

## 9. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

### 9.1 SUBSTANTIAL SHAREHOLDERS AND PROMOTERS

#### *Substantial Shareholders' and Promoters' Shareholdings*

Based on our Register of Substantial Shareholders as at the date of this Prospectus, the direct and indirect interests of our substantial shareholders and Promoters in our issued share capital before and after the Restructuring Exercise (assuming full subscription of the Issue Shares reserved for them under preferential share allocation scheme pursuant to the Public Issue) are as follows:-

Shareholder	Nationality / Place of Incorporation	Before Public Issue			After Public Issue			After Bonus Issue		
		Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Monaxis <sup>#</sup>	Malaysia	31,499,970	-	70.00	31,499,970	-	51.64	47,249,955	-	51.64
Datuk Lee Fook Long	Malaysian	-	31,499,970	70.00 <sup>*1</sup>	-	31,499,970	51.64 <sup>*1</sup>	-	47,249,955	51.64 <sup>*1</sup>
Lee Sze Inn <sup>#</sup>	Malaysian	2,250,000	-	5.00	2,430,000	-	3.98	3,645,000	-	3.98
Chung Jaan Hao <sup>#</sup>	Malaysian	2,250,000	-	5.00	2,430,000	-	3.98	3,645,000	-	3.98
Lionel Koh Kok Peng <sup>#</sup>	Malaysian	2,250,030	-	5.00	2,435,030	-	3.99	3,652,545	-	3.99
Christopher Micheal Cheow <sup>#</sup>	Malaysian	2,250,000	-	5.00	2,435,000	-	3.99	3,652,500	-	3.99
OSKTV	Malaysia	4,500,000	-	10.00	4,500,000	-	7.37	6,750,000	-	7.37
OSKVI	Malaysia	-	4,500,000	10.00 <sup>*2</sup>	-	4,500,000	7.37 <sup>*2</sup>	-	6,750,000	7.37 <sup>*2</sup>

#### Notes:-

<sup>#</sup> Promoter.

<sup>\*1</sup> Deemed interested by virtue of his shareholding in Monaxis pursuant to Section 6A of the Act.

<sup>\*2</sup> Deemed interested by virtue of its shareholding in OSKTV pursuant to Section 6A of the Act.

**9. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)*****Background on Substantial Shareholders***

A brief background of our substantial shareholders is set out below.

**Monaxis** was incorporated as a private limited company in Malaysia under the Act on 8 June 2004 and is principally involved in the business of investment holding. As at 28 August 2005, being the latest practicable date prior to the issuance of this Prospectus, the authorized share capital of Monaxis is RM100,000 comprising 100,000 ordinary shares of RM1.00 each while the issued and fully paid-up share capital of Monaxis is RM100 consisting of 100 ordinary shares of RM1.00 each. The substantial shareholders and directors of Monaxis and their respective shareholdings in Monaxis as at 28 August 2005 are as follows:-

	Direct		Indirect	
	No. of shares	%	No. of shares	%
<b><i>Substantial shareholders</i></b>				
Datuk Lee Fook Long	75	75.00	-	-
Lionel Koh Kok Peng	25	25.00	-	-
<b><i>Directors</i></b>				
Datuk Lee Fook Long	75	75.00	-	-
Lionel Koh Kok Peng	25	25.00	-	-

**Datuk Lee Fook Long**, a Malaysian, aged 51, is a Non-Independent Non-Executive Director and he is also a director and shareholder of Monaxis, which in turn is our largest shareholder.

Datuk Lee began his career by starting-up and managing the advertising agency of Naga InterClio Sdn. Bhd. in 1985. In 1989, he successfully led the agency into international integration with DDB Worldwide, resulting in the creation of Naga DDB. At present, Datuk Lee, with over twenty (20) years of experience in the area of advertising, is the Executive Chairman of the Board of Directors of Naga DDB whereby his primary responsibilities are those of managing the day-to-day businesses of Naga DDB and heading the company's teams in all the projects.

Under the leadership of Datuk Lee, Naga DDB has a strong list of commendable achievements. During Naga DDB's early years of operations, the company had secured the client account of National Panasonic Malaysia Sdn. Bhd. and maintained it till this present day. In 1997, Naga DDB initiated the "Don't Drink and Drive" campaign for the Road and Transport Ministry. In addition, the company had also won the most Kancil Awards as well as the inaugural Powersuit Awards. Naga DDB's many achievements had led it to become one of the largest and most awarded advertising agencies in Malaysia.

In 2003, Datuk Lee was appointed as a member of the Board of Asia Operating Committee of DDB Worldwide, in which his key responsibility is the strengthening of the business growth of DDB Worldwide within the Asian region. Datuk Lee is also the current president of the Association of Accredited Advertising Agencies of Malaysia ("4As").

**Lionel Koh Kok Peng**, a Malaysian, aged 43, is a Non-Independent Non-Executive Director and he is an Accounting graduate with Honours from Universiti Kebangsaan Malaysia. Lionel is also a Member of the Malaysian Institute of Accountants and a Fellow of the Malaysian Institute of Taxation.

He joined Naga DDB in October 1990. At present, Lionel is the Group Finance Director of Naga DDB. His responsibilities include, among others, the overseeing of the conduct and proper management of the company's business and risk exposure, the reviewing of the adequacy and integrity of the company's internal control systems and management systems, the implementation and reviewing of the framework of internal control and the general management of the operational and financial aspects of Naga DDB.

## 9. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

**Lee Sze Inn**, a Malaysian, aged 34, is the Chief Executive Officer and Executive Director, responsible for the business strategy and development of the Group, ensuring that the right branding and marketing strategies are deployed for the Group's market positioning.

Sze Inn, a Communication graduate with Honours from Universiti Kebangsaan Malaysia, has vast experiences in the areas of branding, marketing, customer relationship management and product management. Prior to joining our Group, she was the Head of Corporate Marketing at DiGi Telecommunications, being responsible for corporate branding and advertising. Between November 1999 and July 2002, Sze Inn pioneered the new DiGi website as well as spearheaded the CRM Unit and CRM System and Strategic Implementation. In addition, she had also strategised and launched DiGi's mobile Internet services portal "djuice". Prior to DiGi Telecommunications, she was engaged as a Senior Marketing Executive and Marketing Executive with Sony Malaysia Sdn. Bhd. and L'Oreal Malaysia Sdn. Bhd.

**Chung Jaan Hao**, a Malaysian, aged 32, is the Chief Operating Officer and Executive Director, who plays the key role of strategist and planner for the development of products and services in our Group. A former venture capitalist, he is a Finance graduate with Honours from Bowling Green State University, United States of America.

Having headed the development and management of SMS and the mobile Internet services portal of "djuice" at DiGi Telecommunications from August 2000 to July 2002, Jaan Hao has worked closely with major vendors, enablers, content providers and device manufacturers in the development of the latest mobile data services.

Jaan Hao was an active member of a Content Provider Access ("CPA") forum that lobbied to encourage all mobile operators in Malaysia to adopt the practice of third party premium SMS billing that allows third party companies to sell content directly to the mobile network operator's customer based on a revenue-sharing basis with the mobile network operators. Prior to DiGi Telecommunications, Jaan Hao was engaged as a Business Development Executive and an Investment Analyst at Sony Malaysia Sdn. Bhd. and Mayban Ventures Sdn. Bhd. respectively.

**Christopher Micheal Cheow**, a Malaysian, aged 40, is a Non-Independent Non-Executive Director. Christopher, an industry veteran who has fourteen (14) years of experience in the communications industry. He was the Business Group Head at Naga DDB, whereby his portfolio includes blue-chip brand names such as DiGi, Panasonic, Hard Rock Café, Excel and Planet Hollywood. Prior to joining Naga DDB, Christopher held the position of Account Director at J Walter Thompson Sdn. Bhd. from 1999 to 2002 where he oversaw direct communications initiatives for Ford Malaysia and headed the pitch team that won the IKEA and DiGi branding initiatives. While being engaged as a Group Account Director at Ogilvy & Mather Sdn. Bhd. from 1997 to 1999, Christopher's portfolio included blue-chip brand names such as Guinness Anchor, Pepsi and Nestle.

Christopher's many years in the industry imply that many strong relationships have been forged not only with various professionals but with numerous client contacts as well.

**OSKTV**, a wholly-owned subsidiary of OSKVI was incorporated in Malaysia under the Act on 12 October 1994. The principal activities of OSKTV are to undertake venture capital investments in high technology and high growth companies.

As at 28 August 2005, being the latest practicable date prior to the issuance of this Prospectus, OSKTV has an authorised share capital and issued and paid-up share capital of RM5,000,000 and RM150,000 respectively. Its directors are Mr Ong Leong Huat @ Wong Joo Hwa and Dato' Nik Mohamad bin Nik Yahya. Mr Ong Leong Huat @ Wong Joo Hwa and Dato' Nik Mohamad bin Nik Yahya are also directors of OSKH and OSK.

