

# **THE MEDIA SHOPPE BERHAD**

**Year 2014**

**1st Quarter Announcement**

**The Media Shoppe Berhad**  
(Incorporated in Malaysia - Company No. 383028-D)  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
For the quarter ended 31 March 2014

|   | INDIVIDUAL QUARTER  |  | CUMULATIVE PERIOD   |   |
|---|---|--|---|---|
|   | 2014<br>CURRENT YEAR<br>QUARTER<br><br>31/3/2014<br>(Unaudited)<br>RM'000 | 2013<br>PRECEDING YEAR<br>CORRESPONDING<br>QUARTER<br><br>31/3/2013<br>(Unaudited)<br>RM'000 | 2014<br>CURRENT<br>YEAR-TO-DATE<br><br>31/3/2014<br>(Unaudited)<br>RM'000 | 2013<br>PRECEDING YEAR<br>CORRESPONDING<br>PERIOD<br><br>31/3/2013<br>(Unaudited)<br>RM'000 |
| Revenue   | 60,502  | 50,480   | 60,502  | 50,480  |
| Direct costs                                      | (54,863)  | (45,733)   | (54,863)  | (45,733)  |
| Gross profit                                      | <u>5,639</u>  | <u>4,747</u>   | <u>5,639</u>  | <u>4,747</u>  |
| Other income                                      | 483   | 532  | 483   | 532   |
|   | <u>6,122</u>  | <u>5,279</u>   | <u>6,122</u>  | <u>5,279</u>  |
| Operating expenses                                | (6,166)   | (7,590)  | (6,166)   | (7,590)   |
| Finance costs                                     | (5)   | (23)   | (5)   | (23)  |
| Loss before taxation                              | <u>(49)</u>   | <u>(2,334)</u>   | <u>(49)</u>   | <u>(2,334)</u>  |
| Income tax expense                                | (137)   | (326)  | (137)   | (326)   |
| Loss after taxation                               | <u>(186)</u>  | <u>(2,660)</u>   | <u>(186)</u>  | <u>(2,660)</u>  |
| Other comprehensive income,<br>net of tax         | 1   | - *  | 1   | - *   |
| Total comprehensive expenses                      | <u>(185)</u>  | <u>(2,660)</u>   | <u>(185)</u>  | <u>(2,660)</u>  |
| Loss after taxation attributable to:-             |   |  |   |   |
| Owners of the Company                             | (77)  | (2,567)  | (77)  | (2,567)   |
| Non-controlling interest                          | (109)   | (93)   | (109)   | (93)  |
|   | <u>(186)</u>  | <u>(2,660)</u>   | <u>(186)</u>  | <u>(2,660)</u>  |
| Total comprehensive expenses<br>attributable to:- |   |  |   |   |
| Owners of the Company                             | (77)  | (2,567)  | (77)  | (2,567)   |
| Non-controlling interest                          | (108)   | (93)   | (108)   | (93)  |
|   | <u>(185)</u>  | <u>(2,660)</u>   | <u>(185)</u>  | <u>(2,660)</u>  |
| Loss per share (in sen)                           |   |  |   |   |
| Basic LPS   | (0.01)  | (0.37)   | (0.01)  | (0.37)  |
| 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 2013 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 2014

