

**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 2011  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	2011 QUARTER ENDED 30/09/2011 RM'000	2010 QUARTER ENDED 30/09/2010 RM'000	2011 YEAR TO DATE 30/09/2011 RM'000	2010 YEAR TO DATE 30/09/2010 RM'000
Revenue	1,074	1,452	2,634	3,169
Other operating income	29	9	216	738
Operating expenses	(2,081)	(2,148)	(6,461)	(7,047)
Loss from operations	<u>(978)</u>	<u>(687)</u>	<u>(3,611)</u>	<u>(3,140)</u>
Finance costs, net	(25)	(25)	(84)	(71)
Loss before taxation	<u>(1,003)</u>	<u>(712)</u>	<u>(3,695)</u>	<u>(3,211)</u>
Taxation	-	1	-	1
Loss after taxation	<u>(1,003)</u>	<u>(711)</u>	<u>(3,695)</u>	<u>(3,210)</u>
Minority interests	-	-	-	-
Loss attributable to shareholders	<u>(1,003)</u>	<u>(711)</u>	<u>(3,695)</u>	<u>(3,210)</u>
<b>(Loss)/Earnings per share</b>				
(i) Basic (sen)	(0.69)	(0.49)	(2.54)	(2.31)
(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 2010)

The Media Shoppe Berhad (383028-D)  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 30 Sept 2011

	<b>(UNAUDITED)</b>	<b>(AUDITED)</b>
	<b>As at</b>	<b>As at</b>
	<b>30 Sept 2011</b>	<b>31 Decemeber 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Property, plant and equipment</b>	3,157	3,051
<b>Other investments</b>	250	250
<b>Software development costs</b>	524	603
<b>Current Assets</b>		
Trade and other receivables	1,956	2,773
Cash and cash equivalents	5,165	6,487
	<u>7,121</u>	<u>9,260</u>
<b>Current Liabilities</b>		
Trade and other payables	1,094	1,129
Hire purchase payable	55	52
Term loan	53	52
Provision for sales commission	100	77
Provision for taxation	(3)	(3)
	<u>1,299</u>	<u>1,307</u>
<b>Net Current Assets</b>	5,822	7,953
	<u>9,753</u>	<u>11,857</u>
<b>Capital and Reserves</b>		
Share capital	15,929	14,481
Reserves	(7,408)	(3,713)
Shareholder's equity	<u>8,521</u>	<u>10,768</u>
<b>Non-current Liabilities</b>		
Hire purchase payable	251	70
Term loan	981	1,019
	<u>9,753</u>	<u>11,857</u>
<b>Net assets per share (sen)</b>	5.88	7.67

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2010)

The Media Shoppe Berhad (383028-D)  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
For the 9 months period ended 30 Sept 2011

	(UNAUDITED) 30 Sept 2011 RM'000	(UNAUDITED) 30 Sept 2010 RM'000
<b>OPERATING ACTIVITIES</b>		
Loss before taxation	(3,695)	(3,211)
Adjustment for non-cash items:		
Allowance for doubtful debts/(Write-back of allowance for doubtful debts)	345	651
Amortisation of software development costs	297	765
Depreciation of property, plant and equipment	271	294
Interest expenses	84	71
Interest income	(93)	(21)
Provision for sales commission	67	83
Gain on disposal of plant & equipment	(118)	(3)
Gain on deconsolidation	-	(712)
<b>Operating loss before working capital changes</b>	<b>(2,842)</b>	<b>(2,083)</b>
Changes in working capital		
Net change in trade & other receivables	472	(95)
Net change in trade & other payables	(35)	(821)
Net change in provision for sales commission	(44)	(70)
<b>Net cash used in operations</b>	<b>(2,449)</b>	<b>(3,069)</b>
Interests paid	(84)	(71)
Income tax refund	-	1
<b>Net cash used in operating activities</b>	<b>(2,533)</b>	<b>(3,139)</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	93	21
Software development costs paid	(218)	(144)
Purchase of plant and equipment	(384)	(172)
Proceed from disposal of plant and equipment	125	3
Investment in Open Dynamics Sdn Bhd	-	(199)
Deconsolidation of a subsidiary, net cash & cash equivalent	-	1,064
<b>Net cash (used in)/generated from investing activities</b>	<b>(384)</b>	<b>573</b>
<b>FINANCING ACTIVITIES</b>		
Financing from hire purchase	330	-
Advance to related company	-	(13)
Repayment of hire purchase payable	(146)	(39)
Repayment of term loan	(37)	(39)
Issue of share capital	1,448	1,317
<b>Net cash generated from in financing activities</b>	<b>1,595</b>	<b>1,226</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,322)</b>	<b>(1,340)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>6,487</b>	<b>2,960</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b> Note 1	<b>5,165</b>	<b>1,620</b>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statement for the year ended 31 December 2010)

**Note 1**

**Cash and Cash Equivalents:**

	30/09/2011	30/09/2010
Short-term investments	3,397	1,096
Deposits with licensed bank	24	24
Cash and bank balances	1,744	500
	<b>5,165</b>	<b>1,620</b>

