

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

		DUAL QUARTER S ENDED 31 DEC 2016 RM'000 Unaudited	EMBER Changes %		LATIVE PERIOD S ENDED 31 DECE 2016 RM'000 Unaudited	MBER Changes %
Revenue	88,515	125,806	(29.6)	270,222	325,315	(16.9)
Cost of sales	(66,295)	(93,989)	(29.5)	(186,140)	(245,030)	(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	(10,498)	2,883	NA	(14,148)	(9,154)	54.6
Tax expense	(197)	(2,388)	(91.8)	(1,903)	(3,799)	(49.9)
(Loss) / profit for the financial period	(10,695)	495	NA	(16,051)	(12,953)	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	26	651	(96.0) <u>-</u>	(48)	578	NA
Total comprehensive (loss) / income for the financial period	(10,669)	1,146	NA _	(16,099)	(12,375)	30.1
(Loss) / profit attributable to:- Owners of the Parent Non-controlling interests (Loss) / profit for the financial period	(9,116) (1,579) (10,695)	815 (320) 495	NA NA NA	(15,812) (239) (16,051)	(8,473) (4,480) (12,953)	86.6 (94.7) 23.9
Total comprehensive (loss) / income attributable to:- Owners of the Parent Non-controlling interests Total comprehensive (loss) / income for the financial period	(8,309) (2,360) (10,669)	1,471 (325) 1,146	NA NA NA	(15,055) (1,044) (16,099)	(7,437) (4,938) (12,375)	NA (78.9) 30.1
(Loss) / earnings per ordinary share (sen) - Basic and diluted	(2.12)	0.20	=	(3.67)	(2.06)	

(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.)

OMESTI BERHAD (530701-T) Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017



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

(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								
Unaudited <u>Nine Months Financial Period Ended 31 December 2017</u>	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	Total RM'000	Non- controlling interests RM'000	Total equity 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	230,594	-	24,663	11,307	3,287	(62)	3,850	273,639	70,097	343,736



OMESTI BERHAD (530701-T) Incorporated in Malaysia

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

	< <	< Attributable to owners of the Parent> Distributable> 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	Total RM'000	Non- controlling interests RM'000	Total equity 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	215,127	15,648	24,663	11,307	8,094	(388)	14,210	288,661	43,816	332,477

(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



CASH FLOWS FROM OPERATING ACTIVITIES (14,149) (9,154) Adjustment for non-cash tensi: 3 2 3 2 Deap values of theme: 3	FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017	NINE MONTHS ENDE 2017 RM'000 Unaudited	D 31 DECEMBER 2016 RM'000 Unaudited
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Tax paid Tax refund(5.025) (5.369) 422(5.369) 441Net cash (used in) / generated from operating activities(5.231)14.758CASH FLOWS FROM INVESTING ACTIVITESAcquisition of subsidiaries, net of cash acquired Acquisition of software development Disposal of interest in subsidiaries 101600 at futurest in subsidiaries 101600 at futurest in subsidiaries 101600 at futurest in subsidiaries 101600 at futurest in an associate 101600 at futurest in an associate 1016000000000000000000000	Net changes in liabilities	(2,636)	(26,652)
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Proceeds from disposal of property, plant and equipment5518Purchase of other investments-(416)Purchase of property, plant and equipment(2,444)Net cash from/(used in) investing activities37,540(34,727)CASH FLOWS FROM FINANCING ACTIVITIESNet repayment of borrowings(26,276)(692)Ordinary share capital contributed by non-controlling interests of a subsidiary-17,756Net repayment of borrowings(7,021)(7,021)(7,497)Net cash (used in)/from financing activities(33,297)29,057Net cash (used in)/from financing activities(988)9,088Cash and cash equivalents at 1 April 2017/2016*46,95441,854Effect of foreign exchange on opening balance(320)701			- 3.080
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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 (33,297) 29,057 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	Purchase of property, plant and equipment	(4,201)	(2,444)
Net repayment of borrowings(26,276)(692)Ordinary share capital contributed by non-controlling interests of a subsidiary-17,756Net proceeds from shares issued pursuant to private placement-19,490Interest paid(7,021)(7,497)Net cash (used in)/from financing activities(33,297)29,057Net (decrease)/increase in cash and cash equivalents(988)9,088Cash and cash equivalents at 1 April 2017/2016*46,95441,854Effect of foreign exchange on opening balance(320)701	Net cash from/(used in) investing activities	37,540	(34,727)
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 (33,297) 29,057 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 FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from shares issued pursuant to private placement - 19,490 Interest paid (7,021) (7,497) Net cash (used in)/from financing activities (33,297) 29,057 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		(26,276)	
Interest paid(7,021)(7,497)Net cash (used in)/from financing activities(33,297)29,057Net (decrease)/increase in cash and cash equivalents(988)9,088Cash and cash equivalents at 1 April 2017/2016*46,95441,854Effect of foreign exchange on opening balance(320)701		-	
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		(7,021)	
Cash and cash equivalents at 1 April 2017/2016* 46,954 41,854 Effect of foreign exchange on opening balance (320) 701	Net cash (used in)/from financing activities	(33,297)	29,057
Effect of foreign exchange on opening balance (320) 701	Net (decrease)/increase in cash and cash equivalents	(988)	9,088
	Cash and cash equivalents at 1 April 2017/2016*	46,954	41,854
Cash and cash equivalents at 31 December 2017/2016*	Effect of foreign exchange on opening balance	(320)	701
	Cash and cash equivalents at 31 December 2017/2016*	45,646	51,643

