

# **THE MEDIA SHOPPE BERHAD**

**Year 2012**

**1st Quarter Announcement**

**The Media Shoppe Berhad**  
(Incorporated in Malaysia - Company No. 383028-D)  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the quarter ended 31 March 2012

|  | INDIVIDUAL QUARTER  |  | CUMULATIVE PERIOD   |   |
|--|---|--|---|---|
|  | 2012<br>CURRENT YEAR<br>QUARTER<br>31/3/2012<br>(Unaudited)<br>RM'000 | 2011<br>PRECEDING YEAR<br>CORRESPONDING<br>QUARTER<br>31/3/2011<br>(Unaudited)<br>RM'000 | 2012<br>CURRENT<br>YEAR-TO-DATE<br>31/3/2012<br>(Unaudited)<br>RM'000 | 2011<br>PRECEDING YEAR<br>CORRESPONDING<br>PERIOD<br>31/3/2011<br>(Unaudited)<br>RM'000 |
| Revenue  | 11,873  | 694  | 11,873  | 694   |
| Direct costs   | (10,799)  | (745)  | (10,799)  | (745)   |
| Gross profit   | <u>1,074</u>  | <u>(51)</u>  | <u>1,074</u>  | <u>(51)</u>   |
| Other income   | 74  | 35   | 74  | 35  |
|  | <u>1,148</u>  | <u>(16)</u>  | <u>1,148</u>  | <u>(16)</u>   |
| Operating expenses   | (1,432)   | (1,310)  | (1,432)   | (1,310)   |
| Finance costs  | (23)  | (23)   | (23)  | (23)  |
| Loss before taxation   | <u>(307)</u>  | <u>(1,349)</u>   | <u>(307)</u>  | <u>(1,349)</u>  |
| Income tax expense   | -   | -  | -   | -   |
| Loss after taxation  | <u>(307)</u>  | <u>(1,349)</u>   | <u>(307)</u>  | <u>(1,349)</u>  |
| Other comprehensive expenses,<br>net of tax                                | (2,890)   | -  | (2,890)   | -   |
| Total comprehensive expenses   | <u>(3,197)</u>  | <u>(1,349)</u>   | <u>(3,197)</u>  | <u>(1,349)</u>  |
| Loss after taxation attributable to:-<br>Owners of the Company             | <u>(307)</u>  | <u>(1,349)</u>   | <u>(307)</u>  | <u>(1,349)</u>  |
| Total comprehensive expenses<br>attributable to:-<br>Owners of the Company | <u>(3,197)</u>  | <u>(1,349)</u>   | <u>(3,197)</u>  | <u>(1,349)</u>  |
| Loss per share (in sen)  |   |  |   |   |
| Basic LPS  | (0.07)  | (0.93)   | (0.07)  | (0.93)  |
| Diluted LPS  | N/A   | N/A  | N/A   | N/A   |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

