared to the corresponding quarter of the immediate preceding financial year due to higher progress billings from on-going projects during the quarter under review.

The Trading & Distribution Services segment's revenue increased by RM16.03 million as compared to the corresponding quarter of the immediate preceding financial year. The increase in revenue was mainly due to the fulfillment of sizeable orders secured during the period under review.

The Digital & Infrastructure Services segment recorded an increase in revenue by RM1.28 million during the quarter under review compared to the corresponding quarter of the immediate preceding financial year due to fulfillment of orders from the projects during the quarter under review.

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

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	THREE MONTHS ENDED 30 JUNE			THREE MONTHS ENDED 30 JUNE		
	2016	2015	Variance	2016	2015	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	(390)	(2,491)	84.3	(390)	(2,491)	84.3
Trading & Distribution Services	885	(389)	NA	885	(389)	NA
Digital & Infrastructure Services	(2,201)	(1,433)	(53.6)	(2,201)	(1,433)	(53.6)
Others	(1,469)	(3,029)	51.5	(1,469)	(3,029)	51.5
	<u>(3,175)</u>	<u>(7,342)</u>	<u>56.8</u>	<u>(3,175)</u>	<u>(7,342)</u>	<u>56.8</u>
Less : Elimination	(728)	(698)		(728)	(698)	
(Loss) ("LBT") / Profit ("PBT") before tax	<u>(3,903)</u>	<u>(8,040)</u>	<u>51.5</u>	<u>(3,903)</u>	<u>(8,040)</u>	<u>51.5</u>

The Group recorded LBT of RM3.90 million in the current quarter under review compare to a LBT of RM8.04 million in the corresponding quarter of the previous financial year.

Despite the increase in revenue, the Business Performance Services segment recorded a marginal loss of RM0.39 million during the current quarter under review due to the lower gross profit margin and costs associated with Group's human capital restructuring amounting to RM1.18 million.

The Trading and Distribution Services segment recorded a PBT of RM0.89 million in the current quarter under review compared to a LBT of RM0.39 million in the corresponding quarter of the previous financial year. The improvement was mainly attributable to higher revenue recorded during the current quarter under review.

Digital and Infrastructure Services recorded a LBT of RM2.20 million in the current quarter under review as the new businesses continue to weigh down the segment's financial performance with loss contributions (RM3.03 million).

The Others segment recorded a LBT of RMM1.47 million in the current quarter under review which included a loss on fair value adjustments on other investment of RM1.44 million.

2 Variation of results against preceding quarter

	3 months ended 30.06.2016 RM'000	3 months ended 31.03.2016 RM'000	Variance %
Revenue	<u>94,963</u>	<u>107,399</u>	(11.6)
Loss before tax	<u>(3,903)</u>	<u>(15,087)</u>	74.1

The Group recorded a loss before tax of RM3.90 million for the current quarter under review compared to a loss before tax of RM15.09 million in the immediate preceding quarter. The higher loss before tax in the preceding quarter was due to the following factors:

- A higher depreciation by RM2.34 million arising from reclassification of spare items to fixed assets;
- Fair value loss on long term trade receivable of RM1.50 million;
- Impairment loss on software development cost amounting RM2.29 million;
- Loss on fair value adjustments on other investment of RM2.48 million compared to a loss of RM1.44 million in the current quarter under review;
- Impairment of goodwill of RM2.06 million.

**Additional information required by Bursa Securities Listing Requirements
For the First Quarter Ended 30 June 2016**
3 Business prospects

The Board is cautiously optimistic of the Group's financial performance for the current financial year in view of the uncertain economic conditions while new businesses continue to be nurtured.

4 Profit forecast

Not applicable.

5 Income tax expense

	THREE MONTHS ENDED 30 JUNE		THREE MONTHS ENDED 30 JUNE	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense				
- Malaysian taxation	376	793	376	793
- Foreign taxation	98	-	98	-
	<u>474</u>	<u>793</u>	<u>474</u>	<u>793</u>
Under provision in prior period				
- Foreign taxation	-	224	-	224
	<u>474</u>	<u>1,017</u>	<u>474</u>	<u>1,017</u>
Deferred taxation				
- origination and reversal of temporary differences				
- Malaysian taxation	(14)	(49)	(14)	(49)
	<u>460</u>	<u>968</u>	<u>460</u>	<u>968</u>

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

6 Status of corporate proposals

On 11 January 2016, the Company announced that the Company proposes to implement a private placement of up to 59,899,800 new ordinary shares of RM0.50 each ("Placement Shares") in Omesti, to independent third party investor(s) to be identified ("Private Placement").

The listing application for the Placement Shares to be issued pursuant to the Private Placement was approved by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 23 February 2016.

On 14 July 2016, the Company announced that the issue price for the Placement Shares is fixed at RM0.500 per Placement Share pursuant to the Private Placement. The first tranche of 37,000,000 Placement Shares were issued on 22 July 2016 and a total cash proceeds of RM18.50 million were raised.

On 11 August 2016, the Company announced that the issue price for the second and final tranche of Placement Shares is fixed at RM0.500 per Placement Share pursuant to the Private Placement.

On 16 August 2016, the Company applied for an extension of time of two (2) weeks up to 5 September 2016 to complete the Private Placement with Bursa Malaysia. Approval was granted vide Bursa Malaysia's letter dated 17 August 2016.

The second and final tranche of 1,979,200 Placement Shares were issued on 22 August 2016 and a total cash proceeds of RM989,600 were raised.

