Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the Definitions section of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your shares, you should at once hand this Abridged Prospectus together with the NPA and RSF (collectively, the "**Documents**") to the agent/broker through whom you effected the sale/transfer for onward transmission to the purchaser/transferee. All enquiries concerning the Rights Issue With Warrants should be addressed to our Share Registrar, **Bina Management (M) Sdn Bhd,** Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan (Tel: +603 7784 3922 Fax: +603 7784 1988).

This Abridged Prospectus, together with the Documents, are only to be despatched to our Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 2 May 2013 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 2 May 2013. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia, are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue With Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Shares, application for Excess Rights Shares With Warrants, or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares would result in the contravention of any law of such countries or jurisdictions. We, AmInvestment Bank and/or other experts shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares With Warrants or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares with Warrants made by any Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) are residents.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue With Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar Of Companies ("**ROC**") who takes no responsibility for the contents of the Documents.

Approval for the Rights Issue With Warrants has been obtained from our Shareholders at our EGM convened on 23 January 2013. Approval has been obtained from Bursa Securities via its letter dated 11 December 2012 for the admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and the new Shares to be issued upon the exercise of the Warrants and Additional Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue With Warrants. The admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and the new Shares to be issued upon the exercise of the Warrants and Additional Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue With Warrants. The admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares and Warrants will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Board has seen and approved the Documents and they, collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

AmInvestment Bank, being the Principal Adviser for the Rights Issue With Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue With Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.

FORMIS
FORMIS RESOURCES BERHAD

FORMIS RESOURCES BERHAD

(Company No. 530701-T)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 278,850,298 NEW ORDINARY SHARES OF RM0.50 EACH IN FORMIS RESOURCES BERHAD ("FORMIS SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 139,425,149 FREE DETACHABLE WARRANTS ("WARRANTS") AT AN ISSUE PRICE OF RM0.50 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) FREE WARRANT FOR EVERY TWO (2) EXISTING FORMIS SHARES HELD AT 5.00 P.M. ON 2 MAY 2013

Principal Adviser

AmInvestment Bank

AmInvestment Bank Berhad
Company No. 23742-V
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME

Entitlement date	: Thursday, 2 May 2013 at 5.00 p.m.
Last date and time for:	
Sale of Provisional Rights Shares with Warrants	: Friday, 10 May 2013 at 5.00 p.m.
Transfer of Provisional Rights Shares with Warrants	: Wednesday, 15 May 2013 at 4.00 p.m.
Acceptance and payment	: Monday, 20 May 2013 at 5.00 p.m.*
Excess Rights Shares with Warrants Application and payment	: Monday, 20 May 2013 at 5.00 p.m.*

** Or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.*

This Abridged Prospectus is dated 2 May 2013

ALL TERMS USED ARE AS DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS.

THE SC AND BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

SHAREHOLDERS / INVESTORS SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE WITH WARRANTS AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE RIGHTS ISSUE WITH WARRANTS, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THE ABRIDGED PROSPECTUS, TOGETHER WITH THE OTHER DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

Act	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
Additional Warrants	:	New additional warrants to be issued to holders of the Outstanding Warrants pursuant to the adjustments made to the Outstanding Warrants as specified in the deed poll dated 4 April 2011
AHB	:	AMMB Holdings Berhad (Company No. 223035-V)
AmBank	:	AmBank (M) Berhad (Company No. 8515-D)
Amendments to M&A	:	Amendments to the Memorandum and Articles of Association of the Company to facilitate the Par Value Reduction
AmInvestment Bank	:	AmInvestment Bank Berhad (Company No. 23742-V)
BNM	:	Bank Negara Malaysia
Board	:	The Board of Directors of Formis
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
CDS	:	Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account(s)	:	Account(s) established by Bursa Depository for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
Closing Date	:	20 May 2013 at 5.00 p.m., being the last date and time for the acceptance and payment for the Rights Shares with Warrants or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time
CMSA	:	Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
Code	:	The Malaysian Code on Take-Overs and Mergers, 2010 as amended from time to time
Corporate Exercises	:	Collectively, the Par Value Reduction, the Rights Issue With Warrants and the Amendments to M&A
Court	:	The High Court of Malaya
Dato' Larry Gan	:	Dato' Gan Nyap Liou @ Gan Nyap Liow
Deed Poll	:	The deed poll dated 18 April 2013 constituting the Warrants

DEFINITIONS (CONT'D)

DMSK	:	Dato' Mah Siew Kwok
EBITDA	:	Earnings before interest, tax depreciation and amortisation
EGM	:	Extraordinary General Meeting
Entitled Shareholders	:	Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled under the Rights Issue With Warrants
Entitlement Date	:	5.00 p.m. on 2 May 2013, being the date and time at which the Shareholders of our Company must be registered in our Record of Depositors in order to be entitled to the Rights Issue With Warrants
EPS	:	Earnings per Share
Euro	:	European Dollar
Excess Rights Shares With Warrants	:	Rights Shares With Warrants which are not taken up or not validly taken up by Entitled Shareholders and / or their transferee(s) and / or their renouncee(s) (if applicable) prior to the Closing Date
Excess Rights Shares With Warrants Application(s)	:	Application(s) for additional Rights Shares with Warrants in excess of the Provisional Rights Shares with Warrants as set out in Section 3.6 of this Abridged Prospectus
Exercising Warrant Holders	:	Warrant Holders who exercise their Warrants
FHB	:	Formis Holdings Berhad (Company No. 281000-K)
Foreign-Addressed Shareholders	:	Shareholders who have not provided an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue With Warrants
Formis or the **Company**	:	Formis Resources Berhad (Company No. 530701-T)
Formis Group or the **Group**	:	Collectively, Formis and its subsidiaries
Formis Share(s) or **Share(s)**	:	Ordinary share(s) of RM0.50 each in Formis after the Par Value Reduction
FPE	:	Financial period ended / ending, as the case may be
FYE	:	Financial year(s) ended / ending, as the case may be
GP	:	Gross profit
ICPS	:	Irredeemable convertible preference shares
ICT	:	Information and Communications Technology
IPSB	:	Insas Plaza Sdn Bhd (Company No. 150118-V)
LAT	:	Loss after tax

DEFINITIONS (CONT'D)

LBT	:	Loss before tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities as amended from time to time
LPD	:	17 April 2013, being the latest practicable date prior to the printing of this Abridged Prospectus
Market Day	:	A day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is opened for trading in securities
Minimum Scenario	:	Assuming that none of the 92,950,099 Outstanding Warrants are exercised prior to the Entitlement Date and the Rights Issue With Warrants is undertaken based on the Minimum Subscription Level
Minimum Subscription Level	:	Minimum subscription level of 125,000,000 Rights Shares together with 62,500,000 Warrants for the Rights Issue With Warrants
Maximum Scenario	:	Assuming that all 92,950,099 Outstanding Warrants are exercised in full prior to the Entitlement Date and all Entitled Shareholders subscribe for their Rights Shares entitlements
NA	:	Net assets
NPA	:	Notice of provisional allotment in relation to the Rights Issue With Warrants
Outstanding Warrants	:	Formis' existing warrants 2011/2016 which have been issued but have not yet been exercised as at the LPD, amounting to 92,950,099 warrants
Par Value Reduction	:	Reduction of the issued and paid-up share capital of the Company via the cancellation of RM0.50 of the par value of each existing ordinary share of RM1.00 each in Formis
PBIL	:	PlanetBiz Investments Limited (Company No. 1710948)
PAT	:	Profit after tax
PBT	:	Profit before tax
Provisional Rights Shares With Warrants	:	Rights Shares with Warrants provisionally allotted to Entitled Shareholders
Record of Depositors	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Rights Issue With Warrants	:	Renounceable rights issue of up to 278,850,298 Rights Shares together with up to 139,425,149 Warrants at an issue price of RM0.50 per Rights Share on the basis of two (2) Rights Shares together with one (1) free Warrant for every two (2) existing Shares held at the Entitlement Date (after the Par Value Reduction)

DEFINITIONS (CONT'D)

Rights Shares	:	Up to 278,850,298 new Formis Shares to be allotted and issued pursuant to the Rights Issue With Warrants
RM and **sen**	:	Ringgit Malaysia and sen respectively
RP	:	Indonesian Rupiah
RSF	:	Rights Subscription Form in relation to the Rights Issue With Warrants
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA
RZDSB	:	Red Zone Development Sdn Bhd (Company No. 687427-D)
S$	:	Singapore Dollar
SC	:	Securities Commission Malaysia
Share Registrar	:	Bina Management (M) Sdn Bhd (Company No. 50164-V)
SICDA	:	Securities Industry (Central Depositories) Act, 1991 as amended from time to time, including Securities Industry (Central Depositories) Amendment Act, 1998
Shareholders	:	Shareholders of Formis
TEAP	:	Theoretical ex-all price
THB	:	Thai Baht
TSDSMN	:	Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr. Hj. Megat Khas
Undertakings	:	The irrevocable written undertakings from TSDSMN, RZDSB, DMSK, IPSB and PBIL, to subscribe in full for their respective entitlements for the Rights Shares and to also apply for a certain portion of the Rights Shares not taken up by the other Entitled Shareholders by way of excess Rights Shares With Warrants Application, so as to arrive at an aggregate subscription level of 125,000,000 Rights Shares, details of which are set out in Section 5 of this Abridged Prospectus
USD	:	United States Dollar
VWAP	:	Volume-weighted average market price
Warrants	:	Up to 139,425,149 free new detachable warrants in Formis to be allotted and issued pursuant to the Rights Issue With Warrants

Any references to "**our Company**" or "**Formis**" in this Abridged Prospectus are to Formis Resources Berhad, and references to "**our Group**" or "**Formis Group**" are to our Company and subsidiaries. References to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company and, where the context otherwise requires, our subsidiaries.

All references to "**you**" in this Abridged Prospectus are to Entitled Shareholders.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

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CORPORATE DIRECTORY

FORMIS
FORMIS RESOURCES BERHAD

FORMIS RESOURCES BERHAD
(Company No. 530701-T)
(Incorporated in Malaysia under the Companies Act, 1965)

BOARD OF DIRECTORS

Name *(Designation)*	Address	Nationality	Profession
Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr. Hj. Megat Khas *(Non - Executive Chairman)*	No. 2, Jalan 12/7 46200 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Dato' Mah Siew Kwok (*Vice Chairman and Non-Independent Non-Executive Director*)	No. 7, Jalan Nusa Taman Bukit Mas 50480 Kuala Lumpur	Malaysian	Company Director
Dato' Gan Nyap Liou @ Gan Nyap Liow (*Independent Non-Executive Director*)	No. 30, Lorong Kemaris 1 Bukit Bandaraya Bangsar 59100 Kuala Lumpur	Malaysian	Company Director
Mr Boey Tak Kong (*Independent Non-Executive Director*)	No. 693-5-3, Desa Kiara Damansara Jalan Damansara 60000 Kuala Lumpur	Malaysian	Company Director
En Ahmad Bin Khalid (*Independent Non-Executive Director*)	No. 21, Jalan Kubah U8/55B Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Dato' Thong Kok Khee (*Non-Independent Non-Executive Director*)	No. 74, Jalan Setiakasih Damansara Heights 50490 Kuala Lumpur	Malaysian	Company Director
Mr Monteiro Gerard Clair (*Executive Director*)	No. 26, Jalan Damansara Permai 50490 Kuala Lumpur	Malaysian	Company Director
Ms Mah Xian-Zhen (*Executive Director*)	No. 7, Jalan Nusa Taman Bukit Mas 50480 Kuala Lumpur	Malaysian	Company Director

CORPORATE DIRECTORY (CONT'D)

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
En Ahmad Bin Khalid	Member	Independent Non-Executive Director
Mr Boey Tak Kong	Member	Independent Non-Executive Director

Note: - *Mr. Au Yong Kam Weng had on 31 March 2013, resigned from the Audit and Risk Management Committee of Formis and the Company is in the process of appointing a replacement member. As at the date of this Abridged Prospectus, the Company is still within the required timeframe for it to fill the vacancy as set out in Bursa Securities' Main Market Listing Requirements.*

COMPANY SECRETARY : Ms Lim Shook Nyee [MAICSA No. 7007640]
No. 17, Jalan Setia Damai U13/14D
Setia Alam, Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan

REGISTERED OFFICE / HEAD OFFICE : 16th Floor, KH Tower
8 Lorong P. Ramlee
50250 Kuala Lumpur
Tel : +603 2078 4488
Fax : +603 2070 6893
Website: www.formis.net
(Information in our website does not constitute any part of this Abridged Prospectus)

AUDITORS AND REPORTING ACCOUNTANTS : BDO (AF: 0206)
Chartered Accountants
12th Floor, Menara Uni-Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: +603 2616 2888

SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS : Mah-Kamariyah & Philip Koh
Advocates & Solicitors
3A07, Block B, Phileo Damansara II
15 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor, Malaysia
Tel : +603 7956 8686

PRINCIPAL BANKERS : Affin Bank Berhad
17th Floor
Menara AFFIN
80, Jalan Raja Chulan
50200 Kuala Lumpur
Wilayah Persekutuan
Malaysia.
Tel : +603 2055 9000

CORPORATE DIRECTORY (CONT'D)

: Al Rajhi Banking & Investment Corporation (Malaysia) Bhd
Wisma Selangor Dredging
142 Jalan Ampang
50450 Kuala Lumpur
Tel: +03 2301 7000

: AmBank (M) Berhad
Level 18, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: +603 2026 3939

: CIMB Bank Berhad
Lot 1-01, Menara Hap Seng
Jalan P. Ramlee
50250 Kuala Lumpur
Tel: +603 2145 3311

: Hong Leong Bank Berhad
Level 5 Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel :+603 2164 2828

: Hong Leong Bank Berhad
Business Centre – Pandan Jaya
1st Floor, No. 1 & 3
Jalan Pandan 3/5, Pandan Jaya
50450 Kuala Lumpur
Tel :+603 2164 2828

: Hong Leong Islamic Bank Berhad
Level 5, Wisma Hong Leong
18 Jalan Perak,
50450 Kuala Lumpur
Tel :+603 2161 1240

: Malayan Banking Berhad
Menara Maybank
No. 100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: +603 2070 8833

: OCBC Bank (Malaysia) Berhad
Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Tel: +603 2034 5034

: Standard Chartered Bank Malaysia Berhad
Menara Standard Chartered
No. 30, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: +603 7711 8888

CORPORATE DIRECTORY (CONT'D)

	:	United Overseas Bank (Malaysia) Berhad Menara UOB, Jalan Raja Laut Peti Surat 11212 50738 Kuala Lumpur Tel: +603 2692 7722
SHARE REGISTRAR	:	Bina Management (M) Sdn Bhd (50164-V) Lot 10, The Highway Centre Jalan 51/205 46050 Petaling Jaya Selangor Darul Ehsan Tel : +603 7784 3922 Fax : +603 7784 1988
PRINCIPAL ADVISER	:	AmInvestment Bank Berhad 22nd Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel: +603 2036 2633
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	Main Market of Bursa Securities

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FORMIS
FORMIS RESOURCES BERHAD

(Company No. 530701-T)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

16th Floor, KH Tower,
8 Lorong P. Ramlee,
50250 Kuala Lumpur,
Malaysia.

2 May 2013

Our Board of Directors:

Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr. Hj. Megat Khas (*Non-Executive Chairman*)
Dato' Mah Siew Kwok (*Vice Chairman and Non-Independent Non-Executive Director*)
Dato' Gan Nyap Liou @ Gan Nyap Liow (*Independent Non-Executive Director*)
Mr Boey Tak Kong (*Independent Non-Executive Director*)
En Ahmad Bin Khalid (*Independent Non-Executive Director*)
Dato' Thong Kok Khee (*Non-Independent Non-Executive Director*)
Mr Monteiro Gerard Clair (*Executive Director*)
Ms Mah Xian-Zhen (*Executive Director*)

To: Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 278,850,298 RIGHTS SHARES TOGETHER WITH UP TO 139,425,149 WARRANTS AT AN ISSUE PRICE OF RM0.50 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) FREE WARRANT FOR EVERY TWO (2) EXISTING FORMIS SHARES HELD AT 5.00 P.M. ON 2 MAY 2013

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1. INTRODUCTION

Our Board is pleased to inform you that at our EGM convened on 23 January 2013, our Shareholders had approved, amongst others, the Rights Issue With Warrants. A certified true extract of the ordinary resolution pertaining to the Rights Issue With Warrants which was passed at the said EGM is set out in Appendix I of this Abridged Prospectus.

On 3 December 2012, AmInvestment Bank had, on our behalf, announced that BNM had, vide its letter dated 28 November 2012 (which was received on 3 December 2012), approved the issuance of Warrants under the Rights Issue With Warrants to our non-resident Entitled Shareholders.

On 12 December 2012, AmInvestment Bank had, on our behalf, announced that Bursa Securities had, vide its letter dated 11 December 2012, granted its approval for:-

(i) the admission of the Warrants to the Official List of Bursa Securities and for the listing of and quotation for the Warrants;

(ii) the listing of and quotation for the Rights Shares;

(iii) the listing of and quotation for up to 139,425,149 new Formis Shares to be issued upon the exercise of the Warrants;

(iv) the listing of and quotation for the Additional Warrants; and

(v) the listing of and quotation for new Formis shares to be issued upon the exercise of the Additional Warrants,

on the Main Market of Bursa Securities subject, amongst others, to the following conditions:-.

Details of conditions imposed		Status of compliance
(i)	Our Company and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue With Warrants	Met / To be met, where applicable
(ii)	Our Company and AmInvestment Bank to inform Bursa Securities upon the completion of the Rights Issue With Warrants	To be met
(iii)	Our Company is to furnish Bursa Securities with a written confirmation of compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue With Warrants is completed	To be met

As part of our Group's efforts to strengthen the financial position of our Group by eliminating accumulated losses and simultaneously reducing the par value of Formis' then ordinary shares of RM1.00 each in order to provide our Group with the flexibility to raise funds at a more attractive price, we had undertaken the Par Value Reduction. The Par Value Reduction entails the cancellation of RM0.50 from the par value of each then existing ordinary share of RM1.00 each of Formis' issued and paid-up share capital pursuant to Section 64 of the Act, resulting in a reduction of Formis existing issued and paid-up share capital from RM185,900,199 comprising 185,900,199 ordinary shares of RM1.00 each to RM92,950,099 comprising 185,900,199 ordinary shares of RM0.50 each. The Par Value Reduction was confirmed by the High Court of Malaya on 20 February 2013 and effected on 4 March 2013.

On 17 April 2013, AmInvestment Bank, on behalf of our Board, announced that the Entitlement Date for the Rights Issue With Warrants has been fixed at 5.00 p.m. on 2 May 2013.

Our Board has confirmed that as at the LPD, our Company does not have any other intended corporate proposals which have been approved by regulatory authorities which is pending implementation, save for the Rights Issue With Warrants.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus, the announcements and circular to shareholders in relation to the Rights Issue With Warrants and if given or made, such information or representation must not be relied upon as having been authorised by AmInvestment Bank or us in connection with the Rights Issue With Warrants.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Particulars of the Rights Issue With Warrants

In accordance with the terms of the Rights Issue With Warrants as approved by the relevant authorities and our Shareholders and subject to the terms of this Abridged Prospectus and the accompanying documents, our Company shall provisionally allot up to 278,850,298 Rights Shares together with up to 139,425,149 free Warrants to Entitled Shareholders on the basis of two (2) Rights Shares and (1) free Warrant for every two (2) existing Shares held on the Entitlement Date.

As the Rights Shares and Warrants are prescribed securities, the respective CDS Accounts of Entitled Shareholders will be duly credited with the number of Provisional Rights Shares with Warrants which they are entitled to subscribe for in full or in part under the terms of the Rights Issue With Warrants. Entitled Shareholders will find enclosed in this Abridged Prospectus, the NPA notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts and the RSF to enable Entitled Shareholders to subscribe for the Provisional Rights Shares with Warrants as well as to apply for Excess Rights Shares With Warrants if Entitled Shareholders so choose to. However, only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and RSF.

Entitled Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Rights Issue With Warrants will simultaneously relinquish their corresponding entitlement to the Warrants. For avoidance of doubt, the Rights Shares and the Warrants cannot be renounced separately. If Entitled Shareholders decide to accept only part of their Rights Share entitlements, they shall be entitled to the Warrants in the proportion of their acceptance of their Rights Share entitlements. The Warrants will be detached from the Rights Shares immediately upon issuance and separately traded on Bursa Securities.

Any dealings in our securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, Warrants and the new Shares to be issued and allotted upon the exercise of the Warrants will be credited directly into the respective CDS Accounts of successful applicants and Exercising Warrant Holders (as the case may be). No physical share certificates or warrant certificates will be issued.

Any Rights Shares which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), if applicable, shall be made available for Excess Rights Shares With Warrants Application. It is the intention of our Board to allot the Excess Rights Shares With Warrants, if any, on a fair and equitable basis and in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares With Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date (**Note 1**);

(iii) thirdly, for allocation to Entitled Shareholders on a pro-rata basis to Entitled Shareholders who have applied for Excess Rights Shares With Warrants, based on the quantum of their respective Excess Rights Shares With Warrants Application (**Note 1**); and

(iv) fourthly, the remaining balance (if any) for allocation on a pro-rata basis to transferee(s) and/or renouncee(s) who have applied for Excess Rights Shares With Warrants, based on the quantum of their respective Excess Rights Shares With Warrants Application. In this respect, should there be any Excess Rights Shares With Warrants after fulfilling Entitled Shareholders' applications for Excess Rights Shares With Warrants pursuant to (ii) and (iii) above, any remaining balance of Excess Rights Shares With Warrants not yet allocated, will be allocated on a pro-rata basis to the transferee(s) and/or renouncee(s) who have applied for Excess Rights Shares With Warrants, based on the quantum of their respective Excess Rights Shares With Warrants Application.

Note 1 *Hence, Entitled Shareholders with higher shareholding of Formis Shares at the Entitlement Date and who apply for a larger number of Excess Rights Shares With Warrants will be allocated a larger portion of the Excess Rights Shares With Warrants applied for while Entitled Shareholders with lower shareholding of Formis Shares and / or Entitled Shareholders who apply for a lesser number of Excess Rights Shares With Warrants would correspondingly be allocated a lesser portion of the Excess Rights Shares With Warrants applied for.*

Nevertheless, our Board reserves the right to allot any Excess Rights Shares With Warrants applied for under the RSF in such manner as it deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis and that the intention of the Board set out above is achieved. Our Board also reserves the right to accept any Excess Rights Shares With Warrants Application, in full or in part, without assigning any reason. In determining Shareholders' entitlements to the Rights Shares under the Rights Issue With Warrants, fractional entitlements, if any, shall be disregarded and dealt with in such manner as our Board in its absolute discretion deems fit or expedient or in the best interests of our Company.

If you wish to accept the Provisional Rights Shares with Warrants (in full or in part) as specified in the NPA and/or apply for the Excess Rights Shares With Warrants, you may do so by completing the RSF.

Notices of allotment will be despatched to Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) within eight (8) Market Days from the last date for acceptance and payment of the Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities.

The Warrants will be admitted to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares and Warrants will commence two (2) Market Days upon the receipt of an application for quotation of the Rights Shares and Warrants by Bursa Securities as specified under the Listing Requirements, which will include *inter-alia*, confirmation that all notices of allotment have been despatched to successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of successful applicants have been duly credited.

The Warrants will be issued together with the Rights Shares to Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) who have successfully subscribed for the Rights Issue With Warrants at no cost. The Warrants will be detached from the Rights Shares immediately upon issuance and traded separately on Bursa Securities. Successful applicants who subscribe for two (2) Rights Shares will be entitled to one (1) Warrant, which is exercisable into one (1) new Formis Share.

Notices of allotment will be despatched to the Exercising Warrant Holders within eight (8) Market Days after the date of receipt of the exercise form together with the requisite payment.

If you do not wish to participate in the Rights Issue With Warrants, you do not need to take any action.

You should read this Abridged Prospectus in its entirety before making a decision.

2.2 Basis of Determining the Issue Price of the Rights Shares and the Exercise Price of the Warrants

The Board had fixed the issue price of the Rights Shares at RM0.50 per Rights Share and the exercise price of the Warrants at RM0.50 each upfront as at the date of the announcement of the Rights Issue With Warrants on 5 November 2012.

The issue price of RM0.50 per Rights Share was arrived at after taking into consideration the following:-

(a) TEAP of RM0.5684 based on the five (5)-day VWAP of Formis Shares up to and including 2 November 2012, being the last Market Day prior to the date of the announcement of the Rights Issue With Warrants of RM0.6709; and

(b) the par value of our Company's shares after the Par Value Reduction of RM0.50 each.

The issue price of the Rights Shares and the exercise price of the Warrants were determined after also taking into consideration, amongst others, the Company's then traded share price, the prevailing market conditions, the Company's current and future prospects as well as the Company's historical share price movement.

The issue price of RM0.50 per Rights Share and the exercise price of the Warrants of RM0.50 each represent discounts of approximately 12.03%, respectively, from the above mentioned TEAP.

For a more recent illustration, the issue price of the Rights Shares and the exercise price of the Warrants represent discounts of approximately 11.32% respectively from the TEAP of Formis Shares of RM0.5638, based on the five (5)-day VWAP of Formis Shares up to and including 16 April 2013, being the last Market Day prior to the LPD, of RM0.6596.

Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), if applicable, should note that the market price for our Shares is subject to vagaries of market forces and other uncertainties in addition to the risk factors set out in Section 6 of this Abridged Prospectus, which may affect the price of our Shares being traded. Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), if applicable, should form their own views on the valuation of the Rights Shares and Warrants before deciding to invest in the Rights Shares and Warrants.

2.3 Ranking of the Rights Shares and New Shares Arising from the Exercise of the Warrants

The Rights Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares of our Company, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, that may be declared, made or paid to Shareholders the entitlement date of which is prior to the date of allotment of the Rights Shares.

The new Formis Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares of our Company, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, that may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the new Formis Shares to be issued arising from the exercise of the Warrants.

2.4 Last Date and Time for Acceptance and Payment

The Closing Date is **5.00 p.m.** on **Monday, 20 May 2013**, or such later date and time as our Board may decide and announce not less than two (2) Market Days before the aforesaid date and time.

2.5 Salient Terms of the Warrants

The salient terms of the Warrants to be issued pursuant to the Rights Issue With Warrants are set out below:-

Number of Warrants	:	Up to 139,425,149 Warrants. The number of Warrants may be subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.
Form and detachability	:	The Warrants will be issued in registered form and will immediately be detached from the Rights Shares upon allotment and issuance and separately traded on Bursa Securities.
Issue price of Warrants	:	The Warrants are to be issued free to the Entitled Shareholders and/or renouncees who subscribe to the Rights Shares on the basis of one (1) free Warrant for every two (2) Rights Shares.
Board Lot	:	For the purposes of trading on Bursa Securities, a board lot of Warrants will be in 100 units, unless otherwise revised by the relevant authorities.
Listing	:	Approval has been obtained from Bursa Securities for the admission of, the listing of and quotation for the Warrants and the listing of and quotation for the new Formis Shares to be issued pursuant to the exercise of the Warrants on the Official List of the Bursa Securities.
Tenure of Warrants	:	Five (5) years from the date of issuance of the Warrants.
Exercise Price	:	The exercise price of the Warrants has been fixed at RM0.50 per Warrant. The exercise price and/or the number of Warrants in issue during the Exercise Period may also be adjusted in accordance with the terms and conditions set out in the Deed Poll governing the Warrants.
Exercise Period	:	The Warrants may be exercised at any time on and including the date of issue of the Warrants respectively to the close of business at 5.00 p.m. on the business day immediately preceding the date which is the fifth (5^{th}) anniversary from the date of issue. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Mode of Exercise	:	The registered holder of the Warrants shall pay by way of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia for the aggregate Exercise Price payable when exercising the Warrants and subscribing for new Formis Shares.

Rights of holders of the Warrants	:	The holders of the Warrants are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such holders of the Warrants exercise their Warrants for the Formis Shares.
Exercise Rights	:	Each Warrant carries the entitlement, at any time during the Exercise Period, to subscribe for one (1) new Formis Share at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.
Voting Rights	:	The Warrants do not entitle the registered holders thereof to any voting rights in any general meeting of the Company until and unless such holders of the Warrants exercise their Warrants for new Formis Shares.
Status of new Formis Shares to be issued pursuant to the exercise of the Warrants	:	The new Formis Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment date of the new Formis Shares to be issued arising from the exercise of the Warrants.
Adjustments to the final Exercise Price and/or the number of the Warrants	:	The Exercise Price and/or the number of Warrants in issue may be subject to adjustments in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the provisions of the Deed Poll.
Rights in the event of winding up, liquidation, compromise and/or arrangement	:	(a) Where a resolution has been passed for a members' voluntary winding up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with (1) one or more companies, then for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holder of the Warrants (or some person designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the holders of the Warrants;

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		(b) In the event a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date or soon after it despatches such notice to its Shareholders, give notice thereof to all holders of the Warrants. Every holder of the Warrants shall thereupon be entitled, subject to the conditions set out in the Deed Poll, to exercise his Warrants at any time not more than 21 days prior to the proposed general meeting of the Company by submitting the subscription form (by irrevocable surrender of his Warrants to the Company) duly completed authorising the debiting of his Warrants together with payment of the relevant Exercise Price, whereupon the Company shall as soon as possible but in any event prior to the date of the general meeting, allot the relevant Formis Shares to the holder of the said Warrants credited as fully paid subject to the prevailing laws. Subject to the above, if the Company is wound-up or an order has been granted for such compromise or arrangement, all Exercise Rights which are not exercised prior to the passing of the resolution for winding-up or the granting of the court order approving the winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which Company is the continuing corporation), shall lapse and the Warrants will cease to be valid for any purpose.
Transferability	:	The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 of Malaysia and the Rules of Bursa Depository.
Deed Poll	:	The Warrants will be constituted under a deed poll to be executed by the Company.
Governing Law	:	The Warrants and the Deed Poll shall be governed by the laws of Malaysia.

3. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

Full instructions for the acceptance of and payment for the Provisional Rights Shares with Warrants as well as Excess Rights Shares With Warrants Application and the procedures to be followed should you and/or your transferee(s) and/or your renouncee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement are set out in this Abridged Prospectus and the RSF. You and/or your transferee(s) and/or your renouncee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptance and/or payment for the Provisional Rights Shares with Warrants which do not conform strictly to the terms of this Abridged Prospectus, the RSF and the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of our Board.

3.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants which you are entitled to subscribe for under the terms and conditions of the Rights Issue With Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for such Rights Shares with Warrants that you have been provisionally allotted as well as to apply for Excess Rights Shares With Warrants if you choose to do so. This Abridged Prospectus and the RSF are also available at your stockbroker, our registered office, our Share Registrar or on Bursa Securities' website (http://www.bursamalaysia.com).

3.2 NPA

The Provisional Rights Shares with Warrants are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the NPA will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your transferee(s) and/or your renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the applications.

3.3 Procedures for Acceptance and Payment

Acceptance of and payment for the Provisional Rights Shares with Warrants must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement to the Provisional Rights Shares with Warrants, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to our Share Registrar, Bina Management (M) Sdn Bhd, to the following address:-

Bina Management (M) Sdn Bhd (50164-V)
Lot 10, The Highway Centre
Jalan 51/205, 46050 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7784 3922
Fax : +603 7784 1988

so as to arrive not later than 5.00 p.m. on 20 May 2013, being the last date and time for the acceptance and payment for the Rights Shares with Warrants or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies of the RSF from your stockbroker, our registered office, our Share Registrar or Bursa Securities' website (http://www.bursamalaysia.com).

Only one (1) RSF must be used for acceptance of the Provisional Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of Provisional Rights Shares with Warrants standing to the credit of more than one (1) CDS Account. The Rights Shares with Warrants accepted by you will be credited into the CDS Account(s) where the Provisional Rights Shares with Warrants are standing to the credit.

Successful applicants to the Rights Shares will be given the Warrants on the basis of one (1) Warrant for every two (2) Rights Shares successfully subscribed for. The minimum number of Rights Shares with Warrants that can be accepted is two (2) Rights Shares with one (1) Warrant. However, you should take note that a trading board lot comprises 100 Shares. Fractions of a Rights Share and/or Warrant arising from the Rights Issue With Warrants will be dealt with as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares with Warrants accepted in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made payable to **"FORMIS RIGHTS ISSUE ACCOUNT"**, crossed **"ACCOUNT PAYEE ONLY"** and endorsed on the reverse side with your name in block letters, contact number, address and your CDS Account number to be received by our Share Registrar by 5.00 p.m. on 20 May 2013 (or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time). The payment must be made for the exact amount payable for the Rights Shares with Warrants accepted. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment are not acceptable.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR THE APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREFOR.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

ALL RIGHTS SHARES AND WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES AND THE WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR TRANSFEREE(S) AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATES OR WARRANT CERTIFICATES WILL BE ISSUED.

If acceptance of and payment for the Provisional Rights Shares with Warrants allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by 5.00 p.m. on 20 May 2013 (or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time), the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

Our Board will then have the right to allot such Rights Shares with Warrants not taken up to applicants applying for the Excess Rights Shares With Warrants in the manner as set out in Section 3.6 of this Abridged Prospectus.

3.4 Procedures for Part Acceptance

You are entitled to accept part of your entitlement of the Provisional Rights Shares with Warrants PROVIDED ALWAYS that:-

(i) the minimum number of Rights Shares with Warrants that may be accepted is two (2) Rights Shares with one (1) Warrant; and

(ii) any part acceptance shall be in the proportion of two (2) Rights Shares with one (1) Warrant.

WHEN YOU ACCEPT ONLY PART OF YOUR PROVISIONAL RIGHTS SHARES WITH WARRANTS, YOU WILL AUTOMATICALLY BE ACCEPTING BOTH THE RIGHTS SHARES AND WARRANTS IN THE PROPORTION OF TWO (2) RIGHTS SHARES WITH ONE (1) WARRANT. YOU CANNOT ACCEPT THE PROVISIONALLY ALLOTTED RIGHTS SHARES WITH WARRANTS IN ANY OTHER PROPORTIONS.

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares with Warrants which you are accepting (in the stipulated proportions) and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the same manner as set out in Section 3.3 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

3.5 Procedures for Sale or Transfer of Provisional Rights Shares with Warrants

As the Provisional Rights Shares with Warrants are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants to one (1) or more persons, you may do so through your stockbroker without first having to request us for a split of the Provisional Rights Shares with Warrants standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants, you may sell such entitlement on the open market for the period up to the last date and time for sale of the Provisional Rights Shares with Warrants (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository for the period up to the last date and time for transfer of the Provisional Rights Shares with Warrants (in accordance with the Rules of Bursa Depository).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL RIGHTS SHARES WITH WARRANTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL RIGHTS SHARES WITH WARRANTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.

If you have sold or transferred only part of the Provisional Rights Shares with Warrants, you may still accept the balance of the Provisional Rights Shares with Warrants by completing Parts I(A) and II of the RSF. Please refer to Section 3.3 of this Abridged Prospectus for the procedures for acceptance and payment.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

3.6 Procedures for the Excess Rights Shares With Warrants Application

If you wish to apply for additional Rights Shares with Warrants in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable on the Excess Rights Shares With Warrants applied for, to our Share Registrar so as to arrive not later than 5.00 p.m. on 20 May 2013 (or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time).

Payment for the Excess Rights Shares With Warrants applied for should be made in the same manner described in Section 3.3 of this Abridged Prospectus except that the Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia be made payable to **"FORMIS EXCESS RIGHTS ACCOUNT"**, crossed **"ACCOUNT PAYEE ONLY"** and endorsed on the reverse side with your name in block letters, contact number, address and your CDS Account number to be received by our Share Registrar by 5.00 p.m. on 20 May 2013 (or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time). The payment must be made for the exact amount payable for the Excess Rights Shares With Warrants applied. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment are not acceptable.

It is the intention of our Board to allot the Excess Rights Shares With Warrants, if any, on a fair and equitable basis and in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares With Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date (**Note 1**);

(iii) thirdly, for allocation to Entitled Shareholders on a pro-rata basis to Entitled Shareholders who have applied for Excess Rights Shares With Warrants, based on the quantum of their respective Excess Rights Shares With Warrants Application (**Note 1**); and

(iv) fourthly, the remaining balance (if any) for allocation on a pro-rata basis to transferee(s) and/or renouncee(s) who have applied for Excess Rights Shares With Warrants, based on the quantum of their respective Excess Rights Shares With Warrants Application. In this respect, should there be any Excess Rights Shares With Warrants after fulfilling Entitled Shareholders' applications for Excess Rights Shares With Warrants pursuant to (ii) and (iii) above, any remaining balance of Excess Rights Shares With Warrants not yet allocated, will be allocated on a pro-rata basis to the transferee(s) and/or renouncee(s) who have applied for Excess Rights Shares With Warrants, based on the quantum of their respective Excess Rights Shares With Warrants Application.

Note 1 *Hence, Entitled Shareholders with higher shareholding of Formis Shares at the Entitlement Date and who apply for a larger number of Excess Rights Shares With Warrants will be allocated a larger portion of the Excess Rights Shares With Warrants applied for while Entitled Shareholders with lower shareholding of Formis Shares and/or Entitled Shareholders who apply for a lesser number of Excess Rights Shares With Warrants would correspondingly be allocated a lesser portion of the Excess Rights Shares With Warrants applied for.*

Nevertheless, our Board reserves the right to allot any Excess Rights Shares With Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis and that the intention of the Board set out above is achieved. Our Board also reserves the right to accept any Excess Rights Shares With Warrants Application, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS RIGHTS SHARES WITH WARRANTS APPLICATION OR THE APPLICATION MONIES IN RESPECT THEREOF. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

3.7 Procedures to be Followed by Transferees and/or Renouncees

As a transferee and/or renouncee, the procedures for acceptance, selling or transferring of Provisional Rights Shares with Warrants, applying for the Excess Rights Shares With Warrants and/or payment is the same as that which is applicable to Entitled Shareholders as described in Sections 3.3 to 3.6 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you can request the same from your stockbroker, our registered office, our Share Registrar or Bursa Securities' website (http://www.bursamalaysia.com).

TRANSFEREES AND/OR RENOUNCEES ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

3.8 CDS Account

Bursa Securities has already prescribed the Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares and Warrants are prescribed securities and as such, all dealings in the Rights Shares with Warrants shall be subject to the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares with Warrants. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares with Warrants shall mean consent to receive such Rights Shares and Warrants as deposited securities which will be credited directly into your CDS Account. No physical share certificates or warrant certificates will be issued.

All Excess Rights Shares With Warrants allotted shall be credited directly into the CDS Accounts of successful applicants.

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If you have multiple CDS Accounts into which the Provisional Rights Shares with Warrants have been credited, you cannot use a single RSF for subscription of all these Provisional Rights Shares with Warrants. Separate RSFs must be used for separate CDS Accounts. If successful, the Rights Shares and Warrants that you subscribed for will be credited into the CDS Accounts where the Provisional Rights Shares with Warrants are standing to the credit.

3.9 Foreign Addressed Shareholders

The Documents have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The distribution of the Documents, as well as the acceptance of the Provisional Rights Shares with Warrants and the subscription for or the acquisition of the Rights Shares with Warrants may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

The Documents are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue With Warrants will not be made or offered or deemed made or offered, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue With Warrants to which this Abridged Prospectus relates is only available to persons receiving the Documents or otherwise within Malaysia.

As a result, the Documents have not been (and will not be) sent to our Foreign Addressed Shareholders. However, Foreign Addressed Shareholders may collect the Documents from our Share Registrar at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

If you are a Foreign Addressed Shareholder, our Company will not make or be bound to make any enquiry as to whether you have an address or an address for service in Malaysia if not otherwise stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue With Warrants and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue With Warrants and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue With Warrants in Malaysia and will at all applicable times be subject to the laws of Malaysia.

