

The Media Shoppe Berhad
(Incorporated in Malaysia - Company No. 383028-D)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 12 months period ended 31 December 2010
(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	2010 QUARTER ENDED 12/31/2010 RM'000	2009 QUARTER ENDED 12/31/2009 RM'000	2010 YEAR TO DATE 12/31/2010 RM'000	2009 YEAR TO DATE 12/31/2009 RM'000
Revenue	7,032	1,916	10,201	7,883
Other operating income	8	7	746	58
Operating expenses	(5,961)	(1,909)	(13,008)	(9,671)
Profit/(Loss) from operations	<u>1,079</u>	<u>14</u>	<u>(2,061)</u>	<u>(1,730)</u>
Finance costs, net	(23)	(25)	(94)	(117)
Profit/(Loss) before taxation	<u>1,056</u>	<u>(11)</u>	<u>(2,155)</u>	<u>(1,847)</u>
Taxation	4	-	5	-
Profit/(Loss) after taxation	<u>1,060</u>	<u>(11)</u>	<u>(2,150)</u>	<u>(1,847)</u>
Minority interests	-	-	-	-
Profit/(Loss) attributable to shareholders	<u><u>1,060</u></u>	<u><u>(11)</u></u>	<u><u>(2,150)</u></u>	<u><u>(1,847)</u></u>
Earning/(Loss) per share				
(i) Basic (sen)	0.73	(0.01)	(1.53)	(1.40)
(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 31 December 2010

	(UNAUDITED)	(AUDITED)
	As at 31 Dec 2010 RM'000	As at 31 Dec 2009 RM'000
Property, plant and equipment	3,051	3,286
Other investments	250	51
Software development costs	603	2,890
Goodwill	-	3,139
Current Assets		
Trade and other receivables	2,774	2,879
Cash and cash equivalents	6,487	2,960
	<u>9,261</u>	<u>5,839</u>
Current Liabilities		
Trade and other payables	768	1,849
Hire purchase payable	52	52
Term loan	52	57
Provision for sales commission	434	452
Provision for taxation	(3)	1
	<u>1,303</u>	<u>2,411</u>
Net Current Assets	7,958	3,428
	<u>11,862</u>	<u>12,794</u>
Capital and Reserves		
Share capital	14,481	13,164
Reserves	(3,708)	(1,558)
Shareholder's equity	<u>10,773</u>	<u>11,606</u>
Non-current Liabilities		
Hire purchase payable	70	122
Term loan	1,019	1,066
	<u>11,862</u>	<u>12,794</u>
Net assets per share (sen)	7.67	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 12 months period ended 31 December 2010

	(UNAUDITED) 31 Dec 2010 RM'000	(AUDITED) 30 Dec 2009 RM'000
OPERATING ACTIVITIES		
Loss before taxation	(2,155)	(1,847)
Adjustment for non-cash items:		
Allowance for doubtful debts/(Write-back of allowance for doubtful debts)	(48)	(706)
Amortisation of software development costs	973	1,209
Bad debts written off	156	1
Bad debts recovered	-	(8)
Depreciation of property, plant and equipment	466	382
Interest expenses	94	110
Gain on disposal of other investment	-	(5)
Gain on disposal of property, plant and equipment	(3)	-
Interest income	(30)	(58)
Provision for sales commission	62	394
Gain on deconsolidation	(712)	-
Software development costs expense off	962	-
Impairment of goodwill	3,139	-
Operating profit/(loss) before working capital changes	2,904	(528)
Changes in working capital		
Net change in trade & other receivables	(3)	1,320
Net change in trade & other payables	(1,081)	396
Net change in provision for sales commission	(80)	(173)
Net cash from operations	1,740	1,015
Interests paid	(94)	(110)
Income tax paid	(2)	(1)
Income tax refund	3	7
Net cash from operating activities	1,647	911
INVESTING ACTIVITIES		
Interest received	30	58
Software development costs paid	-	(384)
Proceeds from disposal of plant and equipment	-	31
Deconsolidation of a subsidiary, net cash & cash equivalents	1,064	-
Purchase of plant and equipment	(231)	(102)
Subscription of shares	(199)	-
Proceeds from disposal of plant and equipment	3	1
Net cash generated from/(used) in investing activities	667	(396)
FINANCING ACTIVITIES		
Repayment of hire purchase payable	(52)	(52)
Repayment of term loan	(52)	(54)
Issuance of new shares	1,317	-
Advance to related company	-	-
Net cash generated from/(used) in financing activities	1,213	(106)
Effects of foreign exchange rate changes on cash and cash equivalents	-	13
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,527	422
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,960	2,538
CASH AND CASH EQUIVALENTS AT END OF THE YEAR Note 1	6,487	2,960

