THE MEDIA SHOPPE BERHAD

Year 2013
4th Quarter Announcement

The Media Shoppe Berhad

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended 31 December 2013

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	2013 CURRENT YEAR QUARTER 31/12/2013 (Unaudited) RM'000	2012 PRECEDING YEAR CORRESPONDING QUARTER 31/12/2012 (Unaudited) RM'000	2013 CURRENT YEAR-TO-DATE 31/12/2013 (Unaudited) RM'000	2012 PRECEDING YEAR CORRESPONDING PERIOD 31/12/2012 (Audited) RM'000
Revenue	61,415	38,183	228,175	79,186
Direct costs	(56,506)	(37,197)	(209,542)	(76,922)
Gross profit	4,909	986	18,633	2,264
Other income	142	439	1,435	994
	5,051	1,425	20,068	3,258
Operating expenses	(6,247)	(2,219)	(24,427)	(7,326)
Finance costs	(5)	(23)	(60)	(93)
Loss before taxation	(1,201)	(817)	(4,419)	(4,161)
Income tax expense	(292)	(66)	(1,087)	(87)
Loss after taxation	(1,493)	(883)	(5,506)	(4,248)
Other comprehensive expenses, net of tax	- *	-	(1)	-
Total comprehensive expenses	(1,493)	(883)	(5,507)	(4,248)
Loss after taxation attributable to:-				
Owners of the Company	(1,500)	(883)	(5,375)	(4,248)
Non-controlling interest	7	-	(131)	-
	(1,493)	(883)	(5,506)	(4,248)
Total comprehensive expenses attributable to:-				
Owners of the Company	(1,500)	(883)	(5,375)	(4,248)
Non-controlling interest	7	-	(132)	-
	(1,493)	(883)	(5,507)	(4,248)
Loss per share (in sen)				
Basic LPS	(0.17)	(0.17)	(0.68)	(0.87)
Diluted LPS	N/A	N/A	N/A	N/A

Note:-

** - Amount less than RM1,000*

(The Condensed Consolidated Statement of Profit and Loss and Other 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 December 2013

	(UNAUDITED) As at 31 December 2013 RM'000	(AUDITED) As at 31 December 2012 RM'000
ASSETS:		
Non-Current Assets:		
Property and equipment	12,068	3,288
Other investments	250	250
Software development costs	250	328
Goodwill on consolidation	7,184	-
	19,752	**3,866**
Current Assets:		
Inventories	13,693	-
Trade and other receivables	18,330	25,654
Tax refundable	77	29
Cash and cash equivalents	38,208	28,336
	70,308	**54,019**
TOTAL ASSETS	**90,060**	**57,885**
EQUITY AND LIABILITIES:		
Equity attributable to owners of the Parent:		
Share capital	87,018	50,628
Reserves	(12,766)	(10,904)
	74,252	39,724
Non-controlling interest	136	-
TOTAL EQUITY	**74,388**	**39,724**
Non-Current Liabilities:		
Hire purchase payables	164	210
Term loan	-	911
Deferred tax liabilities	38	-
	202	**1,121**
Current Liabilities:		
Trade and other payables	14,925	16,912
Short-term borrowings:		
- Bankers' acceptance	266	-
- Hire purchase payables	71	44
- Term loan	-	57
- Bank overdraft	-	16
Provision for taxation	208	11
	15,470	**17,040**
TOTAL LIABILITIES	**15,672**	**18,161**
TOTAL EQUITY AND LIABILITIES	**90,060**	**57,885**
Net assets per share (sen)	8.53	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 twelve (12) months ended 31 December 2013

	(UNAUDITED) CURRENT YEAR-TO-DATE 31 December 2013 RM'000	(AUDITED) PRECEDING YEAR CORRESPONDING PERIOD 31 December 2012 RM'000
CASH FLOW FOR OPERATING ACTIVITIES		
Loss before taxation	(4,419)	(4,161)
Adjustments for non-cash items:		
Amortisation of software development costs	78	269
Bad debts written off	40	76
Depreciation of property and equipment	1,533	403
Interest expense	60	93
Impairment losses on trade receivables	673	2,068
Equipment written-off	1	- *
Unrealised loss on foreign exchange	- *	-
Gain on disposal of equipment	- *	-
Interest income	(453)	(297)
Reversal of impairment losses on trade receivebles	(981)	(415)
Share-based payment arising from ESOS	4,000	-
Operating loss before changes in working capital	532	(1,964)
Net change in inventories	1,207	-
Net change in trade & other receivables	10,728	(20,230)
Net change in trade & other payables	(18,903)	15,479
Cash flow for operations	(6,436)	(6,715)
Income tax paid	(1,630)	(102)
Income tax refund	81	- *
Interest paid	(60)	(93)
Net cash for operating activities	(8,045)	(6,910)
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	453	297
Software development costs paid	-	(78)
Proceeds from disposal of equipment	1	-
Purchase of equipment	(7,670)	(614)
Net cash inflow on acquisition of subsidiaries	4,508	-
Net cash for investing activities	(2,708)	(395)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(79)	(43)
Repayment of term loan	(968)	(53)
Drawdown of bills payable	266	
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)	-
Proceeds from issuance of shares pursuant to Private Placement, net of expenses	7,828	-
Net cash from financing activites	20,642	34,126
NET CHANGE IN CASH AND CASH EQUIVALENTS	9,889	26,821
EFFECT OF FOREIGN EXCHANGE TRANSLATION	(1)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	28,320	1,499
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD **Note 1**	38,208	28,320