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The foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) may only accept or renounce all or any part of their entitlements and exercise any other rights in respect of the Rights Issue With Warrants to the extent that it would be lawful to do so, and our Company, our Board and officers, AmInvestment Bank and/or other experts ("**Parties**"), would not in connection with the Rights Issue With Warrants, be in breach of the laws of any country or jurisdiction to which the foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or might be subject to. The foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) shall be solely responsible to seek advice from their legal and/or professional advisers as to the laws of the countries or jurisdictions to which they are or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of their entitlements or to any net proceeds thereof.

Our Company reserves the right, in our absolute discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Rights Shares with Warrants relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Shares With Warrants available for excess application by other Entitled Shareholders and/or their transferee(s) and/or their renouncee(s).

Each person, by accepting the delivery of the Documents, accepting any Provisional Rights Shares with Warrants by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Rights Shares with Warrants will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:-

(i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue With Warrants, be in breach of the laws of any jurisdiction to which the Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) is or might be subject to;

(ii) the foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) has complied with the laws to which the foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) is or might be subject to in connection with the acceptance or renunciation;

(iii) the foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Rights Shares with Warrants, be in breach of the laws of any jurisdiction to which that person is or might be subject to;

(iv) the foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) is aware that the Rights Shares and Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

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(v) the foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) has obtained a copy of this Abridged Prospectus and has had access to such financial and other information and has been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) deem necessary in connection with the foreign Entitled Shareholder and/or his transferee and/or his renouncee's decision to subscribe for or purchase the Rights Shares and Warrants; and

(vi) the foreign Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares and Warrants, and is and will be able, and is prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Warrants.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ENTITLED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE THERETO. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES AND WARRANTS UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

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4. UTILISATION OF PROCEEDS

Based on the issue price of RM0.50 per Rights Share, the gross proceeds and the expected utilisation of the proceeds to be raised from the Rights Issue With Warrants under the Minimum Scenario and Maximum Scenario would be as follows:-

Proposed utilisation of proceeds	Note	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Estimated timeframe for utilisation
Repayment of borrowings	(a)	55,000	76,300	Within 6 months
Further investments in associate companies	(b)	3,705	3,705	Within 12 months
Funding for corporate exercises	(c)	1,320	41,195	Within 12 months
Working capital	(d)	1,475	17,225	Within 6 months
Estimated expenses related to the Proposals	(e)	1,000	1, 000	Within 6 months
Total		62,500	139,425	

Notes:-

Details of the expected utilisation of proceeds are as follows:-

(a) *An amount of between RM55.0 million (under the Minimum Scenario) and RM76.3 million (under the Maximum Scenario) is to be utilised to repay part of our Group's borrowings as follows:-*

	Minimum Scenario	***Maximum Scenario***
	RM'000	*RM'000*
*Murabahah Underwritten Notes Issuance Facility ("**MUNIF**")* (i)	*30,000*	*30,000*
Other borrowings (ii)	*25,000*	*46,300*
	55,000	*76,300*

(i) *For information purposes, an overdraft facility ("**OD**") of RM30.0 million from AmBank has been drawndown on 28 December 2012 to repay the MUNIF. Subsequently, it is intended for the proceeds from the Rights Issue With Warrants to be utilised to repay the said OD.*

(ii) *Such other borrowings comprise bank overdraft facilities obtained for working capital purposes, term loans obtained to finance the investment in Ho Hup Construction Company Berhad ("**HH**"), trust receipts for trade financing and lease facilities for projects under leasing arrangement.*

For information purposes, our Group's total borrowings as at the LPD amounted to approximately RM105.66 million. The estimated annual interest savings arising from the part repayment of our Group's bank borrowings based on an average interest rate of 9.84% per annum under the Minimum Scenario and 8.97% per annum under the Maximum Scenario per annum (in respect of the amount of loans to be repaid i.e. MUNIF facilities (average interest rate of 8.35%) and other bank borrowings (average interest rate of 11.64% for the other bank borrowings proposed to be repaid under the Minimum Scenario and 9.38% for the other bank borrowings proposed to be repaid under the Maximum Scenario)) would be between approximately RM5.4 million and RM6.8 million, respectively.

(b) *Details are as follows:-*

Name of company	*MYATM Sdn Bhd*	*Yakimbi Sdn Bhd*
Formis current interest	*60%*	*40%*
Nature of further investment	*By way of issuance of new shares.*	*By way of issuance of new shares and exercising an option to acquire existing shares from an existing shareholder.*
Amount (RM'000)	*1,419*	*2,286*
Proposed utilisation of funds raised by the associate company	*Working capital*	*Working capital and development / enhancement of software*

(c) *Details are as follows:-*

	Minimum Scenario	**Maximum Scenario**
	RM'000	**RM'000**
Subscription to the proposed rights issue by HH(**Note 1**); and/or	1,320	23,400
Potential future corporate exercises may comprise of the following:- • Acquisition of further stake in an associate company and/or; • Future acquisitions / investments.	-	17,795
	1,320	41,195

<u>Note</u>: -

The above segregation of funds for corporate exercises is contingent on the progress of HH's corporate proposal, which is currently still pending approval from the relevant authorities. Where potential future corporate exercises have been identified and approved by our Board, and payment by Formis to subscribe for HH's proposed rights issue is not yet due to be paid, we may utilise all or a portion of the proceeds from the Rights Issue With Warrants allocated for HH's proposed rights issue for such potential future corporate exercises, and fund the balance of the subscription for HH's proposed rights issue from bank borrowings and/or internally generated funds.

Note 1 *The subscription to the proposed rights issue by HH is pursuant to FHB (a wholly – owned subsidiary of Formis) undertaking to subscribe for its entitlement to the ICPS to be issued under HH's proposed rights issue in order to prevent dilution to FHB's shareholding in HH. For information purposes, the rationale for the investment into HH ("**HH Investment**") was to diversify its business and income stream to include construction and property development activities and improve the earnings of the Group, as the HH Investment is expected to contribute to the Group's future earnings. Notwithstanding this, the core business of the Group continues to be focused on ICT.*

In regards to (b) and (c) above:

If required, the proceeds for investment in associate companies and funding for corporate exercises will be placed in an interest bearing monthly fixed deposit account with a commercial bank in Malaysia, pending utilisation of the said proceeds.

Announcements on the terms of the investment in the associate companies have been made and announcements on the details of the potential future corporate exercises will be made once finalised, in accordance with the Listing Requirements.

Following Shareholders' approval for the Rights Issue With Warrants on 23 January 2013, our Company had in accordance with the terms of the relevant investment agreements, made payment for the further investments in associate companies out of internally generated funds. Hence, the proceeds from the Rights Issue With Warrants which had been earmarked for such further investments shall be utilised to replenish our Group's cash balances.

(d) *The balance of the proceeds is proposed to be used for our Group's working capital purposes, which include the payment of staff salaries and creditors, as well as to finance our day-to-day operations. We expect our daily working capital requirements to increase in line with the growth of our business. Where required (and where sufficient funds have been raised under the Rights Issue With Warrants), we may alternatively utilise the proceeds to fund expansion of operations as follows:-*

	Minimum Scenario	***Maximum Scenario***
	RM'000	***RM'000***
Working Capital		
(i) Operating expenses	*1,475*	*1,475*
(ii) Expansion of existing operations via the development of services and software applications to streamline internal processes, consolidate operations and improve cost efficiency, which may be then developed and marketed for future business opportunities ***(Note 1)***	*-*	*15,750*
	1,475	*17,225*

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Note 1 *Consists of development of managed services and software applications. The development of services have already commenced and is expected to complete in twelve (12) to eighteen (18) months, while the development of software applications is expected to commence in mid-June 2013 and is expected to complete between ten (10) and twelve (12) months from commencement. The total development cost is estimated to be approximately RM15 million. Where the proceeds raised under the Rights Issue With Warrants are insufficient, the Company may fund such expansion from internally generated funds and/or bank borrowings. The managed services are intended for internal use initially and will be marketed and sold to customers after it has been successfully rolled out internally within the Formis Group, while the software applications are being developed for immediate marketing to customers. To successfully develop these services and software applications, we will allocate a portion of our Group's budgeted expenses (including allocating teams of between eight (8) to fifteen (15) members) for research and development of such services and software applications.*

(e) *The expenses including professional fees, fees payable to the relevant authorities, printing cost of documents, advertising and miscellaneous expenses are estimated to be approximately RM1.00 million. Any shortfall or excess in funds allocated for estimated expenses will be funded from or used for our Group's working capital requirements.*

Any proceeds in excess of the Minimum Subscription Level as well as the proceeds arising from the future exercise of the Warrants (amounting to approximately RM31.25 million under the Minimum Scenario and approximately RM69.71 million under the Maximum Scenario), if any, will first be utilised to repay borrowings and fund potential future corporate exercises and any further excess thereof is to be used for our Group's expansion of existing operations.

5. MINIMUM SUBSCRIPTION LEVEL AND UNDERTAKINGS

Our Board had determined a minimum level of subscription for the Rights Issue With Warrants of 125,000,000 Rights Shares together with 62,500,000 Warrants based on the Board's capital management plan, whereby we intended to raise at least RM62,500,000 to meet our Group's funding requirements. The Minimum Subscription Level will be met via the Undertakings which have been procured from certain shareholders of the Company, namely TSDSMN, RZDSB, DMSK, IPSB and PBIL ("**Undertaking Shareholders**"). In view of the Undertakings and the Minimum Subscription Level, underwriting will not be required for the Rights Issue With Warrants.

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			Minimum Scenario			Minimum Subscription Level	Maximum Scenario
Name of Shareholders	No. of Ordinary Shares held as at the LPD	% of existing issued and paid-up share capital	Subscription of Rights Shares based on entitlement	Subscription of Rights Shares based on Excess Rights Shares With Warrants application	Total *(Note 1)*	% of total Rights Shares to be subscribed for pursuant to the Undertakings	
TSDSMN	30,917,143	16.63	30,917,143	4,215,857	35,133,000	28.11	12.60
RZDSB	35,989,600	19.36	35,989,600	4,775,400	40,765,000	32.61	14.62
DMSK	26,342,928	14.17	26,342,928	3,156,072	29,499,000	23.60	10.58
IPSB	12,307,000	6.62	12,307,000	1,633,000	13,940,000	11.15	5.00
PBIL	5,000,000	2.69	5,000,000	663,000	5,663,000	4.53	2.03
Total	**110,556,671**	**59.47**	**110,556,671**	**14,443,329**	**125,000,000**	**100.00**	**44.83**

Note 1:*Should any Undertaking Shareholder exercise his / its Outstanding Warrants prior to the Entitlement Date, such Undertaking Shareholder may end up subscribing for more Rights Shares than that they are required to undertake pursuant to the Undertakings. However, the Undertaking Shareholders will not subscribe for anything less than their respective total number of Rights Shares set out in the table above, in order for the Company to meet the Minimum Subscription Level*

Each of the persons / parties who have provided the Undertakings have respectively confirmed via the Undertakings that they have sufficient financial resources to take up the number of Rights Shares as specified in their respective Undertakings. AmInvestment Bank has verified and ensured the sufficiency of financial resources of the persons / parties who have provided the Undertakings for the purpose of subscribing for the Rights Shares pursuant to the Undertakings.

For illustration purposes, in the event that the Undertaking Shareholders fully exercise their respective Outstanding Warrants prior to the Entitlement Date, in addition to subscribing for their respective Rights Shares pursuant to the Undertakings, their respective shareholdings, and the corresponding increase in their respective shareholdings in the event that no other Entitled Shareholders subscribe for any Rights Shares shall be as follows: -

Shareholder	No. of Ordinary Shares held as at LPD (%)	Shareholding as at the LPD (%)	Assuming full exercise of all Outstanding Warrants held	Shareholding after full exercise of Outstanding Warrants		Subscription based on Undertakings	Total	
				Shares	%		Shares	%
TSDSMN	30,917,143	16.63	13,462,020	44,379,163	21.11	35,133,000	79,512,163	23.72
RZDSB	35,989,600	19.36	-	35,989,600	17.12	40,765,000	76,754,600	22.89
DMSK	26,342,928	14.17	9,747,815	36,090,743	17.16	29,499,000	65,589,743	19.56
IPSB	12,307,000	6.62	1,153,500	13,460,500	6.40	13,940,000	27,400,500	8.17
PBIL	5,000,000	2.69	-	5,000,000	2.38	5,663,000	10,663,000	3.18
Subtotal	**110,556,671**	**59.47**	**24,363,335**	**134,920,006**	**64.17**	**125,000,000**	**259,920,006**	**77.52**
Total issued and paid-up share capital		**185,900,199**		**210,263,534**			**335,263,534**	

Based on the above, none of the Undertaking Shareholders will individually trigger any obligation to undertake a take-over offer under the Code even in the event that no other Entitled Shareholders subscribe for any Rights Shares while the Undertaking Shareholders fully exercise their respective Outstanding Warrants and subscribe for their respective Rights Shares pursuant to the Undertakings (as none of them would individually exceed the 33% threshold set out in the Code).

In view of the Undertakings, the Minimum Subscription Level will be met and hence no underwriting is required for the Rights Shares to be issued under the Rights Issue With Warrants.

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6. RISK FACTORS

You should carefully consider, in addition to other information contained in this Abridged Prospectus, the following risk factors (which may not be exhaustive) before subscribing for or investing in the Rights Shares with Warrants.

6.1 Risks Relating to the Rights Issue With Warrants

(i) Delay in or Abortion of the Rights Issue With Warrants

As stated in Section 5 of this Abridged Prospectus, our Company has procured the Undertakings from the Undertaking Shareholders, who have irrevocably and unconditionally undertaken, *inter-alia*, to subscribe for their respective Rights Shares entitlement together with any Rights Shares by way of Excess Rights Shares Application, if applicable. While AmInvestment Bank has verified, to the extent possible, that the aforementioned Undertaking Shareholders have sufficient financial resources to subscribe for the number of Rights Shares stated in the Undertakings, in the event that for whatever reason they do not fulfil their obligations under the Undertakings, the successful and timely implementation of the Rights Issue With Warrants may be affected.

In the event of a failure in implementation of the Rights Issue With Warrants, we will return in full without interest, all monies received in respect of any application for subscription of the Rights Shares with Warrants within fourteen (14) days after our Company becomes liable to do so, in accordance with the provisions of the CMSA.

(ii) Capital Market Risk

The market price of our Shares is influenced by, amongst others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates, the outlook of the ICT industry in which our Company operates and our financial performance. In view of this, there can be no assurance that our Shares will trade at or above the issue price of RM0.50 for each Rights Share or the TEAP upon or subsequent to the listing and quotation of the Rights Shares and Warrants on the Main Market of Bursa Securities.

The Warrants are a new instrument issued by our Company. Therefore, there can be no assurance that an active market for the Warrants will develop upon its listing on Bursa Securities, or, if developed, that it will be sustainable. In addition, there is no assurance that the Warrants will be "in-the-money" during the exercise period, which is the period commencing from the date of issue of the Warrants up to and including the day at the close of business day on the date falling five (5) years from the date of issue of the Warrants.

Accordingly, there is no assurance that the market price of the Rights Shares and Warrants will be at a level that meets the specific investment objectives or targets of any subscriber of the Rights Shares and Warrants.

(iii) Potential Dilution

Entitled Shareholders who do not or are not able to accept their Provisional Rights Shares with Warrants will have their proportionate ownership and voting interests in our Company reduced, and the percentage of our enlarged issued and paid-up ordinary share capital represented by their shareholdings in our Company will also be reduced accordingly.

(iv) Forward-Looking Statements and Other Information

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of future results, and others are forward-looking in nature which are subject to uncertainties and contingencies. All forward-looking statements are based on the estimates and assumptions made by our Company, unless stated otherwise, and although our Board believes these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, but are not limited to, those set out in this Abridged Prospectus. In view of this and other uncertainties, the inclusion of any forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty by our Company, the Principal Adviser and/or other advisers that the plans and objectives of our Group will be achieved.

Further, and save as required by law or relevant rules and regulations, none of our Directors, the Principal Adviser and/or any other advisers are under any obligation to update any forward-looking statements included in this Abridged Prospectus, or to publicly announce any revision to those forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

Certain information in this Abridged Prospectus are extracted or derived from available government publications or other publicly available sources. Neither we nor the Principal Adviser and/or any other advisers have independently verified such information.

6.2 Risks Relating to our Group

(i) Political and Economic Risks

Our Group's financial and business prospects are subject to the political and economic front in Malaysia and/or other countries in which our Group has a presence such as Singapore, Thailand and Indonesia. As such, any adverse development in the political and economic conditions in Malaysia and other countries in which our Group operates could affect the financial performance and operations of our Group. These political and economic uncertainties include, amongst others, changes in political leadership, riots, expropriation, war, global economic slowdown, changes in government policy and spending, changes in interest rates, method of taxation and currency rules. As at the LPD, our Group has not been materially affected by any of the abovementioned factors.

Although many of the above factors are beyond our Group's control and there is no assurance that any changes to these factors will not materially and/or adversely affect our Group's financial position or business operations in the future, our Group will continue to adopt various measures such as prudent financial management and efficient operating procedures to limit the aforementioned risks.

(ii) Rapid Technological and Industry Changes and Competition in ICT Industry

The ICT industry faces challenges such as rapid technological changes, evolving industry standards, emerging competition and changes in customers' demands. Failure to keep abreast with the latest technologies and to address the following matters would subject our Group to risks, which if not properly addressed would have material and/or adverse effect on the business, result of the operations and prospects of our Group:

- Failure to keep abreast with changes in the ICT industry and requirements;
- Failure to anticipate and adapt to developing market trends and requirements; and
- Failure to enhance existing software products and services and develop commercially viable new software products to respond to the constantly changing technological environment.

Although our Group continuously implements staff development programmes to keep abreast with new technologies and market trends as well as develop new solutions to increase operating efficiencies, there can be no assurance that the various measures taken by the Group to mitigate such risks will successfully address such risks of changes in technology, evolving industry standards, competition and changes in customers' demands.

(iii) Competition

The ICT industry continues to expand in line with widespread availability of internet services and as a result competition in this industry has been keen and increasing amongst new players as well as the existing players. The Group competes with a number of well-established companies which offer similar products and services and the industry is generally characterised by frequent changes in consumer preferences, frequent new product launches and continuous hardware enhancements. The emergence of new participants in the industry has fuelled further the competitive environment which already exists.

The future of our Group depends on our ability to enhance our market share, deliver quality services and products to our clients as well as ability to respond to ever-changing economic conditions and market demands together with effective marketing strategies.

Although our Group is confident in maintaining our competitiveness, there can be no assurance that competitive pressures in the future will not materially affect our market share and consequently our financial performance.

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(iv) Dependence on our Board, Senior Management and Skilled Personnel

The success of our Group is dependent upon the abilities and continued efforts of our Executive Directors, key management team and skilled personnel. Our continued success depends on our ability to soundly manage our business operations which is to a large extent attributable to our experienced senior management team headed by our Board. Our management team's extensive knowledge and experience serves as the foundation for the strategic decision-making that has driven our development and growth, and will continue to propel the future expansion of our Group.

Another key factor to our success will also depend on our ability to attract and retain skilled personnel. In this respect, the continued services of our Executive Directors, key management and skilled workers is critical for our continued and future performance. They play an integral role in maintaining the high quality of our products and our design and development prowess.

Hence, any significant or sudden loss of senior management and skilled personnel may adversely affect our business and financial performance.

We endeavor to continue to attract and retain key personnel by implementing comprehensive human resource strategies, including competitive remuneration packages and training programs with the objective of grooming and developing younger management personnel and these programs are expected to enhance the ability of employees to carry out their daily duties effectively and to provide succession.

(v) Foreign Exchange Risk

Our Group operates internationally mainly in Singapore, Thailand and Indonesia and is exposed to foreign exchange risk arising from entering into transactions denominated in foreign currencies, mainly USD. Consequently, we are subjected to the risk of foreign currency fluctuation when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not in RM. Any adverse movement in the foreign currency may negatively affect the financial performance of our Group, whereby our financial statements are reported in RM.

Currently, our Group does not enter into any hedging contracts against foreign currency exposure. To mitigate the risk of foreign currency exchange rate fluctuations, our Group monitors the movement in foreign currency exchange rates closely to ensure our exposure is minimized. However, there can be no assurance that any future significant fluctuations in foreign currency exchange rates will not have material and adverse impact on the financial position of the Group.

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7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

Information in the ensuing Sections 7.1 and 7.2 has been extracted from the most recent available government publications or other publicly available sources.

7.1 Overview and Prospects of the Malaysian Economy

In 2012, global economic growth moderated amid a more challenging environment compared to 2011. In the advanced economies, growth was uneven, with the US experiencing a fragile recovery and the euro area remaining in recession. The weakened economic conditions in the advanced economies affected international trade, which in turn affected domestic economic activity in the emerging economies. Weaker global growth prospects, coupled with the ongoing fiscal uncertainties in the advanced economies also contributed to sustained volatility in the international financial markets. Nonetheless, market sentiments improved towards the latter part of the year following stronger commitments and important steps taken by authorities in resolving the European sovereign debt crisis.

Despite the weak external environment, the Malaysian economy performed better than expected, delivering faster and higher quality growth. The Malaysian economy performed better than expected in 2012, recording a strong growth of 5.6%. The overall growth performance was driven by higher growth in domestic demand, which outweighed the negative impact from the weak external environment. Domestic demand recorded the highest rate of expansion over the recent decade, underpinned by higher consumption and investment spending. Despite the uncertainties in the external environment, domestic consumer confidence picked up amidst positive income growth, continued strength in the labour market, the low inflation environment and supportive financing conditions.

The global economy entered 2013 with improved economic and financial conditions. The overall global situation, however, continues to remain challenging. The pace of recovery prevailing in several of the advanced economies remains constrained by the unresolved fiscal, financial and structural concerns. While affected by global developments, emerging economies have continued to perform well. Emerging economies in Asia, in particular, have continued to be resilient, sustained by domestic demand and robust domestic fundamentals.

The Malaysian economy is expected to continue to remain on a solid and steady growth trajectory in 2013. The favourable economic performance has benefitted from the restructuring of the economy during the recent decade, the resilience of the financial sector and the potential flexibility of policy. Following the economic restructuring, domestic demand has increasingly been the driver of growth. The growth has essentially been sustained by the strong private consumption and, more recently, the resurgence of private investment. The sources of economic growth have also become more diversified and balanced across economic sectors and across trade partners. Of greater significance is the increasing role of the private sector in the economy.

The Malaysian economy is expected to remain on a steady growth path, with an expansion of 5-6% in 2013. Economic activity will be anchored by the continued resilience of domestic demand, and supported by a gradual improvement in the external sector. Private investment is expected to remain robust, driven by capacity expansion by the domestic-oriented firms and the continued implementation of projects with long gestation periods. Investments by the external-oriented businesses is also expected to be higher amid the gradual improvement in external demand, while private consumption is projected to grow at a more moderate rate in the second half of the year, although it will continue to be well supported by sustained income growth and positive labour market conditions.

Government spending is expected to record a lower growth given the ongoing consolidation of the Government's fiscal position and as the role of the private sector gains greater significance. In line with the more favourable external sector, gross exports are projected to record a higher growth in 2013 supported by the export of manufactured products.

(Source: BNM Annual Report 2012)

The Malaysian economy is expected to strengthen further and projected to grow at a faster rate of 4.5% - 5.5% in 2013. Growth will be supported by improving exports and strong domestic demand on the assumption that global growth will pick up, especially during the second half of 2013. The growth projection is premised upon the expectation of an improvement in the resolution of the debt crisis in the euro area and stronger growth momentum in the economies of trading partners. Domestic demand is expected to maintain its strong momentum driven by robust private investment and strong private consumption. Private sector activity will be supported by an accommodative monetary policy in an environment of low inflation coupled with a robust financial sector. Recovery in the external sector, particularly increasing external demand from regional economies and major trading partners will further provide the impetus for private- led growth.

(Source: Economic Report 2012 / 2013, Ministry of Finance Malaysia)

7.2 Overview and Prospects of the ICT Industry

Outlook of ICT Industry in Malaysia

The ICT sector will continue to be a key focus for Malaysia and is expected to gain greater momentum driven by the convergence of industries due to digitalisation. The contribution of the ICT industry to GDP is targeted to increase to 10.2% by 2015. Greater use of ICT will not only support the growth of the sector but also boost productivity and raise the nation's overall competitiveness. However, to achieve growth, Malaysia needs to shift from being an average producer of general ICT products and services to a niche producer of selected ICT products and services, and progress from a net importer to a net exporter. Issues of lack of product acceptability, weak product branding and lack of cross-discipline expertise will be addressed. Key strategies that will be adopted to propel the industry are as follows:-

- Multimedia Super Corridor Malaysia will identify and support the development of niche areas in software and e-solutions, creative multimedia, shared services and outsourcing as well as e-business. Foreign Direct Investment strategy will be to attract Multinational Corporations ("**MNCs**") to anchor these selected focus areas, with clusters of knowledge-based Small and Medium Enterprises ("**SMEs**") around the MNCs. A tiered benefits scheme will be established whereby financial and non-financial benefits will be provided based on the company's needs, size, stage of maturity and criteria such as the ability to catalyse the development of SMEs in priority sectors and induce high spillover effects;

- The Government will aggressively promote the use of ICT in all industries in parallel with the development of the ICT sector. Cloud computing services will be developed to provide SMEs with critical software applications for customer relations management, enterprise resource planning, supply-chain management, human resource management, and financial and accounting management. Niche areas for applications development include healthcare, education and financial services especially in Islamic banking;

- In the creative industry that currently contributes about 1.6% to GDP, emphasis will be on creative multimedia, especially animation for simulation, advertising and entertainment, and games development. A National Creative Industry Policy will be formulated and the National Digital Terrestrial Television Broadcasting ("**DTTB**") project will be rolled-out to help spur the expansion of related creative industries. With DTTB technology, more content will be delivered more efficiently; and

- Education and training will be prioritised to meet the human resource requirements in this sector. This will be done through focused collaboration between the industry-academia-government, especially for curriculum development and industrial training.

(Source: Tenth Malaysia Plan 2011-2015, Economic Planning Unit, Prime Minister's Department)

7.3 Prospects of our Group

In arriving at the prospects of our Group, the Board has taken into consideration the prevailing conditions and outlook of the Malaysian economy as well as the ICT industry in Malaysia as discussed in Section 7.1 and 7.2 above. As information technology is fast becoming a daily necessity in all walks of life, we are optimistic on the prospects of our Group. This is further backed by greater contribution of ICT to GDP growth and strong support from the Government on aggressively promoting the use of ICT in all industries.

In addition, the significant increase in broadband penetration throughout the country as a result of wider and improved broadband network coverage by key industry players have made cloud computing services, e-commerce, training and education via the world wide web increasingly and more readily available. In this regard, our Group which has over the years been in the business of distribution of hardware and software products, network infrastructure, systems integration, software applications and solutions, seeks to not only take advantage of these on-going initiatives for the improvement of broadband and network coverage, but to also translate these improvements and conveniences into more business opportunities for the Group.

In realising these business opportunities, our Group actively participates in tenders for network upgrades. With cloud computing services becoming increasingly accessible, there has been demand for data centers which translates into more opportunities for distribution of storage and hardware.

Finally, our Group is also on the lookout for new products and solutions that can contribute to a steady recurring revenue and profit growth to the Group and also to increase the number of intellectual properties our Group holds. This we seek to do organically through investing internally in research and development (such as research and development on information systems and services of which further details on the funds and manpower we intend to commit have been disclosed in Section 4 of this Abridged Prospectus) and through mergers and acquisitions of strategic ICT businesses that complement our existing range of products and solutions.

(Source: Management of Formis)

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

For illustration purposes, the effects of the Rights Issue With Warrants on the issued and paid-up share capital, earnings and EPS, NA and gearing, substantial shareholders' shareholdings, dividends and convertible securities of our Group (as illustrated hereinafter) shall be based on the Minimum Scenario and the Maximum Scenario.

8.1 Share Capital

The proforma effects of the Rights Issue With Warrants on the issued and paid-up share capital of our Company are shown below:-

	Par Value	Minimum Scenario		Maximum Scenario	
	RM	No. of Shares	RM	No. of Shares	RM
<u>Issued and Paid-Up Share Capital</u>					
Issued and paid-up share capital as at the LPD	0.50	185,900,199	92,950,099	185,900,199	92,950,099
To be issued assuming full exercise of the Outstanding Warrants	0.50	-	-	92,950,099	46,475,050
	0.50	185,900,199	92,950,099	278,850,298	139,425,149
To be issued pursuant to the Rights Issue With Warrants	0.50	125,000,000	62,500,000	278,850,298	139,425,149
	0.50	310,900,199	155,450,099	557,700,596	278,850,298
To be issued assuming full exercise of the Warrants	0.50	62,500,000	31,250,000	139,425,149	69,712,574
Enlarged issued and paid-up share capital	0.50	**373,400,199**	**186,700,099**	**697,125,745**	**348,562,872**

The Par Value Reduction was completed on 4 March 2013.

8.2 Earnings and EPS

The Rights Issue With Warrants is not expected to have any material effect on the earnings of our Group for the FYE 31 March 2013. However, over time, the Rights Issue With Warrants is expected to contribute positively to the future earnings of our Group arising from the proposed utilisation of proceeds from the issuance of the Rights Shares and conversion of the Warrants into ordinary shares.

However, the EPS of our Company is expected to immediately dilute as a result of the increase in the number of Formis Shares in issue pursuant to the Rights Issue With Warrants and as and when the Warrants are exercised.

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8.3 NA and Gearing

Based on the latest audited results of our Company for the FYE 31 March 2012 and on the assumption that the Par Value Reduction and Rights Issue With Warrants had been effected as at that date, the proforma effects of the Rights Issue With Warrants on the NA and gearing of our Group are tabulated as below:-

Minimum Scenario

	Audited as at 31 March 2012	(I) After Par Value Reduction[1]	(II) After (I) and the Rights Issue With Warrants	(III) After (II) and assuming full exercise of the Warrants
	RM'000	**RM'000**	**RM'000**	**RM'000**
Share capital	185,900	92,950	155,450	186,700
Share premium	9,744	9,744	9,244[2]	18,619
Warrant Reserve	-	-	9,375[3]	-
Foreign Exchange reserve	286	286	286	286
Capital Reserve	-	63,260	63,260	63,260
(Accumulated Losses) / Retained Earnings	(17,151)	12,539	2,664[4]	2,664
Shareholders' funds / NA	**178,779**	**178,779**	**240,279**	**271,529**
No. of Shares in issue ('000)	185,900	185,900	310,900	373,400
NA per Share (RM)	0.96	0.96	0.77	0.73
Total borrowings	90,881	90,881	35,881[5]	35,881
Gearing (times)	0.51	0.51	0.15	0.13

Notes:-

(1) The Par Value Reduction was completed on 4 March 2013.

(2) After deducting estimated expenses to be incurred for the Rights Issue With Warrants of approximately RM0.50 million based on the apportionment of the total estimated expenses of RM1.00 million for the Par Value Reduction and Rights Issue With Warrants.

(3) The fair value of the 62,500,000 Warrants is estimated at RM0.15 per Warrant using the Black Scholes option pricing model based on the following assumptions:-

a)	*Current price (based on TEAP as at 16 April 2013)*	*:*	*RM0.5638*
b)	*Warrants Exercise Price*	*:*	*RM0.50*
c)	*Tenure of Warrants*	*:*	*Five (5) years from the date of issuance of the Warrants*
d)	*Volatility (based on one (1) year volatility as at 16 April 2013)*	*:*	*35.1%*

(4) After accounting for the warrants reserve based on the issuance of 62,500,000 Warrants at an allocated fair value of RM0.15 per Warrant and after deducting estimated expenses of RM0.50 million to be incurred for the Par Value Reduction based on the apportionment of the total estimated expenses of RM1.00 million for the Par Value Reduction and Rights Issue With Warrants.

(5) An amount of RM55.0 million is proposed to be utilised to repay part of Formis Group's borrowings as disclosed in Note 4(a).

Maximum Scenario

	Audited as at 31 March 2012	(I) After Par Value Reduction[(1)]	(II) After (I) and assuming full exercise of Outstanding Warrants	(III) After (II) and the Rights Issue With Warrants	(IV) After (III) and assuming full exercise of the Warrants
	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	185,900	92,950	139,425	278,850	348,563
Share premium	9,744	9,744	65,514	65,014[(2)]	85,928
Warrant Reserve	-	-	-	20,914[(3)]	-
Foreign Exchange reserve	286	286	286	286	286
Capital Reserve	-	63,260	63,260	63,260	63,260
(Accumulated Losses) / Retained Earnings	(17,151)	12,539	12,539	(8,875)[(4)]	(8,875)
Shareholders' funds / NA	**178,779**	**178,779**	**281,024**	**419,449**	**489,162**
No. of Shares in issue ('000)	185,900	185,900	278,850	557,701	697,126
NA per Share (RM)	0.96	0.96	1.01	0.75	0.70
Total borrowings	90,881	90,881	90,881	14,581[(5)]	14,581
Gearing (times)	0.51	0.51	0.32	0.03	0.03

Notes:-

(1) The Par Value Reduction was completed on 4 March 2013

(2) After deducting estimated expenses to be incurred for the Rights Issue With Warrants of approximately RM0.50 million based on the apportionment of the total estimated expenses of RM1.00 million for the Par Value Reduction and Rights Issue With Warrants.

(3) The fair value of the 139,425,149 Warrants is estimated at RM0.15 per Warrant using the Black Scholes option pricing model based on the following assumptions:-

a)	*Current price (based on TEAP as at 16 April 2013)*	*:*	*RM0.5638*
b)	*Warrants Exercise Price*	*:*	*RM0.50*
c)	*Tenure of Warrants*	*:*	*Five (5) years from the date of issuance of the Warrants*
d)	*Volatility (based on one (1) year volatility as at 16 April 2013)*	*:*	*35.1%*

(4) After accounting for the warrants reserve based on the issuance of 139,425,149 Warrants at an allocated fair value of RM0.15 per Warrant and after deducting estimated expenses of RM0.50 million to be incurred for the Par Value Reduction based on the apportionment of the total estimated expenses of RM1.00 million for the Par Value Reduction and Rights Issue With Warrants.

(5) An amount of RM76.3 million is proposed to be utilised to repay part of Formis Group's borrowings as disclosed in Note 4(a).

8.4 Adjustments to the Outstanding Warrants

Necessary adjustments to the Outstanding Warrants as a result of the Rights Issue With Warrants will be made in accordance with the provisions of the deed poll dated 4 April 2011 in order to mitigate equity dilution such that the status of the holders of Outstanding Warrants would not be prejudiced after the Rights Issue With Warrants is implemented. Such adjustments (which include adjustments made to the number of Outstanding Warrants held as well as the exercise price of the Outstanding Warrants) are effective on the next Market Day following the Entitlement Date for the Rights Issue With Warrants. A notice to the holders of the Outstanding Warrants explaining the mechanism of the adjustment will be issued by our Company.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working Capital

Our Board is of the opinion that, after taking into account the funds generated from our operations, the banking facilities available to our Group as well as the proceeds to be raised from the Rights Issue With Warrants, our Group will have sufficient working capital available for a period of twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group's total outstanding borrowings (all of which are interest bearing) are denominated in the following currencies set out below:-

	Amount in foreign currency '000	Amount in RM* '000
Short-term borrowings (payable within twelve (12) months)		
THB	15,045	1,587
RM	-	91,384
Total short-term borrowings		92,971
Long-term borrowings (payable after twelve (12) months)		
RM	-	12,691
Total long-term borrowings		12,691
Total borrowings		**105,662**

Notes:-

* *The borrowings in foreign currency are translated into RM for illustrative purposes only. Such translations should not be construed as representations that the foreign currency amounts referred to could have been, or could be, converted into RM, at that or any other rate at all.*

(1) *Based on an exchange rate of RM10.54/ THB100 as at the LPD.*

As at the LPD, our Group does not have any non-interest bearing borrowings.

Other than disclosed above, our Group does not have any other borrowings. There has not been any default on payments of either interest and/or principal sums on any of the above borrowings throughout the past one (1) financial year, and subsequent financial period up to the LPD.

9.3 Contingent Liabilities

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liabilities which upon becoming enforceable may have a material impact on our Group's financial position.

	Amount RM'000
Corporate guarantees given by our Company to financial institutions and leasing corporations for facilities granted to certain subsidiaries:-	
- Unsecured	41,537
- Secured	110,330
	151,867

9.4 Material Commitments

Save as disclosed below, as at the LPD, our Board is not aware of any other material commitments which upon becoming enforceable may have a material impact on our Group's financial position.

	Amount RM'000
Capital commitments of the Group on investment in associates (i.e. Fiber at Home City Networks Sdn Bhd and Yakimbi Sdn Bhd)	
- Authorised and contracted for	3,704

The above capital commitments will be funded by internally generated funds and / or bank borrowings.

10. TERMS AND CONDITIONS

The issuance of the Rights Shares and Warrants pursuant to the Rights Issue With Warrants is governed by the terms and conditions set out in this Abridged Prospectus, and the accompanying NPA and RSF.

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11. FURTHER INFORMATION

You are advised to refer to the attached Appendices for further information.

Yours faithfully
For and on behalf of our Board
FORMIS RESOURCES BERHAD

Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr. Hj. Megat Khas
Chairman

APPENDIX I - CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM CONVENED ON 23 JANUARY 2013

FORMIS RESOURCES BERHAD (530701 T)

(Incorporated in Malaysia)

EXTRACT OF MINUTES OF EXTRAORDINARY GENERAL MEETING HELD ON 23 JANUARY 2013

5. SPECIAL RESOLUTION 1
PROPOSED REDUCTION OF THE ISSUED AND PAID-UP SHARE CAPITAL OF FORMIS VIA THE CANCELLATION OF RM0.50 OF THE PAR VALUE OF EACH EXISTING ORDINARY SHARE OF RM1.00 EACH IN FORMIS ("PROPOSED PAR VALUE REDUCTION")

The Chairman referred to item no. 1 on the agenda and invited a proposer and seconder for the Proposed Par Value Reduction.

As proposed by Ms Neo Poh Lian (proxy for Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Hj. Megat Khas and JF Apex Nominees (Tempatan) Sdn Bhd, AmSec Nominees (Tempatan) Sdn Bhd, HLIB Nominees (Tempatan) Sdn Bhd, RHB Nominees (Tempatan) Sdn Bhd and EB Nominees (Tempatan) Sdn Bhd, all pledged securities accounts for Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Hj. Megat Khas) and duly seconded by Ms Lee Miew Heng (proxy for Mr Chan Ngow and AmSec Nominees (Tempatan) Sdn Bhd, JF Apex Nominees (Tempatan) Sdn Bhd and Kenanga Nominees (Tempatan) Sdn Bhd, all pledged securities accounts for Mr Chan Ngow), the Special Resolution 1 was put to the meeting.

