THETA EDGE BERHAD (260002-W)
(Incorporated in Malaysia)

QUARTERLY REPORT

SUMMARY OF KEY FINANCIAL INFORMATION FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2011

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2011 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2010 RM'000	Current Year To Date Ended 31/12/2011 RM'000	Preceding Year Corresponding Period Ended 31/12/2010 RM'000
1. Revenue	16,015	12,288	58,459	86,167
2. Gross Profit	2,461	5,269	7,113	19,686
3. Profit/(loss) before tax and exceptional items	(2,249)	724	(12,732)	1,087
4. Profit/(loss) after tax and before exceptional items	(2,286)	752	(12,795)	1,100
5. Profit/(loss) for the period	(2,286)	688	(12,795)	(4,326)
6. Profit/(loss) attributable to owners of the Company	(2,286)	688	(12,795)	(4,326)
7. Basic profit/(loss) per share (sen)	(2.67)	1.09	(14.93)	(6.86)
8. Proposed/Declared dividend per share (sen)	-	-	-	-

	As At End Of Current Quarter	As At Preceding Financial Year End
8. Net assets per share attributable to owners of the Company (RM)	0.80	0.84

Additional Information

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2011 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2010 RM'000	Current Year To Date Ended 31/12/2011 RM'000	Preceding Year Corresponding Period Ended 31/12/2010 RM'000
1. Gross income from short term investments	122	30	592	161
2. Gross borrowing costs	(32)	(308)	(244)	(1,249)

THETA EDGE BERHAD (260002-W)
(Incorporated in Malaysia)

QUARTERLY REPORT

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2011 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2010 RM'000	Current Year To Date Ended 31/12/2011 RM'000	Preceding Year Corresponding Period Ended 31/12/2010 RM'000
Revenue	**16,015**	**12,288**	**58,459**	**86,167**
Cost of sales	(13,554)	(7,019)	(51,346)	(66,481)
Gross Profit	2,461	5,269	7,113	19,686
Income from short term investments	122	30	592	161
Other operating income	136	48	136	92
Operating expenses	(2,772)	(3,129)	(12,475)	(14,189)
Profit/(loss) from operations	**(53)**	**2,218**	**(4,634)**	**5,750**
Depreciation	(716)	(1,150)	(2,495)	(1,789)
Borrowing costs	(32)	(308)	(244)	(1,249)
Employee costs pursuant to grant of ESOS	(800)	-	(1,897)	-
Allowances and non cash expenses	(648)	(36)	(3,462)	(1,625)
Profit/(loss) before taxation	**(2,249)**	**724**	**(12,732)**	**1,087**
Taxation	(37)	28	(63)	13
Profit/(loss) after tax and before exceptional item	**(2,286)**	**752**	**(12,795)**	**1,100**
Exceptional Item	-	(64)	-	(5,426)
Profit/(loss) for the period	**(2,286)**	**688**	**(12,795)**	**(4,326)**
Other comprehensive income, net of taxation	-	-	-	-
Total comprehensive profit/(loss) for the period	**(2,286)**	**688**	**(12,795)**	**(4,326)**
Profit/(loss) attributable to :				
Owners of the Company	(2,286)	688	(12,795)	(4,326)
Non-controlling interest	-	-	-	-
Profit/(loss) for the period	(2,286)	688	(12,795)	(4,326)
Total comprehensive profit/(loss) attributable to:				
Owners of the Company	(2,286)	688	(12,795)	(4,326)
Non-controlling interest	-	-	-	-
Total comprehensive profit/(loss) for the period	(2,286)	688	(12,795)	(4,326)
Profit/(loss) per ordinary share (sen)				
Basic	(2.67)	1.09	(14.93)	(6.86)
Diluted	-	-	-	-

The unaudited condensed Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010

THETA EDGE BERHAD (260002-W)

(Incorporated in Malaysia)

QUARTERLY REPORT

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Unaudited As At 31/12/2011 RM'000	Audited As At 31/12/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,476	8,725
Goodwill on consolidation	657	-
Intangible assets	2,972	2,142
Deferred income tax assets	3,902	3,902
	15,007	14,769
Current assets		
Inventories	17,560	16,283
Receivables	33,690	44,807
Deposits, cash and bank balances	33,086	8,514
	84,336	69,604
Total assets	**99,343**	**84,373**
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	107,241	63,104
Reserves	(20,971)	(10,073)
Shareholder's fund / Total equity	**86,270**	**53,031**
LIABILITIES		
Current liabilities		
Payables	11,544	23,310
Hire Purchase	20	-
Bank overdrafts	441	195
Bank borrowings	1,000	7,837
	13,005	31,342
Non Current liabilities		
Hire Purchase	68	-
	68	-
Total liabilities	**13,073**	**31,342**
Total equity and liabilities	**99,343**	**84,373**

The unaudited condensed Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010.

