

THE MEDIA SHOPPE BERHAD

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

Year 2015

Quarterly Announcement

For The Quarter Ended 30 September 2015

THE MEDIA SHOPPE BERHAD
(Company No. 383028-D)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	2015 CURRENT YEAR QUARTER 30/9/2015 (Unaudited) RM'000	2014 PRECEDING YEAR CORRESPONDING QUARTER 30/9/2014 (Unaudited) RM'000	2015 CURRENT YEAR-TO-DATE 30/9/2015 (Unaudited) RM'000	2014 PRECEDING YEAR CORRESPONDING PERIOD 30/9/2014 (Unaudited) RM'000
Revenue	29,621	65,773	121,119	183,305
Direct costs	(26,538)	(61,285)	(110,170)	(169,551)
Gross profit	3,083	4,488	10,949	13,754
Other income	218	147	603	848
	3,301	4,635	11,552	14,602
Operating expenses	(4,982)	(5,096)	(16,347)	(16,425)
Finance costs	(4)	(7)	(25)	(21)
Loss before taxation	(1,685)	(468)	(4,820)	(1,844)
Income tax expense	(145)	(225)	(728)	(623)
Loss after taxation	(1,830)	(693)	(5,548)	(2,467)
Other comprehensive expenses, net of tax	-	(1)	- *	- *
Total comprehensive expenses	(1,830)	(694)	(5,548)	(2,467)
Loss after taxation attributable to:-				
Owners of the Company	(1,830)	(622)	(5,382)	(2,220)
Non-controlling interests	- *	(71)	(166)	(247)
	(1,830)	(693)	(5,548)	(2,467)
Total comprehensive expenses attributable to:-				
Owners of the Company	(1,830)	(623)	(5,382)	(2,221)
Non-controlling interests	- *	(71)	(166)	(246)
	(1,830)	(694)	(5,548)	(2,467)
Loss per share (LPS) (in sen)				
Basic LPS	(0.42)	(0.07)	(1.23)	(0.26)
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 2014 and the accompanying explanatory notes attached to the interim financial statements.)

THE MEDIA SHOPPE BERHAD
(Company No. 383028-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

	(UNAUDITED)	(AUDITED)
	As at	As at
	30 September 2015	31 December 2014
	RM'000	RM'000
ASSETS:		
Non-Current Assets:		
Property and equipment	16,989	14,180
Other investments	199	250
Other intangible assets	2,501	650
Lease receivable	140	175
Goodwill on consolidation	7,184	7,184
	27,013	22,439
Current Assets:		
Inventories	19,674	18,671
Trade and other receivables	25,805	26,235
Lease receivable	47	45
Tax refundable	33	146
Short-term investments	16,835	15,280
Deposits with licensed banks	582	1,918
Cash and bank balances	6,962	18,050
	69,938	80,345
TOTAL ASSETS	96,951	102,784
EQUITY AND LIABILITIES:		
EQUITY		
Share capital	49,694	87,018
Reserves	24,266	(14,491)
Total equity attributable to owners of the Company	73,960	72,527
Non-controlling interests	(110)	628
TOTAL EQUITY	73,850	73,155
Non-Current Liabilities:		
Hire purchase payables	287	326
Deferred tax liabilities	30	30
	317	356
Current Liabilities:		
Trade and other payables	22,661	26,823
Short-term borrowings	52	2,303
Provision for taxation	71	147
	22,784	29,273
TOTAL LIABILITIES	23,101	29,629
TOTAL EQUITY AND LIABILITIES	96,951	102,784
Net assets per share (sen)	14.88	8.33

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

THE MEDIA SHOPPE BERHAD
(Company No. 383028-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE NINE (9) MONTHS ENDED 30 SEPTEMBER 2015