As there was no enquiry, the proposed motion was put to vote by a show of hands and on an unanimous vote by the shareholders present, the following Special Resolution was declared duly carried :

*"**THAT** subject to the sanction of the High Court of Malaya for the Proposed Par Value Reduction, the passing of Ordinary Resolution, Special Resolution 2 and approvals of all relevant authorities and parties (if required), approval be and is hereby given to the Company and the Board of Directors of the Company ("**Board**") to reduce the Company's issued and paid-up share capital of 185,900,199 ordinary shares of RM1.00 each via cancellation of RM0.50 from the par value of each ordinary share of the Company of RM1.00 each under Section 64(1) of the Companies Act, 1965 with the credit arising from such reduction and cancellation to be utilised towards reducing the accumulated losses of the Company and the balance, if any, to be credited as additional capital reserve of the Company;*

***AND THAT** following the Proposed Par Value Reduction, approval be and is hereby given for the Company to change the par value of each ordinary share of the Company from RM1.00 to RM0.50 and that 185,900,199 ordinary shares be credited as fully paid 185,900,199 ordinary shares of RM0.50 each;*

***AND FURTHER THAT** the Board be and are empowered and authorised to do all such acts, deeds and things, to enter into such transactions and arrangements, to execute, sign and deliver on behalf of the Company all such documents and/or agreements and to take all such steps as they think fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Par Value Reduction with full power to make, assent to and/or effect any conditions, modifications, variations and/or amendments (if any) as may be imposed by any relevant authorities and parties or consequent upon the implementation of the said conditions, modifications, variations and/or amendments."*

......2/-

6. SPECIAL RESOLUTION 2
PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENTS TO M&A")

The Chairman referred to item no. 2 on the agenda and invited a proposer and seconder for the Proposed Amendments to M&A.

As proposed by Ms Navrita Preet Kaur a/p Kavil Singh (proxy for EB Nominees (Tempatan) Sdn Bhd and Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd, pledged securities account for Datuk Rahim bin Baba) and duly seconded by Ms Tee Hong Cheat (proxy for AmSec Nominees (Tempatan) Sdn Bhd, pledged securities account for Ms Tee Hong Cheat), the Special Resolution 2 was put to the meeting.

As there was no enquiry, the proposed motion was put to vote by a show of hands and on an unanimous vote by the shareholders present, the following Special Resolution was declared duly carried :

*"**THAT** subject to the passing of Special Resolution 1 and Ordinary Resolution and obtaining the sanction of the High Court of Malaya pursuant to Section 64(1) of the Companies Act, 1965 for the purpose of the Proposed Par Value Reduction and obtaining the approvals of all other relevant authorities and parties (if required), the Board be and is hereby authorised to do all such deeds, acts and things and execute, sign and deliver all documents and to take all such steps for and on behalf of the Company as they may think fit, necessary, expedient, appropriate and/or relevant with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by any relevant authorities and parties in respect of the Proposed Amendments to M&A to amend, delete, alter, modify and/or add to Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company in the manner as set out below:-*

Existing M&A	***Proposed M&A Amendments***
<u>Existing Clause V</u> *The share capital of the Company is Ringgit Malaysia Five Hundred Million (RM500,000,000.00) divided into Five Hundred Million (500,000,000) ordinary shares of RM1.00 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.*	*<u>New Clause V</u>* *The share capital of the Company is Ringgit Malaysia Five Hundred Million (RM500,000,000.00) divided into One Billion (1,000,000,000) ordinary shares of RM0.50 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.*

......3/-

Formis Resources Berhad (530701 T)
Extract of Minutes of Extraordinary General Meeting held on 23 January 2013

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Existing M&A	*Proposed M&A Amendments*
Existing Article 4 *The authorised share capital of the Company is Ringgit Malaysia Five Hundred Million (RM500,000,000.00) divided into Five Hundred Million (500,000,000) ordinary shares of Ringgit Malaysia One (RM1.00) each and 16,811,671 preference shares of RM1.00 each with power for the Company to increase or reduce, sub-divide or consolidate such capital and to issue any part of its capital, original or increased with or without any preference, priority or special privilege or subject to any postponement of rights, or to any conditions or restrictions and so that, unless the conditions of issue shall otherwise expressly declare, every issue of shares whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.*	*New Article 4* *The authorised share capital of the Company is Ringgit Malaysia Five Hundred Million (RM500,000,000.00) divided into One Billion (1,000,000,000) ordinary shares of RM0.50 each with power for the Company to increase or reduce, sub-divide or consolidate such capital and to issue any part of its capital, original or increased with or without any preference, priority or special privilege or subject to any postponement of rights, or to any conditions or restrictions and so that, unless the conditions of issue shall otherwise expressly declare, every issue of shares whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.*

7. ORDINARY RESOLUTION
PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 278,850,298 NEW ORDINARY SHARES OF RM0.50 EACH IN THE COMPANY ("FORMIS SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 139,425,149 FREE DETACHABLE WARRANTS ("WARRANTS") AT AN ISSUE PRICE OF RM0.50 PER RIGHTS SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) FREE WARRANT FOR EVERY TWO (2) EXISTING FORMIS SHARES HELD AFTER THE PROPOSED PAR VALUE REDUCTION ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

The Chairman referred to the last item on the agenda and invited a proposer and seconder for the Proposed Rights Issue with Warrants.

As proposed by Ms Mak Wai Ling (proxy for Datuk Rahim bin Baba and JF Apex Nominees (Tempatan) Sdn Bhd, pledged securities account for Datuk Rahim bin Baba) and duly seconded by Ms Yeap Lee Lee (proxy for HLB Nominees (Tempatan) Sdn Bhd, HLIB Nominees (Tempatan) Sdn Bhd, Kenanga Nominees (Tempatan) Sdn Bhd, AmSec Nominees (Tempatan) Sdn Bhd, JF Apex Nominees (Tempatan) Sdn Bhd and M&A Nominee (Tempatan) Sdn Bhd, all pledged securities accounts for Dato' Mah Siew Kwok), the Ordinary Resolution was put to the meeting.

A proxy, Mr Teoh Seong Chee (proxy for Mr Teoh Hin Leng), had enquired on the time frame for the implementation of the Proposed Rights Issue with Warrants after the shareholders' approval. Dato' Mah Siew Kwok explained that barring unforeseen circumstances, the tentative timeline in relation to the implementation of the Proposed Rights Issue with Warrants would be as follows :

......4/-

Formis Resources Berhad (530701 T)
Extract of Minutes of Extraordinary General Meeting held on 23 January 2013

Date	Events
23 January 2013	EGM for the Proposals
End February 2013	Sanction from the Court
End February 2013	Lodgement of court sanction with Registrar of Companies / Effective date of Proposed Par Value Reduction
Early March 2013	Announcement of Book Closure Date
Mid March 2013	Despatch of abridged prospectus, rights subscription form and notice of provisional allotment
End March 2013	Last day for payment and acceptance of the Rights Shares
Mid April 2013	Listing of and quotation for the Rights Shares and Warrants

As there was no other enquiry, the proposed motion was put to vote by a show of hands and on an unanimous vote by the shareholders present, the following Ordinary Resolution was declared duly carried :

*"**THAT**, subject to the passing of Special Resolution 1 and Special Resolution 2, and subject further to the approval of all relevant authorities, including but not limited to the approval-in-principle of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for all the Rights Shares and all the Warrants to be issued here under and all the new Formis Shares to be issued pursuant to the conversion of the Warrants being obtained, approval be and is hereby given to the Board to:-*

*(i) issue and allot by way of proposed rights issue of up to 278,850,298 Rights Shares together with up to 139,425,149 free Warrants, to be implemented on a renounceable basis of two (2) Rights Shares together with one (1) free Warrant at an issue price of RM0.50 per Rights Share for every two (2) existing Formis Shares held at an entitlement date to be determined later by the Board ("**Entitlement Date**"), to be offered to the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date;*

*(ii) constitute the Warrants upon the terms and conditions of a deed poll to be executed by Formis ("**Deed Poll**"), the principal terms of which are set out in Section 3 of the Circular to Shareholders dated 31 December 2012;*

*(iii) allot and issue such number of additional Warrants ("**Additional Warrants**") pursuant to adjustments under the Deed Poll and to adjust from time to time the exercise price of the Warrants as a consequence of the adjustments under the provisions in the Deed Poll and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Securities and any other relevant authorities or parties or otherwise; and*

(iv) allot and issue such number of new Formis Shares credited as fully paid-up arising from the exercise of the Warrants during the tenure of the Warrants, including such appropriate number of Formis Shares arising from the exercise of the Additional Warrants;

......5/-

Formis Resources Berhad (530701 T)
Extract of Minutes of Extraordinary General Meeting held on 23 January 2013

- 5 -

THAT any Rights Shares which are not validly taken up or which are not allotted for any reasons whatsoever shall be made available for excess applications in such manner as the Board shall determine at its absolute discretion;

THAT the Board be and is hereby empowered and authorised to deal with any fractional entitlements of the Rights Shares arising from the Proposed Rights Issue With Warrants in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or think expedient or in the best interest of the Company (including without limitation to disregard such fractional entitlements);

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes as set out in Section 3 of the Circular to Shareholders of the Company dated 31 December 2012, and the Board be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

THAT the Rights Shares shall, upon allotment and issue, rank pari passu in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares;

THAT the Rights Shares, Warrants, Additional Warrants and new Formis Shares to be issued pursuant to the exercise of the Warrants and the Additional Warrants shall be listed on Bursa Securities;

THAT the new Formis Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment date of the new Formis Shares to be issued arising from the exercise of the Warrants;

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares, Warrants and new Formis Shares to be issued pursuant to or in connection with the Proposed Rights Issue with Warrants as well as pursuant to the exercise of the Additional Warrants have been fully allotted and issued."

DATED THIS 29 DAY OF JANUARY 2013

CERTIFIED TRUE BY :-

DIRECTOR	**SECRETARY**
MAH XIAN-ZHEN	**LIM SHOOK NYEE (f)**
	MAICSA 7007640

APPENDIX II - INFORMATION ON OUR COMPANY

1. HISTORY AND PRINCIPAL ACTIVITIES

Our Company was incorporated in Malaysia under the Act on 1 November 2000 as a private limited company under the name of Kinta Mestika Sdn. Bhd. Subsequently on 30 August 2001, we were converted to a public limited company and assumed the name of MY-InfoTech (M) Berhad, on 8 December 2001. On 20 March 2006, our Company changed its name from MY-InfoTech (M) Berhad to Formis Resources Berhad.

Our Company is listed on the Main Market of Bursa Securities under the sector of Technology. The Company is principally engaged in investment holding activities and the provision of management services. The principal activities of the subsidiaries are disclosed in Section 5 of this Appendix.

2. SHARE CAPITAL

Our Company's authorised share capital, and issued and paid-up share capital as at LPD are as follows:-

	No. of Shares	Par value RM	Total RM
Authorised share capital	1,000,000,000	0.50	500,000,000
Issued and paid-up share capital	185,900,199	0.50	92,950,099

Details of the changes in our Company's issued and fully paid-up share capital since our incorporation up to the LPD are as follows:-

Date of allotment	No. of Shares allotted	Par Value RM	Consideration / Type of Issue	Cumulative issued and paid-up share capital RM
01.11.2000	2	1.00	Subscriber's shares	2
28.12.2001	6,391,085	1.00	Issued pursuant to a Scheme of Arrangement under Section 176 of the Act between Man Yau Holdings Berhad ("**MYHB**") and its shareholders under the Rescue cum Restructuring Scheme of MYHB	6,391,087
28.12.2001	113,758,441	1.00	Issued pursuant to the acquisition of 6 subsidiaries	120,149,528
22.01.2002	10,000,000	1.00	Cash	130,149,528
11.04.2002	5,000	1.00	Cash	130,154,528
17.04.2002	46,000	1.00	Cash	130,200,528
23.05.2002	59,000	1.00	Cash	130,259,528
16.06.2003	19,000	1.00	Cash	130,278,528
26.06.2003	34,000	1.00	Cash	130,312,528
09.07.2003	130,000	1.00	Cash	130,442,528
28.07.2003	91,000	1.00	Cash	130,533,528
28.07.2003	20,000	1.00	Cash	130,553,528
13.08.2003	63,000	1.00	Cash	130,616,528
05.09.2003	15,000	1.00	Cash	130,631,528
22.10.2003	74,000	1.00	Cash	130,705,528
19.11.2003	44,000	1.00	Cash	130,749,528

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Date of allotment	No. of Shares allotted	Par Value RM	Consideration / Type of Issue	Cumulative issued and paid-up share capital RM
16.01.2004	39,000	1.00	Cash	130,788,528
09.08.2005	4,500	1.00	Conversion of ICPS into FRB Shares	130,793,028
17.01.2006	5,000	1.00	Conversion of ICPS into FRB Shares	130,798,028
16.02.2006	7,150,000	1.00	Cash	137,948,028
	25,300,000	1.00	Issued as part consideration for the acquisition of Formis Holdings Berhad and Formis Systems & Technology Sdn Bhd	163,248,028
22.02.2006	5,850,000	1.00	Cash	169,098,028
23.02.2006	1,500	1.00	Conversion of ICPS into FRB Shares	169,099,528
23.03.2006	2,000	1.00	Conversion of ICPS into FRB Shares	169,101,528
14.02.2007	1,000	1.00	Conversion of ICPS into FRB Shares	169,102,528
16.03.2007	11,666,036	1.00	Conversion of ICPS into FRB Shares	180,768,564
21.03.2007	3,000,000	1.00	Conversion of ICPS into FRB Shares	183,768,564
22.06.2007	2,000	1.00	Conversion of ICPS into FRB Shares	183,770,564
05.11.2008	1,000	1.00	Conversion of ICPS into FRB Shares	183,771,564
21.01.2009	2,128,635	1.00	Automatic conversion of RM2,128,635 ICPS into FRB Shares on the basis of RM1.00 nominal value of ICPS for every 1 FRB Share	185,900,199
04.03.2013	185,900,199	0.50	Reduction in par value #	92,950,099

<u>Note</u>:-

\# *Reduction of issued and paid-up share capital of Formis from RM185,900,199 comprising 185,900,199 ordinary shares of RM1.00 each to RM92,950,099 comprising 185,900,199 ordinary shares of RM0.50 each*

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3. Substantial Shareholders' Shareholdings

The substantial Shareholders of our Company based on the Register of Substantial Shareholders as at the LPD and the proforma effect of the Rights Issue With Warrants on their shareholdings, are as follows:-

Minimum Scenario

	As at the LPD				(I) After Rights Issue With Warrants			
	No. of Shares				No. of Shares			
	Direct	%	Indirect	%	Direct	%	Indirect	%
TSDSMN	30,917,143	16.63	-	-	66,050,143	21.24	-	-
RZDSB	35,989,600	19.36	-	-	76,754,600	24.69	-	-
DMSK	26,342,928	14.17	-	-	55,841,928	17.96	-	-
Koperasi Permodalan Felda Malaysia Berhad	9,969,200	5.36	-	-	9,969,200	3.21	-	-
IPSB	12,307,000	6.62	-	-	26,247,000	8.44	-	-
Insas Berhad	-	-	15,097,000[(1)]	8.12	-	-	29,037,000[(1)]	9.34
Dato' Thong Kok Khee	-	-	15,097,000[(2)]	8.12	-	-	29,037,000[(2)]	9.34
Mr Monteiro Gerard Clair	-	-	35,989,600[(3)]	19.36	-	-	76,754,600[(3)]	24.69
Mr Wong Kit Leong	-	-	35,989,600[(3)]	19.36	-	-	76,754,600[(3)]	24.69
Mr Raymond Tan	79,500	0.04	35,989,600[(3)]	19.36	79,500	0.02	76,754,600[(3)]	24.69

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

	(II) After (I) and assuming full conversion of the Warrants			
	No. of Shares		No. of Shares	
	Direct	%	Indirect	%
TSDSMN	83,616,643	22.39	-	-
RZDSB	97,137,100	26.01	-	-
DMSK	70,591,428	18.91	-	-
Koperasi Permodalan Felda Malaysia Berhad	9,969,200	2.67	-	-
IPSB	33,217,000	8.90	-	-
Insas Berhad	-	-	36,007,000[1]	9.64
Dato' Thong Kok Khee	-	-	36,007,000[2]	9. 64
Mr Monteiro Gerard Clair	-	-	97,137,100[3]	26.01
Mr Wong Kit Leong	-	-	97,137,100[3]	26.01
Mr Raymond Tan	79,500	0.02	97,137,100[3]	26.01

Notes:-

(1) Deemed interested by virtue of interests held by IPSB and M & A Securities Sdn Bhd, which are subsidiaries of Insas Berhad pursuant to Section 6A of the Act.
(2) Deemed interested by virtue of his substantial interest in Insas Berhad pursuant to Section 6A of the Act.
(3) Deemed interested by virtue of their substantial interest in RZDSB pursuant to Section 6A of Act.

Maximum Scenario

	As at the LPD				(I) Assuming full exercise of Outstanding Warrants			
	No. of Shares		No. of Shares		No. of Shares			
	Direct	%	Indirect	%	Direct	%	Indirect	%
TSDSMN	30,917,143	16.63	-	-	44,379,163	15.92	-	-
RZDSB	35,989,600	19.36	-	-	35,989,600	12.91	-	-
DMSK	26,342,928	14.17	-	-	36,090,743	12.94	-	-
Koperasi Permodalan Felda Malaysia Berhad	9,969,200	5.36	-	-	9,969,200	3.58	-	-
IPSB	12,307,000	6.62	-	-	13,460,500	4.83	-	-
Insas Berhad	-	-	15,097,000[1]	8.12	-	-	17,645,500[1]	6.33
Dato' Thong Kok Khee	-	-	15,097,000[2]	8.12	-	-	17,645,500[2]	6.33
Mr Monteiro Gerard Clair	-	-	35,989,600[3]	19.36	-	-	35,989,600[3]	12.91
Mr Wong Kit Leong	-	-	35,989,600[3]	19.36	-	-	35,989,600[3]	12.91
Mr Raymond Tan	79,500	0.04	35,989,600[3]	19.36	79,500	0.03	35,989,600[3]	12.91

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	(II) After Rights Issue With Warrants				(III) After (I), (II) and assuming full conversion of the Warrants			
	No. of Shares		No. of Shares		No. of Shares			
	Direct	%	Indirect	%	Direct	%	Indirect	%
TSDSMN	88,758,326	15.92	-	-	110,947,908	15.92	-	-
RZDSB	71,979,200	12.91	-	-	89,974,000	12.91	-	-
DMSK	72,181,486	12.94	-	-	90,226,858	12.94	-	-
Koperasi Permodalan Felda Malaysia Berhad	19,938,400	3.58	-	-	24,923,000	3.58	-	-
IPSB	26,921,000	4.83	-	-	33,651,250	4.83	-	-
Insas Berhad	-	-	35,291,000[(1)]	6.33	-	-	44,113,750[(1)]	6.33
Dato' Thong Kok Khee	-	-	35,291,000[(2)]	6.33	-	-	44,113,750[(2)]	6.33
Mr Monteiro Gerard Clair	-	-	71,979,200[(3)]	12.91	-	-	89,974,000[(3)]	12.91
Mr Wong Kit Leong	-	-	71,979,200[(3)]	12.91	-	-	89,974,000[(3)]	12.91
Mr Raymond Tan	159,000	0.03	71,979,200[(3)]	12.91	198,750	0.03	89,974,000[(3)]	12.91

Notes:-

(1) Deemed interested by virtue of interests held by IPSB and M & A Securities Sdn Bhd, which are subsidiaries of Insas Berhad pursuant to Section 6A of the Act.
(2) Deemed interested by virtue of his substantial interest in Insas Berhad pursuant to Section 6A of the Act.
(3) Deemed interested by virtue of their substantial interest in RZDSB pursuant to Section 6A of the Act.

4. DIRECTORS

The details of our Board as at the LPD are set out in the table below:-

Name *(Designation)*	Age	Address	Nationality	Profession
Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr. Hj. Megat Khas *(Non - Executive Chairman)*	68	No. 2, Jalan 12/7 46200 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Dato' Mah Siew Kwok (*Vice Chairman and Non-Independent Non-Executive Director*)	64	No. 7, Jalan Nusa Taman Bukit Mas 50480 Kuala Lumpur	Malaysian	Company Director
Dato' Gan Nyap Liou @ Gan Nyap Liow (*Independent Non-Executive Director*)	58	No. 30, Lorong Kemaris 1 Bukit Bandaraya Bangsar 59100 Kuala Lumpur	Malaysian	Company Director
Mr Boey Tak Kong (*Independent Non-Executive Director*)	58	No. 693-5-3, Desa Kiara Damansara Jalan Damansara 60000 Kuala Lumpur	Malaysian	Company Director
En Ahmad Bin Khalid (*Independent Non-Executive Director*)	62	No. 21, Jalan Kubah U8/55B Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Dato' Thong Kok Khee (*Non-Independent Non-Executive Director*)	58	No. 74, Jalan Setiakasih Damansara Heights 50490 Kuala Lumpur	Malaysian	Company Director
Mr Monteiro Gerard Clair (*Executive Director*)	41	No. 26, Jalan Damansara Permai 50490 Kuala Lumpur	Malaysian	Company Director
Ms Mah Xian-Zhen (*Executive Director*)	31	No. 7, Jalan Nusa Taman Bukit Mas 50480 Kuala Lumpur	Malaysian	Company Director

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APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Save as disclosed below, none of our Company's Directors have any direct and/or indirect shareholding in our Company as at the LPD.

Minimum Scenario

	As at the LPD				(I) After Rights Issue With Warrants			
	No. of Shares				No. of Shares			
	Direct	%	Indirect	%	Direct	%	Indirect	%
TSDSMN	30,917,143	16.63	-	-	66,050,143	21.24	-	-
DMSK	26,342,928	14.17	-	-	55,841,928	17.96	-	-
Dato' Thong Kok Khee	-	-	15,097,000[1]	8.12	-	-	29,037,000[1]	9.34
Mr Monteiro Gerard Clair	-	-	35,989,600[2]	19.36	-	-	76,754,600[2]	24.69
Dato' Gan Nyap Liou @ Gan Nyap Liow	-	-	5,000,000[3]	2.69	-	-	10,663,000[3]	3.43
Mr Boey Tak Kong	-	-	-	-	-	-	-	-
En Ahmad Bin Khalid	50,001	0.03	-	-	50,001	0.02	-	-
Ms Mah Xian-Zhen	-	-	-	-	-	-	-	-

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APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

	(II) After (I) and assuming full conversion of the Warrants			
	No. of Shares		No. of Shares	
	Direct	%	Indirect	%
TSDSMN	83,616,643	22.39	-	-
DMSK	70,591,428	18.91	-	-
Dato' Thong Kok Khee	-	-	36,007,000 [(1)]	9. 64
Mr Monteiro Gerard Clair	-	-	97,137,100[(2)]	26.01
Dato' Gan Nyap Liou @ Gan Nyap Liow	-	-	13,494,500[(3)]	3.61
Mr Boey Tak Kong	-	-	-	-
En Ahmad Bin Khalid	50,001	0.01	-	-
Ms Mah Xian-Zhen	-	-	-	-

Notes:-

(1) *Deemed interested by virtue of his substantial interest in Insas Berhad pursuant to Section 6A of the Act.*
(2) *Deemed interested by virtue of their substantial interest in RZDSB pursuant to Section 6A of Act.*
(3) *Deemed interested by virtue of his substantial interest in PBIL pursuant to Section 6A of the Companies Act, 1965.*

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Maximum Scenario

	As at the LPD				(I) Assuming full exercise of Outstanding Warrants			
	No. of Shares		No. of Shares		No. of Shares			
	Direct	%	Indirect	%	Direct	%	Indirect	%
TSDSMN	30,917,143	16.63	-	-	44,379,163	15.92	-	-
DMSK	26,342,928	14.17	-	-	36,090,743	12.94	-	-
Dato' Thong Kok Khee	-	-	15,097,000[(1)]	8.12	-	-	17,645,500[(1)]	6.33
Mr Monteiro Gerard Clair	-	-	35,989,600[(2)]	19.36	-	-	35,989,600[(2)]	12.91
Dato' Gan Nyap Liou @ Gan Nyap Liow	-	-	5,000,000[(3)]	2.69	-	-	5,000,000[(3)]	1.79
Mr Boey Tak Kong	-	-	-	-	-	-	-	-
En Ahmad Bin Khalid	50,001	0.03	-	-	50,001	0.02	-	-
Ms Mah Xian-Zhen	-	-	-	-	-	-	-	-

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APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

	(II) After Rights Issue With Warrants				(III) After (I), (II) and assuming full conversion of the Warrants			
	No. of Shares		No. of Shares		No. of Shares			
	Direct	%	Indirect	%	Direct	%	Indirect	%
TSDSMN	88,758,326	15.92	-	-	110,947,908	15.92	-	-
DMSK	72,181,486	12.94	-	-	90,226,858	12.94	-	-
Dato' Thong Kok Khee	-	-	35,291,000 [(1)]	6.33	-	-	44,113,750 [(1)]	6.33
Mr Monteiro Gerard Clair	-	-	71,979,200[(2)]	12.91	-	-	89,974,000[(2)]	12.91
Dato' Gan Nyap Liou @ Gan Nyap Liow	-	-	10,000,000[(3)]	1.79	-	-	12,500,000[(3)]	1.79
Mr Boey Tak Kong	-	-	-	-	-	-	-	-
En Ahmad Bin Khalid	100,002	0.02	-	-	125,002	0.02	-	-
Ms Mah Xian-Zhen	-	-	-	-	-	-	-	-

Notes:-

(1) Deemed interested by virtue of his substantial interest in Insas Berhad pursuant to Section 6A of the Act.
(2) Deemed interested by virtue of their substantial interest in RZDSB pursuant to Section 6A of Act.
(3) Deemed interested by virtue of his substantial interest in PBIL pursuant to Section 6A of the Act.

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5. SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

Our Company's subsidiaries and associated companies as at the LPD are as follows:-

Company	Date and place of incorporation	Issued and paid-up share capital RM (unless otherwise stated)	Effective equity interest (%)	Principal activities
Subsidiaries of Formis				
Applied Business Systems Sdn Bhd	20.10.1989 Malaysia	7,200,000	100	Distribution and maintenance of computer equipment and software
Man Yau Holdings Berhad ("**MYHB**")	31.12.1992 Malaysia	36,300,000	100	Investment holding
Continuous Network Advisers Sdn Bhd ("**CNA**")	15.11.1995 Malaysia	1,000,000	100	Investment holding
Formis Holdings Berhad ("**FHB**")	08.11.1993 Malaysia	38,500,000	100	Investment holding
Formis Systems & Technology Sdn Bhd	19.08.1994 Malaysia	1,200,000	100	Distribution and maintenance of computer hardware and software
Dynamic Concept Resources Sdn Bhd	20.06.2005 Malaysia	2	100	Dormant
Continuous Network Services Sdn Bhd	29.09.1999 Malaysia	250,000	100	Inactive
Formis Research & Development Sdn Bhd	16.01.2013 Malaysia	2	100	Dormant
Subsidiary of CNA				
MYATM Sdn Bhd	12.10.2010 Malaysia	2,150,000	60	Manufacturing, trading and servicing of banking equipment and related services
Associated company of CNA				
Yakimbi Sdn Bhd	20.05.2009 Malaysia	2,466,500	40	Providing secure mobile collaboration and storage solutions in the cloud

Company	Date and place of incorporation	Issued and paid-up share capital RM (unless otherwise stated)	Effective equity interest (%)	Principal activities
Subsidiaries of MYHB				
Formis e Solutions Sdn Bhd	18.08.1973 Malaysia	3,000,000	100	Development of application software, system integration services and the provision of hardware and software maintenance services
Formis Software & Technologies Sdn Bhd	19.05.1975 Malaysia	1,000,000	100	Development of application software, system integration services and the provision of hardware and software maintenance services
Nostalgic Properties Sdn Bhd ("**NP**")	12.01.1995 Malaysia	10,000	100	Investment holding and development of application software, system integration services and the provision of hardware and software maintenance services
Channel Legacy Sdn Bhd	25.10.1995 Malaysia	1,000,000	60	Inactive
Formis Advanced Systems Sdn Bhd	28.06.1995 Malaysia	500,000	60	Provision of information technology services in terms of hardware, software, consultancy and maintenance
Associated company of NP				
Montprimo Sdn Bhd	11.02.2009 Malaysia	447,500	30	Property development
Subsidiaries of FHB				
Formis Computer Services Sdn Bhd ("**FCS**")	31.12.1983 Malaysia	4,500,000	100	Provision of computer technology and maintenance of computer hardware and software
Diversified Gateway Solutions Berhad ("**DGSB**")	15.12.2004 Malaysia	135,587,709	59.96	Investment holding

Company	Date and place of incorporation	Issued and paid-up share capital RM (unless otherwise stated)	Effective equity interest (%)	Principal activities
Formis Media Teknologi Sdn Bhd	28.08.1995 Malaysia	350,000	65	Inactive
PT Formis Solusi Indonesia	03.07.2000 Indonesia	RP868,500,000	100	Inactive
First Solution Sdn Bhd	14.08.1996 Malaysia	700,002	51	Distribution and maintenance of computer hardware and software
Formis Software Dynamics Sdn Bhd	22.06.1999 Malaysia	1,000,000	100	Inactive
Formis Development Sdn Bhd	08.04.2000 Malaysia	1,000,000	100	Provision of network connectivity and bandwidth services in Malaysia and project management services in relation to telecommunications
Formis International Limited	09.04.2001 Federal Territory of Labuan	USD10,000	100	Inactive
Tera Asia Pacific Sdn Bhd	19.03.2001 Malaysia	380,000	100	Inactive
Com-Line Systems Sdn Bhd ("**CLS**")	18.01.1990 Malaysia	2,866,666	85	Development of standard application packages and the provision of turnkey solution development services
Associated companies of FHB				
Ho Hup Construction Company Berhad	24.03.1973 Malaysia	102,000,408	21.33	Foundation engineering, civil engineering, building contracting works and hire of plant and machinery
Microlink Solutions Berhad	07.07.2003 Malaysia	13,361,060	29.22	Investment holding and provision of research and development on information technology solutions to the financial services industry

Company	Date and place of incorporation	Issued and paid-up share capital RM (unless otherwise stated)	Effective equity interest (%)	Principal activities
Antis Investment S.A.	09.01.2003 Luxembourg	Euro31,000	49	Provision of media and publishing software globally
Subsidiaries of FCS				
Formis Network Services Sdn Bhd ("**FNS**")	20.10.1989 Malaysia	2,000,000	100	Provision of information technology services in terms of hardware, software, consultancy and maintenance to telecommunication, oil and gas and government sectors
Formis Automation Sdn Bhd	28.02.1996 Malaysia	1,000,000	100	Automation, installation and maintenance of computer hardware and software and other automated related projects
Subsidiary of FNS				
Formis Niaga Solusi Sdn Bhd	01.04.2003 Malaysia	100,000	60	Dormant
Subsidiaries of CLS				
Comline Dotcom Sdn Bhd	07.06.2000 Malaysia	2	100	Development of multimedia technology application
Prism Portal Asia Sdn Bhd	24.09.2007 Malaysia	10	100	Dormant
Subsidiaries of DGSB				
Diversified Gateway Berhad	23.05.1994 Malaysia	630,000	100	Provision of computer networking solutions and system integration
ISS Consulting (Malaysia) Sdn Bhd	15.09.1997 Malaysia	106,389	100	Advisers and consultants for computer software solutions
ISS Consulting (S) Pte Ltd	24.10.1998 Singapore	S$100,000	100	Advisers and consultants for computer software solutions

Company	Date and place of incorporation	Issued and paid-up share capital RM (unless otherwise stated)	Effective equity interest (%)	Principal activities
ISS Consulting (Thailand) Ltd	18.11.1999 Thailand	THB5,000,000	49	Advisers and consultants for computer software solutions
PT ISS Consulting Indonesia	10.08.2000 Indonesia	RP225,000,000	100	Inactive
Ledge Consulting Pte Ltd	03.01.1994 Singapore	S$200,000	100	Inactive
Cogent Consulting Sdn Bhd	07.10.1996 Malaysia	100,000	70	Inactive
Cogent Business Solutions (S) Pte Ltd	23.10.2008 Singapore	S$2	100	Inactive
Rangkaian Ringkas Sdn Bhd	09.08.2012 Malaysia	2	100	Distribution and maintenance of computer networking, network security, storage and network management solutions

Our Company holds no interest in any jointly controlled entities as at the LPD.

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6. PROFIT AND DIVIDEND RECORD

Our Group's audited consolidated financial statements for the three (3) FYEs 31 March 2010, 2011 and 2012 and the unaudited results of our Group for the nine (9)-month FPE 31 December 2012 are as follows:-

	Audited			Unaudited
	FYE 31 March 2010 RM	FYE 31 March 2011 RM	FYE 31 March 2012 RM	Nine (9)-month FPE 31 December 2012 RM
Revenue	321,381,341	311,355,642	294,927,457	228,965,412
Cost of sales	(249,056,475)	(228,474,232)	(227,036,811)	(177,397,491)
GP	72,324,866	82,881,410	67,890,646	51,567,921
Other operating income	8,304,837	19,012,892	9,274,764	4,536,589
Depreciation and amortization expenses	(1,761,754)	(2,345,922)	(2,059,250)	(1,717,057)
Employee benefits	(35,749,332)	(56,851,590)	(47,507,652)	(33,050,427)
Other operating expenses	(20,944,537)	(59,145,072)	(28,307,244)	(13,728,352)
Finance costs	(5,956,644)	(5,222,545)	(6,059,796)	(4,689,763)
Share of results of associates	-	-	(1,369,465)	(970,848)
PBT / (LBT)	16,217,436	(21,670,827)	(8,137,997)	1,948,063
Tax expense	(2,483,100)	(5,110,261)	(4,953,273)	(3,420,100)
PAT / (LAT)	13,734,336	(26,781,088)	(13,091,270)	(1,472,037)
Attributable to:				
Equity holders of our Company	12,615,799	(19,568,129)	(10,952,683)	(2,530,518)
Non-controlling interests	1,118,537	(7,212,959)	(2,138,587)	1,058,482
	13,734,336	**(26,781,088)**	**(13,091,270)**	(1,472,036)

	Audited			Unaudited
	FYE 31 March 2010 RM	FYE 31 March 2011 RM	FYE 31 March 2012 RM	Nine (9)-month FPE 31 December 2012 RM'000
EBITDA	22,331,315	(16,061,622)	(2,158,617)	7,119,177
GP margin (%)	22.5	26.6	23.0	22.5
Net profit / (loss) margin (%)	4.27	(8.60)	(4.44)	(0.64)
Weighted average number of Shares in issue ('000)	185,900,199	185,900,199	185,900,199	185,900,199
Earnings / (Loss) per Share attributable to owners of the Company -Basic (sen)	6.79	(10.53)	(5.89)	(1.36)
-Diluted (sen)	Not applicable	Not applicable	Not applicable	Not applicable
Dividend per Share, net of tax (sen)	-	7.5	-	-

Commentary:-

FYE 31 March 2010

Revenue for FYE 31 March 2010 was at RM321.4 million, 15.3% lower than that of FYE 31 March 2009 which was at RM379.5 million. The decrease in revenue in FYE 31 March 2010 was mainly due to lower revenue recorded under the distribution and systems segments compared to FYE 31 March 2009 although the software segment had contributed to higher revenue for FYE 31 March 2010 resulting from the awardance of E-Court project worth approximately RM69.0 million.

Notwithstanding the lower revenue recorded, the PBT of our Group had registered an increase of 3.8% compared to FYE 31 March 2009. The EPS for FYE 31 March 2010 improved to 6.8 sen against 5.0 sen per share in FYE 31 March 2009. The improvement in the PBT was due to improved GP contributed from the E-Court project and also a reduction in operating expenses.

The Group's effective tax rate for FYE 31 March 2010 was lower than the statutory tax rate arising from tax savings from utilization of previously unrecognized tax losses.

FYE 31 March 2011

The Group recorded revenue of RM311.4 million for the FYE 31 March 2011, a decrease in revenue by 3.1% as compared to FYE 31 March 2010, which was mainly due to lower revenue recorded under the networks segment. In spite of the decrease in revenue of the Group, the GP and GP margin improved by RM10.6 million and 4.1% respectively. The improvement in GP margin was mainly due to the contribution from the E-Court project.

Despite the improvement in GP, the Group suffered a LBT of RM21.7 million in FYE 31 March 2011 which was mainly contributed from provisions made by the Group for impairment loss on goodwill arising from acquisition of subsidiaries of RM33.1 million due to the carrying amounts of five (5) subsidiaries including the goodwill attached, exceeding the recoverable amounts of the subsidiaries, increase in operating expenses in particular payroll expenses following from the reverse takeover of one of our subsidiaries and also impairment loss of trade receivables of RM4.6 million.

Notwithstanding that the Group suffered from LBT during FYE 31 March 2011, the Group still incurred tax expenses of RM5.1 million as profits of certain subsidiaries could not be set-off against losses of other subsidiaries for tax purposes as these subsidiaries were not able to satisfy the conditions for group relief and certain expenses were disallowed for tax deductions.

FYE 31 March 2012

The Group recorded revenue of RM294.9 million, a decrease by RM16.4 million or 5.3% compared to FYE 31 March 2011, mainly due to lower billings recorded for the financial year. As compared to the previous financial year, the GP and GP margin decreased by RM15.0 million and 3.6% respectively.

The Group posted a LBT of RM8.1 million for FYE 31 March 2012. The Group's LBT for FYE 31 March 2012 had narrowed by approximately RM13.5 million compared to FYE 31 March 2011. This improvement was largely due to lower impairment loss on goodwill arising from acquisition of subsidiaries amounting to RM3.0 million due to the carrying amounts of only two (2) subsidiaries including the goodwill attached, exceeding the recoverable amounts of the subsidiaries compared to RM33.1 million in the preceding financial year. The Group's LBT of RM8.1 million for FYE 31 March 2012 was also due to an allowance for impairment loss and bad debts written off on trade receivables of approximately RM5.7 million and cost written off for a foreseeable loss in one of the projects of a subsidiary amounting to RM4.5 million.

Notwithstanding that the Group suffered from LBT during FYE 31 March 2012, the Group still incurred tax expenses of RM4.95 million as profits of certain subsidiaries could not be set-off against losses of other subsidiaries for tax purposes as these subsidiaries were not able to satisfy the conditions for group relief and certain expenses were disallowed for tax deductions.

Nine (9)-month FPE 31 December 2012

The Group recorded revenue of RM229.0 million and GP margin of 22.5% for the FPE 31 December 2012. Compared to 9-months FPE 31 December 2011, the revenue for the FPE 31 December 2012 had increased by RM18.3 million or 8.7%. The increase in revenue of the Group for the 9-months FPE 31 December 2012 compared to the corresponding period of the preceding financial year was also mainly due to an improved performance of our distribution and networks segments.

The GP margin decreased by 3.1% despite the increase in revenue. This had resulted in lower PBT of RM1.9 million compared to RM3.8 million for the 9-months FPE 31 December 2011. The lower PBT was mainly due to the recognition of Group share of losses of associates RM1.0 million during the FPE 31 December 2012.

The Group's effective tax rate for FPE 31 December 2012 was higher than the statutory tax rate as profits of certain subsidiaries could not be set-off against losses of other subsidiaries for tax purposes as these subsidiaries were not able to satisfy the conditions for group relief and certain expenses were disallowed for tax deductions.

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7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of our Shares traded on Bursa Securities for the past twelve (12) months preceding the date of this Abridged Prospectus are as follows:-

	High	Low
	(RM)	(RM)
2012		
April	0.920	0.830
May	0.900	0.795
June	0.940	0.780
July	0.880	0.780
August	0.870	0.730
September	0.860	0.730
October	0.675	0.630
November	0.700	0.630
December	0.700	0.620
2013		
January	0.705	0.655
February	0.710	0.645
March	0.655	0.620

Last transacted market price on 2 November 2012, being the last Market Day immediately prior to the announcement of the Corporate Exercises	0.680
The last transacted market price for our Shares on the 17 April 2013, being the latest practical date prior to the issuance of this Abridged Prospectus	0.670
The last transacted market price for our Shares on 26 April 2013, being the Market Day immediately prior to the ex-rights date for the Rights Issue With Warrants	0.640

(Source: Bloomberg (Malaysia) Sdn Bhd)

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1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

Date: 22 April 2013

The Board of Directors
Formis Resources Berhad
16th Floor, KH Tower,
8, Lorong P.Ramlee,
50250 Kuala Lumpur

Dear Sirs

FORMIS RESOURCES BERHAD
REPORTING ACCOUNTANTS' LETTER ON PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

We have reviewed the proforma consolidated statement of financial position of Formis Resources Berhad ("Formis") and its subsidiaries ("Formis Group") as at 31 March 2012 together with the accompanying notes thereto, for which the Board of Directors of Formis ("Board") is solely responsible as set out in the accompanying statements (which we have stamped for the purpose of identification) prepared for inclusion in the Abridged Prospectus to Shareholders of Formis in relation to the following Corporate Proposal:

(I) renounceable rights issue of up to 278,850,298 new ordinary shares of RM0.50 each in the Company ("Formis Shares")("Rights Shares") together with up to 139,425,149 free detachable warrants ("Warrants") at an issue price of RM0.50 per Rights Share on the basis of two (2) Rights Shares together with one (1) free Warrant for every two (2) existing Formis Shares held after the Proposed Par Value Reduction ("Proposed Rights Issue with Warrants").

