

THE MEDIA SHOPPE BERHAD

Year 2013

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 2013

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	2013 CURRENT YEAR QUARTER 31/3/2013 (Unaudited) RM'000	2012 PRECEDING YEAR CORRESPONDING QUARTER 31/3/2012 (Unaudited) RM'000	2013 CURRENT YEAR-TO-DATE 31/3/2013 (Unaudited) RM'000	2012 PRECEDING YEAR CORRESPONDING PERIOD 31/3/2012 (Unaudited) RM'000
Revenue	50,480	11,873	50,480	11,873
Direct costs	(45,733)	(10,799)	(45,733)	(10,799)
Gross profit	4,747	1,074	4,747	1,074
Other income	532	74	532	74
	5,279	1,148	5,279	1,148
Operating expenses	(7,590)	(1,432)	(7,590)	(1,432)
Finance costs	(23)	(23)	(23)	(23)
Loss before taxation	(2,334)	(307)	(2,334)	(307)
Income tax expense	(326)	-	(326)	-
Loss after taxation	(2,660)	(307)	(2,660)	(307)
Other comprehensive expenses, net of tax	- *	(2,890)	- *	(2,890)
Total comprehensive expenses	(2,660)	(3,197)	(2,660)	(3,197)
Loss after taxation attributable to:-				
Owners of the Company	(2,567)	(307)	(2,567)	(307)
Non-controlling interest	(93)	-	(93)	-
	(2,660)	(307)	(2,660)	(307)
Total comprehensive expenses attributable to:-				
Owners of the Company	(2,567)	(3,197)	(2,567)	(3,197)
Non-controlling interest	(93)	-	(93)	-
	(2,660)	(3,197)	(2,660)	(3,197)
Loss per share (in sen)				
Basic LPS	(0.37)	(0.07)	(0.37)	(0.07)
Diluted LPS	N/A	N/A	N/A	N/A

Note:-

* - Amount less than RM1,000

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 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 2013

	(UNAUDITED)	(AUDITED)
	As at	As at
	31 March 2013	31 December 2012
	RM'000	RM'000
ASSETS:		
Non-Current Assets:		
Property and equipment	9,026	3,288
Other investments	250	250
Software development costs	308	328
Goodwill on consolidation	7,184	-
	16,768	3,866
Current Assets:		
Inventories	20,607	-
Trade and other receivables	20,431	25,654
Tax refundable	49	29
Cash and cash equivalents	32,060	28,336
	73,147	54,019
TOTAL ASSETS	89,915	57,885
EQUITY AND LIABILITIES:		
Equity attributable to owners of the Parent:		
Share capital	79,108	50,628
Reserves	(11,076)	(10,904)
	68,032	39,724
Non-controlling interest	174	-
TOTAL EQUITY	68,206	39,724
Non-Current Liabilities:		
Hire purchase payables	204	210
Term loan	896	911
Deferred tax liabilities	54	-
	1,154	1,121
Current Liabilities:		
Trade and other payables	19,797	16,912
Hire purchase payables	90	44
Term loan	58	57
Bank overdraft	-	16
Provision for taxation	610	11
	20,555	17,040
TOTAL LIABILITIES	21,709	18,161
TOTAL EQUITY AND LIABILITIES	89,915	57,885
Net assets per share (sen)	8.60	7.85

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 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 2013

	(UNAUDITED) CURRENT YEAR-TO-DATE 31 March 2013 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING PERIOD 31 March 2012 RM'000
CASH FLOW FOR OPERATING ACTIVITIES		
Loss before taxation	(2,334)	(307)
Adjustments for non-cash items:		
Amortisation of software development costs	19	67
Depreciation of property and equipment	350	85
Interest expense	23	23
Impairment losses on trade receivables	185	180
Provision for sales commission	-	46
Unrealised gain on foreign exchange	-	-
Interest income	(101)	(4)
Reversal of impairment losses on trade receivables	(430)	(70)
Share-based payment arising from ESOS	2,800	-
Operating profit before changes in working capital	512	20
Net change in inventories	(5,707)	-
Net change in trade & other receivables	8,605	(6,107)
Net change in trade & other payables	(14,031)	(46)
Cash flow for operations	(10,621)	(6,133)
Income tax paid	(344)	-
Interest paid	(23)	(23)
Net cash for operating activities	(10,988)	(6,156)
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	101	4
Software development costs paid	-	(40)
Purchase of equipment	(3,443)	(8)
Net cash inflow on acquisition of subsidiaries	4,508	-
Net cash for investing activities	1,166	(44)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(19)	(10)
Repayment of term loan	(14)	(14)
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)
Proceeds from exercise of ESOS	14,000	-
Expenses incurred in relation to acquisition of subsidiaries	(405)	-
Net cash from financing activities	13,562	34,198
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,740	27,998
EFFECT OF FOREIGN EXCHANGE TRANSLATION	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	28,320	1,499
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	32,060	29,497