**The Media Shoppe Berhad (383028-D)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2012**

|   | <b>(UNAUDITED)</b>   | <b>(AUDITED)</b>        |
|---|----------------------|-------------------------|
|   | <b>As at</b>         | <b>As at</b>            |
|   | <b>31 March 2012</b> | <b>31 December 2011</b> |
|   | <b>RM'000</b>        | <b>RM'000</b>           |
| <b>ASSETS:</b>                                      |                      |                         |
| <b>Non-Current Assets:</b>                          |                      |                         |
| Property, plant and equipment                       | 3,000                | 3,077                   |
| Other investments                                   | 250                  | 250                     |
| Software development costs                          | 492                  | 519                     |
|   | <u>3,742</u>         | <u>3,846</u>            |
| <b>Current Assets:</b>                              |                      |                         |
| Trade and other receivables                         | 13,150               | 7,153                   |
| Tax refundable                                      | 3                    | 3                       |
| Cash and cash equivalents                           | 29,497               | 1,500                   |
|   | <u>42,650</u>        | <u>8,656</u>            |
| <b>TOTAL ASSETS</b>                                 | <u>46,392</u>        | <u>12,502</u>           |
| <b>EQUITY AND LIABILITIES:</b>                      |                      |                         |
| <b>Equity attributable to owners of the Parent:</b> |                      |                         |
| Share capital                                       | 50,628               | 15,929                  |
| Reserves  | (6,963)              | (6,179)                 |
| <b>TOTAL EQUITY</b>                                 | <u>43,665</u>        | <u>9,750</u>            |
| <b>Non-Current Liabilities:</b>                     |                      |                         |
| Hire purchase payable                               | 244                  | 255                     |
| Term loan   | 954                  | 968                     |
|   | <u>1,198</u>         | <u>1,223</u>            |
| <b>Current Liabilities:</b>                         |                      |                         |
| Trade and other payables                            | 1,189                | 1,232                   |
| Hire purchase payable                               | 43                   | 42                      |
| Term loan   | 53                   | 53                      |
| Bank overdraft                                      | -                    | 1                       |
| Provision for sales commission                      | 244                  | 201                     |
|   | <u>1,529</u>         | <u>1,529</u>            |
| <b>TOTAL LIABILITIES</b>                            | <u>2,727</u>         | <u>2,752</u>            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 | <u>46,392</u>        | <u>12,502</u>           |
| <br>  |                      |                         |
| <b>Net assets per share (sen)</b>                   | 8.63                 | 6.12                    |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

**The Media Shoppe Berhad (383028-D)**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
For the three (3) months ended 31 March 2012

|   | (UNAUDITED)<br>CURRENT<br>YEAR-TO-DATE<br><br>31 March 2012<br>RM'000 | (UNAUDITED)<br>PRECEDING YEAR<br>CORRESPONDING<br>PERIOD<br><br>31 March 2011<br>RM'000 |
|---|---|---|
| <b>CASH FLOW FOR OPERATING ACTIVITIES</b>                               |   |   |
| Loss before taxation  | (307)   | (1,349)   |
| Adjustments for non-cash items:   |   |   |
| Amortisation of software development costs                              | 67  | 99  |
| Depreciation of property, plant and equipment                           | 85  | 97  |
| Interest expense  | 23  | 21  |
| Impairment losses on trade receivables                                  | 180   | 22  |
| Provision for sales commission  | 46  | 24  |
| Interest income   | (4)   | (32)  |
| Reversal of impairment losses on trade receivables                      | (70)  | -   |
| Operating profit/(loss) before changes in working capital               | <u>20</u>   | <u>(1,118)</u>  |
| Net change in trade & other receivables                                 | (6,107)   | 489   |
| Net change in trade & other payables                                    | (43)  | (171)   |
| Net change in provision for sales commission                            | (3)   | (99)  |
| Cash flow for operations  | <u>(6,133)</u>  | <u>(899)</u>  |
| Interest paid   | (23)  | (21)  |
| <b>Net cash for operating activities</b>                                | <u>(6,156)</u>  | <u>(920)</u>  |
| <b>CASH FLOWS FOR INVESTING ACTIVITIES</b>                              |   |   |
| Interest received   | 4   | 32  |
| Software development costs paid   | (40)  | (70)  |
| Purchase of plant and equipment   | (8)   | (363)   |
| <b>Net cash for investing activities</b>                                | <u>(44)</u>   | <u>(401)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                             |   |   |
| Drawdown of hire purchase payable                                       | -   | 330   |
| Repayment of hire purchase payable                                      | (10)  | (12)  |
| Repayment of term loan  | (14)  | (12)  |
| Proceeds from issuance of shares pursuant to rights issue with warrants | 31,263  | -   |
| Proceeds from conversion of warrants                                    | 3,436   | -   |
| Expenses incurred in relation to rights issue with warrants             | (477)   | -   |
| <b>Net cash from financing activities</b>                               | <u>34,198</u>   | <u>306</u>  |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                          | <u>27,998</u>   | <u>(1,015)</u>  |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>             | <u>1,499</u>  | <u>6,487</u>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>                   | <u><u>29,497</u></u>  | <u><u>5,472</u></u>   |