	(UNAUDITED) CURRENT YEAR-TO-DATE 30 September 2015 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING PERIOD 30 September 2014 RM'000
CASH FLOW (FOR)/FROM OPERATING ACTIVITIES		
Loss before taxation	(4,820)	(1,844)
Adjustments for non-cash items:		
Amortisation of software development costs	349	59
Bad debts written off	2	-
Depreciation of property and equipment	1,529	1,524
Equipment written off	-	3
Impairment losses on receivables	89	706
Interest expense	25	21
Loss on disposal of a subsidiary	132	-
Share-based payment arising from ESOS	1,200	-
Gain on disposal of club membership	(41)	-
Gain on disposal of equipment	-	(71)
Interest income	(402)	(339)
Negative goodwill	(1)	-
Reversal of impairment losses on receivables	(36)	(372)
Unrealised gain on foreign exchange	(4)	-
Operating loss before changes in working capital	(1,978)	(313)
Net change in inventories	(1,003)	(3,756)
Net change in trade & other receivables	379	(3,195)
Net change in trade & other payables	(4,155)	8,419
Cash flow (for)/from operations	(6,757)	1,155
Income tax paid	(750)	(949)
Income tax refund	58	-
Interest paid	(25)	(20)
Net cash (for)/from operating activities	(7,474)	186
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	402	339
Proceeds from disposal of club membership	92	-
Proceeds from disposal of equipment	-	188
Repayment from lease receivable	34	-
Disposal of subsidiaries, net of cash	(262)	-
Purchase of property and equipment	(4,339)	(3,428)
Net withdrawal/(placement) of deposits with licensed banks	1,039	(595)
Additional investment in a subsidiary	(1,020)	-
Purchase of intangible asset	(2,200)	(650)
Net cash inflow on acquisition of a subsidiary	3	-
Net cash for investing activities	(6,251)	(4,146)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Drawdown of hire purchase payable	(37)	400
Repayment of hire purchase payables	-	(246)
Repayment of bankers' acceptance	(2,253)	(266)
Proceeds from exercise of ESOS	6,000	-
Proceeds from conversion of warrants	185	-
Net cash from/(for) financing activities	3,895	(112)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(9,830)	(4,072)
EFFECT OF FOREIGN EXCHANGE TRANSLATION	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	34,209	37,765
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	Note 1 <u>24,379</u>	<u>33,693</u>

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 2014 and the accompanying explanatory notes attached to the interim financial statements.)

Note 1

Cash and Cash Equivalents at End of the Financial Period comprised:

	30 September 2015 RM'000	30 September 2014 RM'000
Short-term investments	16,835	13,557
Deposits with licensed bank	582	2,209
Cash and bank balances	6,962	18,965
	<u>24,379</u>	<u>34,731</u>
Less: Deposits pledged to licensed banks	-	(1,029)
Less: Fixed deposits with maturity period more than 3 months	-	(9)
	<u>24,379</u>	<u>33,693</u>

THE MEDIA SHOPPE BERHAD
(Company No. 383028-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE (9) MONTHS ENDED 30 SEPTEMBER 2015

	Non-Distributable		Distributable		Total				
	Share Premium Reserve	Warrant Reserve	Foreign Exchange Translation Reserve	Employees Share Option Reserve ("ESOS")		Accumulated Losses/Retained Profit	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		
9 months ended 30 September 2015									
Balance as at 1 January 2015	87,018	4,055	10,146	- *	1,200	(29,892)	72,527	628	73,155
Transactions with owners of the Company:-									
Acquisition of additional interest in a subsidiary	-	-	-	-	-	(570)	(570)	(450)	(1,020)
Employees' share option lapsed	-	-	-	(1,200)	1,200	-	-	-	-
Share option granted under ESOS	-	-	-	1,200	-	-	1,200	-	1,200
Share capital reduction	(43,509)	-	-	-	43,509	-	-	-	-
Exercise of ESOS	6,000	600	-	(600)	-	-	6,000	-	6,000
Conversion of warrants	185	-	-	-	-	-	185	-	185
Reclassification of warrants reserve upon conversion of warrants	-	94	(94)	-	-	-	-	-	-
Total transactions with owners	(37,324)	694	(94)	(600)	44,139	44,139	6,815	(450)	6,365
Loss after taxation for the 9 months ended 30 September 2015	-	-	-	-	(5,382)	(5,382)	(5,382)	(166)	(5,548)
Other comprehensive expenses for the 9 months ended 30 September 2015 - Foreign currency translation	-	-	-	- *	-	-	- *	- *	- *
Total comprehensive expenses for the 9 months ended 30 September 2015	-	-	-	- *	-	(5,382)	(5,382)	(166)	(5,548)
Disposal of subsidiaries	-	-	-	- *	-	- *	-	(122)	(122)
Balance as at 30 September 2015	49,694	4,749	10,052	- *	600	8,865	73,960	(110)	73,850