THETA EDGE BERHAD (260002-W)
(Incorporated in Malaysia)

QUARTERLY REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2011

		Non-distributable		Distributable			
	Share Capital RM'000	Reserves attributable to capital RM'000	Other Reserves RM'000	Reserves Attributable To Revenue RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
12 months ended 31 December 2010							
At 1 January 2010 (audited)	63,104	(7,773)	-	(5,747)	**49,584**	1,020	**50,604**
Deconsolidation	-	7,773	-	(5,426)	**2,347**	(1,020)	**1,327**
Comprehensive income for the financial period	-	-	-	1,100	**1,100**	-	**1,100**
At 31 December 2010 (Unaudited)	63,104	-	-	(10,073)	**53,031**	-	**53,031**
12 months ended 31 December 2011							
At 1 January 2011 (audited)	63,104	-	-	(10,073)	**53,031**	-	**53,031**
Issue of shares							
- acquisition of a subsidiary company	13,650	-	-	-	**13,650**	-	**13,650**
- New shares issued	30,487	-	-	-	**30,487**	-	**30,487**
Grant of share options to employees	-	-	1,897	-	**1,897**		**1,897**
Comprehensive loss for the financial period	-	-	-	(12,795)	**(12,795)**	-	**(12,795)**
At 31 December 2011 (Unaudited)	107,241	-	1,897	(22,868)	**86,270**	-	**86,270**

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010

THETA EDGE BERHAD (260002-W)
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QUARTERLY REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011

	12 Months Ended	
	Unaudited	**Audited**
	31/12/2011	**31/12/2010**
	RM'000	**RM'000**
Cash flow used in operating activities		
Receipts from customers	67,552	83,068
Payments to suppliers, contractors and employees	(69,474)	(96,596)
Income tax paid	(40)	(24)
Income tax refund	49	-
Borrowing costs	(244)	(1,249)
Net cash used in operating expenses	(2,157)	(14,801)
Cash flow from/(used in) investing activities		
Purchase of property, plant & equipment	(1,051)	(8,436)
Proceeds from disposal of property, plant and equipment	3	5
Acquisition of a subsidiary	3,299	-
Income received from short term investments	592	161
Net cash from/(used in) investing activities	2,843	(8,270)
Cash flow from financing activities		
Net repayment of bank borrowings	(6,847)	7,812
Proceeds from rights issue	30,487	-
Net cash from financing activities	23,640	7,812
Net movement in cash and cash equivalents	24,326	(15,259)
Cash and cash equivalents at beginning of financial period	8,319	23,578
Cash and cash equivalents at end of financial period	**32,645**	**8,319**
Cash and cash equivalents consist of:		
Cash & bank balances	9,718	2,658
Deposits	23,368	5,856
Bank overdrafts	(441)	(195)
	32,645	**8,319**

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010.

The Statements of Cash Flows for the financial year ended 31 December 2010 had been reclassed for comparative purposes.

THETA EDGE BERHAD (260002-W)
(Incorporated in Malaysia)

QUARTERLY REPORT

(A) Notes to the Condensed Consolidated Interim Financial Statements

A.1 Basis of preparation and significant accounting policies

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standards ('FRS') 134 "Interim Financial Reporting" and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ('BMSB'), and should be read in conjunction with the annual financial report for the financial year ended 31 December 2010.

The accounting policies and presentation applied for the interim financial statements are consistent with those applied for the annual financial statements for the financial year ended 31 December, 2010 except for the adoption of the following new and revised FRSs and amendments to FRSs which are relevant to the Group's operations:-

