

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 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 October 2006:

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 except as disclosed in Note 15.

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 year ended 31 December 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	7,283	1,664	-	8,947
Inter-segment sales	2,515	-	(2,515)	-
	<u>9,798</u>	<u>1,664</u>	<u>(2,515)</u>	<u>8,947</u>
Results				
Loss before interest income and taxation				(1,343)
Investment income				182
Share of loss of associate				(187)
Loss before taxation				<u>(1,348)</u>
Taxation				-
Loss For The Year				<u><u>(1,348)</u></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 year under review:

Nature of Related Party Transactions	Transacting Related Parties	Note	Current Year
			To Date 31.12.2007 RM'000
Advertisement and promotion expenses	Vizeum Media Services (M) Sdn. Bhd.	(a)	17
Provision of public relation services	DDB PR Sdn. Bhd.	(b)	15
Sales	Rapp Collins (M) Sdn. Bhd.	(c)	21
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 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.), namely Lionel Koh Kok Peng is a director of DDB PR Sdn Bhd.
- (c) A company in which a director and substantial shareholder of the Company (vide his substantial shareholding in Monaxis Sdn. Bhd.), namely Datuk Lee Fook Long is a director and shareholder of Rapp Collins (M) Sdn Bhd.
- (d) A company in which a director and substantial shareholders of the Company (vide his substantial shareholding in Monaxis Sdn. Bhd.), namely Datuk Lee Fook Long and Lionel Koh Kok Peng hold key management positions in Naga DDB Sdn Bhd.

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 RM0.451 million on the back of revenue of RM2.503 million. The Group continued to post a loss during the quarter as the operating and economic environment surrounding the mobile application industry remained stagnant coupled by the intense competition from the other players within the industry.

The Group's revenue fell for the financial year ended 31 December 2007 by approximately RM0.907 million or 9.2% as compared to the previous financial year. However, the losses before taxation have also reduced by approximately RM0.364 million or 21.3% resulting from better management of costs and overheads.

2. Variation of Results Against Preceding Quarter

	Q4 2007 RM'000	Q3 2007 RM'000	% change
Revenue	2,503	2,483	0.8%
Loss before taxation	(451)	(479)	-5.8%

The revenue of the Group for the current quarter improved marginally by 0.8% as compared to RM2.483 million recorded in the previous quarter. The better performance was mainly attributable to the Group's continuous marketing effort despite the rigorous competition in the industry.

Despite the slight increase in revenue, the Group still incurred a loss before taxation of RM0.451 million for the current quarter under review. The loss was mainly due to a lower profit margin from the External Content Provider Aggregation Platforms for certain mobile applications to stave off competition.

3. Prospects

The Board is in the view that the telecommunications industry is expected to continue to enjoy continuous growth for the coming financial year but competition is expected to further intensify. The Group will continue its commitment in delivering innovative and quality products and services to its customers and business partners, by launching of a series of new stream of services in order to remain competitive in the industry. The Group is currently working hard to complete its Online Gaming Application project which has been delayed due to certain outstanding technical issues. The Group also expects revenue contributions from its Arab Saudi joint venture to roll in once the Middle East operations kick off by second quarter of 2008 as planned.

Barring any unforeseen circumstances, the Board expects the Group to achieve an improved performance for the coming financial year.

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) There were no other corporate proposals announced but not completed in the financial quarter under review.

(b) Utilisation of proceeds from Initial Public Offering (“IPO”)

As at 31 December 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	(1,975)	125	6.0	*
Estimated listing expenses	1,300	(1,300)	-	-	
Total	<u>7,680</u>	<u>(7,555)</u>	<u>125</u>	<u>1.6</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.

9. Group Borrowings and Debt Securities

The Group does not have any borrowings or debt securities as at 31 December 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 per Share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
(1) Basic loss per share				
Loss after taxation (RM'000)	(451)	(1,835)	(1,348)	(1,681)
Weighted average number of ordinary shares in issue ('000)	94,474	94,474	94,474	94,464
Basic loss per share (sen)	(0.48)	(1.94)	(1.43)	(1.78)
(2) Diluted loss per share				
Loss after taxation (RM'000)	(451)	(1,835)	(1,348)	(1,681)
Weighted average number of ordinary shares ('000)	94,474	94,474	94,474	94,464
Adjustment for share options granted	(1,663)	(1,058)	(1,522)	935
Adjusted weighted average number of ordinary shares in issue ('000)	92,811	93,416	92,952	95,399
Diluted loss per share (sen)	(0.48)*	(1.94)	(1.43)*	(1.78)

* 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 21 February 2008.

By Order of the Board

Mah Li Chen (MAICSA 7022751)
Tan Fong Shian @ Lim Fong Shian (MAICSA 7023187)
Company Secretaries
Kuala Lumpur
21 February 2008