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:	**31/12/2013**	**31/12/2012**
Short-term investments	14,441	15,558
Deposits with licensed bank	929	24
Cash and bank balances	22,838	12,754
Bank Overdraft	-	(16)
	38,208	28,320

The Media Shoppe Berhad (383028-D)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the twelve (12) months ended 31 December 2013

	← Non-Distributable				→	Distributable			
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Employee Share Option Reserve RM'000	Accumulated Losses RM'000	Attributable To Owners of the Company RM'000	Non-Controlling Interest ("NCI") RM'000	Total RM'000
12 months ended 31 December 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	-	-	-	-	-	-	-	268	268
Share option granted under ESOS	-	-	-	-	4,000	-	4,000	-	4,000
Exercise of ESOS	14,000	2,800	-	-	(2,800)	-	14,000	-	14,000
Issuance of shares pursuant to Private Placement	7,910	-	-	-	-	-	7,910	-	7,910
Expenses incurred in relation to Private Placement	-	(82)	-	-	-	-	(82)	-	(82)
Total transactions with owners	36,390	2,313	-	-	1,200	-	39,903	268	40,171
Loss after taxation for the 12 months ended 31 December 2013	-	-	-	-	-	(5,375)	(5,375)	(131)	(5,506)
Other comprehensive expenses for the 12 months ended 31 December 2013 - Foreign currency translation	-	-	-	- *	-	-	- *	(1)	(1)
Total comprehensive expenses for the 12 months ended 31 December 2013	-	-	-	- *	-	(5,375)	(5,375)	(132)	(5,507)
Balance as at 31 December 2013	87,018	4,055	10,146	- *	1,200	(28,167)	74,252	136	74,388

The Media Shoppe Berhad (383028-D)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the twelve (12) months ended 31 December 2013

	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")	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months ended 31 December 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 12 months ended 31 December 2012	-	-	-	-	-	(4,248)	(4,248)	-	(4,248)
Balance as at 31 December 2012	50,628	1,742	10,146	-	-	(22,792)	39,724	-	39,724

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 DECEMBER 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 Cyclicality 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

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 December 2013			
Revenue			
External revenue	1,954	59,461	61,415
Inter-segment revenue	4,709	-	4,709
	6,663	59,461	66,124
Adjustments and eliminations			(4,709)
Consolidated revenue			61,415
Results			
Segment results	(788)	998	210
Share-based payment arising from ESOS	(1,200)	-	(1,200)
Interest income	127	14	141
Reversal of impairment losses on trade receivables	198	-	198
Amortisation of software development costs	(20)	-	(20)
Depreciation of property and equipment	(106)	(327)	(433)
Impairment losses on trade receivables	(92)	-	(92)
Interest expense	(3)	(2)	(5)
	(1,884)	683	(1,201)
Income tax expense	(14)	(278)	(292)
Consolidated (loss)/profit after taxation	(1,898)	405	(1,493)
Assets			
Segment assets/Consolidated total assets	30,459	59,601	90,060
Liabilities			
Segment liabilities/Consolidated total liabilities	1,181	14,491	15,672

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 December 2012			
Revenue			
External revenue	1,782	36,401	38,183
Results			
Segment results	(107)	131	24
Interest income	93	-	93
Reversal of impairment losses on trade receivables	346	-	346
Amortisation of software development costs	(67)	-	(67)
Depreciation of property and equipment	(107)	-	(107)
Impairment losses on trade receivables	(1,083)	-	(1,083)
Interest expense	(23)	-	(23)
	(948)	131	(817)
Income tax expense	(44)	(22)	(66)
Consolidated (loss)/profit after taxation	(992)	109	(883)
Assets			
Segment assets/Consolidated total assets	22,910	34,975	57,885
Liabilities			
Segment liabilities/Consolidated total liabilities	3,542	14,619	18,161

The Group operates principally in Malaysia.