On 24 August 2016, the Company announced that the Private Placement is completed upon the listing of and quotation for the 38,979,200 Placement Shares on the Main Market of Bursa Securities.

On 25 August 2016, the Company announced a variation of utilisation of proceeds raised from the Private Placement as follows:

	Proposed Utilisation RM'000	Actual Intended Utilisation timeframe RM'000	Remaining Balance RM'000	Deviation %	Balance after change RM'000
Repayment of Bank Borrowings	3,000	1,704 Within six (6) months	1,296		1,296
Working capital for general business purposes *	11,402	817 Within twelve (12) months	10,585		10,238
Capital expenditure for Fibre@Home City Networks	4,888	- Within twelve (12) months	4,888		4,888
Estimated expenses for the Proposed Private Placement *	200	547 Within one (1) month	(347)	-173.50%	-
	<u>19,490</u>	<u>3,068</u>	<u>16,422</u>		<u>16,422</u>

* The estimated expenses incurred were higher due to fees for placement agent's services to identify investors for the Private Placement, which was originally not catered for. The variation in the actual amount of expenses had been adjusted from the amount allocated for working capital.

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

**Additional information required by Bursa Securities Listing Requirements
For the First Quarter Ended 30 June 2016**
7 Borrowings and debts securities

The Group's bank borrowings as at 30 June 2016 are as follows:

	RM'000
Short term bank borrowings - secured	
- Denominated in RM	82,440
- Denominated in Thai Baht	1,045
Long term bank borrowings - secured	
- Denominated in RM	22,859
Total borrowings	<u>106,344</u>

8 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:

	30.06.2016 RM'000	31.03.2016 RM'000
Total retained earnings of the Group: -		
- Realised	37,395	47,216
- Unrealised	6,132	7,236
	<u>43,527</u>	<u>54,452</u>
Less: Consolidation adjustments	(33,185)	(36,114)
Total Group retained earnings as per consolidated financial statements	<u>10,342</u>	<u>18,338</u>

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

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

9 Changes in material litigation

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

10 Dividends

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

11 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		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30 JUNE 2016	THREE MONTHS ENDED 30 JUNE 2015	THREE MONTHS ENDED 30 JUNE 2016	THREE MONTHS ENDED 30 JUNE 2015
Loss after tax and non-controlling interests (RM'000)	(3,567)	(7,033)	(3,567)	(7,033)
Number of shares in issue as at beginning of the year ('000)	387,850	387,485	387,850	387,485
Effect of issuance of LTIP ('000)	-	114	-	114
WA number of ordinary shares in issue ('000)	<u>387,850</u>	<u>387,599</u>	<u>387,850</u>	<u>387,599</u>
Basic loss per ordinary share (sen)	<u>(0.92)</u>	<u>(1.81)</u>	<u>(0.92)</u>	<u>(1.81)</u>

**Additional information required by Bursa Securities Listing Requirements
For the First Quarter Ended 30 June 2016**
11 Loss per ordinary share (continued)

(b) Fully diluted loss per ordinary share

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30		THREE MONTHS ENDED 30	
	JUNE		JUNE	
	2016	2015	2016	2015
Loss after tax and non-controlling interests (RM'000)	(3,567)	(7,033)	(3,567)	(7,033)
WA number of ordinary shares in issue ('000)	387,850	387,599	387,850	387,599
Effect of dilution : Warrants 2013/2018 ('000)	-	4,731	-	4,731
Effect of dilution : Employee Share Option Scheme ("ESOS")('000)	-	593	-	593
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	387,850	392,923	387,850	392,923
Diluted loss per ordinary share (sen)	(0.92)	(1.79)	(0.92)	(1.79)

12 Loss before tax

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30		THREE MONTHS ENDED 30	
	JUNE		JUNE	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Loss before tax is arrived at after charging: -				
Bad debts written off	-	41	-	41
Depreciation and amortisation	2,245	1,871	2,245	1,871
Equity settled share-based payment transactions	(132)	1,253	(132)	1,253
Impairment losses on:				
- trade receivables	14	495	14	495
Interest expenses	2,656	2,395	2,656	2,395
Inventories written off	-	305	-	305
Loss on dilution of equity interest in associates	23	2	23	2
Net loss on fair value adjustment on other investments	1,445	694	1,445	694
Property, plant and equipment written off	5	17	5	17
Provision for post-employment benefits	165	-	165	-
Realised loss on foreign currency transactions	95	405	95	405
Unrealised loss on foreign currency translation	32	752	32	752

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30		THREE MONTHS ENDED 30	
	JUNE		JUNE	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
And crediting: -				
Gain on disposal of:				
- property, plant and equipment	-	9	-	9
Interest income	487	322	487	322
Reversal of impairment losses on:				
- property, plant and equipment	-	27	-	27
- trade receivables	-	212	-	212
Realised gain on foreign currency transactions	73	40	73	40
Share of profits of associates	2,982	2,049	2,982	2,049
Unrealised gain on foreign currency translation	169	810	169	810

OMESTI BERHAD (530701-T)

SUMMARY OF STATUS OF MATERIAL LITIGATIONS AS AT 30 AUGUST 2016
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 Judges of the Court of Appeal rendered their decision on the Appeal on 28 July 2016 and have allowed the Appeal with costs of RM40,000 in respect of the Appeal and RM90,000 in respect of the High Court proceedings, to be payable by RMSS to the appellants, including Omesti, in the Appeal. RMSS has subsequently filed a 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 ("Leave Application"). The Federal Court has not fixed a hearing date yet for the Leave Application.