THE MEDIA SHOPPE BERHAD
(Company No. 383028-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE (9) MONTHS ENDED 30 SEPTEMBER 2015 (Cont'd)

	Non-Distributable			Distributable			Total RM'000
	Share Premium RM'000	Warrant Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Employees Share Option Reserve RM'000	Accumulated Losses RM'000	Attributable To Owners of the Company RM'000	
9 months ended 30 September 2014							
Balance as at 1 January 2014	87,018	4,055	- *	1,200	(28,167)	74,252	136
Transactions with owners of the Company:-							
NCI share of the acquiree's net identifiable assets	-	-	-	-	-	-	245
Total transactions with owners	-	-	-	-	-	-	245
Loss after taxation for the 9 months ended 30 September 2014	-	-	-	-	(2,220)	(2,220)	(247)
Other comprehensive expenses for the 9 months ended 30 September 2014 - Foreign currency translation	-	-	-	-	-	-	*
Total comprehensive expenses for the 9 months ended 30 September 2014	-	-	-	-	(2,220)	(2,220)	(247)
Balance as at 30 September 2014	87,018	4,055	- *	1,200	(30,387)	72,032	134

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 2014 and the accompanying explanatory notes attached to the interim financial statements.)

THE MEDIA SHOPPE BERHAD (“TMS” or “The Company”)

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015

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 2014. 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 2014.

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 2014.

The adoption of the following accounting standards and interpretations (including the consequential amendments) that came into effect on or after 1 January 2015 is expected to have no material impact on the unaudited condensed consolidated financial statements upon their initial application.

MFRSs and/or IC Interpretations (Including the Consequential Amendments):-

- MFRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014)
- MFRS 15: Revenue from Contracts with Customers
- Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an investor and its Associate or Joint Venture
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities - Applying the Consolidation Exception
- Amendments to MFRS 101: Presentation of Financial Statements - Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants
- Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements
- Annual Improvements to MFRSs 2012 - 2014 Cycle

Part A

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

A3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited financial statements for the financial year ended 31 December 2014 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 current financial period under review that were unusual because of their nature, size or incidence.

A6. Material Changes in Estimates

There were no material changes in estimates during the current financial period under review.

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

On 12 June 2015, 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 120,000,000 at an exercise price of RM0.10 each.

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
22 September 2015	41,500,000
25 September 2015	18,500,000
Total	60,000,000

Pursuant to the Rights Issue with Warrants, the following shares have been issued and listed on the ACE Market of Bursa Securities on the following dates as a result of conversion of warrants to ordinary shares:-

Date	No. of shares
18 September 2015	86,800
23 September 2015	1,763,500
Total	1,850,300

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 since the last annual reporting date.

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting (Cont'd)

A8. Dividends Paid

There were no dividends paid during the current financial period under review.

A9. Operating Segment Information

The Group business segments comprise the following:-

- (i) Provision of integrated web-based and workflow system segment - involved in the research and development and marketing of computer software, provision of system networking support, provision of information technology system and integration services;
- (ii) Trading of IT and ICT products segment - involved in the trading in Information Technology and Information Communication Technology products and retail distribution of software and hardware; and
- (iii) Property construction and its related business.

