

THE MEDIA SHOPPE BERHAD

Year 2012

3rd Quarter Announcement

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	2012 CURRENT YEAR QUARTER 30/9/2012 (Unaudited) RM'000	2011 PRECEDING YEAR CORRESPONDING QUARTER 30/9/2011 (Unaudited) RM'000	2012 CURRENT YEAR-TO-DATE 30/9/2012 (Unaudited) RM'000	2011 PRECEDING YEAR CORRESPONDING PERIOD 30/9/2011 (Unaudited) RM'000
Revenue	10,418	1,074	41,003	2,634
Direct costs	(10,474)	(852)	(39,725)	(2,362)
Gross profit	<u>(56)</u>	<u>222</u>	<u>1,278</u>	<u>272</u>
Other income	92	29	274	216
	36	251	1,552	488
Operating expenses	(1,551)	(1,229)	(4,826)	(4,099)
Finance costs	(22)	(25)	(70)	(84)
Loss before taxation	<u>(1,537)</u>	<u>(1,003)</u>	<u>(3,344)</u>	<u>(3,695)</u>
Income tax expense	(12)	-	(21)	-
Loss after taxation	<u>(1,549)</u>	<u>(1,003)</u>	<u>(3,365)</u>	<u>(3,695)</u>
Other comprehensive expenses, net of tax	-	-	(2,890)	-
Total comprehensive expenses	<u>(1,549)</u>	<u>(1,003)</u>	<u>(6,255)</u>	<u>(3,695)</u>
Loss after taxation attributable to:- Owners of the Company	<u>(1,549)</u>	<u>(1,003)</u>	<u>(3,365)</u>	<u>(3,695)</u>
Total comprehensive expenses attributable to:- Owners of the Company	<u>(1,549)</u>	<u>(1,003)</u>	<u>(6,255)</u>	<u>(3,695)</u>
Loss per share (in sen)				
Basic LPS	(0.31)	(0.69)	(0.70)	(2.54)
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 September 2012

	(UNAUDITED)	(AUDITED)
	As at	As at
	30 September 2012	31 December 2011
	RM'000	RM'000
ASSETS:		
Non-Current Assets:		
Property, plant and equipment	3,370	3,077
Other investments	250	250
Software development costs	377	519
	<u>3,997</u>	<u>3,846</u>
Current Assets:		
Trade and other receivables	12,130	7,153
Tax refundable	25	3
Cash and cash equivalents	27,899	1,500
	<u>40,054</u>	<u>8,656</u>
TOTAL ASSETS	<u>44,051</u>	<u>12,502</u>
EQUITY AND LIABILITIES:		
Equity attributable to owners of the Parent:		
Share capital	50,628	15,929
Reserves	(10,021)	(6,179)
TOTAL EQUITY	<u>40,607</u>	<u>9,750</u>
Non-Current Liabilities:		
Hire purchase payable	222	255
Term loan	925	968
	<u>1,147</u>	<u>1,223</u>
Current Liabilities:		
Trade and other payables	1,924	1,232
Hire purchase payable	44	42
Term loan	56	53
Bank overdraft	-	1
Provision for sales commission	273	201
	<u>2,297</u>	<u>1,529</u>
TOTAL LIABILITIES	<u>3,444</u>	<u>2,752</u>
TOTAL EQUITY AND LIABILITIES	<u>44,051</u>	<u>12,502</u>
Net assets per share (sen)	8.02	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 nine (9) months ended 30 September 2012

	(UNAUDITED) CURRENT YEAR-TO-DATE	(UNAUDITED) PRECEDING YEAR CORRESPONDING PERIOD
	30 September 2012 RM'000	30 September 2011 RM'000
CASH FLOW FOR OPERATING ACTIVITIES		
Loss before taxation	(3,344)	(3,695)
Adjustments for non-cash items:		
Amortisation of software development costs	202	297
Depreciation of property, plant and equipment	297	271
Interest expense	70	84
Impairment losses on trade receivables	985	345
Provision for sales commission	86	67
Gain on disposal of plant and equipment	-	(118)
Equipment written-off	-	-
Interest income	(204)	(93)
Reversal of impairment losses on trade receivables	(70)	-
Operating loss before changes in working capital	(1,978)	(2,842)
Net change in trade & other receivables	(5,892)	472
Net change in trade & other payables	692	(35)
Net change in provision for sales commission	(14)	(44)
Cash flow for operations	(7,192)	(2,449)
Income tax paid	(43)	-
Interest paid	(70)	(84)
Net cash for operating activities	(7,305)	(2,533)
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	204	93
Software development costs paid	(60)	(218)
Proceed from disposal of plant and equipment	-	125
Purchase of plant and equipment	(590)	(384)
Net cash for investing activities	(446)	(384)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of hire purchase payable	-	330
Repayment of hire purchase payable	(31)	(146)
Repayment of term loan	(40)	(37)
Proceeds from issuance of shares pursuant to private placement	-	1,448
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)	-
Net cash from financing activities	34,151	1,595
NET CHANGE IN CASH AND CASH EQUIVALENTS	26,400	(1,322)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,499	6,487
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	27,899	5,165

