

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	THREE MONTHS ENDED 31 DECEMBER			NINE MONTHS ENDED 31 DECEMBER		
	2017	2016	Changes	2017	2016	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
	Unaudited	Unaudited		Unaudited	Unaudited	
Revenue	88,515	125,806	(29.6)	270,222	325,315	(16.9)
Cost of sales	<u>(66,295)</u>	<u>(93,989)</u>	(29.5)	<u>(186,140)</u>	<u>(245,030)</u>	(24.0)
Gross profit	22,220	31,817	(30.2)	84,082	80,285	4.7
Other income	377	188	NA	3,389	2,461	37.7
Other operating expenses	(31,921)	(28,286)	12.9	(98,135)	(91,029)	7.8
Finance costs	(2,477)	(2,161)	14.6	(7,369)	(7,711)	(4.4)
Share of results of associates, net of tax	1,303	1,325	(1.7)	3,885	6,840	(43.2)
(Loss) / profit before tax	<u>(10,498)</u>	<u>2,883</u>	NA	<u>(14,148)</u>	<u>(9,154)</u>	54.6
Tax expense	(197)	(2,388)	(91.8)	(1,903)	(3,799)	(49.9)
(Loss) / profit for the financial period	<u>(10,695)</u>	<u>495</u>	NA	<u>(16,051)</u>	<u>(12,953)</u>	23.9
Other comprehensive income / (loss), net of tax						
Items that may be reclassified subsequently to profit or loss:						
- Foreign currency translation differences for foreign operations	27	704	(96.2)	83	605	(86.3)
- Share of foreign currency translation of associates	(1)	(53)	(98.1)	(131)	(27)	NA
Other comprehensive income / (loss) for the financial period, net of tax	<u>26</u>	<u>651</u>	(96.0)	<u>(48)</u>	<u>578</u>	NA
Total comprehensive (loss) / income for the financial period	<u>(10,669)</u>	<u>1,146</u>	NA	<u>(16,099)</u>	<u>(12,375)</u>	30.1
(Loss) / profit attributable to:-						
Owners of the Parent	(9,116)	815	NA	(15,812)	(8,473)	86.6
Non-controlling interests	<u>(1,579)</u>	<u>(320)</u>	NA	<u>(239)</u>	<u>(4,480)</u>	(94.7)
(Loss) / profit for the financial period	<u>(10,695)</u>	<u>495</u>	NA	<u>(16,051)</u>	<u>(12,953)</u>	23.9
Total comprehensive (loss) / income attributable to:-						
Owners of the Parent	(8,309)	1,471	NA	(15,055)	(7,437)	NA
Non-controlling interests	<u>(2,360)</u>	<u>(325)</u>	NA	<u>(1,044)</u>	<u>(4,938)</u>	(78.9)
Total comprehensive (loss) / income for the financial period	<u>(10,669)</u>	<u>1,146</u>	NA	<u>(16,099)</u>	<u>(12,375)</u>	30.1
(Loss) / earnings per ordinary share (sen)						
- Basic and diluted	<u>(2.12)</u>	<u>0.20</u>		<u>(3.67)</u>	<u>(2.06)</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 2017.)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	As at 31.12.2017 RM'000 Unaudited	As at 31.03.2017 RM'000 Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	32,948	31,718
Investment in associates	85,807	85,681
Other intangible assets	49,487	52,116
Other investments	29,173	32,421
Trade receivables	6,360	6,272
Other receivables	14,645	16,642
Goodwill	78,240	78,240
Deferred tax assets	6,604	6,705
	<u>303,264</u>	<u>309,795</u>
Current Assets		
Other investments	86	120
Inventories	26,614	21,811
Trade receivables	98,726	85,011
Other receivables, deposits and prepayments	59,121	77,916
Amount due from associates	4	8
Current tax assets	11,723	9,415
Cash and cash equivalents	63,829	73,389
	<u>260,103</u>	<u>267,670</u>
TOTAL ASSETS	<u><u>563,367</u></u>	<u><u>577,465</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	230,594	230,281
Other reserves	39,195	37,513
Retained earnings	3,850	8,700
	<u>273,639</u>	<u>276,494</u>
Non-controlling interests	70,097	53,415
TOTAL EQUITY	<u>343,736</u>	<u>329,909</u>
Non-Current Liabilities		
Borrowings	11,800	18,012
Provision for post employment benefits	4,692	4,556
Deferred tax liabilities	499	797
	<u>16,991</u>	<u>23,365</u>
Current Liabilities		
Trade payables	43,956	35,013
Other payables, deposits and accruals	81,518	93,397
Amount due to associates	1,058	1,280
Borrowings	75,785	94,097
Current tax payables	323	404
	<u>202,640</u>	<u>224,191</u>
TOTAL LIABILITIES	<u>219,631</u>	<u>247,556</u>
TOTAL EQUITY AND LIABILITIES	<u><u>563,367</u></u>	<u><u>577,465</u></u>
Net assets per share (RM)	<u>0.6354</u>	<u>0.6426</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes to the interim financial report and the audited financial statements for the financial year ended 31 March 2017.)

