www.mnc.com.my

M N C WIRELESS BERHAD (635884-T)

A-3-3, Block A, Jaya One
No. 72A Jalan Universiti, Section 13
46200 Petaling Jaya, Selangor Darul Ehsan
Malaysia

Tel : 603 7955 9448
Fax : 603 7955 9148

M N C WIRELESS BERHAD (635884-T)

ANNUAL REPORT 2010

wireless

Annual Report 2010

M N C WIRELESS BERHAD
(635884-T)

contents 2010

ABOUT US

Established since 2002, MNC Wireless is a Mobile and Internet Media Company listed on the ACE Market of Bursa Malaysia Securities Berhad. We consist of a collection of individuals who are seriously interested in how the mobile communication devices and technology will change the way we connect, communicate and interact. Today, MNC offers a complete range of services from mobile marketing, mobile media advertising, mobile billing gateway, music marketing, mobile social gaming and mobile apps development.

corporate information

BOARD OF DIRECTORS

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir
Chairman, Independent Non-Executive Director

Datuk Lee Fook Long
Non-Independent Non-Executive Director

Chung Jaan Hao
Chief Executive Officer, Executive Director

Lionel Koh Kok Peng
Non-Independent Non-Executive Director

Lew Weng Ho
Independent Non-Executive Director

Lee Kam Chun
Independent Non-Executive Director

AUDIT COMMITTEE

Lew Weng Ho
Chairman, Independent Non-Executive Director

Lee Kam Chun
Independent Non-Executive Director

Lionel Koh Kok Peng
Non-Independent Non-Executive Director

COMPANY SECRETARIES

Mah Li Chen (MAICSA 7022751)
Cynthia Gloria Louis (MAICSA 7008306)
Chew Mei Ling (MAICSA 7019175)

REGISTERED OFFICE

17-2, Jalan Solaris 3
Solaris Mont' Kiara
50480 Kuala Lumpur
Tel : +603 7880 9699
Fax : +603 7880 8699

HEAD OFFICE, PRINCIPAL PLACE OF BUSINESS AND R&D CENTRE

A-3-3, Block A, Jaya One
No 72A, Jalan University
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7955 9448
Fax : +603 7955 9148
Email : info@mnc.com.my
Website : www.mnc.com.my

SATELLITE OFFICE AND R&D CENTRE

C-2-12, Block C, 2nd Floor
SME Technopreneur Centre 2
2260 Jalan Usahawan 1
63000 Cyberjaya
Selangor Darul Ehsan
Tel : +603 8320 1543

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7841 8000
Fax : +603 7841 8151/8152

PRINCIPAL BANKER

CIMB Bank Berhad
83 Medan Setia 1
Plaza Damansara
Bukit Damansara
50490 Kuala Lumpur
Tel : +603 2087 3000
Fax : +603 2710 2840

AUDITORS

Crowe Horwath
Chartered Accountant
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : +603 2166 0000
Fax : +603 2166 1000

STOCK EXCHANGE

ACE Market of Bursa Malaysia Securities Berhad

Stock Name : MNC
Stock Code : 0103

corporate structure

M N C Wireless Berhad

(The public listed entity with technology, R&D, Product innovation, development & distribution centre)

Digital Kung-Fu Sdn Bhd

(Digital media agency)
(100%)

MNC Wireless (China) Pte Ltd

(R&D and Product Development subsidiary in China)
(100%)

Moblife.TV Sdn Bhd

(Marketing, Administration and Consulting arm for the Group)
(100%)

NexGen Studio Pte Ltd

(Game Development arm in Singapore)
(35%)

corporate milestones

2002
The start of our founding company, **MNC Consultancy Sdn Bhd** to provide consultancy services in the areas of mobile technology and content solutions.

2003
Incorporation of the holding company, **M N C Wireless Berhad** as a technology, R&D, product innovation, development and distribution centre.

2004
Awarded **MSC status** from MDEC.

2005
Named **Business of the Year 2004** by Asia-Pacific Centre for SMEs for the "Potential Company" category.

Chosen as one of the Top Ten most outstanding SME in the **Golden Bull Awards** organized by Nanyang Siang Pau Holdings.

Listing of M N C Wireless Berhad on the **MESDAQ Market** of Bursa Malaysia.