**9. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)**

OSKVI was incorporated as a public limited company under the Act on 5 December 2003 and its shares were listed on the MESDAQ Market on 8 September 2004. OSKVI is an investment holding company. The principal activities of the OSKVI Group are venture capital and the management of investments in securities of venture companies.

The substantial shareholders and directors of OSKVI and their respective shareholdings as at 28 August 2005 are as follows:-

	Direct		Indirect	
	No. of shares	%	No. of shares	%
<b>Substantial shareholders</b>				
OSK Holdings Berhad	861,548,800	57.44	-	-
Ong Leong Huat @ Wong Joo Hwa	3,000,000	0.20	861,548,800	57.44 <sup>(a)</sup>
<b>Directors</b>				
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	3,000,000	0.20	-	-
Ong Leong Huat @ Wong Joo Hwa	3,000,000	0.20	861,548,800	57.44 <sup>(a)</sup>
Wong Chong Kim	3,000,000	0.20	1,700,000	0.11 <sup>(b)</sup>
Yap Yuh Foh, Eddie	375,000	0.02	-	-
Dato' Abdul Azim bin Mohd. Zabidi	-	-	-	-
Tan Sri Datuk Dr. Omar bin Abdul Rahman	-	-	-	-
Foo San Kan	-	-	-	-

**Notes:-**

- (a) Deemed interested by virtue of his substantial shareholding in OSK Holdings Berhad pursuant to Section 6A of the Act.
- (b) Deemed interested by virtue of his substantial shareholding in Harmony Chime Sdn. Bhd

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**9. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)****9.2 DIRECTORSHIPS AND SUBSTANTIAL SHAREHOLDINGS IN OTHER PUBLIC CORPORATIONS**

Save as disclosed below, none of our direct substantial shareholders or Promoters has directorships or substantial shareholdings, whether directly or indirectly, in any other public corporations for the past two (2) years:-

Substantial Shareholder	Company	Principal Activities	Date appointed/ (resigned)	% held as at 28 August 2005			%
				Direct	%	Indirect	
OSKTV	Infotech Alliance Berhad	Software and service companies that provide multi-lingual, multi-region web-based enterprise software	-	-*	-*	-	-
	Nova MSC Berhad	Operational headquarter for the group and function as the group's Global Software and Development Service Centre	-	-*	-*	-	-
	Impressive Edge Group Berhad	Precision engineering and semiconductor support industry	-	-*	-*	-	-
	Green Packet Berhad	Wireless networking and telecommunication products, networking solutions and other high technology products and services	-	48,443,330	13.19	-	-
Lionel Koh Kok Peng	Rekapacific Berhad	Investment holding	25 January 2002	10,000	-#	-	-

**Notes:-**

\* OSKTV was the substantial shareholder during the past two (2) years period.

# Negligible.

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## 9. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

## 9.3 CHANGES IN SUBSTANTIAL SHAREHOLDERS AND PROMOTERS

The changes in our substantial shareholders and Promoters and their direct shareholdings since our incorporation up to the date of this Prospectus are as follows:-

	As at 3 December 2003 <sup>#</sup>		As at 15 May 2004		As at 10 June 2004		As at 18 June 2004		As at 26 August 2005	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lee See Inn	-	-	-	-	112,027	5.00	112,027	5.00	2,250,000	5.00
Chung Jaan Hao	-	-	-	-	112,027	5.00	112,027	5.00	2,250,000	5.00
Lionel Koh Kok Peng	1	50.00	-	-	112,027	5.00	112,029	5.00	2,250,030	5.00
Christopher Micheal Cheow	1	50.00	-	-	112,027	5.00	112,027	5.00	2,250,000	5.00
Lim Kok Chuan @ Bernard Lim	-	-	1	50.0	1	0.00*	-	-	-	-
K'hoon Chim Chong	-	-	1	50.0	1	0.00*	-	-	-	-
OSKTV	-	-	-	-	224,054	10.00	224,054	10.00	4,500,000	10.00
MINCC	2	100.00	-	-	-	-	-	-	-	-
Monaxis	-	-	-	-	1,568,379	70.00	1,568,379	70.00	31,499,970	70.00

## Notes:-

# Being our incorporation date and where two (2) ordinary shares of RM1.00 each were transferred from Lionel Koh Kok Peng and Christopher Micheal Cheow to MINCC.

\* Negligible.

**9. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)**

**9.4 BOARD OF DIRECTORS**

**Directors' profile**

A brief profile on our Board of Directors is as follows:-

For information on Datuk Lee Fook Long, Lee Sze Inn, Chung Jaan Hao, Lionel Koh Kok Peng and Christopher Micheal Cheow, please refer to Section 9.1 of this Prospectus. A brief profile on our other Directors is as follows:-

**Lew Weng Ho**, a Malaysian, aged 57, an Independent Non-Executive Director. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and a member of the Malaysian Institute of Accountants.

He joined Coopers & Lybrand in 1978 for two and a half years before joining Antah Holdings Berhad as Chief Accountant in 1981. He was appointed to the Board of Antah as Finance Director in 1990, responsible for the financial management of the Group. He also served on the board of many of the subsidiary and associated companies, until he retired in 1999. He is currently a financial advisor and business consultant in his private firm, W H Lew Management Sdn. Bhd., providing business and personal consulting services to companies and individuals.

**Ooi Siew Kim**, a Malaysian, aged 49, an Independent Non-Executive Director. She graduated with a Bachelor of Law (Honours) from Wolverhamton Polytechnic, United Kingdom in 1987. She is a Barrister-at-Law of Lincoln's Inn, London since 1988.

She started her career in 1989 as a Legal Assistant with Chin, Eng & Co., a legal firm, and she was mainly responsible for litigation matters. In 1994, she left to set up her own legal practice under the name of Ooi Siew Kim & Co. which undertakes mainly litigation and conveyancing work. She was appointed as a municipal councilor of the Penang Municipal Council for two terms in 1997 and 1998 and was a Director of Penang Port Commission from April 2001 to April 2003. She has been appointed a Senator since November 2002. She was also appointed as the Independent Non-Executive Director of G.A. Blue International Bhd, a company listed on the Main Board of Bursa Securities, on 2 December 2003.

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## 9. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

*Directors' Shareholdings in MNCW*

Based on our Register of Directors' Shareholdings as at the date of this Prospectus, the direct and indirect interests of our Directors in our issued and paid-up share capital before and after the Restructuring Exercise (assuming full subscription of the Issue Shares reserved for them under preferential share allocation scheme pursuant to the Public Issue) are as follows:-

Director	Before Public Issue			After Public Issue			After Bonus Issue		
	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Datuk Lee Fook Long	-	31,499,970	70.00 <sup>*1</sup>	-	31,499,970	51.64 <sup>*1</sup>	-	47,249,955	51.64 <sup>*1</sup>
Lee Sze Inn #	2,250,000	-	5.00	2,430,000	-	3.98	3,645,000	-	3.98
Chung Jaan Hao #	2,250,000	-	5.00	2,430,000	-	3.98	3,645,000	-	3.98
Lionel Koh Kok Peng #	2,250,030	31,499,970	70.00 <sup>*1</sup>	2,435,030	31,499,970	51.64 <sup>*1</sup>	3,652,545	47,249,955	51.64 <sup>*1</sup>
Christopher Michcal Cheow #	2,250,000	-	5.00	2,435,000	-	3.99	3,652,500	-	3.99
Lew Weng Ho	-	-	-	-	-	-	-	-	-
Ooi Siew Kim	-	-	-	-	-	-	-	-	-

**Note:-**

<sup>\*1</sup> Deemed interested by virtue of his shareholding in Monaxis pursuant to Section 6A of the Act.



**9. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)*****Directorships and Substantial Shareholdings in Other Public Corporations***

Save as disclosed in Section 9.2 and the table below, none of our Directors has held directorships or substantial shareholdings, whether directly or indirectly, in any other public corporations during the last two (2) years ended 28 August 2005:-

Director	Company	Principal activities	% held as at 28 August 2005			
			No. of shares	Direct %	No. of shares	Indirect %
Datuk Lee Fook Long	SHH Resources Holdings Berhad	Investment Holding Company	2,790,000	5.58	5,577,500	11.16 <sup>#</sup>
Ooi Siew Kim	G.A. Blue International Bhd	Investment Holding Company	^	^	-	-

**Notes:-**

# Deemed interested by virtue of his substantial shareholding in Naga DDB Sdn. Bhd. pursuant to Section 6A of the Act.

^ Negligible.

