

# **THE MEDIA SHOPPE BERHAD**

**Year 2012**

**2nd Quarter Announcement**

**The Media Shoppe Berhad**  
(Incorporated in Malaysia - Company No. 383028-D)  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the quarter ended 30 June 2012

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	2012 CURRENT YEAR QUARTER <u>30/6/2012</u> (Unaudited) RM'000	2011 PRECEDING YEAR CORRESPONDING QUARTER <u>30/6/2011</u> (Unaudited) RM'000	2012 CURRENT YEAR-TO-DATE <u>30/6/2012</u> (Unaudited) RM'000	2011 PRECEDING YEAR CORRESPONDING PERIOD <u>30/6/2011</u> (Unaudited) RM'000
Revenue	18,713	866	30,585	1,560
Direct costs	(18,453)	(766)	(29,251)	(1,511)
Gross profit	<u>260</u>	<u>100</u>	<u>1,334</u>	<u>49</u>
Other income	108	152	182	187
	<u>368</u>	<u>252</u>	<u>1,516</u>	<u>236</u>
Operating expenses	(1,843)	(1,557)	(3,275)	(2,869)
Finance costs	(24)	(37)	(48)	(58)
Loss before taxation	<u>(1,499)</u>	<u>(1,342)</u>	<u>(1,807)</u>	<u>(2,691)</u>
Income tax expense	(9)	-	(9)	-
Loss after taxation	<u>(1,508)</u>	<u>(1,342)</u>	<u>(1,816)</u>	<u>(2,691)</u>
Other comprehensive expenses, net of tax	-	-	(2,890)	-
Total comprehensive expenses	<u>(1,508)</u>	<u>(1,342)</u>	<u>(4,706)</u>	<u>(2,691)</u>
Loss after taxation attributable to:- Owners of the Company	<u>(1,508)</u>	<u>(1,342)</u>	<u>(1,816)</u>	<u>(2,691)</u>
Total comprehensive expenses attributable to:- Owners of the Company	<u>(1,508)</u>	<u>(1,342)</u>	<u>(4,706)</u>	<u>(2,691)</u>
Loss per share (in sen)				
Basic LPS	(0.30)	(0.93)	(0.39)	(1.86)
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 30 June 2012**

	<b>(UNAUDITED)</b>	<b>(AUDITED)</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June 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	3,461	3,077
Other investments	250	250
Software development costs	460	519
	<b>4,171</b>	<b>3,846</b>
<b>Current Assets:</b>		
Trade and other receivables	14,044	7,153
Tax refundable	3	3
Cash and cash equivalents	30,218	1,500
	<b>44,265</b>	<b>8,656</b>
<b>TOTAL ASSETS</b>	<b>48,436</b>	<b>12,502</b>
<b>EQUITY AND LIABILITIES:</b>		
<b>Equity attributable to owners of the Parent:</b>		
Share capital	50,628	15,929
Reserves	(8,472)	(6,179)
<b>TOTAL EQUITY</b>	<b>42,156</b>	<b>9,750</b>
<b>Non-Current Liabilities:</b>		
Hire purchase payable	233	255
Term loan	940	968
	<b>1,173</b>	<b>1,223</b>
<b>Current Liabilities:</b>		
Trade and other payables	4,748	1,232
Hire purchase payable	43	42
Term loan	55	53
Bank overdraft	-	1
Provision for sales commission	261	201
	<b>5,107</b>	<b>1,529</b>
<b>TOTAL LIABILITIES</b>	<b>6,280</b>	<b>2,752</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>48,436</b>	<b>12,502</b>
<b>Net assets per share (sen)</b>	<b>8.33</b>	<b>6.12</b>

(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 six (6) months ended 30 June 2012