2006
MNC Wireless Pte Ltd
Set up a representative office, MNC Wireless Pte Ltd in Singapore.

2007
Acquisition of 35% stakes in **Nexgen Studio Pte Ltd** of Singapore to offer real-time Massive Multiplayer Online Role-Playing Game (MMORPG) to the International Market.

Established **International Company for Mobile Services (ICMS)**, a joint venture company with Vodatel LLC to provide mobile VAS in the Kingdom of Saudi Arabia, Gulf Cooperation Countries (GCC), Middle East and North Africa Region.

2008
Established **Digital Kung-Fu Sdn Bhd** to offer Branded Digital Community Platform & Services, Digital Advertising Platform & Services and Branded Social Networking Services Platform & Services.

Strategic alliances with **Cellebrum.Com Limited** of India for the collaboration in the areas of research & development, production, distribution & marketing of digital content and services.

Awarded **Golden Bull Award - Hall of Fame** at the Golden Bull Award 2008 which honors the past winners of the Golden Bull Award who have successfully listed on the Stock Exchange.

Set up Research & Development arm in China, **MNC Wireless (China) Ltd**.

2009
MNC awarded **Mobile Content Developer of the Year** and **Most Innovative Application/ Product of the Year** for Elven Legends application at the 2009 Frost & Sullivan Malaysia Telecoms Award.

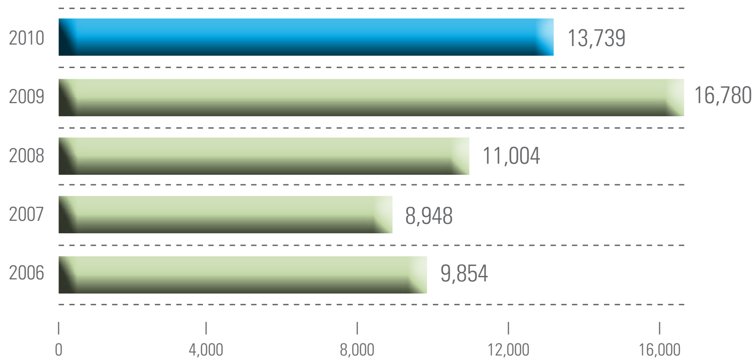
MNC received the award for **Mobility Content Global Reach** at the 2009 inOvation Malaysia award held in conjunction with Go Mobile 2009. The award honors and recognizes innovative and outstanding achievements to Malaysian companies that have developed or offer mobile content, applications or services.

2010
M N C Wireless Bhd made the **Deloitte Technology Fast 500 2010** Asia Pacific Ranking, a pre-eminent technology awards program that ranks Asia's 500 fastest-growing technology companies based on percentage revenue growth over three years.

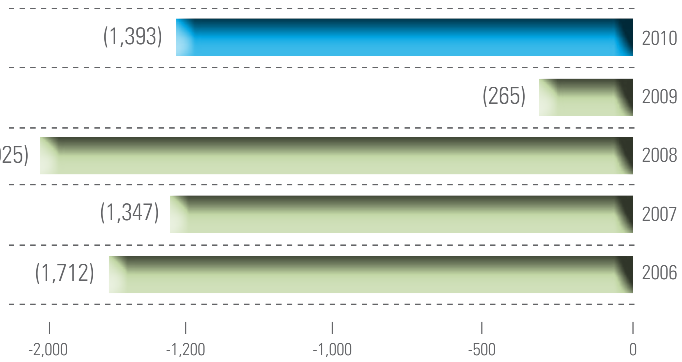
group financial review

	2006	2007	2008	2009	2010
Revenue (RM'000)	9,854	8,948	11,004	16,780	13,739
Loss Before Tax (RM'000)	(1,712)	(1,347)	(2,025)	(265)	(1,393)
Shareholder's Equity (RM'000)	15,859	14,511	12,486	12,221	10,823
Net Asset per share (sen)	16.8	15.4	13.2	12.9	11.5
Loss per share (sen)	(1.78)	(1.43)	(2.14)	(0.28)	(1.48)

