

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012
(The figures have not been audited)**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 JUNE		CUMULATIVE PERIOD THREE MONTHS ENDED 30 JUNE	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	73,948	59,805	73,948	59,805
Cost of sales	(60,143)	(40,128)	(60,143)	(40,128)
Gross profits	13,805	19,677	13,805	19,677
Other income	2,373	3,670	2,373	3,670
Other operating expenses	(15,670)	(18,999)	(15,670)	(18,999)
Finance costs	(1,555)	(1,064)	(1,555)	(1,064)
Share of results of associates	(1,791)	-	(1,791)	-
(Loss) / Profit before tax	(2,838)	3,284	(2,838)	3,284
Tax expense	(1,088)	(2,278)	(1,088)	(2,278)
(Loss) / Profit for the financial period	(3,926)	1,006	(3,926)	1,006
Other comprehensive loss, net of tax				
Foreign currency translation differences for foreign operations	(524)	(467)	(524)	(467)
Share of foreign currency translation of associates	8	-	8	-
Other comprehensive loss for the financial period, net of tax	(516)	(467)	(516)	(467)
Total comprehensive (loss) / income for the financial period	(4,442)	539	(4,442)	539
(Loss) / Profit attributable to:-				
Owners of the Parent	(4,080)	7,995	(4,080)	7,995
Non-controlling interests	154	(6,989)	154	(6,989)
(Loss) / Profit for the financial period	(3,926)	1,006	(3,926)	1,006
Total comprehensive (loss) / income attributable to:-				
Owners of the Parent	(4,399)	7,698	(4,399)	7,698
Non-controlling interests	(43)	(7,159)	(43)	(7,159)
Total comprehensive (loss) / income for the financial period	(4,442)	539	(4,442)	539
(Loss) / Earnings per ordinary share (sen)				
-Basic	(2.19)	4.30	(2.19)	4.30

(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.)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Unaudited As at 30.06.2012 RM'000	Audited As at 31.03.2012 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	3,713	3,844
Investment in associates	22,764	19,209
Software development costs	1,603	1,752
Other investments	2,057	2,076
Investment property	32	32
Other receivables	12,834	13,056
Goodwill	124,495	124,495
Deferred tax assets	691	858
	<u>168,189</u>	<u>165,322</u>
Current Assets		
Other investments	7,256	10,754
Inventories	22,389	14,378
Trade receivables	67,297	82,630
Other receivables, deposits and prepayments	36,375	36,146
Current tax assets	2,010	2,362
Cash and cash equivalents	63,466	61,262
	<u>198,793</u>	<u>207,532</u>
Assets of disposal groups classified as held for sale	3,500	3,500
TOTAL ASSETS	<u>370,482</u>	<u>376,354</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	185,901	185,901
Share premium	9,744	9,744
Other reserves	(33)	286
Accumulated losses	<u>(21,232)</u>	<u>(17,152)</u>
	174,380	178,779
Non-controlling interests	14,960	15,003
TOTAL EQUITY	<u>189,340</u>	<u>193,782</u>
Non-Current Liabilities		
Hire purchase and lease creditors	13,455	14,223
Provision for post employment benefits	88	87
Deferred tax liabilities	728	767
	<u>14,271</u>	<u>15,077</u>
Current Liabilities		
Trade payables	25,078	22,649
Other payables, deposits and accruals	52,603	63,913
Borrowings	70,261	62,139
Hire purchase and lease creditors	15,157	14,520
Current tax payables	272	774
	<u>163,371</u>	<u>163,995</u>
Liabilities of disposal groups classified as held for sale	3,500	3,500
TOTAL LIABILITIES	<u>181,142</u>	<u>182,572</u>
TOTAL EQUITY AND LIABILITIES	<u>370,482</u>	<u>376,354</u>
Net assets per share (RM)	<u>0.9380</u>	<u>0.9617</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes to the interim financial report and the audited financial statements for the financial year ended 31 March 2012.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012**
(The figures have not been audited)

	<----- Attributable to owners of the Parent ----->				Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	<----- Non-distributable ----->		Distributable				
	Ordinary shares RM'000	Share premium RM'000	Exchange translation reserve RM'000	Accumulated losses RM'000			
Three Months Financial Period Ended 30 June 2012							
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	-	-	-	(4,080)	(4,080)	154	(3,926)
Foreign currency translation for foreign operations	-	-	(327)	-	(327)	(197)	(524)
Share of foreign currency translation of associates	-	-	8	-	8	-	8
Total comprehensive loss for the financial period	-	-	(319)	(4,080)	(4,399)	(43)	(4,442)
Balance as at 30 June 2012	185,901	9,744	(33)	(21,232)	174,380	14,960	189,340