Revised FRSs and Amendments to FRSs		**Effective Date**
FRS 1	First-time Adoption of Financial Reporting Standards (Compiled January 2011)	1.7.2010
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time adopter (Amendment to FRS 1)	1.1.2011
	Additional Exemptions for First-time Adopters (Amendments to FRS 1)	1.1.2011
	Amendments to FRS 1 [improvements to FRSs (2010)]	1.1.2011
Amendments to FRS 2	Share-based Payment	1.7.2010
	Group Cash settled Share Based Payment	1.1.2011
FRS 3	Business Combinations (Compiled April 2011)	1.7.2010
Amendments to FRS 3	Improvements to FRSs 2010	1.1.2011
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1.7.2010
Amendments to FRS 7	Financial Instruments: Disclosures: Amendments relating to improving disclosures about financial instruments	1.1.2011
	Improvements to FRSs 2010	1.1.2011
Amendments to FRS 101	Presentation of Financial Statements	1.1.2011
	Improvements to FRSs 2010	1.1.2011
Amendments to FRS 121	Improvements to FRSs 2010	1.1.2011
FRS 127	Consolidated and Separate Financial Statements (Revised)	1.7.2010

Amendments to FRS 128	Improvements to FRSs 2010	1.1.2011
Amendments to FRS 131	Improvements to FRSs 2010	1.1.2011
Amendments to FRS 132	Financial Instruments: Presentation -Classification of Rights Issues	1.3.2010
	Improvements to FRSs 2010	1.1.2011
Amendments to FRS 134	Improvements to FRSs 2010	1.1.2011
Amendments to FRS 138	Consequential amendments arising from FRS 3 (as revised in 2010)	1.7.2010
Amendments to FRS 139	Improvements to FRSs 2010	1.1.2011

The adoption of the above FRSs and Amendments do not have any material impact on the financial statements of the Group and of the Company.

A.2 <u>Report On The Financial Statements</u>

We have audited the financial statements of Theta Edge Berhad, which comprise the statements of financial position as at 31 December, 2010 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 year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 51.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable 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 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 judgment, 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 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 December, 2010 and of their financial performance and cash flows for the year then ended.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 29 to the financial statements where there are outstanding material litigations within the Group. We are unable to determine and to quantify the net exposure of the outcome of these litigations, as at the date of this report. However, the directors, based on legal opinions received, are of the view that the Group have reasonable good defense on these claims and that no material losses are expected to arise.

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 have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts 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.

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

Other Matters

The supplementary information on Note 33 on page 51 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the 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.

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.

The status of the material litigation as per the above Emphasis of Matter is contained in paragraph A.12(B).

A.3 <u>Seasonality and cyclicality of operations</u>

The Group's business operations were not materially affected by any seasonal or cyclical factors.

A.4 <u>Unusual items</u>

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current quarter under review and financial year to date.

A.5 <u>Changes in estimates</u>

There were no changes in estimates of amounts reported in prior financial years, which have a material effect in the current quarter under review and financial year to date.

A.6 <u>Debt and equity securities</u>

Other than disclosed below, the Group was not involved in any issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial year to date.

(a) At an Extraordinary General Meeting on 11 May 2011, the Company's shareholders approved the establishment of a five (5) year Employees Share Option Scheme ("ESOS") of up to ten percent (10%) of the issued and paid-up capital of the Company, commencing from the effective date of 12 May 2011. The Company had on 14 June 2011 granted a total of 5,909,000 ESOS to eligible persons.

(b) On 17 June 2011, the Company completed its acquisition of 27,300,000 ordinary shares of RM1.00 each representing 100% equity interest in TH Computers Sdn Bhd ("THC") for a total consideration of RM13,650,000 satisfied via the issuance of 13,649,999 new Shares at an issue price of RM1.00 each and fractions settled via cash amounting to RM1.00.

(c) On 8 July 2011, the Company announced the completion of the Renounceable Rights Issue together with free warrants with the listing and quotation of 30,487,336 Rights Shares together with 30,487,336 Warrants on the Main Market of Bursa Securities.

A.7 Dividends

No dividends have been declared and paid during the current quarter under review and financial year to date.

A.8 Segmental reporting

Segmental reporting for the financial year to date is as follows:

Group Financial year ended 31 December 2011	**Information & Communication Technology RM '000**	**Investment Holding And Others RM '000**	**Total RM '000**
Revenue			
Total Revenue	58,459	-	58,459
Results			
Loss from operations before depreciation, share option expenses, allowances & borrowing costs	704	(5,930)	(5,226)
Depreciation	(2,384)	(111)	(2,495)
Employee cost pursuant to grant of ESOS	-	(1,897)	(1,897)
Allowances & non-cash items	(3,581)	119	(3,462)
Loss from operations	(5,261)	(7,819)	(13,080)
Borrowing income , net			348
Loss before taxation			(12,732)
Taxation			(63)
Net loss for the period			(12,795)
Other information			
Total assets	71,702	27,641	99,343

Analysis by geographical segments has not been presented as the operations of the Group are in Malaysia.