	(UNAUDITED) CURRENT YEAR-TO-DATE  30 June 2012 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING PERIOD 30 June 2011 RM'000
<b>CASH FLOW FOR OPERATING ACTIVITIES</b>		
Loss before taxation	(1,807)	(2,691)
Adjustments for non-cash items:		
Amortisation of software development costs	135	198
Depreciation of property, plant and equipment	190	184
Interest expense	48	58
Impairment losses on trade receivables	738	343
Provision for sales commission	69	40
Gain on disposal of plant and equipment	-	(118)
Equipment written-off	- *	-
Interest income	(112)	(64)
Reversal of impairment losses on trade receivables	(70)	-
Operating loss before changes in working capital	(809)	(2,050)
Net change in trade & other receivables	(7,439)	883
Net change in trade & other payables	3,396	(246)
Net change in provision for sales commission	(9)	(100)
Cash flow for operations	(4,861)	(1,513)
Income tax paid	(9)	-
Interest paid	(48)	(58)
<b>Net cash for operating activities</b>	(4,918)	(1,571)
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	112	64
Software development costs paid	(76)	(140)
Proceed from disposal of plant and equipment	-	125
Purchase of plant and equipment	(574)	(370)
<b>Net cash for investing activities</b>	(538)	(321)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of hire purchase payable	-	330
Repayment of hire purchase payable	(21)	(135)
Repayment of term loan	(26)	(25)
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>	34,175	170
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	28,719	(1,722)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	1,499	6,487
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b> <span style="float: right;">Note 1</span>	<b>30,218</b>	<b>4,765</b>

Note:-

\* - Amount less than RM1,000

(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**

<b>Cash and Cash Equivalents:</b>	30/6/2012	30/6/2011
Short-term investments	2,521	4,467
Deposits with licensed bank	13,382	24
Cash and bank balances	14,315	274
	<b>30,218</b>	<b>4,765</b>

The Media Shoppe Berhad (383028-D)  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the six (6) months ended 30 June 2012

	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Accumulated Losses RM'000	Total RM'000
<b>6 months ended 30 June 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	-	-	-	(1,816)	(1,816)
Other comprehensive expenses, net of tax - Adjustment for fair value of warrants	-	-	2,890	(2,890)	-
Total comprehensive expenses for the 6 months ended 30 June 2012	-	-	2,890	(4,706)	(1,816)
Balance as at 30 June 2012	50,628	1,742	10,146	(20,360)	42,156

	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Accumulated Losses RM'000	Total RM'000
<b>6 months ended 30 June 2011</b>					
Balance as at 31 December 2010	14,481	9,551	-	(13,264)	10,768
Total comprehensive expenses for the 6 months ended 30 June 2011	-	-	-	(2,691)	(2,691)
Balance as at 30 June 2011	14,481	9,551	-	(15,955)	8,077

(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 30 JUNE 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 30 June 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”).

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2011, except for the following:

##### Adoption of a new MASB accounting framework, the MFRS Framework

The Group has adopted the MFRS framework and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* in these condensed consolidated interim financial statements. The transition to the MFRS framework does not have any impact on the financial position, financial performance and cash flows and the notes to the financial statements of the Group.

##### **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

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:-

	Provision of Integrated Web-based and Workflow System RM'000	Trading of Hardware RM'000	Elimination RM'000	The Group RM'000
<b>Current quarter ended 30 June 2012</b>				
External revenue	3,599	27,107	(120)	30,586
Segment results ("EBITDA")	(1,681)	135	-	(1,546)
Interest income	112	-	-	112
Interest expense	(48)	-	-	(48)
Income tax expense	-	(9)	-	(9)
Depreciation and amortisation	(325)	-	-	(325)
<b>(Loss)/Profit before taxation</b>	<b>(1,942)</b>	<b>126</b>	<b>-</b>	<b>(1,816)</b>
Other information:				
Segment assets	48,908	20,658	(21,133)	48,433
Unallocated assets				3
<b>Consolidated total assets</b>				<b>48,436</b>
Segment liabilities	10,509	20,509	(24,738)	6,280
<b>Consolidated total liabilities</b>				<b>6,280</b>

No segmental information is provided for the corresponding quarter ended 30 June 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 16 August 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:-

### 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”).

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” (“Announcement”).