***Directors' Remuneration***

For the FYE 31 December 2004, a total sum of RM456,000 was paid to our Directors as remuneration for their services in all capacities to our Group. For the financial year ending 31 December 2005, a total estimated sum of approximately RM588,000 shall be payable to our Directors. Our Directors fall under the following remuneration bands: -

Remuneration Band (RM)	Number of Directors	
	FYE 31 December 2004	FYE 31 December 2005
0 - 100,000	2	5
100,001 - 200,000	0	0
200,001 - 300,000	2	2
300,001 - 400,000	0	0

**9.5 AUDIT COMMITTEE**

Our Group have set up an Audit Committee which comprises the following Board members:-

Name	Designation	Directorship
Lew Weng Ho	Chairman	Independent Non-Executive Director
Lionel Koh Kok Peng	Member	Non-Independent Non-Executive Director
Ooi Siew Kim	Member	Independent Non-Executive Director

The main functions of the Audit Committee include the review of audit plans and audit reports with our auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope of internal audit procedures, review of the balance sheet and profit and loss accounts, and nomination of the auditors.

## 9. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

### 9.6 KEY MANAGEMENT AND TECHNICAL PERSONNEL

The key management and technical personnel of our Group include the following persons:-

Name	Position
Lee Sze Inn	Chief Executive Officer and Executive Director
Chung Jaan Hao	Chief Operating Officer and Executive Director
Tey Lik Yang	Deputy General Manager, Content & Telecommunication Services
Hooi Hing Chuan	Chief Technology Officer
Tony Koh Kok Beng	Financial Controller

#### 9.6.1 Key Management and Technical Personnel Profile

A brief background of our Group's key management and technical personnel is set out below: -

(a) **Lee Sze Inn**

Please refer to her profile under Section 9.1 of this Prospectus.

(b) **Chung Jaan Hao**

Please refer to his profile under Section 9.1 of this Prospectus.

(c) **Tey Lik Yang**, a Malaysian, aged 33, is the Deputy General Manager, responsible for the content and telecommunication services of our Group. He has more than nine (9) years of working experience in product and content development and management; and project management in the ICT industry. Prior to joining our Group, he was with one of the leading content provider in Asia, YesMobile, as Business Manager, who liaises closely with telecommunication service providers and vendors.

(d) **Hooi Hing Chuan**, a Malaysian, aged 34, is our Chief Technology Officer, responsible for overseeing and managing the Enterprise Solutions team while providing the team with technical advice and support in designing the solutions architectures. A Bachelor of Science graduate majoring in Computer Science and Information Technology from the University of Western Australia, he has accumulated a commendable technical background in Web applications development, Windows application programming, TCP/IP socket programming, database connectivity and computer hardware.

Hing Chuan began his career as an Analyst Programmer with BASS Consulting Sdn. Bhd., later moving on to become an Application Specialist. His major contribution was the designing and development of front-end/back-end stand-alone and web-based applications for various stock-broking companies. Prior to joining our Group, he was a Consultant with Logica (Malaysia) Sdn. Bhd., a solutions telecommunications company. His portfolio includes the Geneva Migration Project for PT Telekomikasi Selular of Indonesia, the development of a FTP manager module for Digitel Telecommunications Philippines Inc., and the development of a Web-based pre-paid demonstration application for TA-Orange of Thailand.

(e) **Tony Koh Kok Beng**, a Malaysian, aged 39, is the Financial Controller, responsible for our Group's financial and corporate matters. He is a qualified chartered accountant by profession, being a Member of the Malaysia Institute of Accountants as well as a Fellow of the Malaysian Institute of Taxation.

Tony has more than 12 years of formidable and credible financial and administration experience. Prior joining our Group, he was the Financial Controller of OMD (M) Sdn. Bhd., one of Malaysia's largest communications companies specialising in advertising media buying and planning.

## 9. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

## 9.6.2 Shareholdings in MNCW

Save as disclosed in Sections 9.1 and 9.4 above, as at the date of this Prospectus, the direct and indirect interests of our key management and technical personnel in our issue share capital before and after the Restructuring Exercise (assuming full subscription of the Issue Shares reserved for them under preferential share allocation scheme pursuant to the Public Issue) are as follows:-

Name	Designation	Before Public Issue		After Public Issue		After Bonus Issue	
		Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares
Tey Lik Yang	Key management	-	-	250,000	-	375,000	-
				0.41	-	0.41	-
Hooi Hing Chuan	Key management	-	-	40,000	-	60,000	-
				0.07	-	0.07	-
Tony Koh Kok Beng	Key management	-	-	-	-	-	-

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**9. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)**

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**9.6.3 Directorships and Substantial Shareholdings in Other Public Corporations**

Save as disclosed in Section 9.2 above, none of our key management and technical personnel has held directorships or substantial shareholdings, whether directly or indirectly, in any other public corporations during the last two (2) years.

**9.6.4 Involvement in Other Businesses / Corporations**

As at the date of this Prospectus, none of our executive directors and/or key management are involved in other businesses/corporations, save and except for the operations of our Group.

**9.7 RELATIONSHIPS AND ASSOCIATES**

With the exception of the family relationship between Lionel Koh Kok Peng and Tony Koh Kok Beng where the former is the older brother of the latter, there are no family relationships or associations amongst the substantial shareholders, Promoters, Directors, key management and technical personnel of our Group.

See Section 11 of this Prospectus for details on any related-party transactions.

**9.8 SERVICE AGREEMENTS**

All of our Group's employees have standard employment contracts. There are no existing or proposed service agreements between us or any other company within our Group and our key management and technical personnel.

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**10. APPROVALS AND CONDITIONS****10.1 CONDITIONS ON APPROVALS**

The SC had on 18 April 2005 approved our Listing subject to the following conditions:-

Authority	Details of Conditions Imposed	Status on Compliance
SC	(i) MNCW to disclose in its prospectus the following:-	
	<ul style="list-style-type: none"> <li>▪ The overall structure of the mobile content and messaging industry, the category/type of each industry participant and their respective role/function, and the role/function of MNCW within the same;</li> </ul>	Complied. Please refer to Section 7.3 and 7.4 of this Prospectus.
	<ul style="list-style-type: none"> <li>▪ Risks relating to its short operating track record and the steps taken to/factors that mitigate the same;</li> </ul>	Complied. Please refer to Section 4.2.2 of this Prospectus.
	<ul style="list-style-type: none"> <li>▪ Basis for valuation for MNC Consulting Sdn Bhd (MNCC) and the justifications thereof in particular with respect to the inclusion of shareholders' advances and development costs to the overall valuation, and the details on the purpose and utilisation of funds advanced from shareholders;</li> </ul>	Complied. Please refer to Section 6.4 of this Prospectus.
	<ul style="list-style-type: none"> <li>▪ Risks relating to impairment loss on development expenditure, mitigating steps/actions taken or will be taken to minimise the risk of impairment loss; and financial impact of impairment loss and action to be taken to minimise the impact on the financial position of the Company when an impairment loss is recognized;</li> </ul>	Complied. Please refer to Section 4.7.2 of this Prospectus.
	<ul style="list-style-type: none"> <li>▪ Dependence on revenue sharing arrangements with its customers, suppliers and mobile network operators. In relation thereto, MNCW to disclose in its prospectus risk with respect to non—renewal of agreements with mobile network operators and the impact and/or consequences thereof; and measures undertaken and/or to be undertaken by the Company to mitigate the above risks. In addition, MNCW to disclose in its prospectus risks associated with the vulnerability of MNCW's consolidated revenue to renegotiation of revenue sharing agreements with mobile network operators;</li> </ul>	Complied. Please refer to Section 4.3.2 and 4.2.8 of this Prospectus.
	<ul style="list-style-type: none"> <li>▪ Dependence on Naga DDB and DDB Worldwide, and to outline risks relating to termination of cooperation between DDB and MNCW and mitigating factors, if any, undertaken and/or to be undertaken by the Company in relation thereto;</li> </ul>	Complied. Please refer to Section 4.2.9 of this Prospectus.

**10. APPROVALS AND CONDITIONS (CONT'D)**

<b>Authority</b>	<b>Details of Conditions Imposed</b>	<b>Status on Compliance</b>
	(ii) MNCW to make full provision for trade receivables outstanding that has exceed the normal credit period of 90 days but less than 120 days, unless it can be justified that the outstanding amount can be collected. The said justification must be disclosed in the listing prospectus. In addition, the Company should collect or make full provision for all trade receivables that have been outstanding for more than 120 days;	Complied.
	(iii) OSK/MNCW to disclose the status of utilization of proceeds in its periodic and annual reports until the proceeds are fully utilized;	To be complied.
	(iv) OSK/MNCW to include a negative statement in its prospectus on the exclusion of profit forecast and projections from the Prospectus and the reasons thereof;	Complied. Please refer to Section 5.7 of this Prospectus.
	(v) OSK/MNCW to ensure that all provisions under the MMLR are complied with;	Complied.
	(vi) OSK/MNCW to inform the SC when the proposed flotation on MESDAQ Market is completed; and	To be complied.
	(vii) Approvals to be obtained from other relevant authorities; if any.	Complied.