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

There were no material events subsequent to the end of the current quarter up to 19 February 2014, 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.

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

Save for the following, since the last annual balance sheet date, there were no material changes in contingent liabilities and contingent assets for the Group as at 19 February 2014 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

The changes in contingent liabilities of the Company are as follows:-

	The Company	
	As at 31/12/2013 RM'000	As at 31/12/2012 RM'000
Corporate guarantees extended:		
- to financial institutions for credit facilities granted to a subsidiary	266	-
- to a supplier for purchases made by a subsidiary	- *	-

Note:-
** - Amount less than RM1,000*

A13. Capital Commitments

	RM'000
Approved and Contracted for:-	
Property and equipment	2,108

Save for the above, there were no capital commitments as at 19 February 2014 (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 31.12.2013 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	24	100
Key management personnel:-		
- salaries and allowances	112	506
- defined contibution plans	14	64
- others	- *	1
- fee	36	144

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 December 2013.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements

B1. Detailed Analysis of Overall Performance

	Individual Quarter		Cumulative Period	
	31.12.2013 RM'000	**31.12.2012 RM'000**	**31.12.2013 RM'000**	**31.12.2012 RM'000**
Revenue	61,415	38,183	228,175	79,186
Loss before taxation	(1,201)	(817)	(4,419)	(4,161)

For the current quarter under review, the Group generated revenue of RM61.4 million for the quarter ended 31 December 2013, representing an increase of 61% as compared to RM38.2 million reported in the quarter ended 31 December 2012. The increase in revenue is mainly derived from the division of trading of Information Technology (IT) and Information Communication Technology (ICT) products as a result of expansion in this segment through acquisition of subsidiaries which was completed in first quarter of 2013. Loss before taxation has increased by RM0.4 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 RM1.2 million in the current quarter. By excluding the foregoing effect, the Group's loss before taxation decreased by RM0.8 mllion as a result of profit derived from the IT and ICT division and decrease in impairment losses on trade receivables from provision of integrated web-based and workflow system.

For the cumulative period under review, the Group generated revenue of RM228.2 million for the year ended 31 December 2013, representing an increase of 188% as compared to RM79.2 million reported in the year ended 31 December 2012. The increase in revenue is mainly derived from the division of trading of IT and ICT products. Loss before taxation has increased by RM0.3 million as compared with the corresponding period ended 31 December 2012. The Group's loss before taxation has reduced by RM3.7 million by excluding the share-based payment arising from ESOS of the Company of RM4.0 million as a result of profit derived from the IT and ICT division and decrease in impairment losses on trade receivables from provision of integrated web-based and workflow system.

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

	Current quarter ended 31.12.2013 RM'000	**Previous quarter ended 30.9.2013 RM'000**
Revenue	61,415	57,718
(Loss)/Profit before taxation	(1,201)	87

The increase in revenue in the current quarter by RM3.7 million, representing a increase of 6% as compared to the previous quarter is due to the revenue contribution from IT and ICT division.

By excluding the effect of the cost of option of RM1.2 million under the ESOS, the Group's profit before taxation has decreased marginally.

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 in the current quarter is fairly consistent as compared to the previous quarter ended 30 September 2013 and the corresponding quarter ended 31 December 2012.

By excluding the effect of the cost of option under the ESOS of RM1.2 million in the current quarter, loss before taxation has reduced by RM0.3 million as compared to the corresponding quarter mainly due to decrease in impairment losses on trade receivables.

(2) Trading of IT and ICT products

The expansion of business via acquisition has contributed to the improvement of performance in this division. The revenue and profit before taxation in the current quarter has increased by RM23 million and RM0.5 million, respectively as compared to the corresponding quarter ended 31 December 2013.

B4. Commentary on Prospects

The Group's performance for the current financial year has improved as a result of the business expansion during the financial year. By excluding the effect of cost of option under ESOS, the Group's recorded a loss before taxation of RM0.4 million as compared to RM4.2 million in the previous year mainly from the improvement in profit before taxation for IT and ICT division of RM2.6 million.

The Group strives for better performance by continue looking at areas of growth in the business segments as well as strengthening the Group's position in the market. Barring unforeseen circumstances, the Group's performance for next financial year is expected to be better than of the current 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 Open Adventure Sdn Bhd ("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 in meeting the profit guarantee.

