

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

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	75,490	86,479	149,438	146,284
Cost of sales	(55,941)	(70,227)	(116,084)	(110,355)
Gross profits	19,549	16,252	33,354	35,929
Other income	895	2,648	3,268	6,318
Other operating expenses	(16,489)	(18,379)	(32,159)	(37,378)
Finance costs	(1,649)	(1,551)	(3,204)	(2,615)
Share of results of associates	66	130	(1,725)	130
Profit / (Loss) before tax	2,372	(900)	(466)	2,384
Tax expense	(956)	(1,234)	(2,044)	(3,512)
Profit / (Loss) for the financial period	1,416	(2,134)	(2,510)	(1,128)
Other comprehensive income / (loss), net of tax				
Foreign currency translation differences for foreign operations	286	(21)	(238)	(488)
Share of foreign currency translation of associates	(1)	-	7	-
Other comprehensive income / (loss) for the financial period, net of tax	285	(21)	(231)	(488)
Total comprehensive income / (loss) for the financial period	1,701	(2,155)	(2,741)	(1,616)
Profit / (Loss) attributable to:-				
Owners of the Parent	1,483	(410)	(2,597)	7,585
Non-controlling interests	(67)	(1,724)	87	(8,713)
Profit / (Loss) for the financial period	1,416	(2,134)	(2,510)	(1,128)
Total comprehensive income / (loss) attributable to:-				
Owners of the Parent	1,695	(416)	(2,704)	7,282
Non-controlling interests	6	(1,739)	(37)	(8,898)
Total comprehensive income / (loss) for the financial period	1,701	(2,155)	(2,741)	(1,616)
Earnings / (Loss) per ordinary share (sen)				
-Basic	0.80	(0.22)	(1.40)	4.08

(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 SEPTEMBER 2012

	Unaudited As at 30.09.2012 RM'000	Audited As at 31.03.2012 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	3,574	3,844
Investment in associates	23,331	19,209
Software development costs	1,452	1,752
Other investments	2,032	2,076
Investment property	32	32
Other receivables	10,781	13,056
Goodwill	124,495	124,495
Deferred tax assets	618	858
	<u>166,315</u>	<u>165,322</u>
Current Assets		
Other investments	7,289	10,754
Inventories	22,512	14,378
Trade receivables	73,404	82,630
Other receivables, deposits and prepayments	33,215	36,146
Current tax assets	2,339	2,362
Cash and cash equivalents	53,281	61,262
	<u>192,040</u>	<u>207,532</u>
Assets of disposal groups classified as held for sale	3,500	3,500
TOTAL ASSETS	<u>361,855</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	183	286
Accumulated losses	(19,749)	(17,152)
	<u>176,079</u>	<u>178,779</u>
Non-controlling interests	14,966	15,003
TOTAL EQUITY	<u>191,045</u>	<u>193,782</u>
Non-Current Liabilities		
Hire purchase and lease creditors	11,529	14,223
Provision for post employment benefits	87	87
Deferred tax liabilities	704	767
	<u>12,320</u>	<u>15,077</u>
Current Liabilities		
Trade payables	22,247	22,649
Other payables, deposits and accruals	45,499	63,913
Borrowings	72,318	62,139
Hire purchase and lease creditors	14,417	14,520
Current tax payables	509	774
	<u>154,990</u>	<u>163,995</u>
Liabilities of disposal groups classified as held for sale	3,500	3,500
TOTAL LIABILITIES	<u>170,810</u>	<u>182,572</u>
TOTAL EQUITY AND LIABILITIES	<u>361,855</u>	<u>376,354</u>
Net assets per share (RM)	<u>0.9472</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 SEPTEMBER 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	Equity compensation reserve RM'000	Accumulated losses RM'000			
Six Months Financial Period Ended 30 September 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	-	-	-	-	(2,597)	(2,597)	87	(2,510)
Foreign currency translation for foreign operations	-	-	(114)	-	-	(114)	(124)	(238)
Share of foreign currency translation of associates	-	-	7	-	-	7	-	7
Total comprehensive loss for the financial period	-	-	(107)	-	(2,597)	(2,704)	(37)	(2,741)
Share of equity compensation reserve of associates	-	-	-	4	-	4	-	4
Balance as at 30 September 2012	185,901	9,744	179	4	(19,749)	176,079	14,966	191,045

