

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

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2016 RM'000 Unaudited	2015 RM'000 Unaudited	2016 RM'000 Unaudited	2015 RM'000 Unaudited
Revenue	104,546	112,775	199,509	186,989
Cost of sales	(78,736)	(85,544)	(151,041)	(139,879)
Gross profit	25,810	27,231	48,468	47,110
Other income	1,478	1,743	2,273	3,255
Other operating expenses	(35,102)	(32,972)	(62,743)	(62,015)
Finance costs	(2,853)	(2,818)	(5,550)	(5,255)
Share of results of associates, net of tax	2,533	2,474	5,515	4,523
Loss before tax	(8,134)	(4,342)	(12,037)	(12,382)
Tax expense	(951)	(1,656)	(1,411)	(2,624)
Loss for the financial period	(9,085)	(5,998)	(13,448)	(15,006)
Other comprehensive loss, net of tax				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation differences for foreign operations	230	(872)	(99)	(1,823)
- Share of foreign currency translation of associates	54	-	26	-
Other comprehensive loss for the financial period, net of tax	284	(872)	(73)	(1,823)
Total comprehensive loss for the financial period	(8,801)	(6,870)	(13,521)	(16,829)
Loss attributable to:-				
Owners of the Parent	(5,721)	(5,373)	(9,288)	(12,406)
Non-controlling interests	(3,364)	(625)	(4,160)	(2,600)
Loss for the financial period	(9,085)	(5,998)	(13,448)	(15,006)
Total comprehensive loss attributable to:-				
Owners of the Parent	(5,533)	(5,469)	(8,908)	(13,453)
Non-controlling interests	(3,268)	(1,401)	(4,613)	(3,376)
Total comprehensive loss for the financial period	(8,801)	(6,870)	(13,521)	(16,829)
Loss per ordinary share (sen)				
-Basic	(1.42)	(1.39)	(2.30)	(3.20)
-Diluted	(1.42)	(1.38)	(2.30)	(3.19)

(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 SEPTEMBER 2016**

	As at 30.09.2016 RM'000 Unaudited	As at 31.03.2016 RM'000 Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	23,418	23,967
Investment in associates	83,871	78,474
Other intangible assets	48,356	17,601
Other investments	32,421	33,459
Trade receivables	6,077	6,077
Other receivables	20,105	20,938
Goodwill	78,240	78,240
Deferred tax assets	4,933	4,760
	297,421	263,516
Current Assets		
Other investments	129	3,182
Inventories	28,042	19,128
Trade receivables	97,493	129,204
Other receivables, deposits and prepayments	72,940	74,223
Amount due from associates	-	18
Current tax assets	7,697	6,339
Cash and cash equivalents	73,566	76,262
	279,867	308,356
TOTAL ASSETS	577,288	571,872
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	214,782	194,631
Share premium	15,648	15,638
Other reserves	43,052	38,463
Retained earnings	13,448	16,579
	286,930	265,311
Non-controlling interests	44,137	39,703
TOTAL EQUITY	331,067	305,014
Non-Current Liabilities		
Borrowings	23,991	26,869
Provision for post employment benefits	4,501	4,119
Deferred tax liabilities	1,090	1,090
	29,582	32,078
Current Liabilities		
Trade payables	33,611	39,755
Other payables, deposits and accruals	83,021	102,375
Amount due to associates	1,500	1,619
Borrowings	98,166	90,820
Current tax payables	341	211
	216,639	234,780
TOTAL LIABILITIES	246,221	266,858
TOTAL EQUITY AND LIABILITIES	577,288	571,872
Net assets per share (RM)	0.67	0.68

