

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2007

Part A – Explanatory Notes Pursuant to Financial Reporting Standards (“FRS”) 134 – Interim Financial Reporting

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with FRS 134 – Interim Financial Reporting and Rule 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MESDAQ Market.

These interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006. These explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

2. Changes in Accounting Policies

The accounting policies and methods of computations adopted in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2006, except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning 1 January 2007:

FRS 117 Leases

FRS 119₍₂₀₀₄₎ Employee Benefits – *Actuarial Gains and Losses, Group Plans and Disclosures*

FRS 124 Related Party Disclosures

The adoption of the abovementioned FRSs does not have any significant financial impact on the Group.

As at the date of this report, the Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has yet to be determined by the Malaysian Accounting Standards Board.

3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements of the Group for the financial year ended 31 December 2006 was not subject to any qualification.

4. Comments About Seasonal or Cyclical Factors

The business of the Group is not affected by any significant seasonal or cyclical factors.

5. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the financial quarter under review.

6. Changes in Estimates

There were no significant changes in estimates which will have a material effect in the financial quarter under review.

7. Changes in Debt and Equity Securities

There was no issuance or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial quarter under review.

8. Dividends Paid

There were no dividends paid during the financial quarter under review.

9. Segmental Information

The segmental result of the Group for the financial period ended 30 June 2007 based on segment activities as follows:-

	Mobile Applications RM'000	Wireless & Multimedia Software Applications RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External sales	3,079	882	-	3,961
Inter-segment sales	536	-	(536)	-
	<u>3,615</u>	<u>882</u>	<u>(536)</u>	<u>3,961</u>
Results				
Loss before interest income and taxation				(441)
Interest income				94
Share of loss of associate				(71)
Loss before taxation				<u>(418)</u>
Taxation				-
Loss For The Period				<u>(418)</u>

10. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment during the financial quarter under review.

11. Subsequent Material Events

There were no material events subsequent to the end of the financial quarter which is not reflected in the financial statements of the quarter under review.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial quarter under review.

13. Contingent Assets and Contingent Liabilities

There were no material contingent assets and contingent liabilities as at the date of this report.

14. Commitments

There were no commitments as at the date of this report.

15. Significant Related Party Disclosures

Save as disclosed below, there were no other significant related party transactions during the financial quarter under review:

Nature of Related Party Transactions	Transacting Related Parties	Note	Current Year To Date
			30.06.2007 RM'000
Advertisement and promotion expenses	Vizeum Media Services (M) Sdn. Bhd.	(a)	10
Provision of public relation services	DDB PR Sdn. Bhd.	(b)	15
Sales	Rapp Collins (M) Sdn. Bhd.	(c)	10
Sales	Naga DDB Sdn Bhd	(d)	<u>117</u>

Notes:

- (a) A company in which certain directors and substantial shareholders of the Company (vide their substantial shareholdings in Monaxis Sdn. Bhd.), namely Datuk Lee Fook Long and Lionel Koh Kok Peng, are directors. Datuk Lee Fook Long is also a substantial shareholders of Vizeum Media Services (M) Sdn Bhd.
- (b) A company in which a director and substantial shareholder of the Company (vide his substantial shareholding in Monaxis Sdn. Bhd.), Lionel Koh Kok Peng is a director.
- (c) A company in which a director and substantial shareholder of the Company (vide his substantial shareholding in Monaxis Sdn. Bhd.), Datuk Lee Fook Long is a director and shareholder.
- (d) A company in which a director and substantial shareholders of the Company (vide his substantial shareholding in Monaxis Sdn. Bhd.), Datuk Lee Fook Long is a director and shareholder and in which a director and substantial shareholder of the Company (vide his substantial shareholding in Monaxis Sdn. Bhd.), Lionel Koh Kok Peng holds a key management position.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities for the MESDAQ Market

1. Performance Review

For the current quarter under review, the Group recorded a loss after taxation of RM0.1 million on the back of RM2.226 million in terms of revenue. The reduction in revenue and profit as compared to the corresponding quarter in the preceding year was mainly due to a tougher operating and economic environment as well as intense competition from the other players within the industry.

2. Variation of Results Against Preceding Quarter

	Q2 2007 RM'000	Q1 2007 RM'000	% change
Revenue	2,226	1,735	28.3%
Loss before taxation	(118)	(300)	60.7%

The revenue of the Group for the current quarter under review improved by 28.3% as compared to RM1.7 million recorded in the previous quarter. The better performance was mainly attributable to the Group's continuous effort towards research and development in the competitive market resulting in an increase in demand.

The improvement in result for the current quarter under review was mainly attributed to the increase in revenue generated and improvement in operating performance of its associated company.

3. Prospects

The Board is in the view that the telecommunications industry is expected to continue to enjoy continuous growth for the remaining of the year but competition is expected to further intensify. The Group will continue to focus on its regional market expansion plan by looking into the expansion of its business operations in overseas markets.

Barring any unforeseen circumstances, the Board expects the Group to achieve better performance for the second half quarter of the financial year ending 2007.

4. Profit Forecast and Profit Guarantee

The Group has not issued any profit forecast or profit guarantee in any public documents.

5. Taxation

There is no taxation charge on certain business income of the Group as MNCW was accorded the Multimedia Super Corridor status, which qualifies for the Pioneer Status incentive under the Promotion of Investment (Amendment) Act, 1986. The tax exemption is for a period of five (5) years from 31 January 2004 to 30 January 2009.

