The Media Shoppe Berhad

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 6 months period ended 30 June 2010
(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	2010 QUARTER ENDED 6/30/2010 RM'000	2009 QUARTER ENDED 6/30/2009 RM'000	2010 YEAR TO DATE 6/30/2010 RM'000	2009 YEAR TO DATE 6/30/2009 RM'000
Revenue	931	2,647	1,717	4,464
Other operating income	722	12	729	42
Operating expenses	(2,431)	(2,524)	(4,899)	(5,127)
Loss from operations	(778)	135	(2,453)	(621)
Finance costs, net	(24)	(30)	(46)	(62)
Loss before taxation	(802)	105	(2,499)	(683)
Taxation	-	-	-	-
Loss after taxation	(802)	105	(2,499)	(683)
Minority interests	-	-	-	-
Loss attributable to shareholders	(802)	105	(2,499)	(683)
Loss per share				
(i) Basic (sen)	(0.57)	0.08	(1.84)	(0.52)
(ii) Diluted (sen)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009)

The Media Shoppe Berhad (383028-D)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2010

	(UNAUDITED) As at 30 June 2010 RM'000	(AUDITED) As at 31 Dec 2009 RM'000
Property, plant and equipment	3,234	3,286
Other investments	250	51
Software development costs	2,107	2,890
Goodwill	3,139	3,139
Current Assets		
Trade and other receivables	2,099	2,879
Cash and cash equivalents	2,363	2,960
	4,462	5,839
Current Liabilities		
Trade and other payables	1,095	1,849
Hire purchase payable	52	52
Term loan	59	57
Provision for sales commission	429	452
Provision for taxation	1	1
	1,636	2,411
Net Current Assets	2,826	3,428
	11,556	12,794
Capital and Reserves		
Share capital	14,481	13,164
Reserves	(4,057)	(1,558)
Shareholder's equity	10,424	11,606
Non-current Liabilities		
Hire purchase payable	96	122
Term loan	1,036	1,066
	11,556	12,794
Net assets per share (sen)	7.92	8.82

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009)

The Media Shoppe Berhad (383028-D)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the 6 months period ended 30 June 2010

		(UNAUDITED) 30 June 2010 RM'000	(UNAUDITED) 30 June 2009 RM'000
OPERATING ACTIVITIES			
Loss before taxation		(2,499)	(683)
Adjustment for non-cash items:			
Allowance for doubtful debts/(Write-back of allowance for doubful debts)		675	(210)
Amortisation of software development costs		528	604
Bad debts written off		-	2
Bad debts recovered		-	(7)
Depreciation of property, plant and equipment		201	194
Interest expenses		46	59
Interest income		(15)	(42)
Provision for sales commission		46	243
Gain on Deconsolidation		(712)	-
Operating (loss)/profit before working capital changes		(1,730)	160
Changes in working capital			
Net change in trade & other receivables		105	(534)
Net change in trade & other payables		(754)	(286)
Net change in provision for sales commission		(69)	(243)
Net cash used in operations		(2,448)	(903)
Interests paid		(46)	(59)
Income tax refund		-	7
Net cash used in operating activities		(2,494)	(955)
INVESTING ACTIVITIES			
Interest received		15	42
Software development costs paid		(97)	(183)
Deconsolidation of a susidiary, net cash & cash equivalents		1,064	-
Purchase of plant and equipment		(149)	(67)
Subscription of shares		(199)	-
Net cash generated from/(used) in investing activities		634	(208)
FINANCING ACTIVITIES			
Repayment of hire purchase payable		(26)	(26)
Repayment of term loan		(28)	(26)
Issuance of new shares		1,317	-
Net cash generated from/(used) in financing activites		1,263	(52)
Effects of foreign exchange rate changes on cash and cash equivalents		-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS		(597)	(1,215)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,960	2,538
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**Note 1**	**2,363**	**1,323**

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statement for the year ended 31 December 2009)

Note 1

<u>Cash and Cash Equivalents:</u>	6/30/2010	6/30/2009
Short-term investments	1,088	2,059
Deposits with licensed bank	24	24
Cash and bank balances	1,251	59
Bank overdraft	-	(819)
	2,363	**1,323**

The Media Shoppe Berhad (383028-D)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months period ended 30 June 2010

	Share Capital	Share Premium	Accumulated Losses	Exchange Reserves	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 30 June 2010					
Balance as at 31 December 2009	13,164	9,551	(11,109)	-	11,606
Issued and paid up share capital	1,317	-	-	-	1,317
Foreign exchange difference	-	-	-	-	-
Net loss for the 6 months period ended 30 June 2010	-	-	(2,499)	-	(2,499)
Balance as at 30 June 2010	14,481	9,551	(13,608)	-	10,424

	Share Capital	Share Premium	Accumulated Losses	Exchange Reserves	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 30 June 2009					
Balance as at 31 December 2008	13,164	9,551	(9,262)	(13)	13,440
Foreign exchange difference	-	-	-	-	-
Net loss for the 6 months period ended 30 June 2009	-	-	(683)	-	(683)
Balance as at 30 June 2009	13,164	9,551	(9,945)	(13)	12,757

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statemen for the year ended 31 December 2009)

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 Ace Market and should be read in conjunction with the audited consolidated financial statements of The Media Shoppe Berhad and its subsidiaries ("**the Group**") for the year ended 31 December 2009.