	<----- Attributable to owners of the Parent ----->				Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	<----- Non-distributable ----->		Distributable (Accumulated losses) / Retained earnings RM'000				
	Ordinary shares RM'000	Share premium RM'000	Exchange translation reserve RM'000	Accumulated losses / Retained earnings RM'000			
Three Months Financial Period Ended 30 June 2011							
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	-	-	-	7,995	7,995	(6,989)	1,006
Foreign currency translation for foreign operations	-	-	(297)	-	(297)	(170)	(467)
Share of foreign currency translation of associates	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the financial period	-	-	(297)	7,995	7,698	(7,159)	539
Transaction with owners-arising from dilution of equity interest in a subsidiary	-	-	-	2,845	2,845	(2,645)	200
Balance as at 30 June 2011	185,901	9,744	(263)	1,796	197,178	9,964	207,142

(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.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012
 (The figures have not been audited)**

	THREE MONTHS ENDED 30 JUNE	
	2012	2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(2,838)	3,284
Adjustment for non-cash items:		
Bad debts written off no longer required	-	(160)
Depreciation and amortisation	516	615
Impairment losses	369	427
Interest expense	1,463	977
Interest income	(404)	(454)
Net loss on fair value adjustments on other investments	3	1,043
Net loss / (gain) on disposal of other investments	565	(14)
Net loss on disposal of property, plant and equipment	81	10
Net unrealised loss / (gain) on foreign currency exchange	(248)	(442)
Reversal of impairment loss on trade receivables	(223)	(662)
Share of results of associates	1,791	-
Other non-cash items	79	262
	<u>1,154</u>	<u>4,886</u>
Operating profit before working capital changes		
Net changes in assets	7,279	63,624
Net changes in liabilities	(8,552)	(5,187)
	<u>(119)</u>	<u>63,323</u>
Net cash (used in) / generated from operations		
Tax paid	(1,340)	(710)
Tax refund	228	-
	<u>(1,231)</u>	<u>62,613</u>
Net cash (used in) / from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates	(5,352)	(16,800)
Interest received	404	454
Withdrawal of fixed deposits pledged	164	282
Proceeds from disposal of other investments	2,949	489
Proceeds from disposal of property, plant and equipment	2	186
Purchase of other investments	-	(3,000)
Purchase of property, plant and equipment	(362)	(308)
	<u>(2,195)</u>	<u>(18,697)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	10,711	28,020
Repayment of borrowings	(4,197)	(74,339)
Issuance of share capital of a subsidiary to non-controlling interest	-	200
Interest paid	(1,463)	(977)
	<u>5,051</u>	<u>(47,096)</u>
Net cash from / (used in) financing activities		
Net increase / (decrease) in cash and cash equivalents	1,625	(3,180)
Cash and cash equivalents at 1 April 2012/2011*	35,332	53,934
Effect of foreign exchange on opening balance	(704)	(442)
Cash and cash equivalents at 30 June 2012/2011*	<u>36,253</u>	<u>50,312</u>

* Cash and cash equivalents at the beginning and end of the financial period are net of deposits pledged to banks.

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes to the interim financial report and the audited financial statements for the financial year ended 31 March 2012.)

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

First-time adoption of Malaysian Financial Reporting Standard ("MFRS")

The Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework commencing 1 April 2012. The MFRS Framework comprises standards as issued by the International Accounting Standards Board ("IASB"). This condensed quarterly report is the Group's first MFRS compliant condensed report, hence MFRS 1 "First-time adoption of Malaysian Financial Reporting Standard" has been applied.

In accordance with MFRS1, an opening MFRS statement of financial position has been presented at the date of transition to MFRS. There are no differences between the opening MFRS statement of financial position and the statement of financial position presented under the Financial Reporting Standards ("FRS") at 31 March 2012.

The adoption of the MFRS Framework did not result in any material impact to the interim financial report as the accounting policies applicable to the Group under the MFRS Framework are consistent with the accounting policies previously adopted under the FRS in Malaysia.

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 period under review.

5 Unusual items due to their nature, size or incidence

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

6 Material changes in estimates

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

7 Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt securities of the Group and equity securities of the Company during the current financial period under review.