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

### Multiple Proposals (Cont'd)

On 14 May 2012, HLIB on behalf of the Board of Directors of TMS announced that the following clarifications regarding Sections 2.1.3 and 3.2.3 of the Announcement as set out below:

- (i) with regards to Section 2.1.3 of the Announcement, we wish to clarify that based on the audited financial statements of the TMS Group for FYE 31 December 2011, the TMS's cash and cash equivalents stood at a total of approximately RM1.5 million.
- (ii) with regards to Section 3.2.3 of the Announcement, we wish to clarify that the OA Vendors agree to enter into an agreement for the OA Profit Guarantee upon execution of the OA SSA ("OA Profit Guarantee Agreement") to guarantee to TMS that OA shall for the OA Guaranteed Financial Years, have an aggregate net PAT of not less than the aggregate OA Profit Guarantee of RM1,800,000.

On 29 May 2012, HLIB on behalf of the Board of Directors of TMS announced that the listing application has submitted to Bursa Securities to seek for its approval for the listing of and quotation for the:-

- (i) Viewnet Consideration Shares and OA Consideration Shares to be issued pursuant to the Proposed Acquisitions; and
- (ii) new TMS Shares to be issued pursuant to the exercise of the ESOS options to be granted pursuant to the Proposed ESOS.

On 10 August 2012, HLIB on behalf of the Board of Directors of TMS announced that TMS and the Viewnet Vendors have mutually agreed to extend the Viewnet Cut-off date for a further period of three (3) months from 11 August 2012 to 10 November 2012, in view that the Conditions Precedent pursuant to the Viewnet SSA were not yet fulfilled as at 10 August 2012.

TMS and the OA Vendors have also mutually agreed to extend the OA Cut-Off Date for a further period of three (3) months from 11 August 2012 to 10 November 2012 in view that the Conditions Precedent pursuant to the OA SSA were not yet fulfilled as at 10 August 2012.

For avoidance of doubt, the completion of the sale and purchase of the Viewnet Sale Shares and the OA Sale Shares is now subject to and conditional upon the fulfilment of the Conditions Precedent pursuant to the Viewnet SSA and the OA SSA, within the extended Viewnet Cut-Off Date and the OA Cut-Off Date, respectively.

## **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 16 August 2012 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

#### **A13. Capital Commitments**

There were no capital commitments as at 16 August 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 30.6.2012 are as follows:

	Current quarter RM'000	Cumulative period-to-date RM'000
<b>Purchase of hardware by TMS from:-</b>		
- TMS software Sdn. Bhd.	-	120
<b>Key management personnel:-</b>		
- salaries and allowances	98	215
- defined contribution plans	14	30
- fee	36	76

#### **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 30 June 2012.

**Part B****Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements****B1. Detailed Analysis of Overall Performance**

	Individual Quarter		Cumulative Period	
	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	30.6.2011 RM'000
Revenue	18,713	866	30,585	1,560
Loss before taxation	(1,499)	(1,342)	(1,807)	(2,691)

For the current quarter under review, The Group generated revenue of RM18.7 million, representing an increase of 2061% as compared to RM0.9 million reported in the corresponding quarter ended 30 June 2011. The increase in revenue is mainly due to the trading business carried by its subsidiary, Kinetic Forward Sdn Bhd (“KFSB”) which amounting to RM17.0 million for the quarter under review. In addition, revenue from software custom development has increased by approximately RM0.8 million which attributable to two new projects has achieved its milestone for software customisation development in this quarter.

For the cumulative period under review, The Group’s revenue increased by approximately RM29.0 million and loss before taxation reduced by RM0.9 million, as compared with the corresponding cumulative period ended 30 June 2011. The increase in revenue mainly generated from the trading business carried by KFSB. Nevertheless, the Group still suffered a loss before taxation as only thin profit margin from the trading business. Reduction in loss before taxation is mainly due to the increase in revenue from provision of integrated web-based and workflow system in the cumulative period under review as compared with previous cumulative quarter ended 30 June 2011 which able to cover more fixed operating costs.