	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	Equity compensation reserve RM'000	Accumulated losses / Retained earnings RM'000			
Six Months Financial Period Ended 30 September 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	-	-	-	-	7,585	7,585	(8,713)	(1,128)
Foreign currency translation for foreign operations	-	-	(303)	-	-	(303)	(185)	(488)
Share of foreign currency translation of associates	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the financial period	-	-	(303)	-	7,585	7,282	(8,898)	(1,616)
Transaction with owners-arising from dilution of equity interest in a subsidiary	-	-	-	-	2,845	2,845	(2,645)	200
Balance as at 30 September 2011	185,901	9,744	(269)	-	1,386	196,762	8,225	204,987

(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 SEPTEMBER 2012
 (The figures have not been audited)**

	SIX MONTHS ENDED 30 SEPTEMBER	
	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(466)	2,384
Adjustment for non-cash items:		
Bad debts written off	-	159
Depreciation and amortisation	1,089	1,142
Dividend income	(7)	(5)
Impairment losses on trade receivables	775	2,429
Interest expense	3,041	2,452
Interest income	(734)	(919)
Net (gain) / loss on fair value adjustments on other investments	(42)	921
Net loss / (gain) on disposal of other investments	552	(29)
Net loss on disposal of property, plant and equipment	109	90
Net unrealised gain on foreign currency exchange	(16)	(462)
Reversal of impairment loss on trade receivables	(330)	(1,816)
Share of results of associates	1,725	(130)
Other non-cash items	126	477
	<u>5,822</u>	<u>6,693</u>
Operating profit before working capital changes	5,822	6,693
Net changes in assets	5,992	22,967
Net changes in liabilities	(18,855)	(19,979)
	<u>(7,041)</u>	<u>9,681</u>
Net cash (used in) / generated from operations	(7,041)	9,681
Tax paid	(2,434)	(1,689)
Tax refund	324	824
	<u>(9,151)</u>	<u>8,816</u>
Net cash (used in) / from operating activities	(9,151)	8,816
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates	(5,852)	(16,875)
Interest received	734	919
Dividend received	7	5
(Placement) / Withdrawal of fixed deposits pledged	(517)	428
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	242
Purchase of other investments	-	(3,975)
Purchase of property, plant and equipment	(256)	(858)
	<u>(2,632)</u>	<u>52,027</u>
Net cash (used in) / from investing activities	(2,632)	52,027
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	13,697	29,704
Repayment of borrowings	(8,421)	(77,879)
Issuance of share capital of a subsidiary to non-controlling interest	-	200
Interest paid	(3,041)	(2,452)
	<u>2,235</u>	<u>(50,427)</u>
Net cash from / (used in) financing activities	2,235	(50,427)
Net (decrease) / increase in cash and cash equivalents	(9,548)	10,416
Cash and cash equivalents at 1 April 2012/2011*	35,332	53,934
Effect of foreign exchange on opening balance	(308)	(346)
	<u>25,476</u>	<u>64,004</u>
Cash and cash equivalents at 30 September 2012/2011*	25,476	64,004