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

**Note 1**

**Cash and Cash Equivalents:**

|                             | 31/3/2012            | 31/3/2011           |
|-----------------------------|----------------------|---------------------|
| Short-term investments      | 309                  | 4,936               |
| Deposits with licensed bank | 11,291               | 24                  |
| Cash and bank balances      | 17,897               | 512                 |
|                             | <u><u>29,497</u></u> | <u><u>5,472</u></u> |

The Media Shoppe Berhad (383028-D)  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the three (3) months ended 31 March 2012

|  | Share<br>Capital | Share<br>Premium | Warrant<br>Reserve | Accumulated<br>Losses | Total  |
|--|------------------|------------------|--------------------|-----------------------|--------|
|  | RM'000           | RM'000           | RM'000             | RM'000                | RM'000 |
| <b>3 months ended 31 March 2012</b>  |                  |                  |                    |                       |        |
| Balance as at 31 December 2011   | 15,929           | 9,475            | -                  | (15,654)              | 9,750  |
| Issuance of o shares pursuant to rights issue with warrants                      | 31,263           | -                | -                  | -                     | 31,263 |
| Expenses incurred in relation to rights issue with warrants                      | -                | (477)            | -                  | -                     | (477)  |
| Adjustment for fair value of warrants  | -                | (8,998)          | 8,998              | -                     | -      |
| Conversion of warrants   | 3,436            | -                | -                  | -                     | 3,436  |
| Reclassification of warrant reserve upon conversion of warrants                  | -                | 1,742            | (1,742)            | -                     | -      |
| Loss after taxation  | -                | -                | -                  | (307)                 | (307)  |
| Other comprehensive expenses, net of tax - Adjustment for fair value of warrants | -                | -                | 2,890              | (2,890)               | -      |
| Total comprehensive expenses for the 3 months ended 31 March 2012                | -                | -                | 2,890              | (3,197)               | (307)  |
| Balance as at 31 March 2012  | 50,628           | 1,742            | 10,146             | (18,851)              | 43,665 |

|   | Share<br>Capital | Share<br>Premium | Warrant<br>Reserve | Accumulated<br>Losses | Total   |
|---|------------------|------------------|--------------------|-----------------------|---------|
|   | RM'000           | RM'000           | RM'000             | RM'000                | RM'000  |
| <b>3 months ended 31 March 2011</b>                               |                  |                  |                    |                       |         |
| Balance as at 31 December 2010                                    | 14,481           | 9,551            | -                  | (13,264)              | 10,768  |
| Total comprehensive expenses for the 3 months ended 31 March 2011 | -                | -                | -                  | (1,349)               | (1,349) |
| Balance as at 31 March 2011                                       | 14,481           | 9,551            | -                  | (14,613)              | 9,419   |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

# THE MEDIA SHOPPE BERHAD (“TMS” or “The Company”)

(Company No. 383028-D)  
(Incorporated in Malaysia)

## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2012

### Part A

#### Explanatory Notes Pursuant To Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting

##### **A1. Basis of Preparation**

These condensed consolidated interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”), and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”)’s Listing Requirements for ACE Market. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, TMS and its subsidiaries (“the Group”) prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

These condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* (“MFRS 1”) has been applied. The transition from the previous FRSs to the new MFRSs had no impact on the Group financial position, financial performance, cash flows and the notes to the financial statements.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with the audited financial statements for the financial year ended 31 December 2011.

##### **A2. Status of Audit Qualifications**

The audit report of the Group’s annual financial statements for the financial year ended 31 December 2011 did not contain any qualification.

##### **A3. Seasonality or Cyclicity of Operations**

The Group’s interim operations are not materially affected by any seasonal or cyclical factors.