(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 SEPTEMBER 2016

	Attributable to owners of the Parent						Total RM'000	Non- controlling interests RM'000	Total equity RM'000	
	Non-distributable			Distributable						
Unaudited Six Months Financial Period Ended 30 September 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	-	-	-	-	-	-	(9,288)	(9,288)	(4,160)	(13,448)
Foreign currency translation for foreign operations	-	-	-	-	-	354	-	354	(453)	(99)
Share of other comprehensive income of associates, net of tax	-	-	-	-	-	-	26	26	-	26
Total comprehensive income / (loss) for the financial period	-	-	-	-	-	354	(9,262)	(8,908)	(4,613)	(13,521)
Transactions with owners										
Shares issued pursuant to Long Term Incentive Plan ("LTIP")	661	10	-	-	-	-	-	671	-	671
Shares issued pursuant to Section 132D of Companies Act, 1965	19,490	-	-	-	-	-	-	19,490	-	19,490
Arising from accretion of equity interests in subsidiaries	-	-	-	-	-	-	(7,046)	(7,046)	4,180	(2,866)
Arising from dilution of equity interests in subsidiaries	-	-	-	-	-	-	13,033	13,033	4,867	17,900
Share-based payment transactions in a subsidiary	-	-	-	-	4,379	-	-	4,379	-	4,379
ESOS lapsed	-	-	-	-	(144)	-	144	-	-	-
Total transactions with owners	20,151	10	-	-	4,235	-	6,131	30,527	9,047	39,574
Balance as at 30 September 2016	214,782	15,648	24,663	11,307	8,179	(1,097)	13,448	286,930	44,137	331,067

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 Six Months Financial Period 30 September 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	-	-	-	-	-	-	(12,406)	(12,406)	(2,600)	(15,006)
Foreign currency translation for foreign operations	-	-	-	-	-	(1,047)	-	(1,047)	(776)	(1,823)
Total comprehensive loss for the financial period	-	-	-	-	-	(1,047)	(12,406)	(13,453)	(3,376)	(16,829)
Transactions with owners										
Shares issued pursuant to Long Term Incentive Plan ("LTIP")	133	22	-	-	-	-	-	155	-	155
Shares issued pursuant to exercise of Employee Share Option Scheme ("ESOS")	102	22	-	-	-	-	-	124	-	124
Arising from accretion of equity interests in subsidiaries	-	-	-	-	-	-	(1,987)	(1,987)	1,532	(455)
Arising from dilution of equity interests in subsidiaries	-	-	-	-	-	-	6,298	6,298	3,952	10,250
Share-based payment transactions	-	-	-	-	1,131	-	-	1,131	-	1,131
Dividends declared	-	-	-	-	-	-	(2,008)	(2,008)	-	(2,008)
Total transactions with owners	235	44	-	-	1,131	-	2,303	3,713	5,484	9,197
Balance as at 30 September 2015	193,978	15,618	24,663	11,307	3,944	(1,298)	11,150	259,362	28,854	288,216

(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 SEPTEMBER 2016

	SIX MONTHS ENDED 30 SEPTEMBER	
	2016 RM'000 Unaudited	2015 RM'000 Audited
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(12,037)	(12,382)
Adjustment for non-cash items:		
Bad Debts recovered	-	(109)
Bad debts written off	-	41
Depreciation and amortisation	4,511	3,739
Equity settled share-based payment transactions	4,379	1,344
Loss on dilution of equity interest in associates	143	16
Loss on disposal of quoted investments	-	8
Impairment losses on receivables	564	620
Interest expense	5,443	5,119
Interest income	(1,213)	(514)
Inventories written off	-	613
Net loss on fair value adjustments on other investments	1,445	3,930
Net loss/(gain) on disposal of property, plant and equipment	3	(1)
Net unrealised gain on foreign currency exchange	(703)	(1,725)
Property, plant and equipment written off	148	19
Provision for post-employment benefits	165	-
Reversal of impairment loss on property, plant and equipment	-	(55)
Reversal of impairment loss on trade receivables	-	(706)
Share of results of associates	(5,515)	(4,523)
Operating loss before working capital changes	<u>(2,667)</u>	<u>(4,566)</u>
Net changes in assets	24,247	(22,610)
Net changes in liabilities	(25,531)	20,529
Net cash used in operations	<u>(3,951)</u>	<u>(6,647)</u>
Tax paid	(2,915)	(2,876)
Tax refund	414	209
Net cash used in operating activities	<u>(6,452)</u>	<u>(9,314)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates	-	(2,324)
Acquisition of additional shares in subsidiaries	(2,865)	(455)
Addition of software development	(33,083)	(512)
Disposal of interest in subsidiaries	144	3,350
Interest received	1,205	514
Placement of fixed deposits pledged	1,378	(857)
Proceeds from disposal of associate	-	887
Proceeds from disposal of other investments	3,072	-
Proceeds from disposal of property, plant and equipment	18	8
Purchase of other investments	(416)	(11)
Purchase of property, plant and equipment	(1,767)	(2,664)
Net cash used in investing activities	<u>(32,314)</u>	<u>(2,064)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of borrowings	11,662	596
Ordinary share capital contributed by non-controlling interests of a subsidiary	17,756	6,900
Proceeds from shares issued pursuant to LTIP	672	-
Net proceeds from shares issued pursuant to Section 132D of Companies Act, 1965	19,490	-
Interest paid	(5,443)	(5,119)
Net cash from financing activities	<u>44,137</u>	<u>2,377</u>
Net increase/(decrease) in cash and cash equivalents	5,371	(9,001)
Cash and cash equivalents at 1 April 2016/2015*	41,854	39,437
Effect of foreign exchange on opening balance	510	(1,848)
Cash and cash equivalents at 30 September 2016/2015*	<u>47,735</u>	<u>28,588</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 Second Quarter Ended 30 September 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 following:-