A.9 Valuation of property, plant and equipment

The valuations of all property, plant and equipment have been brought forward without amendment from the previous financial statements ended 31 December 2010.

A.10 Subsequent events

There were no material events subsequent to the end of the current quarter.

A.11 Changes in the composition of the Group

There were no other changes in the composition of the Group for the current quarter and financial year ended 31 December 2011 except for the following:

(a) Pursuant to the announcement on 21 July 2010 pertaining to the Group's corporate streamlining activities, the Company has announced on 18 February 2011, 13 April 2011 and 9 May 2011 that the following dormant/inactive subsidiaries have been dissolved pursuant to Section 272(5) of the Companies Act, 1965.

(i) Imagebase Sdn Bhd;
(ii) Imageword (M) Sdn Bhd;
(iii) Lityan Overseas Sdn Bhd;
(iv) Lityan Foreign Equities Sdn Bhd;
(v) Integrated Telecommunication Technology Sdn Bhd;
(vi) Slam Atomised Metal Sdn Bhd;
(vii) Digital Transmission Systems Sdn Bhd;
(viii) Teem Business Solutions Sdn Bhd;
(ix) KJ Mobidata Sdn Bhd;
(x) Lityan Systems Sdn Bhd;
(xi) KJ Telecommunications Sdn Bhd;
(xii) Kirium Solutions Sdn Bhd; and
(xiii) Lityan (L) Incorporated.

(b) On 17 June 2011, the Company completed its acquisition of 27,300,000 ordinary shares of RM1.00 each representing 100% equity interest in TH Computers Sdn Bhd ("THC") for a total consideration of RM13,650,000.

(c) On 9 August 2011, the Company announced that further to its announcement dated 22 July 2010 in relation to the Members' Voluntary Liquidation, the following dormant/inactive subsidiaries has been dissolved pursuant to Section 272(5) of the Companies Act, 1965:-
(i) Lityan Management Sdn Bhd
(ii) Lityan Marketing Sdn Bhd

(d) The Company has on 23 December 2011 acquired two (2) ordinary shares of RM1.00 each, representing 100% of the total issued and paid-up share capital of TH2.0 Sdn Bhd ("TH2.0") for a total consideration of RM2.00. TH2.0 was incorporated on 13 December 2011 and its authorised and paid-up share capital are RM100,000.00 and RM2.00 respectively. TH2.0 is presently dormant and its intended principal activity is investment holding.

None of the directors or substantial shareholders of Theta Edge or persons connected with them has any interest, direct or indirect in the aforesaid acquisition

A.12 <u>Changes in contingent liabilities and contingent assets</u>

(A) There were no contingent assets for the current financial year to date.

(B) The changes in the Group's contingent liabilities since 31December 2010 are as follows:

(a) Bank guarantees issued to mainly trade customers decreased from RM 7,411,952 to RM 5,412,085 as at 31 December 2011.

(b) On 21 November 2001, MSC Trustgate.com Sdn Bhd (MSC) initiated legal proceedings against the Company claiming damages for loss of expected profits amounting to RM23,074,000.00 or in alternative, the sum of RM7,600,000.00 (approximately USD2,000,000.00) against the Company for an alleged breach of condition precedent pursuant to a subscription and shareholders agreement entered with the Company. Full trial was conducted on 5th to 7th January 2011. On 28 January 2011, the High Court gave its decision in favour of the Company and dismissed the claim by MSC with costs.

MSC filed a notice of appeal to the Court of Appeal on 28 February 2011 against the decision by the Shah Alam High Court. The Company’s solicitor had on 18 May 2011 filed a motion to strike out the said appeal. On 30 June 2011, the Court of Appeal has dismissed the Company’s application to strike out the appeal by MSC and also granted an extension of time to MSC to file their appeal record. The matter now is pending hearing of the appeal proper at the Court of Appeal.

Based on the facts of the matter and opinion from the solicitors, the Company is of the view that the appeal by MSC will very likely be dismissed by the Court of Appeal.