As we are a MSC status company, the SC has not imposed any equity conditions on us in relation to our Proposed Listing at this time, under the Guidelines of FIC for the Acquisition, Merger and Takeovers by Local and Foreign Interest.

**10.2 MORATORIUM ON THE PROMOTERS' SHARES**

Paragraph 2.10.2 of the Listing Requirements states that our Shares that are held by our Promoters amounting to 45% of our nominal issued and paid-up share capital as at our date of admission to the Official List of the MESDAQ Market are be placed under moratorium. Our Promoters whose Shares are subject to moratorium are as follows:-

<b>Promoters</b>	<b>Number of Shares held after the Public Issue and Bonus Issue</b>	<b>% of enlarged share capital</b>	<b>After Public Issue and Bonus Issue</b>		<b>After full exercise of ESOS</b>	
			<b>Number of Shares to be held under moratorium</b>	<b>% of enlarged share capital</b>	<b>Number of Shares to be held under moratorium</b>	<b>% of enlarged share capital</b>
Monaxis	47,249,955	51.64	36,828,750	40.25	36,828,750	35.00
Lionel Koh Kok Peng	3,375,045	3.69	2,630,628	2.88	2,630,628	2.50
Lee Sze Inn	3,375,000	3.69	2,630,624	2.88	2,630,624	2.50
Chung Jaan Hao	3,375,000	3.69	2,630,624	2.88	2,630,624	2.50
Christopher Micheal Cheow	3,375,000	3.69	2,630,624	2.88	2,630,624	2.50

**10. APPROVALS AND CONDITIONS (CONT'D)**

The moratorium has been fully accepted by our Promoters. They will not be allowed to sell, transfer or otherwise dispose of any part of their interest in our Shares under the moratorium within one (1) year from our date of admission to the Official List of the MESDAQ Market ("Official List"), and thereafter, they are permitted to sell, transfer or otherwise dispose of up to a maximum of one third per annum of their respective shareholdings under moratorium on a straight-line basis. The shareholders of Monaxis will also not be allowed to sell, transfer or otherwise dispose any part of their interest in all any any shares which they hold in Monaxis on the date of our admission to the Official List until the expiry of three (3) years from the date of admission.

The Registrar and Bursa Depository have been informed in writing in relation to the moratorium of the aforesaid Promoters to ensure that it does not register any transfer not in compliance with the moratorium restriction. This restriction has been fully accepted by the aforesaid Promoters.

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## 11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

### 11.1 RELATED COMPANIES WITH SIMILAR TRADE

None of our Directors or our direct substantial shareholders or our subsidiary has any interest, direct or indirect, in any business carrying on a similar trade as us.

### 11.2 RELATED-PARTY TRANSACTIONS

None of our Directors have any interest, direct or indirect, in the promotion of or in any assets which have, within the two (2) years preceding the date of this Prospectus, been acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to us or our subsidiary or in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to our business and our subsidiary taken as a whole, save as disclosed below.

There have been no related-party transactions or arrangements between our Group and our shareholders and/or Directors and/or key management and technical personnel save for the following transactions which were entered into in our ordinary course of business and were conducted on normal commercial terms which are no more favourable to the related parties than those extended to the general public and are not to our detriment:-

- (a) A Memorandum of Understanding (“MOU”) dated 28 April 2004 between Naga DDB<sup>\*1</sup> and MNCC in relation to a strategic partnership on the operational arrangements on the deployment and implementation of the mobile enterprise services provided by MNCC.
- (b) An informal arrangement between Sales Force Asia Sdn Bhd<sup>\*2</sup> and MNCC for the supply of consultancy services in respect of the setting up of our Group’s finance department. The project was completed during the FYE 31 December 2003 for a total consideration of RM18,000.
- (c) A proposal by MNCC accepted by Naga DDB<sup>\*1</sup> on 11 August 2004 for the sale of two (2) units of Go!SMS™ Suite, a CRM platform (“Go!SMS™ Suite”), to Naga DDB and Rapp Collins (M) Sdn. Bhd.<sup>\*1</sup>, for a total consideration of RM1,095,750.

*Notes:-*

<sup>\*1</sup> Our director and substantial shareholder (vide his substantial shareholding in Monaxis), namely Datuk Lee Fook Long, is a director and substantial shareholder of Naga DDB and Rapp Collins (M) Sdn. Bhd.

<sup>\*2</sup> Our directors and substantial shareholders (vide their direct interest and substantial shareholding in Monaxis), namely Lionel Koh Kok Peng and Datuk Lee Fook Long, are directors of Sales Force Asia Sdn. Bhd.

### 11.3 RECURRENT RELATED-PARTY TRANSACTIONS

Our Group had, before the date of this Prospectus entered into the following recurrent related party transactions, which are of a revenue or trading nature (“Recurrent Related Party Transactions”). The transactions are necessary for our Group’s day-to-day operations and were carried out in our ordinary course of business and were conducted on normal commercial terms which are no more favourable to the related parties than those extended to the general public and are not to our detriment. The nature and terms of the future transactions will be reviewed by the audit committee to ensure compliance and our Board will continue to review procedures for future transactions, if any.

- (a) Advertising and promotion expenses charged by OMD (M) Sdn. Bhd.<sup>\*1</sup> for our Group’s promotional activities. The transactions will be effected as and when such promotional activities are required. For the FYE 31 December 2004, our Group incurred approximately RM2.342 million.



**11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST (CONT'D)**

(b) In relation to the sale of the Go!SMS™ Suite to Naga DDB<sup>\*2</sup> and Rapp Collins (M) Sdn. Bhd.<sup>\*2</sup>, details of which are set out in Section 11.2(c) above, our Group will:-

- (i) provide maintenance and support services to both Naga DDB and Rapp Collins (M) Sdn. Bhd. at a total consideration of RM78,375 per annum for each platform;
- (ii) charge Naga DDB and Rapp Collins (M) Sdn. Bhd. for any additional SMS usage above the 50,000 free SMS credits provided for each of the platforms at the following rates:-

Mobile Terminating Traffic / SMS	Rate (per SMS)
0 – 300,000	RM0.12
300,000 – 500,000	RM0.11
> 500,000	RM0.09

and;

- (iii) engage in revenue-sharing with both Naga DDB and Rapp Collins (M) Sdn. Bhd. for our SMS premium charging at the following rates:-

	% of net revenue (after deducting the respective mobile network provider's revenue share)
Naga DDB / Rapp Collins (M) Sdn. Bhd.	70
MNCC	30

(c) Charges associated with services provided by Naga DDB<sup>\*2</sup> in reviewing our Group's creative and production contents in our Group's advertising campaigns. The transactions will be effected as and when such services are required. The total consideration for the assistance rendered by Naga DDB<sup>\*2</sup> amounted to RM72,000 during the FYE 31 December 2004.

**Notes:-**

\*1 Our directors and substantial shareholders (vide their direct shareholding in our Company and substantial shareholding in Monaxis), namely Lionel Koh Kok Peng and Datuk Lee Fook Long, are directors of OMD (M) Sdn. Bhd.

\*2 Our director and substantial shareholder (vide his substantial shareholding in Monaxis), namely Datuk Lee Fook Long, is a director and substantial shareholder of Naga DDB and Rapp Collins (M) Sdn. Bhd.

**11.4 CONFLICT OF INTEREST**

Save as disclosed in Sections 11.2, 11.3 and below, we confirm that no other conflict of interest exist.

On completion of the Public Issue, OSKTV will hold 4,500,000 Shares, representing approximately 7.37% of our enlarged issued and paid-up share capital. OSKTV is a related company of OSK by virtue of their relationship with OSK Holdings Berhad. OSK is a wholly-owned subsidiary of OSKH, whilst OSKH is deemed interested in the entire issued and paid-up share capital of OSKTV by virtue of its substantial shareholdings in OSKVI. In addition, Dato' Nik Mohamed bin Nik Yahya and Mr Ong Leong Huat @ Wong Joo Hwa are common directors of both OSK and OSKTV.

The interest disclosed above does not give rise to a situation of conflict of interest and accordingly, OSK confirms that there are no existing or potential conflicts of interest in its capacity as Adviser for our listing on the MESDAQ Market.