- (i) Allotment of 318 new ordinary shares of RM0.50 each pursuant to the exercise of warrants;
- (ii) Allotment of 1,323,100 new ordinary shares of RM0.50 each pursuant to the exercise of Employee Share Grant Plan ("ESGP"); and
- (iii) Private Placement of Shares pursuant to Section 132D of Companies Act, 1965

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. 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.

8 Dividends paid

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

**Notes to the Interim Financial Report
For the Second Quarter Ended 30 September 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	Trading & Distribution Services	Digital & Infrastructure Services	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Six Months Financial Period Ended 30 September 2016						
External sales	90,057	97,341	11,988	123	-	199,509
Inter segment sales	20,402	1,916	7,332	749	(30,399)	-
Total Sales	110,459	99,257	19,320	872	(30,399)	199,509
Segment results	(3,493)	2,630	(5,927)	(3,135)	(3,397)	(13,322)
Share of results of associates	-	-	-	5,515	-	5,515
Interest expense	(1,702)	(526)	(181)	(3,034)	-	(5,443)
Interest Income	450	125	201	437	-	1,213
(Loss) / Profit before taxation	(4,745)	2,229	(5,907)	(217)	(3,397)	(12,037)
Segment assets	406,463	117,668	44,263	347,495	(338,601)	577,288
Six Months Financial Period 30 September 2015						
External sales	84,731	88,874	15,105	151	-	188,861
Inter segment sales	17,670	939	9,152	648	(30,281)	(1,872)
Total Sales	102,401	89,813	24,257	799	(30,281)	186,989
Segment results	(2,009)	3,206	(1,895)	(7,925)	(3,677)	(12,300)
Share of results of associates	-	-	-	4,523	-	4,523
Interest expense	(1,606)	(291)	(220)	(3,002)	-	(5,119)
Interest Income	282	125	62	45	-	514
(Loss) / Profit before taxation	(3,333)	3,040	(2,053)	(6,359)	(3,677)	(12,382)
Segment assets	359,176	115,780	93,446	311,189	(331,561)	548,030

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 first quarter of 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.

As at July 2016, OHB's equity interest in MLSB has been diluted from 63.08% to 57.35% resulting from the private placement of 15,215,200 ordinary shares of MLSB.

Subsequently, OHB acquired 1,070,300 ordinary shares of RM0.10 each in MLSB, representing 0.6% of the total issued and paid-up share capital of MLSB for a total cash consideration of RM1,296,921. Following the acquisition, OHB holds 57.99% equity interest in MLSB.

- (iii) As at 25 August 2016, CNA has subscribed for its entitlement of 7,200,000 rights shares of RM1.00 each in relation to the Renounceable Rights Issue in MYATM for a total cash consideration of RM7,200,000. Following the acceptance of the Renounceable Rights Issue, CNA now holds a total of 8,700,000 ordinary shares of RM1.00 in MYATM, representing 89.69% equity interest in MYATM.