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 2012 and the accompanying explanatory notes attached to the interim financial statements.)

Note 1

Cash and Cash Equivalents:

	31/3/2013	31/3/2012
Short-term investments	13,756	309
Deposits with licensed bank	439	11,291
Cash and bank balances	17,865	17,897
	32,060	29,497

The Media Shoppe Berhad (383028-D)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three (3) months ended 31 March 2013

	Non-Distributable				Distributable			Total	
	Share Capital	Share Premium	Warrant Reserve	Foreign Exchange Translation Reserve	Employee Share Option Reserve	Accumulated Losses	Attributable To Owners of the Company		Non-Controlling Interest ("NCI")
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
3 months ended 31 March 2013									
Balance as at 1 January 2013	50,628	1,742	10,146	-	-	(22,792)	39,724	-	39,724
Transactions with owners of the Company:-									
Issuance of shares pursuant to acquisition of subsidiaries	14,480	-	-	-	-	-	14,480	-	14,480
Expenses incurred in relation to acquisition of subsidiaries	-	(405)	-	-	-	-	(405)	-	(405)
NCI share of the acquiree's net identifiable assets	-	-	-	-	-	-	-	267	267
Share option granted under ESOS	-	-	-	-	2,800	-	2,800	-	2,800
Exercise of ESOS	14,000	2,800	-	-	(2,800)	-	14,000	-	14,000
Total transactions with owners	28,480	2,395	-	-	-	-	30,875	267	31,142
Loss after taxation for the 3 months ended 31 March 2013	-	-	-	-	-	(2,567)	(2,567)	(93)	(2,660)
Other comprehensive income for the 3 months ended 31 March 2013 - Foreign currency translation	-	-	-	-	-	-	-	-	-
Total comprehensive expenses for the 3 months ended 31 March 2013	-	-	-	-	-	(2,567)	(2,567)	(93)	(2,660)
Balance as at 31 March 2013	79,108	4,137	10,146	-	-	(25,359)	68,032	174	68,206

	Non-Distributable				Distributable			Total	
	Share Capital	Share Premium	Warrant Reserve	Foreign Exchange Translation Reserve	Employee Share Option Reserve	Accumulated Losses	Attributable To Owners of the Company		Non-Controlling Interest ("NCI")
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
3 months ended 31 March 2012									
Balance as at 1 January 2012	15,929	9,475	-	-	-	(15,654)	9,750	-	9,750
Transactions with owners of the Company:-									
Issuance of shares pursuant to rights issue with warrants	31,263	-	-	-	-	-	31,263	-	31,263
Expenses incurred in relation to rights issue with warrants	-	(477)	-	-	-	-	(477)	-	(477)
Adjustment for fair value of warrants	-	(8,998)	11,888	-	-	(2,890)	-	-	-
Conversion of warrants	3,436	-	-	-	-	-	3,436	-	3,436
Reclassification of warrant reserve upon conversion of warrants	-	1,742	(1,742)	-	-	-	-	-	-
Total transactions with owners	34,699	(7,733)	10,146	-	-	(2,890)	34,222	-	34,222
Loss after taxation, representing total comprehensive expenses for the 3 months ended 31 March 2012	-	-	-	-	-	(307)	(307)	-	(307)
Balance as at 31 March 2012	50,628	1,742	10,146	-	-	(18,851)	43,665	-	43,665

Note:-

* - Amount less than RM1,000

(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 2012 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 2013

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting

A1. Basis of Preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”), IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and Paragraph 9.22 of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of The Media Shoppe Berhad (“TMS” or “the Company”) and its subsidiaries (“the Group”) for the financial year ended 31 December 2012. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

A2. Changes in Accounting Policies

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2012 except for the adoption of the following with effect from 1 January 2013:

- MFRS 10 Consolidated Financial Statements
- MFRS 11 Joint Arrangements
- MFRS 12 Disclosure of Interests in Other Entities
- MFRS 13 Fair Value Measurements
- MFRS 119 Employee Benefits
- MFRS 127 Separate Financial Statements
- MFRS 128 Investments in Associates and Joint Ventures
- Amendments to MFRS 1: Government Loans
- Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance
- Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Annual Improvements to MFRSs 2009 – 2011 Cycle

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2012 was not qualified.