|  | (UNAUDITED)                      | (AUDITED)                           |
|--|----------------------------------|-------------------------------------|
|  | As at<br>31 March 2014<br>RM'000 | As at<br>31 December 2013<br>RM'000 |
| <b>ASSETS:</b>                                     |                                  |                                     |
| <b>Non-Current Assets:</b>                         |                                  |                                     |
| Property and equipment                             | 13,082                           | 12,068                              |
| Other investments                                  | 250                              | 250                                 |
| Software development costs                         | 230                              | 250                                 |
| Goodwill on consolidation                          | 7,184                            | 7,184                               |
|  | <u>20,746</u>                    | <u>19,752</u>                       |
| <b>Current Assets:</b>                             |                                  |                                     |
| Inventories  | 16,552                           | 13,693                              |
| Trade and other receivables                        | 28,342                           | 18,330                              |
| Tax refundable                                     | 105                              | 77                                  |
| Cash and cash equivalents                          | 33,799                           | 38,208                              |
|  | <u>78,798</u>                    | <u>70,308</u>                       |
| <b>TOTAL ASSETS</b>                                | <u>99,544</u>                    | <u>90,060</u>                       |
| <b>EQUITY AND LIABILITIES:</b>                     |                                  |                                     |
| <b>EQUITY</b>                                      |                                  |                                     |
| Share capital                                      | 87,018                           | 87,018                              |
| Reserves   | (12,843)                         | (12,766)                            |
| Total equity attributable to owners of the Company | 74,175                           | 74,252                              |
| Non-controlling interest                           | 28                               | 136                                 |
| <b>TOTAL EQUITY</b>                                | <u>74,203</u>                    | <u>74,388</u>                       |
| <b>Non-Current Liabilities:</b>                    |                                  |                                     |
| Hire purchase payables                             | 152                              | 164                                 |
| Deferred tax liabilities                           | 38                               | 38                                  |
|  | <u>190</u>                       | <u>202</u>                          |
| <b>Current Liabilities:</b>                        |                                  |                                     |
| Trade and other payables                           | 24,760                           | 14,925                              |
| Short-term borrowings:                             |                                  |                                     |
| - Bankers' acceptance                              | 240                              | 266                                 |
| - Hire purchase payables                           | 63                               | 71                                  |
| Provision for taxation                             | 88                               | 208                                 |
|  | <u>25,151</u>                    | <u>15,470</u>                       |
| <b>TOTAL LIABILITIES</b>                           | <u>25,341</u>                    | <u>15,672</u>                       |
| <b>TOTAL EQUITY AND LIABILITIES</b>                | <u>99,544</u>                    | <u>90,060</u>                       |
| <br>   |                                  |                                     |
| <b>Net assets per share (sen)</b>                  | 8.52                             | 8.53                                |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 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 2014

|   | (UNAUDITED)<br>CURRENT<br>YEAR-TO-DATE<br><br>31 March 2014<br>RM'000 | (UNAUDITED)<br>PRECEDING YEAR<br>CORRESPONDING<br>PERIOD<br><br>31 March 2013<br>RM'000 |
|---|---|---|
| <b>CASH FLOW FOR OPERATING ACTIVITIES</b>   |   |   |
| Loss before taxation  | (49)  | (2,334)   |
| Adjustments for non-cash items:   |   |   |
| Amortisation of software development costs  | 20  | 19  |
| Depreciation of property and equipment  | 505   | 350   |
| Equipment written off   | 3   | -   |
| Impairment losses on trade receivables  | 584   | 185   |
| Interest expense  | 5   | 23  |
| Share-based payment arising from ESOS   | -   | 2,800   |
| Unrealised gain on foreign exchange   | -   | -   |
| Interest income   | (112)   | (101)   |
| Reversal of impairment losses on trade receivables  | (372)   | (430)   |
| Operating profit before changes in working capital  | 584   | 512   |
| Net change in inventories   | (2,858)   | (5,707)   |
| Net change in trade & other receivables   | (10,224)  | 8,605   |
| Net change in trade & other payables  | 9,835   | (14,031)  |
| Cash flow for operations  | (2,663)   | (10,621)  |
| Income tax paid   | (285)   | (344)   |
| Interest paid   | (5)   | (23)  |
| <b>Net cash for operating activities</b>  | (2,953)   | (10,988)  |
| <b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>   |   |   |
| Interest received   | 112   | 101   |
| Purchase of property and equipment  | (1,522)   | (3,443)   |
| Net cash inflow on acquisition of subsidiaries  | -   | 4,508   |
| <b>Net cash (for)/from investing activities</b>   | (1,410)   | 1,166   |
| <b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>   |   |   |
| Repayment of hire purchase payables   | (20)  | (19)  |
| Repayment of term loan  | -   | (14)  |
| Repayment of bankers' acceptances   | (26)  | -   |
| Proceeds from exercise of ESOS  | -   | 14,000  |
| Expenses incurred in relation to acquisition of subsidiaries                                    | -   | (405)   |
| <b>Net cash (for)/from financing activities</b>   | (46)  | 13,562  |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>  | (4,409)   | 3,740   |
| <b>EFFECT OF FOREIGN EXCHANGE TRANSLATION</b>   | -   | -   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>                                     | 38,208  | 28,320  |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b> <span style="float: right;">Note 1</span> | 33,799  | 32,060  |

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 2013 and the accompanying explanatory notes attached to the interim financial statements.)