**11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST (CONT'D)**

In addition, the following is to be noted:-

- (a) none of the shares to be placed out as detailed in Section 3.3 of this Prospectus will be placed to OSK and OSKTV and persons connected to them in compliance with the Bursa Securities LR;
- (b) the pricing of the Issue Shares will be market driven after considering the demand and supply for the said shares and market sentiments at the point of the Public Issue; and
- (c) save for the professional fees, the listing proceeds are proposed to be used for various applications of which OSK will not be deriving any benefit therefrom.

Save as disclosed above, OSK confirmed that, as at the date of this Prospectus, there is no other existing or potential conflict of interest in its capacity as the Adviser, Sponsor, Underwriter and Placement Agent for our Listing exercise.

Horwath and Cheang & Ariff have given their confirmation that there are no existing or potential conflicts of interest in their capacity as the Reporting Accountants and Solicitors for our Listing exercise respectively.

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12. DIRECTORS' REPORT



**MNC Wireless Berhad** (635884T)

No. 45, Block A, Level 3, Unit 3.03, Medan Setia 1, Plaza Damansara, Bukit Damansara, 50490 Kuala Lumpur.  
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**Registered Office:**  
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Megan Avenue II  
12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur

20 September 2005

The Shareholders of M N C Wireless Berhad

**M N C WIRELESS BERHAD ("MNCW" or "Company")**

Dear Sir/Madam

On behalf of the Board of Directors of MNCW, I report that after making due enquiries in relation to the interval between 30 June 2005, being the date to which the last audited financial statements of the Company and its subsidiary company have been made up, and 20 September 2005, being a date not earlier than fourteen (14) days before the issue of this Prospectus:-

- (a) The business of the Company and its subsidiary company has, in the opinion of the Directors, been satisfactorily maintained;
- (b) In the opinion of the Directors, save as disclosed in this Prospectus under Sections 5.6, no circumstances have arisen since the last audited financial statements of the Company and its subsidiary company which have adversely affected the trading or the value of the assets of the Company or its subsidiary company;
- (c) The current assets of the Company and its subsidiary company appear in the books at values which are believed to be realisable in the ordinary course of business;
- (b) No contingent liabilities have arisen by reason of any guarantees or indemnities given by the Company or its subsidiary company;
- (c) Since the last audited financial statements of the Group, the Directors are not aware of any default or any known event that could give rise to a default situation, in respect of payments of either interest or principal sums in relation to any borrowings; and
- (f) Save as disclosed in the Accountant's Report and pro-forma consolidated balance sheets dated 20 September 2005 as set out in Section 13 and 14 of this Prospectus, there have been no material changes to the published reserves or any unusual factors affecting the profits of the Company and its subsidiary company since the last audited financial statements of the Company and its subsidiary company.

Yours faithfully  
For and on behalf of the Board of Directors of  
**M N C WIRELESS BERHAD**

  
**Lee Sze Inn**  
Chief Executive Officer

13. ACCOUNTANTS' REPORT



20 September 2005

The Board of Directors  
**M N C Wireless Berhad**  
No. 45, Block A, Level 3  
Unit 3.03, Medan Setia 1  
Plaza Damansara, Bukit Damansara  
50490 Kuala Lumpur

**Horwath** AF No 1018  
**Kuala Lumpur Office**  
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Dear Sirs/Madam

**M N C WIRELESS BERHAD ("THE COMPANY" or "MNCW")  
ACCOUNTANTS' REPORT**

**1. PURPOSE OF REPORT**

This report has been prepared by Horwath, an approved company auditor, for inclusion in the Prospectus of MNCW to be dated 29 September 2005 in connection with the Public Issue of 16,000,000 new ordinary shares of RM0.10 each in MNCW at an issue price of RM0.48 per share and the listing and quotation for the entire enlarged issued and paid-up share capital of MNCW of RM9,150,000 comprising 91,500,000 ordinary shares of RM0.10 each on the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

**2. DETAILS OF MNCW AND ITS SUBSIDIARY ("MNCW GROUP")**

**2.1 THE COMPANY**

The Company was incorporated on 3 December 2003 in Malaysia as a private company limited by shares under the Malaysian Companies Act, 1965. It was subsequently converted into a public limited company on 22 June 2004. The principal activities of MNCW are to carry out sales and marketing, and research and development of wireless, mobile and multimedia solutions and content and investment holding.

The Company was awarded Pioneer Status on 31 January 2004 under Section 14A of the Promotion of Investments (Amendment) Act 1986 and Multimedia Super Corridor ("MSC") status from the Multimedia Development Corporation Sdn. Bhd on 7 January 2004.

**13. ACCOUNTANTS' REPORT (CONT'D)****2. DETAILS OF MNCW AND ITS SUBSIDIARY ("MNCW GROUP") (CONT'D)****2.2 LISTING SCHEME**

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued and fully paid-up ordinary share capital of MNCW on the MESDAQ Market of the Bursa Securities the Company undertook/will undertake the following restructuring exercise which was approved by the relevant authorities:-

- (a) Rights Issue of 2,259,457 new ordinary shares of RM1.00 each in MNCW on the basis of approximately 1.008 new ordinary shares of RM1.00 each for every one (1) existing ordinary share of RM1.00 each held in MNCW, at an issue price of RM1.00 per share ("Rights Issue"). The Rights Issue was completed on 26 August 2005;
- (b) Share split of the par value, whereby every existing ordinary share of RM1.00 each will be split into ten (10) new ordinary shares of RM0.10 each ("Share Split"). The Share Split was completed on 26 August 2005;
- (c) Public Issue of 16,000,000 new ordinary shares of RM0.10 each in MNCW at an issue price of RM0.48 per share comprising:-
  - (i) 1,628,000 new ordinary shares of RM0.10 each in MNCW available for eligible directors and employees of MNCW;
  - (ii) 3,000,000 new ordinary shares of RM0.10 each in MNCW available for application by the public, companies, societies, co-operatives and institutions; and
  - (iii) 11,372,000 new ordinary shares of RM0.10 each in MNCW available for application by private placement to selected institutional and individual investors.
- (d) Bonus Issue of 30,500,000 new ordinary shares of RM0.10 each in MNCW credited as fully paid-up ("Bonus Shares") on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held after the Public Issue. The Bonus Issue will be by way of capitalising RM3,050,000 from the share premium account of MNCW arising from the Public Issue;
- (e) establishment of an Employees' Share Option Scheme ("ESOS") of up to 15% of the enlarged issued and paid-up share capital of MNCW; and

**13. ACCOUNTANTS' REPORT (CONT'D)****2. DETAILS OF MNCW AND ITS SUBSIDIARY ("MNCW GROUP") (CONT'D)****2.2 LISTING SCHEME (CONT'D)**

- (f) listing of and quotation for the entire enlarged issued and paid-up share capital of MNCW of RM9,150,000 comprising 91,500,000 ordinary shares of RM0.10 each on the MESDAQ Market of the Bursa Securities.

**2.3 DETAILS OF THE SUBSIDIARY**

A summary of the details of the subsidiary of MNCW is as follows:-

<b>Name</b>	<b>Date and Country of incorporation</b>	<b>Issued and paid-up share capital RM</b>	<b>Effective interest %</b>	<b>Principal Activities</b>
M N C Consulting Sdn. Bhd. ("MNCC")	1 July 2002 / Malaysia	1,499,013	100	Consultation, sales, marketing and implementation of M-business solutions for business to business and business to consumer enterprise applications and the management of content resources for business to business and business to consumer enterprise applications.

**3 SHARE CAPITAL**

As at the date of this report, the authorised share capital of MNCW is RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each whilst the issued and paid-up share capital of MNCW is RM4,500,000 comprising 45,000,000 ordinary shares of RM0.10 each.

**13. ACCOUNTANTS' REPORT (CONT'D)****3. SHARE CAPITAL (CONT'D)**

The changes in the issued and paid-up share capital of the Company since the date of incorporation are as follows:-

Date of allotment/ sub-division	Number of ordinary shares	Par value RM	Consideration/ type of issue	Cumulative total issued and paid-up share capital RM
3 December 2003	2	1.00	Subscriber shares	2
10 June 2004	2,240,541	1.00	Acquisition of the entire equity interest in MNCC	2,240,543
26 August 2005	2,259,457	1.00	Rights Issue	4,500,000
26 August 2005	45,000,000	0.10	Share Split	4,500,000

The issued and paid-up share capital of MNCW would increase from RM4,500,000 comprising 45,000,000 shares of RM0.10 each to RM10,522,500 comprising 105,225,000 ordinary shares of RM0.10 each following the implementation of the scheme as detailed in 2.2 above.

