

# **THE MEDIA SHOPPE BERHAD**

(Company No. 383028-D)

(Incorporated in Malaysia)

## **1. Basis of Preparation.**

The interim financial report is unaudited and is prepared in accordance with FRS 134 “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the MESDAQ Market and should be read in conjunction with the audited consolidated financial statements of The Media Shoppe Berhad and its subsidiary (“**the Group**”) for the year ended 31 December 2005.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the annual financial statements for the year ended 31 December 2005 except for the adoption of the following new Financial Reporting Standards (“FRS”) effective for the financial period beginning 1 January 2006 which do not have any significant financial impact on the Group:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

## **2. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report of the preceding annual financial statements was not subject to any qualification.

## **3. Comments About Seasonal or Cyclical Factors**

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

## **4. Unusual Items Due to Their Nature, Size or Incidence**

There were no unusual items during the quarter under review.

## **5. Changes in Estimates**

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

## **6. 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.

## 7. Dividends Paid

There were no dividends paid during the quarter under review.

## 8. Segmental Information

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter RM'000	Preceding Year Corresponding Quarter RM'000	Current Year To Date RM'000	Preceding Year Corresponding Period RM'000
<b>Revenue</b>				
Malaysia	1,693	1,802	4,673	4,694
Foreign Countries	75	-	825	-
	<hr/> 1,768	<hr/> 1,802	<hr/> 5,498	<hr/> 4,694
<b>Results</b>				
Profit/(Loss) before taxation	(222)	45	(234)	(375)

## 9. Carrying Amount of Revalued Assets

The Group did not revalue any of its property, plant and equipment during the quarter under review.

## 10. Subsequent Events

Apart from the announcement made on 11 October 2006 for the proposed acquisition of the office space, there were no material events between 1 October 2006 and 17 November 2006 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) that have not been reflected in the interim financial statements.

## 11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the period under review.

## 12. Contingent Liabilities

There were no contingent liabilities as at 17 November 2006 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

### 13. Capital Commitments

The amount of capital commitments for the purchase of office space not provided for in the financial statements as at 30 September 2006 is as follows:

	RM'000
Authorised and contracted for	2,307

### 14. Performance review

The Group generated revenue of approximately RM1.8 million and a loss before taxation of RM222,457 for the quarter ended 30 September 2006.

### 15. Comment on Material changes in Profit/(Loss) before Taxation

	Quarter ended 30/9/06 Unaudited RM'000	Quarter ended 30/6/06 Unaudited RM'000	Change (%)
Revenue	1,768	2,110	(16%)
Profit/(Loss) before taxation	(222)	124	(>100%)

The Group recorded revenue of RM1.8 million for the quarter under review. The revenue is mainly derived from the sales of in-house developed solution and its software application development. The decrease in revenue as compared to the previous quarter is mainly due to the decrease in the revenue recognition of in-house developed solution and the expiry of the mobile solution contract. As a result of the lower revenue, the Group registered a loss before taxation of RM222,457 as compared to a profit before taxation of RM123,935 in the quarter ended 30 June 2006.

### 16. Commentary on Prospects

The Group has secured projects during the quarter. Coupled with the existing projects on hand and barring any unforeseen circumstances, the Group anticipates the financial performance for the year to improve from prior year.

### 17. Profit Forecast and Profit Guarantee

The Company did not issue any profit forecast or profit guarantee in any public document during the quarter under review.

### 18. Taxation

The effective tax rate of the Group is lower than the statutory tax rate of 28% as no provision for taxation is made for the Company and a subsidiary as both companies were granted Multimedia Super Corridor ("MSC") status and enjoyed the tax exemption during the quarter under review. The current tax charge is in respect of interest income derived from the placement of deposits with financial institutions.

## 19. Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and properties during the quarter under review.

## 20. Quoted Securities

The Group did not have any investment in quoted securities as at the date of this report.

## 21. Status of Corporate Proposals

Save as disclosed in Note 10, there were no corporate proposals as at 17 November 2006 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

## 22. Status of Utilisation of Listing Proceeds

The Company raised RM8.638 million during its Initial Public Offering exercise on 8<sup>th</sup> December 2004 and the details of the utilisation of proceeds up to 30 September 2006 are as follows:

Description	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
(i) Acquisition	140	140	-
(ii) Working Capital	3,998	4,113	(115)*
(iii) R&D expenses	3,000	1,983	1,017
(iv) Listing expenses	1,500	1,385	115*
Total	8,638	7,621	1,017

### Notes:

\* As stated in TMS's prospectus dated 19<sup>th</sup> November 2004, the unutilized listing expenses will be used for working capital purposes.

## 23. Group Borrowings and Debt Securities

The Group's interest-bearing borrowings as at 31 December 2005 are in respect of hire purchase of a motor vehicle and leasing of computer equipment as follows:

	RM 000
<b>Current</b>	
Hire purchase and lease creditor – payable within 12 months	121
<b>Non-Current</b>	
Hire purchase and lease creditor – payable after 12 months	311

## 24. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

## 25. Changes in Material Litigation

Neither the Company nor its subsidiaries are engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group which might materially and adversely affect the financial position or business of the Group.

## 26. Dividend Payable

No interim dividend has been declared or paid.

## 27. Earnings per Share

The earnings per share were calculated by dividing the Company's loss after taxation and minority interest by the weighted average number of ordinary shares in the respective period as follows:

	Current Year Quarter	Current Year To Date
Profit/(Loss) after tax (RM'000)	(224)	(244)
Weighted average number of ordinary shares	131,643,600	131,643,600
Basic earnings/(loss) per share (Sen)	(0.17)	(0.19)
Diluted earnings/(loss) per share (Sen)	N/A	N/A

## 28. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 23 November 2006.

### By order of the Board

Mah Li Chen (MAICSA 7022751)  
Lim Siew Ting (MAICSA 7029466)  
Company Secretaries  
Kuala Lumpur  
23 November 2006