(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:

	12/31/2010	12/31/2009
Short-term investments	1,103	1,075
Deposits with licensed bank	24	24
Cash and bank balances	5,360	1,861
	6,487	2,960

The Media Shoppe Berhad (383028-D)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 12 months period ended 31 December 2010

	Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000	Exchange Reserves RM'000	Total RM'000
12 months ended 31 December 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
Net loss for the 12 months period ended 31 December 2010	-	-	(2,150)	-	(2,150)
Balance as at 31 December 2010	14,481	9,551	(13,259)	-	10,773

	Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000	Exchange Reserves RM'000	Total RM'000
12 months ended 31 December 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 12 months period ended 31 December 2009	-	-	(1,847)	-	(1,847)
Balance as at 31 December 2009	13,164	9,551	(11,109)	-	11,606

(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 114₂₀₀₄ 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 25 November 2010 to 23 February 2011 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 23 February 2011 (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 23 February 2011 (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 RM7.0 million for the quarter ended 31 December 2010, representing an increase of 267% as compared to RM1.9 million reported in the quarter ended 31 December 2009. The significant increase in revenue is mainly due to the sale of intellectual property rights ("IPR") of the in-house developed software amounting to RM5 million.

As a result of the sale, the Group generated profit before taxation of RM1 million for the quarter ended 31 December 2010. This is despite the impairment of goodwill amounting to RM3.1m during the quarter.

15. Commentary on Material Changes in Loss before Taxation

	Quarter ended 31/12/10 Unaudited RM'000	Quarter ended 30/09/10 Unaudited RM'000	Change (%)
Revenue	7,032	1,452	384%
Profit/(Loss) before taxation	1,056	(712)	(248%)

The increase in revenue is mainly due to the sale of IPR during the quarter. In line with the increase in revenue, the profit before taxation is higher as compared to the last quarter.

16. Commentary on Prospects

Based on the existing orders on hand, the revenue of the Group and its financial performance are not expected improve in the coming quarter ended 31 March 2011.

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 23 February 2011 (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 31 December 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	52
	<hr/> 104 <hr/>
Non-current –secured	
Hire purchase payable – payable after 12 months	70
Term loan – payable after 12 months	1,019
	<hr/> 1,089 <hr/>
	<hr/> <hr/> 1,193 <hr/> <hr/>

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
Profit/(Loss) after taxation (RM'000)	1,060	(2,150)
Weighted average number of ordinary shares	144,807,900	140,419,800
Basic earnings/(loss) per share (sen)	<u>0.73</u>	<u>(1.53)</u>
Diluted earnings per share (sen)	<u>N/A</u>	<u>N/A</u>

27. Disclosure of realised and unrealised losses

Pursuant to the directive dated 25 March 2010 issued by Bursa Malaysia Securities Berhad, the breakdown of the accumulated losses can be analysed as follows:

	Quarter ended 31.12.2010 RM'000	Quarter ended 30.09.2010 RM'000
Total retained losses of the Group		
- Realised	10,121	14,319
- Unrealised	<u>0</u>	<u>0</u>
	<u>10,121</u>	<u>14,319</u>

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements", issued by the Malaysian Institute of Accountants on 20 December 2010.

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 February 2011.