A4. Seasonality or Cyclicity of Operations

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

A5. Unusual Items

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

A6. Material Changes in Estimates

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

A7. Issuances, Repurchases, and Repayments of Debt and Equity Securities

Pursuant to the completion of Proposed Acquisitions (as defined in the audited financial statements for the financial year ended 31 December 2012), the Company has issued 144,800,000 new TMS Shares and have been quoted on the ACE Market of Bursa Securities on 8 January 2013.

On 22 January 2013, the Company announced the offer of options to eligible persons to subscribe for new ordinary shares of RM0.10 each in the Company ("Options") under the Employees' Share Option Scheme ("ESOS") of the Company. The number of Options offered is 140,000,000 at an exercise price of RM0.10 each. As of to date, all the Options has been exercised by the eligible persons.

The following shares have been issued and listed on the ACE Market of Bursa Securities on the following dates as a result of the exercise of options:-

Date	No. of shares
20 February 2013	97,000,000
25 February 2013	28,000,000
27 February 2013	15,000,000
Total	140,000,000

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.

A8. Dividends Paid

There were no dividends paid during the quarter under review.

A9. 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 IT and ICT Products RM'000	The Group RM'000
Current quarter ended 31 March 2013			
Revenue			
External revenue	1,992	48,488	50,480
Results			
Segment results	(743)	1,256	513
Share-based payment arising from ESOS	(2,800)	-	(2,800)
Interest income	98	3	101
Reversal of impairment losses on trade receivables	430	-	430
Depreciation of property and equipment	(114)	(236)	(350)
Amortisation of software development costs	(20)	-	(20)
Interest expense	(22)	(1)	(23)
Impairment losses on trade receivables	(185)	-	(185)
	(3,356)	1,022	(2,334)
Income tax expense	-	(326)	(326)
Consolidated (loss)/profit after taxation	(3,356)	696	(2,660)
Assets			
Segment assets/Consolidated total assets	31,281	58,634	89,915
Liabilities			
Segment liabilities/Consolidated total liabilities	3,687	18,022	21,709

A9. Operating Segment Information (Cont'd)

	Provision of Integrated Web-Based and Workflow System RM'000	Trading of IT and ICT Products RM'000	The Group RM'000
Current quarter ended 31 March 2012			
Revenue			
External revenue	1,777	10,096	11,873
Results			
Segment results	(69)	43	(26)
Interest income	4	-	4
Reversal of impairment losses on trade receivables	70	-	70
Depreciation of property and equipment	(85)	-	(85)
Amortisation of software development costs	(67)	-	(67)
Interest expense	(23)	-	(23)
Impairment losses on trade receivables	(180)	-	(180)
Consolidated (loss)/profit after taxation	<u>(350)</u>	<u>43</u>	<u>(307)</u>
Assets			
Segment assets/Consolidated total assets	22,347	24,045	<u>46,392</u>
Liabilities			
Segment liabilities/Consolidated total liabilities	2,727	-	<u>2,727</u>

The Group operates principally in Malaysia.

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 23 May 2013, 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:-

Proposed Private Placement

On 9 January 2013, TA Securities Holdings Berhad ("TA") on behalf of the Board of Directors of TMS announced that the Company proposes to undertake a proposed private placement of not more than ten percent (10%) of the issued and paid-up share capital of TMS ("Proposed Private Placement").

On 11 January 2013, TA on behalf of the Board of Directors of TMS announced that the listing application for the Proposed Private Placement has been submitted to Bursa Securities.