8 Dividends paid

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

Notes to the Interim Financial Report
For the First Quarter Ended 30 June 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
Three Months Financial Period Ended 30 June 2012								
External sales	34,015	12,324	542	6,252	20,815	-	-	73,948
Inter segment sales	3,748	2,917	63	619	1,031	729	(9,107)	-
Total Sales	37,763	15,241	605	6,871	21,846	729	(9,107)	73,948
Segment results	1,321	2,781	(812)	(1,639)	61	(1,700)	-	12
Share of results of associates								(1,791)
Interest expense								(1,463)
Interest Income								404
Loss before taxation								(2,838)
Segment assets	62,367	37,629	7,659	21,831	87,393	153,603	-	370,482
Three Months Financial Period Ended 30 June 2011								
External sales	21,588	5,972	2,629	9,902	18,486	1,228	-	59,805
Inter segment sales	1,498	6	(3,071)	123	765	846	(167)	-
Total Sales	23,086	5,978	(442)	10,025	19,251	2,074	(167)	59,805
Segment results	857	1,820	1,668	188	(30)	(696)	-	3,807
Interest expense								(977)
Interest Income								454
Profit before taxation								3,284
Segment assets	61,505	47,068	28,227	31,767	79,691	154,505	-	402,763

10 Carrying amount of revalued assets

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

11 Subsequent events

On 16 August 2012, the Company announced that the Company proposes to undertake the following:-

- 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");
- proposed alteration to the authorised share capital of the Company ("Proposed Alteration to Authorised Capital"); and
- 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").

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

Notes to the Interim Financial Report
For the First Quarter Ended 30 June 2012

12 Changes in the composition of the group

- (i) On 8 May 2012, the Company announced that the Company and Formis Holdings Berhad ("FHB"), a wholly-owned subsidiary of the Company (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 subsidiary 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:-
- (a) 100% equity interest in Applied Business Systems Sdn Bhd ("ABS") held by the Company;
 - (b) 100% equity interest in Formis Computer Services Sdn Bhd ("FCS") held by FHB;
 - (c) 51% equity interest in First Solution Sdn Bhd ("FSSB") held by FHB; and
 - (d) 100% equity interest in Formis Systems & Technology Sdn Bhd ("FST") held by the Company.

The Vendors and Micro will enter into the Definitive Agreement at a later date.

- (ii) On 17 May 2012, the Company announced that FHB had on 16 May 2012 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"). In addition to the Consideration, FHB is to pay and settle the amount owing from TWC to Microlink Worldwide Sdn Bhd, a wholly-owned subsidiary of Micro of a sum of RM450,000 ("Amount Owing"). 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.

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

13 Changes in contingent liabilities or contingent assets

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

	RM'000
FRB	
- to financial institution for facilities granted to a subsidiary	<u>8,000</u>
FHB	
- to leasing party for leasing facilities to a subsidiary	<u>2,105</u>

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 period under review.

**Additional information required by Bursa Securities Listing Requirements
For the First Quarter Ended 30 June 2012**

1 Detailed analysis of performance

The Group recorded a revenue of RM73.9 million in the current quarter under review, an increase of approximately 23.6% from RM59.8 million in the corresponding quarter of the preceding financial year.

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30 JUNE		THREE MONTHS ENDED 30 JUNE	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Distribution	37,763	23,086	37,763	23,086
Networks	15,241	5,978	15,241	5,978
Software	605	(442)	605	(442)
Solutions	6,871	10,025	6,871	10,025
Systems	21,846	19,251	21,846	19,251
Others	729	2,074	729	2,074
	<u>83,055</u>	<u>59,972</u>	<u>83,055</u>	<u>59,972</u>
Less : Inter Segment Revenue	(9,107)	(167)	(9,107)	(167)
Total Group Revenue	<u>73,948</u>	<u>59,805</u>	<u>73,948</u>	<u>59,805</u>

For the Distribution segment, the increase in revenue by approximately RM14.7 million for the current quarter under review as compared to the corresponding quarter is mainly due to an increase in contracts / orders secured during the current quarter under review.

For the Networks segment, the increase in revenue by approximately RM9.3 million for the current quarter as compared to the corresponding quarter is mainly due to a sizeable contract secured from a technology driven solution provider during the quarter under review.

The Systems segment recorded an increase in revenue in the current quarter by approximately RM2.6 million due to more orders received from government sector and telco industry in the current quarter under review as compared to the corresponding quarter.

The Solutions segment recorded a decrease in revenue by approximately RM3.2 million for the current quarter. This is mainly due to lower billing resulting from delay in obtaining sign-off for certain project milestones in two of the subsidiaries.