A.13 <u>Material Litigation</u>

(a) Infornential Sdn Bhd initiated legal action against a wholly owned subsidiary of the Company claiming for compensation of RM1,354,768.00 arising from an early termination of a consultancy contract. A letter of demand was issued on 23 December 2003 to the subsidiary, followed by a notice pursuant to Section 218(2)(a) of the Companies Act, 1965 dated 31 December 2003 but the notice was void through irregular service. Both parties reached a consensus to refer the case for arbitration and signed an arbitration agreement on 23 July 2004. Under the said agreement, the parties agreed that each party's claim is limited to a maximum of RM1,000,000 only. Infornential decided to terminate the arbitration agreement on 27 September 2004 and proceeded with a civil suit. On 16 December 2004, the subsidiary was served with a writ of summons and statement of claim, both dated 13 October 2004. Subsequent to the dismissal of the subsidiary's application for a stay of proceeding on 22 January 2007, Infornential's application for Summary Judgment under Order 14 was dismissed by the Court on 17 May 2007 and they then filed an appeal to the Judge in Chambers. The matter was adjourned to 19 February 2010 where the Court delivered its decision which is not favorable to the subsidiary as the Court held that there was no triable issue. The subsidiary then filed an appeal the Court of Appeal against the High Court's decision on 19 February 2010. The Court of Appeal unanimously held on 4 May 2010 for the appeal to be allowed. The Summary Judgment obtained by Infornential in the High Court was therefore set aside. The matter was back at the High Court. The subsidiary's solicitors filed a defense on 2 June 2010 and Infornential's solicitors have issued a reply thereto. On 21 October 2010, the subsidiary's solicitors informed the Court that the subsidiary was wound-up by a member's special resolution passed on 18 August 2010 and that they will no longer act for the subsidiary in the matter.

The subsidiary was dissolved on 5 April 2011 pursuant to Section 272(5) of the Companies Act 1965, being three (3) months after lodgment of Form 69 by the liquidator.

(b) On 31 December 1999, Lityan Application Sdn Bhd (LASB) entered into an Agreement with PERKESO for the provision of the Proposed Development of the Registration, Contributions and Benefit Payment System for a contract amount of RM15,393,348.00. In July 2004, a dispute arose regarding the non-compliance of the application software system development under the Agreement. PERKESO terminated the Agreement on 9 August 2004 on the basis that LASB had failed to fulfill its obligations under the Agreement and PERKESO and imposed Liquidated Damages against LASB. LASB disputed the termination and made a claim on 23 August 2004 for the remaining amounts due under the said contract. PERKESO made a further claim against LASB on 3 November 2004 for all the monies paid to develop the application.

LASB made a counter claim on 7 December 2004 against PERKESO for RM9,190,874.80 being the total cost of development. The matter was referred to Arbitration proceedings on 1 June 2006 when both parties were unable to settle the matter amicably. Following a lengthy process for the sourcing and selection, an Arbitrator was finally appointed on 15 March 2010.

Arbitration on the matter started on 1 June 2011 and is now still ongoing.

The Company, based on legal opinion received, is of the view that LASB has good grounds to succeed in the arbitration against PERKESO.

A.14 Capital Commitments

Capital commitments for the Group in respect of property, plant and equipment not provided for as at 31December 2011 are as follows:

	RM'000
Approved and not contracted for	-
Approved and contracted for	1,778
	1,778

A.15 Related Party Transactions

The related party transactions of the Group had been entered into in the ordinary course of business. Below are the significant transactions and balances with related parties of the Group during the current financial period.

Related Parties	**Transactions**	**Transactions for the year ended 31Dec 2011 RM '000**	**Balance due from / (to) as at 31Dec 2011 RM '000**
LembagaTabung Haji	Sales for Equipment and Services rendered	11,652	303
	Rental & Utility expenses	1,453	(134)
TH Plantations Berhad	Sales for Equipment and Services rendered	1,287	9
Ramunia Holdings Berhad	Sales for Equipment and Services rendered	178	-
TH Global Services Sdn Bhd	Purchase of product and services	1	-
TH Travel & Services Sdn Bhd	Purchase of product and services	30	-

(B) Notes to the Interim Financial Statements (revised BMSB Listing Requirements)

B.1 Review of performance

The Group reported a revenue of RM58.5 million and loss before taxation of RM12.7 million for the year ended 31 December 2011 as compared to the revenue and profit before taxation for the same period in the previous year of RM86.2 million and RM1.1 million respectively.

The Group’s revenue is on an uneven trend where projects are short term and revenues are recognised based on progressive milestones and stages of work completions. The higher revenue for the previous period was mainly due to the delivery of hardware and software for the eTanah project with the Ministry of Natural Resource and Environment in accordance to the contract milestones.