A11. Changes in the Composition of the Group

On 8 January 2013, the Company acquired 66% equity interest in Open Adventure Sdn. Bhd. ("OA"). Upon the acquisition, OA became a 66% owned subsidiary of the Company. OA was incorporated as a private limited company in Malaysia pursuant to the Companies Act 1965 on 27 January 2010. OA is principally involved in software development and support services, notably in development of IT software solutions and related services. The Company issued 19,800,000 new ordinary shares at par to acquire the equity interest in OA.

On 8 January 2013, the Company acquired 100% equity interest in Viewnet Computer System Sdn. Bhd. ("Viewnet"). Upon the acquisition, Viewnet became a wholly owned subsidiary of the Company. Viewnet was incorporated as a private limited company in Malaysia pursuant to the Companies Act 1965 on 10 January 2012. Viewnet is principally involved in the retail distribution of software, hardware, multimedia, internet and electronic commerce providers and facilitators. The Company issued 125,000,000 new ordinary shares at par to acquire the equity interest in Viewnet.

On 26 March 2013, the Company acquired 100% equity interest in PC Zone Computer Trading (M) Sdn. Bhd. ("PC Zone"). Upon the acquisition, PC Zone became a wholly owned subsidiary of the Company. PC Zone was incorporated as a private limited company in Malaysia pursuant to the Companies Act 1965 on 1 December 1998. PC Zone is principally involved in the trading of computer hardware and accessories and supporting services thereon. The Company paid a total cash consideration of RM867,725 to acquire the equity interest in PC Zone.

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 23 May 2013 (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 23 May 2013 (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 31.3.2013 are as follows:

	Current quarter RM'000	Cumulative period-to-date RM'000
Professional services rendered by a company in which a director is a common director and has substantial financial interest	23	23
Key management personnel:-		
- salaries and allowances	170	170
- defined contribution plans	21	21
- others	- *	- *
- fee	36	36

Note:-

* - Amount less than RM1,000

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 2013.

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

	Individual Quarter		Cumulative Period	
	31.3.2013 RM'000	31.3.2012 RM'000	31.3.2013 RM'000	31.3.2012 RM'000
Revenue	50,480	11,873	50,480	11,873
Loss before taxation	(2,334)	(307)	(2,334)	(307)

The Group generated revenue of RM50.5 million for the quarter ended 31 March 2013, representing an increase of 325% as compared to RM11.9 million reported in the quarter ended 31 March 2012. The increase in revenue is mainly derived from the division of trading of Information Technology (IT) and Information Communication Technology (ICT) products. This is attributable to revenue generated by its newly acquired subsidiary, Viewnet, which amounting to RM37.9 million for the quarter under review.

Loss before taxation has increased by RM2.0 million mainly due to the share-based payment arising from the granting of option pursuant to an Employees Share Option Scheme ("ESOS") of the Company which was amounted to RM2.8 million in the current quarter. By excluding the foregoing effect, the Group generated profit before taxation of RM0.5 million for the current quarter under review/cumulative period up to 31 March 2013 as a result of profit derived from the IT and ICT division.

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

	Current quarter ended 31.3.2013 RM'000	Previous quarter ended 31.12.2012 RM'000
Revenue	50,480	38,183
Loss before taxation	(2,334)	(817)

The increase in revenue in the current quarter by RM12.3 million, representing an increase of 32% as compared to the previous quarter is mainly due the contribution from Viewnet.

By excluding the effect of the cost of option under the ESOS, the Group's recorded profit before taxation of RM0.5 million, an improvement of RM1.3 million, as compared to the previous quarter. The improvement was due to the reduction of loss before taxation from the provision of integrated web-based and workflow system by RM0.4 million and increase in profit before taxation from IT and ICT division of RM0.9 million.

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 from this division has increased marginally in the current quarter as compared to the previous quarter and the corresponding quarter ended 31 March 2012, respectively. Despite the marginal increase in revenue, by excluding the effect of the cost of option under the ESOS, loss before taxation from this division has marginally increased which mainly attributable to the increase of headcount for technical staff to cope with the future business expansion.

(2) Trading of IT and ICT products

As mentioned in B1 and B2, the acquisition of Viewnet has contributed to the increase in revenue in this division. Profit before taxation from the division has increased by approximately RM1 million in the current quarter as compared the previous quarter and the corresponding quarter ended 31 March 2012, respectively.