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30 JUNE		THREE MONTHS ENDED 30 JUNE	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Distribution	1,442	1,005	1,442	1,005
Networks	2,796	1,934	2,796	1,934
Software	(797)	1,686	(797)	1,686
Solutions	(1,624)	153	(1,624)	153
Systems	15	(5)	15	(5)
Others	(4,670)	(1,489)	(4,670)	(1,489)
(Loss)/Profit before tax	<u>(2,838)</u>	<u>3,284</u>	<u>(2,838)</u>	<u>3,284</u>

Comparing the current quarter against the corresponding quarter of the previous financial year, the Group recorded a loss before tax of RM2.8 million for the current quarter under review as compared to a profit before tax of RM3.3 million in the corresponding quarter of the preceding financial year. The increase in loss is largely contributed by: -

- (i) share of losses of associates of RM1.8 million, loss on disposal of other investments of RM0.6 million and professional expenses incurred for corporate exercises undertaken by the Group of RM0.4 million under Others segment; and
- (ii) a depressed gross profit margin under Software and Solutions segments of RM2.4 million in the current quarter compared to RM8.8 million in the corresponding quarter which was largely due to lower revenue and higher costs incurred during the current quarter.

**Additional information required by Bursa Securities Listing Requirements
For the First Quarter Ended 30 June 2012**

2 Variation of results against preceding quarter

	3 months ended 30.06.2012 RM'000	3 months ended 31.03.2012 RM'000
Loss before tax	<u>(2,838)</u>	<u>(11,542)</u>

The group recorded a loss before tax of RM2.8 million for the current quarter under review as compared to a loss before tax of RM11.5 million for the preceding quarter. The improvement is due to lower operating expenses incurred in the current quarter:

- (i) no impairment of goodwill compared to an amount of RM3.0 million made in the preceding quarter;
- (ii) lower impairment losses of trade receivables by RM1.8 million;
- (iii) lower employee related expenses by RM2.4 million; and
- (iv) obsolete inventories written off of RM0.4 million and loss on disposal of subsidiary of RM0.7 million were incurred in the preceding quarter.

3 Current year prospects

Taking into consideration the contracts secured to-date by the Group of some RM158 million as well as a healthy sales pipeline, the Board of Directors expects the performance of the Group for the next financial quarter to improve.

4 Profit forecast

Not applicable.

5 Income tax expense

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30 JUNE		THREE MONTHS ENDED 30 JUNE	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense				
- Malaysian taxation	995	2,304	995	2,304
- Foreign taxation	29	24	29	24
	<u>1,024</u>	<u>2,328</u>	<u>1,024</u>	<u>2,328</u>
(Over) / under provision in prior period				
- Malaysian taxation	-	-	-	-
- Foreign taxation	(63)	55	(63)	55
	<u>(63)</u>	<u>55</u>	<u>(63)</u>	<u>55</u>
	961	2,383	961	2,383
Deferred taxation				
- origination and reversal of temporary differences				
- Malaysian taxation	127	(160)	127	(160)
- Foreign taxation	-	55	-	55
	<u>1,088</u>	<u>2,278</u>	<u>1,088</u>	<u>2,278</u>

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.

**Additional information required by Bursa Securities Listing Requirements
For the First Quarter Ended 30 June 2012**

6 Status of corporate proposals

- (i) On 8 May 2012, the Company announced that the Company and Formis Holdings Berhad ("FHB"), a wholly-owned subsidiary of the Company (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 subsidiary 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:-
- (a) 100% equity interest in Applied Business Systems Sdn Bhd ("ABS") held by the Company;
 - (b) 100% equity interest in Formis Computer Services Sdn Bhd ("FCS") held by FHB;
 - (c) 51% equity interest in First Solution Sdn Bhd ("FSSB") held by FHB; and
 - (d) 100% equity interest in Formis Systems & Technology Sdn Bhd ("FST") held by the Company.

The Vendors and Micro will enter into the Definitive Agreement at a later date.

- (ii) On 17 May 2012, the Company announced that FHB had on 16 May 2012 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"). In addition to the Consideration, FHB is to pay and settle the amount owing from TWC to Microlink Worldwide Sdn Bhd, a wholly-owned subsidiary of Micro of a sum of RM450,000 ("Amount Owing"). 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.
- (iii) 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").

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 30 June 2012 are as follows:

	RM'000
Short term bank borrowings - secured	<u>73,761</u>

All borrowings are denominated in Ringgit Malaysia.