OMESTI BERHAD (530701-T)
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

	----- Attributable to owners of the Parent -----						Distributable	Total	Non- controlling interests	Total equity
	----- Non-distributable -----									
Unaudited Nine Months Financial Period Ended 31 December 2017	Ordinary shares RM'000	Share premium RM'000	Capital reserve RM'000	Warrant reserve RM'000	Equity compensation reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2017	230,281	-	24,663	11,307	2,493	(950)	8,700	276,494	53,415	329,909
Loss after tax for the financial period	-	-	-	-	-	-	(15,812)	(15,812)	(239)	(16,051)
Foreign currency translation for foreign operations	-	-	-	-	-	888	-	888	(805)	83
Share of other comprehensive income of associates, net of tax	-	-	-	-	-	-	(131)	(131)	-	(131)
Total comprehensive income / (loss) for the financial period	-	-	-	-	-	888	(15,943)	(15,055)	(1,044)	(16,099)
Transactions with owners										
Shares issued pursuant to Long Term Incentive Plan ("LTIP")	313	-	-	-	-	-	-	313	-	313
Effects arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	376	376
Arising from accretion of equity interests in subsidiaries	-	-	-	-	-	-	(58)	(58)	(180)	(238)
Arising from dilution of equity interests in subsidiaries	-	-	-	-	-	-	11,151	11,151	16,955	28,106
Share-based payment transactions in a subsidiary	-	-	-	-	794	-	-	794	575	1,369
Total transactions with owners	313	-	-	-	794	-	11,093	12,200	17,726	29,926
Balance as at 31 December 2017	<u>230,594</u>	<u>-</u>	<u>24,663</u>	<u>11,307</u>	<u>3,287</u>	<u>(62)</u>	<u>3,850</u>	<u>273,639</u>	<u>70,097</u>	<u>343,736</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017 (continued)**

	----- Attributable to owners of the Parent -----						----- Distributable -----	Total	Non- controlling interests	Total equity
	----- Non-distributable -----									
Unaudited Nine Months Financial Period Ended 31 December 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	RM'000	RM'000	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	-	-	-	-	-	-	(8,473)	(8,473)	(4,480)	(12,953)
Foreign currency translation for foreign operations	-	-	-	-	-	1,063	-	1,063	(458)	605
Share of other comprehensive income of associates, net of tax	-	-	-	-	-	-	(27)	(27)	-	(27)
Total comprehensive income / (loss) for the financial period	-	-	-	-	-	1,063	(8,500)	(7,437)	(4,938)	(12,375)
Transactions with owners										
Shares issued pursuant to Long Term Incentive Plan ("LTIP")	1,006	10	-	-	-	-	-	1,016	-	1,016
Shares issued pursuant to Section 132D of Companies Act, 1965	19,490	-	-	-	-	-	-	19,490	-	19,490
Effects arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	4	4
Arising from accretion of equity interests in subsidiaries	-	-	-	-	-	-	(7,046)	(7,046)	4,180	(2,866)
Arising from dilution of equity interests in subsidiaries	-	-	-	-	-	-	13,033	13,033	4,867	17,900
Share-based payment transactions	-	-	-	-	4,294	-	-	4,294	-	4,294
ESOS lapsed	-	-	-	-	(144)	-	144	-	-	-
Total transactions with owners	20,496	10	-	-	4,150	-	6,131	30,787	9,051	39,838
Balance as at 31 December 2016	<u>215,127</u>	<u>15,648</u>	<u>24,663</u>	<u>11,307</u>	<u>8,094</u>	<u>(388)</u>	<u>14,210</u>	<u>288,661</u>	<u>43,816</u>	<u>332,477</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 2017.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