**4. RELEVANT FINANCIAL PERIODS**

The relevant financial periods for the purpose of this report ("Relevant Financial Periods") are as follows:-

Company	Relevant financial periods
MNCW	3 December 2003 (date of incorporation) to 31 December 2004 and financial period from 1 January 2005 to 30 June 2005.
MNCC	1 July 2002 (date of incorporation) to 31 December 2002, financial year ended 31 December 2003 and 2004, and financial period from 1 January 2005 to 30 June 2005.

No audited financial statements are available for MNCW for the financial period from 3 December 2003 to 31 December 2003 as MNCW was only incorporated on 3 December 2003 and was dormant during the said financial period.

**13. ACCOUNTANTS' REPORT (CONT'D)****5. ACCOUNTING STANDARDS AND POLICIES****5.1 BASIS OF PREPARATION**

The financial statements of MNCW Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved accounting standards in Malaysia.

**5.2 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted by MNCW Group in the preparation of this report are as follows:-

**(a) Basis of Consolidation**

The proforma consolidated income statements and statement of assets and liabilities incorporate the financial statements of the Company and its subsidiary.

A subsidiary is defined as a company in which the Company has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

The subsidiary is consolidated using the acquisition method. The result of the subsidiary acquired or disposed of is consolidated from or up to the effective date of acquisition or disposal.

In the event where the cost of investment is lower than the fair value of net assets acquired, this represents a discount on acquisition which is credited to the negative goodwill on consolidation account. In the event where the cost of investment is higher than the value of net assets acquired, the excess consideration paid represents goodwill. Goodwill on consolidation is amortised in the consolidated income statement on a straight-line basis over a period of 10 years.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiary to ensure consistency of accounting policies with those of MNCW Group.

Minority interest is measured at the minorities' share of the fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made for the minority interest.



**13. ACCOUNTANTS' REPORT (CONT'D)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Financial Instruments**

Financial instruments are recognised in the balance sheet when MNCW Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

**(c) Plant and Equipment**

Plant and equipment is stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated under the straight-line method to write off the cost of the assets over their estimated useful lives. The principal annual rates used for this purpose are:-

Computers and related equipment	20%
Furniture, fittings and office equipment	10%
Renovation	20%

**(d) Impairment of Assets**

The carrying amounts of assets, other than those to which MASB Standard 23 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

**13. ACCOUNTANTS' REPORT (CONT'D)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Impairment of Assets (Cont'd)**

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

**(e) Investment**

The investment in subsidiary is stated at cost in the balance sheet of the Company, and is reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that its carrying value may not be recoverable.

**(f) Product Development Expenditure**

Product development expenditure which relates to a definable product or process that is demonstrated to be technically feasible, and for which the Company has sufficient technical, financial and other resources to use or market, is recognised as an asset to the extent that such expenditure is recoverable from probable future economic benefits. Product development expenditure which does not satisfy the established criteria is recorded as an expense in the period in which it is incurred. The expenditure capitalised includes direct labour.

Capitalised product development expenditure is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated under the straight-line method to write-off product development expenditure over three (3) years.

**13. ACCOUNTANTS' REPORT (CONT'D)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) Receivables**

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

**(h) Payables**

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received

**(i) Equity Instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liabilities when proposed or declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date but as an appropriation from retained earnings and treated as a separate component of equity. Upon the approval of the dividend, it will be accounted for as a liability.

**(j) Taxation**

Taxation for the financial period comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

**13. ACCOUNTANTS' REPORT (CONT'D)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(j) Taxation (Cont'd)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

**(k) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(l) Employee Benefits****(i) Short Term Benefits**

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of MNCW Group.

**(ii) Defined Contribution Plans**

MNCW Group's contributions to defined contribution plans are charged to the income statements in the period to which they relate. Once the contributions have been paid, MNCW Group has no further liability in respect of the defined contribution plans.

**13. ACCOUNTANTS' REPORT (CONT'D)**



**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)**

**5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(m) Revenue Recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

**(i) Sale of content and products**

Revenue from sale of content and products is recognised net of discounts upon the download of content by the end-user and upon the transfer of risks and rewards associated with the products.

**(ii) Revenue from services**

Revenue from services rendered is recognised net of discounts as and when the services are performed.

**5.3 CONSISTENCY OF APPLICATION OF ACCOUNTING POLICIES**

There were no changes in the significant accounting policies adopted by MNCW Group during the Relevant Financial Periods.

**6. AUDITORS AND AUDIT REPORTS**

**6.1 AUDITORS**

We have acted as the auditors for each company within MNCW Group for the Relevant Financial Periods as stated in 4 above.

**6.2 AUDIT REPORTS**

The financial statements of each company within MNCW Group for the Relevant Financial Periods were audited and reported on without any qualification.

## 13. ACCOUNTANTS' REPORT (CONT'D)



## 7. INCOME STATEMENTS FOR THE RELEVANT FINANCIAL PERIODS

## 7.1 PROFORMA CONSOLIDATED RESULTS OF MNCW GROUP

The summarised proforma consolidated results of MNCW Group for the Relevant Financial Periods have been prepared for illustration purposes only. It is assumed that MNCW Group had been in existence throughout the Relevant Financial Periods under review.

	Financial	{-- Financial Year Ended		6 month
	Period from 01.07.2002 to 31.12.2002 ("FP") <sup>*5</sup> RM'000	31 December ("FY")--} 2003 <sup>*5</sup> RM'000	2004 <sup>*6</sup> RM'000	period ended 30 June 2005 <sup>*6</sup> ("FP") RM'000
Turnover	247	8,602	12,355	7,084
Cost of Sales	(93)	(2,183)	(2,448)	(1,773)
Gross profit	154	6,419	9,907	5,311
Other operating income	-	-	5	5
Sales and distribution expenses	(36)	(3,322)	(3,950)	(1,534)
Administrative and other operating Expenses	(428)	(1,690)	(3,336)	(1,856)
Operating (loss)/profit	(310)	1,407	2,626	1,926
Amortisation	-	195	574	369
Depreciation	15	115	206	223
(Loss)/Earning before interest, depreciation, tax and amortisation ("LBIDTA)/EBIDTA")	(295)	1,717	3,406	2,518
Less: Amortisation	-	(195)	(574)	(369)
Depreciation	(15)	(115)	(206)	(223)
(Loss)/Profit before tax ("LBT)/PBT")	(310)	1,407	2,626	1,926
Taxation	-	(356)	-**	(78)
(Loss)/Profit after tax ("LAT)/PAT")	(310)	1,051	2,626	1,848
Number of ordinary shares assumed in issue ('000) <sup>*1</sup>	2,241	2,241	2,241	2,241
Gross (loss)/earnings per share ("LPS)/EPS") (sen) <sup>*2</sup>	^(13.83)	62.78	117.18	^85.94
Net (LPS)/EPS (sen) <sup>*2</sup>	^(13.83)	46.90	117.18	^82.46
Number of ordinary shares assumed in issue ('000) <sup>*3</sup>	45,000	45,000	45,000	45,000
Gross (LPS)/EPS (sen) <sup>*4</sup>	^(0.69)	3.13	5.84	^4.28
Net (LPS)/EPS (sen) <sup>*4</sup>	^(0.69)	2.34	5.84	^4.11

**13. ACCOUNTANTS' REPORT (CONT'D)****7.1 PROFORMA CONSOLIDATED RESULTS OF MNCW GROUP (CONT'D)**

- \*<sup>1</sup> - The number of ordinary shares assumed in issue of 2,240,543 at RM1.00 each based on the issued and paid-up share capital of MNCW after the acquisition of MNCC.
- \*<sup>2</sup> - Computed based on 2,240,543 assumed number of ordinary shares.
- \*<sup>3</sup> - The number of ordinary shares assumed in issue of 45,000,000 at RM0.10 each based on the issued and paid-up share capital of MNCW after the acquisition of MNCC, Rights Issue and Share Split.
- \*<sup>4</sup> - Computed based on 45,000,000 assumed number of ordinary shares.
- \*<sup>5</sup> - Represents the results of MNCC alone.
- \*<sup>6</sup> - Audited consolidated income statements of MNCW Group.
- \*\* - Negligible.
- ^ - Not annualised.

**Notes:-**

- (a) The proforma consolidated income statements are presented for illustrative purposes only and are based on the audited financial statements of the Company and MNCC for the Relevant Financial Periods. The proforma consolidated income statements are prepared on the basis that the Acquisition had been in effect throughout the Relevant Financial Periods.
- (b) The proforma consolidated income statements have been prepared based on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of MNCW and MNCC.
- (c) The difference between the effective tax rate and the statutory tax rate is explained in the notes to the income statements of each individual company.
- (d) There were no extraordinary or exceptional items during the Relevant Financial Periods under review.
- (e) The proforma gross and net (LPS)/EPS were computed based on (LBT)/PBT and (LAT)/PAT for the Relevant Financial Periods, and divided by the respective assumed number of ordinary shares as presented above.
- (f) All significant intra-group transactions are eliminated on consolidation and the consolidated results reflect external transactions only.