Segmental information is provided based on business segments, as follows:

	Provision of Integrated Web-Based and Workflow System RM'000	Trading of IT and ICT Products RM'000	Property Construction and its related business RM'000	The Group RM'000
Current quarter ended 30 September 2015				
Revenue				
External revenue	1,220	28,222	179	29,621
Results				
Segment results	(1,613)	534	(19)	(1,098)
Interest income	108	26	-	134
Reversal of impairment losses on receivables	(10)	-	-	(10)
Amortisation of software development costs	(142)	-	-	(142)
Depreciation of property and equipment	(79)	(411)	-	(490)
Impairment losses on receivables	(65)	-	-	(65)
Interest expense	(4)	-	-	(4)
Loss on disposal of a subsidiary	(10)	-	-	(10)
Consolidated (loss)/profit before taxation	(1,815)	149	(19)	(1,685)
Income tax expense	(17)	(128)	-	(145)
Consolidated (loss)/profit after taxation	(1,832)	21	(19)	(1,830)
Assets				
Segment assets/Consolidated total assets	35,094	49,675	12,182	96,951
Liabilities				
Segment liabilities/Consolidated total liabilities	2,511	20,587	3	23,101

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting (Cont'd)

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 30 September 2014			
Revenue			
External revenue	4,416	61,357	65,773
Results			
Segment results	(863)	904	41
Interest income	111	6	117
Amortisation of software development costs	(20)	-	(20)
Depreciation of property and equipment	(87)	(424)	(511)
Impairment losses on receivables	(88)	-	(88)
Interest expense	(5)	(2)	(7)
Consolidated (loss)/profit before taxation	(952)	484	(468)
Income tax expense	(22)	(203)	(225)
Consolidated (loss)/profit after taxation	(974)	281	(693)
Assets			
Segment assets/Consolidated total assets	34,500	61,440	95,940
Liabilities			
Segment liabilities/Consolidated total liabilities	3,300	20,474	23,774

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 18 November 2015, 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.

(a) Change in Financial Year End

On 13 October 2015, the Board of Directors of the Company has resolved to change the financial year end of the Company from 31 December to 31 March. As a result, the next audited financial statements of the Company shall be for a period of 15 months from 1 January 2015 to 31 March 2016 and thereafter 31 March for each subsequent year.

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting (Cont'd)

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

(b) Changes in the Composition of the Group

On 19 October 2015, the Company acquired 100% equity interest in Tristar Union Sdn Bhd ("TUSB") for a total cash consideration of RM2.00. TUSB was incorporated on 28 September 2015 and its present authorised share capital is RM400,000. TUSB is presently dormant and the intended principal activities are property development, property investment and general trading.

(c) Proposed Change of Company Name

On 21 October 2015, The Board of Directors of TMS informed that the Company is proposing to change its name from The Media Shoppe Berhad to SKH Consortium Berhad ("Proposed Change of Name").

The use of the proposed new name SKH Consortium Berhad was approved by the Companies Commission of Malaysia ("CCM") on 21 October 2015.

The Proposed Change of Name is subject to the approval of the shareholders of the Company at a general meeting to be convened, and if approved, will take effect upon the issuance of the Certificate of Incorporation on Change of Name by CCM.

A11. Changes in the Composition of the Group

Save for the below, there were no other changes in the composition of the Group during the current financial period under review.

- (a) On 27 July 2015, the Board of Directors of TMS announced that its wholly-owned subsidiary, Open Adventure Sdn Bhd had disposed 70% equity interests in Open Adventure (Australia) Pty Ltd ("OAA") which comprises 3,500 ordinary shares of AUD1.00 each to Khoo Teng Ken for a total cash consideration of AUD1.00 (equivalent to RM3.00). In consequence thereof, OAA has ceased to be a subsidiary of the Company; and
- (b) On 18 August 2015, the Company acquired 100% equity interest in Super Kian Holdings Sdn Bhd (formerly known as Exonion Sdn Bhd) ("SKH") for a total cash consideration of RM2.00. SKH was incorporated on 22 December 2010 and its present authorised share capital is RM100,000.