B4. Commentary on Prospects

While strengthening our software solutions business, the Group is continue looking at advancement with innovation by sourcing out opportunities and areas of growth in business segments. Barring any unforeseen circumstances, 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 Company has entered into a profit guarantee agreement with the vendors of OA and Viewnet, respectively, that the audited profit after tax of OA and Viewnet shall not be less than RM0.6 million and RM2.5 million, respectively, until the financial year ending 31 December 2014. OA and Viewnet are fairly consistent of meeting the profit guarantee.

B6. Tax Expense

The taxation is as follows:

	Current Year Quarter RM'000	Current Year-To-Date RM'000
Current tax expense:		
- For the current financial period	(326)	(326)

B7. Status of Corporate Proposals

Save for the Proposed Private Placement disclosed in Section A10, there was no other corporate proposal as at 23 May 2013 (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 31.3.2013	Intended Timeframe for Utilisation	Deviation		Explanation
	RM'000	RM'000		RM'000	%	
Working capital requirements	8,763	1,081	Within 24 months	7,682	87.7	N1
Expansion of existing business	10,000	9,075	Within 24 months	925	9.3	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	10,633				

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 2013 are in respect of hire purchase of motor vehicles and a term loan for the office lots as follows:

	As at 31.3.2013 RM'000
Current - secured	
Hire purchase payables - payable within 12 months	90
Term loan - payable within 12 months	58
	<hr/> 148 <hr/>
Non-current - secured	
Hire purchase payables - payable after 12 months	204
Term loan - payable after 12 months	896
	<hr/> 1,100 <hr/>
	<hr/> 1,248 <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 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 Penyelenggara 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 all of the cheques have been cleared.

On 12 April 2013, another letter of demand has been issued for the balance due and owing by RASB to the subsidiary. On 26 April 2013, RASB has made an offer to settle all outstanding sum to the said subsidiary vide deferred payments. In May 2013, the said subsidiary has received post dated cheques from RASB to settle the outstanding sum and one of the cheques have been cleared as at 23 May 2013 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

The legal action has no financial impact on the said subsidiary as the amount has been fully impaired in the financial statements.

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.

- (ii) On 22 April 2013, a letter of demand has been issued to Smart Vision Technology Sdn Bhd (“SVT”) for a sum of RM1,637,098 due and owing by SVT to the Company pursuant to Project Agreement between SVT and the Company dated 29 September 2008 (“the Agreement”).

On 2 May 2013, another letter of demand has been issued to SVT to inform that the Company will not hesitate to exercise its rights under the Agreement including but not limited to the termination of the Agreement in the event the outstanding sum due and owing is not settled within a stipulated time.

The legal action has no financial impact on the Company as the amount has been fully impaired in the financial statements.

The Company will continue to pursue for the collection of balance due.

B12. Dividends

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

B13. Loss per Share

The loss per share was 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 31.3.2013	Preceding Year Corresponding Quarter Ended 31.3.2012	Current Year-to-date Ended 31.3.2013	Preceding Year Corresponding Period Ended 31.3.2012
Basic loss per share				
Loss for the period (RM'000)	(2,567)	(307)	(2,567)	(307)
Weighted average number of ordinary shares	699,313,668	423,011,947	699,313,668	423,011,947
Basic loss per share (sen)	(0.37)	(0.07)	(0.37)	(0.07)
Diluted earnings per share	N/A	N/A	N/A	N/A

B14. Notes to the Statement of Comprehensive Income

	Current quarter 31/3/2013 RM'000	Current year-to-date 31/3/2013 RM'000
Interest income	101	101
Other income	N/A	N/A
Interest expense	23	23
Depreciation of property and equipment	350	350
Amortisation of software development costs	19	19
Impairment losses on trade receivables	185	185
Reversal of impairment losses on trade receivables	430	430
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
Unrealised gain on foreign exchange	- *	- *
Realised loss on foreign exchange	- *	- *
Gain or loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A

Note:-

* - Amount less than RM1,000

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 31.3.2013 RM'000	As at 31.12.2012 RM'000
Total accumulated losses of the Group:		
- realised	(22,923)	(27,045)
- unrealised	-	-
	<hr/>	<hr/>
	(22,923)	(22,045)
Less: Consolidation Adjustments	(2,436)	4,253
	<hr/>	<hr/>
	(25,359)	(22,792)
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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 30 May 2013.