

NOTES TO THE QUARTERLY REPORT – 31 March 2008

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 2007. 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 2007, except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for the financial year ending 31 December 2008:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above new/revised FRSs does not have any material financial effects on the financial statements of the Company. 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 2007 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 31 March 2008 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	1,931	568	-	2,499
Inter-segment sales	-	849	(849)	-
	<u>1,931</u>	<u>1,417</u>	<u>(849)</u>	<u>2,499</u>
Results				
Loss before interest income and taxation				(557)
Interest income				45
Share of loss of associate				(10)
Loss before taxation				<u>(522)</u>
Taxation				-
Loss For The Period				<u>(522)</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 under review.

12. Changes in the Composition of the Group

The Company had acquired two (2) ordinary shares of RM1.00 each on 21 February 2008, representing the entire issued and paid-up share capital of Digital Kung-Fu Sdn Bhd for a total cash consideration of RM2.00. Digital Kung-Fu Sdn Bhd is dormant during the 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 31.03.2008 RM'000
Advertisement and promotion expenses	Vizeum Media Services (M) Sdn. Bhd.	(a)	3
Provision of public relation services	DDB PR Sdn. Bhd.	(b)	7
Sales	Rapp Collins (M) Sdn. Bhd.	(c)	7
Sales	Naga DDB Sdn Bhd	(d)	<u>77</u>

Notes:

- 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.
- 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.
- 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.
- 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 RM0.522 million on the back of a revenue of RM2.499 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.

2. Variation of Results against Preceding Quarter

	Q1 2008 RM'000	Q4 2007 RM'000	% change
Revenue	2,499	2,503	0.16%
Loss before taxation	(522)	(451)	15.74%

The revenue of the Group for the current quarter under review was consistent with the revenue recorded in the previous quarter. It was mainly attributable to the Group's continuous marketing effort despite the rigorous competition in the industry.

The increase in Group loss for the current quarter under review was mainly due to the increase in total operating expenditures attributable to the research and development costs.

3. Prospects

The Group is committed to deliver innovative and quality products and services to its customers and business partners to remain competitive in the industry. The Group has fully utilised the proceeds raised for the Research & Development ("R&D") from the IPO in current quarter under review. The Group is investing into new R&D facilities and its new business via digital media and advertising services in the current financial year. The Group is expecting revenue contributions from its Saudi Arabia joint venture to kick in by third quarter of this financial year.

Barring any unforeseen circumstances, the Board expects the Group to achieve an improved performance for the financial year ending 2008.

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 was no other corporate proposal announced but not completed in the financial quarter under review:-

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

As at 31 March 2008, 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	(2,100)	-	-	
Estimated listing expenses	1,300	(1,300)	-	-	
Total	<u>7,680</u>	<u>(7,680)</u>	-	-	

Note:-

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

* 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 March 2008.

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	
	3 months period ended 31.03.2008	31.03.2007	3 months period ended 31.03.2008	31.03.2007
(1) Basic loss per share				
Loss after taxation (RM'000)	(522)	(300)	(522)	(300)
Weighted average number of ordinary shares in issue ('000)	94,474	94,474	94,474	94,474
Basic loss per share (sen)	(0.55)	(0.32)	(0.55)	(0.32)
(2) Diluted loss per share				
Loss after taxation (RM'000)	(522)	(300)	(522)	(300)
Weighted average number of ordinary shares ('000)	94,474	94,474	94,474	94,474
Diluted loss per share (sen)	(0.55)*	(0.32)*	(0.55)*	(0.32)*

* *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.

By Order of the Board

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Tan Fong Shian @ Lim Fong Shian (MAICSA 7023187)
Company Secretaries
Kuala Lumpur
23 May 2008