##### **A4. Unusual Items**

There are no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter under review.

#### **A5. Material Changes in Estimates**

There were no material changes in estimates during the quarter under review.

#### **A6. Issuances, Repurchases, and Repayments of Debt and Equity Securities**

Pursuant to the Rights Issue with Warrants (as defined in the previous quarterly announcement), the Company has issued 312,631,700 Right Shares together with 234,473,775 Warrants. The Right Shares and Warrants have been listed on the ACE Market of Bursa Securities on 19 January 2012.

The following shares have been issued and listed on the ACE Market of Bursa Securities on the following dates as a result of conversion of warrants to ordinary shares:-

| <b>Date</b>      | <b>No. of shares</b> |
|------------------|----------------------|
| 14 February 2012 | 10,734,000           |
| 17 February 2012 | 10,851,500           |
| 20 February 2012 | 8,170,000            |
| 23 February 2012 | 4,100,000            |
| 27 February 2012 | 300,000              |
| 29 February 2012 | 200,000              |
| <b>Total</b>     | <b>34,355,500</b>    |

Save for the disclosure above, there were no issuance and repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the quarter under review.

#### **A7. Dividends Paid**

There were no dividends paid during the quarter under review.

## A8. Operating Segment Information

The segment information for the current quarter is as follows:-

| <b>Current quarter ended<br/>31 March 2012</b> | <b>Provision of Integrated<br/>Web-based and<br/>Workflow System<br/>RM'000</b> | <b>Trading of<br/>Hardware<br/>RM'000</b> | <b>Elimination<br/>RM'000</b> | <b>The Group<br/>RM'000</b> |
|--|---|---|-------------------------------|-----------------------------|
| External revenue                               | 1,897   | 10,096                                    | (120)                         | 11,873                      |
| Segment results ("EBITDA")                     | (179)   | 43  | -                             | (136)                       |
| Interest income                                | 4   | -   | -                             | 4                           |
| Interest expense                               | (23)  | -   | -                             | (23)                        |
| Depreciation and amortisation                  | (152)   | -   | -                             | (152)                       |
| <b>(Loss)/Profit before taxation</b>           | <b>(350)</b>  | <b>43</b>                                 | <b>-</b>                      | <b>(307)</b>                |
| Other information:                             |   |   |                               |                             |
| Segment assets                                 | 47,863  | 24,045                                    | (25,519)                      | 46,389                      |
| Unallocated assets                             |   |   |                               | 3                           |
| <b>Consolidated total assets</b>               |   |   |                               | <b>46,392</b>               |
| Segment liabilities                            | 7,872   | 23,979                                    | (29,124)                      | 2,727                       |
| <b>Consolidated total liabilities</b>          |   |   |                               | <b>2,727</b>                |

No segmental information is provided for the corresponding quarter ended 31 March 2011 as the Group's revenue and profit after taxation was principally contributed from the provision of integrated web-based and workflow system in that quarter.

The Group operates principally in Malaysia.

## A9. Valuation of Property, Plant and Equipment

There was no valuation of the property, plant and equipment during the quarter under review.

## A10. Material Events Subsequent to the End of the Interim Period

Save for the following, there were no material events subsequent to the end of the current quarter up to 11 May 2012, being the last practicable date from the date of the issue of this report that are expected to have an operational or financial impact on the Group:-

### (a) Letter of Award from Hopetech Sdn Bhd (“Hopetech”)

Further to the announcement dated 8 February 2012 where it was announced that Hopetech has issued a Letter of Award dated 8 February 2012 to appoint TMS as a subcontractor to participate in certain portions of a project to design, manufacture, supply, install, testing and commissioning of Automatic Fare Collection System for Keretapi Tanah Melayu Berhad’s Commuter Stations (“the Project”).