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 2009, except for the accounting policy changes that are expected to be reflected in the 2010 annual financial statements as follows:

The possible impacts of FRS 7 (including the subsequent amendments) and the revised FRS 139 (2010) on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

FRS 8 replaces FRS 114_{2004} Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the next financial year.

Amendments to FRS 1 and FRS 127 remove the definition of "cost method' currently set out in FRS 127, and instead require an investor to recognise all dividend from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Company for the current financial year but may impact the accounting for future transactions or arrangements.

IC Interpretation 9 requires embedded derivatives to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date the entity first became a party to the contract. The possible impacts of IC Interpretation 9 on the financial statements upon its initial application are not disclosed by virtue of the exemptions given under the revised FRS 139 (2010).

IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

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 loss 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

Other than stated in note 21, there were no material events between 1 July 2010 to 17 Aug 2010 that have not been reflected in the interim financial report. (the latest practicable date not earlier than seven (7) days from the date of issue of this report)

11. Changes in the Composition of the Group

As disclosed in Note 21, on 1 June 2010, Open Dynamics Sdn Bhd ceased to be a 100% owned subsidiary. 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 August 2010 (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 17 August 2010 (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 RM0.9 million for the quarter ended 30 June 2010, representing a decrease in revenue of 65% as compared to the quarter ended 30 June 2009 of RM2.6 million. The decrease in revenue is mainly due to lower sales of in-house product licensing as compared to the same quarter in the last financial year.

On 1 June 2010, the Company has entered into the Subscriptions and Joint Venture Agreement ("SJV") with Splotz Inc Sdn Bhd in Open Dynamics Sdn Bhd. This has resulted a gain on deemed disposal of subsidiary of RM0.7 million. However, with the lower sales generated during the quarter and the impairment of trade debtors of 0.3 million, the Group incurred a loss before taxation of RM0.8 million for the quarter ended 30 June 2010.

15. Commentary on Material Changes in Loss before Taxation

	Quarter ended 30/06/10 Unaudited RM'000	Quarter ended 31/03/10 Unaudited RM'000	Change (%
Revenue	931	786	18%
Loss before taxation	(802)	(1,697)	(53%)

The increase in revenue is mainly due to higher sales of in-house application software development as well as hosting and maintenance during the quarter. In line with the increase in revenue and gain on deemed disposal of RM0.7 million, the loss before taxation is lower as compared to the last quarter.

16. Commentary on Prospects

The Group anticipates that the financial performance for coming quarter ended 30 September 2010 will remain challenging.

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 2010 is 25%. The Company and the wholly-owned subsidiary, TMS Software Sdn Bhd ("TMSS"), were granted the Multimedia Super Corridor ("MSC") status which confers the Company and TMSS the pioneer status incentive where the income from pioneer activities is exempted from tax during the pioneer period from 1 September 2004 to 31 August 2009, and from 30 May 2003 to 29 May 2008, respectively. After the expiry of pioneer status, the Company has surrendered its MSC status. TMSS is currently applying for a renewal of its pioneer status incentive.

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

On 1 June 2010, the Company announced it has entered into a SJV Agreement with Splotz and Open Dynamics to subscribe as shareholder in the share capital of Open Dynamics. Under the JV Agreement, TMS is to subscribe for 198,998 ordinary shares of RM1.00 each in Open Dynamics at RM1.00 each and Splotz is to subscribe for 801,000 ordinary shares of RM1.00 each in Open Dynamics at a par value of RM1.00 each and premium of RM1.10 each ("Subscription Shares") ("Subscription and Joint Venture") in the Company.

The total paid-up and issued share capital of Open Dynamics will increase from RM2.00 to RM1,000,000 comprising ordinary shares of RM1.00 each and to be held, as to 19.9% by TMS and 80.1% by Splotz.

Other than the above, there were no other corporate proposals as at 17 August 2010 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) pending for completion.

22. Group Borrowings and Debt Securities

The Group's interest-bearing borrowings as at 30 June 2010 are in respect of hire purchase of a motor vehicle and a term loan for the office lots as follows:

	RM' 000
Current – secured	
Hire purchase payable – payable within 12 months	52
Term loan – payable within 12 months	59
	111
Non-current –secured	
Hire purchase payable – payable after 12 months	96
Term loan – payable after 12 months	1,036
	1,132
	1,243

23. Off Balance Sheet Financial Instruments

Pursuant to Bursa Malaysia's directive dated 25 March 2010, the Group does not has any derivatives, fair value changes of financial liabilities and realised/unrealised profits/losses occur during the quarter under review after.

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:

	Current Year Quarter	**Current Year To Date**
Loss after taxation (RM'000)	(802)	(2,499)
Weighted average number of ordinary shares	140,419,800	136,031,700
Basic loss per share (sen)	(0.57)	(1.84)
Diluted earnings per share (sen)	N/A	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 18 August 2010.