**The Media Shoppe Berhad**
(Incorporated in Malaysia - Company No. 383028-D)
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**For the 9 months period ended 30 September 2010**
**(THE FIGURES HAVE NOT BEEN AUDITED)**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | 2010 QUARTER ENDED 9/30/2010 | 2009 QUARTER ENDED 9/30/2009 | 2010 YEAR TO DATE 9/30/2010 | 2009 YEAR TO DATE 9/30/2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 1,452 | 1,503 | 3,169 | 5,967 |
| Other operating income | 9 | 9 | 738 | 51 |
| Operating expenses | (2,148) | (2,635) | (7,047) | (7,762) |
| Loss from operations | (687) | (1,123) | (3,140) | (1,744) |
| Finance costs, net | (25) | (30) | (71) | (92) |
| Loss before taxation | (712) | (1,153) | (3,211) | (1,836) |
| Taxation | 1 | - | 1 | - |
| Loss after taxation | (711) | (1,153) | (3,210) | (1,836) |
| Minority interests | - | - | - | - |
| Loss attributable to shareholders | (711) | (1,153) | (3,210) | (1,836) |
| Loss per share | | | | |
| (i) Basic (sen) | (0.49) | (0.88) | (2.31) | (1.39) |
| (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 September 2010

| | (UNAUDITED) As at 30 Sept 2010 RM'000 | (AUDITED) As at 31 Dec 2009 RM'000 |
|---|---|---|
| **Property, plant and equipment** | 3,164 | 3,286 |
| **Other investments** | 250 | 51 |
| **Software development costs** | 1,917 | 2,890 |
| **Goodwill** | 3,139 | 3,139 |
| **Current Assets** | | |
| Trade and other receivables | 2,336 | 2,879 |
| Cash and cash equivalents | 1,620 | 2,960 |
| | 3,956 | 5,839 |
| **Current Liabilities** | | |
| Trade and other payables | 1,028 | 1,849 |
| Hire purchase payable | 52 | 52 |
| Term loan | 51 | 57 |
| Provision for sales commission | 465 | 452 |
| Provision for taxation | 1 | 1 |
| | 1,597 | 2,411 |
| **Net Current Assets** | 2,359 | 3,428 |
| | 10,829 | 12,794 |
| **Capital and Reserves** | | |
| Share capital | 14,481 | 13,164 |
| Reserves | (4,768) | (1,558) |
| Shareholder's equity | 9,713 | 11,606 |
| **Non-current Liabilities** | | |
| Hire purchase payable | 83 | 122 |
| Term loan | 1,033 | 1,066 |
| | 10,829 | 12,794 |
| **Net assets per share (sen)** | 7.38 | 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 9 months period ended 30 September 2010

| | (UNAUDITED) 30 Sept 2010 RM'000 | (UNAUDITED) 30 Sept 2009 RM'000 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| **Loss before taxation** | (3,211) | (1,836) |
| Adjustment for non-cash items: | | |
| Allowance for doubtful debts/(Write-back of allowance for doubful debts) | 651 | (151) |
| Amortisation of software development costs | 765 | 907 |
| Bad debts written off | - | 11 |
| Bad debts recovered | - | (18) |
| Depreciation of property, plant and equipment | 294 | 291 |
| Interest expenses | 71 | 87 |
| Gain on disposal of property, plant and equipment | (3) | - |
| Interest income | (21) | (51) |
| Provision for sales commission | 83 | 69 |
| Gain on Deconsolidation | (712) | - |
| **Operating loss before working capital changes** | (2,083) | (691) |
| Changes in working capital | | |
| Net change in trade & other receivables | (95) | 136 |
| Net change in trade & other payables | (821) | (619) |
| Net change in provision for sales commission | (70) | - |
| Net cash used in operations | (3,069) | (1,174) |
| Interests paid | (71) | (87) |
| Income tax refund | 1 | 7 |
| **Net cash used in operating activities** | (3,139) | (1,254) |
| **INVESTING ACTIVITIES** | | |
| Interest received | 21 | 51 |
| Software development costs paid | (144) | (288) |
| Deconsolidation of a susidiary, net cash & cash equivalents | 1,064 | - |
| Purchase of plant and equipment | (172) | (84) |
| Subscription of shares | (199) | - |
| Proceeds from disposal of property, plant and equipment | 3 | - |
| **Net cash generated from/(used) in investing activities** | 573 | (321) |
| **FINANCING ACTIVITIES** | | |
| Repayment of hire purchase payable | (39) | (39) |
| Repayment of term loan | (39) | (39) |
| Issuance of new shares | 1,317 | - |
| Advance to related company | (13) | - |
| **Net cash generated from/(used) in financing activites** | 1,226 | (78) |
| Effects of foreign exchange rate changes on cash and cash equivalents | - | 13 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (1,340) | (1,640) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 2,960 | 2,538 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD **Note 1** | **1,620** | **898** |

