

# **THE MEDIA SHOPPE BERHAD**

**Year 2008**

**2nd Quarter Announcement**

**The Media Shoppe Berhad**  
(Incorporated in Malaysia - Company No. 383028-D)  
**CONDENSED INCOME STATEMENTS**  
For the 6 months ended 30 June 2008  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

**CONDENSED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	2008 QUARTER ENDED 6/30/2008 RM'000	2007 QUARTER ENDED 6/30/2007 RM'000	2008 YEAR TO DATE 6/30/2008 RM'000	2007 YEAR TO DATE 6/30/2007 RM'000
Revenue	3,275	2,571	6,065	4,242
Other operating income	20	43	44	101
Operating expenses	(3,235)	(3,488)	(6,386)	(5,969)
<b>Profit / (Loss) from operations</b>	<u>60</u>	<u>(874)</u>	<u>(277)</u>	<u>(1,626)</u>
Finance costs, net	(31)	(17)	(70)	(35)
<b>Profit / (Loss) before taxation</b>	<u>29</u>	<u>(891)</u>	<u>(347)</u>	<u>(1,661)</u>
Taxation	-	-	-	(1)
<b>Profit / (Loss) after taxation</b>	<u>29</u>	<u>(891)</u>	<u>(347)</u>	<u>(1,662)</u>
Minority interests	-	-	-	-
<b>Net profit / (loss) attributable to shareholders</b>	<u><u>29</u></u>	<u><u>(891)</u></u>	<u><u>(347)</u></u>	<u><u>(1,662)</u></u>
<b>Earnings per share</b>				
(i) Basic (Sen)	0.02	(0.68)	(0.26)	(1.26)
(ii) Diluted (Sen)	N/A	N/A	N/A	N/A

(The Condensed Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007)

The Media Shoppe Berhad (383028-D)  
**CONDENSED BALANCE SHEET**  
As at 30 June 2008 and 31 December 2007

	<b>(UNAUDITED)</b>	<b>(AUDITED)</b>
	<b>As at</b>	<b>As at</b>
	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Plant and equipment</b>	3,510	3,067
<b>Other investment</b>	77	77
<b>Software development expenditure</b>	3,795	3,248
<b>Goodwill</b>	3,139	3,139
<b>Current Assets</b>		
Trade and other receivables	5,574	4,116
Cash and cash equivalents	3,730	5,847
	<u>9,304</u>	<u>9,963</u>
<b>Current Liabilities</b>		
Trade and other payables	2,114	864
Hire purchase creditor	64	64
Bank Overdraft	2	529
Taxation	(5)	(5)
Term loan	43	43
	<u>2,218</u>	<u>1,495</u>
<b>Net Current Assets</b>	7,086	8,468
	<u>17,607</u>	<u>17,999</u>
<b>Capital and Reserves</b>		
Share capital	13,164	13,164
Reserves	3,097	3,444
Shareholder's funds	<u>16,261</u>	<u>16,608</u>
<b>Long term liabilities</b>		
Hire purchase creditor- non current	188	214
Term loan	1,158	1,177
	<u>17,607</u>	<u>17,999</u>
<b>Net assets per share (Sen)</b>	12.35	12.62

(The Condensed Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007)

**The Media Shoppe Berhad (383028-D)**  
**Condensed Cash Flow Statement**  
**For the 6 months ended 30 June 2008**

	<b>(UNAUDITED)</b>	<b>(AUDITED)</b>
	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Loss before taxation</b>	(347)	(3,945)
Adjustment for non cash items :		
Allowance for doubtful debts	40	235
Amortisation of software development cost	562	942
Depreciation of plant and equipment	206	372
Interest expense	65	84
Gain on disposal of plant and equipment	-	(31)
Bad debts written off	-	11
Interest income	(44)	(187)
<b>Operating profit/(loss) before working capital changes</b>	<b>482</b>	<b>(2,519)</b>
Changes in working capital		
Net change in current assets	(1,498)	1,184
Net change in current liabilities	1,250	200
<b>Net cash used in operations</b>	<b>234</b>	<b>(1,135)</b>
Interest paid	(65)	(84)
Income tax paid	-	(5)
<b>Net cash generated from/(used in) operating activities</b>	<b>169</b>	<b>(1,224)</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	44	187
Software development cost paid	(1,109)	(1,011)
Proceeds from disposal of plant and equipment	-	31
Purchase of plant and equipment	(649)	(2,627)
<b>Net cash used in investing activities</b>	<b>(1,714)</b>	<b>(3,420)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of hire purchase creditor	(26)	(124)
Term loan	(19)	1,220
<b>Net cash (used in)/ generated from financing activities</b>	<b>(45)</b>	<b>1,096</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,590)</b>	<b>(3,548)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>5,318</b>	<b>8,866</b>
<b>CASH AND CASH EQUIVALENTS AT QUARTER END Note 1</b>	<b>3,728</b>	<b>5,318</b>