Part A

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

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 18 November 2015 (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 18 November 2015 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

A14. Related Party Transactions

The Group’s related party transactions in the current quarter and the cumulative period-to-date ended 30.9.2015 are as follows:

	Current quarter RM000	Cumulative period-to-date RM000
Professional services rendered by a company in which a director is a common director and has substantial financial interest	4	36
Rental of office premises charged by a company in which a director is a common director and has substantial financial interest	11	11
Outsourcing fee charged by a related party	-	50
Administrative expenses charged to a related party	2	16
Staff secondment fee charged to a related party	48	228
Key management personnel:-		
- salaries and allowances	98	398
- defined contribution plans	12	51
- others	- *	1
- fee	38	110

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 financial period under review.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements

B1. Detailed Analysis of Overall Performance

	Individual Quarter		Cumulative Period	
	30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
Revenue	29,621	65,773	121,119	183,305
Loss before taxation	(1,685)	(468)	(4,820)	(1,844)

For the current quarter under review, the Group generated revenue of RM29.6 million, representing a decrease of 55%, as compared to RM65.8 million reported in the quarter ended 30 September 2014. The decrease in revenue is mainly due to decrease in revenue from the division of trading of Information Technology (IT) and Information Communication Technology (ICT) products. Loss before taxation has increased by RM1.2 million as compared to the quarter ended 30 September 2014. This is mainly due to lesser revenue contribution coupled with the expenses incurred in corporate exercises.

For the cumulative period under review, the Group generated revenue of RM121.1 million, representing a decrease of 34%, as compared to RM183.3 million reported in the cumulative period ended 30 September 2014. The decrease in revenue came from the division of trading of IT and ICT products of RM54.8 million and provision of integrated web-based and workflow system of RM7.5 million. Loss before taxation has increased by RM3.0 million as compared to the corresponding cumulative period ended 30 September 2014. By excluding the effect of the cost of option under the ESOS which was amounted to RM1.2 million, loss before taxation has increased by RM1.8 million. This is due to lesser revenue contribution and higher operating costs for projects from the division of provision of integrated web-based and workflow system.

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

	Current quarter ended 30.9.2015 RM'000	Previous quarter ended 30.6.2015 RM'000
Revenue	29,621	31,057
Loss before taxation	(1,685)	(2,327)

The decrease in revenue in the current quarter was RM1.4 million, representing a decrease of 5% as compared to the previous quarter. This is mainly due to the decrease in revenue from IT and ICT division.

The Group recorded a loss before taxation of approximately RM1.7 million, as improvement of RM0.6 million, as compared to the previous quarter. However, by excluding the effect of the cost of option under the ESOS in the second quarter, loss before taxation has increased by RM0.6 million as compared with the previous quarter as a result of lesser revenue contribution from IT and ICT division coupled with the expenses incurred in corporate exercises.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B3. Detailed Analysis of the Group's Operating Segments

There are three 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. This is mainly due to revenue contribution from application software development and training, hosting and maintenance fee.

Revenue from this division has decreased in the current quarter as compared to the corresponding quarter ended 30 September 2014 mainly due to lower revenue contribution from third party products and services for a project secured in 2014.

By excluding the effect of the cost of option under the ESOS in the previous quarter, loss before taxation has increased by RM0.3 million and RM0.9 million as compared with the previous quarter and corresponding quarter ended 30 September 2014, respectively mainly due to increased operating costs.

(2) Trading of IT and ICT products

Revenue from this division has decreased in the current quarter as compared to the previous quarter and corresponding quarter ended 30 September 2014, respectively. This is mainly due to lesser orders from customers.

By excluding the effect of the cost of option under the ESOS in the previous quarter, loss before taxation for the current quarter has reduced marginally as compared with previous quarter and corresponding quarter ended 30 September 2014.