The revenue for the current quarter has increased by RM3.7 million or increased by 30% as compared to the revenue for the same quarter in the preceding year. However the results from operations decreased by 102% from profit from operations of RM2.2 million in the same quarter of the preceding year to a small loss from operations of RM0.1 million. This was mainly due to the thin margins derived mainly from trading of hardware and equipment.

The loss before taxation for the financial period were mainly due to costs pursuant to the granting of the Employees Share Option Scheme (“ESOS”) of approximately RM1.9 million and the allowances for slow moving inventories amounting to approximately RM3.0 million in relation to a project which was suspended prematurely by a customer.

B.2 Material changes in quarterly results

The Group's revenue for the current quarter increased by RM3.9 million to RM16.0 million as compared to that of RM12.1 million revenue for the immediate preceding quarter. The increase was mainly due to the completion of higher milestones for the epayment gateway, desktop management system and next generation network projects during the quarter.

The Group reported an almost similar loss before taxation of RM2.2 million for the current period as compared to the loss before taxation of RM2.4 million in the immediate preceding quarter**.** The loss in the current quarter was mainly due to the recognition of additional employees cost pursuant to the granting of the ESOS of approximately RM0.8 million and provision of doubtful receivables of approximately RM0.5 million..

B.3 **Prospects**

The Board expects that the financial year 2012 will remain challenging. Barring any unforeseen circumstances, the Board expects satisfactory performance for the financial year ending 2012.

According to International Data Corporation's ("IDC") 2012 projections, the ICT spending in Malaysia is expected to grow at a rate of 10.1% where key transformative steps taken by the Government is expected to produce disruptive IT technologies which will become the mainstream and playing critical role in the development of the country. However, the ICT business environment remains a challenge for the Group and industry with the increased number of players, diminishing margins and evolving landscape.

With the dynamic evolving ICT landscape, the Group is realigning its business focus to key areas which will create differentiation, branding and long term sustainable income. The Group identified specific niche areas for development and ownership of new intellectual properties (IPs) enhancing existing IP/domain knowledge and building specialized infrastructure and managed services. These areas include amongst others the development of Geographical Information System ("GIS"), Enterprise Hajj Registration and Management System ("EHRAMS"), Accounting for Government agencies and State Treasuries.

The Group also identified the provision of specialized engineering services, managed services and provision of satellite communication in the telecommunication segment as an area of focus in view of the growth and expansion of the domestic telecommunication industry into achieving higher coverage, enhancing consumer experience, convergence as well as reshaping the communications systems.

Some of these initiatives are expected to only bear results in the medium to long term. Various initiatives internally are being reviewed with the objective to reduce overall costs to enhance the financial performance for the next financial year, which includes reducing redundancies and discontinuing loss making business units.

The Group continuously to vigilantly review strategic mergers and acquisitions opportunities as well as synergistic partnership prospects to expand the Group's revenue base and for immediate growth which would provide it with a more level playing field in the current competitive industry landscape.

B.4 **Statement of the Board of Directors' opinion on profit forecast and profit guarantee**

Not applicable as the Group did not publish any profit forecast or profit guarantee.

B.5 Loss before Tax

The following amounts have been included in arriving at loss before tax:

	Current Quarter Ended 31/12/2011 RM'000	Current Year To Date Ended 31/12/2011 RM'000
Provision for and write off of receivables	691	542
Provision for and write off of inventories	-	2,951
Foreign exchange gain/(loss)	3	3

B.6 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2011 RM '000	Preceding Year Corresponding Quarter Ended 31/12/2010 RM '000	Current Year To Date Ended 31/12/2011 RM '000	Preceding Year Corresponding Period Ended 31/12/2010 RM '000
Corporate Income Tax				
Current Year	37	4	43	4
Under/(over) provision for previous period		(32)	20	(17)
	37	(28)	63	(13)

B.7 Sale of unquoted investments and/or properties

The Group was not involved in any sale of unquoted investments and/or properties during the quarter under review.

B.8 Quoted securities

There were no quoted securities held by the Group**.**

B.9 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 15 February 2012 the latest practicable date which shall not be earlier than seven (7) days from the date of issue of this quarterly report.