- (iv) During the second quarter of the current financial period under review, Omesti Holdings Berhad ("OHB"), a wholly-owned subsidiary of the Company, acquired 28,412,100 ordinary shares of RM0.10 each in Diversified Gateway Solutions Berhad ("DGSB"), a 52.65% owned subsidiary of OHB, for a total cash consideration of RM1,047,794. At the same time, OHB has disposed off a total of 3,845,500 million ordinary shares in DGSB, in the open market for a total cash consideration of RM144,206, at RM0.0736 per DGSB share. Following the acquisition and disposals, OHB now holds 54.47% equity interest in DGSB.

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

**Notes to the Interim Financial Report
For the Second Quarter Ended 30 September 2016**

12 Subsequent events

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 Companies during the current financial period under review are as follows:-

	RM'000
Omesti	
- to leasing party for leasing facilities to subsidiaries	<u>7,469</u>

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

Omesti	
- to financial institution for facilities granted to a subsidiary	<u>2,550</u>

14 Capital commitments

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

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

The Group's revenue decreased in the current quarter under review by RM8.23 million as compared to the revenue in the corresponding quarter of the preceding financial year due to lower order fulfilments across the three business segments.

For the financial period under review, the Group recorded a higher revenue, an increase of 6.7% amounting to RM12.52 million as compared to the corresponding financial period of the preceding financial year.

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

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	THREE MONTHS ENDED 30 SEPTEMBER			SIX MONTHS ENDED 30 SEPTEMBER		
	2016	2015	Variance	2016	2015	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	50,750	52,683	(3.7)	110,459	102,401	7.9
Trading & Distribution Services	55,645	62,226	(10.6)	99,257	89,813	10.5
Digital & Infrastructure Services	11,531	17,752	(35.0)	19,320	24,257	(20.4)
Others	450	397	13.4	872	799	9.1
	118,376	133,058	(11.0)	229,908	217,270	5.8
Less : Inter Segment Revenue	(13,830)	(20,283)		(30,399)	(30,281)	
Total Group Revenue	104,546	112,775	(7.3)	199,509	186,989	6.7

The Business Performance Services segment recorded a decrease in revenue for the current quarter under review by RM1.93 million. For the financial period, the revenue for the segment increased by RM8.06 million mainly due to the higher progress billings from on-going projects recorded in the first quarter of the financial period.

The revenue of Trading and Distribution Services Segment decreased by RM6.58 million in the current quarter under review. This was due to sizeable sales recorded in the corresponding quarter of the preceding financial year. Notwithstanding the lower revenue recorded in the current quarter, the segment's revenue in the current financial period under review has increased by RM9.44 million, mainly due to the fulfillment of sizeable orders secured in the first quarter of the financial period.

The Digital & Infrastructure Services segment recorded a lower revenue in the current quarter and period under review by RM6.22 million and RM4.94 million respectively compared to the corresponding period of the immediate preceding year. This is mainly due to the lower new orders and projects fulfillment during the financial period under review.

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

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	THREE MONTHS ENDED 30 SEPTEMBER			SIX MONTHS ENDED 30 SEPTEMBER		
	2016	2015	Variance	2016	2015	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	(4,355)	(842)	(417.2)	(4,745)	(3,333)	(42.4)
Trading & Distribution Services	1,344	3,429	(60.8)	2,229	3,040	(26.7)
Digital & Infrastructure Services	(3,706)	(620)	(497.7)	(5,907)	(2,053)	(187.7)
Others	1,252	(3,330)	NA	(217)	(6,359)	96.6
	(5,465)	(1,363)	(301.0)	(8,640)	(8,705)	0.7
Less : Elimination	(2,669)	(2,979)		(3,397)	(3,677)	
Loss before tax ("LBT")	(8,134)	(4,342)	(87.3)	(12,037)	(12,382)	2.8

The Group recorded a higher LBT of RM8.13 million in the current quarter under review against a LBT of RM4.34 million in the corresponding quarter of the previous financial year, mainly due to the share-based payment expenses amounting to RM4.38 million arising from Employee Share Options Scheme ("ESOS") offered to eligible employees of a subsidiary group. For the financial period, the Group recorded a LBT of RM11.91 million, a slight improvement as compared to the corresponding period of the preceding financial year's LBT of RM12.38 million, after accounting for the ESOS charge of RM4.38 million as well as costs associated with the Group's human capital restructuring amounting to RM1.18 million.