* 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 Second Quarter Ended 30 September 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 Second Quarter Ended 30 September 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
Six Months Financial Period Ended 30 September 2012								
External sales	67,811	17,854	2,081	12,890	48,795	7	-	149,438
Inter segment sales	6,895	5,468	1,565	2,262	1,078	1,458	(18,726)	-
Total Sales	<u>74,706</u>	<u>23,322</u>	<u>3,646</u>	<u>15,152</u>	<u>49,873</u>	<u>1,465</u>	<u>(18,726)</u>	<u>149,438</u>
Segment results	3,202	2,521	299	(121)	1,199	(3,534)	-	3,566
Share of results of associates								(1,725)
Interest expense								(3,041)
Interest Income								734
Loss before taxation								<u>(466)</u>
Segment assets	<u>62,100</u>	<u>36,814</u>	<u>7,344</u>	<u>20,159</u>	<u>82,558</u>	<u>152,880</u>	<u>-</u>	<u>361,855</u>
Six Months Financial Period Ended 30 September 2011								
External sales	70,500	9,389	4,654	16,373	44,243	1,125	-	146,284
Inter segment sales	2,207	448	3,510	1,718	1,190	1,617	(10,690)	-
Total Sales	<u>72,707</u>	<u>9,837</u>	<u>8,164</u>	<u>18,091</u>	<u>45,433</u>	<u>2,742</u>	<u>(10,690)</u>	<u>146,284</u>
Segment results	3,455	1,641	5,368	(5,433)	138	(1,382)	-	3,787
Share of results of associates								130
Interest expense								(2,452)
Interest Income								919
Profit before taxation								<u>2,384</u>
Segment assets	<u>63,629</u>	<u>41,263</u>	<u>33,286</u>	<u>22,863</u>	<u>71,372</u>	<u>153,532</u>	<u>-</u>	<u>385,945</u>

10 Carrying amount of revalued assets

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

11 Subsequent events

(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 ("Proposed Disposal") 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:-

- 100% equity interest in Applied Business Systems Sdn Bhd ("ABS") held by the Company;
- 100% equity interest in Formis Computer Services Sdn Bhd ("FCS") held by FHB;
- 51% equity interest in First Solution Sdn Bhd ("FSSB") held by FHB; and
- 100% equity interest in Formis Systems & Technology Sdn Bhd ("FST") held by the Company.

On 5 October 2012, the Company announced that the parties have mutually agreed to terminate the HOA entered into on 8 May 2012 in connection with the Proposed Disposal in view of the lapse of the timeframe set for the execution of the said Definitive Agreements under the HOA.

(ii) 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").

On 5 November 2012, the Company announced that the Company proposes to revise the proposals to the following:-

- 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");
- 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
- 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").

**Notes to the Interim Financial Report
For the Second Quarter Ended 30 September 2012**

11 Subsequent events (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. Accordingly, MYATM became 41.2% owned associate of Formis.

(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.

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 Second Quarter Ended 30 September 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 ("Proposed Disposal") 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.

On 5 October 2012, the Company announced that the parties have mutually agreed to terminate the HOA entered into on 8 May 2012 in connection with the Proposed Disposal in view of the lapse of the timeframe set for the execution of the said Definitive Agreements under the HOA.

- (ii) On 10 August 2012, Diversified Gateway Solutions Berhad ("DGSB"), a 59.6% owned subsidiary of the Company, announced that DGSB has incorporated a wholly-owned subsidiary company, Rangkaian Ringkas Sdn Bhd ("RRSB"), with RM2.00 issued and fully paid-up share capital comprising 2 new ordinary shares of RM1.00 each.

- (iii) On 10 September 2012, the Company announced that CNA 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. Accordingly, MYATM became 41.2% owned associate of Formis.

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 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>5,826</u>

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

FHB	
- to leasing party for leasing facilities to a subsidiary	<u>3,063</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 Second Quarter Ended 30 September 2012**

1 Detailed analysis of performance

The Group recorded a revenue of RM75.4 million in the current quarter under review, a decrease of approximately 12.7% from RM86.5 million in the corresponding quarter of the preceding financial year.

The Group recorded RM149.4 million of revenue in the financial period under review, an increase of approximately 2.2% from RM146.3 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 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Distribution	36,943	49,621	74,706	72,707
Networks	8,081	3,859	23,322	9,837
Software	3,041	8,606	3,646	8,164
Solutions	8,281	8,066	15,152	18,091
Systems	28,027	26,182	49,873	45,433
Others	736	668	1,465	2,742
	<u>85,109</u>	<u>97,002</u>	<u>168,164</u>	<u>156,974</u>
Less : Inter Segment Revenue	(9,619)	(10,523)	(18,726)	(10,690)
Total Group Revenue	<u>75,490</u>	<u>86,479</u>	<u>149,438</u>	<u>146,284</u>

For the Distribution segment, the decrease in revenue by approximately RM12.7 million for the current quarter under review as compared to the corresponding quarter is mainly due to decrease in contracts / orders secured during the current quarter under review in one of the subsidiaries. For the financial period under review, the performance improved marginally.