**Note 1**

**Cash and Cash Equivalents:**

|                             | 31/3/2014 | 31/3/2013 |
|-----------------------------|-----------|-----------|
| Short-term investments      | 14,545    | 13,756    |
| Deposits with licensed bank | 1,929     | 439       |
| Cash and bank balances      | 17,325    | 17,865    |
| Bank Overdraft              | -         | -         |
|                             | 33,799    | 32,060    |

The Media Shoppe Berhad (383028-D)  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the three (3) months ended 31 March 2014

|  | Non-Distributable          |                            | Distributable                |   |  | Total<br>RM'000 |                                 |  |  |        |
|--|----------------------------|----------------------------|------------------------------|---|--|-----------------|---------------------------------|--|--|--------|
|  | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | Warrant<br>Reserve<br>RM'000 | Foreign<br>Exchange<br>Translation<br>Reserve<br>RM'000 | Employee<br>Share<br>Option<br>Reserve<br>RM'000 |                 | Accumulated<br>Losses<br>RM'000 | Attributable<br>To Owners<br>of the<br>Company<br>RM'000 | Non-<br>Controlling<br>Interest<br>("NCI")<br>RM'000 |        |
| <b>3 months ended 31 March 2014</b>  |                            |                            |                              |   |  |                 |                                 |  |  |        |
| Balance as at 1 January 2014   | 87,018                     | 4,055                      | 10,146                       | -   | *  | 1,200           | (28,167)                        | 74,252   | 136  | 74,388 |
| Loss after taxation for the<br>3 months ended 31 March 2014  | -                          | -                          | -                            | -   | -  | -               | (77)                            | (77)   | (109)  | (186)  |
| Other comprehensive expenses for the<br>3 months ended 31 March 2014<br>- Foreign currency translation | -                          | -                          | -                            | -   | *  | -               | -                               | -  | *  | 1      |
| Total comprehensive expenses for the<br>3 months ended 31 March 2014                                   | -                          | -                          | -                            | -   | *  | -               | (77)                            | (77)   | (108)  | (185)  |
| Balance as at 31 March 2014  | 87,018                     | 4,055                      | 10,146                       | -   | *  | 1,200           | (28,244)                        | 74,175   | 28   | 74,203 |

The Media Shoppe Berhad (383028-D)  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the three (3) months ended 31 March 2014

|  | Share Capital<br>RM'000 | Share Premium<br>RM'000 | Warrant Reserve<br>RM'000 | Foreign Exchange Translation Reserve<br>RM'000 | Employee Share Option Reserve<br>RM'000 | Accumulated Losses<br>RM'000 | Attributable To Owners of the Company<br>RM'000 | Non-Controlling Interest ("NCI")<br>RM'000 | Total<br>RM'000 |
|--|-------------------------|-------------------------|---------------------------|--|---|------------------------------|---|--|-----------------|
| <b>3 months ended 31 March 2013</b>  |                         |                         |                           |  |   |                              |   |  |                 |
| 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 expenses 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          |

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 2013 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 2014

### 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 2013. 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 2013.

##### 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 2013.

The adoption of the following MFRSs, Amendments to MFRSs and IC Interpretation that came into effect on 1 January 2014 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities
- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21 Levies

**A3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited financial statements for the financial year ended 31 December 2013 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**

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<br>Web-Based and<br>Workflow System<br>RM'000 | Trading of<br>IT and ICT<br>Products<br>RM'000 | The Group<br>RM'000 |
|--|---|--|---------------------|
| <b>Current quarter ended<br/>31 March 2014</b>     |   |  |                     |
| <b>Revenue</b>                                     |   |  |                     |
| External revenue                                   | 4,187   | 56,315   | 60,502              |
| <b>Results</b>                                     |   |  |                     |
| Segment results                                    | 231   | 353  | 584                 |
| Interest income                                    | 105   | 7  | 112                 |
| Reversal of impairment losses on trade receivables | 372   | -  | 372                 |
| Amortisation of software development costs         | (20)  | -  | (20)                |
| Depreciation of property and equipment             | (82)  | (423)  | (505)               |
| Equipment written off                              | (3)   | -  | (3)                 |
| Impairment losses on trade receivables             | (584)   | -  | (584)               |
| Interest expense                                   | (2)   | (3)  | (5)                 |
|  | 17  | (66)   | (49)                |
| Income tax expense                                 | -   | (137)  | (137)               |
| Consolidated profit/(loss) after taxation          | 17  | (203)  | (186)               |
| <b>Assets</b>                                      |   |  |                     |
| Segment assets/Consolidated total assets           | 34,080  | 65,464   | 99,544              |
| <b>Liabilities</b>                                 |   |  |                     |
| Segment liabilities/Consolidated total liabilities | 3,068   | 22,273   | 25,341              |