The Board is solely responsible for the preparation of the proforma consolidated statement of financial position as at 31 March 2012. The proforma consolidated statement of financial position as at 31 March 2012 together with the notes and assumptions thereto, which have been prepared for illustrative purposes only, are based on the audited consolidated statement of financial position of Formis Group as at 31 March 2012 prepared in accordance with applicable approved Financial Reporting Standards in Malaysia and taking into consideration of the financial effect of the Corporate Proposals described above. Our responsibility is to form an opinion on the proforma consolidated statement of financial position and to report our opinion to you based on our work.

As the proforma consolidated statements of financial position of Formis Group have been prepared for illustrative purposes only, such information, because of its nature, may not reflect Formis Group's actual financial position. Further, such information does not predict Formis Group's future financial position.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information presented with their original form, discussing the proforma consolidated statements of financial position with the Board and the responsible officers of Formis, considering the evidence supporting the adjustments, and checking the bases adopted by the Board in the preparation of the proforma consolidated statements of financial position of Formis Group as at 31 March 2012.

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As disclosed in Note 2 of the proforma consolidated statements of financial position of Formis Group as at 31 March 2012, the financial impact, if any, on the adoption of the Malaysian Financial Reporting Standards ("MFRS") framework is not being taken into consideration in its preparation.

In our opinion:

(a) the proforma consolidated statement of financial position of Formis Group as at 31 March 2012 together with the notes and assumptions thereto, which are prepared for illustrative purposes only, have been properly prepared on the bases set out in the notes to the proforma consolidated statement of financial position and the accounting policies adopted by Formis Group as at 31 March 2012; and

(b) within the context of the assumed date of the Corporate Proposals:

   (i) the proforma consolidated statement of financial position has been prepared on such basis that is consistent with both the format of the audited consolidated financial statements and the accounting policies adopted by Formis Group as at 31 March 2012; and

   (ii) each material adjustment made in the preparation of the proforma consolidated statements of financial positions are appropriate for the purposes of preparing the proforma consolidated statements of financial position.

This report has been prepared for the information of the Board for purpose of inclusion in the Circular to Shareholders of Formis in respect of the Corporate Proposals as mentioned above. As such, this report is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully,

BDO

BDO
AF: 0206
Chartered Accountants

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FORMIS RESOURCES BERHAD (530701 - T)
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012

The Directors are pleased to present the Proforma Consolidated Statement of Financial Position as at 31 March 2012 incorporating proforma adjustments as highlighted in Note 2 below and assumptions thereon pursuant to Formis Resources Berhad's Par Value Reduction and Rights Issue with Warrants as described in Note 1 below.

Scenario 1 :Minimum scenario	Audited Consolidated Statement of Financial Position as at 31.3.2012 RM'000	After Par Value Reduction# RM'000	Proforma I After Par Value Reduction and Rights Issue with Warrants RM'000	Proforma II After Proforma I and assuming full exercise of Warrants RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	3,844	3,844	3,844	3,844
Investments in associates	19,209	19,209	19,209	19,209
Software development cost	1,752	1,752	1,752	1,752
Other investments	2,076	2,076	2,076	2,076
Investment properties	32	32	32	32
Other receivables, deposits and prepayments	13,056	13,056	13,056	13,056
Goodwill on consolidation	124,495	124,495	124,495	124,495
Deferred tax assets	858	858	858	858
Total non-current assets	165,322	165,322	165,322	165,322
CURRENT ASSETS				
Other investments	10,754	10,754	10,754	10,754
Inventories	14,378	14,378	14,378	14,378
Trade receivables	82,630	82,630	82,630	82,630
Other receivables, deposits and prepayments	36,146	36,146	36,146	36,146
Current tax assets	2,362	2,362	2,362	2,362
Deposits with licensed bank	53,488	53,488	53,488	53,488
Cash and bank balances	7,774	7,774	14,274	45,524
Total current assets	207,532	207,532	214,032	245,282
Assets of Disposal Group classified as held for sale				
Property, plant and equipment	3,500	3,500	3,500	3,500
TOTAL ASSETS	376,354	376,354	382,854	414,104

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22 APR 2013
BDO (AF0206)
Chartered Accountants
Kuala Lumpur

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FORMIS RESOURCES BERHAD (530701 - T)
PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

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Scenario 1 : Minimum scenario (continued)			Proforma I	Proforma II
	Audited Consolidated Statement of Financial Position as at 31.3.2012	After Par Value Reduction#	After Par Value Reduction and Rights Issue with Warrants	After Proforma I and assuming full exercise of Warrants
	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital				
Ordinary shares at par of RM1.00	185,900	-	-	-
Ordinary shares at par of RM0.50	-	92,950	155,450	186,700
Reserve				
Share premium	9,744	9,744	9,244	18,619
Exchange translation	286	286	286	286
(Accumulated losses)/ Retained Earnings	(17,151)	12,539	2,664	2,664
Capital reserves		63,260	63,260	63,260
Warrant reserve	-	-	9,375	-
	178,779	178,779	240,279	271,529
Non-controlling interests	15,003	15,003	15,003	15,003
Total equity	193,782	193,782	255,282	286,532
Non-current liabilities				
Lease creditors	14,223	14,223	14,223	14,223
Provision for post employment benefits	87	87	87	87
Deferred tax liabilities	767	767	767	767
Total non-current liabilities	15,077	15,077	15,077	15,077
Current liabilities				
Trade payables	22,649	22,649	22,649	22,649
Other payables, deposits and accruals	63,913	63,913	63,913	63,913
Borrowings	52,229	52,229	-	-
Bank overdraft	9,910	9,910	7,139	7,139
Lease creditors	14,519	14,519	14,519	14,519
Current tax payables	775	775	775	775
Total current liabilities	163,995	163,995	108,995	108,995
Liabilities of disposal group classified as held for sale				
Borrowings	3,500	3,500	3,500	3,500
TOTAL EQUITY AND LIABILITIES	376,354	376,354	382,854	414,104
Number of ordinary shares('000)	185,900	185,900	310,900	373,400
Net Assets (RM'000)	178,779	178,779	240,279	271,529
Net Assets per ordinary share	0.96	0.96	0.77	0.73

#The Par Value Reduction was completed on 4 March 2013 based on the Court Order dated 20 February 2013.

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FORMIS RESOURCES BERHAD (530701 - T)
PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

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Scenario 2: Maximum scenario			Proforma I	Proforma II	Proforma III
	Audited Consolidated Statement of Financial Position as at 31.3.2012	After Par Value Reduction#	After Par Value Reduction and full exercise of the Warrants 2011/2016	After Proforma I and Rights Issue with Warrants	After Proforma II and assuming full exercise of Warrants
	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3,844	3,844	3,844	3,844	3,844
Investments in associates	19,209	19,209	19,209	19,209	19,209
Software development cost	1,752	1,752	1,752	1,752	1,752
Other investments	2,076	2,076	2,076	2,076	2,076
Investment properties	32	32	32	32	32
Other receivables, deposits and prepayments	13,056	13,056	13,056	13,056	13,056
Goodwill on consolidation	124,495	124,495	124,495	124,495	124,495
Deferred tax assets	858	858	858	858	858
Total non-current assets	165,322	165,322	165,322	165,322	165,322
CURRENT ASSETS					
Other investments	10,754	10,754	10,754	10,754	10,754
Inventories	14,378	14,378	14,378	14,378	14,378
Trade receivables	82,630	82,630	82,630	82,630	82,630
Other receivables, deposits and prepayments	36,146	36,146	36,146	36,146	36,146
Current tax assets	2,362	2,362	2,362	2,362	2,362
Deposits with licensed bank	53,488	53,488	53,488	53,488	53,488
Cash and bank balances	7,774	7,774	110,019	172,144	241,857
Total current assets	207,532	207,532	309,777	371,902	441,615
Assets of Disposal Group classified as held for sale					
Property, plant and equipment	3,500	3,500	3,500	3,500	3,500
TOTAL ASSETS	376,354	376,354	478,599	540,724	610,437

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FORMIS RESOURCES BERHAD (530701 - T)
PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

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FORMIS RESOURCES BERHAD

Scenario 2: Maximum scenario (continued)

			Proforma I	Proforma II	Proforma III
	Audited Consolidated Statement of Financial Position as at 31.3.2012	After Par Value Reduction#	After Par Value Reduction and full exercise of the Warrants 2011/2016	After Proforma I and Rights Issue with Warrants	After Proforma II and assuming full exercise of Warrants
	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital					
Ordinary shares at par of RM1.00	185,900	-	-	-	-
Ordinary shares at par of RM0.50	-	92,950	139,425	278,850	348,563
Reserve					
Share premium	9,744	9,744	65,514	65,014	85,928
Exchange translation	286	286	286	286	286
(Accumulated losses)/ Retained Earnings	(17,151)	12,539	12,539	(8,875)	(8,875)
Capital reserves	-	63,260	63,260	63,260	63,260
Warrant reserve	-	-	-	20,914	-
	178,779	178,779	281,024	419,449	489,162
Non-controlling interests	15,003	15,003	15,003	15,003	15,003
Total equity	193,782	193,782	296,027	434,452	504,165
Non-current liabilities					
Lease creditors	14,223	14,223	14,223	14,223	14,223
Provision for post employment benefits	87	87	87	87	87
Deferred tax liabilities	767	767	767	767	767
Total non-current liabilities	15,077	15,077	15,077	15,077	15,077
Current liabilities					
Trade payables	22,649	22,649	22,649	22,649	22,649
Other payables, deposits and accruals	63,913	63,913	63,913	63,913	63,913
Borrowings	52,229	52,229	52,229	-	-
Bank overdraft	9,910	9,910	9,910	-	-
Lease creditors	14,519	14,519	14,519	358	358
Current tax payables	775	775	775	775	775
Total current liabilities	163,995	163,995	163,995	87,695	87,695
Liabilities of disposal group classified as held for sale					
Borrowings	3,500	3,500	3,500	3,500	3,500
TOTAL EQUITY AND LIABILITIES	376,354	376,354	478,599	540,724	610,437
Number of ordinary shares('000)	185,900	185,900	278,850	557,701	697,126
Net Assets (RM'000)	178,779	178,779	281,024	419,449	489,162
Net Assets per ordinary share	0.96	0.96	1.01	0.75	0.70

#The Par Value Reduction was completed on 4 March 2013 based on the Court Order dated 20 February 2013.

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FORMIS RESOURCES BERHAD (530701 - T)
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012

1. Corporate Proposals

The Corporate Proposal undertaken by Formis Resources Berhad ("Formis") is as follows:

(I) Renounceable rights issue of up to 278,850,298 new ordinary shares of RM0.50 each in the Company ("Formis Shares")("Rights Shares") together with up to 139,425,149 free detachable warrants ("Warrants") at an issue price of RM0.50 per Rights Share on the basis of two (2) Rights Shares together with one (1) free Warrant for every two (2) existing Formis Shares held after the Par Value Reduction ("Rights Issue With Warrants").

2. **Basis of preparation**

The proforma consolidated statement of financial position of Formis Group has been prepared for illustrative purposes only to provide information about the consolidated statement of financial position of Formis as at 31 March 2012 after incorporating the effect of Par Value Reduction completed on 4 March 2013 based on the Court Order dated 20 February 2013 and as if Rights Issue with Warrants stated in Note (II) above had been implemented and completed as of that date.

The proforma consolidated statement of financial position of Formis Group, for which the Board of Directors ("Board") is solely responsible, has been prepared using the audited financial statements of Formis Group for the financial year ended 31 March 2012 that have been prepared in accordance with applicable approved Financial Reporting Standards in Malaysia of which BDO, as statutory auditors, has expressed an unqualified opinion.

The proforma consolidated statement of financial position of Formis Group has been prepared in a manner consistent with both the format of the financial statements and the accounting policies of Formis Group as disclosed in Formis Group's audited consolidated financial statements for the financial year ended 31 March 2012, except for the adoption of the following new accounting policy:

Warrants reserve

Amount allocated in relation to the issuance of free Warrants are credited to a warrant reserve which is non-distributable. Warrant reserve is transferred to the share premium account upon the exercise of warrants and the warrant reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

Formis will apply the above new accounting policy prospectively and hence there is no financial impact on the audited consolidated statement of financial position as at 31 March 2012.

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB') announced the issuance of the new Malaysian Financial Reporting Standards ("MFRS") framework that is applicable to entities other than private entities.

Formis Group is expected to apply the MFRS framework for the financial year ending 31 March 2013. However, the financial impact on the adoption of the MFRS framework is not being taken into consideration in the preparation of the proforma consolidated statements of financial position as at 31 March 2012.

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2. Basis of preparation (continued)

2.1 Scenario 1: Minimum Scenario

Assuming none of the 92,950,099 existing Warrants 2011/2016 ("Outstanding Warrants") of Formis as at 31 March 2012 are exercised and the Rights Issue with Warrants is undertaken at a minimum level of subscription of 125,000,000 Rights Shares together with 62,500,000 Warrants ("Minimum Subscription Level").

Proforma I

Proforma I is arrived at after incorporating the effects of Par Value Reduction completed on 4 March 2013 and after the Rights Issue with Warrants.

The subscription of 125,000,000 Rights Shares would give rise to an increase of RM62,500,000 in the issued and paid-up share capital account.

Subscription and issuance of 125,000,000 Rights Shares with 62,500,000 Warrants at an issue price of RM0.50 per Rights Share to raise gross proceeds of RM62,500,000 on the basis of two (2) Rights Shares together with one (1) free Warrant for every two (2) existing ordinary shares of RM0.50 held in Formis.

The estimated expenses to be incurred for the Par Value Reduction and Rights Issue with Warrants amounted to RM1,000,000 and were assumed to be charged equally to share premium and retained earnings respectively.

The fair value assigned to the Warrants of RM0.15 each is determined using the Black-Scholes pricing model based on the following input data as at 16 April 2013:
(a) Theoretical ex-all price : RM0.5638
(b) Warrants exercise price : RM0.50
(c) Tenure of Warrants : Five (5) years from the date of issuance of the Warrants
(d) Volatility : Historical volatility extracted from Bloomberg of 35.1%

For the purpose of illustrating Proforma I, the Rights Shares and Warrants are recorded at the par value of RM0.50 per Rights Share and the fair value of RM0.15 per Warrant respectively.

Upon completion of the Rights Issue with Warrants, the issued and paid-up share capital of Formis will be increased to approximately RM155,450,000 and the share premium and retained earnings will be decreased to approximately RM9,244,000 and RM2,664,000 respectively. Correspondingly, there will be a creation of a warrant reserve of RM9,375,000 based on the fair value of RM0.15 per Warrant.

The proceeds arising from the Rights Issue with Warrants of RM62,500,000 are to be utilised as follows:

Proposed utilisation of proceeds	RM'000
Repayment of Formis Group's borrowings and bank overdraft that were outstanding as at 31 March 2012	55,000
Further investments in associate companies	3,705
Funding for corporate exercises	1,320
Working capital	1,475
Estimated expenses related to the Corporate Proposals	1,000
	62,500

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2. Basis of preparation (continued)

2.1 Scenario 1: Minimum Scenario (continued)

Proforma II

Proforma II is arrived at after Proforma I and assuming full exercise of the Warrants.

The exercise of 62,500,000 Warrants based on an exercise price of RM0.50 per Warrant. The exercise will generate total gross cash proceeds of RM31,250,000. Pursuant to the exercise of the 62,500,000 Warrants, 62,500,000 new Formis Shares will be issued and this will increase the issued and paid-up share capital and share premium account by RM31,250,000 and RM9,375,000 respectively with no additional expenses incurred. The warrant reserve of RM9,375,000 will be transferred to share premium account.

2.2 Scenario 2: Maximum Scenario

Assuming all Outstanding Warrants of Formis as at 31 March 2012 are exercised in full and the Right Issue with Warrants is undertaken in full subscription of 278,850,298 Right shares together with 139,425,149 warrants.

Proforma I

Proforma I is arrived at after incorporating the effects of Par Value Reduction completed on 4 March 2013 and incorporating the effects of the full exercise of all the Outstanding Warrants which will give rise to an increase in the issued and paid-up share capital account and share premium account of Formis of RM46,475,050 and RM55,770,059 respectively in the audited consolidated statement of financial position of Formis Group as at 31 March 2012.

Proforma II

Proforma II is arrived at after Proforma I and after the Rights Shares with Warrants.

The subscription of 278,850,298 Rights Shares would give rise to an increase of RM139,425,149 in the issued and paid-up share capital account.

Subscription and issuance of 278,850,298 Rights Shares with 139,425,149 Warrants at an issue price of RM0.50 per Rights Share to raise gross proceeds of RM139,425,149 on the basis of two (2) Rights Shares together with one (1) free Warrant for every two (2) existing ordinary shares of RM0.50 held in Formis.

The estimated expenses to be incurred for the Par Value Reduction and Rights Issue with Warrants amounted to RM1,000,000 and were assumed to be charged equally to share premium and retained earnings respectively.

The fair value assigned to the Warrants of RM0.15 each is determined using the Black-Scholes pricing model based on the following input data as at 16 April 2013:

(a) Theoretical ex-all price	: RM0.5638
(b) Warrants exercise price	: RM0.50
(c) Tenure of Warrants	: Five (5) years from the date of issuance of the Warrants
(d) Volatility	: Historical volatility extracted from Bloomberg of 35.1%

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2. Basis of preparation (continued)

2.2 Scenario 2: Maximum Scenario (continued)

Proforma II (continued)

For the purpose of illustrating Proforma II, the Rights Shares and Warrants are recorded at the par value of RM0.50 per Rights Share and the fair value of RM0.15 per Warrant respectively.

Upon completion of the Rights Issue with Warrants, the issued and paid-up share capital of Formis will be increased to approximately RM278,850,000 and the share premium will be decreased to approximately RM65,014,000 and resulted in accumulated losses of approximately RM8,875,000. Correspondingly, there will be a creation of a warrants reserve of approximately RM20,914,000 based on the fair value of RM0.15 per Warrant.

The utilisation of proceeds of RM139,425,000 from the Rights Issue with Warrants would be as follows:

Proposed utilisation of proceeds	RM'000
Repayment of Formis Group's borrowings, bank overdraft and lease creditors that were outstanding as at 31 March 2012	76,300
Further investments in associate companies	3,705
Funding for corporate exercises	41,195
Working capital	17,225
Estimated expenses related to the Corporate Proposals	1,000
	139,425

Proforma III

Proforma III is arrived at after Proforma II and assuming full exercise of the Warrants.

The exercise of 139,425,149 Warrants based on an exercise price of RM0.50 per Warrant. The exercise will generate total gross cash proceeds of RM69,712,575. Pursuant to the exercise of the 139,425,149 Warrants, 139,425,149 new Formis Shares will be issued and this will increase the issued and paid-up share capital and share premium account by approximately RM69,713,000 and RM20,914,000 respectively with no additional expenses incurred. The warrant reserve of approximately RM20,914,000 will be transferred to share premium account.

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PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

3 **Cash and cash equivalents**

The movements in the cash and cash equivalents of Formis Group are as follows:

3.1 **Scenario 1: Minimum Scenario**

	RM'000
As at 31 March 2012	7,774
Arising from the Par Value Reduction	-
	7,774
Arising from the Rights Issue with Warrants	62,500
Estimated expenses in relation to the Par Value Reduction and Rights Issue with Warrants	(1,000)
Repayment of borrowings	(55,000)
As per Proforma I	**14,274**
Arising upon full exercise of the Warrants	31,250
As per Proforma II	**45,524**

3.2 **Scenario 2: Maximum Scenario**

	RM'000
As at 31 March 2012	7,774
Arising from the Par Value Reduction	-
	7,774
Arising upon full exercise of the Outstanding Warrants	102,245
As per Proforma I	**110,019**
Arising from the Rights Issue with Warrants	139,425
Estimated expenses in relation to the Par Value Reduction and Rights Issue with Warrants	(1,000)
Repayment of borrowings	(76,300)
As per Proforma II	**172,144**
Arising upon full exercise of the Warrants	69,713
As per Proforma III	**241,857**

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PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

4 Share capital

The movements in the share capital of Formis Group are as follows:

4.1 Scenario 1: Minimum Scenario

	Ordinary shares of RM1.00 each		Ordinary shares of RM0.50 each	
	Unit ('000)	RM'000	Unit ('000)	RM'000
As at 31 March 2012	185,900	185,900	-	-
Arising from the Par Value Reduction	(185,900)	(185,900)	185,900	92,950
	-	-	185,900	92,950
Arising from the Rights Issue with Warrants	-	-	125,000	62,500
As per Proforma I	-	-	310,900	155,450
Arising upon full exercise of the Warrants	-	-	62,500	31,250
As per Proforma II	-	-	373,400	186,700

4.2 Scenario 2: Maximum Scenario

	Ordinary shares of RM1.00 each		Ordinary shares of RM0.50 each	
	Unit ('000)	RM'000	Unit ('000)	RM'000
As at 31 March 2012	185,900	185,900	-	-
Arising from the Par Value Reduction	(185,900)	(185,900)	185,900	92,950
	-	-	185,900	92,950
Arising upon full exercise of the Outstanding Warrants			92,950	46,475
As per Proforma I	-	-	278,850	139,425
Arising from the Rights Issue with Warrants	-	-	278,851	139,425
As per Proforma II	-	-	557,701	278,850
Arising upon full exercise of the Warrants	-	-	139,425	69,713
As per Proforma III	-	-	697,126	348,563

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5. **Share premium**

The movements in the share premium of Formis Group are as follows:

5.1 **Scenario 1: Minimum Scenario**

	RM'000
As at 31 March 2012	9,744
Arising from the Par Value Reduction	-
	9,744
Estimated expenses in relating to the Rights Issue with Warrants	(500)
As per Proforma I	**9,244**
Arising upon full exercise of the Warrants	9,375
As per Proforma II	**18,619**

5.2 **Scenario 2: Maximum Scenario**

	RM'000
As at 31 March 2012	9,744
Arising from the Par Value Reduction	-
	9,744
Arising upon full exercise of the Outstanding Warrants	55,770
As per Proforma I	**65,514**
Estimated expenses in relating to the Rights Issue with Warrants	(500)
As per Proforma II	**65,014**
Arising upon full exercise of the Warrants	20,914
As per Proforma III	**85,928**

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6. **Warrants reserve**

The movements in the warrant reserve of Formis Group are as follows:

6.1 **Scenario 1: Minimum Scenario**

	RM'000
As at 31 March 2012	-
Arising from the Par Value Reduction	-
	-
Arising from the Rights Issue with Warrants	9,375
As per Proforma I	**9,375**
Arising upon full exercise of the Warrants	(9,375)
As per Proforma II	-

6.2 **Scenario 2: Maximum Scenario**

	RM'000
As at 31 March 2012	-
Arising from the Par Value Reduction	-
	-
Arising upon the full exercise of the Outstanding Warrants	-
As per Proforma I	-
Arising from the Rights Issue with Warrants	20,914
As per Proforma II	**20,914**
Arising upon full exercise of the Warrants	(20,914)
As per Proforma III	-

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7. (Accumulated losses)/Retained earnings

The movements in the (accumulated losses)/retained earnings of Formis Group are as follows:

7.1 Scenario 1: Minimum Scenario

	RM'000
As at 31 March 2012	(17,151)
Arising from the Par Value Reduction	29,690
	12,539
Arising from the Rights Issue with Warrants	(9,375)
Estimated expenses in relation to Par Value Reduction	(500)
As per Proforma I	**2,664**
Arising upon full exercise of the Warrants	-
As per Proforma II	**2,664**

7.2 Scenario 2: Maximum Scenario

	RM'000
As at 31 March 2012	(17,151)
Arising from the Par Value Reduction	29,690
	12,539
Arising upon full exercise of the Outstanding Warrants	-
As per Proforma I	**12,539**
Arising from the Rights Issue with Warrants	(20,914)
Estimated expenses in relation to Par Value Reduction	(500)
As per Proforma II	**(8,875)**
Arising upon full exercise of the Warrants	-
As per Proforma III	**(8,875)**

8. **Borrowings, bank overdraft and lease creditors**

The movements in the borrowings, bank overdraft and lease creditors of Formis Group are as follows:

8.1 **Scenario 1: Minimum Scenario**

	RM'000
As at 31 March 2012	90,881
Arising from the Par Value Reduction	-
	90,881
Proceed from the Rights Issue with Warrants to repay borrowings	(55,000)
As per Proforma I	**35,881**
Arising upon full exercise of the Warrants	-
As per Proforma II	**35,881**

8.2 **Scenario 2: Maximum Scenario**

	RM'000
As at 31 March 2012	90,881
Arising from the Par Value Reduction	-
	90,881
Arising upon full exercise of the Outstanding Warrants	-
As per Proforma I	**90,881**
Proceed from the Rights Issue with Warrants to repay borrowings	(76,300)
As per Proforma II	**14,581**
Arising upon exercise of the Warrants	-
As per Proforma III	**14,581**

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PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Formis Resources Berhad in accordance with a resolution dated 22 April 2013.

....
Mah Xian-Zhen
Director

....
Monteiro Gerard Clair
Director

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Chartered Accountants
Kuala Lumpur

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50250 Kuala Lumpur
Malaysia

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FORMIS RESOURCES BERHAD

Report on the Financial Statements

We have audited the financial statements of Formis Resources Berhad, which comprise the statements of financial position as at 31 March 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 104.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2012 and of their financial performance and cash flows for the financial year then ended.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FORMIS RESOURCES BERHAD (continued)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 47 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and does not form part of the financial statements. The Directors are responsible for the preparation of such supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Ooi Thiam Poh
2495/01/14 (J)
Chartered Accountant

Kuala Lumpur
30 July 2012

FORMIS RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	3,844,039	4,593,015	395,154	250,823
Investments in subsidiaries	8	-	-	231,084,848	260,540,743
Investments in associates	9	19,208,870	-	-	-
Software development costs	10	1,752,206	2,731,740	-	-
Other investments	11	2,076,195	2,271,757	-	-
Investment property	12	32,265	32,265	-	-
Other receivables	13	13,055,516	6,591,340	-	-
Goodwill	14	124,494,839	127,494,839	-	-
Deferred tax assets	15	858,358	1,443,762	-	-
		165,322,288	145,158,718	231,480,002	260,791,566
Current assets					
Other investments	11	10,754,074	10,425,899	-	-
Inventories	16	14,378,033	18,808,712	-	-
Trade receivables	17	82,629,606	88,880,688	-	-
Other receivables, deposits and prepayments	13	36,146,513	32,701,560	9,342,751	382,671
Amounts owing by subsidiaries	18	-	-	2,440,240	1,714,681
Current tax assets		2,361,815	2,909,482	584,575	874,643
Cash and cash equivalents	19	61,262,039	80,745,478	203,049	138,643
		207,532,080	234,471,819	12,570,615	3,110,638
Assets of disposal groups classified as held for sale	20	3,500,000	74,000,000	-	-
TOTAL ASSETS		376,354,368	453,630,537	244,050,617	263,902,204

FORMIS RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2012 (continued)

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Parent					
Share capital	21	185,900,199	185,900,199	185,900,199	185,900,199
Reserves	22	10,030,397	9,778,593	9,744,296	9,744,296
Accumulated losses	22	(17,151,656)	(9,044,219)	(29,690,027)	(1,147,069)
		178,778,940	186,634,573	165,954,468	194,497,426
Non-controlling interests		15,002,668	19,768,471	-	-
TOTAL EQUITY		193,781,608	206,403,044	165,954,468	194,497,426
LIABILITIES					
Non-current liabilities					
Borrowings	23	14,222,803	42,116,871	197,207	34,906,864
Provision for post-employment benefits	34	87,345	-	-	-
Deferred tax liabilities	15	767,363	1,253,547	16,202	5,427
		15,077,511	43,370,418	213,409	34,912,291
Current liabilities					
Trade payables	27	22,649,232	32,905,660	-	-
Other payables, deposits and accruals	28	63,913,161	61,453,321	584,570	710,814
Amounts owing to subsidiaries	18	-	-	42,693,267	24,345,112
Borrowings	23	76,658,538	34,110,568	34,604,903	9,436,561
Current tax payables		774,318	1,387,526	-	-
		163,995,249	129,857,075	77,882,740	34,492,487
Liabilities of disposal groups classified as held for sale	20	3,500,000	74,000,000	-	-
TOTAL LIABILITIES		182,572,760	247,227,493	78,096,149	69,404,778
TOTAL EQUITY AND LIABILITIES		376,354,368	453,630,537	244,050,617	263,902,204

The accompanying notes form an integral part of the financial statements.

FORMIS RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Revenue	30	294,927,457	311,355,642	16,937,746	22,748,128
Changes in inventories		(3,494,440)	(3,677,802)	-	-
Purchases		(216,503,252)	(208,462,805)	-	-
Direct expenses		(7,039,119)	(16,333,625)	-	-
Other operating income		9,274,764	19,012,892	179,758	6,668,487
Depreciation and amortisation expenses		(2,059,250)	(2,345,922)	(132,849)	(93,567)
Employee benefits	35	(47,507,652)	(56,851,590)	(2,189,963)	(2,171,634)
Other operating expenses		(28,307,244)	(59,145,072)	(37,465,389)	(12,866,158)
Finance costs		(6,059,796)	(5,222,545)	(2,774,547)	(3,289,072)
Share of loss of associates		(1,369,465)	-	-	-
(Loss)/Profit before tax	31	(8,137,997)	(21,670,827)	(25,445,244)	10,996,184
Tax expense	32	(4,953,273)	(5,110,261)	(3,097,714)	(753,365)
(Loss)/Profit for the financial year		(13,091,270)	(26,781,088)	(28,542,958)	10,242,819
Other comprehensive income:					
Foreign currency translation for foreign operations		298,169	207,671	-	-
Share of foreign currency translation of associates		(28,335)	-	-	-
Other comprehensive income, net of tax for the financial year		269,834	207,671	-	-
Total comprehensive (loss)/income		(12,821,436)	(26,573,417)	(28,542,958)	10,242,819
(Loss)/Profit attributable to:					
Owners of the parent		(10,952,683)	(19,568,129)	(28,542,958)	10,242,819
Non-controlling interests		(2,138,587)	(7,212,959)	-	-
		(13,091,270)	(26,781,088)	(28,542,958)	10,242,819
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(10,700,879)	(19,424,864)	(28,542,958)	10,242,819
Non-controlling interests		(2,120,557)	(7,148,553)	-	-
		(12,821,436)	(26,573,417)	(28,542,958)	10,242,819
Loss per ordinary share attributable to owners of the parent:					
Basic (sen)	33	(5.89)	(10.53)		

The accompanying notes form an integral part of the financial statements.

FORMIS RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

Group	Note	<--- Attributable to owners of the parent --->						
		Ordinary share capital RM	Share premium RM	Exchange translation reserve RM	Retained earnings/ (Accumulated losses) RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 31 March 2010		185,900,199	9,744,296	(85,580)	24,466,425	220,025,340	6,470,158	226,495,498
Loss for the financial year		-	-	-	(19,568,129)	(19,568,129)	(7,212,959)	(26,781,088)
Foreign currency translation for foreign operations		-	-	143,265	-	143,265	64,406	207,671
Total comprehensive income/(loss)		-	-	143,265	(19,568,129)	(19,424,864)	(7,148,553)	(26,573,417)
Acquisition of subsidiaries	37	-	-	(23,388)	-	(23,388)	12,313,822	12,290,434
Arising from dilution of equity interest in subsidiaries		-	-	-	-	-	8,133,044	8,133,044
Dividend paid	36	-	-	-	(13,942,515)	(13,942,515)	-	(13,942,515)
Total transaction with owners		-	-	(23,388)	(13,942,515)	(13,965,903)	20,446,866	6,480,963
Balance as at 31 March 2011		185,900,199	9,744,296	34,297	(9,044,219)	186,634,573	19,768,471	206,403,044

FORMIS RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012 (continued)

Group	Note	<---------- Attributable to owners of the parent ----------				---------->		
		Ordinary share capital RM	Share premium RM	Exchange translation reserve RM	Retained earnings/ (Accumulated losses) RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 April 2011		185,900,199	9,744,296	34,297	(9,044,219)	186,634,573	19,768,471	206,403,044
Loss for the financial year		-	-	-	(10,952,683)	(10,952,683)	(2,138,587)	(13,091,270)
Foreign currency translation for foreign operations		-	-	280,139	-	280,139	18,030	298,169
Share of foreign currency translation of associates		-	-	(28,335)	-	(28,335)	-	(28,335)
Total comprehensive income/(loss)		-	-	251,804	(10,952,683)	(10,700,879)	(2,120,557)	(12,821,436)
Transaction with owners - arising from dilution of equity interest in a subsidiary		-	-	-	2,845,246	2,845,246	(2,645,246)	200,000
Balance as at 31 March 2012		185,900,199	9,744,296	286,101	(17,151,656)	178,778,940	15,002,668	193,781,608

FORMIS RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012 (continued)

	Note	Ordinary share capital RM	Share premium RM	Retained earnings/ (Accumulated losses) RM	Total equity RM
Company					
Balance as at 31 March 2010		185,900,199	9,744,296	2,552,627	198,197,122
Profit for the financial year		-	-	10,242,819	10,242,819
Total comprehensive income		-	-	10,242,819	10,242,819
Transaction with owners - dividends	36		-	(13,942,515)	(13,942,515)
Balance as at 31 March 2011		185,900,199	9,744,296	(1,147,069)	194,497,426
Loss for the financial year		-	-	(28,542,958)	(28,542,958)
Total comprehensive loss		-	-	(28,542,958)	(28,542,958)
Balance as at 31 March 2012		185,900,199	9,744,296	(29,690,027)	165,954,468

FORMIS RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(8,137,997)	(21,670,827)	(25,445,244)	10,996,184
Adjustments for:					
Amortisation of:					
- MUNIF transaction costs		150,180	184,616	150,180	184,616
- software development costs	10	674,407	550,616	-	-
Bad debts written off		2,069,633	450,240	-	-
Depreciation of property, plant and equipment	7	1,384,843	1,795,306	132,849	93,567
Dividend income from:					
- a subsidiary		-	-	(13,811,746)	(17,542,515)
- other investments		(75,866)	(409,102)	-	-
Net (gain)/loss on fair value adjustment on					
-other investments		288,798	481,778	-	-
- trade receivables		(198,566)	386,674	-	-
Gain on dilution of equity interest in subsidiaries		-	(9,221,312)	-	-
Loss/(Gain) on disposal of:					
- other investments		6,260	(1,259,100)	-	-
- property, plant and equipment		181,086	169,824	35,724	-
- subsidiary	39	674,100	-	29,455,894	-
Impairment loss on:					
- goodwill	14	3,000,000	33,095,016	-	-
- investment in subsidiaries		-	-	-	10,773,929
- trade receivables	17	3,588,715	4,243,687	-	-
Interest expense		5,741,039	4,786,066	2,622,818	3,103,115
Interest income		(1,820,909)	(1,522,783)	(19,008)	(31,037)
Inventories written down		420,413	-	-	-
Inventories written off		568,782	349,515	-	-
Inventories written down no longer required		(52,956)	(510,138)	-	-
Property, plant and equipment written off	7	517,722	697,252	-	1
Provision for post-employment benefits	34	87,345	-	-	-
Share of loss of associates		1,369,465	-	-	-
Software development costs written off	10	305,127	-	-	-
Reversal of impairment loss on trade receivables	17	(2,083,463)	(1,230,401)	-	-
Unrealised loss / (gain) on foreign currency exchange		180,144	(1,167,920)	-	-
Reversal of waiver of amount owing to a subsidiary		-	-	6,439,700	-
Waiver of amount owing to a subsidiary		-	-	-	(6,439,700)
Operating profit/(loss) before working capital changes		8,838,302	10,199,007	(438,833)	1,138,160

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(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012 (continued)

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Increase in software development costs	10	-	(623,711)	-	-
Decrease in inventories		3,494,440	3,677,802	-	-
Decrease in trade receivables		2,957,040	15,075,977	-	-
(Increase)/Decrease in other receivables, deposits and prepayments		(10,737,880)	(557,722)	39,920	21,552
Net increase in amounts owing to subsidiaries		-	-	11,182,896	6,323,944
Decrease in trade payables		(10,507,817)	(13,732,464)	-	-
Increase/(Decrease) in other payables, deposits and accruals		2,878,484	3,660,123	(126,244)	267,327
Cash (used in)/generated from operations		(3,077,431)	17,699,012	10,657,739	7,750,983
Interest received from overdue accounts		-	293	-	-
Tax paid		(5,829,397)	(4,227,338)	(3,487,184)	(6,000)
Tax refunded		870,376	1,412,094	690,313	956,545
Net cash (used in)/from operating activities		(8,036,452)	14,884,061	7,860,868	8,701,528
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of associates		(20,550,000)	-	-	-
Acquisition of subsidiaries	37	-	5,072,984	-	-
Disposal of subsidiary, net of cash	39	(13,627)	-	1	-
Dividend received		75,364	19,173	4,811,746	2,700,000
Interest received		1,820,909	1,522,490	19,008	31,037
Placement of deposits pledged		(684,849)	(1,785,583)	-	-
Proceeds from disposal of development properties		70,500,000	-	-	-
Proceeds from disposal of other investments		2,572,330	2,068,329	-	-
Proceeds from disposal of property, plant and equipment		508,584	184,740	118,000	-
Purchase of other investments		(3,000,000)	(6,509,300)	-	-
Purchase of property, plant and equipment	7(a)	(1,342,697)	(1,642,004)	(130,904)	(2,533)
Net cash from/(used in) investing activities		49,886,014	(1,069,171)	4,817,851	2,728,504

FORMIS RESOURCES BERHAD 19

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012 (continued)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Issuance of share capital to non-controlling interest of a subsidiary		200,000	-	-	-
Repayments of borrowings		(55,479,326)	(10,829,119)	-	-
Interest paid		(5,741,039)	(4,786,066)	(2,622,818)	(3,103,115)
Drawdowns/(Repayments) of hire purchase creditors		10,493,457	(4,847,537)	(47,268)	-
Repayments of MUNIF Notes		(9,944,227)	(9,896,137)	(9,944,227)	(9,896,137)
Net cash used in financing activities		(60,471,135)	(30,358,859)	(12,614,313)	(12,999,252)
Net (decrease)/increase in cash and cash equivalents		(18,621,573)	(16,543,969)	64,406	(1,569,220)
Cash and cash equivalents at beginning of financial year					
As previously reported		53,934,045	70,274,665	138,643	1,707,863
Effect of changes in exchange rates		19,468	203,349	-	-
		53,953,513	70,478,014	138,643	1,707,863
Cash and cash equivalents at end of financial year	19(c)	35,331,940	53,934,045	203,049	138,643

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2012

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at 16th Floor, KH Tower, 8, Lorong P. Ramlee, 50250 Kuala Lumpur.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 30 July 2012.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia. However, the supplementary information set out in Note 47 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represents the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the parent. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at either fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Group has applied the revised FRS 3 Business Combinations in accounting for business combinations from 1 January 2011 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 Financial Instruments: Recognition and Measurement or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

4.3 Business combinations

<u>Business combinations from 1 January 2011 onwards</u>

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 Share-based Payment at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Business combinations from 1 January 2011 onwards (continued)

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elected to recognise non-controlling interest in the acquiree on the date of acquisition at the non-controlling interest's proportionate share of the acquiree's net identifiable assets for each individual business combination.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.8 (a). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 January 2011

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 4.8.a to the financial statements on goodwill). If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefit associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced will be derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Computer equipment and software	20% to 33.3%
Office equipment, furniture and fittings	10% to 20%
Renovation	10% to 20%
Motor vehicles	20%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Lease and hire purchase

(a) Finance lease and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating lease

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

4.6 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at cost less any accumulated depreciation and any impairment losses.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of building. Freehold land is not depreciated.