	NINE MONTHS ENDED 31 DECEMBER	
	2017	2016
	RM'000	RM'000
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(14,148)	(9,154)
Adjustment for non-cash items:		
Bad debts written off	23	-
Depreciation and amortisation	6,461	6,782
Equity settled share-based payment transactions	1,368	5,140
Gain on disposal of property, plant and equipment	(10)	-
Loss on disposal of property, plant and equipment	8	3
Loss on dilution of equity interest in associates	1,976	143
Impairment losses on receivables	-	1,062
Interest expense	7,021	7,497
Interest income	(907)	(1,654)
Inventories written off	1	-
Net loss on fair value adjustments on other investments	634	1,792
Net loss on disposal of other investments	614	-
Net unrealised loss/(gain) on foreign currency exchange	350	(200)
Property, plant and equipment written off	2	145
Provision for post-employment benefits	179	165
Reversal of impairment loss on trade receivables	(891)	(101)
Share of results of associates	(3,885)	(6,840)
Operating (loss) / profit before working capital changes	<u>(1,204)</u>	<u>4,780</u>
Net changes in assets	3,212	41,585
Net changes in liabilities	(2,636)	(26,652)
Net cash (used in) / generated from operations	<u>(628)</u>	<u>19,713</u>
Tax paid	(5,025)	(5,369)
Tax refund	422	414
Net cash (used in) / generated from operating activities	<u>(5,231)</u>	<u>14,758</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	-	4
Acquisition of additional shares in subsidiaries	(237)	(2,865)
Addition of software development	(389)	(35,464)
Disposal of interest in subsidiaries	28,106	144
Interest received	902	1,645
Net withdrawal of fixed deposits pledged	9,612	1,571
Proceeds from disposal of interest in an associate	1,653	-
Proceeds from disposal of other investments	2,039	3,080
Proceeds from disposal of property, plant and equipment	55	18
Purchase of other investments	-	(416)
Purchase of property, plant and equipment	(4,201)	(2,444)
Net cash from/(used in) investing activities	<u>37,540</u>	<u>(34,727)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of borrowings	(26,276)	(692)
Ordinary share capital contributed by non-controlling interests of a subsidiary	-	17,756
Net proceeds from shares issued pursuant to private placement	-	19,490
Interest paid	(7,021)	(7,497)
Net cash (used in)/from financing activities	<u>(33,297)</u>	<u>29,057</u>
Net (decrease)/increase in cash and cash equivalents	(988)	9,088
Cash and cash equivalents at 1 April 2017/2016*	46,954	41,854
Effect of foreign exchange on opening balance	(320)	701
Cash and cash equivalents at 31 December 2017/2016*	<u>45,646</u>	<u>51,643</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 2017.)

**Notes to the Interim Financial Report
For the Third Quarter Ended 31 December 2017**

1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the previous financial year ended 31 March 2017.

2 Significant Accounting Policies

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 March 2017, except for the adoption of the following FRSs and Amendments to FRSs during the current financial period: -

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

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

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

3 Qualification of independent auditors' report on preceding annual audited financial statements

The independent auditors' report on the annual audited financial statements for the financial year ended 31 March 2017 was not qualified.

4 Seasonal and cyclical factors

The business of the Group was not affected by any significant seasonal and cyclical factors during the current financial period under review.

5 Unusual items due to their nature, size or incidence

Saved as disclosed in note 2 and note 6 of this report, there were no unusual items affecting the assets, liabilities, equity, net income, or cash flows due to their nature, size, or incidence during the current financial period under review.

6 Material changes in estimates

There were no material changes in estimates of amounts reported in prior financial years. Thus, there is no material effect in the financial statements of the current financial period under review.

7 Debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period under review except Allotment of 622,600 new ordinary shares pursuant to the exercise of Employee Share Grant Plan ("ESGP").

8 Dividends paid

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

**Notes to the Interim Financial Report
For the Third Quarter Ended 31 December 2017**
9 Segmental reporting

The Group's reportable segments were identified as follows: -

- Business Performance Services - Provision of business performance improvement related services.
- Trading & Distribution Services - Distribution and reselling of hardware and software and related services.
- Digital & Infrastructure Services - Provision of a comprehensive range of tele/data communication, networking solutions and related services.

Other operating segments that do not constitute reportable segments comprise operations related to property development and investment holding.