## A9. Operating Segment Information (Cont'd)

|  | Provision of Integrated<br>Web-Based and<br>Workflow System<br>RM'000 | Trading of<br>IT and ICT<br>Products<br>RM'000 | The Group<br>RM'000 |
|--|---|--|---------------------|
| <b>Current quarter ended<br/>31 March 2013</b>     |   |  |                     |
| <b>Revenue</b>                                     |   |  |                     |
| External revenue                                   | 1,992   | 48,488   | 50,480              |
| <b>Results</b>                                     |   |  |                     |
| 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                 |
| Amortisation of software development costs         | (20)  | -  | (20)                |
| Depreciation of property and equipment             | (114)   | (236)  | (350)               |
| 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)             |
| <b>Assets</b>                                      |   |  |                     |
| Segment assets/Consolidated total assets           | 31,281  | 58,634   | 89,915              |
| <b>Liabilities</b>                                 |   |  |                     |
| Segment liabilities/Consolidated total liabilities | 3,687   | 18,022   | 21,709              |

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 16 May 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

Since the last annual balance sheet date, there were no material changes in contingent liabilities and contingent assets for the Group as at 16 May 2014 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

#### A13. Capital Commitments

|                                      | RM'000     |
|--------------------------------------|------------|
| <b>Approved and Contracted for:-</b> |            |
| Property and equipment               | <u>755</u> |

Save for the above, there were no capital commitments as at 16 May 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 31.3.2014 are as follows:

|   | Current<br>quarter<br>RM'000 | Cumulative<br>period-to-date<br>RM'000 |
|---|------------------------------|--|
| Professional services rendered by a company in which a director is a common director and has substantial financial interest | 26                           | 26                                     |
| Key management personnel:-  |                              |  |
| - salaries and allowances   | 112                          | 112                                    |
| - defined contribution plans  | 14                           | 14                                     |
| - others  | - *                          | - *                                    |
| - fee   | <u>35</u>                    | <u>35</u>                              |

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 2014.

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

|                      | Individual Quarter  |                     | Cumulative Period   |                     |
|----------------------|---------------------|---------------------|---------------------|---------------------|
|                      | 31.3.2014<br>RM'000 | 31.3.2013<br>RM'000 | 31.3.2014<br>RM'000 | 31.3.2013<br>RM'000 |
| Revenue              | 60,502              | 50,480              | 60,502              | 50,480              |
| Loss before taxation | (49)                | (2,334)             | (49)                | (2,334)             |

The Group generated revenue of RM60.5 million for the quarter ended 31 March 2014, representing an increase of 20% as compared to RM50.5 million reported in the quarter ended 31 March 2013. The increase in revenue is derived from the division of trading of Information Technology (IT) and Information Communication Technology (ICT) products of RM7.8 million and provision of integrated web-based and workflow system of RM2.2 million.

The Group recorded a loss before taxation of approximately RM0.05 million, an improvement of RM2.3 million, as compared to the quarter ended 31 March 2013. However, by excluding the effect of the cost of option under the Employees Share Option Scheme ("ESOS") which was amounted to RM2.8 million in the quarter ended 31 March 2013, loss before taxation for the current quarter has increased by RM0.5 million. This is mainly attributable to increase in impairment losses on trade receivables from provision of integrated web-based and workflow system and higher operating costs from 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<br>quarter ended<br>31.3.2014<br>RM'000 | Previous<br>quarter ended<br>31.12.2013<br>RM'000 |
|----------------------|---|---|
| Revenue              | 60,502  | 61,415  |
| Loss before taxation | (49)  | (1,201)   |

The decrease in revenue in the current quarter by RM0.9 million, representing decrease of 1% as compared to the previous quarter. This is attributable to the decrease in revenue from IT and ICT division of RM3.1 million and increase in revenue from provision of integrated web-based and workflow system of RM2.2 million.

The Group recorded a loss before taxation of approximately RM0.05 million, an improvement of RM1.1 million, as compared to the previous quarter. However, by excluding the effect of the cost of option of RM1.2 million under the ESOS in the previous quarter, the Group's loss before taxation has increased 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 has increased in the current quarter as compared to the previous quarter and corresponding quarter ended 31 March 2013, respectively. This is mainly due to higher revenue contribution from third party products and services as a subsidiary of the Company has secured a new project in the current quarter.

By excluding the effect of the cost of option under the ESOS in the previous quarter and corresponding quarter ended 31 March 2013 of RM1.2 million and RM2.8 million, respectively, loss before taxation has decreased by RM0.7 million and RM0.6 million respectively mainly due to increase in revenue as mentioned above.

#### **(2) Trading of IT and ICT products**

Revenue from this division has increased by RM7.8 million in the current quarter as compared to the corresponding quarter ended 31 March 2013. This is mainly due to the additional orders from customers.