Investment properties are derecognised when either they have been disposed off or when they are permanently withdrawn from use and no future economic benefits is expected from their disposal. The gain or loss arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4.7 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company have power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investments (continued)

(a) Subsidiaries (continued)

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. The investments in associates in the consolidated statement of financial position are initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investments.

The interest in the associates are the carrying amount of the investments in the associates under the equity method together with any long-term interest that, in substance, form part of the Group's net interest in the associates.

The Group's share of the profit or loss of the associates during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associates reduce the carrying amount of the investments. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associates arising from changes in the associates' equity that have not been recognised in the associates' profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investments (continued)

(b) Associates (continued)

When the Group's share of losses in the associates equals to or exceeds its interest in the associates, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associates are used by the Group in applying the equity method. Where the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting period is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

Upon disposal of an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4.8 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the Group's share of the net fair value of net assets of the associate's identifiable assets, liabilities and contingent liabilities at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Intangible assets (continued)

(b) Other intangible assets

Software development costs

Software development costs comprise salaries of personnel involved in development projects. Software development costs are charged to the profit or loss in the financial year in which it is incurred except for that relating to specific projects intended for commercial exploitation where it is expected to generate future economic benefits and can reasonably be recovered from related future revenue. Such development expenditure is amortised on a straight-line method over a period of four (4) years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

4.9 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and associates), inventories, deferred tax assets and assets of disposal groups classified as held for sale, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Impairment of non-financial assets (continued)

The impairment loss is recognised in the profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss on other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

4.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of computer hardware, software and spare parts are determined on a specific identification basis while costs of other inventories are determined on the first-in-first-out basis. Cost of inventories comprises the original cost of purchase plus direct expenses incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (continued) 30

4.11 Financial instruments (continued)

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristic and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in statements of comprehensive income as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in statements of comprehensive income when the financial assets are derecognised or impaired, and through the amortisation process.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(a) Financial assets (continued)

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in statements of comprehensive income when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss except for the investments or financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which shall be measured at cost.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in statements of comprehensive income. However, interest calculated using the effective interest method is recognised in statements of comprehensive income whilst dividends on available-for-sale equity instruments are recognised in statements of comprehensive income when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(a) Financial assets (continued)

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as fair value through profit or loss are recognised in statements of comprehensive income. Net gains or losses on financial liabilities classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in statements of comprehensive income when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(b) Financial liabilities (continued)

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the parent at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued) 34

4.11 Financial instruments (continued)

(c) Equity (continued)

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.12 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loan and receivables are reduced through use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Impairment of financial assets (continued)

(b) Available-for-sale financial assets (continued)

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing cost is recognised in profit or loss in the period in which they are incurred.

4.14 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by a foreign subsidiary or associate on distributions to the Group and Company, and real property gains taxes payable on disposal of properties.

Taxes in the statements of comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

4. SIGNIFICANT ACCOUNTING POLICIES (continued) 36

4.14 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax will be recognised as income or expense and include in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

4.15 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Provisions (continued)

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

4.17 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group and the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Employee benefits (continued)

(c) Defined benefit plan

The Group operates an unfunded defined benefit plan for eligible employees of the Group. The amount recognised as a liability in respect of the defined benefit plan is the present value of the defined benefit obligations at the end of the reporting period adjusted for unrecognised actuarial gains and losses and unrecognised past service cost.

The Group determines the present value of the defined benefit obligations with sufficient regularity such as the amounts recognised in the financial statements do not differ materially from the amount that would be determined at the end of the reporting period.

The present value of the defined benefit obligations and the related current services cost and past services cost are determined using the projected unit credit method. The rate used to discount the obligations is based on market yields at the end of the reporting period of government securities which have currency and terms consistent with the currency and estimated terms of the obligations.

Actuarial gains and losses may result from changes in the present value of the defined benefits obligations. They are recognised under other comprehensive income over the expected average remaining working lives of the employees participating in that plan when the net cumulative unrecognised actuarial gains and losses exceed the 10% of the present value of the defined benefits obligations at that date.

(d) Termination benefits

Termination benefits are payments due to employees as a result of the termination of employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are recognised as a liability and an expense when the Group has a detailed formal plan for termination with no realistic possibility of withdrawal. In the case of voluntary redundancy, the benefits are accounted for based on the number of employees expected to accept the offer.

Where termination benefits fall due more than twelve (12) months after the reporting period, they are discounted to present value based on market yields at the end of the reporting period of government securities, which have currency and terms consistent with the currency and estimated terms of the obligations.

4.18 Foreign currency conversion and translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Foreign currency conversion and translation (continued)

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into the relevant functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into the relevant functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statements of comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed off or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

4.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Revenue recognition (continued)

(b) Contract works

Revenue from contract works for computer support facilities is recognised in the profit or loss based on the stage of completion which is determined based on the contract costs incurred for work performed to date in proportion to the estimated total contract costs.

(c) Services

Revenue from maintenance and software support contract is allocated evenly throughout the period of contracts. Income for the expired period is recognised in the profit or loss on accrual basis and income relating to the unexpired period is carried forward as unearned revenue.

(d) Rental income and management fees

Rental income and management fees are recognised on an accrual basis unless collectibility is in doubt.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Interest income

Interest income is recognised as it accrues, using the effective interest method.

4.20 Non-current assets (or disposal groups) held for sale and discontinued operations

(a) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets (or disposal groups) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets (or disposal groups) from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets (or disposal groups).

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale or otherwise.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Non-current assets (or disposal groups) held for sale and discontinued operations (continued)

(a) Non-current assets (or disposal groups) held for sale (continued)

Immediately before the initial classification as held for sale, the carrying amounts of the non-current assets (or all the assets and liabilities in disposal groups) are measured in accordance with applicable FRSs. On initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets and financial assets carried at fair value) are measured at the lower of carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in the profit or loss as impairment loss.

The Group measures a non-current asset (or disposal group) classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute.

Non-currents assets (or disposal groups) held for sale are classified as current assets (and current liabilities, in the case of non-current liabilities included within disposal groups) on the face of the statements of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current assets (or disposal groups) classified as held for sale is presented separately.

If the Group has classified an asset (or disposal group) as held for sale but subsequently the criteria for classification is no longer met, the Group ceases to classify the asset (or disposal group) as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

(i) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale; and

(ii) its recoverable amount at the date of the subsequent decision not to sell.

(b) Discontinued operations

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed off and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose off a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued operation, the comparative statements of comprehensive income is restated as if the operation had been discontinued from the start up of the comparative period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:

   (i) the combined reported profit of all operating segments that did not report a loss; and

   (ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (continued) 43

4.22 Earnings per share

Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

5. ADOPTION OF NEW FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS

5.1 New Financial Reporting Standards ('FRSs'), Amendments to FRSs and IC Interpretations adopted during the financial year

During the current financial year, the Group adopted the following new FRSs, Amendments to FRSs and IC interpretations:

New/Revised FRSs, Amendments to FRSs and IC Interpretations		**Effective for financial periods beginning on or after**
FRS 1	*First-time Adoption of Financial Reporting Standards (revised)*	1 July 2010
FRS 3	*Business Combinations*	1 July 2010
FRS 127	*Consolidation and Separate Financial Statements*	1 July 2010
Amendments to FRS 2	*Share-based Payments*	1 July 2010
Amendments to FRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	1 July 2010
Amendments to FRS 138	*Intangible Assets*	1 July 2010
IC Interpretation 12	*Service Concession Arrangements*	1 July 2010
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*	1 July 2010
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*	1 July 2010
Amendments to IC Interpretation 9	*Reassessment of Embedded derivatives*	1 July 2010
Amendment to FRS 1	*Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and additional exemptions for first-time adopters*	1 January 2011

5. ADOPTION OF NEW FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS (continued)

5.1 New Financial Reporting Standards ('FRSs'), Amendments to FRSs and IC Interpretations adopted during the financial year (continued)

During the current financial year, the Group adopted the following new FRSs, Amendments to FRSs and IC interpretations (continued):

New/Revised FRSs, Amendments to FRSs and IC Interpretations		**Effective for financial periods beginning on or after**
Amendments to FRS 1	*Additional Exemptions for First-time Adopters*	1 January 2011
Amendments to FRS 2	*Group Cash-settled Share-based Payment Transactions*	1 January 2011
Amendments to FRS 7	*Improving Disclosures about Financial Instruments*	1 January 2011
IC Interpretation 4	*Determining whether an Arrangement contains a Lease*	1 January 2011
Amendments to IC Interpretation 14 FRS 119	*Prepayments of a Minimum Funding Requirement*	1 July 2011
IC Interpretation 18	*Transfers of Assets from Customers*	1 January 2011
IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011
<u>Improvements to FRSs (2010)</u>		
Amendments to FRS 1	*First-time Adoption of Financial Reporting Standards*	1 January 2011
Amendments to FRS 3	*Business Combination*	1 January 2011
Amendments to FRS 7	*Financial Instruments: Disclosures*	1 January 2011
Amendments to FRS 101	*Presentation of Financial Statements*	1 January 2011
Amendments to FRS 121	*The Effects of Changes in Foreign Exchange Rates*	1 January 2011
Amendments to FRS 128	*Investments in Associates*	1 January 2011
Amendments to FRS 131	*Interest in Joint Ventures*	1 January 2011
Amendments to FRS 132	*Financial Instruments: Presentation*	1 January 2011
Amendments to FRS 134	*Interim Financial Reporting*	1 January 2011
Amendments to FRS 139	*Financial Instruments: Recognition and Measurement*	1 January 2011
Amendments to IC Interpretation 13	*Customer Loyalty Programmes*	1 January 2011

There is no impact upon adoption of the above new FRSs, Amendments to FRSs and IC Interpretations during the current financial year.

5. ADOPTION OF NEW FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS (continued)

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB') announced the issuance of the new MFRS framework that is applicable to entities other than private entities.

The Group is expected to apply the MFRS framework for the financial year ending 31 March 2013.

This would result in the Group preparing an opening MFRS statement of financial position as at 1 April 2011 which adjusts for differences between the classification and measurement bases in the existing FRS framework versus that in the new MFRS framework. This would also result in a restatement of the financial performance for the financial year ended 31 March 2012 in accordance with MFRS which would form the MFRS comparatives for the financial year ending 31 March 2013.

The MFRSs, Amendments to MFRSs and IC Interpretations expected to be adopted are as follows:

MFRSs, Amendments to MFRSs and IC Interpretations		**Effective for financial periods beginning on or after**
MFRS 1	*First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2012
MFRS 2	*Share-based Payment*	1 January 2012
MFRS 3	*Business Combinations*	1 January 2012
MFRS 4	*Insurance Contracts*	1 January 2012
MFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	1 January 2012
MFRS 6	*Exploration for and Evaluation of Mineral Resources*	1 January 2012
MFRS 7	*Financial Instruments: Disclosures*	1 January 2012
MFRS 8	*Operating Segments*	1 January 2012
MFRS 9	*Financial Instruments*	1 January 2015
MFRS 10	*Consolidated Financial Statements*	1 January 2013
MFRS 11	*Joint Arrangements*	1 January 2013
MFRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13	*Fair Value Measurement*	1 January 2013
MFRS 101	*Presentation of Financial Statements*	1 January 2012
Amendments to MFRS 101	*Presentation of Item of Other Comprehensive Income*	1 July 2012
MFRS 102	*Inventories*	1 January 2012
MFRS 107	*Statement of Cash Flows*	1 January 2012
MFRS 108	*Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2012
MFRS 110	*Events After the Reporting Period*	1 January 2012
MFRS 111	*Construction Contracts*	1 January 2012
MFRS 112	*Income Taxes*	1 January 2012
MFRS 116	*Property, Plant and Equipment*	1 January 2012
MFRS 117	*Leases*	1 January 2012
MFRS 118	*Revenue*	1 January 2012
MFRS 119	*Employee Benefits*	1 January 2012
MFRS 119	*Employee Benefits (revised)*	1 January 2013
MFRS 120	*Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2012

5. ADOPTION OF NEW FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS (continued)

5.2 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

The MFRSs, Amendments to MFRSs and IC Interpretations expected to be adopted are as follows (continued):

MFRSs, Amendments to MFRSs and IC Interpretations		**Effective for financial periods beginning on or after**
MFRS 121	*The Effects of Changes in Foreign Exchange Rates*	1 January 2012
MFRS 123	*Borrowing Costs*	1 January 2012
MFRS 124	*Related Party Disclosures*	1 January 2012
MFRS 126	*Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127	*Consolidated and Separate Financial Statements*	1 January 2012
MFRS 127	*Separate Financial Statements*	1 January 2012
MFRS 128	*Investments in Associates*	1 January 2012
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2013
MFRS 129	*Financial Reporting in Hyperinflationary Economies*	1 January 2012
MFRS 131	*Interests in Joint Ventures*	1 January 2012
MFRS 132	*Financial Instruments: Presentation*	1 January 2012
MFRS 133	*Earnings Per Share*	1 January 2012
MFRS 134	*Interim Financial Reporting*	1 January 2012
MFRS 136	*Impairment of Assets*	1 January 2012
MFRS 137	*Provisions, Contingent Liabilities and Contingent Assets*	1 January 2012
MFRS 138	*Intangible Assets*	1 January 2012
MFRS 139	*Financial Instruments: Recognition and Measurement*	1 January 2012
MFRS 140	*Investment Property*	1 January 2012
MFRS 141	*Agriculture*	1 January 2012
Improvements to MFRSs (2008)		1 January 2012
Improvements to MFRSs (2009)		1 January 2012
Improvements to MFRSs (2010)		1 January 2012
Amendments to MFRS 1 *Government Loans*		1 January 2013
Amendments to MFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities		1 January 2013
Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities		1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures		1 January 2015
IC Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4	*Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5	*Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012
IC Interpretation 6	*Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2012

5. ADOPTION OF NEW FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS (continued)

5.2 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

The MFRSs, Amendments to MFRSs and IC Interpretations expected to be adopted are as follows (continued):

MFRSs, Amendments to MFRSs and IC Interpretations		**Effective for financial periods beginning on or after**
IC Interpretation 7	*Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*	1 January 2012
IC Interpretation 9	*Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10	*Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12	*Service Concession Arrangements*	1 January 2012
IC Interpretation 13	*Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14	*MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012
IC Interpretation 15	*Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*	1 January 2012
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*	1 January 2012
IC Interpretation 18	*Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
IC Interpretation 107	*Introduction of the Euro*	1 January 2012
IC Interpretation 110	*Government Assistance - No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 112	*Consolidation - Special Purpose Entities*	1 January 2012
IC Interpretation 113	*Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	1 January 2012
IC Interpretation 115	*Operating Leases - Incentives*	1 January 2012
IC Interpretation 125	*Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2012
IC Interpretation 129	*Service Concession Arrangements : Disclosures*	1 January 2012
IC Interpretation 131	*Revenue - Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132	*Intangible Assets - Web Site Costs*	1 January 2012

Technical Release 3 *Guidance on Disclosures of Transition to IFRSs* ('TR 3') provides voluntary disclosure requirements on the potential impact of adoption of MFRSs. However, the Group is in the process of preparing the opening statement of financial position and the effects of adoption would be presented and disclosed in the financial statements for the financial year ending 31 March 2013.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Critical judgements made in applying accounting policies

The following are the critical judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amount recognised in the financial statements:

(a) Disposal groups held for sale

Certain non-current assets and liabilities have been classified as disposal groups held for sale as the management has committed to a plan to sell the assets and liabilities as at the end of the reporting period. Barring any unforeseen circumstances, the Group expects that the sale of the assets and liabilities to be completed within the next twelve (12) months.

(b) Contingent liabilities

The determination of treatment of contingent liabilities is based on Directors' and management's view of the expected outcome of the contingencies, after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of the business.

6.2 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 14 to the financial statements.

(b) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within the period as disclosed in Note 4.4 to the financial statements. These are common life expectancies applied in the industry in which the Group operates. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the tax losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.2 Key sources of estimation uncertainty (continued)

(d) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(e) Impairment of investments

The investments in subsidiaries and associates are assessed for impairment when there is an indication of impairment. Such assessment requires the Directors to make estimates of the recoverable amounts. Impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell and its value in use. The Directors believe that the estimates of the recoverable amounts are reasonable.

(f) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where actual differ from the original estimates, the differences will impact the carrying amount of inventories.

(g) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

(h) Impairment of receivables

The Group makes impairment of receivables on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amount may not be recoverable. Judgement is required to evaluate the adequacy of impairment of receivables, including review of credit worthiness and the past collection history of each receivable. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(i) Software development costs

The software development costs are carried at cost less amortisation and are assessed for any indication that the asset may be impaired. This requires an estimation of the value-in-use of the software development costs. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the software development and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Impairment loss will be recognised in profit or loss when the estimated value-in-use is lower than the carrying amount of the software development costs. Where the actual recoverable amount based on value-in-use differs from the estimate, additional impairment loss could be charged in the future.

7. PROPERTY, PLANT AND EQUIPMENT

Group

2012	**Balance as at 1.4.2011 RM**	**Additions RM**	**Written off RM**	**Disposals RM**	**Depreciation charge for the financial year RM**	**Translation adjustments RM**	**Balance as at 31.3.2012 RM**
Carrying amount							
Computer equipment and software	2,226,738	432,854	(183,785)	(13,734)	(757,244)	(4,444)	1,700,385
Office equipment, furniture, fittings and renovation	1,054,977	526,932	(333,937)	(43)	(334,159)	5,006	918,776
Motor vehicles	1,311,300	882,911	-	(675,893)	(293,440)	-	1,224,878
	4,593,015	1,842,697	(517,722)	(689,670)	(1,384,843)	562	3,844,039

	<---- As at 31.3.2012 ---->		
	Cost RM	**Accumulated depreciation RM**	**Carrying amount RM**
Computer equipment and software	13,592,937	(11,892,552)	1,700,385
Office equipment, furniture, fittings and renovation	5,059,577	(4,140,801)	918,776
Motor vehicles	2,338,031	(1,113,153)	1,224,878
	20,990,545	(17,146,506)	3,844,039

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

2011	**Balance as at 1.4.2010 RM**	**Additions RM**	**Acquisition of subsidiaries RM**	**Written off RM**	**Disposals RM**	**Depreciation charge for the financial year RM**	**Translation adjustments RM**	**Balance as at 31.3.2011 RM**
Carrying amount								
Computer equipment and software	1,344,284	1,440,456	675,938	(17,594)	(34,925)	(1,181,689)	268	2,226,738
Office equipment, furniture, fittings and renovation	1,222,255	292,155	942,994	(679,657)	(274,297)	(450,622)	2,149	1,054,977
Motor vehicles	1,467,495	-	52,143	(1)	(45,342)	(162,995)	-	1,311,300
	4,034,034	1,732,611	1,671,075	(697,252)	(354,564)	(1,795,306)	2,417	4,593,015

	<------ As at 31.3.2011		------>
	Cost RM	**Accumulated depreciation RM**	**Carrying amount RM**
Computer equipment and software	15,075,544	(12,848,806)	2,226,738
Office equipment, furniture, fittings and renovation	5,787,234	(4,732,257)	1,054,977
Motor vehicles	3,023,008	(1,711,708)	1,311,300
	23,885,786	(19,292,771)	4,593,015

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

2012	Balance as at 1.4.2011 RM	Additions RM	Disposal RM	Depreciation charge for the financial year RM	Balance as at 31.3.2012 RM
Carrying amount					
Computer equipment and software	5,419	904	-	(3,409)	2,914
Office equipment, furniture and fittings	81,604	-	-	(34,016)	47,588
Motor vehicles	163,800	430,000	(153,724)	(95,424)	344,652
	250,823	430,904	(153,724)	(132,849)	395,154

	<------------ As at 31.3.2012 ------------>		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computer equipment and software	111,556	(108,642)	2,914
Office equipment, furniture and fittings	272,536	(224,948)	47,588
Motor vehicles	430,000	(85,348)	344,652
	814,092	(418,938)	395,154

Company

2011	Balance as at 1.4.2010 RM	Addition RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.3.2011 RM
Carrying amount					
Computer equipment and software	7,318	2,533	-	(4,432)	5,419
Office equipment, furniture and fittings	115,739	-	-	(34,135)	81,604
Motor vehicles	218,801	-	(1)	(55,000)	163,800
	341,858	2,533	(1)	(93,567)	250,823

	<------------ As at 31.3.2011 ------------>		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computer equipment and software	110,652	(105,233)	5,419
Office equipment, furniture and fittings	272,536	(190,932)	81,604
Motor vehicles	604,573	(440,773)	163,800
	987,761	(736,938)	250,823

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Purchase of property, plant and equipment	1,842,697	1,732,611	430,904	2,533
Financed by hire purchase and lease arrangements	(500,000)	(90,607)	(300,000)	-
Cash payments on purchase of property, plant and equipment	1,342,697	1,642,004	130,904	2,533

(b) Included in property, plant and equipment of the Group and the Company are assets acquired under hire purchase and lease arrangements with a net book value of RM936,609 and RM344,652 (2011: RM791,088 and RM nil) respectively.

8. INVESTMENTS IN SUBSIDIARIES

	Company 2012 RM	Company 2011 RM
Unquoted equity shares, at cost	247,911,277	277,367,172
Less: Accumulated impairment losses	(16,826,429)	(16,826,429)
	231,084,848	260,540,743

The details of the subsidiaries are as follows:

Name of Company	Interest in equity held by Company 2012 %	Company 2011 %	Subsidiaries 2012 %	Subsidiaries 2011 %	Principal Activities
Applied Business Systems Sdn. Bhd. ("ABS")	100	100	-	-	Distribution and maintenance of computer equipment and software
Man Yau Holdings Berhad ("MYHB")	100	100	-	-	Investment holding
Continuous Network Advisers Sdn. Bhd. ("CNA")	100	100	-	-	Provision of data communication, networking, integration of computer systems and maintenance support for related activities

8. INVESTMENTS IN SUBSIDIARIES (continued)

Name of Company	Interest in equity held by Company 2012 %	Company 2011 %	Subsidiaries 2012 %	Subsidiaries 2011 %	Principal Activities
Formis Holdings Berhad ("FHB")	100	100	-	-	Investment holding
Formis Systems & Technology Sdn. Bhd. ("FST")	100	100	-	-	Distribution and maintenance of computer hardware and software
Dynamic Concept Resources Sdn. Bhd. ("DCR")	100	100	-	-	Dormant
Continuous Network Services Sdn. Bhd. ("CNS")	100	100	-	-	Inactive
FORMIS BASS Software Sdn. Bhd. ("FBS")	- (i)	100	-	-	Development of application software, system integration services and the provision of hardware and software maintenance services
Subsidiaries of MYHB					
Formis e Solutions Sdn. Bhd. ("FES")	-	-	100	100	Development of application software, system integration services and the provision of hardware and software maintenance services
Formis Software & Technologies Sdn. Bhd. ("FSTECH")	-	-	100	100	Development of application software, system integration services and the provision of hardware and software maintenance services
Nostalgic Properties Sdn. Bhd. ("NPSB")	-	-	100	100	Property development
Channel Legacy Sdn. Bhd. ("CLSB")	-	-	60	60	Inactive
^ Formis Advanced Systems Sdn. Bhd. ("FAS")	-	-	60	100	Provision of information technology services in terms of hardware, software, consultancy and maintenance

8. INVESTMENTS IN SUBSIDIARIES (continued)

Name of Company	Interest in equity held by Company 2012 %	Company 2011 %	Subsidiaries 2012 %	Subsidiaries 2011 %	Principal Activities
Subsidiaries of FHB					
Formis Computer Services Sdn. Bhd. ("FCS")	-	-	100	100	Provision of computer technology and maintenance of computer hardware and software
†Diversified Gateway Solutions Berhad (formerly known as ISS Consulting Solutions Berhad) ("DGSB")	-	-	59.6	59.6(ii)	Investment holding
Formis Media Teknologi Sdn. Bhd. ("FMT")	-	-	65	65	Provision of solutions and services to multimedia industry focusing on the broadcasting and production industry
#PT Formis Solusi Indonesia (Incorporated in the Republic of Indonesia) ("PTFSI")	-	-	100	100	Inactive
First Solution Sdn. Bhd. ("FIRST")	-	-	51	51	Distribution and maintenance of computer hardware and software
Formis Software Dynamics Sdn. Bhd. ("FSD")	-	-	100	100	Inactive
Formis Development Sdn. Bhd. (formerly known as Formis Computer & Communication Sdn. Bhd.) ("FDSB")	-	-	100	100	Inactive
Formis International Limited (Incorporated in the Federal Territory of Labuan) ("FIL")	-	-	100	100	Inactive
Tera Asia Pacific Sdn. Bhd. ("TAP")	-	-	100	100	Inactive
Com-Line Systems Sdn. Bhd. ("CLS")	-	-	70	70	Development of standard application packages and the provision of turnkey solution development services

8. INVESTMENTS IN SUBSIDIARIES (continued)

Name of Company	Interest in equity held by Company 2012 %	Company 2011 %	Subsidiaries 2012 %	Subsidiaries 2011 %	Principal Activities
Subsidiaries of FCS					
Formis Network Services Sdn. Bhd. ("FNS")	-	-	100	100	Provision of information technology services in terms of hardware, software, consultancy and maintenance to telecommunication, oil and gas and government sectors
Formis Automation Sdn. Bhd. ("FASB")	-	-	100	100	Automation, installation and maintenance of computer hardware and software and other automated related projects
Subsidiary of FNS					
Formis Niaga Solusi Sdn. Bhd. ("FNSi")	-	-	60	60	Dormant
Subsidiaries of CLS					
Comline Dotcom Sdn. Bhd. ("CDC")	-	-	100	100	Development of multimedia technology application
Prism Portal Asia Sdn. Bhd. ("PPA")	-	-	100	100	Dormant
Subsidiaries of DGSB					
† Diversified Gateway Berhad ("DGB")	-	-	100	100(ii)	Provision of computer networking solutions and system integration
† ISS Consulting (Malaysia) Sdn. Bhd. ("ISS(M)")	-	-	100	100	Advisers and consultants for computer software solutions
† ISS Consulting (S) Pte. Ltd. (Incorporated in the Republic of Singapore) ("ISS(S)")	-	-	100	100	Advisers and consultants for computer software solutions
† ISS Consulting (Thailand) Ltd. (Incorporated In Thailand) ("ISS(T)")	-	-	*49	*49	Advisers and consultants for computer software solutions
† PT ISS Consulting Indonesia (Incorporated in the Republic of Indonesia) ("PTISS")	-	-	100	100	Inactive

8. INVESTMENTS IN SUBSIDIARIES (continued)

Name of Company	Interest in equity held by Company 2012 %	Company 2011 %	Subsidiaries 2012 %	Subsidiaries 2011 %	Principal Activities
† Ledge Consulting Pte. Ltd. (Incorporated in the Republic of Singapore) ("LEDGE")	-	-	100	100	Advisers and consultants for computer software solutions
† Cogent Consulting Sdn. Bhd. ("COGENT(M)")	-	-	70	70	Advisers and consultants for computer software solutions
† Cogent Business Solutions (S) Pte. Ltd. (Incorporated in the Republic of Singapore) ("COGENT(S)")	-	-	100	100	Advisers and consultants for computer software solutions

Subsidiary audited by BDO Member Firm.
† Subsidiaries not audited by BDO.
^ Information on the dilution of FAS is disclosed in Note 38(ii) to the Financial Statements.
* In accordance with the Memorandum and Articles of Association of ISS(T), one voting right is attached to every one ordinary share and one voting right is attached to every five preference shares. Based on the existing total issued and paid-up share capital of ISS(T) of 24,500 ordinary shares of THB100 each and 25,500 preference shares of THB100 each, the total voting rights are 29,600 comprising 24,500 voting rights for ordinary shares and 5,100 voting rights for preference shares. DGSB holds 24,500 ordinary shares which carry an equivalents of 24,500 voting rights or 82.77% of the total voting rights in ISS(T). As DGSB has control over ISS(T), the financial statements of ISS(T) are consolidated into the Group's financial statements. Based on the Group's equity interest in the ordinary shares of ISS(T), the Group's share in the result of ISS(T) is 100%.

(i) As disclosed in Note 39 to the financial statements, the Group entered into an Agreement for the disposal of the entire issued and paid up capital of FBS comprising 11,500,000 ordinary shares of RM1.00 each for a total cash consideration of RM1.00 only. The disposal of FBS has been completed on 29 March 2012. Upon completion of the disposal, FBS ceased to be a subsidiary of the Company.

(ii) In the previous financial year, FHB completed the proposed:

(a) reverse take-over ("RTO") of DGSB via disposal of FHB's entire equity interest held in DGB, representing 90% of the total issued and paid-up share capital of DGB to DGSB, comprising 567,000 ordinary shares of RM1.00 each in DGB for a total sale consideration of RM99 million ("Proposed RTO"). The total sale consideration was satisfied by the issuance of 990,000,000 new ordinary shares of RM0.10 each in DGSB to FHB at an issue price of RM0.10 per every new DGSB shares issued; and

(b) distribution of 185,900,199 new DGSB shares received pursuant to the Proposed RTO, by way of dividend-in-specie ("Proposed DIS") on the basis of one (1) new DGSB share for every one (1) existing ordinary share held in the Company, which is equivalent to 7.5 sen single tier dividend per share.

8. INVESTMENTS IN SUBSIDIARIES (continued) 58

(ii) In the previous financial year, FHB completed the proposed (continued):

Upon completion of the proposals, the Company through FHB, acquired 59.6% equity interest in DGSB and regarded DGSB as its subsidiary in the previous financial year.

Goodwill on consolidation arising on the acquisition of DGSB amounting to RM17,668,326 have been accounted for using the purchase method of accounting.

As the acquisition of DGSB was completed at the beginning of the previous financial year, therefore the revenue and results of DGSB had been accounted for since the beginning of the previous financial year.

The effect of the acquisition on the financial results of the Group during the previous financial year is as follows:

	2011 RM
Revenue	30,570,693
Cost of sales	(23,753,283)
Gross profit	6,817,410
Other operating income	2,563,527
Operating expenses	(32,701,511)
Loss before tax	(23,320,574)
Tax expense	(656,696)
Loss after tax before non-controlling interests	(23,977,270)
Non-controlling interests	7,963,930
Decrease in Group's net profit	(16,013,340)

9. INVESTMENTS IN ASSOCIATES

	Group	
	2012 RM	2011 RM
Quoted equity shares in Malaysia, at cost	16,800,000	-
Unquoted equity shares, at cost	134,708	59,708
Redeemable preference shares, at cost	3,675,000	-
Share of post acquisition results	(1,400,838)	(59,708)
	19,208,870	-
Market value:		
Quoted equity shares in Malaysia	10,290,000	-

On 28 June 2011, FHB, a wholly-owned subsidiary of the Company, acquired 21,000,000 ordinary shares of RM1.00 each in Ho Hup Construction Company Berhad ("Ho Hup"), a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, for a total cash consideration of RM16,800,000. This represents 20.59% of the total equity interests in Ho Hup. Accordingly, Ho Hup became a 20.59% owned associate of the Group.

9. INVESTMENTS IN ASSOCIATES (continued)

On 19 September 2011, NPSB, a wholly-owned subsidiary of MYHB, entered into a Shareholders' Agreement ("Shareholders' Agreement") together with Topacres Sdn. Bhd. ("TSB"), a wholly-owned subsidiary of Insas Berhad ("Insas") and Red Zone Development Sdn. Bhd. ("RZD") to regulate their relationships as shareholders of Montprimo Sdn. Bhd. (formerly known as Macrodon Sdn. Bhd.) ("MSB"), which will be undertaking the business of property development. As stated in the Shareholders' Agreement, NPSB agreed to subscribe 30% of ordinary shares at an issue price of RM1.00 each and 30% of redeemable preference shares at an issue price of RM1.00 each in MSB. As at the end of the current financial year, NPSB has subscribed in cash 75,000 ordinary shares at an issue price of RM1.00 each and 3,675,000 redeemable preference shares at an issue price of RM1.00 each in MSB totalling RM3,750,000, representing 30% of the equity interests in MSB. Accordingly, MSB became a 30% owned associate of the Group.

The details of the associate are as follows:

Name of Company	Country of incorporation	Interest in equity held by Company 2012 %	Company 2011 %	Subsidiary 2012 %	Subsidiary 2011 %	Principal Activities
Quoted equity shares:						
# Ho Hup Construction Company Berhad ("Ho Hup")	Malaysia	-	-	20.6	-	Foundation engineering, civil engineering, building contracting works and hire of plant and machinery
Unquoted equity shares:						
*Antis Investments S.A	Luxembourg	-	-	49	49	Provision of media and publishing software globally
# Montprimo Sdn. Bhd. (formerly known as Macrodon Sdn. Bhd.) ("MSB")	Malaysia	-	-	30	-	Property development

The summarised financial information of the associates are as follows:-

	2012 RM	2011 RM
Assets and liabilities		
Non-current assets	125,971,805	-
Current assets	34,869,049	-
Total Assets	160,840,854	-
Current liabilities	190,589,828	-

9. INVESTMENTS IN ASSOCIATES (continued) 60

The summarised financial information of the associates are as follows (continued):

Results

Revenue	44,705,404	-
Loss for the financial year	(6,753,434)	-

* Information on the unrecognised share of losses and summarised financial information of the associate, both for the financial year and cumulatively, are not available from existing records.

The associates have a different financial year end with the Group. In applying the equity method of accounting, the financial statements for the associates for the financial year ended 31 December 2011 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December 2011 and 31 March 2012.

10. SOFTWARE DEVELOPMENT COSTS

	Group	
	2012	**2011**
	RM	**RM**
As at 1 April 2011/2010	2,731,740	2,658,645
Add: Addition during the financial year	-	623,711
	2,731,740	3,282,356
Less: Amortised during the financial year	(674,407)	(550,616)
Less: Written off during the financial year	(305,127)	-
As at 31 March 2012/2011	1,752,206	2,731,740

11. OTHER INVESTMENTS

Group	**Carrying amount RM**	**Market value of quoted investments RM**
2012		
Non-current		
Available-for-sale financial assets		
- Unquoted shares in Malaysia	1,600,000	-
Financial assets at fair value through profit or loss		
- Quoted shares in Malaysia	348,195	348,195
- Transferable club memberships	128,000	128,000
	476,195	476,195
Total non-current other investments	2,076,195	476,195

11. OTHER INVESTMENTS (continued)

Group	Carrying amount RM	Market value of quoted investments RM
2012		
Current		
Financial assets at fair value through profit or loss		
- Quoted shares in Malaysia	3,639,210	3,639,210
- Quoted income funds in Malaysia	7,114,864	7,114,864
Total current other investments	10,754,074	10,754,074
Total other investments	12,830,269	11,230,269
2011		
Non-current		
Available-for-sale financial assets		
- Unquoted shares in Malaysia	1,600,000	-
Financial assets at fair value through profit or loss		
- Quoted shares in Malaysia	514,757	514,757
- Transferable club memberships	157,000	157,000
	671,757	671,757
Total non-current other investments	2,271,757	671,757
Current		
Financial assets at fair value through profit or loss		
- Quoted shares in Malaysia	5,548,316	5,548,316
- Quoted income funds in Malaysia	4,877,583	4,877,583
Total current other investments	10,425,899	10,425,899
Total other investments	12,697,656	11,097,656

(a) A net fair value loss of RM288,798 (2011: RM481,778) was recognised during the financial year due to the losses suffered from declining market value. The fair value was determined based on the last transacted price on 30 March 2012.

(b) Information on the fair value hierarchy is disclosed in Note 43(e) to the financial statements.

12. INVESTMENT PROPERTY

	Group 2012 RM	Group 2011 RM
Carrying amount		
Freehold land	32,265	32,265

	Group 2012 RM	Group 2011 RM
Fair value		
Freehold land	181,730	244,243

The freehold land is held by the Group for capital appreciation. There is no rental income and operating expenses incurred during the financial year.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Non-current assets				
Other receivables	13,055,516	6,591,340	-	-
Current assets				
Other receivables	22,789,104	20,983,832	45,000	1,664
Dividend receivable	-	-	9,000,000	-
Deposits	2,240,019	2,842,745	66,736	89,326
Prepayments	11,117,390	8,874,983	231,015	291,681
	36,146,513	32,701,560	9,342,751	382,671

Included in other receivables are prepaid lease rental under equipment leases, which will be expensed out as follows:

	Group 2012 RM	Group 2011 RM
- not later than one year	15,472,317	10,860,145
- later than one year and not later than five years	13,055,516	6,591,340
	28,527,833	17,451,485

The currency profile of other receivables, deposits and prepayments of the Group and of the Company is in the respective functional currencies of the Group entities.

14. GOODWILL

	Group 2012 RM	Group 2011 RM
As at 1 April 2011/2010	127,494,839	146,160,772
Add: Goodwill arising from acquisition of subsidiaries (Note 37)	-	17,668,326
Less: Dilution of equity interest in subsidiaries (Note 37 and 38)	-	(3,239,243)
	127,494,839	160,589,855
Less: Impairment loss for the financial year	(3,000,000)	(33,095,016)
As at 31 March 2012/2011	124,494,839	127,494,839

Impairment loss on goodwill amounting to RM3,000,000 arose from two subsidiaries, namely ISS(M) and ISS(S) recognised during the financial year due to the recoverable amounts have been lower than their carrying amounts.

In 2011, impairment loss on goodwill amounting to RM33,095,016 arose from five (5) subsidiaries, namely CNA, FMT, FASB, FBS and LEDGE due to the recoverable amounts have been lower than their carrying amounts.

The recoverable amount of goodwill was determined based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions:

(i) Cash flow projections on financial budgets approved by the management covering a five (5) year period;

(ii) Terminal value computed based on the cash flows in the fifth year without incorporating any growth rate;

The recoverable amount of goodwill was determined based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions (continued):

(iii) Discount rate used for cash flow discounting purposes is based on weighted average cost of capital of the Group extracted from Bloomberg. The discount rate applied to the cash flow projections was 8.10% (2011: 8.01%) per annum;

(iv) Growth rates are determined based on past performance of the subsidiaries; and

(v) Profit margins are projected based on historical profit margin achieved.