6. Sale of Unquoted Investments and Properties

There was no sale of unquoted investments and/or properties during the financial quarter under review.

7. Quoted Securities

There was no purchase or disposal of quoted securities during the financial quarter under review. The Group has not invested in quoted securities as at the date of this report.

8. Status of Corporate Proposals and Utilisation of Proceeds

(a) Save as disclosed below, there were no other corporate proposals announced but not completed in the financial quarter under review:-

(i) MOU between MNCW, Nu-Efektif Sistem Sdn Bhd and Harrier Jaya Holdings Sdn Bhd

On 20 September 2006, the Company had announced that it had on even date entered into a MOU with Nu-Efektif Sistem Sdn Bhd and Harrier Jaya Holdings Sdn Bhd, to jointly work on the operational arrangements on the deployment and implementation of the mobile enterprise services provided by MNCW.

On 16 March 2007, the Company announced that there has been no material change or development to the MOU.

(ii) MOU between MNCW and VODATEL Group

On 3 May 2007, the Company had announced that it had on 1 May 2007, entered into a MOU with VODATEL Group to jointly work on the commercial and operational arrangements for the deployment and implementation of mobile value added services in the Kingdom of Saudi Arabia, Gulf Council Countries and the Middle East and North Africa countries.

(iii) MOU between MNCW and GOTEL

On 3 May 2007, the Company had announced that it had on even date, entered into a MOU with GOTEL, to jointly work on the commercial and operational arrangements for the improvement of GOTEL's business in Thailand.

(b) Utilisation of proceeds from Initial Public Offering ("IPO")

As at 30 June 2007, the proceeds raised from the IPO have been utilised as follows:-

Purpose	Proposed	Actual	Variation**		Intended Timeframe for Utilisation
	Utilisation RM'000	Utilisation RM'000	RM'000	%	
Purchase of new equipment	1,580	(1,580)	-	-	
Working capital	1,200	(1,200) ⁽¹⁾	-	-	
Overseas expansion	1,500	(1,500)	-	-	
Research and development	2,100	(1,483)	617	29.4	*
Estimated listing expenses	1,300	(1,300)	-	-	
Total	<u>7,680</u>	<u>(7,063)</u>	<u>617</u>	<u>8.0</u>	

Note:-

⁽¹⁾ Inclusive of RM152,758 utilised for additional listing expenses pertaining to the Public Issue.

* The proceeds are expected to be utilised within three (3) years from the date of MNCW's listing on the MESDAQ Market on 25 October 2005.

** There has been no deviation to the proposed utilisation of proceeds since the Company's IPO.

(c) Public Shareholding Spread Requirement

We refer to the announcement made by the Company on 2 July 2007, whereby the Company had announced that it did not meet the requirement as set out under Rule 8.15(1) of the MMLR in relation to the public shareholding spread requirement which states that a listed company should have at least 25% of its issued and paid-up capital in the hands of a minimum of 1,000 public shareholders holding not less than 100 shares each.

The Company further wishes to announce that on 25 July 2007, Bursa Securities had granted the Company an extension of time for a period of six (6) months, from 2 July 2007 until 1 January 2008 to comply with the public shareholding spread.

The public shareholding spread of the Company as at 26 June 2007 was 25,047,500 shares representing 26.51% of the total shares issued. However, these shares were held by only 514 public shareholders.

In its efforts, the Company had and will continuously conduct the following activities in order to create public awareness and to promote the Company amongst investor community and general public before the expiry of the extension period on 1 January 2008:-

1. Press release on new product launches;
2. Press conference briefing after Annual General Meeting;
3. Constant communication with research houses to encourage them to initiate research coverage on the Company;
4. Management briefing to the employees of the Company to encourage them to invest in the Company; and
5. Word-of-mouth promotion to the business associates of the Company.

9. Group Borrowings and Debt Securities

The Group does not have any borrowings or debt securities as at 30 June 2007.

10. Off Balance Sheet Financial Instruments

There is no material off balance sheet financial instruments as at the date of this report.

11. Changes in Material Litigation

There is no material outstanding litigation as at the date of this report.

12. Dividend Payable

No dividend has been declared or paid during the financial quarter under review.

13. (Loss)/Earnings per Share

	Individual Quarter		Cumulative Quarter	
	6 months period ended 30.06.2007	6 months period ended 30.06.2006	6 months period ended 30.06.2007	6 months period ended 30.06.2006
(1) Basic (loss)/ earnings per share				
(Loss)/Profit after taxation (RM'000)	(118)	(93)	(418)	600
Weighted average number of ordinary shares in issue ('000)	94,474	94,474	94,474	94,454
Basic (loss)/ earnings per share (sen)	(0.12)	(0.10)	(0.44)	0.64
(2) Diluted (loss)/ earnings per share				
(Loss)/Profit after taxation (RM'000)	(118)	(93)	(418)	600
Weighted average number of ordinary shares ('000)	94,474	94,474	94,474	94,454
Adjustment for share options granted	-	621	-	1,092
Adjusted weighted average number of ordinary shares in issue ('000)	94,474	95,095	94,474	95,546
Diluted (loss)/ earnings per share (sen)	(0.12)*	(0.10)	(0.44)*	0.63

* The effect on the basic loss per share for the current quarter arising from the assumed conversion of Employee Share Option Scheme is anti-dilutive.

14. 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 10 August 2007.

By Order of the Board

Mah Li Chen (MAICSA 7022751)
Lee Yu-chern (MAICSA 7051612)
Company Secretaries
Kuala Lumpur
10 August 2007