

NOTES TO THE QUARTERLY REPORT - 30 JUNE 2009

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 2008. 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 following Financial Reporting Standards (“FRS”), amendments to FRSs and IC Interpretations have been issued by the MASB but are not yet effective

FRS 139	Financial Instruments: Recognition and Measurement
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 123	Borrowing Costs
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations	
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	

All the new FRSs, amendments to FRSs and IC Interpretations above are effective from 1 January 2010 with the exception of FRS 8, which is effective from 1 July 2009.

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 2008 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 current quarter under review.

6. Changes in Estimates

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

8. Dividends Paid

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

9. Segmental Information

The segmental result of the Group for the financial period ended 30 June 2009 based on segment activities are as follows:-

	Mobile Applications RM'000	Wireless And Multimedia Related Services RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External sales	6,876	1,541	-	8,417
Inter-segment sales	-	4,930	(4,930)	-
	<u>6,876</u>	<u>6,471</u>	<u>(4,930)</u>	<u>8,417</u>
Results				
Loss before interest income and taxation				(231)
Interest income				49
Share of loss of associates				(119)
Loss before taxation				<u>(301)</u>
Taxation				-
Loss for the period				<u>(301)</u>

10. Valuation of Property, Plant and Equipment

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

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current 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 current quarter under review:

Nature of Related Party Transactions	Transacting Related Parties	Note	Current
			To Date 30.06.2009 RM'000
Provision of advertisement and promotion services	Vizeum Media Services (M) Sdn. Bhd.	(a)	3
Provision of advertising and public relations	DDB PR Sdn. Bhd.	(b)	5
Provision of customer relationship marketing & direct marketing services	Rapp Collins (M) Sdn. Bhd.	(c)	30
Provision of integrated communications services	Naga DDB Sdn Bhd	(d)	12

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 shareholder 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.
- (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.
- (d) A company in which two (2) directors and substantial shareholders of the Company (vide his substantial shareholding in Monaxis Sdn. Bhd.), namely Datuk Lee Fook Long is a director and shareholder whilst 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 reduced its losses by recording a loss after taxation of RM0.169 million on the back of revenue of RM4.242 million. Despite the improvement in revenue, the Group continued to post a loss as it succumb to the challenging operating and economic environment surrounding the mobile application industry.

2. Variation of Results against Preceding Quarter

	Q2 2009 RM'000	Q1 2009 RM'000
Revenue	4,242	4,175
Loss before taxation	(169)	(132)

The revenue of the Group for the current quarter under review increased by 1.6% to RM4.242 million as compared to the previous quarter. The higher revenue was mainly attributable to the Group's continuous effort to market and come up with new products and services, particularly in the digital business which has drive additional revenue stream for the Group.

The higher loss before taxation of RM0.169 million recorded in the current quarter is due to share of loss from the associate company.

3. Prospects

Despite the global economic slowdown, the Group remains optimistic of the growth and opportunities from the digital business as the industry witness a shift of focus and importance from traditional media to digital media. Moving forward the Group will continue to grow its digital advertising and media business in the local and overseas market inline with its effort to expand its earnings base. Notwithstanding, measures will continue to be in place to improve operational efficiency and to focus on new technological innovations in light of the global economic slowdown. The Group is confident that the growth of digital business will drive new revenue streams and contribute positively to the Group due to its value added advantage.

Barring any unforeseen circumstances, the Board expects the Group to achieve a satisfactory performance for the financial year ending 31 December 2009.

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 period is valid for five (5) years from 31 January 2004 to 30 January 2009. The Company has applied and is currently being reviewed for an extension of the Pioneer Status Tax Relief Period.

6. Unquoted Securities

There were no purchases or disposals of unquoted securities during the current quarter under review.

7. Quoted Securities

There were no purchases or disposals of quoted securities during the current quarter under review.

8. Status of Corporate Proposals

As at the date of issue of these interim financial statements, there were no corporate proposals announced but not completed in the current quarter under review.

9. Group Borrowings and Debt Securities

The Group does not have any borrowings or debt securities as at the date of issue of these interim financial statements.

10. Off Balance Sheet Financial Instruments

There is no material off balance sheet financial instruments as at the date of issue of these interim financial statements.

11. Changes in Material Litigation

There is no material outstanding litigation as at the date of issue of these interim financial statements.

12. Dividend Payable

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

13. Loss per Share

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	To Date
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
(1) Basic loss per share				
Loss after taxation (RM'000)	(169)	(647)	(301)	(1,169)
Weighted average number of ordinary shares in issue ('000)	94,474	94,474	94,474	94,474
Basic loss per share (sen)	(0.18)	(0.68)	(0.32)	(1.24)
(2) Diluted loss per share				
Loss after taxation (RM'000)	(169)	(647)	(301)	(1,169)
Weighted average number of ordinary shares ('000)	94,474	94,474	94,474	94,474
Diluted loss per share (sen)*	(0.18)	(0.68)	(0.32)	(1.24)

* *The effect on the basic loss per share for the current quarter and year-to-date arising from the assumed conversion of Employee Share Option Scheme is anti-dilutive. Accordingly, the diluted loss per share are presented as equal to basic loss per share.*

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 13 August 2009.