Pursuant to the discussions between TMS and Hopetech arising from the Letter of Award, it is not feasible for the Company to undertake the Project, principally due to funding is not available within the required time frame of delivery. Hence, TMS has decided not to accept the Letter of Award from Hopetech in relation to the Project. Pertaining to this, an announcement has been made on 5 March 2012.

For the avoidance of doubt, the Collaboration Agreement is still valid.

### (b) Multiple Proposals

On 11 May 2012, Hong Leong Investment Bank Berhad (“HLIB”) on behalf of the Board of Directors of TMS announced that the Company had entered into conditional share sale agreements (“SSA”) with the vendors in relation to the following acquisitions:-

- (i) proposed acquisition of the entire equity interest in Viewnet Computer System Sdn Bhd (“Viewnet”) for a purchase consideration of RM12,500,000 (“Viewnet Purchase Consideration”) to be satisfied via the issuance of 125,000,000 new ordinary shares of RM0.10 each in TMS (“TMS Shares”) at the issue price of RM0.10 each (“Viewnet Consideration Shares”) (“Proposed Viewnet Acquisition”); and
- (ii) proposed acquisition of 66% equity interest in Open Adventure Sdn Bhd (“OA”) for a purchase consideration of RM1,980,000 (“OA Purchase Consideration”) to be satisfied via the issuance of 19,800,000 TMS Shares at the issue price of RM0.10 each (“OA Consideration Shares”) (“Proposed OA Acquisition”);

The Proposed Viewnet Acquisition and Proposed OA Acquisition are collectively referred to as the “Proposed Acquisitions”.

The Board is also proposing to revise the employee’s share option scheme (“ESOS”) for the eligible directors and employees of TMS and its subsidiaries of not more than 10% of the issued and paid-up share capital of TMS (“Previous ESOS”), which was announced on 19 October 2011 and approved by the shareholders of the Company on 5 December 2011, by aborting the Previous ESOS. The Company is now proposing to replace the Previous ESOS by establishing a new ESOS of not more than 30% of the issued and paid-up share capital of TMS for the eligible employees and directors of the Group (“Proposed ESOS”).

## A10. Material Events Subsequent to the End of the Interim Period (Cont'd)

### (b) Multiple Proposals (Cont'd)

HLIB, on behalf of the Board, also wishes to announce that the Company is proposing to undertake the following proposals:

- (i) proposed increase in authorised share capital from RM100,000,000 comprising 1,000,000,000 TMS Shares to RM500,000,000 comprising 5,000,000,000 TMS Shares (“**Proposed Increase in Authorised Share Capital**”); and
- (ii) proposed amendment to the memorandum of association of TMS (“**Proposed Amendment**”).

The Proposed Acquisitions, Proposed ESOS, Proposed Increase in Authorised Share Capital and Proposed Amendment are collectively referred to as the “Proposals”.

## A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the period under review.

## A12. Changes in Contingent Liabilities and Contingent Assets since the Last Annual Balance Sheet Date

Since the last annual balance sheet date, there were no material changes in contingent liabilities and contingent assets for the Group as at 11 May 2012 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

## A13. Capital Commitments

|                                      | RM'000     |
|--------------------------------------|------------|
| <b>Approved and Contracted for:-</b> |            |
| Property, plant and equipment        | <u>550</u> |

Save for the above, there were no capital commitments as at 11 May 2012 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

#### **A14. Related Party Transactions**

The Group's related party transactions in the current quarter and the cumulative period-to-date ended 31.3.2012 are as follows:

|   | Current<br>quarter<br>RM'000 | Cumulative<br>period-to-date<br>RM'000 |
|---|------------------------------|--|
| <b>Purchase of hardware by TMS from:-</b> |                              |  |
| - TMS software Sdn. Bhd.                  | 120                          | 120                                    |
| <b>Key management personnel:-</b>         |                              |  |
| - salaries and allowances                 | 117                          | 117                                    |
| - defined contribution plans              | 16                           | 16                                     |
| - fee                                     | 40                           | 40                                     |

#### **A15. Changes in Fair Value of Financial Assets and Financial Liabilities, Transfers and Classifications**

There have been no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities in the current quarter ended 31 March 2012.