* 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
	on or after
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 Dec	ember 2017					
External sales Inter segment sales Total Sales	145,688 <u>39,888</u> 185,576	113,408 1,297 114,705	10,964 2,196 13,160	162 <u>1,180</u> 1,342	(44,561) (44,561)	270,222
Segment results Share of results of associates Interest expense Interest Income	6,175 - (1,434) 559	1,502 - (1,102) 186	(7,630) - (291) 144	(8,464) 3,885 (4,226) 50	(3,502) - 32 (32)	(11,919) 3,885 (7,021) 907
Profit / (Loss) before taxation	5,300	586	(7,777)	(8,755)	(3,502)	(14,148)
Segment assets	423,094	119,551	99,341	470,060	(548,679)	563,367

Nine Months Financial Period Ended 31 December 2016

External sales Inter segment sales Total Sales	137,729 31,314 169,043	166,590 2,992 169,582	20,753 <u>8,864</u> 29,617	243 17,365 17,608	(60,535) (60,535)	325,315 - 325,315
Segment results Share of results of associates Interest expense Interest Income	(2,468) - (1,718) 705	5,553 - (931) 204	(6,556) - (840) 295	11,898 6,840 (4,492) 934	(18,578) - 484 (484)	(10,151) 6,840 (7,497) 1,654
(Loss) / Profit before taxation	(3,481)	4,826	(7,101)	15,180	(18,578)	(9,154)
Segment assets	349,198	124,106	105,957	327,307	(340,361)	566,207

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



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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:-

Omesti - to financial institution for facilities granted to subsidiaries	1,490
- to leasing party for leasing facilities to subsidiaries	13,459

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 Fixed deposits with licensed financial institutions	18,487 45,342
	63,829
Less: Fixed deposits pledged with licensed banks Less: Bank overdraft	(13,129) (5,054)
	45.646

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: -

		DUAL QUARTER S ENDED 31 DEC	EMBER	CUMULATIVE PERIOD 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: -

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

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>-</u>
	87.585_

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:

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

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) Effect of issuance of Rights Shares ('000)	430,254	389,262	430,254	389,262
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)	430,877	412,166	430,877	412,166
Basic loss per ordinary share (sen)	(2.12)	0.20	(3.67)	(2.06)



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	INDIVIDUAL THREE MONTH DECEM	S ENDED 31 BER	CUMULATIV NINE MONTHS DECEM	S ENDED 31 IBER
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(Loss) / profit before tax is arrived at after charging: -				
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
	INDIVIDUAL THREE MONTH DECEM	S ENDED 31	CUMULATIV NINE MONTH DECEM	S ENDED 31

	DECEMBER		DECEMBER	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
And crediting: -				
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.