**13. ACCOUNTANTS' REPORT (CONT'D)****7.2 INCOME STATEMENTS OF MNCW**

The summary of the results of MNCW based on its audited financial statements for the Relevant Financial Periods is set out below:-

	<b>Financial Period from 03.12.2003 to 31.12.2004 ("FP") RM'000</b>	<b>6 month period ended 30 June 2005 ("FP") RM'000</b>
Turnover	9,802	5,289
Cost of sales	(2,300)	(1,534)
Gross profit	7,502	3,755
Sales and distribution expenses	(3,421)	(999)
Administrative and other operating expenses	(1,732)	(921)
Operating profit	2,349	1,835
Amortisation	574	369
Depreciation	-	20
EBIDTA	2,923	2,224
Less: Amortisation	(574)	(369)
Depreciation	-	(20)
PBT	2,349	1,835
Taxation	-	-
PAT	2,349	1,835
Weighted average no. of ordinary shares of RM1.00 each in issue ('000)	1,166	2,241
Gross EPS (sen)	^201.46	^81.88
Net EPS (sen)	^201.46	^81.88

^ - *Not Annualised.*



**13. ACCOUNTANTS' REPORT (CONT'D)****7.2 INCOME STATEMENTS OF MNCW (CONT'D)**

Notes:-

- (a) *MNCW began operations on January 2004 and under the Group's business rationalisation exercise in which all the download and content business operations were transferred to MNCW.*
- (b) *The decrease in gross profit margin of approximately 6% in FP2005 is primarily due to the increase of copyright cost underprovided in the previous financial period.*
- (c) *MNCW is not subject to tax as the Company had been granted MSC status, which qualifies for the Pioneer Status incentive under the Promotion of Investments Act, 1986.*
- (d) *There were no exceptional or extraordinary items in the Relevant Financial Periods under review.*
- (e) *The gross and net EPS were computed by dividing the PBT and PAT by the weighted average number of ordinary shares in issue for the respective financial periods under review.*

## 13. ACCOUNTANTS' REPORT (CONT'D)



## 7.3 INCOME STATEMENTS OF MNCC

The summary of the results of MNCC based on its audited financial statements for the Relevant Financial Periods is set out below:-

	Financial Period from 01.07.2002 to 31.12.2002 ("FP") RM'000	[-- Financial Year Ended 31 December ("FY")--]		6 month period ended 30 June 2005 ("FP") RM'000
		2003 RM'000	2004 RM'000	
Turnover	247	8,602	12,522	7,082
Cost of Sales	(93)	(2,183)	(9,949)	(5,526)
Gross profit	154	6,419	2,573	1,556
Selling and distribution expenses	(36)	(3,322)	(529)	(535)
Administrative and other operating expenses	(428)	(1,690)	(1,772)	(935)
Operating (loss)/profit	(310)	1,407	272	86
Amortisation	-	195	-	-
Depreciation	15	115	302	203
(LBIDTA)/EBIDTA	(295)	1,717	574	289
Less: Amortisation	-	(195)	-	-
Depreciation	(15)	(115)	(302)	(203)
(LBT)/PBT	(310)	1,407	272	86
Taxation	-	(356)	-*	(78)
(LAT)/PAT	(310)	1,051	272	8
Weighted average no. of ordinary shares in issue ('000)	66	100	920	1,499
Gross (LPS)/EPS (sen)	^(469.70)	1,407	29.57	^5.74
Net (LPS)/EPS (sen)	^(469.70)	1,051	29.57	^0.53

^ - Not Annualised.

\* - Negligible.

**13. ACCOUNTANTS' REPORT (CONT'D)****7.3 INCOME STATEMENTS OF MNCC (CONT'D)**

Notes:-

- (a) *The significant increase in turnover in FY2003 from FP2002 was mainly due to FY2003 being MNCC's first full year of operations. FY2003 also saw the introduction of a greater range of products and services to end-users and corporations.*

*Turnover in FY2004 improved significantly by 45% mainly due to the culmination of FY2003's intensive advertisement and promotion activities which created higher awareness of MNCC's products and services.*

- (b) *The gross profit margin improved from 62% in FP2002 to 75% in FY2003 due to better prices and margins derived from products and services offered in FY2003.*

*Despite recording a higher turnover in FY2004, the gross profit margin contracted to only 21% as the whole of the download business previously handled by MNCC is now transferred to MNCW due to a business rationalisation exercise completed in FY2004 itself. The gross profit reported in FY2004 and FP2005 related primarily to M-business solutions for business to business and consumer enterprise applications business.*

*The increase in selling and distribution expenses and administrative and other operating expenses in FY2003 was mainly due to the increased level of activity in FY2003 as compared to FP2002. The significant decline in selling and distribution expenses was due to the realignment of the download business to MNCW in FY2004, accordingly all costs directly associated to the download business was absorbed by MNCW.*

- (c) *There was no tax charge for the FP2002 due to the loss suffered in FP2002.*

*The effective tax rate in FY2003 is lower than the statutory tax rate mainly due to the utilisation of brought forward tax losses and unabsorbed capital allowances from FP2002.*

*There was no tax charge for FY2004 due to overprovision in both income tax and deferred taxation in respect of FY2003.*

*The statutory tax rate in FP2005 is higher than the statutory tax rate due to an underprovision of deferred tax in respect of FY2004.*

- (d) *There were no extraordinary or exceptional items during the Relevant Financial Periods under review.*

- (e) *The gross and net (LPS)/EPS were computed by dividing the (LBT)/PBT and (LAT)/PAT by the weighted average number of ordinary shares in issue for the respective financial years under review.*

**13. ACCOUNTANTS' REPORT (CONT'D)****8. BALANCE SHEETS FOR THE RELEVANT FINANCIAL PERIODS****8.1 Consolidated Balance Sheets of MNCW Group**

The summarised consolidated balance sheets of MNCW Group based on its audited financial statements at the end of the Relevant Financial Periods are as follows:-

	<b>At 31 December 2004 RM'000</b>	<b>At 30 June 2005 RM'000</b>
Plant and equipment	1,847	1,994
Product development expenditure	953	1,439
	<u>2,800</u>	<u>3,433</u>
Current assets	4,793	7,593
Current liabilities	(2,504)	(4,044)
Net current assets	2,289	3,549
	<u>5,089</u>	<u>6,982</u>
Financed by:-		
Share capital	2,241	2,241
Negative goodwill on consolidation	47	42
Retained profit	2,573	4,421
Shareholders' equity	4,861	6,704
Non-current liability	228	278
	<u>5,089</u>	<u>6,982</u>
Net tangible asset ("NTA") per ordinary share (sen)	<u>174.39</u>	<u>234.94</u>

*Note:-*

*The consolidated balance sheet of MNCW Group was not prepared for financial period/year before 31 December 2004, as MNCW Group has not been established.*

**13. ACCOUNTANTS' REPORT (CONT'D)****8.2 Balance Sheets of MNCW**

The summarised balance sheets of MNCW based on its audited financial statements at the end of the Relevant Financial Periods are as follows:-

	<b>At 31 December 2004 RM'000</b>	<b>At 30 June 2005 RM'000</b>
Investment in a subsidiary	2,241	2,241
Plant and equipment	-	305
Product development expenditure	953	1,439
	<u>3,194</u>	<u>3,985</u>
Current assets	<u>3,552</u>	<u>5,389</u>
Current liabilities	<u>(2,157)</u>	<u>(2,950)</u>
Net current assets	<u>1,395</u>	<u>2,439</u>
	<u>4,589</u>	<u>6,424</u>
Financed by:-		
Share capital	2,241	2,241
Retained profits	2,348	4,183
Shareholders' equity	<u>4,589</u>	<u>6,424</u>
NTA per ordinary share (sen)	<u>162.25</u>	<u>222.45</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****8.3 Balance Sheets of MNCC**

The summarised balance sheets of the MNCC based on its audited financial statements at the end of the Relevant Financial Periods are as follows:-

	(-----At 31 December ("FY")-----)			At
	2002 RM'000	2003 RM'000	2004 RM'000	30 June 2005 RM'000
<b>Assets</b>				
Investment in subsidiary	-	*	-	-
Plant and equipment	325	1,037	1,847	1,689
Product development expenditure	-	391	-	-
	325	1,428	1,847	1,689
Current assets	309	3,810	4,318	6,924
Current liabilities	(844)	(2,766)	(3,425)	(5,815)
Net current (liabilities)/assets	(535)	1,044	893	1,109
	(210)	2,472	2,740	2,798
<b>Financed by:-</b>				
Share capital	100	100	1,499	1,499
Share application monies	-	1,399	-	-
(Accumulated loss)/Retained profit	(310)	742	1,013	1,021
Shareholders' (deficit)/equity	(210)	2,241	2,512	2,520
Non-current liability	-	231	228	278
	(210)	2,472	2,740	2,798
(NTL)/NTA per ordinary share (sen)	(210.00)	123.42**	167.58	168.11

\* - RM2

\*\* - The computation of NTA per ordinary share includes share application monies of RM1,399,013.