B6. Tax Expense

The tax expense is as follows:

	Current Year Quarter RM'000	Current Year-To-Date RM'000
Current tax expense:		
- For the current financial period	(311)	(1,129)
- Underprovision in the previous financial period	-	26
	(311)	(1,103)
Deferred tax expense:		
- Current deferred tax	19	18
- Change in tax rate	-	(2)
	19	16
	(292)	(1,087)

B7. Status of Corporate Proposals

There was no corporate proposal as at 19 February 2014 (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 31.12.2013	Revised Timeframe for Utilisation	Deviation		Explanation
	RM'000	RM'000		RM'000	%	
Working capital requirements	9,004	3,006	Within 36 months	5,998	66.6	N1
Expansion of existing business	9,782	9,782	Within 24 months	218	2.2	N2
Overseas expansion	12,000	-	Within 36 months	12,000	100.0	N3
Estimated expenses in relation to the Rights Issue with Warrants	477	477	Within 1 month	-	-	
Total	31,263	13,265				

B8. Utilisation Of Proceeds (Cont'd)

Rights Issue with Warrants (Cont'd)

N1 The Board of Directors of TMS had resolved, approved and announced on 16 January 2014 to extend the timeframe for the utilisation of the balance of the proceeds for working capital requirements for another twelve (12) months until 18 January 2015.

N2 The proceeds raised have been utilised within the intended timeframe. The over-estimation for expansion of existing business of RM218,000 or 2.18% has been reclassified to working capital requirements.

N3 Pending utilisation.

B9. Details of Group Borrowings and Debt Securities

The Group's interest-bearing borrowings as at the end of the reporting period are as follows:

	As at 31.12.2013 RM'000
Current - secured	
Hire purchase payables - payable within 12 months	71
Bankers' acceptance	266
	336
Non-current - secured	
Hire purchase payables - payable after 12 months	164
	501

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.

On 12 August 2013, a letter of demand has been issued to Heitech Padu Berhad ("HTP") for a sum of RM517,700 due and owing by HTP to a subsidiary of the Company pursuant to Subcontract Agreement For The Government of Malaysia dated 26 September 2012 between HTP and the said subsidiary for "Projek Pembangunan Semula Sistem Pengkomputeran Jabatan - The Supply, Analysis, Design, Development, Installation and Configuration, Testing, Training, Commissioning, Deployment, Maintenance and Support within Warranty Period of an Integrated Solution for Road Transport Department of Malaysia" ("the Agreement").

Pertaining to the same Agreement, on 4 September 2013, HTP has issued a letter of demand to the subsidiary, demanding for a sum of RM700,000, due to the subsidiary's failure to deliver as per the terms of the Agreement. At the same time, HTP proposed a meeting to discuss and explore amicable solution without the necessity of going to court. It was during this time HTP proposed that an earlier sum of RM210,000 paid to the subsidiary be deemed as full and final settlement. The subsidiary did not choose to accept such an amount as full and final settlement at that point in time.

On 12 November 2013, HTP issued another letter of demand to the subsidiary, for an aggregate sum of RM931,500, alleging the subsidiary had breached the terms of the Agreement when it failed to supply and deliver the deliverables and complete the project. Based on the legal advise, HTP has weak or no case on this latest demand.

Having discuss internally, the Board wishes to conclude this matter as soon as possible and has authorised management to revisit the earlier proposed settlement of RM210,000 as full and final settlement as stated above. On 25 November 2013, the said subsidiary proposed the same to HTP. HTP has agreed the proposed settlement via a letter dated 22 January 2014 to the subsidiary.

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 31.12.2013	**Preceding Year Corresponding Quarter Ended 31.12.2012**	**Current Year-to-date Ended 31.12.2013**	**Preceding Year Corresponding Period Ended 31.12.2012**
Basic loss per share				
Loss for the period (RM'000)	(1,500)	(883)	(5,375)	(4,248)
Weighted average number of ordinary shares	870,182,890	506,275,890	795,541,027	485,573,653
Basic loss per share (sen)	(0.17)	(0.17)	(0.68)	(0.87)
Diluted earnings per share	N/A	N/A	N/A	N/A

B14. Notes to the Statement of Profit and Loss and Other Comprehensive Income

	Current quarter 31/12/2013 RM'000	Current year-to-date 31/12/2013 RM'000
Interest income	141	453
Other income	N/A	N/A
Interest expense	5	60
Depreciation of property and equipment	433	1,533
Amortisation of software development costs	19	78
Impairment losses on trade receivables	106	673
Reversal of impairment losses on trade receivables	N/A	981
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)/loss 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 31.12.2013 RM'000	**As at 31.12.2012 RM'000**
Total accumulated losses of the Group:		
- realised	(30,008)	(27,045)
- unrealised	-	-
	(30,008)	(27,045)
Less: Consolidation Adjustments	1,841	4,253
	(28,167)	(22,792)

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 26 February 2014.