15. DEFERRED TAX

(a) The deferred tax (assets) and liabilities are made up of the following:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
As at 1 April 2011/2010	(190,215)	(386,128)	5,427	7,608
Acquisition of subsidiaries (Note 37)	-	(196,045)	-	-
Recognised in profit or loss (Note 32)	99,324	392,583	10,775	(2,181)
Exchange differences	(104)	(625)	-	-
As at 31 March 2012/2011	(90,995)	(190,215)	16,202	5,427
Presented after appropriate offsetting:				
Deferred tax assets, net	(858,358)	(1,443,762)	-	-
Deferred tax liabilities, net	767,363	1,253,547	16,202	5,427
	(90,995)	(190,215)	16,202	5,427

(b) The components and movements of deferred tax assets and deferred tax liabilities during the financial year prior to offsetting are as follows:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Deferred tax assets				
As at 1 April 2011/2010	1,443,762	1,584,314	-	-
Acquisition of subsidiaries	-	196,045	-	-
Recognised in profit or loss:				
Unused tax losses	(327,812)	(79,011)	-	-
Unabsorbed capital allowances	(86,297)	21,139	-	-
Others	(171,191)	(279,350)	-	-
Exchange differences	(104)	625	-	-
As at 31 March 2012/2011	858,358	1,443,762	-	-
Deferred tax liabilities				
As at 1 April 2011/2010	1,253,547	1,198,186	5,427	7,608
Recognised in profit or loss:				
Property, plant and equipment	(336,676)	125,814	10,775	(2,181)
Software development costs	(149,508)	(70,453)	-	-
As at 31 March 2012/2011	767,363	1,253,547	16,202	5,427

15. DEFERRED TAX (continued)

(c) The components of deferred tax as at the end of the financial year comprise tax effect of:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Deferred tax assets				
Unused tax losses	696,590	1,024,402	-	-
Unabsorbed capital allowances	3,923	90,220	-	-
Others	157,845	329,140	-	-
	858,358	1,443,762	-	-
Deferred tax liabilities				
Property, plant and equipment	227,887	564,563	16,202	5,427
Software development costs	539,476	688,984	-	-
	767,363	1,253,547	16,202	5,427

(d) The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Unused tax losses	163,848,927	109,855,409	-	-
Unabsorbed capital allowances	2,787,037	2,974,087	-	-
Other deductible differences	343,709	156,356	-	-
	166,979,673	112,985,852	-	-

Deferred tax assets of certain subsidiaries have not been recognised as it is not probable that taxable profit of the subsidiaries will be available against which the deductible temporary differences can be utilised.

The deductible temporary differences do not expire under current tax legislation.

16. INVENTORIES

	Group 2012 RM	Group 2011 RM
At cost		
Hardware and software	8,931,419	12,964,549
Hardware maintenance parts and spares	5,446,614	5,755,495
	14,378,033	18,720,044
At net realisable value		
Hardware and software	-	88,668
	14,378,033	18,808,712

Cost of inventories of the Group recognised as an expense during the financial year amounted to RM220,933,931 (2011: RM211,979,984).

17. TRADE RECEIVABLES

	Group 2012 RM	Group 2011 RM
Trade receivables	92,356,918	98,240,631
Less: Impairment losses	(9,727,312)	(9,359,943)
	82,629,606	88,880,688

The credit periods of trade receivables range from 30 to 90 days from date of invoice.

The currency profile of trade receivables of the Group is in the respective functional currencies of the Group entities except for those amounts disclosed in Note 44 to the financial statements.

The ageing analysis of trade receivables of the Group are as follows:

	Group 2012 RM	Group 2011 RM
Neither past due nor impaired	60,843,843	60,310,938
Past due, but not impaired		
31 to 60 days	2,083,933	2,833,615
61 to 90 days	8,155,830	7,688,306
91 to 120 days	2,002,904	4,816,284
121 to 150 days	681,730	1,858,115
151 to 180 days	341,664	1,182,360
More than 180	8,519,702	9,416,534
	21,785,763	27,795,214
Past due and impaired	9,727,312	10,134,479
	92,356,918	98,240,631

17. TRADE RECEIVABLES (continued)

Receivables that are neither past due nor impaired
Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Majority of the trade receivables of the Group arise from recurring business with the Group, and never defaulted.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired
At the end of the reporting period, majority of the trade receivables of the Group are active corporate customers with healthy business relationship, in which the management is of the view that the amounts are recoverable based on payments history. The trade receivables of the Group that are past due but not impaired are unsecured in nature.

Receivables that are past due and impaired
Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

	Individually impaired	
	2012	**2011**
	RM	**RM**
Group		
Trade receivables, gross	9,727,312	10,134,479
Less: Impairment losses	(9,727,312)	(9,359,943)
	-	774,536

The movement in the allowance for impairment losses are as follows:

	Group	
	2012	**2011**
	RM	**RM**
As at 1 April 2011/2010	9,359,943	10,529,164
Acquisition of subsidiaries	-	2,789,493
Impairment losses recognised	3,588,715	4,243,687
Impairment losses written off	(1,165,443)	(6,979,919)
Impairment losses reversed	(2,083,463)	(1,230,401)
Exchange differences	27,560	7,919
As at 31 March 2012/2011	9,727,312	9,359,943

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those receivables that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

18. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing by/(to) subsidiaries represent management fees and payments made on behalf which are unsecured, interest-free and collectible/payable on demand in cash and cash equivalents.

The currency profile of amounts owing by/(to) subsidiaries of the Company is in Ringgit Malaysia.

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and bank balances	7,773,553	17,885,450	62,996	138,643
Fixed deposits	24,579,623	28,138,122	-	-
Short term money market deposits	28,908,863	34,721,906	140,053	-
	61,262,039	80,745,478	203,049	138,643

(a) Deposits with licensed banks of the Group amounting to RM16,019,982 (2011: RM15,335,133) are pledged to banks for credit facilities granted to certain subsidiaries.

(b) Information on financial risks of cash and cash equivalents is disclosed in Note 44 to the financial statements.

(c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and bank balances	7,773,553	17,885,450	62,996	138,643
Fixed deposits	24,579,623	28,138,122	-	-
Short term money market deposits	28,908,863	34,721,906	140,053	-
Bank overdrafts (Note 23)	(9,910,117)	(11,476,300)	-	-
	51,351,922	69,269,178	203,049	138,643
Less: Deposits pledged to licensed banks (Note 24)	(16,019,982)	(15,335,133)	-	-
	35,331,940	53,934,045	203,049	138,643

(d) The currency profile of cash and cash equivalents of the Group and of the Company is in the respective functional currencies of Group entities except for those amounts disclosed in Note 44 to the financial statements.

20. ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

Pursuant to the Rescue cum Restructuring Scheme of the Group in previous financial years, certain assets and liabilities of the Group are classified as held for sale following the Group management's commitment to sell off the assets and the sale proceeds to be utilised to settle the related bank borrowings.

The assets and liabilities of the disposal groups classified as held for sale as at the end of reporting period are as follows:

	Note	Group 2012 RM	Group 2011 RM
Assets of disposal groups classified as held for sale			
Property, plant and equipment	(i)	3,500,000	3,500,000
Development property :	(ii)		
As at 1 April 2011/2010		-	93,500,000
Impairment loss		-	(23,000,000)
As at 31 March 2012/2011		-	70,500,000
		3,500,000	74,000,000
Liabilities of disposal groups classified as held for sale			
Borrowings			
- Term loan I	(i)	3,500,000	3,500,000
- Term loan II and revolving credits	(ii)		
As at 1 April 2011/2010		-	93,500,000
Reduction in liabilities pursuant to the Rescue cum Restructuring Scheme		-	(23,000,000)
As at 31 March 2012/2011		-	70,500,000
		3,500,000	74,000,000

(i) Term loan I is secured by a legal charge over the Group's short term leasehold land and building and is repayable in full by way of crystallisation of the said property at a value of RM3,500,000. The bank has agreed that the term loan is non-interest bearing.

(ii) During the financial year, the freehold development property with a fair value of RM70,500,000 was disposed off for the same amount. The proceeds from the sale of the development property have been utilised to settle the outstanding bank borrowings of certain subsidiaries of the Group with no further recourse against any of the companies.

The currency profile of assets and liabilities of disposal group classified as held for sale of the Group is in Ringgit Malaysia.

21. SHARE CAPITAL

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The authorised share capitals are as follows:

	Group and Company 2012 and 2011 Number of ordinary shares	RM
Ordinary shares of RM1.00 each	500,000,000	500,000,000

	Number of ICPS	RM
Irredeemable cumulative convertible preference shares ("ICPS") of RM1.00 each	16,811,671	16,811,671

The issued and fully paid-up share capitals are as follows:

	Number of ordinary shares	RM
Ordinary shares of RM1.00 each	185,900,199	185,900,199

On 26 April 2011, the Company issued 92,950,099 free warrants on the basis of one (1) free warrant for every two (2) existing ordinary shares of RM1.00 each in the Company held by the entitled shareholders of the Company on 18 April 2011, being the entitlement date (warrants 2011/2016).

Each warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at any time from 26 April 2011 up to the date of expiry on 25 April 2016, at an exercise price of RM1.10 or such adjusted price in accordance with the provisions in the Deed Poll dated 4 April 2011.

The new ordinary shares to be issued pursuant to the exercise of the warrants shall upon allotment and issue, rank pari passu in all respects with the then existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, allotments or other distributions on the entitlement date of which is prior to the date of the allotment of the new shares arising from the exercise of the warrants.

22. RESERVES AND ACCUMULATED LOSSES

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Non-distributable:				
Share premium	9,744,296	9,744,296	9,744,296	9,744,296
Exchange translation reserve	286,101	34,297	-	-
	10,030,397	9,778,593	9,744,296	9,744,296
Accumulated losses	(17,151,656)	(9,044,219)	(29,690,027)	(1,147,069)
	(7,121,259)	734,374	(19,945,731)	8,597,227

Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

23. BORROWINGS

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Current liabilities				
Bank overdrafts (Note 24)	9,910,117	11,476,300	-	-
Hire purchase and lease creditors (Note 25)	14,519,472	10,538,811	55,525	-
MUNIF Notes (Note 26)	34,549,378	9,436,561	34,549,378	9,436,561
Trust receipts (Note 24)	656,692	1,963,958	-	-
Term loans (Note 24)	17,022,879	694,938	-	-
	76,658,538	34,110,568	34,604,903	9,436,561
Non-current liabilities				
Hire purchase and lease creditors (Note 25)	14,222,803	7,210,007	197,207	-
MUNIF Notes (Note 26)	-	34,906,864	-	34,906,864
	14,222,803	42,116,871	197,207	34,906,864

23. BORROWINGS (continued)

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Total borrowings				
Bank overdrafts (Note 24)	9,910,117	11,476,300	-	-
Hire purchase and lease creditors (Note 25)	28,742,275	17,748,818	252,732	-
MUNIF Notes (Note 26)	34,549,378	44,343,425	34,549,378	44,343,425
Trust receipts (Note 24)	656,692	1,963,958	-	-
Term loans (Note 24)	17,022,879	694,938	-	-
	90,881,341	76,227,439	34,802,110	44,343,425

Information on financial risks and remaining maturities of borrowings is disclosed in Note 44 to the financial statements.

The currency profile of borrowings of the Group and of the Company is in the respective functional currencies of the Group entities.

24. BANK OVERDRAFTS, TRUST RECEIPTS AND TERM LOANS

The bank overdrafts, trust receipts and term loans are secured by the following:

(a) pledge of fixed deposits together with interest accrued thereon vide Memorandum of Deposit for Fixed Deposit Receipt and Letter of Set-off of a subsidiary;

(b) the assignment of certain contract proceeds of a subsidiary;

(c) debenture by way of fixed and floating charge over all the present and future assets of a subsidiary;

(d) first legal charge over 500,000,000 shares in DGSB and 21,000,000 shares in Ho Hup held by a subsidiary;

(e) certain Directors' guarantee from certain subsidiaries; and

(f) corporate guarantee from certain subsidiaries and the Company.

Included in the term loans is an amount of RM17,022,879 (2011: NIL) owing to a company related to a Director of the Company which was obtained during the financial year and bears interest at 12% per annum. The term loan is secured by way of a first legal charge over 500,000,000 shares in DGSB and 21,000,000 shares in Ho Hup and corporate guarantee from the Company.

The term loan is fully repayable in one (1) year from the date of first drawdown of the facility.

Information on financial risks of borrowings is disclosed in Note 44 to the financial statements.

25. HIRE PURCHASE AND LEASE CREDITORS

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Minimum hire purchase and lease payments:				
- not later than one year	14,953,137	10,739,824	70,500	-
- later than one year and not later than five years	14,438,818	7,278,540	217,375	-
	29,391,955	18,018,364	287,875	-
Less: Future interest charges	(649,680)	(269,546)	(35,143)	-
Present value of hire purchase and lease creditors	28,742,275	17,748,818	252,732	-
Repayable as follows:				
Current liabilities				
- not later than one year	14,519,472	10,538,811	55,525	-
Non-current liabilities				
- later than one year and not later than five years	14,222,803	7,210,007	197,207	-
	28,742,275	17,748,818	252,732	-

The hire purchase and lease liabilities are secured by the assets as disclosed under Note 7(b) to the financial statements and corporate guarantee from a subsidiary and the Company.

26. MUNIF NOTES

In 2006, the Company entered into a RM80,000,000 Murabahah Underwritten Notes ("MUNIF Notes") Issuance Facility with two financial institutions. The facility has an availability period of seven years during which the Company may issue MUNIF Notes up to a maximum outstanding amount of RM80,000,000. The Company issued RM80,000,000 MUNIF Notes on 30 December 2005. MUNIF Notes were issued at discount to face value. As at 31 March 2012 the Company has MUNIF Notes with total face value of RM35,000,000 (2011: RM45,000,000), repricing period of 3 months and bear interest at an effective rate at 6.07% (2011: 5.72% to 6.08%) per annum.

The effective yield is determined on issuance and calculated from the day when the issuer confirms the acceptance of the placement.

The MUNIF Notes have a maturity period ranging from five to seven years. The proceeds from the MUNIF Notes have been used to partially finance the acquisition of FHB and FST in 2006. The MUNIF Notes were secured by a first charge over the shares of certain subsidiaries.

27. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from one (1) month to six (6) months from date of invoice.

The currency profile of trade payables of the Group is in the respective functional currencies of the Group entities except for those amounts disclosed in Note 44 to the financial statements.

28. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Other payables and accruals	49,285,347	45,146,886	584,570	710,814
Unearned revenue	14,512,759	15,112,900	-	-
Refundable deposits	115,055	1,193,535	-	-
	63,913,161	61,453,321	584,570	710,814

Unearned revenue represents advance billings for contracts works and maintenance services.

The currency profile of other payables, deposits and accruals of the Group and of the Company is in the respective functional currencies of the Group entities.

29. CONTINGENT LIABILITIES

	Company	
	2012 RM	2011 RM
Corporate guarantees given to financial institutions and leasing corporations for facilities granted to certain subsidiaries		
- Unsecured	35,849,561	57,378,916
- Secured	51,880,000	73,700,000

(a) The Directors are of the view that the chances of the banks to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries for banking facilities are negligible.

(b) Securities for the corporate guarantees where applicable are disclosed in Notes 24 and 25 to the financial statements.

30. REVENUE

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Contract works and sale of computer hardware, software and accessories	195,449,844	210,668,170	-	-
Maintenance and software support services	98,343,201	94,265,439	-	-
Rental income	1,119,586	6,086,920	-	-
Dividend income	14,826	335,113	13,811,746	17,542,515
Management fees	-	-	3,126,000	5,205,613
	294,927,457	311,355,642	16,937,746	22,748,128

31. (LOSS)/PROFIT BEFORE TAX

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
(Loss)/Profit before tax is arrived at after charging:					
Amortisation of:					
- software development costs	10	674,407	550,616	-	-
- MUNIF transaction costs		150,180	184,616	150,180	184,616
Auditors' remuneration:					
- current year		353,978	356,116	28,500	28,500
- under provision in prior year		13,722	1,861	3,000	-
Bad debts written off		2,069,633	450,240	-	-
Depreciation of property, plant and equipment	7	1,384,843	1,795,306	132,849	93,567
Directors' remuneration:					
- fees		387,561	398,526	244,272	216,926
- salaries and other emoluments		3,146,640	2,774,365	712,952	613,984
Fair value adjustments on:					
- trade receivables		-	386,674	-	-
Impairment loss on:					
- goodwill	14	3,000,000	33,095,016	-	-
- investment in subsidiaries		-	-	-	10,773,929
- trade receivables		3,588,715	4,243,687	-	-

31. (LOSS)/PROFIT BEFORE TAX (continued) 76

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
Interest expense on:					
- bank overdrafts		908,329	527,075	-	-
- hire purchase and lease		475,442	527,905	17,357	-
- letter of credit and trust receipts		210,014	255,238	-	-
- MUNIF Notes		2,605,461	3,103,115	2,605,461	3,103,115
- term loans		1,541,579	350,503	-	-
- others		214	22,230	-	-
Inventories written down		420,413	-	-	-
Inventories written off		568,782	349,515	-	-
Loss on disposal of:					
- other investments		6,260	-	-	-
- property, plant and equipment		181,086	169,824	35,724	-
- subsidiary	39	674,100	-	29,455,894	-
Management fee		9,120	138,000	-	-
Net loss on fair value adjustment on other investments		288,798	481,778	-	-
Property, plant and equipment written off	7	517,722	697,252	-	1
Rental of:					
- premises		2,979,755	3,680,495	-	147,352
- equipment		27,026	33,028	-	-
Share of loss of associates		1,369,465	-	-	-
Software development written off		305,127	-	-	-
Unrealised loss on foreign currency exchange		180,144	-	-	-
Reversal of waiver of amount owing to a subsidiary		-	-	6,439,700	-

And crediting:

		Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Bad debts recovered		51,000	-	-	-
Fair value gain on trade receivables		198,566	-	-	-
Gain on dilution of equity interest in subsidiaries		-	9,221,312	-	-
Gain on disposal of other investments		-	1,259,100	-	-
Gross dividend income from:					
- investment in unquoted subsidiaries		-	-	13,811,746	17,542,515
- other quoted investments		75,866	409,102	-	-
Interest income on:					
- deposits with licensed banks		1,812,339	1,522,490	19,008	31,037
- overdue accounts		8,570	293	-	-

31. (LOSS)/PROFIT BEFORE TAX (continued)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
And crediting (continued):					
Inventories written down no longer required		52,956	510,138	-	-
Realised gain on foreign currency transactions		1,135,240	1,096,327	-	-
Rental income:					
- equipment		-	31,525	-	-
- training room		-	-	160,300	164,150
Reversal of impairment loss on trade receivables		2,083,463	1,230,401	-	-
Unrealised gain on foreign currency exchange		-	1,167,920	-	-
Waiver of amount owing to a subsidiary		-	-	-	6,439,700

32. TAX EXPENSE

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Current tax expense based on profit for the financial year				
Malaysian income tax	4,430,455	4,090,486	3,081,183	767,046
Foreign income tax	482,830	434,084	-	-
	4,913,285	4,524,570	3,081,183	767,046
Under/(Over) provision in prior years				
Malaysian income tax	(118,790)	111,418	5,756	(11,500)
Foreign income tax	59,454	81,690	-	-
	(59,336)	193,108	5,756	(11,500)
	4,853,949	4,717,678	3,086,939	755,546
Deferred tax (Note 15)				
Relating to originating and reversal of temporary differences	99,324	392,583	10,775	(2,181)
	4,953,273	5,110,261	3,097,714	753,365

32. TAX EXPENSE (continued)

The Malaysian income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated taxable profit for the fiscal year.

Tax expense for other taxation authorities is calculated at the rates prevailing in those respective jurisdictions.

The numerical reconciliation between the tax expense and the product of accounting (loss)/ profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	(2,034,499)	(5,417,707)	(6,361,311)	2,749,046
Tax effect in respect of:				
Non-allowable expenses	7,809,889	11,654,838	9,453,269	3,111,373
Non-taxable income	(14,890,862)	(4,097,706)	-	(5,095,554)
Utilisation of tax losses not recognised in prior years	(1,054,760)	(3,854,146)	-	-
Utilisation of capital allowances not recognised in prior years	-	(16,435)	-	-
Unused tax losses and unabsorbed capital allowances not recognised	14,324,663	6,512,694	-	-
Differential in tax rates	699,266	56,016	-	-
Others	158,912	79,599	-	-
	5,012,609	4,917,153	3,091,958	764,865
Under/(Over) provision in prior years	(59,336)	193,108	5,756	(11,500)
	4,953,273	5,110,261	3,097,714	753,365

Tax savings of the Group is as follows:

	Group	
	2012 RM	2011 RM
Arising from utilisation of previously unrecognised tax losses	1,054,760	3,854,146

Subject to the agreement of the Inland Revenue Board, the Group has unused tax losses amounting to approximately RM166,635,287 (2011: RM97,517,000) and unabsorbed capital allowances of approximately RM2,802,729 (2011: RM2,678,000) available to set-off against future taxable income.

33. LOSS PER ORDINARY SHARE

(i) Basic loss per ordinary share

Basic loss per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group 2012	Group 2011
Loss attributable to equity holders of the parent (RM)	(10,952,683)	(19,568,129)
Weighted average number of ordinary shares in issue	185,900,199	185,900,199
Basic loss per ordinary share (sen)	(5.89)	(10.53)

(ii) Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

Diluted earnings per ordinary share is not presented as there is an anti-dilutive effect on the exercise of warrants outstanding at the end of the reporting period to ordinary shares.

34. PROVISION FOR POST-EMPLOYMENT BENEFITS

The Group operates an unfunded defined Retirement Benefit Scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to post-employment benefits calculated by reference to their length of service and earnings.

The amount recognised in the statement of financial position is as follows:

	Group 2012 RM	Group 2011 RM
Present value of unfunded defined benefit obligations	87,345	-
Analysed as follows:		
Current liabilities	-	-
Non-current liabilities - more than five (5) years	87,345	-
	87,345	-

The total expense recognised in the profit or loss is as follows:

	Group 2012 RM	Group 2011 RM
Current service cost	87,345	-
Expense recognised in the profit or loss under employee benefits	87,345	-

34. PROVISION FOR POST-EMPLOYMENT BENEFITS (continued)

The movements during the financial year in the amount recognised in the statement of financial position in respect of the Scheme are as follows:

	Group	
	2012	**2011**
	RM	**RM**
Balance as at 1 April 2011/2010	-	-
Amount recognised in the profit or loss	87,345	-
Balance as at 31 March 2012/2011	87,345	-

35. EMPLOYEE BENEFITS

The total employee benefits recognised in profit or loss are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Salaries, wages, bonuses and allowances	40,428,213	46,500,132	1,903,760	1,586,312
Defined contribution plan	3,846,718	4,607,544	235,764	187,386
Post-employment benefits	87,345	-	-	-
Other employee benefits	3,145,376	5,743,914	50,439	397,936
	47,507,652	56,851,590	2,189,963	2,171,634

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM3,146,640 (2011: RM2,774,365) and RM712,952 (2011: RM613,984) respectively.

36. DIVIDEND

Dividend distributed since the end of the previous financial year was as follows:

	Group and Company	
	2012	**2011**
	RM	**RM**
In respect of financial year ended 31 March 2010:		
Dividend-in-specie on the basis of one (1) new DGSB share for every one (1) existing ordinary share held in the Company, which is equivalent to 7.5 sen single-tier dividend per ordinary share, distributed on 14 April 2010	-	13,942,515

The dividend-in-specie of 7.5 sen per ordinary share was based on the market quoted price of DGSB share on the date of distribution.

37. ACQUISITION OF SUBSIDIARY COMPANIES

In the previous financial year, the Group through its wholly-owned subsidiary, namely FHB completed the reverse take-over ("RTO") of DGSB via the disposal of FHB's entire equity interest held in DGB on 14 April 2010 as disclosed in Note 8 to the financial statements. As a result of the RTO, the Group holds an effective equity interest in DGSB Group (inclusive of DGB) of 73.0%. The Group's effective equity interest in DGB was diluted from 90.0% to 73.0%. Accordingly, the Group's share of DGB's net assets decreased and non-controlling interests increased by RM7,047,459 and RM4,149,351 respectively. The Group's goodwill arising from the consolidation of DGB also decreased by RM2,055,165 due to the dilution of equity interest in DGB.

The fair value of the assets acquired and the liabilities assumed from the RTO of DGSB via disposal of FHB's entire equity interest held in DGB to DGSB are as follows:

	2011	
	Acquiree's carrying amount RM	**Fair value recognised on acquisition RM**
Property, plant and equipment	1,671,075	1,671,075
Deferred tax assets	196,045	196,045
Other investments	35,719	35,719
Trade receivables	16,392,877	16,392,877
Other receivables	4,855,806	4,855,806
Cash and bank balances	5,072,984	5,072,984
Trade payables	(16,311,037)	(16,311,037)
Other payables	(7,009,987)	(7,009,987)
Current tax payables	(1,081,784)	(1,081,784)
Borrowings	(2,211,422)	(2,211,422)
Net identifiable assets acquired	1,610,276	1,610,276
Less: Non-controlling interests		(12,313,822)
Group's share of net liabilities		(10,703,546)
Add: Goodwill on acquisition of DGSB		17,668,326
Add: Net assets of DGB diluted		7,047,459
Total cost of acquisition		14,012,239
Purchase consideration settled by proceeds from the disposal of the Group's equity interest in DGB		(14,012,239)
		-
Add : Cash and cash equivalents of subsidiary acquired		5,072,984
Net cash inflow of the Group on acquisition		5,072,984

38. DILUTION OF EQUITY INTEREST IN SUBSIDIARIES

(i) As disclosed in Note 37 to the financial statements, the reverse take-over ("RTO") of DGSB via disposal of DGB on 14 April 2010 had resulted in the Group's effective equity interest in DGB being diluted from 90.0% to 73.0%. The carrying amounts of DGB's net assets in the consolidated financial statements as at the date of RTO was RM41,493,510. The dilution of equity interest in DGB resulted in a net gain of RM4,909,615 to the Group for the previous financial year.

Immediately after the completion of the RTO, the Group completed the distribution of dividend-in-specie of DGSB shares on even date. With the distribution of dividend-in-specie, the Group's effective interest in DGSB was diluted from 73.0% to 59.6%. The carrying amounts of DGSB's net assets in the consolidated financial statements on that date was RM60,684,319. The dilution of equity interest in DGSB resulted in a net gain of RM4,311,697 to the Group for the previous financial year. The Group's share of DGSB's net assets decreased and non-controlling interests increased by RM8,133,044 respectively. The Group's goodwill further decreased by RM1,184,078 due to the dilution of equity interest in DGSB.

(ii) On 13 June 2011, FAS, a wholly-owned subsidiary of MYHB, which in turn is a wholly-owned subsidiary of the Company, increased its issued and paid-up share capital from RM2 to RM500,000 by an allotment of 499,998 ordinary shares of RM1.00 each. MYHB, subscribed for 299,998 ("Subscription of Shares") ordinary shares of RM1.00 each in FAS for cash at par. The remaining 200,000 ordinary shares of RM1.00 each were subscribed by non-controlling interests for cash at par. Following the Subscription of Shares, the equity interest of the Group via MYHB in FAS has been diluted from 100% to 60%.

39. DISPOSAL OF SUBSIDIARY

On 29 March 2012, the Group entered into an Sales and Purchase Agreement ("Agreement") for the disposal of the entire issued and paid-up capital of FBS comprising 11,500,000 ordinary shares of RM1.00 each for a total cash consideration of RM1.00 only. The analysis of disposal of FBS is as follows:

	Group 2012 RM
Tax recoverable	36,828
Receivables	823,242
Cash and cash equivalent	13,628
Payables	(199,597)
Total net assets disposed off	674,101
Total disposal proceeds	1
Loss on disposal	(674,100)

39. DISPOSAL OF SUBSIDIARY (continued)

	Group 2012 RM
Cash inflow arising from disposal	
Cash consideration representing cash inflow of the Company	1
Cash and cash equivalents of subsidiary disposed	13,628
Net cash outflow from disposal	(13,627)

The disposal of subsidiary had the following effect on the financial results of the Company:

	Company 2012 RM
Total disposal proceeds	1
Less: Cost of investments in subsidiary	(29,455,895)
Loss on disposal of subsidiary	(29,455,894)

40. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationships with its direct and indirect subsidiaries.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	Company 2012 RM	Company 2011 RM
Dividend income from subsidiaries	13,811,746	17,542,515
Management fees received from subsidiaries	3,126,000	5,205,613
Interest paid/payable to a company related to a Director	1,527,732	-
Training room rental received from subsidiaries	160,300	164,150

The related parties transactions described above were carried out on terms and conditions mutually agreed with the respective related parties.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

40. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel (continued):

The remunerations of Directors and other key management personnel during the financial year are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Directors' fees	387,561	398,526	244,272	216,926
Salaries and other short term employee benefits	6,561,384	6,104,175	712,952	613,984

41. OPERATING SEGMENTS

Formis Resources Berhad and its subsidiaries in Malaysia are principally engaged in distribution, maintenance and development computer hardware and software and advisory and consultancy for computer software solutions while its subsidiaries in Singapore and Thailand are principally engaged in advisory and consultancy for computer software solutions.

(a) Business segments

The Group has arrived at five (5) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Distribution

Distribution and reselling of hardware and software

(ii) Networks

Provision of a comprehensive range of tele/data communication and networking solutions and services

(iii) Software

Provision of legal, financial and commercial software products as well as services to develop and implement platform-independent software solutions

(iv) Solutions

Provision of integrated business solutions based on SAP software and customised solutions which include building automation and management, media publication and broadcasting solutions

(v) Systems

Provision of customised systems integration of hardware platforms, continuous maintenance and after sales support services

41. OPERATING SEGMENTS (continued)

(a) Business segments (continued)

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

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

41. OPERATING SEGMENTS (continued)

(a) Business segments (continued)

2012	Distribution RM	Networks RM	Software RM	Solutions RM	Systems RM	Others RM	Elimination RM	Consolidation RM
Revenue								
External sales	142,344,801	17,238,664	6,750,631	29,282,752	98,176,197	1,134,412	-	294,927,457
Inter-segment sales	10,096,696	18,073,076	5,799,755	1,661,477	3,606,262	83,604,413	(122,841,679)	-
Total	152,441,497	35,311,740	12,550,386	30,944,229	101,782,459	84,738,825	(122,841,679)	294,927,457
Results								
Segment results	4,538,903	6,877,182	(759,943)	(11,419,595)	2,064,627	(4,149,576)	-	(2,848,402)
Interest expense	(64,881)	(154,900)	(39,637)	(329,370)	(414,662)	(4,737,589)	-	(5,741,039)
Interest income	519,551	485,662	249,878	87,477	381,942	96,399	-	1,820,909
Share of loss in associate	-	-	-	-	-	(1,369,465)	-	(1,369,465)
Loss before tax								(8,137,997)
Tax expense								(4,953,273)
Loss for the year								(13,091,270)
Other information								
Segment assets	68,000,569	35,089,510	19,290,480	20,730,412	80,543,727	152,699,670	-	376,354,368
Segment liabilities	33,376,610	19,671,773	11,437,611	14,274,221	49,054,009	54,758,536	-	182,572,760
Capital expenditure	266,130	810,374	84,191	92,872	158,226	430,904	-	1,842,697
Depreciation and amortisation	405,073	203,563	950,209	219,881	135,231	145,293	-	2,059,250
Non-cash expenses other than depreciation and amortisation	623,505	696,264	807,347	2,645,777	20,613	8,366,428	-	13,159,934

41. OPERATING SEGMENTS (continued)

(a) Business segments (continued)

2011	Distribution RM	Networks RM	Software RM	Solutions RM	Systems RM	Others RM	Elimination RM	Consolidation RM
Revenue								
External sales	98,539,259	27,055,624	10,198,938	33,512,120	135,627,668	6,422,033	-	311,355,642
Inter-segment sales	8,847,926	4,846,140	63,570,638	749,953	3,047,611	26,348,128	(107,410,396)	-
Total	107,387,185	31,901,764	73,769,576	34,262,073	138,675,279	32,770,161	(107,410,396)	311,355,642
Results								
Segment results	3,597,407	7,010,187	6,301,072	(21,192,271)	(254,495)	(13,869,444)	-	(18,407,544)
Interest expense	(123,972)	(35,189)	(230,926)	(297,201)	(636,731)	(3,462,048)	-	(4,786,066)
Interest income	430,901	386,374	102,061	57,156	482,298	63,993	-	1,522,783
Loss before tax								(21,670,827)
Tax expense								(5,110,261)
Loss for the year								(26,781,088)
Other information								
Segment assets	57,721,430	47,342,500	21,858,144	30,618,952	85,022,815	211,066,696	-	453,630,537
Segment liabilities	32,807,874	21,816,992	27,530,048	17,565,389	34,755,968	112,751,222	-	247,227,493
Capital expenditure	535,619	44,366	576,615	185,012	284,274	106,725	-	1,732,611
Depreciation and amortisation	476,826	212,041	843,934	530,700	134,273	148,148	-	2,345,922
Non-cash expenses other than depreciation and amortisation	139,443	628,551	652,389	4,218,412	920,904	33,598,268	-	40,157,967

All inter segment transactions within the Group have been entered and established on negotiated terms and conditions.

41. OPERATING SEGMENTS (continued)

(b) Geographical segments

	Revenue RM	Segment assets RM	Segment liabilities RM	Capital expenditure RM	Depreciation and amortisation RM
2012					
Malaysia	274,338,887	364,572,493	173,261,547	1,759,662	1,993,525
Singapore	6,973,902	2,577,424	4,148,049	3,734	36,383
Thailand	13,614,668	8,457,792	4,114,233	79,301	29,342
Indonesia	-	746,659	1,048,931	-	-
	294,927,457	376,354,368	182,572,760	1,842,697	2,059,250
2011					
Malaysia	283,777,480	432,665,091	235,416,884	1,644,473	2,149,295
Singapore	14,797,927	13,247,759	7,938,746	-	104,278
Thailand	12,780,235	6,597,904	2,768,440	88,138	92,349
Indonesia	-	1,119,782	1,103,423	-	-
	311,355,642	453,630,536	247,227,493	1,732,611	2,345,922

42. PROFIT GUARANTEE

Three major shareholders of the Company ("the Guarantors") had jointly and severally guaranteed that the aggregate forecasted profit before tax of the Group's four (4) subsidiaries, namely ABS, FBS, CNA and CNS and two (2) of the then subsidiaries, namely Applied Information Management Services Sdn. Bhd. ("AIMS") and Atlas CSF Sdn. Bhd. ("Atlas") should not be less than RM28,486,358 and RM21,462,302 for the financial years ended 31 March 2003 and 31 March 2002 respectively.

By virtue of the profit guarantee, an Escrow Agreement dated 18.1.2002 was entered between the Guarantors, the Company and the Escrow Agent that 13,413,750 ordinary shares of RM1.00 each of the Company held by the Guarantors were pledged and deposited as security in relation to the Guarantors' Profit Guarantee.

Based on the audited financial statements of the respective subsidiaries for the financial years ended 31 March 2003 and 31 March 2002, the aggregate profit before tax of these subsidiaries amounted to RM12,642,929 and RM17,291,657, thus giving rise to a shortfall of RM15,843,429 and RM4,170,645 respectively ("Shortfall Sum").

The Guarantors have submitted a proposal for settlement arrangement to the Securities Commission ("SC") with respect to their guarantee obligations for 2003 and 2002 but no response was received by the Company.

During the financial year, the Guarantors wrote to the Company again setting out a settlement proposal to settle the Shortfall Sum ("Settlement Proposal"). The Settlement Proposal offers to pay RM10,000,000 within six (6) months from the acceptance of the Settlement Proposal by the Company in three (3) instalments as full and final settlement by the Guarantors pertaining to the Shortfall Sum. This would result in the Company waiving the remaining Shortfall Sum of RM10,014,074 payable by the Guarantors. Based on an independent legal opinion sought by the directors, it is noted that the directors of the Company are empowered to accept the Settlement Proposal by exercising their discretion bona fide and in the interest of the Company. As of to date, the Directors have yet to make any decision in respect of the Settlement Proposal by the Guarantors.

43. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from financial year ended 31 March 2011.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2012 and 31 March 2011.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is total borrowings divided by total equity. The Group has a target gearing ratio of 30% to 50% determined as the proportion of total borrowings to equity. The gearing ratios as at 31 March 2012 and 31 March 2011, which are within the Group's objectives for capital management, are as follows:

	Group		**Company**	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Total borrowings (Note 23)	90,881,341	76,227,439	34,802,110	44,343,425
Total equity	193,781,608	206,403,044	165,954,468	194,497,426
Gearing ratio	46.9%	36.9%	21.0%	22.8%

(b) Categories of financial instruments

Group	**Available -for-sale RM**	**Loans and receivables RM**	**Fair value through profit or loss RM**	**Total RM**
2012				
Financial assets				
Other investments	1,600,000	-	11,230,269	12,830,269
Trade receivables	-	82,629,606	-	82,629,606
Other receivables	-	7,316,787	-	7,316,787
Cash and cash equivalents	-	61,262,039	-	61,262,039
	1,600,000	151,208,432	11,230,269	164,038,701

43. FINANCIAL INSTRUMENTS (continued) 90

(b) Categories of financial instruments (continued)

Group	**Other financial liabilities RM**	**Total RM**
2012		
Financial liabilities		
Borrowings	90,881,341	90,881,341
Trade payables	22,649,232	22,649,232
Other payables and accruals	49,285,347	49,285,347
	162,815,920	162,815,920

Group	**Available -for-sale RM**	**Loans and receivables RM**	**Fair value through profit or loss RM**	**Total RM**
2011				
Financial assets				
Other investments	1,600,000	-	11,097,656	12,697,656
Trade receivables	-	88,880,688	-	88,880,688
Other receivables	-	10,123,687	-	10,123,687
Cash and cash equivalents	-	80,745,478	-	80,745,478
	1,600,000	179,749,853	11,097,656	192,447,509

	Other financial liabilities RM	**Total RM**
Financial liabilities		
Borrowings	76,227,439	76,227,439
Trade payables	32,905,660	32,905,660
Other payables and accruals	45,146,886	45,146,886
	154,279,985	154,279,985

Company	**Loans and receivables RM**	**Total RM**
2012		
Financial assets		
Other receivables	9,045,000	9,045,000
Amounts owing by subsidiaries	2,440,240	2,440,240
Cash and cash equivalents	203,049	203,049
	11,688,289	11,688,289

43. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments (continued)

Company **2012**	**Other financial liabilities RM**	**Total RM**
Financial liabilities		
Borrowings	34,802,110	34,802,110
Other payables and accruals	584,570	584,570
Amounts owing to subsidiaries	42,693,267	42,693,267
	78,079,947	78,079,947

2011	**Loans and receivables RM**	**Total RM**
Financial assets		
Other receivables	1,664	1,664
Amounts owing by subsidiaries	1,714,681	1,714,681
Cash and cash equivalents	138,643	138,643
	1,854,988	1,854,988

	Other financial liabilities RM	**Total RM**
Financial liabilities		
Borrowings	44,343,425	44,343,425
Other payables and accruals	710,814	710,814
Amounts owing to subsidiaries	24,345,112	24,345,112
	69,399,351	69,399,351

(c) Fair values of financial instruments

The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair values are as follows:

	Group		**Company**	
2012	**Carrying amount RM**	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Recognised				
Financial liabilities:				
Non-current hire purchase and lease creditors	14,222,803	12,938,760	197,207	173,570
Term loans	3,500,000	#	-	-

43. FINANCIAL INSTRUMENTS (continued)

(c) Fair values of financial instruments (continued)

The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair values are as follows (continued) :

	Group		**Company**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
2011	**RM**	**RM**	**RM**	**RM**
Recognised				
Financial liabilities:				
Non-current hire purchase and lease creditors	7,210,007	6,569,253	-	-
Term loans and revolving credits	74,000,000	#	-	-
Non-current MUNIF Notes	34,906,864	32,318,178	34,906,864	32,318,178

The fair values of term loans and revolving credits are subject to the crystallisation value of the assets of disposal groups classified as held for sale of the Group as detailed in Note 20 to the financial statements.

(d) Determination of fair value

Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

i. Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair value of these borrowings has been determined using discounted cash flows technique. The discount rates used are based on the risk-free Malaysian Government Securities ("MGS") rates with a credit spread added to reflect the default risk of the Group.

43. FINANCIAL INSTRUMENTS (continued)

(d) Determination of fair value (continued)

Methods and assumptions used to estimate fair value (continued)

ii. Amounts owing by subsidiaries, obligations under finance lease and fixed rate bank loans

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

iii. Quoted shares and quoted income funds

The fair value of quoted investments in Malaysia is determined by reference to the exchange quoted market bid prices at the close of business of the end of the reporting period.