Business Segments	Business Performance Services RM'000	Trading & Distribution Services RM'000	Digital & Infrastructure Services RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Nine Months Financial Period Ended 31 December 2017						
External sales	145,688	113,408	10,964	162	-	270,222
Inter segment sales	39,888	1,297	2,196	1,180	(44,561)	-
Total Sales	<u>185,576</u>	<u>114,705</u>	<u>13,160</u>	<u>1,342</u>	<u>(44,561)</u>	<u>270,222</u>
Segment results	6,175	1,502	(7,630)	(8,464)	(3,502)	(11,919)
Share of results of associates	-	-	-	3,885	-	3,885
Interest expense	(1,434)	(1,102)	(291)	(4,226)	32	(7,021)
Interest Income	559	186	144	50	(32)	907
Profit / (Loss) before taxation	<u>5,300</u>	<u>586</u>	<u>(7,777)</u>	<u>(8,755)</u>	<u>(3,502)</u>	<u>(14,148)</u>
Segment assets	<u>423,094</u>	<u>119,551</u>	<u>99,341</u>	<u>470,060</u>	<u>(548,679)</u>	<u>563,367</u>
Nine Months Financial Period Ended 31 December 2016						
External sales	137,729	166,590	20,753	243	-	325,315
Inter segment sales	31,314	2,992	8,864	17,365	(60,535)	-
Total Sales	<u>169,043</u>	<u>169,582</u>	<u>29,617</u>	<u>17,608</u>	<u>(60,535)</u>	<u>325,315</u>
Segment results	(2,468)	5,553	(6,556)	11,898	(18,578)	(10,151)
Share of results of associates	-	-	-	6,840	-	6,840
Interest expense	(1,718)	(931)	(840)	(4,492)	484	(7,497)
Interest Income	705	204	295	934	(484)	1,654
(Loss) / Profit before taxation	<u>(3,481)</u>	<u>4,826</u>	<u>(7,101)</u>	<u>15,180</u>	<u>(18,578)</u>	<u>(9,154)</u>
Segment assets	<u>349,198</u>	<u>124,106</u>	<u>105,957</u>	<u>327,307</u>	<u>(340,361)</u>	<u>566,207</u>

10 Carrying amount of revalued assets

There were no changes to the valuation of property, plant and equipment during the current financial period under review.

11 Changes in the composition of the group
Subsidiary

During the current financial period under review, Omesti Holdings Berhad ("OHB"), a wholly-owned subsidiary of the Company, disposed off a total of 509,332,292 ordinary shares in Diversified Gateway Solutions Berhad ("DGSB"), a 54.47% owned subsidiary of OHB, for a total cash consideration of RM28,106,387, at a price range of RM0.0355 to RM0.1250 per DGSB share. Following the disposals, OHB holds 16.90% equity interest in DGSB.

Associates

During the current financial period under review, OHB disposed off a total of 2,302,200 ordinary shares in Ho Hup Construction Company Berhad ("Ho Hup") for a total cash consideration of RM1,653,129. Following this disposal, OHB's equity interest in Ho Hup has been decreased from 13.88% to 13.26%.

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 Third Quarter Ended 31 December 2017**
12 Subsequent events
Subsidiary

On 21 February 2018, the Company, through its wholly-owned subsidiary, OHB acquired one (1) ordinary share in Next Intelligent Sdn Bhd ("NISB"), representing 100% of the total issued and paid-up share capital of NISB for a total cash consideration of RM1. Following the acquisition, NISB will become a wholly-owned subsidiary of OHB.

Saved as disclosed above, there were no other material events announced subsequent to the end of the current financial period under review up to the date of this announcement.

13 Changes in contingent liabilities or contingent assets

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

	RM'000
Omesti	
- to financial institution for facilities granted to subsidiaries	<u>1,490</u>
- to leasing party for leasing facilities to subsidiaries	<u>13,459</u>

14 Capital commitments

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

15 Cash and bank balances

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

	As at 31.12.2017 RM'000
Cash and bank balances	18,487
Fixed deposits with licensed financial institutions	<u>45,342</u>
	63,829
Less: Fixed deposits pledged with licensed banks	(13,129)
Less: Bank overdraft	<u>(5,054)</u>
	<u>45,646</u>

**Additional information required by Bursa Securities Listing Requirements
For the Third Quarter Ended 31 December 2017**
1 Detailed analysis of performance

The Group's revenue decreased in the current quarter under review by RM37.29 million as compared to the revenue in the corresponding quarter of the preceding financial year due to lower order fulfilments during the quarter under review.