Note:-

The significant increase in current assets and current liabilities from FP2002 to FY2003 was mainly due to the increase in business activity throughout the Relevant Financial Periods.

## 13. ACCOUNTANTS' REPORT (CONT'D)



## 9. DIVIDENDS FOR THE RELEVANT FINANCIAL PERIODS

The Company and its subsidiary has not paid or declared any dividend during the Relevant Financial Periods.

## 10. PROFORMA STATEMENT OF ASSETS AND LIABILITIES

The Proforma Group's statement of assets and liabilities are provided for illustrative purposes on the assumption that the Rights Issue, the Share Split, the Public Issue, the utilisation of proceeds from the Public Issue and the Bonus Issue have been completed on 30 June 2005. This should be read in conjunction with the accompanying notes thereon.

	Notes	Audited Group As at 30 June 2005 RM'000	Proforma Group RM'000
<b>Assets</b>			
Plant and equipment	10.1	1,994	3,574
Product development expenditure	10.2	1,439	1,439
		3,433	5,013
<b>Current Assets</b>			
Trade receivables	10.3	6,065	6,065
Other receivables, deposits and prepayments		886	340
Tax refundable		14	14
Cash and bank balances		628	8,233
Total current assets		7,593	14,652
<b>Current Liabilities</b>			
Trade payables	10.4	1,837	1,837
Other payables and accruals	10.5	2,207	2,207
Total current liabilities		4,044	4,044
Net current assets		3,549	10,608
		6,982	15,621
<b>Financed by:-</b>			
Share capital	10.6	2,241	9,150
Share premium	10.7	-	1,730
Negative goodwill on consolidation		42	42
Retained profits		4,421	4,421
<b>Shareholders' equity</b>		6,704	15,343
<b>Non-current liability</b>			
Deferred taxation	10.8	278	278
		6,982	15,621
Number of ordinary shares in issue ('000)		2,241	91,500
NTA per share (sen)		234.94	15.20

**13. ACCOUNTANTS' REPORT (CONT'D)****10. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)****10.1 PLANT AND EQUIPMENT**

	<b>Cost RM'000</b>	<b>Accumulated Depreciation RM'000</b>	<b>Net Book Value RM'000</b>
Computers and related equipment	1,917	(507)	1,410
Furniture, fittings and office equipment	549	(80)	469
Renovation	183	(68)	115
As at 30 June 2005	2,649	(655)	1,994
Capital expenditure pursuant to utilisation of proceeds	1,580	-	1,580
Per Proforma Group	<u>4,229</u>	<u>(655)</u>	<u>3,574</u>

**10.2 PRODUCT DEVELOPMENT EXPENDITURE**

Cost	<b>RM'000</b> 2,578
Less: Accumulated amortisation	(1,139)
As at 30 June 2005	<u>1,439</u>

**10.3 TRADE RECEIVABLES**

Included in trade receivables is an amount of RM117,562 owing by a company which is a related party to the Company by virtue of:-

- a) a director of the Company who hold a key management position in the said related party; and
- b) a person who indirectly holds a substantial financial interest in the Company who is a director and shareholder of the said related party.

MNCW Group normal trade credit terms range from 30 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.



**13. ACCOUNTANTS' REPORT (CONT'D)****10. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)****10.4 TRADE PAYABLES**

The normal trade credit terms granted to MNCW Group range from 30 days to 90 days.

**10.5 OTHER PAYABLES AND ACCRUALS**

Included in other payables is an amount of RM645,056 owing to a company in which a director and a person who indirectly holds a substantial financial interest in the Company are the directors.

The amount is unsecured, interest-free and not subject to fixed terms of repayment.

**10.6 SHARE CAPITAL**

	<b>Par Value RM</b>	<b>Number of Ordinary Shares</b>	<b>Amount of Share Capital RM</b>
<b>Authorised</b>	1.00	<u>5,000,000</u>	<u>5,000,000</u>
<b>Issued and fully paid-up:-</b>			
At 30 June 2005	1.00	2,240,543	2,240,543
Rights Issue	1.00	2,259,457	2,259,457
Share Split	0.10	40,500,000	-
Public Issue	0.10	16,000,000	1,600,000
Bonus Issue	0.10	30,500,000	3,050,000
Per Proforma Group		<u>91,500,000</u>	<u>9,150,000</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****10. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)****10.7 SHARE PREMIUM**

	<b>RM'000</b>
As at 30 June 2005	-
Premium arising from the Public Issue	6,080
Estimated listing expenses written off	(1,300)
Bonus Issue	(3,050)
	<hr/>
Per Proforma Group	<b>1,730</b>

**10.8 DEFERRED TAXATION**

The deferred taxation related to temporary differences between depreciation and capital allowances on qualifying cost of plant and equipment.

## 13. ACCOUNTANTS' REPORT (CONT'D)



## 11. CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement of MNCW Group set out below is based on its audited financial statements for the financial period from 1 January 2005 to 30 June 2005.

	<b>Financial Period from 1 January 2005 to 30 June 2005 RM'000</b>
<b>Cash Flows From/(For) Operating Activities</b>	
Profit before taxation	1,926
Adjustments for:-	
Amortisation of product development expenditure	369
Depreciation of plant and equipment	223
Amortisation of negative goodwill on consolidation	(5)
Operating profit before working capital changes	2,513
Increase in trade and other receivables	(2,540)
Increase in trade and other payables	1,540
<b>Cash From Operations</b>	<b>1,513</b>
Tax paid	(25)
<b>Net Cash From Operating Activities</b>	<b>1,488</b>
<b>Cash Flows For Investing Activities</b>	
Purchase of plant and equipment	(370)
Product development expenditure	(855)
<b>Net Cash For Investing Activities</b>	<b>(1,225)</b>
<b>Net increase in Cash and Cash Equivalents</b>	<b>263</b>
<b>Cash And Cash Equivalents At Beginning of The Financial Period</b>	<b>365</b>
<b>Cash And Cash Equivalents At End of The Financial Period</b>	<b>628</b>

**13. ACCOUNTANTS' REPORT (CONT'D)****12. NET TANGIBLE ASSET COVER**

The net tangible assets cover of MNCW Group based on the Proforma Group's statement of assets and liabilities as at 30 June 2005 as set out in 10 above is illustrated below:-

	<b>RM'000</b>
Shareholders' equity as at 30 June 2005	6,704
Less: Intangible assets	(1,439)
<b>Net tangible assets of MNCW Group as at 30 June 2005</b>	<b>5,265</b>
Increase in net tangible assets arising from:	
- Rights Issue	2,259
- Public Issue	7,680
Less: Listing expenses *	(1,300)
<b>Proforma Net Tangible Assets</b>	<b>13,904</b>

\* - This is the estimated listing expenses payable out of the proceeds of the Public Issue.

Number of ordinary shares in MNCW Group that are in issue:-

	<b>Number of Ordinary Shares</b>
As at 30 June 2005	2,240,543
Share to be issued pursuant to:	
- Rights Issue	2,259,457
- Share Split	40,500,000
- Public Issue	16,000,000
- Bonus Issue	30,500,000
<b>Proforma issued and paid-up share capital of MNCW Group</b>	<b>91,500,000</b>

On the basis of the issued and paid-up share capital of 91,500,000 ordinary shares of RM0.10 each in MNCW, MNCW Group's net tangible assets cover per ordinary share is approximately RM0.15.

**13. ACCOUNTANTS' REPORT (CONT'D)**



**13. SUBSEQUENT EVENTS**

There were no significant subsequent events between the date of the last financial statements used in the preparation of this report and the date of this report which will affect materially the content of this report.

**14. AUDITED FINANCIAL STATEMENTS**

No audited financial statements have been prepared in respect of any period subsequent to 30 June 2005 for MNCW Group.

Yours faithfully

A handwritten signature in black ink, appearing to be "JPH", written over a horizontal line.

**Horwath**  
Firm No : AF 1018  
Chartered Accountants

A handwritten signature in black ink, appearing to be "Onn Kien Hoe", written over a horizontal line.

**Onn Kien Hoe**  
Approval No : 1772/11/06 (J/PH)  
Partner