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:

	30.06.2012 RM'000	31.03.2012 RM'000
Total accumulated losses of the Group: -		
- Realised	32,963	36,658
- Unrealised	(35)	350
	<u>32,928</u>	<u>37,008</u>
Less: Consolidation adjustments	(54,160)	(54,160)
Total Group accumulated losses as per consolidated financial statements	<u>(21,232)</u>	<u>(17,152)</u>

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

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

**Additional information required by Bursa Securities Listing Requirements
For the First Quarter Ended 30 June 2012**

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 period under review.

11 (Loss) / Earnings per ordinary share**(a) Basic (loss) / earnings per ordinary share**

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30 JUNE		THREE MONTHS ENDED 30 JUNE	
	2012	2011	2012	2011
(Loss) / profit after tax and minority interests (RM'000)	(4,080)	7,995	(4,080)	7,995
WA number of ordinary shares in issue ('000)	185,901	185,901	185,901	185,901
Basic (loss) / earnings per ordinary share (sen)	(2.19)	4.30	(2.19)	4.30

(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.

12 (Loss) / Profit before tax

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30 JUNE		THREE MONTHS ENDED 30 JUNE	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(Loss) / Profit before tax is arrived at after charging: -				
Amortisation of MUNIF transaction cost	31	39	31	39
Depreciation and amortisation	516	615	516	615
Impairment losses on:				
- trade receivables	369	427	369	427
Interest expenses	1,463	977	1,463	977
Inventories written off	-	1	-	1
Loss on disposal of:				
- property, plant and equipment	82	41	82	41
- other investments	565	15	565	15
Net loss on fair value adjustment on other investments	3	1,043	3	1,043
Property, plant and equipment written off	48	223	48	223
Realised loss on foreign currency transactions	73	36	73	36
Share of results of associates	1,791	-	1,791	-
Unrealised loss on foreign currency translation	232	8	232	8
And crediting: -				
Bad debts written off no longer required	-	160	-	160
Fair value gain on other investment	54	-	54	-
Gain on disposal of:				
- property, plant and equipment	1	32	1	32
- other investments	-	29	-	29
Interest income	404	454	404	454
Reversal of impairment losses on:				
- trade receivables	223	662	223	662
Realised gain on foreign currency transactions	253	239	253	239
Unrealised gain on foreign currency translation	481	450	481	450

SUMMARY OF STATUS OF MATERIAL LITIGATIONS AS AT 28 AUGUST 2012

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; 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	FRB filed its defence on 15 May 2012. FRB also filed an application for security for costs which was allowed by the learned Judge on 24 July 2012 wherein a sum of RM25,000 was ordered as security for costs in respect of FRB and costs of RM1,000 was also ordered. The Plaintiff has been given 14 days from 25 July 2012 to deposit the security for costs sums with the Plaintiff's solicitors, Messrs. Shearn Delamore & Co., who will hold the same as stakeholders. At the case management on 7 August 2012, the Plaintiff's solicitors, Messrs Shearn Delamore, 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. The learned Judge then proceeded to fix the matter for trial on 11 January 2013, 30 January 2013, 31 January 2013, 18 February 2013 and 19 February 2013. The Court also directed that witness statements are to be filed by 7 December 2012 and the last case management is fixed on 14 December 2012.

SUMMARY OF STATUS OF MATERIAL LITIGATIONS AS AT 28 AUGUST 2012

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	<p>Pursuant to the arbitrator's directions, ISS (M) filed their Statement of Claim on 6 April 2012. TSH served its Defence and Counterclaim on 6 June 2012.</p> <p>Subsequent thereto, ISS (M) served its Reply to Defence and Defence to Counterclaim on 16 August 2012. The arbitrator has vide his letter dated 21 June 2012 proposed that in lieu of a preliminary meeting, parties instead agree to a timetable as proposed by the arbitrator for discovery, exchange and preparation of bundle of documents, submission of witnesses' statements and submission of issues to be tried. Both ISS (M) and TSH will revert to the arbitrator on the proposed timetable after discussion.</p>
2	Formis Automation Sdn Bhd ("FASB") vs. Lingkaran Teknik Sdn Bhd ("LTSB")		Kuala Lumpur Regional Centre for Arbitration	<p>The arbitration has been fixed for hearing on 11, 12, 25, 26 and 27 September 2012.</p> <p>FASB's application for leave to apply to commit LTSB (in respect of LTSB's non-compliance of the injunction order dated 13 January 2012) was allowed by the High Court on 17 May 2012. The committal proceeding was fixed for mention on 31 July 2012 pending clearance of the sum of RM128,311.00 which was deposited by LTSB into the Joint Account on 25 July 2012. The sum of RM128,311.00 in the joint account has since cleared and therefore the committal application was withdrawn, with no order as to costs, on 31 July 2012.</p>