For the financial period under review, the Group recorded a lower revenue, a decrease of 16.9% amounting to RM55.09 million as compared to the preceding financial period.

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

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	THREE MONTHS ENDED 31 DECEMBER			NINE MONTHS ENDED 31 DECEMBER		
	2017	2016	Variance	2017	2016	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	50,384	58,584	(14.0)	185,576	169,043	9.8
Trading & Distribution Services	43,863	70,325	(37.6)	114,705	169,582	(32.4)
Digital & Infrastructure Services	4,412	10,297	(57.2)	13,160	29,617	(55.6)
Others	415	16,736	(97.5)	1,342	17,608	(92.4)
	99,074	155,942	(36.5)	314,783	385,850	(18.4)
Less : Inter Segment Revenue	(10,559)	(30,136)		(44,561)	(60,535)	
Total Group Revenue	88,515	125,806	(29.6)	270,222	325,315	(16.9)

The Group recorded revenue of RM88.52 million for the quarter ended 31 December 2017, a 29.6% decrease against revenue achieved in the previous corresponding quarter. The decrease was mainly due to lower progress billings from on-going projects and order fulfilments from the Distribution Services segment.

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

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	THREE MONTHS ENDED 31 DECEMBER			NINE MONTHS ENDED 31 DECEMBER		
	2017	2016	Variance	2017	2016	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	(4,902)	1,264	NA	5,300	(3,481)	NA
Trading & Distribution Services	1,037	2,597	(60.1)	586	4,826	(87.9)
Digital & Infrastructure Services	(2,895)	(1,194)	NA	(7,777)	(7,101)	9.5
Others	(7,317)	15,397	NA	(8,755)	15,180	NA
	(14,077)	18,064	NA	(10,646)	9,424	NA
Less : Elimination	3,579	(15,181)		(3,502)	(18,578)	
(Loss) / profit before tax	(10,498)	2,883	NA	(14,148)	(9,154)	54.6

The Group posted a loss before tax of RM10.50 million for the quarter ended 31 December 2017 as compared to profit before tax of RM2.88 million recorded in the previous corresponding quarter. This was mainly due to lower revenue and gross margin recorded in the Business Performance Services segment as compared to the corresponding period of the immediate preceding year.

2 Variation of results against preceding quarter

	3 months ended 31.12.2017 RM'000	3 months ended 30.09.2017 RM'000	Variance %
Revenue	88,515	92,516	(4.3)
Loss before tax ("LBT")	(10,498)	(6,074)	72.8

The Group posted a decrease in revenue of RM4.00 million due to lower order fulfilment from the Business Performance Services segment. The LBT increased by RM4.42 million for the quarter under review as compared to the immediate preceding quarter due to lower gross profit margin from less favourable product mix.

**Additional information required by Bursa Securities Listing Requirements
For the Third Quarter Ended 31 December 2017**
3 Business prospects

The uncertainties in the global and domestic economic climate continues to weigh in the business environment in which the Group operates. While the impact has been relatively negative to the Group's financial results, the Group remains cautiously optimistic and continues to innovate in offering new value added services and products to the markets it serves.

4 Profit forecast

Not applicable.

5 Income tax expense

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax expense				
- Malaysian taxation	(346)	1,072	1,303	2,233
- Foreign taxation	232	37	486	274
	<u>(114)</u>	<u>1,109</u>	<u>1,789</u>	<u>2,507</u>
Under/(Over) provision in prior period				
- Malaysian taxation	246	871	352	881
- Foreign taxation	(28)	-	(28)	-
	<u>218</u>	<u>871</u>	<u>324</u>	<u>881</u>
	<u>104</u>	<u>1,980</u>	<u>2,113</u>	<u>3,388</u>
Deferred taxation				
- origination and reversal of temporary differences				
- Malaysian taxation	93	408	(210)	411
	<u>197</u>	<u>2,388</u>	<u>1,903</u>	<u>3,799</u>

The Group incurred an income tax expense despite recording a loss before tax for the current quarter under review 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 15 November 2017, the Company announced that the Company proposes to implement a private placement of up to 51,401,900 new ordinary shares ("Placement Shares") in Omesti, to independent third party investor(s) to be identified ("Private Placement").

The listing application pursuant to the Private Placement was approved by Bursa Securities on 15 January 2018.