**(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**
**Cash and Cash Equivalents:**

| | 9/30/2010 | 9/30/2009 |
|---|---|---|
| Short-term investments | 1,096 | 1,093 |
| Deposits with licensed bank | 24 | 24 |
| Cash and bank balances | 500 | 39 |
| Bank overdraft | - | (258) |
| | **1,620** | **898** |

The Media Shoppe Berhad (383028-D)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 9 months period ended 30 September 2010

| | Share Capital RM'000 | Share Premium RM'000 | Accumulated Losses RM'000 | Exchange Reserves RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **9 months ended 30 September 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 9 months period ended 30 Sept 2010 | - | - | (3,210) | - | (3,210) |
| Balance as at 30 Sept 2010 | 14,481 | 9,551 | (14,319) | - | 9,713 |

| | Share Capital RM'000 | Share Premium RM'000 | Accumulated Losses RM'000 | Exchange Reserves RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **9 months ended 30 September 2009** | | | | | |
| Balance as at 31 December 2008 | 13,164 | 9,551 | (9,262) | (13) | 13,440 |
| Foreign exchange difference | - | - | - | 13 | 13 |
| Net loss for the 9 months period ended 30 September 2009 | - | - | (1,836) | - | (1,836) |
| Balance as at 30 September 2009 | 13,164 | 9,551 | (11,098) | - | 11,617 |

**(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements 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 revised FRS 3 (2010) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

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.

The revised FRS 127 (2010) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of the revised FRS 127 (2010) prospectively and therefore there will not have any financial impact on the financial statements of the

Group for the current financial year but may impact the accounting for future transactions or arrangements.

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.

Amendments to FRS 138 clarify the requirements under the revised FRS 3 (2010) regarding accounting for intangible assets acquired in a business combination. [These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

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.

Amendments to IC Interpretation 9 are a consequential amendment from the revised FRS 3 (2010). These amendments are 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 workflow system 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 19 Aug 2010 to 24 November 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**

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 24 November 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 24 November 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 RM1.4 million for the quarter ended 30 September 2010, representing a decrease in revenue of 3% as compared to the quarter ended 30 September 2009 of RM1.5 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.

The Group incurred a lower loss before taxation of RM0.7 million for the quarter ended 30 September 2010 due to lower expenses incurred for administrative, sales and marketing expenses.

## 15. Commentary on Material Changes in Loss before Taxation

| | Quarter ended 30/09/10 Unaudited RM'000 | Quarter ended 30/06/10 Unaudited RM'000 | Change (%) |
|---|---|---|---|
| Revenue | 1,452 | 931 | 56% |
| Loss before taxation | (711) | (802) | (11%) |

The increase in revenue is mainly due to higher sales of in-house application software development as well as product licensing during the quarter. In line with the increase in revenue, the loss before taxation is lower as compared to the last quarter.

## 16. Commentary on Prospects

The Group anticipates that financial performance for the coming quarter ended 31 December 2010 will improve.

## 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

There were no corporate proposals as at 24 November 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 September 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 | 51 |
| | 113 |
| **Non-current –secured** | |
| Hire purchase payable – payable after 12 months | 83 |
| Term loan – payable after 12 months | 1,033 |
| | 1,116 |
| | 1,229 |

## 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) | (711) | (3,210) |
| Weighted average number of ordinary shares | 144,807,900 | 138,957,100 |
| Basic loss per share (sen) | (0.49) | (2.31) |
| 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 24 November 2010.