The Media Shoppe Berhad (383028-D)  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the 9 months period ended 30 Sept 2011

	Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000	Total RM'000
<b>9 months ended 30 September 2011</b>				
Balance as at 31 December 2010	14,481	9,551	(13,264)	10,768
Issue and paid up share capital	1,448	-	-	1,448
Net loss for the 9 months period ended 30 September 2011	-	-	(3,695)	(3,695)
Balance as at 30 September 2011	15,929	9,551	(16,959)	8,521

	Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000	Total RM'000
<b>9 months ended 30 September 2010</b>				
Balance as at 31 December 2009	13,164	9,551	(11,109)	11,606
Issue and paid up share capital	1,317	-	-	1,317
Net loss for the 9 months period ended 30 September 2010	-	-	(3,210)	(3,210)
Balance as at 30 September 2010	14,481	9,551	(14,319)	9,713

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010)

# 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 ("TMS" or "the Company") and its subsidiaries ("the Group") for the year ended 31 December 2010.

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 2010, except for the changes from the adoption of new Financial Reporting Standards ("FRSs") applicable to the Group, the accounting policies and method of computation adopted for the interim financial statements as follows:

### FRSs and Amendments

Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendment to FRS 3	Improvements to FRSs (2010)
Amendment to FRS 7	Improving Disclosures about Financial Instruments
Amendment to FRS 7	Improvements to FRSs (2010)
Amendment to FRS 101	Improvements to FRSs (2010)
Amendment to FRS 121	Improvements to FRSs (2010)
Amendment to FRS 128	Improvements to FRSs (2010)
Amendment to FRS 131	Improvements to FRSs (2010)
Amendment to FRS 132	Improvements to FRSs (2010)
Amendment to FRS 134	Improvements to FRSs (2010)
Amendment to FRS 139	Improvements to FRSs (2010)

### Interpretations and Amendments

IC Interpretation 4	Determining Whether an Arrangement contains a Lease
Amendment to IC Interpretation 13	Improvements to FRSs (2010)
IC Interpretation 18	Transfers of Assets from Customers

## 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

During the current quarter and financial year to-date, the Company increased its issued and paid up ordinary share capital of RM0.10 each by way of issuance of 14,480,790 new ordinary shares of RM0.10 each pursuant to a Private Placement. The Private Placement was completed on 26 September 2011.

Other than the above, 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. Material Events Subsequent to the End of the Interim Reporting Period

On 19 October 2011, Hong Leong Investment Bank Berhad ("HLIB") on behalf of the Board of Directors of TMS announced that the Company proposed to undertake the following:-

- (i) proposed renounceable rights issue of up to 318,577,380 new ordinary shares of RM0.10 each in TMS ("**Rights Shares**") on the basis of 2 Rights Shares for every 1 existing ordinary share of RM0.10 each held in TMS ("**TMS Shares**" or "**Shares**") together with up to 238,933,035 free detachable warrants ("**Warrants**") on the basis of 3 Warrants for every 4 Rights Shares subscribed on an entitlement date to be determined later ("**Proposed Rights Issue with Warrants**");
- (ii) proposed establishment of an employees' share option scheme ("**ESOS**") for the eligible employees and directors of the Group ("**Proposed ESOS**");

## 10. Material Events Subsequent to the End of the Interim Reporting Period (Cont'd)

- (iii) proposed increase in the authorised share capital of TMS from RM50,000,000 comprising 500,000,000 TMS Shares to RM100,000,000 comprising 1,000,000,000 TMS Shares ("**Proposed Increase In Authorised Share Capital**"); and
  - (iv) proposed amendment to the Memorandum of Association of TMS ("**Proposed Amendment**")
- (collectively referred to as the "**Proposals**").

On 4 November 2011, HLIB had, on behalf of the Board of Directors, announced that Bursa Securities had, via its letter dated 3 November 2011 approved the following:-

- (i) Admission to the Official List and the listing of and quotation of up to 238,933,035 Warrants, to be issued pursuant to the Proposed Rights Issue with Warrants;
- (ii) Listing of up to 238,933,035 new TMS Shares, to be issued pursuant the exercise of the Warrants;
- (iii) Listing of up to 318,577,380 Rights Shares arising from the Proposed Rights Issue with Warrants; and
- (iv) Listing of such number of additional new TMS Shares representing up to 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of TMS to be issued pursuant to the exercise of options under the Proposed ESOS.

On 9 November 2011, a notice has been given to shareholders that an Extraordinary General Meeting will be held on 5 December 2011 to approve the Proposals.

On 14 November 2011, HLIB had, on behalf of the Board of Directors, announced that Bank Negara Malaysia had, via its letter dated 4 November 2011, approved the application for the issuance of Warrants to the non-resident shareholders of TMS pursuant to the Proposed Rights Issue with Warrants.

There were no other material events between 11 August 2011 to 23 November 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

TMS had on 30 September 2011 acquired 2 ordinary shares of RM1.00 each, representing 100% of the issued and paid-up capital of Kinetic Forward Sdn Bhd ("KFSB") for a cash consideration of RM2.00 only. As a result of the Acquisition, KFSB becomes a wholly-owned subsidiary of TMS.