(e) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group held the following financial instruments at the end of the reporting period carried at fair value on the statement of financial position:

Assets measured at fair value

	31 March 2012 RM	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Financial assets at fair value through profit or loss				
- Quoted shares in Malaysia	3,987,405	3,987,405	-	-
- Quoted income funds in Malaysia	7,114,864	7,114,864	-	-
- Transferable club memberships	128,000	-	-	128,000

43. FINANCIAL INSTRUMENTS (continued)

(e) Fair value hierarchy (continued)

The Group held the following financial instruments at the end of the reporting period carried at fair value on the statement of financial position (continued):

Assets measured at fair value (continued)

	31 March 2011 RM	Level 1 RM	Level 2 RM	Level 3 RM
Financial assets at fair value through profit or loss				
- Quoted shares in Malaysia	6,063,073	6,063,073	-	-
- Quoted income funds in Malaysia	4,877,583	4,877,583	-	-
- Transferable club memberships	157,000	-	-	157,000

During the reporting period ended 31 March 2012, there were no transfers between Level 1 and Level 3 fair value measurements.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Group is exposed mainly to foreign currency risk, liquidity risk, interest rate risk and credit risk. Information on the management of the related exposures is detailed below:

(i) Credit risk

Cash deposits and trade and other receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of the counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to three (3) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Credit risk (continued)

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period are as follows:

	<---------- Group		---------->	
	2012		2011	
	RM	% of total	RM	% of total
By country:				
Malaysia	78,402,261	95%	81,901,299	92%
Singapore	860,604	1%	5,463,229	6%
Thailand	3,366,741	4%	1,516,160	2%
	82,629,606	100%	88,880,688	100%

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 17 to the financial statements. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 to the financial statements.

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	2012			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities:				
Trade payables	22,649,232	-	-	22,649,232
Other payables, deposits and accruals	63,913,161	-	-	63,913,161
Bank overdrafts	9,910,117	-	-	9,910,117
Hire purchase and lease creditors	14,953,137	14,438,818	-	29,391,955
MUNIF Notes	34,549,378	-	-	34,549,378
Trust receipts	656,692	-	-	656,692
Term loans	17,022,879	-	-	17,022,879
Total undiscounted financial liabilities	163,654,596	14,438,818	-	178,093,414

	2011			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities:				
Trade payables	32,905,660	-	-	32,905,660
Other payables, deposits and accruals	61,453,321	-	-	61,453,321
Bank overdrafts	11,476,300	-	-	11,476,300
Hire purchase and lease creditors	10,739,824	7,278,540	-	18,018,364
MUNIF Notes	9,436,561	34,906,864	-	44,343,425
Trust receipts	1,963,958	-	-	1,963,958
Term loans	694,938	-	-	694,938
Total undiscounted financial liabilities	128,670,562	42,185,404	-	170,855,966

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations (continued):

	<---------- 2012 ---------->			
	On demand or within one year RM	**One to five years RM**	**Over five years RM**	**Total RM**
Company				
Financial liabilities:				
Other payables, deposits and accruals	584,570	-	-	584,570
MUNIF Notes	34,549,378	-	-	34,549,378
Hire purchase and lease creditors	70,500	217,375	-	287,875
Total undiscounted financial liabilities	35,204,448	217,375	-	35,421,823

	<---------- 2011 ---------->			
	On demand or within one year RM	**One to five years RM**	**Over five years RM**	**Total RM**
Company				
Financial liabilities:				
Other payables, deposits and accruals	710,814	-	-	710,814
MUNIF Notes	9,436,561	34,906,864	-	44,343,425
Total undiscounted financial liabilities	10,147,375	34,906,864	-	45,054,239

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to risk of changes in interest rates is related primarily to the Group's cash deposits placed with licensed banks and borrowings. Interest rate exposure arising from the Group's borrowings is managed through the use of fixed and floating rates debts. The Group does not use derivative financial instruments to hedge these risks.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	Total RM
Group								
As at 31 March 2012								
Fixed rates								
Fixed deposits	19	3.07	24,579,623	-	-	-	-	24,579,623
Hire purchase and lease creditors	25	2.11	14,519,472	10,615,575	3,541,989	43,018	22,221	28,742,275
Floating rates								
Short term money market deposits	19	2.75	28,908,863	-	-	-	-	28,908,863
Bank overdrafts	23	8.18	9,910,117	-	-	-	-	9,910,117
Term loan	23	12.00	17,022,879	-	-	-	-	17,022,879
Trust receipts	23	8.10	656,692	-	-	-	-	656,692
MUNIF Notes	23	6.28	34,549,378	-	-	-	-	34,549,378

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	Total RM
Group							
As at 31 March 2011							
Fixed rates							
Fixed deposits	19	2.75	28,138,122	-	-	-	28,138,122
Hire purchase and lease creditors	25	1.99	10,538,811	5,665,280	1,544,727	-	17,748,818
Floating rates							
Short term money market deposits	19	1.95	34,721,906	-	-	-	34,721,906
Bank overdrafts	23	7.80	11,476,300	-	-	-	11,476,300
Term loan	23	7.00	694,938	-	-	-	694,938
Trust receipts	23	7.80	1,963,958	-	-	-	1,963,958
MUNIF Notes	23	5.90	9,436,561	34,906,864	-	-	44,343,425

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	Total RM
Company							
As at 31 March 2012							
Fixed rates							
Hire purchase and lease creditors	25	3.50	55,525	59,656	63,787	73,764	252,732
Floating rate							
MUNIF Notes	23	6.28	34,549,378	-	-	-	34,549,378
Short term money market deposits	19	2.75	140,053	-	-	-	140,053
As at 31 March 2011							
Floating rate							
MUNIF Notes	23	5.90	9,436,561	34,906,864	-	-	44,343,425

Sensitivity analysis for interest rate risk

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) loss after tax by the amounts shown below. This analysis assumes that all other variables in particular foreign currency rates, remain constant.

	2012 Loss after tax		2011 Loss after tax	
Group	100 bp increase RM	100 bp decrease RM	100 bp increase RM	100 bp decrease RM
Floating rate instruments	249,227	(249,227)	178,175	(178,175)

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

	2012 Loss after tax		2011 Loss after tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Company				
Floating rate instruments	258,070	(258,070)	332,576	(332,576)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument which fluctuates because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk as a result of the foreign currency denominated transactions entered into by the Group during the course of business. The currency involved is primarily US Dollar. Transactions in all other currencies are minimal. The Group monitors the movement in foreign currency exchange rates closely to ensure their exposure is minimised. The Group does not use derivative financial instruments to hedge these risks.

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	Functional currencies			
Group	**Ringgit Malaysia RM**	**Indonesia Rupiah RM**	**Singapore Dollar RM**	**Total RM**
As at 31 March 2012				
Financial assets and liabilities and not held in functional currencies				
Trade receivables				
US Dollar	388,424	-	-	388,424
Euro	7,416	-	-	7,416
Other receivables				
US Dollar	56,074	-	-	56,074
Trade payables				
US Dollar	5,571,665	-	-	5,571,665
Cash and cash equivalents				
US Dollar	-	33,856	38	33,894
Euro	-	1,889	-	1,889
	-	35,745	38	35,783

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Foreign currency risk (continued)

	Functional currencies			
Group	**Ringgit Malaysia RM**	**Indonesia Rupiah RM**	**Singapore Dollar RM**	**Total RM**
As at 31 March 2011				
Financial assets and liabilities and not held in functional currencies				
Trade receivables				
US Dollar	145,316	-	-	145,316
Other receivables				
US Dollar	2,721	-	-	2,721
Trade payables				
US Dollar	3,363,808	-	-	3,363,808
Singapore Dollar	-	4,827	-	4,827
	3,363,808	4,827	-	3,368,635
Cash and cash equivalents				
Nigeria Dollar	212	-	-	212
Singapore Dollar	7,913	-	-	7,913
US Dollar	5,604	17,981	1,560	25,145
Euro	-	1,962	-	1,962
	13,729	19,943	1,560	35,232

Sensitivity analysis for foreign currency risk

Foreign currency risk arises from Group's entities which have a Ringgit Malaysia functional currency. The exposure to currency risk of the Group's entities which do not have Ringgit Malaysia as its functional currency is not material and hence, sensitivity analysis is not presented.

A 10% strengthening of the RM against the United States Dollar at the end of the reporting period would have decreased loss after tax by approximately RM381,995 (2011: RM239,297) and vice versa. This assumes that all other variables remain constant.

(v) Equity price risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment and income funds prices. The Group manages its exposure to equity price risks by maintaining a portfolio of equities with different risk profiles.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(v) Equity price risk (continued)

Sensitivity analysis for equity price risk

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments and income funds as at the end of the reporting period, with all other variables held constant:

	Changes in equity prices	
Group	**Increase of 10%**	**Decrease of 10%**
	RM	**RM**
2012		
Effects on loss after tax	(1,110,227)	1,110,227
2011		
Effects on loss after tax	(1,094,066)	1,094,066

45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 24 January 2011, the Company announced its proposal to issue 92,950,099 Free Warrants on the basis of one (1) free warrant for every two (2) existing ordinary shares of RM1.00 each in the Company held by the entitled shareholders of the Company on an entitlement date, which was subsequently determined on 18 April 2011 ("Proposed Free Warrants Issue").

On 26 April 2011, the Proposed Free Warrants Issue was completed, followed by the listing of and quotation for the 92,950,099 Free Warrants on the Main Market of Bursa Malaysia Securities Berhad.

(ii) On 13 June 2011, FAS, a wholly-owned subsidiary of MYHB, which in turn is a wholly-owned subsidiary of the Company, increased its issued and paid-up share capital from RM2 to RM500,000 by an allotment of 499,998 ordinary shares of RM1.00 each. MYHB and other four subscribers respectively subscribed for 299,998 and 200,000 ("Subscription of Shares") ordinary shares of RM1.00 each in FAS for cash at par. Following the Subscription of Shares, the equity interest of the Group via MYHB in FAS has been diluted from 100% to 60%. FAS has been reactivated to handle IT business out of Klang Valley and Petaling Jaya.

(iii) On 28 June 2011, FHB, a wholly-owned subsidiary of the Group, acquired 21,000,000 ordinary shares of RM1.00 each in Ho Hup for a total cash consideration of RM16,800,000. This represents 20.59% of the total equity interests in Ho Hup. Accordingly, Ho Hup became a 20.59% owned associate of the Group.

(iv) On 19 September 2011, NPSB, a wholly-owned subsidiary of MYHB, which in turn is a wholly-owned subsidiary of the Company, entered into a Shareholders' Agreement ("Shareholders' Agreement") together with Topacres Sdn. Bhd. ("TSB"), a wholly-owned subsidiary of Insas Berhad ("Insas") and Red Zone Development Sdn. Bhd. ("RZD") to regulate their relationships as shareholders of MSB, which will be undertaking the business of property development. As stated in the Shareholders' Agreement, NPSB agreed to subscribe 30% of ordinary shares at an issue price of RM1.00 each and 30% of redeemable preference shares at an issue price of RM1.00 each in MSB. As at the end of the current financial year under review, NPSB has subscribed in cash 75,000 ordinary shares at an issue price of RM1.00 each and 3,675,000 redeemable preference shares at an issue price of RM1.00 each in MSB totalling RM3,750,000, representing 30% of the equity interests in MSB. Accordingly, MSB became a 30% owned associate of the Group.

45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(v) On 26 March 2012, DGSB announced its proposal to undertake a Renounceable Rights Issue of up to 338,969,273 new ordinary shares of RM0.10 each in DGSB ("Rights Share") together with up to 338,969,273 free detachable warrants ("Warrants") at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share for every four (4) existing shares held in DGSB together with one (1) free warrant for every one (1) Rights Share subscribed at an entitlement date to be determined later by DGSB's Board of Directors. The above exercise has yet to be completed as at the date of this report.

(vi) On 29 March 2012, the Company entered into an Agreement ("Agreement") for the disposal of the entire issued and paid-up capital of FBS comprising 11,500,000 ordinary shares of RM1.00 each in FBS for a total sales consideration of RM1.00.

The disposal of FBS has been completed on even date. Upon completion of the disposal, FBS is ceased to be a subsidiary of the Group.

46. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(i) On 8 May 2012, the Company and FHB (the "Vendors"), entered into a Heads of Agreement ("HOA") with Microlink Solutions Berhad ("Micro" or the "Purchaser") pursuant to which the Vendors propose to undertake the disposal of all of their shareholdings in the following subsidiaries ("Identified Companies") to Micro for an indicative disposal consideration of RM102.0 million ("Disposal Consideration") to be satisfied via the issuance of 463,636,363 new ordinary shares of RM0.10 each in Micro ("Micro Share(s)") or ("Settlement Shares") at an issue price of RM0.22 per Micro Share ("Proposed Disposal"):-

(a) 100% equity interest in ABS held by the Company;
(b) 100% equity interest in FCS held by FHB;
(c) 51% equity interest in FIRST held by FHB; and
(d) 100% equity interest in FST held by the Company.

The Vendors and Micro will enter into the Definitive Agreement at a later date.

The Proposed Disposal is expected to lead to a reduction in the earnings and earnings per share of the Group going forward as a result of the loss of earnings generated by the Identified Companies. However, the Group would still be able to consolidate the contribution from the Identified Companies indirectly via its shareholding in Micro upon completion of the Proposed Disposal.

(ii) FHB acquired 25,483,100 ordinary shares of RM0.10 each in Micro representing 20% of the total issued and paid-up share capital of Micro from Technology World Company ("TWC") for a total cash consideration of RM4,586,958 ("Consideration") on 16 May 2012. In addition to the Consideration, FHB is to pay and settle the amount of RM450,000 ("Amount Owing") owing from TWC to Microlink Worldwide Sdn. Bhd., a wholly-owned subsidiary of Micro. Apart from FHB's obligation to settle the Amount Owing, there are no other liabilities to be assumed by FHB pursuant to the Acquisition. Accordingly, Micro becomes a 20% owned associate of the Group.

47. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The accumulated losses as at the end of the reporting period can be analysed as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Total accumulated losses:				
- Realised	36,657,882	34,156,256	(29,673,825)	(1,141,642)
- Unrealised	350,718	714,231	(16,202)	(5,427)
	37,008,600	34,870,487	(29,690,027)	(1,147,069)
Less: Consolidation adjustments	(54,160,255)	(43,914,706)	-	-
Total accumulated losses as per financial statements	(17,151,656)	(9,044,219)	(29,690,027)	(1,147,069)

FORMIS RESOURCES BERHAD (530701-T)
Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012
(The figures have not been audited)

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	79,527	64,360	228,965	210,644
Cost of sales	(61,313)	(46,375)	(177,397)	(156,730)
Gross profits	18,214	17,985	51,568	53,914
Other income	1,269	1,511	4,537	7,829
Other operating expenses	(16,337)	(16,200)	(48,496)	(53,578)
Finance costs	(1,486)	(1,767)	(4,690)	(4,382)
Share of results of associates	754	(718)	(971)	(588)
Profit before tax	2,414	811	1,948	3,195
Tax expense	(1,376)	(620)	(3,420)	(4,132)
Profit / (Loss) for the financial period	1,038	191	(1,472)	(937)
Other comprehensive income / (loss), net of tax				
Foreign currency translation differences for foreign operations	163	325	(75)	(163)
Share of foreign currency translation of associates	(6)	27	1	27
Other comprehensive income / (loss) for the financial period, net of tax	157	352	(74)	(136)
Total comprehensive income / (loss) for the financial period	1,195	543	(1,546)	(1,073)
Profit / (Loss) attributable to:-				
Owners of the Parent	67	627	(2,530)	8,212
Non-controlling interests	971	(436)	1,058	(9,149)
Profit / (Loss) for the financial period	1,038	191	(1,472)	(937)
Total comprehensive income / (loss) attributable to:-				
Owners of the Parent	222	864	(2,482)	8,146
Non-controlling interests	973	(321)	936	(9,219)
Total comprehensive income / (loss) for the financial period	1,195	543	(1,546)	(1,073)
Earnings / (Loss) per ordinary share (sen)				
-Basic	0.04	0.34	(1.36)	4.42

(The Condensed Consolidated Statement of 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 2012.)

FORMIS RESOURCES BERHAD (530701-T)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Unaudited As at 31.12.2012 RM'000	Audited As at 31.03.2012 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	3,481	3,844
Investment in associates	26,861	19,209
Software development costs	1,302	1,752
Other investments	2,052	2,076
Investment property	32	32
Other receivables	9,545	13,056
Goodwill	124,495	124,495
Deferred tax assets	507	858
	168,275	165,322
Current Assets		
Other investments	7,332	10,754
Inventories	24,933	14,378
Trade receivables	68,917	82,630
Other receivables, deposits and prepayments	37,129	36,146
Amount owing by associates	402	-
Current tax assets	2,267	2,362
Cash and cash equivalents	75,057	61,262
	216,037	207,532
Assets of disposal groups classified as held for sale	3,500	3,500
TOTAL ASSETS	387,812	376,354
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	185,901	185,901
Share premium	9,744	9,744
Other reserves	341	286
Accumulated losses	(19,139)	(17,152)
	176,847	178,779
Non-controlling interests	15,363	15,003
TOTAL EQUITY	192,210	193,782
Non-Current Liabilities		
Borrowings	17,053	14,223
Provision for post employment benefits	87	87
Deferred tax liabilities	813	767
	17,953	15,077
Current Liabilities		
Trade payables	37,867	22,649
Other payables, deposits and accruals	52,905	63,913
Borrowings	83,103	76,659
Current tax payables	274	774
	174,149	163,995
Liabilities of disposal groups classified as held for sale	3,500	3,500
TOTAL LIABILITIES	195,602	182,572
TOTAL EQUITY AND LIABILITIES	387,812	376,354
Net assets per share (RM)	0.9513	0.9617

(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 2012.)

FORMIS RESOURCES BERHAD (530701-T)
Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012
(The figures have not been audited)

	Attributable to owners of the Parent							
	Non-distributable				Distributable			
Nine Months Financial Period Ended 31 December 2012	Ordinary shares RM'000	Share premium RM'000	Exchange translation reserve RM'000	Equity compensation reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 April 2012	185,901	9,744	286	-	(17,152)	178,779	15,003	193,782
(Loss) / Profit after tax for the financial period	-	-	-	-	(2,530)	(2,530)	1,058	(1,472)
Foreign currency translation for foreign operations	-	-	47	-	-	47	(122)	(75)
Share of foreign currency translation of associates	-	-	1	-	-	1	-	1
Total comprehensive income / (loss) for the financial period	-	-	48	-	(2,530)	(2,482)	936	(1,546)
Acquisition of non-controlling interest	-	-	-	-	543	543	(576)	(33)
Share of equity compensation reserve of associates	-	-	-	7	-	7	-	7
Balance as at 31 December 2012	185,901	9,744	334	7	(19,139)	176,847	15,363	192,210

	Attributable to owners of the Parent							
	Non-distributable				Distributable			
Nine Months Financial Period Ended 31 December 2011	Ordinary shares RM'000	Share premium RM'000	Exchange translation reserve RM'000	Equity compensation reserve RM'000	(Accumulated losses) / Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 April 2011	185,901	9,744	34	-	(9,044)	186,635	19,768	206,403
Profit / (Loss) after tax for the financial period	-	-	-	-	8,212	8,212	(9,149)	(937)
Foreign currency translation for foreign operations	-	-	(93)	-	-	(93)	(70)	(163)
Share of foreign currency translation of associates	-	-	27	-	-	27	-	27
Total comprehensive (loss) / income for the financial period	-	-	(66)	-	8,212	8,146	(9,219)	(1,073)
Transaction with owners-arising from dilution of equity interest in a subsidiary	-	-	-	-	2,845	2,845	(2,645)	200
Balance as at 31 December 2011	185,901	9,744	(32)	-	2,013	197,626	7,904	205,530

(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 2012.)

FORMIS RESOURCES BERHAD (530701-T)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012
(The figures have not been audited)

	NINE MONTHS ENDED 31 DECEMBER	
	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,948	3,195
Adjustment for non-cash items:		
Bad debts written off	-	329
Depreciation and amortisation	1,717	1,643
Dividend income	(10)	(11)
Impairment losses on trade receivables	338	3,183
Impairment losses on other receivables	2	-
Interest expense	4,438	4,124
Interest income	(984)	(1,395)
Net (gain) / loss on fair value adjustments on other investments	(107)	389
Net loss / (gain) on disposal of other investments	552	(29)
Net loss on disposal of property, plant and equipment	110	175
Net unrealised loss / (gain) on foreign currency exchange	21	(62)
Property, plant and equipment written off	71	284
Reversal of impairment loss on trade receivables	(620)	(2,357)
Share of results of associates	971	588
Other non-cash items	114	541
Operating profit before working capital changes	8,561	10,597
Net changes in assets	5,691	21,842
Net changes in liabilities	4,265	(20,035)
Net cash generated from operations	18,517	12,404
Tax paid	(3,754)	(3,775)
Tax refund	326	825
Net cash from operating activities	15,089	9,454
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates	(8,617)	(16,875)
Acquisition of non-controlling interest	(33)	-
Interest received	984	1,395
Dividend received	9	11
(Placement) / Withdrawal of fixed deposits pledged	(12,832)	(346)
Proceeds from disposal of development properties	-	70,500
Proceeds from disposal of other investments	3,000	1,641
Proceeds from disposal of property, plant and equipment	252	362
Purchase of other investments	-	(3,975)
Purchase of property, plant and equipment	(647)	(994)
Net cash (used in) / from investing activities	(17,884)	51,719
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	22,788	36,382
Repayment of borrowings	(46,762)	(91,391)
Issuance of share capital of a subsidiary to non-controlling interest	-	200
Interest paid	(4,438)	(4,124)
Net cash used in financing activities	(28,412)	(58,933)
Net (decrease) / increase in cash and cash equivalents	(31,207)	2,240
Cash and cash equivalents at 1 April 2012/2011*	35,332	53,934
Effect of foreign exchange on opening balance	(300)	(143)
Cash and cash equivalents at 31 December 2012/2011*	3,825	56,031

** 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 2012.)

FORMIS RESOURCES BERHAD ("FRB") (530701-T)

Notes to the Interim Financial Report
For the Third Quarter Ended 31 December 2012

1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 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 2012. 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 2012.

2 Significant Accounting Policies

Changes in Accounting Policies

Since the issuance of the previous annual audited financial statements as at 31 March 2012, the Group has adopted new and revised Financial Reporting Standards ("FRSs"), Amendments to FRSs, Interpretations and Technical Releases which were effective for the Group's financial period beginning on 1 April 2012. The new FRSs, Amendments to FRSs, Interpretations and Technical Releases are expected to have no significant impact on the financial statements of the Group upon their initial application except for the changes in presentation and disclosures of financial information.

Standards and Interpretations issued but not yet effective

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the Group's accounting period beginning 1 April 2012. The initial application of the FRSs, Amendments to FRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impacts to the financial statements of the Group upon their first adoption.

Malaysian Financial Reporting Standard ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014. The Group falls within the definition of Transitioning Entities and has accordingly, opted to defer the adoption of the MFRS Framework to the financial year beginning 1 April 2014.

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 2012 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 quarter 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 quarter 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 quarter under review.

7 Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt securities of the Group and equity securities of the Company during the current financial quarter under review.

8 Dividends paid

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

FORMIS RESOURCES BERHAD ("FRB") (530701-T)

Notes to the Interim Financial Report
For the Third Quarter Ended 31 December 2012

9 Segmental reporting

Business Segments	Distribution RM'000	Networks RM'000	Software RM'000	Solutions RM'000	Systems RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Nine Months Financial Period Ended 31 December 2012								
External sales	104,155	20,625	2,958	19,041	82,176	10	-	228,965
Inter segment sales	11,940	16,158	2,142	4,536	1,078	2,187	(38,041)	-
Total Sales	116,095	36,783	5,100	23,577	83,254	2,197	(38,041)	228,965
Segment results	3,509	6,840	225	923	727	(5,851)	-	6,373
Share of results of associates								(971)
Interest expense								(4,438)
Interest Income								984
Profit before taxation								1,948
Segment assets	61,687	32,725	8,497	27,971	91,223	165,709	-	387,812
Nine Months Financial Period Ended 31 December 2011								
External sales	100,242	14,379	6,315	22,199	66,378	1,131	-	210,644
Inter segment sales	5,479	7,360	5,761	2,251	2,557	4,175	(27,583)	-
Total Sales	105,721	21,739	12,076	24,450	68,935	5,306	(27,583)	210,644
Segment results	3,780	4,076	4,915	(7,482)	845	378	-	6,512
Share of results of associates								(588)
Interest expense								(4,124)
Interest Income								1,395
Profit before taxation								3,195
Segment assets	61,787	34,564	19,661	21,357	83,920	154,651	-	375,940

10 Carrying amount of revalued assets

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

11 Subsequent events

(i) On 16 August 2012, the Company announced that the Company proposed to undertake the following:-

(a) proposed renounceable rights issue of up to 92,950,099 new redeemable convertible preference shares of RM0.10 each in Formis ("Rights RCPS") at an issue price of RM1.00 per Rights RCPS on the basis of one (1) Rights RCPS for every three (3) existing ordinary shares of RM1.00 each ("Shares") held in the Company, as at an entitlement date to be determined later ("Proposed Rights Issue");

(b) proposed alteration to the authorised share capital of the Company ("Proposed Alteration to Authorised Capital"); and

(c) proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed Alteration to Authorised Capital ("Proposed Amendments to M&A").

On 5 November 2012, the Company announced that the Company proposed to revise the proposals to the following:-

(a) proposed reduction of the issued and paid-up share capital of Formis via the cancellation of RM0.50 of the par value of each existing ordinary share of RM1.00 each in Formis ("Proposed Par Value Reduction");

(b) proposed renounceable rights issue of up to 278,850,298 new ordinary shares of RM0.50 each in the Company ("Formis Shares") ("Rights Shares") together with up to 139,425,149 free detachable warrants ("Warrants") at an issue price of RM0.50 per Rights Share on the basis of two (2) Rights Shares together with one (1) free Warrant for every two (2) existing Formis Shares held after the Proposed Par Value Reduction ("Proposed Rights Issue With Warrants"); and

(c) proposed revised amendments to the Company's Memorandum and Articles of Association to facilitate the Proposed Par Value Reduction ("Proposed Revised Amendments to M&A").

On 3 December 2012, the Company announced that Bank Negara Malaysia had vide its letter dated 28 November 2012 (which was received on 3 December 2012) approved the issuance of the Warrants under the Proposed Rights Issue With Warrants to non-resident shareholders of the Company.

On 12 December 2012, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") has vide its letter dated 11 December 2012, approved the Company's listing application in respect of the Proposed Rights Issue with Warrants.

On 23 January 2013, the Company announced that shareholders of Formis had approved the abovementioned proposals.

On 31 January 2013, the Company announced that the Company had filed an application to the High Court of Malaya ("High Court") to obtain its confirmation in respect of the Proposed Par Value Reduction ("High Court Confirmation"). The sealed court order on the High Court Confirmation was granted on 20 February 2013.

FORMIS RESOURCES BERHAD ("FRB") (530701-T)

Notes to the Interim Financial Report
For the Third Quarter Ended 31 December 2012

11 Subsequent events (continued)

(ii) On 17 October 2012, the Company announced that CNA entered into the following agreements:-

(a) an Investment Agreement ("Investment Agreement") with Yakimbi Sdn Bhd ("Yakimbi"), Andrew Christopher Campbell Diamond ("AD"), Bubblegum Sdn Bhd ("Bubblegum"), Dato' Gan Nyap Liou @ Gan Nyap Liow ("Dato' Gan"), Hector William Ingram ("HI") and Tan Swee Im ("TSI") for the subscription of 1,000,000 new ordinary shares of RM1.00 each in the share capital of Yakimbi by CNA in four (4) tranches at RM3.00 per shares ("Subscription Price") for cash totaling RM3,000,000.00 ("Subscription Shares");

(b) a Shareholders' Agreement ("Shareholders' Agreement") with AD, Bubblegum, Dato' Gan, HI and TSI to regulate their relationships as shareholders of Yakimbi and the management and operation of Yakimbi, which will be undertaking the business of providing secure mobile collaboration and storage solutions in the cloud; and

(c) an Option Agreement ("Option Agreement") with Bubblegum, Dato' Gan, HI and TSI to grant the right to CNA to require the existing shareholders (other than CNA) of Yakimbi to sell 275,000 ordinary shares of RM1.00 each in Yakimbi ("Option Shares") to CNA at the option price of RM3.00 per ordinary share ("Call Option") totaling RM825,000.00 during the Call Option period in accordance with the terms and subject to the conditions set out in the Option Agreement.

Upon completion of the subscription of the Subscription Shares and the acquisition of the Option Shares, the Company will hold an aggregate of 51% equity interest in Yakimbi.

On 5 December 2012, the Company announced that the acquisition of the Sale Shares and the subscription of the 1st Tranche of the Subscription Shares had been completed on 5 December 2012.

On 31 January 2013, the Company announced that the subscription of 116,667 ordinary shares of RM1.00 each, being partial subscription of the 2nd Tranche of the Subscription Shares by CNA in Yakimbi has been completed on even date. Accordingly, Yakimbi became 27.1% owned associate of the Group.

(iii) On 2 January 2013, the Company announced that the Company has on 28 December 2012, fully redeemed all the outstanding MUNIF Notes / IMTN Notes. In this respect, the MUNIF / IMTN Facility had been cancelled effective 28 December 2012.

(iv) On 17 January 2013, the Company announced that Continuous Network Advisers Sdn Bhd ("CNA"), a wholly-owned subsidiary of the Company, entered into the following agreements:-

(a) a Share Sale and Subscription Agreement ("SSA") with CME Asia Sdn Bhd ("CME") and Fiber at Home City Networks Sdn Bhd ("FHCN") to acquire 100,000 ordinary shares of RM1.00 each ("Ordinary Shares") in the capital of FHCN ("Sale Shares") from CME for a total cash consideration of RM1,000,000.00 and to subscribe for 500,000 ordinary shares of RM1.00 each in the capital of FHCN at RM4.00 per shares ("Subscription Price") for cash totaling RM2,000,000.00 ("Subscription Shares").

Upon completion of the acquisition of the Sale Shares and the subscription of the Subscription Shares, the Company will hold an aggregate of 40% equity interest in FHCN;

(b) a Shareholders' Agreement ("Shareholders' Agreement") with CME and Wan Mohalina binti Wan Mohammad ("Wan Mohalina") to regulate their relationships as shareholders of FHCN and the management and operation of FHCN, which is principally an independent Smart Community FTTH Network infrastructure provider and telecommunication company and a license holder with Suruhanjaya Komunikasi Multimedia Malaysia (SKMM) for Network Facilities Provider (NFP), Network Service Provider (NSP) and Application Service Provider (ASP);

(c) a Call Option Agreement ("Call Option Agreement") with FHCN to grant the right to CNA to require FHCN to issue and allot up to 1,200,000 ordinary shares of RM1.00 each in FHCN ("Option Shares") to CNA at the following issue price and in accordance with the terms and subject to the conditions set out in the Call Option Agreement:

i) RM5.00 per ordinary share ("Call Option A") during the Call Option A period commencing from the date of completion of the SSA and ending on the day falling 12 months from such completion date ("Call Option Period A"); or

ii) such price to be mutually agreed upon by CNA and FHCN on good faith and best endeavours basis and based on market valuation method to be mutually agreed upon by the parties ("Call Option B") during the Call Option B period commencing from the expiry of Call Option Period A and ending on the day falling three (3) years from the date of completion of the SSA ("Call Option Period B");

Upon completion of the acquisition of the Sale Shares, the subscription of the Subscription Shares and the acquisition of the Option Shares, the Company will hold an aggregate of 66.67% equity interest in FHCN.

(v) On 18 January 2013, the Company announced that the Company had on 16 January 2013 incorporated a wholly-owned subsidiary company known as Formis Research & Development Sdn Bhd ("FRDev"). The authorised share capital of FRDev is RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each of which RM2.00 comprising 2 ordinary shares of RM1.00 each has been issued and fully paid-up. FRDev is currently dormant and the intended principal activity is to carry on the business of information technology software research, product development, maintenance, systems integration distribution and other related services both locally and internationally.

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

FORMIS RESOURCES BERHAD ("FRB") (530701-T)

Notes to the Interim Financial Report
For the Third Quarter Ended 31 December 2012

12 Changes in the composition of the group

(i) On 10 September 2012, the Company announced that Continuous Network Advisers Sdn Bhd ("CNA"), a wholly-owned subsidiary of the Company, entered into the following agreements:-

(a) an Investment Agreement ("Investment Agreement") with MYATM Sdn Bhd (formerly known as RCG Xcess Sdn Bhd) ("MYATM") and Goh Chee Chern ("GCC") to acquire 200,000 ordinary shares of RM1.00 each in the share capital of MYATM ("Sale Shares") from GCC for a total cash consideration of RM200,000.00 and to subscribe for 1,300,000 ordinary shares of RM1.00 each in the share capital of MYATM in four (4) tranches at RM1.50 per shares ("Subscription Price") for cash totaling RM1,950,000.00 ("Subscription Shares").

Upon completion of the acquisition of the Sale Shares and the subscription of the Subscription Shares, the Company will hold an aggregate of 60% equity interest in MYATM; and

(b) a Shareholders' Agreement ("Shareholders' Agreement") with MYATM, GCC and Dato' Gan Nyap Liou @ Gan Nyap Liow ("Dato' Gan") to regulate their relationships as shareholders of MYATM and the management and operation of MYATM, which will be undertaking the business of manufacturing, trading and servicing of banking equipment and related services.

On 14 September 2012, the Company announced that the acquisition of the Sale Shares and the subscription of the 1st Tranche of the Subscription Shares had been completed on 14 September 2012. On 6 November 2012, the Company announced that the subscription of the 2nd Tranche of the Subscription Shares had been completed on 6 November 2012 as mutually agreed upon by CNA and MYATM.

On 6 February 2013, the Company announced that CNA entered into a Supplemental Agreement to the Investment Agreement with MYATM and GCC ("Supplemental Agreement") for the purpose of varying certain terms of the Investment Agreement.

On 8 February 2013, the Company announced that the subscription of the 3rd and 4th Tranche of the Subscription Shares by CNA in MYATM has been completed on 8 February 2013. Accordingly, MYATM became 60.0% owned subsidiary of the Group.

(ii) On 17 October 2012, the Company announced that CNA entered into the following agreements:-

(a) an Investment Agreement ("Investment Agreement") with Yakimbi Sdn Bhd ("Yakimbi"), Andrew Christopher Campbell Diamond ("AD"), Bubblegum Sdn Bhd ("Bubblegum"), Dato' Gan Nyap Liou @ Gan Nyap Liow ("Dato' Gan"), Hector William Ingram ("HI") and Tan Swee Im ("TSI") for the subscription of 1,000,000 new ordinary shares of RM1.00 each in the share capital of Yakimbi by CNA in four (4) tranches at RM3.00 per shares ("Subscription Price") for cash totaling RM3,000,000.00 ("Subscription Shares");

(b) a Shareholders' Agreement ("Shareholders' Agreement") with AD, Bubblegum, Dato' Gan, HI and TSI to regulate their relationships as shareholders of Yakimbi and the management and operation of Yakimbi, which will be undertaking the business of providing secure mobile collaboration and storage solutions in the cloud; and

(c) an Option Agreement ("Option Agreement") with Bubblegum, Dato' Gan, HI and TSI to grant the right to CNA to require the existing shareholders (other than CNA) of Yakimbi to sell 275,000 ordinary shares of RM1.00 each in Yakimbi ("Option Shares") to CNA at the option price of RM3.00 per ordinary share ("Call Option") totaling RM825,000.00 during the Call Option period in accordance with the terms and subject to the conditions set out in the Option Agreement.

Upon completion of the subscription of the Subscription Shares and the acquisition of the Option Shares, the Company will hold an aggregate of 51% equity interest in Yakimbi.

On 5 December 2012, the Company announced that the acquisition of the Sale Shares and the subscription of the 1st Tranche of the Subscription Shares had been completed on 5 December 2012.

On 31 January 2013, the Company announced that the subscription of 116,667 ordinary shares of RM1.00 each, being partial subscription of the 2nd Tranche of the Subscription Shares by CNA in Yakimbi has been completed on even date. Accordingly, Yakimbi became 27.1% owned associate of the Group.

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

13 Changes in contingent liabilities or contingent assets

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

	RM'000
FHB	
- to leasing party for leasing facilities to a subsidiary	7,529

Corporate Guarantees cancelled by the following Company during the current financial quarter under review is as follows:-

FHB	
- to leasing party for leasing facilities to a subsidiary	2,105

Saved as disclosed above, there were no other changes on contingent liabilities or contingent assets of the Group.

14 Capital commitments

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

FORMIS RESOURCES BERHAD ("FRB") (530701-T)

Additional information required by Bursa Securities Listing Requirements
For the Third Quarter Ended 31 December 2012

1 Detailed analysis of performance

The Group recorded a revenue of RM79.5 million in the current quarter under review, an increase of approximately 23.6% from RM64.4 million in the corresponding quarter of the preceding financial year.

The Group recorded RM229.0 million of revenue in the financial period under review, an increase of approximately 8.7% from RM210.6 million in 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 THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Distribution	41,389	33,014	116,095	105,721
Networks	13,461	11,902	36,783	21,739
Software	1,454	3,912	5,100	12,076
Solutions	8,425	6,359	23,577	24,450
Systems	33,381	23,502	83,254	68,935
Others	732	2,564	2,197	5,306
	98,842	81,253	267,006	238,227
Less : Inter Segment Revenue	(19,315)	(16,893)	(38,041)	(27,583)
Total Group Revenue	79,527	64,360	228,965	210,644
	-	-	-	-

For the Distribution segment, the increase in revenue by approximately RM8.4 million for the current quarter under review as compared to the corresponding quarter is mainly due to increase in contracts / orders secured during the current quarter under review.

The increase in revenue in Network segment of RM1.6 million for the current quarter and RM15.1 million for the current financial period is mainly due to sizeable sales contributed from a technology driven solution provider and a telco service provider during the financial quarter and period under review respectively.

The Systems segment recorded an increase in revenue in the current quarter by approximately RM9.9 million and RM14.3 million in the current financial period due to increase in billings from government sector and telco industry during the financial quarter and period under review.

The Solutions segment recorded an increase in revenue for the current quarter under review as compared to the corresponding quarter of the preceding financial year by 32.5%. This was mainly due to the award of E-Courts maintenance and support services contract for the application system in Peninsular Malaysia. However, the revenue showed a slight decrease in the current financial period mainly due to lower billing contributed by three of the subsidiaries under Solutions segment.

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

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Distribution	335	402	3,779	4,108
Networks	4,263	2,472	6,721	4,333
Software	(69)	(378)	250	5,078
Solutions	1,049	(2,085)	910	(7,565)
Systems	(523)	739	597	914
Others	(2,641)	(339)	(10,309)	(3,673)
Profit before tax	2,414	811	1,948	3,195
	-	-	-	-

The Group recorded a higher profit before tax of RM2.4 million in the current quarter against RM0.8 million in the corresponding quarter of the preceding financial year. The increase in profit is largely contributed by Networks due to higher revenue recorded and improved gross profit margin from the services rendered to a telco service provider. The gross profit margin has improved from RM4.5 million in the corresponding quarter of the preceding financial year to RM6.3 million in the current quarter under review.

The Solutions segment recorded a profit before tax of RM1.0 million for the current quarter under review as compared to a loss before tax of RM2.1 million in the corresponding quarter of the preceding financial year. The increase in profit is largely due to higher revenue recorded and improved gross profit margin contributed by the E-Courts maintenance and support services contract in Peninsular Malaysia during current quarter.