**B2. Comments on Material Changes in the Loss Before Taxation for the Quarter Reported as Compared with the Preceding Quarter**

	Current quarter ended 30.6.2012 RM'000	Previous quarter ended 31.3.2012 RM'000
Revenue	18,713	11,873
Loss before taxation	(1,499)	(307)

The increase in revenue in the current quarter by RM6.8 million as compared to the previous quarter is mainly attributable to contribution from KFSB.

Loss before taxation increased by RM1.2 million as compared with preceding quarter as a result of direct purchases incurred for a new project and additional impairment losses on trade receivables.

### **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**

The revenue has increased by approximately RM0.8 million or 97% for the current quarter under review and increased by approximately RM1.9 million or 123% for the cumulative period under review, as compared to the corresponding quarter and cumulative period ended 30 June 2011. The increased in revenue mainly attributable to two new projects and one of the major projects has achieved its milestone for software customisation development.

The loss before taxation for the current quarter under review has increased by approximately RM0.3 million or 19% as compared with the corresponding quarter ended 30 June 2011. This is mainly due to additional impairment losses on trade receivables as compared to the corresponding quarter. Whereby loss before taxation for the cumulative period under review has reduced by approximately RM0.7 million or 28% as compared with the cumulative period ended 30 June 2011. This is mainly due to the revenue recognised based on the stages of work performed in the cumulative period under review is more than the cumulative period ended 30 June 2011 which able to cover more fixed operating costs.

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

As mentioned B1 above, contribution from KFSB was RM17.0 million. There are orders from new customers in the current quarter under review which lead to increase in revenue as compared with preceding quarter. 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. Income Tax Expense

The taxation figures are as follows:

	Current Quarter/ Year To Date RM'000
Current tax	<u>(9)</u>

For the current year to date, tax is still payable despite the loss position for the Group, as one of its subsidiaries was profitable.

## 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 16 August 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 30.6.2012	Intended Timeframe for Utilisation	Deviation		Explanation
	RM'000	RM'000		RM'000	%	
Working capital requirements	8,763	2,200	Within 24 months	6,563	74.9	N1
Expansion of existing business	10,000	5,674	Within 24 months	4,326	43.3	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 30 June 2012 are in respect of hire purchase of motor vehicles and a term loan for the office lots as follows:

	As at 30.6.2012 RM'000
<b>Current - secured</b>	
Hire purchase payable - payable within 12 months	43
Term loan - payable within 12 months	55
	<hr/> 98 <hr/>
<b>Non-current - secured</b>	
Hire purchase payable - payable after 12 months	233
Term loan - payable after 12 months	940
	<hr/> 1,173 <hr/>
	<hr/> <hr/> 1,271 <hr/> <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. As of to date, Xybase has settled 25% which approximately RM41,000 out of the balance of RM166,358. 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 Quarter Ended 30.6.2012	Preceding Year Corresponding Quarter Ended 30.6.2011	Current year-to-date Ended 30.6.2012	Preceding Year Corresponding Period Ended 30.6.2011
<b>Basic loss per share</b>				
Loss for the period (RM'000)	(1,508)	(1,342)	(1,816)	(2,691)
Weighted average number of ordinary shares	506,275,890	144,807,900	464,643,919	144,807,900
Basic loss per share (sen)	(0.30)	(0.93)	(0.39)	(1.86)
Diluted earnings per share	N/A	N/A	N/A	N/A

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

	Current quarter 30/6/2012 RM'000	Current year-to-date 30/6/2012 RM'000
Interest income	108	112
Other income	N/A	N/A
Interest expense	24	48
Depreciation of property, plant and equipment	105	190
Amortisation of software development costs	67	135
Impairment losses on trade receivables	558	738
Reversal of impairment losses on trade receivables	-	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 loss	1	1
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 30.6.2012 RM'000	As at 31.12.2011 RM'000
Total accumulated losses of the Group:		
- Realised	(20,360)	(15,654)
- Unrealised	-	-
	<hr/> <u>(20,360)</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 23 August 2012.