KFSB was incorporated as a private limited company in Malaysia pursuant to the Companies Act 1965 on 7 July 2011. The authorised share capital of KFSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The principal activity of KFSB is trading of hardware, software, internet and electronic commerce provider and facilitator.

Other than the above, 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 November 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 November 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 RM1.07 million for the quarter ended 30 September 2011, representing a decrease of 26% as compared to RM1.45 million reported in the quarter ended 30 September 2010. The decrease in revenue is mainly due to the lower sale of in-house software development as compared to the same quarter in the last financial year.

As a result of the lower sale, the Group recorded higher loss before taxation of RM1.0 million for the quarter ended 30 September 2011

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

	Quarter ended 30/09/11 Unaudited RM'000	Quarter ended 30/06/11 Unaudited RM'000	Change (%)
Revenue	1,074	866	24%
Loss before taxation	(1,003)	(1,342)	(25%)

The increase in revenue is mainly due to the sale of product licensing as well as hosting and maintenance services.

The impairment on receivables that has been provided in previous quarter and the increase in revenue as mentioned above were the main reasons for the lower loss of before taxation in the current quarter.

## 16. Commentary on Prospects

Based on the on-going orders, the revenue of the Group and its financial performance are expected to improve in the coming quarter ended 31 December 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 2011 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 the pioneer status, the Company has surrendered its MSC status.

## 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 29 July 2011, the Company announced that it proposed to undertake the Proposed Private Placement of up to 14,480,790 new ordinary shares of RM0.10 each in TMS representing approximately 10% of the issued and paid-up share capital of TMS. The Private Placement was completed on 26 September 2011.

On 19 October 2011, Hong Leong Investment Bank Berhad ("HLIB") on behalf of the Board of Directors of TMS announced that the Company proposed to undertake the Proposals as defined in Section 10 above. Please refer to Section 10 for the status of the Proposals.

There were no other corporate proposals as at 23 November 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 30 September 2011 are in respect of hire purchase of motor vehicles and a term loan for the office lots as follows:

	RM' 000
<b>Current – secured</b>	
Hire purchase payable – payable within 12 months	55
Term loan – payable within 12 months	53
	<hr/>
	108
	<hr/>

**Non-current –secured**

Hire purchase payable – payable after 12 months	251
Term loan – payable after 12 months	981
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	1,232
	<hr/>
	1,340
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**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**

Save for the following, the Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and the Directors of TMS do not have any knowledge of proceedings pending or threatened against TMS and/or its subsidiaries, or of any fact likely to give rise to any proceeding, which might materially and adversely affect the financial position or business of the Group:

(i) Letter of demand dated 8 September 2011 for the sum of RM366,357.99 due and owing by Xybase Sdn Bhd to TMS and TMS Software Sdn Bhd pursuant to Agreement for the Supply, Delivery, Installation, Testing Integration, Commissioning and Maintenance of tmsEKP Full Suite and the Developed Software dated 29 January 2008 and the Agreement for the Supply, Delivery, Installation, Testing Integration, Commissioning and Maintenance of tmsEKP Full Suite and the Developed Software dated 1 April 2008.

Subsequent to the letter of demand, Xybase Sdn Bhd has contacted TMS in attempt to settle the outstanding sum. TMS and TMS Software are consulting the legal advisers whether or not to continue with the legal action.

(ii) Letter of demand dated 19 September 2011 for the sum of RM797,530.00 due and owing by Rebound Asia (M) Sdn Bhd to TMS Software Sdn Bhd pursuant to Sub-Contract Agreement dated 11 August 2010 between Rebound Asia (M) Sdn Bhd and TMS Software Sdn Bhd for 'Tender, Membekal, Membangun, Memasang, Mengkonfigurasi, Mengintegrasikan, Menguji, Mentauliah dan Penyelenggara Perisian Sistem Pengurusan Sekolah (SPS) dan Sistem Pengurusan KPM (SPK), Kementerian Pelajaran Malaysia.

Rebound Asia (M) Sdn Bhd's legal adviser has contacted our legal adviser to set a date for discussion of resolution. Based on the advise from the Company's legal advisers, at this juncture, the Directors are of the view that TMS and TMS Software Sdn Bhd have a good chance of recovering the debts owing by Rebound Asia (M) Sdn Bhd.

**25. Dividend Payable**

No interim dividend has been declared or proposed.

## 26. (Loss)/Earnings per Share

The loss 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)	1,003	3,695
Weighted average number of ordinary shares	146,381,899	145,338,332
Basic loss per share (sen)	<u>(0.69)</u>	<u>(2.54)</u>
Diluted loss 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 30.09.2011 RM'000	Quarter ended 30.06.2011 RM'000
Total retained losses of the Group		
- Realised	1,003	1,342
- Unrealised	<u>0</u>	<u>0</u>
	<u>1,003</u>	<u>1,342</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 November 2011.