(a) Employee Share Option Scheme ("ESOS")

At an Extraordinary General Meeting on 11 May 2011, the Company's shareholders approved the establishment of a five (5) year ESOS of up to ten percent (10%) of the issued and paid-up capital of the Company, commencing from the effective date of 12 May 2011.

Set out below are the details of options over the ordinary shares of the Company under the ESOS:

			Number Of Options Over Ordinary Shares of RM1.00			
Option Date	**Option Expiry Date**	**Exercise Price**	**Granted as at 14/06/2011**	**Exercised**	**Lapsed/ Cancelled**	**As at 31/12/2011**
01/06/2011	31/5/2016	RM1.05	5,909,000	-	(285,000)	5,624,000

(a) Rights Issue

On 8 July 2011, the Company announced the completion of the Renounceable Rights Issue together with free warrants with the listing and quotation of 30,487,336 Rights Shares together with 30,487,336 Warrants on the Main Market of Bursa Securities. The proceeds raised RM30.5 million is utilized as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Timeframe	Utilisation	Explanation
	RM'000	**RM'000**		**%**	
Expenses relating to the Rights Issue	1,000	791	3 months	79%	Completed. Excess will be utilized as working capital
Working capital requirements	29,487	3,401	24 months	12%	In progress
Total	**30,487**	**4,192**		**14%**	

B.10 Group borrowings

Details of the Group's borrowings as at the end of the reporting period are as follows:

Short Term Borrowings

A) Secured	**31/12/2011 RM '000**	**31/12/2010 RM '000**
Bills Payable	1,000	7,837
Sub-total	**1,000**	**7,837**

B) Unsecured	**31/12/2011 RM '000**	**31/12/2010 RM '000**
Bank Overdrafts	441	195
Sub-total	**441**	**195**
Total	**1,441**	**8,032**

Hire Purchase

	31/12/2011 RM '000	**31/12/2010 RM '000**
Repayable within 12 months	20	-
Payable more than 12 months	68	-
Total	**88**	**-**

All the borrowings are denominated in Ringgit Malaysia.

B.11 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 15 February 2012, the latest practicable date which shall not be earlier than seven (7) days from the date of issue of this quarterly report.

B.12 Changes in fair value of financial instruments

The carrying amounts of the financial instruments of the Group as at the balance sheet date approximate their fair values due to relatively short term maturity of these financial instruments.

B.13 Changes in material litigations

Other than those indicated in Note 12 and 13 to the Interim Financial Statements FRS134, there were no changes in material litigations as at 15 February 2012, the latest practicable date which shall not be earlier than seven (7) days from the date of issue of this quarterly report.

B.14 Dividends

No dividends have been paid, declared or proposed since the end of the Company's previous financial year. The Directors do not recommend any interim dividend for the period under review.

B.15 Profit/(loss) per share

The basic loss per share for the quarter and year to date ended 31 December 2011 are computed as follows:

	Individual Quarter		**Cumulative Quarter**	
	Current Quarter **31/12/2011**	**Preceding Year Corresponding Quarter** **31/12/2010**	**Current Year To Date** **31/12/2011**	**Preceding Year Corresponding Period** **31/12/2010**
Net profit/(loss) (RM'000)	(2,286)	688	(12,795)	(4,326)
Number of ordinary shares in issue as at 1 January ('000)	63,104	63,104	63,104	63,104
Number of ordinary shares in issue as at 31 December ('000)	107,241	63,104	107,241	63,104
Weighted average number of ordinary shares in issue ('000)	85,693	63,104	85,693	63,104
Basic LPS (sen)	(2.67)	1.09	(14.93)	(6.86)
Diluted LPS (sen)	-	-	-	-

Diluted LPS is not computed due to the anti-dilutive effect.

B.16 Realised and Unrealised Retained Profits

In relation to the Directive by BMSB on 25 March 2010, the determination of realized and unrealized profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to BMSB Listing Requirements, issued by the Malaysian Institute Of Accountants on 20 December 2010.

	Accumulated Quarter Ended	
	31/12/2011 RM'000	**31/12/2010 RM'000**
Breakdown of retained profits / (accumulated losses) of the Group		
- Realised	(40,718)	5,166
- Unrealised*	3,902	3,902
Less: Consolidation adjustments	13,948	(19,141)
Total Group Retained Losses	**(22,868)**	**(10,073)**

*Unrealised retained profits/accumulated losses comprise mainly of the recognised deferred tax asset of which probable tax profit will be available against which the deductible temporary differences can be utilized.

B.17 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 February 2012.