## Part B

### Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements

#### B1. Detailed Analysis of Overall Performance

|                      | Individual Quarter  |                     | Cumulative Period   |                     |
|----------------------|---------------------|---------------------|---------------------|---------------------|
|                      | 31.3.2012<br>RM'000 | 31.3.2011<br>RM'000 | 31.3.2012<br>RM'000 | 31.3.2011<br>RM'000 |
| Revenue              | 11,873              | 694                 | 11,873              | 694                 |
| Loss before taxation | (307)               | (1,349)             | (307)               | (1,349)             |

The Group generated revenue of RM11.9 million for the quarter ended 31 March 2012, representing an increase of 1611% as compared to RM0.7 million reported in the quarter ended 31 March 2011. The increase in revenue is mainly due to the trading business carried by its subsidiary, Kinetic Forward Sdn Bhd ("KFSB") which amounting to RM10.0 million for the quarter under review. In addition, revenue from software custom development has increased by RM1.1 million which attributable to one of the major projects has achieved its milestone for software customization development in this quarter.

Loss before taxation for the quarter ended 31 March 2012 has reduced by RM1.0 million as compared with the preceding year corresponding quarter ended 31 March 2011 mainly due to profit derived from software custom development in the current quarter.

#### B2. Comments on Material Changes in the (Loss)/Profit Before Taxation for the Quarter Reported as Compared with the Preceding Quarter

|                               | Current<br>quarter ended<br>31.3.2012<br>RM'000 | Previous<br>quarter ended<br>31.12.2011<br>RM'000 |
|-------------------------------|---|---|
| Revenue                       | 11,873  | 9,156   |
| (Loss)/Profit before taxation | (307)   | 1,305   |

The increase in revenue in the current quarter by RM2.7 million as compared to the previous quarter is mainly due the contribution from KFSB of RM4.7 million. The increases in revenue however soften by the decrease in revenue from software custom development and product customisation of RM2.2 million.

The decrease in the profit before taxation of the Group is mainly due to the profit derived from the provision of integrated web-based on workflow system in the current quarter was lesser than the previous quarter as a result of the revenue recognised based on the stages of work performed in the current quarter is lesser to cover the fixed operating cost i.e. mainly staff costs.

### **B3. Detailed Analysis of the Group's Operating Segments**

There are two operating segments for the current quarter which consists of:-

#### **(1) Provision of integrated web-based and workflow system**

In the current quarter, the Group generated revenue of RM1.8 million representing an increase of RM1.1 million or 156% as compared to the corresponding quarter of the preceding year and a decrease of RM2.0 million or 53% as compared to the preceding quarter. The loss before taxation has reduced by RM1.0 million or 74% as compared with the corresponding quarter ended 31 March 2011 whilst profit before taxation has decreased by RM1.6 million or 127% as compared to the preceding quarter.

The increase of revenue in the current quarter as compared to the quarter ended 31 March 2011 was mainly due to revenue from software custom development of RM1.1 million. The increase is attributable to one of the major projects has achieved its milestone for software customisation development which in turn contributed to the improvement in revenue and loss before taxation.

The decrease in revenue in the current quarter as compared to the previous quarter is mainly due to the decrease in revenue from software custom development and product customisation of RM2.2 million. The decrease in profit before taxation is as explained in B2.

#### **(2) Trading of hardware**

As mentioned B1 above, contribution from KFSB was RM10.0 million. Although, only a thin profit margin from the trading, the segment is still profitable by keeping a low operating cost.

### **B4. Commentary on Prospects**

The Group is looking into ways of exploring opportunities to sustain and expand its business. With the recent moves to identify businesses worth acquiring, collaboration with different business partners to secure more projects, the Group's performance for the current financial year is expected to be better than of the previous financial year.