The Business Performance Services segment recorded a loss of RM4.36 million during the current quarter under review due to the share-based payment expenses amounting to RM4.10 million. Consequently, the segment posted a higher LBT in the current financial period as compared to the corresponding period of the preceding financial year.

The Trading and Distribution Services segment recorded a decrease in PBT by RM2.09 million in the current quarter under review compared to the corresponding quarter of the previous financial year, which is mainly due to the lower revenue. For the financial period, the segment recorded a lower PBT as a result of the lower gross profit margin due to less favorable mix of products and services in the current financial period as compared to the corresponding period of the preceding financial year.

Digital and Infrastructure Services segment recorded a higher LBT in the current quarter and period under review as the new businesses continue to weigh down the segment's financial performance with loss contributions of RM4.53 million and RM7.55 million for the quarter and period under review respectively.

The Other's segment recorded a PBT of RM1.25 million in the current quarter under review as compared to a LBT of RM3.33 million in the corresponding quarter of the previous financial year, which was mainly due to the recognition of loss on fair value adjustments on other investments of RM3.24 million in the corresponding quarter of the previous financial year. For the financial period, Other's segment recorded a lower LBT due to the lower loss on fair value adjustments on other investments and increase in share of profit of an associate during the current period under review.

2 Variation of results against preceding quarter

	3 months ended 30.09.2016 RM'000	3 months ended 30.06.2016 RM'000	Variance %
Revenue	104,546	94,963	10.1
Loss before tax	(8,134)	(3,903)	108.4

The Group recorded a loss before tax of RM8.13 million for the current quarter under review compared to a loss before tax of RM3.90 million in the immediate preceding quarter. The higher loss before tax in the current quarter was mainly attributable to share-based payment expenses amounting RM4.38 million arising from Employee Share Options ("ESOS") offered to eligible employees of a subsidiary group.

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

The Board is cautiously optimistic of the Group's financial performance for the current financial year in spite 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 SEPTEMBER		SIX MONTHS ENDED 30 SEPTEMBER	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense				
- Malaysian taxation	785	1,492	1,161	2,285
- Foreign taxation	139	191	237	191
	<u>924</u>	<u>1,683</u>	<u>1,398</u>	<u>2,476</u>
Under provision in prior period				
- Malaysian taxation	10	7	10	7
- Foreign taxation	-	(43)	-	181
	<u>10</u>	<u>(36)</u>	<u>10</u>	<u>188</u>
	934	1,647	1,408	2,664
Deferred taxation				
- origination and reversal of temporary differences				
- Malaysian taxation	17	9	3	(40)
	<u>951</u>	<u>1,656</u>	<u>1,411</u>	<u>2,624</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

There were no other corporate proposals announced or outstanding as at the date of this report.

7 Status of utilisation of proceeds from Private Placement

On 24 August 2016, the Private Placement has been completed with the listing of and quotation for the 38,979,200 Placement Shares on the Main Market of Bursa Securities. As at 25 November 2016, the status of utilisation of the proceeds raised is as follows: -

	Intended timeframe	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Utilisation RM'000	%
a) Repayment of Bank Borrowings	Within six (6) months	3,000	3,000	-	-
b) Working capital for general business purposes	Within twelve (12) months	11,055	2,797	8,258	74.70%
c) Capital expenditure for Fibre@Home City Networks	Within twelve (12) months	4,888	362	4,526	92.59%
d) Estimated expenses for the Proposed Private Placement	Within one (1) month	547	547	-	-
Total		<u>19,490</u>	<u>6,706</u>	<u>12,784</u>	