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

Cash and Cash Equivalents:	30/9/2012	30/9/2011
Short-term investments	2,037	3,397
Deposits with licensed bank	13,444	24
Cash and bank balances	12,418	1,744
	27,899	5,165

The Media Shoppe Berhad (383028-D)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine (9) months ended 30 September 2012

	Share Capital	Share Premium	Warrant Reserve	Accumulated Losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 30 September 2012					
Balance as at 1 January 2012	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	-	-	-	(3,365)	(3,365)
Other comprehensive expenses, net of tax - Adjustment for fair value of warrants	-	-	2,890	(2,890)	-
Total comprehensive expenses for the 9 months ended 30 September 2012	-	-	2,890	(6,255)	(3,365)
Balance as at 30 September 2012	50,628	1,742	10,146	(21,909)	40,607

	Share Capital	Share Premium	Warrant Reserve	Accumulated Losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 30 September 2011					
Balance as at 1 January 2011	14,481	9,551	-	(13,264)	10,768
Issuance of shares pursuant to private placement	1,448	-	-	-	1,448
Total comprehensive expenses for the 9 months ended 30 September 2011	-	-	-	(3,695)	(3,695)
Balance as at 30 September 2011	15,929	9,551	-	(16,959)	8,521

(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 SEPTEMBER 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 September 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 period ended 30 September 2012 is as follows:-

Current Year-To-Date Ended 30 September 2012	Provision of Integrated Web-based and Workflow System RM'000	Trading of Hardware RM'000	Elimination RM'000	The Group RM'000
External revenue	4,300	36,823	(120)	41,003
Segment results ("EBITDA")	(3,027)	48	-	(2,979)
Interest income	200	4	-	204
Interest expense	(70)	-	-	(70)
Income tax expense	-	(21)	-	(21)
Depreciation and amortisation	(499)	-	-	(499)
(Loss)/Profit before taxation	(3,396)	31	-	(3,365)
Other information:				
Segment assets	47,287	20,220	(23,481)	44,026
Unallocated assets				25
Consolidated total assets				44,051
Segment liabilities	10,341	20,189	(27,086)	3,444
Consolidated total liabilities				3,444

No segmental information is provided for the corresponding quarter ended 30 September 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 November 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 18 October 2012, Hong Leong Investment Bank Berhad (“HLIB”) on behalf of the Board of Directors of TMS announced that the Bursa Securities had, vide its letter dated 16 October 2012 which was received on 18 October 2012, approved the listing and quotation of the following:

- (i) 144,800,000 new TMS Shares to be issued pursuant to the Proposed Viewnet Acquisition and Proposed OA Acquisition (“Consideration Shares”); and
- (ii) such number of additional new TMS Shares representing up to 30% of the issued and paid-up ordinary share capital (excluding treasury shares) of TMS to be issued pursuant to the exercise of options under the Proposed ESOS.

The approval by Bursa Securities for the listing and quotation of the Consideration Shares is subject to the following conditions:

- (i) TMS and HLIB must fully comply with the relevant provisions under the ACE Market Listing Requirements (“ACE LR”) pertaining to the implementation of the Proposed Viewnet Acquisition and Proposed OA Acquisition respectively;
- (ii) TMS and HLIB to inform Bursa Securities upon the completion of the Proposed Viewnet Acquisition and Proposed OA Acquisition respectively;
- (iii) TMS and HLIB to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders approving the Proposed Viewnet Acquisition and Proposed OA Acquisition respectively prior to the quotation of the Consideration Shares; and
- (iv) TMS to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Viewnet Acquisition and Proposed OA Acquisition respectively is completed.

The approval by Bursa Securities for the Proposed ESOS is subject to the following conditions:

- (i) HLIB is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to Rule 6.44 of the ACE LR stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting; and
- (ii) TMS is required to furnish Bursa Securities on a quarterly basis a summary of the total number of ESOS shares listed as at the end of the quarter together with a detailed computation of listing fees payable.

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

Multiple Proposals (Cont'd)

On 23 October 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 two (2) months from 11 November 2012 to 10 January 2013, in view that the Conditions Precedent pursuant to the Viewnet SSA will not be fulfilled as at 10 November 2012. TMS and the OA Vendors have also mutually agreed to extend the OA Cut-off Date for a further period of two (2) months from 11 November 2012 to 10 January 2013, in view that the Conditions Precedent pursuant to the OA SSA will not be fulfilled as at 10 November 2012.

For the 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 fulfillment 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.