(The Condensed Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007)

**Note 1**

<b>Cash and Cash Equivalents:</b>	<b>6/30/2008</b>	<b>12/31/2007</b>
Deposits	1,808	5,668
Cash and bank balances	1,922	179
Bank overdraft	(2)	(529)
	<b>3,728</b>	<b>5,318</b>

**The Media Shoppe Berhad (383028-D)**  
**Condensed Statement of Changes in Equity**  
**For the 6 months ended 30 June 2008**

	Share Capital	Share Premium	Accumulated Losses	Exchange Reserves	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>6 months ended 30 June 2008</b>					
Balance as at 31 December 2007	13,164	9,551	(6,094)	(13)	16,608
Foreign exchange difference	-	-	-	-	-
Net loss for the 6 months ended 30 June 2008	-	-	(347)	-	(347)
Balance as at 30 June 2008	13,164	9,551	(6,441)	(13)	16,261
<b>6 months ended 30 June 2007</b>					
Balance as at 31 December 2006	13,164	9,551	(2,147)	(13)	20,555
Foreign exchange difference	-	-	-	-	-
Net loss for the 6 months ended 30 June 2007	-	-	(1,662)	-	(1,662)
Balance as at 30 June 2007	13,164	9,551	(3,809)	(13)	18,893

**(The Condensed Statement of changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007)**

# **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 July 2008 to 14 August 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 14 August 2008 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

## 13. Capital Commitments

There were no capital commitments as at 14 August 2008 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

## 14. Performance review

The Group generated revenue of approximately RM3.3 million for the quarter ended 30 June 2008, representing an increase in revenue of approximately 27% as compared to the quarter ended 30 June 2007, and a profit before taxation of approximately RM29,000 for the quarter ended 30 June 2008, representing an increase of profit approximately 103% as compared to the quarter ended 30 June 2007.

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

	Quarter ended 30/06/08 Unaudited RM'000	Quarter ended 31/03/08 Unaudited RM'000	Change (%)
Revenue	3,275	2,790	17%
Profit/(Loss) before taxation	29	(376)	108%

The increase in revenue is mainly due the increase in the delivery of in-house developed software, tmsEKP and tmsSMS as well as its related application software development during the quarter. As a result of the increase in revenue while the operating expenses remained constant, the Group recorded an improved profit before taxation of approximately RM29,000 as compared to a loss before taxation of approximately RM376,000 for the quarter ended 31 March 2008.

## **16. Commentary on Prospects**

Based on the existing order book and timely delivery of these orders, the revenue of the Group and its financial performance are expected to improve in the third 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 tax rate of the Group for YA 2008 is 26% and 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. Currently, M-Apps Solutions Sdn Bhd being a subsidiary of the Company is in the process of applying for extension for the MSC status which expired on 29 May 2008. Any tax charge in respect of interest income derived from the placement of deposits with financial institutions will be offsetting with tax credit arose in previous financial years.

## **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**

There were no corporate proposals as at 14 August 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 30 June 2008 are in respect of hire purchase of a motor vehicle, a term loan and bank overdraft for the office as follows:

	<b>RM' 000</b>
<b>Current - secured</b>	
Hire purchase creditor – payable within 12 months	64
Term loan – payable within 12 months	43
Bank overdraft	2
	<hr/> 109 <hr/>



**Non-Current -secured**

Hire purchase creditor – payable after 12 months	188
Term loan – payable after 12 months	1,158
	<hr/>
	1,346
	<hr/>
	1,455
	<hr/>

**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 profit/(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>
Profit/(Loss) after taxation (RM'000)	29	(347)
Weighted average number of ordinary shares	131,643,600	131,643,600
Basic profit/(loss) per share (Sen)	<hr/> 0.02	<hr/> (0.26)
Diluted earnings/(loss) per share (Sen)	<hr/> N/A	<hr/> N/A

**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 20 August 2008.

**By order of the Board**

Mah Li Chen (MAICSA 7022751)  
Company Secretary  
Kuala Lumpur