The increase in revenue in Network segment of RM4.2 million for the current quarter and RM13.5 million for the current financial period is mainly due to major orders amounting to RM3.5 million and RM11.6 million from a technology driven solution provider during the financial quarter and period under review respectively.

The Systems segment recorded an increase in revenue in the current quarter by approximately RM1.8 million and RM4.4 million in the current financial period due to more orders received from government sector and telco industry during the financial quarter and period under review.

The Solutions segment recorded a slight increase in revenue by approximately RM0.2 million for the current quarter and a decrease by RM2.9 million in the current financial period under review. The decrease in the current financial period is due to lower billing contributed by three of the subsidiaries.

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

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Distribution	2,002	2,701	3,444	3,706
Networks	(338)	(73)	2,458	1,861
Software	1,116	3,770	319	5,456
Solutions	1,485	(5,633)	(139)	(5,480)
Systems	1,105	180	1,120	175
Others	(2,998)	(1,845)	(7,668)	(3,334)
Profit / (Loss) before tax	<u>2,372</u>	<u>(900)</u>	<u>(466)</u>	<u>2,384</u>

Comparing the current quarter against the corresponding quarter of the previous financial year, the Group recorded a profit before tax of RM2.4 million for the current quarter under review as compared to a loss before tax of RM0.9 million in the corresponding quarter of the preceding financial year. The increase in profit is largely contributed by Solutions segment due to the following factors: -

- (i) improved gross profit margin from RM5.0 million in the corresponding quarter of the preceding financial year to RM7.8 million despite the lower revenue recorded in the current quarter under review. The lower gross profit margin in the corresponding quarter of the preceding financial year was due to the cost written off for a foreseeable loss of RM4.5 million in one of the projects of a subsidiary; and
- (ii) reduction of employee related expenses by RM2.6 million resulting from workforce reduction.

For the Systems segment, the profit before tax for the current quarter and period under review increase by RM0.9 million due to the improved gross profit margin recorded in the current quarter under review.

The Software segment recorded a lower profit before tax as compared to the corresponding quarter of the previous financial year. This is mainly due to reversal of the contract cost over accrued of RM4.3 million in one of the subsidiaries in the corresponding quarter of the previous financial year.

Additional information required by Bursa Securities Listing Requirements
For the Second Quarter Ended 30 September 2012

2 Variation of results against preceding quarter

	3 months ended 30.09.2012 RM'000	3 months ended 30.06.2012 RM'000
Profit / (Loss) before tax	<u>2,372</u>	<u>(2,838)</u>

The group recorded a profit before tax of RM2.4 million for the current quarter under review as compared to a loss before tax of RM2.8 million for the preceding quarter. The improvement is due to the improved gross profit margin by RM5.7 million in the current quarter under review compared to the preceding quarter.

3 Current year prospects

The Group's performance for the next financial quarter is expected to show better sales traction.

4 Profit forecast

Not applicable.

5 Income tax expense

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense				
- Malaysian taxation	885	989	1,880	3,293
- Foreign taxation	12	226	41	250
	<u>897</u>	<u>1,215</u>	<u>1,921</u>	<u>3,543</u>
(Over) / under provision in prior period				
- Malaysian taxation	10	-	10	-
- Foreign taxation	(1)	-	(64)	55
	<u>9</u>	<u>-</u>	<u>(54)</u>	<u>55</u>
	<u>906</u>	<u>1,215</u>	<u>1,867</u>	<u>3,598</u>
Deferred taxation				
- origination and reversal of temporary differences				
- Malaysian taxation	50	74	177	(86)
- Foreign taxation	-	(55)	-	-
	<u>50</u>	<u>19</u>	<u>177</u>	<u>(86)</u>
	<u>956</u>	<u>1,234</u>	<u>2,044</u>	<u>3,512</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 Second Quarter Ended 30 September 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.

As at the date of this report, the Proposed Rights Issue With Warrants has yet to be completed.