TMS and the Viewnet Vendors as well as TMS and the OA Vendors had, via an exchange of clarification letters dated 23 October 2012, agreed that in the event of termination of the Viewnet SSA and the OA SSA, all monies paid by TMS shall be refunded and repaid without interest to TMS by the Viewnet Vendors and the OA Vendors, respectively.

TMS and the Viewnet Vendors as well as TMS and the OA Vendors had also, via an exchange of clarification letters dated 23 October 2012, agreed to the following in relation to the Viewnet Profit Guarantee Agreement and the OA Profit Guarantee Agreement respectively:

- (i) TMS will issue a written notice to the Viewnet Vendors and the OA Vendors for the Viewnet Profit Guarantee Agreement and the OA Profit Guarantee Agreement, respectively (defined as "Guarantors") within 10 market days in the event the Guarantors fail to compensate TMS for the Viewnet Profit Shortfall and OA Profit Shortfall respectively (defined as "Profit Shortfall"), within 30 days from the date of receipt of the certificate to be issued by the external auditors of Viewnet and OA, respectively (defined as "Auditor's Certificate");
- (ii) "foregoing default" shall mean in the event of failure by the Guarantors to compensate for the Profit Shortfall within 30 days from the date of receipt of the Auditor's Certificate;
- (iii) TMS will hold the Viewnet Security Shares and the OA Security Shares for the Viewnet Profit Guarantee Agreement and the OA Profit Guarantee Agreement respectively (defined as "Security Shares") via the respective stakeholder for the Viewnet Profit Guarantee Agreement and the OA Profit Guarantee Agreement. Upon completion of the transfer of the Security Shares, the decision of whether to sell or retain the Security Shares will be at the discretion of the Board of Directors of the Company, after taking into consideration, amongst others, the market price of the TMS Shares at that point in time; and

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

Multiple Proposals (Cont'd)

- (iv) the Security Shares shall only be transferred to TMS provided that on the date of transfer, the quotation and listing for the TMS Shares on Bursa Securities has not ceased. For the purpose of ascertaining the number of Security Shares to be transferred to TMS in the event the Vendors fail to compensate TMS for the Profit Shortfall, the value of the Security Shares as at the date of transferring the Security Shares shall be based on the closing price quoted for the Security Shares on Bursa Securities on the market day immediately preceding the date of transfer. In the event of suspension of TMS Shares prior to the date of transfer, the closing price referred shall be on the market day prior to the suspension.

On 6 November 2012, a notice has been given to shareholders that an Extraordinary General Meeting will be held on 3 December 2012 to approve the Multiple 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 16 November 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 November 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 30.9.2012 are as follows:

	Current quarter RM'000	Cumulative period-to-date RM'000
The Company		
Purchase of hardware from a subsidiary	-	120
Rental charged to a subsidiary	56	56
Administrative expenses charged to a subsidiary	64	64
Key management personnel:-		
- salaries and allowances	96	311
- defined contribution plans	14	44
- fee	36	112
	<hr/>	<hr/>
The Group		
Key management personnel:-		
- salaries and allowances	96	311
- defined contribution plans	14	44
- fee	36	112
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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 September 2012.

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

	Individual Quarter		Cumulative Period	
	30.9.2012 RM'000	30.9.2011 RM'000	30.9.2012 RM'000	30.9.2011 RM'000
Revenue	10,418	1,074	41,003	2,634
Loss before taxation	(1,537)	(1,003)	(3,344)	(3,695)

For the current quarter under review, the Group generated revenue of RM10.4 million, representing an increase of 870% as compared to RM1.1 million reported in the corresponding quarter ended 30 September 2011. The increase in revenue is mainly due to the trading business carried by its subsidiary, Kinetic Forward Sdn Bhd ("KFSB") which amounting to RM9.7 million for the quarter under review. Loss before taxation has increased by approximately RM0.5 million mainly due to increase in impairment losses on receivables and reduction in revenue from product licensing and application software development.

For the cumulative period under review, the Group's revenue increased by approximately RM38.4 million and loss before taxation reduced by RM0.3 million, as compared to the corresponding cumulative period ended 30 September 2011. The increase in revenue mainly generated from the trading business carried by KFSB. In addition, revenue from software custom development has also increased by approximately RM1.9 million which attributable to two new projects and one major project have achieved its milestone for software customisation development. 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 September 2011 which able to cover more fixed operating costs.

B2. Comments on Material Changes for the Quarter Reported as Compared with the Preceding Quarter

	Current quarter ended 30.9.2012 RM'000	Previous quarter ended 30.6.2012 RM'000
Revenue	10,418	18,713
Loss before taxation	(1,537)	(1,499)

The decrease in revenue in the current quarter by RM8.3 million as compared to the previous quarter is mainly due to the decrease in revenue from trading business of RM7.3 million as a results of lesser orders from customers.