Under Others segment, the Group also shared a profit from associates amounting RM0.8 million in the current quarter under review. The share of profit was mainly from an associate acquired during the current financial period.

Although the Group recorded a higher profit before tax by RM1.6 million in the current quarter, the profit before tax for the current financial period is lower compared to the preceding financial year by RM1.2 million. This was mainly due to higher operating expenses incurred for corporate exercises undertaken by the Group which was categorised under Others segment.

The Software segment also contributed to lower profit before tax for the current financial period if compared to preceding year which was mainly due to lower revenue recorded in the current financial preiod of RM5.1 million compared to RM12.1 million in the preceding year.

FORMIS RESOURCES BERHAD ("FRB") (530701-T)

Additional information required by Bursa Securities Listing Requirements
For the Third Quarter Ended 31 December 2012

2 Variation of results against preceding quarter

	3 months ended 31.12.2012 RM'000	3 months ended 30.09.2012 RM'000
Profit before tax	2,414	2,372

The Group recorded a slight improvement in profit before tax for the current quarter under review as compared to the preceding quarter.

3 Current year prospects

The Group's performance for the remaining financial year is expected to be satisfactory.

4 Profit forecast

Not applicable.

5 Income tax expense

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense				
- Malaysian taxation	1,236	36	3,116	3,329
- Foreign taxation	6	(46)	47	204
	1,242	(10)	3,163	3,533
(Over) / under provision in prior period				
- Malaysian taxation	(86)	(63)	(76)	(63)
- Foreign taxation	-	1	(64)	56
	(86)	(62)	(140)	(7)
	1,156	(72)	3,023	3,526
Deferred taxation				
- origination and reversal of temporary differences				
- Malaysian taxation	220	692	397	606
	1,376	620	3,420	4,132

The Group's effective tax rate for the current financial period 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.

FORMIS RESOURCES BERHAD ("FRB") (530701-T)

Additional information required by Bursa Securities Listing Requirements
For the Third Quarter Ended 31 December 2012

6 Status of corporate proposals

(i) On 26 March 2012, Diversified Gateway Solutions Berhad ("DGSB"), a 59.6% owned subsidiary of the Company, announced its proposal to undertake a Renounceable Rights Issue of up to 338,969,273 new ordinary shares of RM0.10 each in DGSB ("Rights Shares") together with up to 338,969,273 Free Detachable Warrants ("Warrants") at an issue price of RM0.10 per Rights Share on the basis of one (1) Rights Share for every four (4) existing ordinary shares of RM0.10 each held in DGSB ("DGSB Shares") together with one (1) free Warrant for every one (1) Rights Share subscribed at an entitlement date, to be determined later by the Board ("Proposed Rights Issue With Warrants").

On 6 July 2012, Bursa Securities had approved the following:

(i) Listing of and quotation for up to 338,969,273 new DGSB Shares to be issued pursuant to the Proposed Rights Issue with Warrants;

(ii) Admission to the Official List and the listing of and quotation for up to 338,969,273 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants; and

(iii) Listing of and quotation for up to 338,969,273 new DGSB Shares to be issued pursuant to the exercise of the Warrants.

On 19 July 2012, Bank Negara Malaysia had approved the issuance of the Warrants to non-residents shareholders of DGSB.

On 13 September 2012, shareholders of DGSB have approved the Proposed Rights Issue With Warrants.

On 21 December 2012, DGSB announced that an application for extension of time of six (6) months up to 5 July 2013 to complete the Proposed Rights Issue with Warrants was submitted to Bursa Securities in which the Application has been approved by Bursa Securities on 24 December 2012.

As at the date of this report, the Proposals have yet to be completed.

(ii) On 16 August 2012, the Company announced that the Company proposes to undertake the following:-

(a) proposed renounceable rights issue of up to 92,950,099 new redeemable convertible preference shares of RM0.10 each in Formis ("Rights RCPS") at an issue price of RM1.00 per Rights RCPS on the basis of one (1) Rights RCPS for every three (3) existing ordinary shares of RM1.00 each ("Shares") held in the Company, as at an entitlement date to be determined later ("Proposed Rights Issue");

(b) proposed alteration to the authorised share capital of the Company ("Proposed Alteration to Authorised Capital"); and

(c) proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed Alteration to Authorised Capital ("Proposed Amendments to M&A").

On 5 November 2012, the Company announced that the Company proposes to revise the proposals to the following:-

(a) proposed reduction of the issued and paid-up share capital of Formis via the cancellation of RM0.50 of the par value of each existing ordinary share of RM1.00 each in Formis ("Proposed Par Value Reduction");

(b) proposed renounceable rights issue of up to 278,850,298 new ordinary shares of RM0.50 each in the Company ("Formis Shares") ("Rights Shares") together with up to 139,425,149 free detachable warrants ("Warrants") at an issue price of RM0.50 per Rights Share on the basis of two (2) Rights Shares together with one (1) free Warrant for every two (2) existing Formis Shares held after the Proposed Par Value Reduction ("Proposed Rights Issue With Warrants"); and

(c) proposed revised amendments to the Company's Memorandum and Articles of Association to facilitate the Proposed Par Value Reduction ("Proposed Revised Amendments to M&A").

On 3 December 2012, the Company announced that Bank Negara Malaysia had vide its letter dated 28 November 2012 (which was received on 3 December 2012) approved the issuance of the Warrants under the Proposed Rights Issue With Warrants to non-resident shareholders of the Company.

On 12 December 2012, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") has vide its letter dated 11 December 2012, approved the Company's listing application in respect of the Proposed Rights Issue with Warrants.

On 23 January 2013, the Company announced that shareholders of Formis had approved the abovementioned proposals.

On 31 January 2013, the Company announced that the Company had filed an application to the High Court of Malaya ("High Court") to obtain its confirmation in respect of the Proposed Par Value Reduction ("High Court Confirmation"). The sealed court order on the High Court Confirmation was granted on 20 February 2013.

As at the date of this report, the Proposed Rights Issue With Warrants has yet to be completed.

FORMIS RESOURCES BERHAD ("FRB") (530701-T)

Additional information required by Bursa Securities Listing Requirements
For the Third Quarter Ended 31 December 2012

6 Status of corporate proposals (continued)

(iii) On 10 September 2012, the Company announced that Continuous Network Advisers Sdn Bhd ("CNA"), a wholly-owned subsidiary of the Company, entered into the following agreements:-

(a) an Investment Agreement ("Investment Agreement") with MYATM Sdn Bhd (formerly known as RCG Xcess Sdn Bhd) ("MYATM") and Goh Chee Chern ("GCC") to acquire 200,000 ordinary shares of RM1.00 each in the share capital of MYATM ("Sale Shares") from GCC for a total cash consideration of RM200,000.00 and to subscribe for 1,300,000 ordinary shares of RM1.00 each in the share capital of MYATM in four (4) tranches at RM1.50 per shares ("Subscription Price") for cash totaling RM1,950,000.00 ("Subscription Shares").

Upon completion of the acquisition of the Sale Shares and the subscription of the Subscription Shares, the Company will hold an aggregate of 60% equity interest in MYATM; and

(b) a Shareholders' Agreement ("Shareholders' Agreement") with MYATM, GCC and Dato' Gan Nyap Liou @ Gan Nyap Liow ("Dato' Gan") to regulate their relationships as shareholders of MYATM and the management and operation of MYATM, which will be undertaking the business of manufacturing, trading and servicing of banking equipment and related services.

On 14 September 2012, the Company announced that the acquisition of the Sale Shares and the subscription of the 1st Tranche of the Subscription Shares had been completed on 14 September 2012. On 6 November 2012, the Company announced that the subscription of the 2nd Tranche of the Subscription Shares had been completed on 6 November 2012 as mutually agreed upon by CNA and MYATM.

On 6 February 2013, the Company announced that CNA entered into a Supplemental Agreement to the Investment Agreement with MYATM and GCC ("Supplemental Agreement") for the purpose of varying certain terms of the Investment Agreement.

On 8 February 2013, the Company announced that the subscription of the 3rd and 4th Tranche of the Subscription Shares by CNA in MYATM has been completed on 8 February 2013. Accordingly, MYATM became 60.0% owned subsidiary of the Group.

(iv) On 17 October 2012, the Company announced that CNA entered into the following agreements:-

(a) an Investment Agreement ("Investment Agreement") with Yakimbi Sdn Bhd ("Yakimbi"), Andrew Christopher Campbell Diamond ("AD"), Bubblegum Sdn Bhd ("Bubblegum"), Dato' Gan Nyap Liou @ Gan Nyap Liow ("Dato' Gan"), Hector William Ingram ("HI") and Tan Swee Im ("TSI") for the subscription of 1,000,000 new ordinary shares of RM1.00 each in the share capital of Yakimbi by CNA in four (4) tranches at RM3.00 per shares ("Subscription Price") for cash totaling RM3,000,000.00 ("Subscription Shares").

(b) a Shareholders' Agreement ("Shareholders' Agreement") with AD, Bubblegum, Dato' Gan, HI and TSI to regulate their relationships as shareholders of Yakimbi and the management and operation of Yakimbi, which will be undertaking the business of providing secure mobile collaboration and storage solutions in the cloud; and

(c) an Option Agreement ("Option Agreement") with Bubblegum, Dato' Gan, HI and TSI to grant the right to CNA to require the existing shareholders (other than CNA) of Yakimbi to sell 275,000 ordinary shares of RM1.00 each in Yakimbi ("Option Shares") to CNA at the option price of RM3.00 per ordinary share ("Call Option") totaling RM825,000.00 during the Call Option period in accordance with the terms and subject to the conditions set out in the Option Agreement.

Upon completion of the subscription of the Subscription Shares and the acquisition of the Option Shares, the Company will hold an aggregate of 51% equity interest in Yakimbi.

On 5 December 2012, the Company announced that the acquisition of the Sale Shares and the subscription of the 1st Tranche of the Subscription Shares had been completed on 5 December 2012.

On 31 January 2013, the Company announced that the subscription of 116,667 ordinary shares of RM1.00 each, being partial subscription of the 2nd Tranche of the Subscription Shares by CNA in Yakimbi has been completed on even date. Accordingly, Yakimbi became 27.1% owned associate of the Group.

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

7 Borrowings and debts securities

The Group's bank borrowings as at 31 December 2012 are as follows:

	RM'000
Short term bank borrowings - secured	
- Denominated in RM	85,351
- Denominated in Thai Baht	1,252
Long term bank borrowings - secured	
- Denominated in RM	17,053
Total borrowings	103,656

All borrowings are denominated in Ringgit Malaysia.

FORMIS RESOURCES BERHAD ("FRB") (530701-T)

Additional information required by Bursa Securities Listing Requirements
For the Third Quarter Ended 31 December 2012

8 Realised and Unrealised Profits or Losses

The breakdown of accumulated losses 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:

	31.12.2012 RM'000	30.09.2012 RM'000
Total accumulated losses of the Group: -		
- Realised	15,742	14,932
- Unrealised	(241)	(41)
	15,501	14,891
Less: Consolidation adjustments	(34,640)	(34,640)
Total Group accumulated losses as per consolidated financial statements	(19,139)	(19,749)

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 for compliance on 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 recommended during the financial quarter under review.

11 Earnings / (Loss) per ordinary share

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

Basic earnings / (loss) per ordinary share for the financial period under review is calculated based on the Group's profit / (loss) after tax and minority 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	
	2012	2011	2012	2011
Profit / (loss) after tax and minority interests (RM'000)	67	627	(2,530)	8,212
WA number of ordinary shares in issue ('000)	185,901	185,901	185,901	185,901
Basic earnings / (loss) per ordinary share (sen)	0.04	0.34	(1.36)	4.42

(b) Fully diluted earnings per ordinary share

No diluted earnings per share is presented for the financial period under review as the computation based on the outstanding warrants would have an anti-dilutive effect.

APPENDIX V - OUR UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE (9)-MONTH FPE 31 DECEMBER 2012 (CONT'D)

FORMIS RESOURCES BERHAD ("FRB") (530701-T)

Additional information required by Bursa Securities Listing Requirements
For the Third Quarter Ended 31 December 2012

12 Profit before tax

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax is arrived at after charging: -				
Amortisation of MUNIF transaction cost	32	40	93	119
Bad debts written off	-	170	-	329
Depreciation and amortisation	628	501	1,717	1,643
Impairment losses on:				
- trade receivables	(437)	754	338	3,183
- other receivables	2	-	2	-
- software development	-	305	-	305
Interest expenses	1,397	1,672	4,438	4,124
Inventories written off	21	-	21	117
Loss on disposal of:				
- property, plant and equipment	-	86	110	177
- other investments	-	-	565	15
Net loss on fair value adjustment on other investments	-	-	-	389
Property, plant and equipment written off	7	4	71	285
Realised loss on foreign currency transactions	-	-	174	181
Share of results of associates	-	718	971	588
Unrealised loss on foreign currency translation	37	399	297	226
And crediting: -				
Bad debts recovered	39	-	39	-
Dividend income	3	6	10	11
Gain on disposal of :				
- property, plant and equipment	-	1	1	2
- other investments	-	-	13	45
Interest income	250	476	984	1,395
Net gain on fair value adjustment on other investments	65	560	107	-
Reversal of impairment losses on:				
- trade receivables	290	541	620	2,357
Realised gain on foreign currency transactions	162	63	649	844
Share of results of associates	754	-	-	-
Unrealised gain on foreign currency translation	-	-	275	288

FORMIS RESOURCES BERHAD (530701-T)

SUMMARY OF STATUS OF MATERIAL LITIGATIONS AS AT 22 FEBRUARY 2013

A. MATERIAL LITIGATION AGAINST THE GROUP

No.	Parties to the Suit	Case / Summons No.	Court	Latest Status
1	Kuala Lumpur High Court Civil Suit No. 22NCVC-439-04/2012 Risk Management and Safety Systems Pty Ltd vs. 1. Formis Resources Berhad ("FRB"); 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	Kuala Lumpur High Court	The Plaintiff has filed an application to amend its statement of claim which was allowed on 14th December 2012. Subsequently, FRB filed its amended defence on 2nd January 2013. The hearing of the striking out applications filed by the 2nd, 5th, 12th and 13th Defendants (to strike out the Plaintiff's claim) was heard on 30th January 2013 and the learned Judge reserved his decision to 26th February 2013. In the meantime, the 12th Defendant (Formis Bass Software Sdn Bhd) was wound up in separate proceedings and therefore, the trial dates initially fixed on 18 February 2013 and 19 February 2013 have been vacated pending the outcome of the Plaintiff's application for leave to proceed with its present claim against the 12th Defendant. The matter has been fixed for further case management on 26th February 2013. The trial dates on 20th, 21st and 22nd May 2013 still remain.

B. MATERIAL LITIGATION FOR THE GROUP

No.	Parties to the Suit	Case / Summons No.	Court	Latest Status
1	ISS Consulting (M) Sdn Bhd ("ISS (M)") v TSH Resources Berhad		Regional Centre for Arbitration at Kuala Lumpur	The Parties have requested for additional time to comply with the pre-hearing directions and thus, the hearing dates for the arbitration initially fixed on 29, 30 and 31 January 2013 have been vacated. The Parties are in the midst of complying with pre-hearing directions and new hearing dates have not been fixed yet. .
2	Formis Automation Sdn Bhd ("FASB") vs. Lingkaran Teknik Sdn Bhd ("LTSB")		Kuala Lumpur Regional Centre for Arbitration	LTSB purported to serve its Amended Defence and Counterclaim on 8 February 2013. However, FASB will be challenging the proposed amendments as FASB is of the view that the proposed amendments were not made in accordance with the Arbitrator's directions. In the meantime, Progress Claim 24 for the approved sum of RM313,168.46 was paid by Perbadanan Putrajaya (PPJ) on or about 22nd November 2012. To date LTSB has not deposited the said sum into the joint account. As such FASB has filed another committal application in the High Court of Kuala Lumpur on 15th January 2013 (due to LTSB's failure to comply with the high court order dated 13th January 2012 which requires that all payments made by PPJ to LTSB in respect of the project is to be deposited by LTSB into the joint account between FASB and LTSB pending the disposal of the arbitration proceedings). The committal application has been fixed for hearing on 28th February 2013.

FORMIS
FORMIS RESOURCES BERHAD

Date: 24 April 2013

The Shareholders of

FORMIS RESOURCES BERHAD
("FORMIS" OR THE "COMPANY")

Dear Sir / Madam,

On behalf of the Board of Directors of Formis ("**Board**"), I wish to report that after due enquiry by us in relation to the interval between the period from 31 March 2012 (being the date to which the last audited consolidated financial statements of the Company and its subsidiaries ("**Group**") have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the date of issuance of this Abridged Prospectus), that:-

(a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(b) in the opinion of the Board, since the last audited consolidated financial statements of the Group, no circumstances that has adversely affected the trading or the value of the assets of the Group has arisen;

(c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in this Abridged Prospectus, there are no contingent liabilities that has arisen by reason of any guarantees or indemnities given by the Group;

(e) there has not been, since the latest audited consolidated financial statements of the Group, any default or known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Group, which the Board is aware of;

(f) save as disclosed in the unaudited consolidated financial statements of the Group for the nine (9)-month financial period ended 31 December 2012 as set out in Appendix V of this Abridged Prospectus, there has not been, since the last audited consolidated financial statements of the Group, any material changes in the published reserves or unusual factors affecting the profits of the Group; and

(g) as disclosed above and up to the date of this letter, no other reports are required in relation to items (a) to (f) above.

Yours faithfully,
For and on behalf of the Board of
FORMIS RESOURCES BERHAD

MAH XIAN-ZHEN
Executive Director

FORMIS RESOURCES BERHAD *(Reg. no. 530701-T)*
16th Floor, KH Tower, 8 Lorong P. Ramlee, 50250 Kuala Lumpur, Malaysia
TEL +603 2078 4488 FAX +603 2070 6893 URL: www.formis.net

1. SHARE CAPITAL

(i) No securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.

(ii) As at the LPD, there is only one (1) class of shares in our Company, namely ordinary shares of RM0.50 each in our Company, all of which rank *pari passu* with one another.

(iii) No securities of our Company have been issued or are proposed or intended to be issued as fully or partly paid-up in cash or otherwise than in cash within the two (2) years preceding the date of this Abridged Prospectus.

(iv) Save for the Provisional Rights Shares With Warrants for Entitled Shareholders and as discussed below, no person has been or is entitled to be granted an option to subscribe for any securities of our Company and no capital of our Company is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Abridged Prospectus:-

On 26 April 2011, we allotted and issued 92,950,099 free warrants, all of which shall expire on 19 April 2016 (being the fifth (5th) anniversary of the first issue date of the warrants). Each warrant entitles the warrant-holder to subscribe for one (1) new Share in Formis at an exercise price of RM1.10 per Share subject to any price adjustment in accordance with the conditions stipulated in the deed poll dated 4 April 2011 constituting such warrants. As at the LPD, there are 92,950,099 Outstanding Warrants.

2. REMUNERATION OF DIRECTORS

An extract of the provisions of our Articles of Association relating to the remuneration of our Directors are as follows:-

Article 82 – Remuneration of Directors

The Directors shall be paid by way of fees for their services such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine or failing agreement, equally. Provided always that:

(a) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

(b) salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover.

(c) fees payable to Director shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.

(d) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the fees of the latter.

Article 83 – Expenses

The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board Meetings of the Company.

Article 84 – Extra Remuneration

If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a Member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of profits or turnover) as may be determined by the Company in general meeting and such remuneration from time to time provided for the Directors.

3. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, there are no other contracts which are material (not being contracts entered into in the ordinary course of business) entered into by our Group during the two (2) years preceding the date of this Abridged Prospectus:-

(i) On 18 April 2013, we executed the Deed Poll;

(ii) On 17 January 2013, Continuous Network Advisers Sdn Bhd ("**CNA**"), a wholly-owned subsidiary of our Company, executed the following agreements:

(a) Share sale agreement with CME Asia Sdn Bhd ("**CME**") and Fiber at Home City Networks Sdn Bhd ("**FHCN**") to acquire 100,000 ordinary shares of RM1.00 each in the capital of FHCN from CME for a total cash consideration of RM1,000,000 and to subscribe for 500,000 ordinary shares of RM1.00 each in FHCN for a cash sum of RM2,000,000;

(b) Shareholders' agreement with CME and Wan Mohalina binti Wan Mohammad to regulate their relationship as shareholders of FHCN and the management and operation of FHCN; and

(c) Call option agreement with FHCN to grant to CNA to require FHCN to issue and allot up to 1,200,000 ordinary shares of RM1.00 each in FHCN to CNA in accordance with the terms of the call option agreement.

(iii) On 17 October 2012, CNA executed the following agreements:

(a) Investment agreement with Yakimbi Sdn Bhd ("**Yakimbi**"), Andrew Christopher Campbell Diamond ("**AD**"), Bubblegum Sdn Bhd ("**Bubblegum**"), Dato' Larry Gan, Hector William Ingram ("**HI**") and Tan Swee Im ("**TSI**") for the subscription of 1,000,000 new ordinary shares of RM1.00 each in the share capital of Yakimbi by CNA in four (4) tranches at RM3.00 per share for a cash sum of RM3,000,000.00 ("**Yakimbi Investment Agreement**");

(b) Shareholders' agreement with AD, Bubblegum, Dato' Larry Gan, HI and TSI to regulate their relationships as shareholders of Yakimbi and the management and operation of Yakimbi; and

(c) Option agreement with Bubblegum, Dato' Larry Gan, HI and TSI to grant the right to CNA to require the existing shareholders (other than CNA) of Yakimbi to sell 275,000 ordinary shares of RM1.00 each in Yakimbi to CNA at the option price of RM3.00 per ordinary share ("**Call Option**") amounting to RM825,000.00 during the prescribed Call Option period in accordance with the terms and subject to the conditions set out in the option agreement.

The Yakimbi Investment Agreement was subsequently varied by a supplemental agreement dated 1 April 2013 varying certain terms of the earlier Yakimbi Investment Agreement.

(iv) On 10 September 2012, CNA executed the following agreements:

(a) Investment agreement with MYATM Sdn Bhd (formerly known as RCG Xcess Sdn Bhd ("**MYATM**") and Goh Chee Chern ("**GCC**") to acquire 200,000 ordinary shares of RM1.00 each in the capital of MYATM from GCC for a total cash consideration of RM200,000.00 and to subscribe for 1,300,000 ordinary shares of RM1.00 each in the capital of MYATM in four (4) tranches at RM1.50 per share for cash totaling RM1,950,000.00 ("**MYATM Investment Agreement**"); and

(b) Shareholders' agreement with MYATM, GCC and Dato' Larry Gan to regulate their relationships as shareholders of MYATM and the management and operation of MYATM.

The MYATM Investment Agreement was subsequently varied by a supplemental agreement dated 6 February 2013 varying certain terms of the earlier MYATM Investment Agreement.

(v) On 8 May 2012, Formis and FHB ("**the Vendors**") executed a Heads of Agreement with Microlink Solutions Berhad ("**MSB**") pursuant to which the Vendors proposed to undertake the proposed disposal of all of its shareholdings in the following subsidiary companies to MSB for an indicative disposal consideration of RM102.0 million ("**Disposal Consideration**") to be satisfied via the issuance by MSB of 463,636,363 new ordinary shares of RM0.10 each in MSB ("**MSB Share(s)**") based on the indicative Disposal Consideration and an issue price of RM0.22 per MSB Share:

(a) 100% equity interest in Applied Business Systems Sdn Bhd held by Formis;
(b) 100% equity interest in Formis Computer Services Sdn Bhd held by FHB;
(c) 51% equity interest in First Solution Sdn Bhd held by FHB; and
(d) 100% equity interest in Formis Systems & Technology Sdn Bhd held by Formis.

On 5 October 2012, Formis Holdings Berhad and MSB had mutually agreed to terminate the Heads of Agreement in view of the lapse of the timeframe set for the execution of the definitive agreements under the Heads of Agreement.

(vi) On 29 March 2012, Formis and Bioserasi Sdn Bhd ("**Bioserasi**") executed a share sale agreement for the disposal by Formis of its entire issued and paid-up ordinary shares in Formis Bass Software Sdn Bhd of RM11,500,000 made up of 11,500,000 ordinary shares of RM1.00 each to Bioserasi, for the consideration of RM1.00, which was completed on the date of such share sale agreement. Upon completion of the disposal, FBS ceased to be a subsidiary of the Formis Group.

(vii) On 19 September 2011, Nostalgic Properties Sdn Bhd ("**NPSB**") (a wholly-owned subsidiary of Man Yau Holdings Berhad, which in turn is a wholly-owned subsidiary of Formis), Topacres Sdn Bhd (a wholly-owned subsidiary of Insas Berhad) and RZDSB executed a shareholders' agreement to record their relationship as shareholders of Montprimo Sdn Bhd ("**Montprimo**"), which will be undertaking the business of property development. As stated in the shareholders' agreement, NPSB agreed to subscribe for 30% of the ordinary share capital of Montprimo at an issue price of RM1.00 each and 30% of the redeemable preference share capital of Montprimo at an issue price of RM1.00 each. As at the LPD, NPSB has subscribed in cash for 75,000 ordinary shares at an issue price of RM1.00 each and 3,675,000 redeemable preference shares at an issue price of RM1.00 each in Montprimo totaling RM3,759,000 representing a 30% equity interest in Montprimo. Accordingly, Montprimo is a 30% owned associate company of the Formis Group.

4. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, our Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and we are not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of our Group:-

(i) Arbitration Proceedings by ISS Consulting (M) Sdn Bhd ("ISS (M)") against TSH Resources Berhad ("TSH" or the "Respondent")

ISS (M) has served a Notice of Arbitration ("**Notice of Arbitration**") dated 2 June 2011 on TSH under the Arbitration Act 2005 in the Regional Centre for Arbitration at Kuala Lumpur ("**Arbitration**"). The amount claimed is as follows:

(a) the following special damages:
  - (i) outstanding sums of RM1,770,560.00 pursuant to invoices issued;
  - (ii) outstanding costs on a time and material basis amounting to RM2,193,148.56;
  - (iii) air travel, visa applications and accommodation amounting to RM87,403.00;

(b) further or alternatively general damages for ISS (M)'s losses and damages;

(c) interest on the damages and/or sums awarded at such rate and for such period as deemed fit and just by the arbitrators; and

(d) legal costs and costs of the arbitration proceedings to be borne by the Respondent.

ISS (M)'s claim is based on the outstanding claims due and owing to ISS (M) by the Respondent, for works and/or services done and/or rendered, and expenses incurred by ISS (M) pursuant to the Master Consultancy Services Agreement dated 15 February 2008 and the Supplemental Agreement dated 2 October 2009 entered into between ISS (M) and the Respondent which have been terminated by the mutual consent of both parties.

Following TSH's service of notice of arbitration on 18 August 2011, a mutually agreed single arbitrator was appointed. At the preliminary meeting on 31 January 2012, the arbitrator directed for the submission of various cause papers.

Pursuant to the arbitrator's directions, ISS (M) filed its Statement of Claim on 6 April 2012 and TSH served its Defence and Counterclaim on 6 June 2012 claiming for the same items as set out in its Notice of Arbitration (as above) and including an alternative prayer of reimbursement of all monies paid to ISS (M) by TSH.

Following the service of TSH's Defence and Counterclaim, ISS (M) filed their Reply to Defence and the Defence to Counter Claim on 16 August 2012 (which was subsequently amended and served on 20 March 2013). The parties have requested for additional time to comply with the pre-hearing directions and thus the hearing dates for the arbitration initially fixed on 29, 30 and 31 January 2013 have been vacated. The parties are in the midst of complying with pre-hearing directions and new hearing dates have not been fixed.

The legal counsels for the matter are of the opinion that ISS (M) has a fair chance of success based on the instructions obtained.

(ii) Kuala Lumpur Regional Centre for Arbitration : Formis Automation Sdn Bhd ("FASB") vs. Lingkaran Teknik Sdn Bhd ("LTSB")

On 14 September 2011, FASB initiated the arbitration proceedings of this matter by filing a Notice to Arbitrate under the Kuala Lumpur Regional Center of Arbitration Rules against LTSB. FASB followed with the filing of their Points of Claim dated 31 January 2012 claiming for RM128,311 and interest (for Claim No. 17), RM536,082.17 and interest (for Claim No. 22), costs and other such reliefs in relation to the dispute of the progressive payments under a sub-contract agreement entered between FASB and LTSB on 12 December 2006.

FASB served its reply to LTSB's defence and defence to LTSB's counterclaim on 9 April 2012. The arbitration was initially fixed for hearing on 11, 12, 25, 26 and 27 September 2012 but was stayed pending FASB filing and later obtaining an injunction against LTSB at the Kuala Lumpur High Court requiring all payments certified by the Project Director and/or paid by the employer of the project be deposited into a joint account operated jointly by FASB and LTSB ("**Joint Account**") ("**Court Order**"). FASB was successful in its application for the Court Order and the Joint Account was opened on 5 April 2012.

Upon LTSB complying with the Court Order, FASB filed their Amended Points of Claim dated 9 August 2012, amending the earlier Points of Claim to remove all reference of Claim No. 22 ("**Amended Points of Claim**"). At the meeting before the arbitrator on 25 February 2013, LTSB formally applied to amend its Defence and Counterclaim. The hearing of LTSB's application was fixed on 8 March 2013 (which was also the next preliminary meeting date). At the meeting on 8 March 2013, FASB informed the arbitrator that it also intends to amend its points of claim and suggested that both parties be allowed to amend their relevant claims and directions be given in respect of the same. The arbitrator agreed and issued fresh directions and time lines on filing of the amended pleadings as well as documents and witness statements. The parties are in the midst of complying with those directions. Due to these new developments, the hearing dates for the arbitration which were initially fixed on 10, 11, 23, 24 and 25 April 2013 have been vacated and the arbitration is now fixed for hearing on 9, 10, 11, 12 and 13 September 2013.

In the meantime, LTSB has deposited the sum of RM128,311.00 (for Claim No. 17) into the Joint Account. However, Progress Claim 24 for the approved sum of RM313,168.46 was paid by the employer of the project on or about 22 November 2012 but to date, LTSB has not deposited the said sum into the Joint Account. As such, FASB has filed a committal application in the High Court of Kuala Lumpur on 15 January 2013 (due to LTSB's failure to comply with the court order) ("**Committal Application**"). The Committal Application was initially fixed for hearing on 19 March 2013. However, on 18 March 2013, FASB received an application from LTSB to set aside the Court Order or alternatively for FASB to deposit a sum of RM1,150,063.46 into the Joint Account pending disposal of the arbitration proceedings ("**Setting Aside Application**"). At the hearing of FASB's Committal Application fixed on 19 March 2013, the court decided that LTSB's Setting Aside Application was to be disposed first before it proceeded to hear the Committal Application. The Setting Aside Application was fixed for hearing on 17 April 2013 and after hearing submissions from both parties, the judge fixed the Setting Aside Application for decision to 23 April 2013. On 23 April 2013, the court dismissed LTSB's Setting Aside Application with costs of RM5,000.00. The Committal Application, which was fixed for mention on the same day has been fixed for hearing on 14 May 2013.

The legal counsels for the matter are of the opinion that the chances of obtaining a successful award in respect of the full claim or part thereof are fair.

(iii) Kuala Lumpur High Court Civil Suit No. 22NCVC-439-04/2012: Risk Management and Safety Systems Pty Ltd ("RMSS") vs.

1. **Formis;**
2. **Chan Ngow;**
3. **TSDSMN;**
4. **DMSK;**
5. **Datuk Rahim Bin Baba;**
6. **Dato' Hairuddin Bin Mohamed;**
7. **Ahmad Bin Khalid;**
8. **Dato' Thong Kok Khee;**
9. **Dato' Larry Gan;**
10. **Au Yong Kam Weng;**
11. **Mah Xian-Zhen;**
12. **Formis Bass Software Sdn Bhd ("FBS"); and**
13. **Bioserasi Sdn. Bhd.**

Collectively, (the "Defendants").

Formis has received a Writ of Summons ("**Writ**") filed by RMSS ("**the Plaintiff**") on 18 April 2012. The amount claimed against the Defendants and each of them jointly and severally are as follows:

i) the sum of USD420,000 together with interest thereon at the rate of 5% per annum from 9 November 2010 to 27 March 2012, and thereafter interest therein at the rate of 4% per annum to the date of full payment;
ii) general damages;
iii) aggravated damages;
iv) exemplary damages;
v) interest on the sums referred to in prayers (ii), (iii) and (iv) above at the rate of 4% per annum from such date as the Court may deem fit, to the date of full payment;
vi) a declaration that the Defendants and each of them shall be personally responsible to pay all the sums referred to in prayers (i) to (v) above, and that the Court issues such further directions as it may deem fit in relation thereto, pursuant to Section 304 of the Act;
vii) further or in the alternative, a declaration that the agreement dated 29 March 2012 entered into between the Company and Bioserasi Sdn. Bhd. for the disposal of the entire issued and paid-up capital of FBS comprising 11,500,000 ordinary shares of RM1.00 each, for a total cash consideration of RM1.00 only, is null and void, and that the Court issues such further directions as may deem fit;
viii) costs on a solicitor-client basis, or on such other basis as the Court may deem fit; and
ix) such further or other relief as the Court may deem fit.

The claim is in respect of purported allegations by the Plaintiff that the Defendants have directly or indirectly deprived the Plaintiff of the benefits of the Partial Award dated 27 March 2012 (received by the Plaintiff only on 2 April 2012) given under Arbitration Case No: ARB167/10/MXM (to which the Plaintiff and the 12th Defendant, FBS were parties) by the Arbitral Tribunal under the Arbitration Rules of the Singapore International Arbitration Centre. The Plaintiff alleges, inter alia, that the sale of the 12th Defendant's entire issued and paid up capital to the 13th Defendant vide agreement dated 29 March 2012 (the "**Sale**") and the acts of the Defendants leading up to the Sale and subsequent thereto amounts to, inter alia, the Defendants having dishonestly perpetrated a fraud on the Plaintiff and was done for the sole or predominant purpose to injure the Plaintiff by depriving the Plaintiff of the benefits of the Partial Award.

At the case management on 2 May 2012, the learned Judge gave several directions.

In compliance with the directions, Formis and several of its directors, namely TSDSMN, DMSK, Dato' Hairuddin Mohammed, Ahmad Bin Khalid, Dato' Thong Kok Khee, Dato' Larry Gan, Au Yong Kam Weng and Mah Xian-Zhen filed their joint statement of defence on 15 May 2012 and an application for security for costs which was allowed by the learned Judge on 24 July 2012 wherein a sum of RM25,000 each was ordered as security for costs in respect of Formis and each named defendant and costs of RM1,000 was also ordered. The Plaintiff was been given 14 days from 25 July 2012 to deposit the security for costs sums with the Plaintiff's solicitors who will hold the same as stakeholders.

At the case management on 7 August 2012, the Plaintiff's Solicitors confirmed to the Court that they had received the sum of RM325,000.00 as total security for costs in respect of the 13 Defendants and are holding the same as stakeholders.

On 12 November 2012, the Plaintiff filed an application to amend its statement of claim, and their application was allowed on 14 December 2012, on the same day as the case management date which had been scheduled earlier. In light that the amended statement of claim was allowed, FRB filed its Amended Defence on 2 January 2013. In addition, on 14 December 2012, the 2nd, 5th, 12th and 13th Defendants filed striking out applications which were heard on 30 January 2013 and decision was initially reserved to 18 February 2013.

The trial dates which were initially scheduled on 11, 30 and 31 January 2013 were vacated and rescheduled to 18 and 19 February 2013. This is because two (2) winding up petitions were presented against the 12th Defendant; one (1) of the two (2) winding up petitions was presented by the Plaintiff. As these winding up petitions were scheduled to be heard on 4 and 13 February 2013 respectively, the trial dates of 18 and 19 February 2013 were appropriate as the respective outcomes of the winding up petitions will be required prior to proceeding with the trial of this matter. On 11 January 2013, the learned judge proceeded to fix additional trial dates on 20, 21 and 22 May 2013.

The 12th Defendant was subsequently wound up in early February 2013 and the trial dates initially scheduled on 18 and 19 February 2013 were vacated pending the hearing of the Plaintiff's application in the Shah Alam winding up court for leave to proceed against the 12th Defendant.

The 18 February 2013 trial date was converted to a case management date and the judge fixed 26 February 2013 for further case management and for decision on the striking out applications. On 26 February 2013, the judge disallowed the striking out applications filed by the 2nd, 5th, 12th and 13th Defendant on the basis that the applicants had failed to satisfy him that the Plaintiff's suit, on the face of it, is obviously unsustainable, frivolous, vexatious, scandalous or an abuse of court process. The judge also awarded that costs of RM5,000 be paid to the Plaintiff for each application. The Plaintiff's solicitor also informed the judge that the hearing of the Plaintiff's application for leave to proceed with its claim against the 12th Defendant from the Shah Alam winding up court is fixed on 1 March 2013. Since the judge was of the view that the leave application could have an effect on the role of the 13th Defendant's solicitor (who also acted for the 12th Defendant until it was wound up), the judge fixed 11 March 2013 for further case management pending the decision on the Plaintiff's leave application.

At the case management on 11 March 2013, the Plaintiff's solicitors informed the judge that they had successfully obtained leave from the Shah Alam High Court on 1 March 2013 to proceed with the current action against the 12th Defendant. The judge vacated the trial dates on 20th and 21st May 2013 and fixed the trial dates on 22 May 2013 and 23rd to 27th September 2013. The next pre-trial case management has been fixed on 6 May 2013.

The legal counsels for the matter are of the opinion that Formis has reasonably good prospects in successfully defending the claim.

5. GENERAL

(i) There are no service contracts or proposed service contracts between our Directors and our Company or any of our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus;

(ii) Save as disclosed in this Abridged Prospectus, our Board is not aware of any material information, including all special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits; and

(iii) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial condition and operations of our Group are not affected by any of the following:-

(a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease our Group's liquidity;

(b) any material commitment for capital expenditure of our Group;

(c) unusual, infrequent events or transactions or any significant economic changes which materially affect the amount of reported income from our operations; and

(d) known trends or uncertainties which have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our revenues or operating income.

6. CONSENTS

(i) The written consents of the Principal Adviser, Company Secretary, Share Registrar, Solicitors for the Rights Issue With Warrants and Principal Bankers for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

(ii) The written consent of our Auditors and Reporting Accountants for the inclusion in this Abridged Prospectus of their names, letter and report relating to our proforma consolidated statement of financial position as at 31 March 2012 and our audited consolidated financial statements for the FYE 31 March 2012, and all reference thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

(iii) The written consent of Bloomberg (Malaysia) Sdn Bhd to the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at our Registered Office at 16th Floor, KH Tower, 8 Lorong P. Ramlee, 50250 Kuala Lumpur, Malaysia, during normal business hours from Mondays to Fridays (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:-

(i) our Company's Memorandum and Articles of Association;

(ii) our proforma consolidated statement of financial position as at 31 March 2012 together with the Reporting Accountants' Letter thereon as set out in Appendix III of this Abridged Prospectus;

(iii) our audited consolidated financial statements for the past two (2) FYEs 31 March 2011 and 2012;

(iv) our unaudited interim financial statements for the nine (9)-months FPE 31 December 2012;

(v) the Undertakings referred to in Section 5 of this Abridged Prospectus;

(vi) the Directors' Report as set out in Appendix VI of this Abridged Prospectus;

(vii) the material contracts referred to in Section 3 above;

(viii) the writ and relevant cause papers in relation to the material litigation matters as set out in Section 4 above; and

(ix) the letters of consent as referred to in Section 6 above.

8. RESPONSIBILITY STATEMENT

(i) Our Board has seen and approved this Abridged Prospectus, together with the NPA and RSF and they, collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

(ii) AmInvestment Bank, being the Principal Adviser for the Rights Issue With Warrants, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue With Warrants.

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