8 Borrowings and debt securities

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

	RM'000
Short term bank borrowings - secured	
- Denominated in RM	95,882
- Denominated in Thai Baht	2,284
Long term bank borrowings - secured	
- Denominated in RM	23,991
Total borrowings	<u>122,157</u>

**Additional information required by Bursa Securities Listing Requirements
For the Second Quarter Ended 30 September 2016**
9 Realised and Unrealised Profits or Losses

The breakdown of retained earnings of the Group as at the reporting date, into realised and unrealised profits or losses, pursuant to the directive issued by Bursa Securities on 25 March 2010 and 20 December 2010, is as follows:

	30.09.2016	30.06.2016
	RM'000	RM'000
Total retained earnings of the Group: -		
- Realised	38,200	37,395
- Unrealised	6,181	6,132
	<u>44,381</u>	<u>43,527</u>
Less: Consolidation adjustments	(30,933)	(33,185)
Total Group retained earnings as per consolidated financial statements	<u>13,448</u>	<u>10,342</u>

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

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

10 Changes in material litigation

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

11 Dividends

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

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

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30	THREE MONTHS ENDED 30	SIX MONTHS ENDED 30	SIX MONTHS ENDED 30
	2016	2015	2016	2015
Loss after tax and non-controlling interests (RM'000)	(5,721)	(5,373)	(9,288)	(12,406)
Number of shares in issue as at beginning of the year ('000)	389,262	387,485	389,262	387,485
Effect of Private Placement of Shares ('000)	13,418	-	13,418	-
Effect of issuance of LTIP ('000)	987	158	987	158
WA number of ordinary shares in issue ('000)	<u>403,667</u>	<u>387,643</u>	<u>403,667</u>	<u>387,643</u>
Basic loss per ordinary share (sen)	<u>(1.42)</u>	<u>(1.39)</u>	<u>(2.30)</u>	<u>(3.20)</u>

**Additional information required by Bursa Securities Listing Requirements
For the Second Quarter Ended 30 September 2016**
12 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 THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2016	2015	2016	2015
	Loss after tax and non-controlling interests (RM'000)	(5,721)	(5,373)	(9,288)
WA number of ordinary shares in issue ('000)	403,667	387,643	403,667	387,643
Effect of dilution : Warrants 2013/2018 ('000)	-	1,595	-	1,595
Effect of dilution : Employee Share Option Scheme ("ESOS")('000)	-	194	-	194
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	403,667	389,432	403,667	389,432
Diluted loss per ordinary share (sen)	(1.42)	(1.38)	(2.30)	(3.19)

13 Loss before tax

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	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
Depreciation and amortisation	2,266	1,868	4,511	3,739
Equity settled share-based payment transactions	4,511	91	4,379	1,344
Impairment losses on:				
- trade receivables	550	125	564	620
Interest expenses	2,787	2,724	5,443	5,119
Inventories written off	-	308	-	613
Loss on disposal of:				
- other investments	-	8	-	8
Loss on dilution of equity interest in associates	120	14	143	16
Net loss on fair value adjustment on other investments	-	3,236	1,445	3,930
Property, plant and equipment written off	143	2	148	19
Provision for post-employment benefits	-	-	165	-
Realised loss on foreign currency transactions	99	659	194	1,064
Unrealised loss on foreign currency translation	5	-	37	-
And crediting: -				
Bad debts recovered	-	109	-	109
Gain on disposal of:				
- property, plant and equipment	-	-	-	9
Interest income	726	192	1,213	514
Reversal of impairment losses on:				
- property, plant and equipment	-	28	-	55
- trade receivables	-	494	-	706
Realised gain on foreign currency transactions	118	(4)	191	36
Share of profits of associates	2,533	2,474	5,515	4,523
Unrealised gain on foreign currency translation	571	1,667	740	1,725

OMESTI BERHAD (530701-T)

SUMMARY OF STATUS OF MATERIAL LITIGATIONS AS AT 25 NOVEMBER 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	For the Notice of Motion dated 25 August 2016 filed by RMSS 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 fixed the hearing date for the Leave Application on 24 January 2017.