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

Revenue has decreased by approximately RM0.4 million or 35% for the current quarter under review as compared to the corresponding quarter ended 30 September 2011 mainly due to lower contribution from product licensing and application software development. Revenue has increased by approximately RM1.5 million or 59% for the cumulative period under review, as compared to the cumulative period ended 30 September 2011 mainly attributable to two new projects and one of the major projects have achieved its milestone for software customisation development.

Loss before taxation for the current quarter under review has increased by approximately RM0.5 million or 53% as compared to the corresponding quarter ended 30 September 2011. This is mainly due to increase in impairment losses on receivables and decrease in revenue as mentioned above. Loss before taxation for the cumulative period under review has decreased by approximately RM0.3 million or 9% as compared to the cumulative period ended 30 September 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 September 2011 which able to cover more fixed operating costs.

(2) Trading of hardware

Revenue has increased by approximately RM9.7 million and RM36.8 million for the current quarter under review and cumulative period under review, respectively as compared to the corresponding quarter and cumulative period ended 30 September 2011, respectively. The segment is 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 which include identify businesses worth acquiring, collaboration with different business partners to secure more projects. The Proposed Viewnet Acquisition and Proposed OA Acquisition ("Proposed Acquisitions") are expected to be completed in early January 2013. The Proposed Acquisitions are expected to contribute positively to future earnings of enlarged TMS Group for the financial year 31 December 2013 and beyond.

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 Year Quarter RM'000	Current Year-To-Date RM'000
Current tax expense		
- For the current financial period	(6)	(15)
- Underprovision in the previous financial period	(6)	(6)
	<u>(12)</u>	<u>(21)</u>

B7. Status of Corporate Proposals

Please refer to Section A10 for the details of the ongoing corporate proposals.

Save for the Multiple Proposals disclosed in Section A10, there were no other corporate proposals as at 16 November 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 30.9.2012	Intended Timeframe for Utilisation	Deviation		Explanation
	RM'000	RM'000		RM'000	%	
Working capital requirements	8,763	1,058	Within 24 months	7,705	87.9	N1
Expansion of existing business	10,000	8,061	Within 24 months	1,939	19.4	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	9,596				

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 September 2012 are in respect of hire purchase for a motor vehicle and a term loan for the office lots as follows:

	As at 30.9.2012 RM'000
Current - secured	
Hire purchase payable - payable within 12 months	44
Term loan - payable within 12 months	56
	<hr/> 100 <hr/>
Non-current - secured	
Hire purchase payable - payable after 12 months	222
Term loan - payable after 12 months	925
	<hr/> 1,147 <hr/>
	<hr/> 1,247 <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 TMS Group and has settled portion of the outstanding sum. On 21 March 2012, another letter of demand has been issued to Xybase for the balance due and owing by Xybase to the TMS Group. Xybase has further settled a portion of the outstanding sum and the balance owed as at 16 November 2012 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) was RM41,591. The Group will continue to pursue for the collection of balance due. At this juncture, the Directors are of the opinion that the TMS Group has a good chance to recover the debts owing by Xybase.

- (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 the said 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. A notice of arbitration dated 27 August 2012 has been issued to RASB and, RASB has made an offer to settle the outstanding sum to the said subsidiary vide deferred payments. In October 2012, the said subsidiary has received post dated cheques from RASB to settle portion of the outstanding sum and some of the cheques have been cleared. The Group will continue to pursue for the collection of balance due and if necessary, will continue legal proceedings against RASB for the remaining balance due.

Based on the advice from the TMS Group's legal advisers, at this juncture, the Directors are of the view that the said subsidiary has a good chance of recovering the debts due and 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 30.9.2012	Preceding Year Corresponding Quarter Ended 30.9.2011	Current year-to-date Ended 30.9.2012	Preceding Year Corresponding Period Ended 30.9.2011
Basic loss per share				
Loss for the period (RM'000)	(1,549)	(1,003)	(3,365)	(3,695)
Weighted average number of ordinary shares	506,275,890	146,381,899	478,622,537	145,338,332
Basic loss per share (sen)	(0.31)	(0.69)	(0.70)	(2.54)
Diluted earnings per share	N/A	N/A	N/A	N/A

B14. Notes to the Statement of Comprehensive Income

	Current quarter 30/9/2012 RM'000	Current year-to-date 30/9/2012 RM'000
Interest income	93	204
Other income	N/A	N/A
Interest expense	23	70
Depreciation of property, plant and equipment	106	297
Amortisation of software development costs	67	202
Impairment losses on trade receivables	247	985
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
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 30.9.2012 RM'000	As at 31.12.2011 RM'000
Total accumulated losses of the Group:		
- Realised	(21,909)	(15,654)
- Unrealised	-	-
	<hr/> <u>(21,909)</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 November 2012.