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 Third Quarter Ended 31 December 2017**
7 Borrowings and debt securities

The Group's bank borrowings consist of term loan, invoice financing, lease creditors, trust receipts and bank overdraft.

	As at 31.12.2017 RM'000
Short term bank borrowings - secured	
- Denominated in Ringgit Malaysia	74,461
- Denominated in foreign currencies	1,324
Long term bank borrowings - secured	
- Denominated in Ringgit Malaysia	11,800
- Denominated in foreign currencies	-
	<u>87,585</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:

	31.12.2017 RM'000	31.03.2017 RM'000
Total retained earnings of the Group: -		
- Realised	23,653	30,613
- Unrealised	3,098	7,211
	<u>26,751</u>	<u>37,824</u>
Less: Consolidation adjustments	(22,901)	(29,124)
Total Group retained earnings as per consolidated financial statements	<u>3,850</u>	<u>8,700</u>

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

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

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) / earnings per ordinary share
Basic (loss) / earnings per ordinary share

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

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2017	2016	2017	2016
Loss after tax and non-controlling interests (RM'000)	(9,116)	815	(15,812)	(8,473)
Number of shares in issue as at beginning of the year ('000)	430,254	389,262	430,254	389,262
Effect of issuance of Rights Shares ('000)	-	-	-	-
Effect of Private Placement of Shares ('000)	-	22,268	-	22,268
Effect of issuance of LTIP ('000)	623	636	623	636
WA number of ordinary shares in issue ('000)	<u>430,877</u>	<u>412,166</u>	<u>430,877</u>	<u>412,166</u>
Basic loss per ordinary share (sen)	<u>(2.12)</u>	<u>0.20</u>	<u>(3.67)</u>	<u>(2.06)</u>

**Additional information required by Bursa Securities Listing Requirements
For the Third Quarter Ended 31 December 2017**

12 (Loss) / profit before tax

(Loss) / profit before tax is arrived at after charging: -

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Bad debts written off	-	-	23	-
Depreciation and amortisation	2,036	2,271	6,461	6,782
Equity settled share-based payment transactions	456	761	1,368	5,140
Impairment losses on:				
- goodwill	-	-	-	-
- trade receivables	-	498	-	1,062
- software development	-	-	-	-
- property, plant and equipment	-	-	-	-
Interest expenses	2,379	2,054	7,021	7,497
Inventories written down	-	-	-	-
Inventories written off	-	-	1	-
Loss on disposal of:				
- other investments	-	-	614	-
- property, plant and equipment	8	3	8	3
Loss on dilution of equity interest in associates	389	-	1,976	143
Net loss on fair value adjustment on other investments	-	347	634	1,792
Property, plant and equipment written off	2	(3)	2	145
Provision for post-employment benefits	-	-	179	165
Realised loss on foreign currency transactions	74	173	102	367
Share of losses of associates	-	-	-	-
Software development costs written off	-	-	-	-
Unrealised loss on foreign currency translation	463	503	357	154

And crediting: -

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Gain on disposal of:				
- other investments	-	-	-	-
- property, plant and equipment	-	-	10	-
- associate	-	-	-	-
Gain on dilution of equity interest in associates	-	-	-	-
Gain on remeasurement arising from a business combination	-	-	-	-
Interest income	341	441	907	1,654
Net gain on fair value adjustment on other investments	-	-	-	-
Reversal of impairment losses on:				
- property, plant and equipment	-	-	-	-
- trade receivables	154	101	891	101
Reversal of provision for post-employment benefits	-	-	-	-
Realised gain on foreign currency transactions	96	110	223	183
Share of profits of associates	1,303	1,325	3,885	6,840
Unrealised gain on foreign currency translation	-	-	-	354

SUMMARY OF STATUS OF MATERIAL LITIGATIONS AS AT 27 FEBRUARY 2018
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 Civil Appeal No: 02(i)-54-05/2017(W)	Kuala Lumpur High Court Court of Appeal Federal Court	The Federal Court had on 15 May 2017 allowed RMSS' Notice of Motion dated 25 August 2016 for leave to appeal to the Federal Court against the decision of the Court of Appeal dated 28 July 2016. Following the Federal Court's decision on 15 May 2017, RMSS filed a notice of appeal to the Federal Court on 17 May 2017 ("Appeal"). On 15 February 2018, the Federal Court proceeded to hear the Appeal and thereafter adjourned the matter to 28 March 2018 for continued hearing.