- (ii) 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 ("Proposed Disposal") 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.

On 5 October 2012, the Company announced that the parties have mutually agreed to terminate the HOA entered into on 8 May 2012 in connection with the Proposed Disposal in view of the lapse of the timeframe set for the execution of the said Definitive Agreements under the HOA.

- (iii) On 10 August 2012, DGSB announced that DGSB has incorporated a wholly-owned subsidiary company, Rangkaian Ringkas Sdn Bhd ("RRSB"), with RM2.00 issued and fully paid-up share capital comprising 2 new ordinary shares of RM1.00 each.
- (iv) 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").

**Additional information required by Bursa Securities Listing Requirements
For the Second Quarter Ended 30 September 2012**

6 Status of corporate proposals (continued)

(v) 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. Accordingly, MYATM became 41.2% owned associate of Formis.

(vi) 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.

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 September 2012 are as follows:

	RM'000
Short term bank borrowings - secured	<u>75,818</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:

	30.09.2012 RM'000	30.06.2012 RM'000
Total accumulated losses of the Group: -		
- Realised	14,932	13,443
- Unrealised	(41)	(35)
	<u>14,891</u>	<u>13,408</u>
Less: Consolidation adjustments	(34,640)	(34,640)
Total Group accumulated losses as per consolidated financial statements	<u>(19,749)</u>	<u>(21,232)</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 Second Quarter Ended 30 September 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 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		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30		SIX MONTHS ENDED 30	
	SEPTEMBER		SEPTEMBER	
	2012	2011	2012	2011
Profit / (loss) after tax and minority interests (RM'000)	1,483	(410)	(2,597)	7,585
WA number of ordinary shares in issue ('000)	185,901	185,901	185,901	185,901
Basic earnings / (loss) per ordinary share (sen)	0.80	(0.22)	(1.40)	4.08

(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 Profit / (Loss) before tax

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	THREE MONTHS ENDED 30		SIX MONTHS ENDED 30	
	SEPTEMBER		SEPTEMBER	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Profit / (Loss) before tax is arrived at after charging: -				
Amortisation of MUNIF transaction cost	30	40	61	79
Bad debts written off	-	159	-	159
Depreciation and amortisation	573	527	1,089	1,142
Impairment losses on:				
- trade receivables	406	2,002	775	2,429
Interest expenses	1,578	1,475	3,041	2,452
Inventories written off	-	116	-	117
Loss on disposal of:				
- property, plant and equipment	28	82	110	91
- other investments	-	-	565	15
Net loss on fair value adjustment on other investments	9	-	-	921
Property, plant and equipment written off	16	58	64	281
Realised loss on foreign currency transactions	74	73	147	109
Share of results of associates	-	-	1,725	-
Unrealised loss on foreign currency translation	233	147	261	155

And crediting: -

Dividend income	7	5	7	5
Gain on disposal of:				
- property, plant and equipment	-	-	1	1
- other investments	13	15	13	44
Interest income	330	465	734	919
Net gain on fair value adjustment on other investments	-	122	42	-
Reversal of impairment losses on:				
- trade receivables	107	1,154	330	1,816
Realised gain on foreign currency transactions	207	469	460	708
Share of results of associates	66	130	-	130
Unrealised gain on foreign currency translation	-	167	277	617

SUMMARY OF STATUS OF MATERIAL LITIGATIONS AS AT 23 NOVEMBER 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 15th 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.

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 Arbitration has been fixed for hearing on 29, 30 and 31 January 2013 and the Parties are in the midst of complying with pre-hearing directions.
2	Formis Automation Sdn Bhd ("FASB") vs. Lingkar Teknik Sdn Bhd ("LTSB")		Kuala Lumpur Regional Centre for Arbitration	FASB has since served its amended Points of Claim on 13 August 2012 wherein FASB has removed paragraphs in the Points of Claim making reference to a certain progress claim since the parties have reached a settlement on the said progress claim. LTSB is to file its Amended Defence and Counterclaim by 30 November 2012. The arbitration which was initially fixed for hearing in September 2012 has been postponed to 10, 11, 23, 24 and 25 April 2013.