Revenue from this division has decreased by RM3.1 million in the current quarter as compared to the previous quarter. This is mainly due to decreases in notebook and gadget sales.

Loss before taxation has increased in the current quarter as compared with the previous quarter and corresponding quarter ended 31 March 2013, respectively due to higher operating costs.

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

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 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 Open Adventure Sdn Bhd ("OA") and Viewnet Computer System Sdn Bhd ("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<br>Quarter<br>RM'000 | Current<br>Year-To-Date<br>RM'000 |
|------------------------------------|-----------------------------------|-----------------------------------|
| Current tax expense:               |                                   |                                   |
| - For the current financial period | <u>(137)</u>                      | <u>(137)</u>                      |

## B7. Status of Corporate Proposals

There was no corporate proposal as at 16 May 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<br>Utilisation | Actual<br>Utilisation<br>As At<br>31.3.2014 | Revised<br>Timeframe for<br>Utilisation | Deviation |       | Explanation |
|--|-------------------------|---|---|-----------|-------|-------------|
|  | RM'000                  | RM'000                                      |   | RM'000    | %     |             |
| Working capital requirements                                     | 9,004                   | 3,532                                       | Within 36 months                        | 5,472     | 60.8  | N1          |
| Expansion of existing business                                   | 9,782                   | 9,782                                       | Within 24 months                        | -         | -     |             |
| Overseas expansion   | 12,000                  | -   | Within 36 months                        | 12,000    | 100.0 | N1          |
| Estimated expenses in relation to the Rights Issue with Warrants | 477                     | 477   | Within 1 month                          | -         | -     |             |
| Total  | 31,263                  | 13,791                                      |   |           |       |             |

N1 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 31.3.2014<br>RM'000 |
|---|---------------------------|
| <b>Current - secured</b>                          |                           |
| Hire purchase payables - payable within 12 months | 63                        |
| Bankers' acceptance                               | 240                       |
|   | <hr/> 303 <hr/>           |
| <b>Non-current - secured</b>                      |                           |
| Hire purchase payables - payable after 12 months  | 152                       |
|   | <hr/> 455 <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. Dividends

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

## B12. 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<br>Quarter<br>Ended<br>31.3.2014 | Preceding<br>Year<br>Corresponding<br>Quarter Ended<br>31.3.2013 | Current<br>Year-to-date<br>Ended<br>31.3.2014 | Preceding<br>Year<br>Corresponding<br>Period Ended<br>31.3.2013 |
| <b>Basic loss per share</b>                |   |  |   |   |
| Loss for the period (RM'000)               | (77)  | (2,567)  | (77)  | (2,567)   |
| Weighted average number of ordinary shares | 870,182,890                                   | 699,313,668  | 870,182,890                                   | 699,313,668   |
| Basic loss per share (sen)                 | (0.01)  | (0.37)   | (0.01)  | (0.37)  |
| Diluted earnings per share                 | N/A   | N/A  | N/A   | N/A   |

### B13. Notes to the Statement of Profit or Loss and Other Comprehensive Income

|  | Current<br>quarter<br>31/3/2014<br>RM'000 | Current<br>year-to-date<br>31/3/2014<br>RM'000 |
|--|---|--|
| Interest income  | 112                                       | 112  |
| Other income   | N/A                                       | N/A  |
| Interest expense   | 5   | 5  |
| Depreciation of property and equipment                                   | 505                                       | 505  |
| Amortisation of software development costs                               | 20  | 20   |
| Impairment losses on trade receivables                                   | 584                                       | 584  |
| Reversal of impairment losses on trade receivables                       | 372                                       | 372  |
| 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                               | N/A                                       | N/A  |
| Realised loss on foreign exchange  | N/A                                       | N/A  |
| Gain or loss on derivatives  | N/A                                       | N/A  |
| Exceptional items  | N/A                                       | N/A  |

### B14. Disclosure of Realised and Unrealised Profit or Losses

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

|  | As at<br>31.3.2014<br>RM'000 | As at<br>31.12.2013<br>RM'000 |
|--|------------------------------|-------------------------------|
| Total accumulated losses of the Group: |                              |                               |
| - realised                             | (30,188)                     | (30,008)                      |
| - unrealised                           | -                            | -                             |
|  | <u>(30,188)</u>              | <u>(30,008)</u>               |
| Less: Consolidation Adjustments        | 1,944                        | 1,841                         |
|  | <u>(28,244)</u>              | <u>(28,167)</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.

### B15. 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 May 2014.