(3) Property construction and its related business

For the current quarter under review, a newly acquired subsidiary of the Company has been awarded a RM192 million project as a Managing Contractor for a development project in Kemaman, Terengganu which marks its first foray into the property construction business. The development entails two storey shop lots/offices with a total of 43 units, five blocks of 12-storey apartments with a total of 660 units, one block of 11-storey affordable apartments with a total of 240 units as well as amenities.

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. The Group will also from time to time look for more opportunities and when appropriate, implement the necessary changes which include diversify its income stream. The acquisition of SKH marks another milestone of the Group to explore into property construction and its related business. Management expects that the overall outlook for the Group's performance for the rest of the year will be challenging due to the uncertainties in the current economic and political conditions.

Part B**Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B5. Variance between Actual Profit and Forecast Profit or Profit Guarantee**

There were no profit forecast or profit guarantee made public for the current financial period under review.

B6. Tax Expense

The tax expense is as follows:

	Current Quarter RM000	Current Year-To-Date RM000
Current tax expense:		
- For the current financial period	(167)	(730)
- Overprovision in the previous financial year	22	2
	<u>(145)</u>	<u>(728)</u>

B7. Status of Corporate Proposals

There were no corporate proposals as at 18 November 2015 (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, Hong Leong Investment Bank Berhad on behalf of TMS announced that the Rights Issue with Warrants has been completed following the listing of and quotation for 312,631,700 Rights Shares together with 234,473,775 Warrants on the ACE Market of Bursa Securities.

Purposes	Proposed Utilisation	Actual Utilisation As At 30.9.2015	Revised Timeframe for Utilisation	Deviation		Explanation
	RM'000	RM'000		RM'000	%	
Working capital requirements	9,004	9,004	Within 36 months	-	-	N1
Expansion of existing business	9,782	9,782	Within 24 months	-	-	
Overseas expansion	12,000	-	Within 36 months	12,000	100.0	
Estimated expenses in relation to the Rights Issue with Warrants	477	477	Within 1 month	-	-	
Total	31,263	19,263				

N1 Pending utilisation.

Part B**Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B9. Details of Group Borrowings and Debt Securities**

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

	As at 30.9.2015 RM'000
Current - unsecured	
Hire purchase payable - payable within 12 months	52
Non-current - unsecured	
Hire purchase payable - payable after 12 months	287
	339

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 current financial period under review.

B12. Loss per Share

The basic loss per share was calculated by dividing the loss after taxation attributable to the owners of the Company by the weighted average number of ordinary shares in issue in the respective period as follows:

	Individual Quarter		Cumulative Period	
	Current Year Quarter Ended 30.9.2015	Preceding Year Corresponding Quarter Ended 30.9.2014	Current Year-to-date Ended 30.9.2015	Preceding Year Corresponding Period Ended 30.9.2014
Basic loss per share				
Loss after taxation attributable to the owners of the Company (RM'000)	(1,830)	(622)	(5,382)	(2,220)
Weighted average number of ordinary shares in issue	440,523,363	870,182,890	436,460,587	870,182,890
Basic loss per share (sen)	(0.42)	(0.07)	(1.23)	(0.26)
Diluted loss per share	N/A	N/A	N/A	N/A

Part B**Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B13. Notes to the Statement of Profit or Loss and Other Comprehensive Income**

	Current quarter 30/9/2015 RM'000	Current year-to-date 30/9/2015 RM'000
Interest income	134	402
Other income	73	161
Interest expense	4	25
Depreciation of property and equipment	490	1,529
Amortisation of software development costs	142	349
Impairment losses on receivables	65	89
Reversal of impairment losses on receivables	10	36
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	-	4
Realised loss/(gain) on foreign exchange	1	1
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 retained profit/(accumulated losses) can be analysed as follows:

	As at 30.9.2015 RM'000	As at 31.12.2014 RM'000
Total retained profit/(accumulated losses) of the Group:		
- realised	4,518	(35,015)
- unrealised	-	-
	4,518	(35,015)
Less: Consolidation Adjustments	4,347	5,123
	8,865	(29,892)

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 25 November 2015.