

# **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 2007.

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 2007.

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

The auditor’s 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**

No segmental information is provided as the Group’s revenue and profit after taxation is principally contributed from the provision of integrated web-based and mobile applications and solutions and the Group operates principally in Malaysia.

## 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

There were no material events between 1 April 2008 to 16 May 2008 (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 16 May 2008 (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 as announced on 11 October 2006 and which is not provided for in the financial statements as at 31 March 2008 is as follows:

	RM'000
Authorised and contracted for	262

## 14. Performance review

The Group generated revenue of approximately RM2.8 million for the quarter ended 31 March 2008, representing an increase in revenue of approximately 67% as compared to the quarter ended 31 March 2007, and a loss before taxation of approximately RM376,000 for the quarter ended 31 March 2008, representing a decrease in losses of approximately 51% as compared to the quarter ended 31 March 2007.

## 15. Comment on Material changes in Loss before Taxation

	Quarter ended 31/03/08 Unaudited RM'000	Quarter ended 31/12/07 Unaudited RM'000	Change (%)
Revenue	2,790	1,799	55%
Loss before taxation	(376)	(1,150)	67%

The increase in revenue is mainly due the increase in the delivery of application software development as well as the delivery of third party software and hardware during the quarter. As a result of the increase in revenue, the loss before taxation has narrowed by approximately 67% as compared to last quarter.

## **16. Commentary on Prospects**

Based on the existing order book and barring any unforeseen circumstances, the revenue of the Group and its financial performance are expected to improve in the second quarter of the 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 27% 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 for the termination of the proposed acquisition of SSC Solutions Co Ltd which was announced on 7 March 2008, there are no pending corporate proposal announced but not completed as at 16 May 2008 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

## **22. Group Borrowings and Debt Securities**

The Group’s interest-bearing borrowings as at 31 March 2008 are in respect of hire purchase of a motor vehicle, leasing of computer equipment and a term loan and bank overdraft for the office as follows:

**RM' 000**

**Current - secured**

Hire purchase and lease creditor – payable within 12 months	64
Term loan – payable within 12 months	43
Bank overdraft	1
	<hr/>
	108
	<hr/>

**Non-Current -secured**

Hire purchase creditor – payable after 12 months	201
Term loan – payable after 12 months	1,170
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	1,371
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	1,479
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**23. Off Balance Sheet Financial Instruments**

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

**24. 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.

**25. Dividend Payable**

No interim dividend has been declared or proposed.

**26. 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:

	<b>Current Year Quarter</b>	<b>Current Year To Date</b>
Loss after taxation (RM'000)	(376)	(376)
Weighted average number of ordinary shares	131,643,600	131,643,600
Basic loss per share (Sen)	<hr/> <u>(0.29)</u>	<hr/> <u>(0.29)</u>
Diluted earnings/(loss) per share (Sen)	<hr/> <u>N/A</u>	<hr/> <u>N/A</u>

## **27. 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 22 May 2008.

### **By order of the Board**

Mah Li Chen (MAICSA 7022751)

Company Secretary

Kuala Lumpur