### **B5. Variance between Actual Profit and Forecast Profit or Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee in any public document during the quarter under review.

## B6. Tax Expense

There was no income tax expense provided for in the financial statements in the current quarter.

## B7. Status of Corporate Proposals

On 11 May 2012, HLIB on behalf of the Board of Directors of TMS announced that the Company had entered into SSA with the vendors. Please refer to Section A10 for the details of the Proposals.

There were no other corporate proposals as at 11 May 2012 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) pending for completion.

## B8. Utilisation Of Proceeds

### Rights Issue with Warrants

On 19 January 2012, HLIB on behalf of TMS announced that the Rights Issue with Warrants has been completed following the listing of and quotation for 312,631,700 Rights Shares together with 234,473,775 Warrants on the ACE Market of Bursa Securities.

| Purposes   | Proposed Utilisation | Actual Utilisation As At 31.3.2012 | Intended Timeframe for Utilisation | Deviation |       | Explanation |
|--|----------------------|------------------------------------|------------------------------------|-----------|-------|-------------|
|  | RM'000               | RM'000                             |                                    | RM'000    | %     |             |
| Working capital requirements                                     | 8,763                | 2,198                              | Within 24 months                   | 6,565     | 74.9  | N1          |
| Expansion of existing business                                   | 10,000               | 6,928                              | Within 24 months                   | 3,072     | 30.7  | N1          |
| Overseas expansion   | 12,000               | -                                  | Within 36 months                   | 12,000    | 100.0 | N1          |
| Estimated expenses in relation to the Rights Issue with Warrants | 500                  | 477                                | Within 1 month                     | 23        | 4.6   | N2          |
| Total  | 31,263               | 9,603                              |                                    |           |       |             |

N1 Pending utilisation.

N2 Being over-estimation of expenses in relation to the Rights Issue with Warrants which include fees payable to relevant authorities, advisers, reporting accountants, solicitors and other related expenses.

## B9. Details of Group Borrowings and Debt Securities

The Group's interest-bearing borrowings as at 31 March 2012 are in respect of hire purchase of motor vehicles and a term loan for the office lots as follows:

|  | As at 31.3.2012<br>RM'000 |
|--|---------------------------|
| <b>Current - secured</b>                         |                           |
| Hire purchase payable - payable within 12 months | 43                        |
| Term loan - payable within 12 months             | 53                        |
|  | <hr/> 96 <hr/>            |
| <b>Non-current - secured</b>                     |                           |
| Hire purchase payable - payable after 12 months  | 244                       |
| Term loan - payable after 12 months              | 954                       |
|  | <hr/> 1,198 <hr/>         |
|  | <hr/> 1,294 <hr/>         |

## B10. Gains and Losses arising from Fair Value Changes of Financial Liabilities

No gains or losses were recognised for changes in fair values of financial liabilities during the quarter under review.

## **B11. Changes in Material Litigation**

Save for the following, the Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and the Directors of TMS do not have any knowledge of proceedings pending or threatened against TMS and/or its subsidiaries, or of any fact likely to give rise to any proceeding, which might materially and adversely affect the financial position or business of the Group:

- (i) On 8 September 2011, a letter of demand has been issued to Xybase Sdn Bhd (“Xybase”) for a sum of RM366,358 due and owing by Xybase to the Group pursuant to Agreement for the Supply, Delivery, Installation, Testing Integration, Commissioning and Maintenance of tmsEKP Full Suite and the Developed Software dated 29 January 2008 and the Agreement for the Supply, Delivery, Installation, Testing Integration, Commissioning and Maintenance of tmsEKP Full Suite and the Developed Software dated 1 April 2008.

Subsequent to the letter of demand, Xybase has contacted the Group and has settled a portion of the outstanding sum. On 21 March 2012, another letter of demand has been issued to Xybase for a balance of RM166,358 due and owing by Xybase to the Group. The Group will continue to pursue for the collection of balance due.

- (ii) On 19 September 2011, a letter of demand has been issued to Rebound Asia (M) Sdn Bhd (“RASB”) for a sum of RM797,530 due and owing by RASB to a subsidiary pursuant to Sub-Contract Agreement dated 11 August 2010 between RASB and a subsidiary for ‘Tender, Membekal, Membangun, Memasang, Mengkonfigurasi, Mengintegrasikan, Menguji, Mentauliah dan Menyelenggara Perisian Sistem Pengurusan Sekolah (SPS) dan Sistem Pengurusan KPM (SPK), Kementerian Pelajaran Malaysia.

On 14 February 2012, a notice of termination has been issued to RASB to terminate the Sub-Contract Agreement with immediate effect and demand RASB to settle the outstanding sum.

The Group will continue to pursue with the legal proceedings against RASB. Based on the advise from the Group’s legal advisers, at this juncture, the Directors are of the view that the subsidiary have a good chance of recovering the debts owing by RASB.

## **B12. Dividends**

No interim dividend has been declared or proposed for the quarter under review.

### B13. Loss per Share

The loss per share were calculated by dividing the Company's loss after taxation and non-controlling interest by the weighted average number of ordinary shares in the respective period as follows:

|  | Individual Quarter                            |  | Cumulative Period                             |   |
|--|---|--|---|---|
|  | Current Year<br>Quarter<br>Ended<br>31.3.2012 | Preceding<br>Year<br>Corresponding<br>Quarter Ended<br>31.3.2011 | Current<br>year-to-date<br>Ended<br>31.3.2012 | Preceding<br>Year<br>Corresponding<br>Period Ended<br>31.3.2011 |
| <b>Basic loss per share</b>                |   |  |   |   |
| Loss for the period (RM'000)               | (307)   | (1,349)  | (307)   | (1,349)   |
| Weighted average number of ordinary shares | 423,011,947                                   | 144,807,900  | 423,011,947                                   | 144,807,900   |
| Basic loss per share (sen)                 | (0.07)  | (0.93)   | (0.07)  | (0.93)  |
| Diluted earnings per share                 | N/A   | N/A  | N/A   | N/A   |

### B14. Notes to the Statement of Comprehensive Income

|  | Current<br>quarter<br>31/3/2012<br>RM'000 | Current<br>year-to-date<br>31/3/2012<br>RM'000 |
|--|---|--|
| Interest income  | 4   | 4  |
| Other income   | N/A                                       | N/A  |
| Interest expense   | 23  | 23   |
| Depreciation of property, plant and equipment                            | 85  | 85   |
| Amortisation of software development costs                               | 67  | 67   |
| Impairment losses on trade receivables                                   | 180                                       | 180  |
| Reversal of impairment losses on trade receivables                       | 70  | 70   |
| Provision for and write off of inventories                               | N/A                                       | N/A  |
| Gain or loss on disposal of quoted or unquoted investments or properties | N/A                                       | N/A  |
| Impairment of assets   | N/A                                       | N/A  |
| Foreign exchange gain  | N/A                                       | N/A  |
| Gain or loss on derivatives  | N/A                                       | N/A  |
| Exceptional items  | N/A                                       | N/A  |

**B15. Disclosure of Realised and Unrealised Profit or Losses**

Pursuant to the directive dated 25 March 2010 issued by Bursa Securities, the breakdown of the accumulated losses can be analysed as follows:

|  | As at<br>31.3.2012<br>RM'000 | As at<br>31.12.2011<br>RM'000 |
|--|------------------------------|-------------------------------|
| Total accumulated losses of the Group: |                              |                               |
| - Realised                             | (18,851)                     | (15,654)                      |
| - Unrealised                           | -                            | -                             |
|  | <hr/> <u>(18,851)</u>        | <hr/> <u>(15,654)</u>         |

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

**B16. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 18 May 2012.