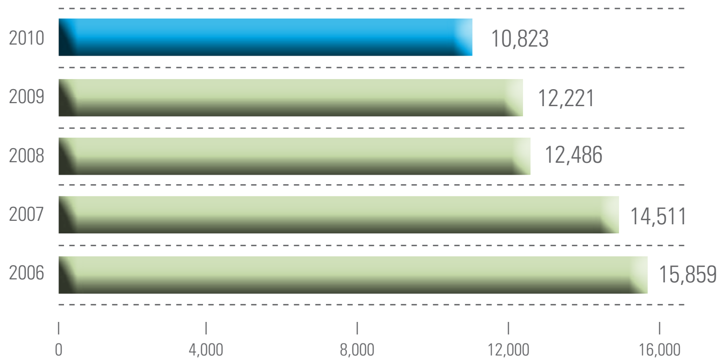
REVENUE
(RM'000)



LOSS BEFORE TAX
(RM'000)



SHAREHOLDER'S EQUITY
(RM'000)



notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of M N C WIRELESS BERHAD ("Company") will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 25 May 2011 at 9.30 a.m. for the following purposes:-

As Ordinary Business

1. To receive the audited financial statements together with the reports of the Directors and Auditors for the financial year ended 31 December 2010.

2. To re-elect the following Directors who are retiring under Article 92 of the Company's Articles of Association:-

   i) Lee Kam Chun; and
   (Resolution 1)

   ii) Lionel Koh Kok Peng
   (Resolution 2)

3. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965:-

   "THAT Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed Director of the Company to hold office until the next Annual General Meeting."
   (Resolution 3)

4. To approve the Directors' fees amounting to RM24,000 for the financial year ended 31 December 2010.
   (Resolution 4)

5. To re-appoint Messrs Crowe Horwath, as Auditors of the Company and to authorise the Directors to fix their remuneration.
   (Resolution 5)

As Special Business

6. To consider and if thought fit, pass the following ordinary resolutions:-

   6.1 ORDINARY RESOLUTION 1
   AUTHORITY TO ISSUE SHARES
   (Resolution 6)

   "**THAT** subject always to the Companies Act, 1965 and the approvals of the regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

notice of annual general meeting

6.2 **ORDINARY RESOLUTION 2**
PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE
(Resolution 7)

"**THAT** approval be and is hereby given to M N C Wireless Berhad and its subsidiaries ("MNC Group") to enter into recurrent transactions with related parties, as set out in Section 2.3 (a) and 2.3 (b) of the Circular to Shareholders dated 29 April 2011 ("the Circular"), which are necessary for the MNC Group's day-to-day operations subject to the following:-

(i) the transactions are in the ordinary course of business and are on normal commercial terms not more favourable to the related parties than those generally available to the public and not detrimental to minority shareholders of the Company; and

(ii) disclosure is made in the annual report on the breakdown of aggregate value of the transactions conducted pursuant to the shareholders' mandate during the financial year based on the following information:-

(a) the type of the recurrent transactions made; and
(b) the names of the related parties involved in each type of the recurrent transaction made and their relationship with the Company.

THAT such approval shall continue to be in force until :-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM, at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by a resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

7. To transact any other ordinary business for which due notice shall have been given.

By Order of the Board,

MAH LI CHEN (MAICSA 7022751)
CYNTHIA GLORIA LOUIS (MAICSA 7008306)
CHEW MEI LING (MAICSA 7019175)

Company Secretaries

29 April 2011
Kuala Lumpur

notice of annual general meeting

Notes:-

Appointment of Proxy

1. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

2. A member may appoint up to two (2) proxies to attend at the same meeting. Where a member appoints more than one (1) proxy, the proxies shall not be valid unless the member specifies the proportions of his holdings to be represented by each proxy.

3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointer is a corporation, under its common seal or under the hand of its attorney duly authorised.

5. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office at 17-2, Jalan Solaris 3, Solaris Mont' Kiara, 50480 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting.

Explanatory Notes:-

1. **Authority to allot shares under Section 132D (Resolution 6)**

   The Directors did not issue any new share pursuant to the existing mandate.

   The proposed Ordinary Resolution 1, if passed, is to renew the mandate to the Directors of the Company, from the date of the forthcoming AGM, to allot and issue ordinary shares up to an aggregate of not exceeding 10% of the issued share capital of the Company for the time being from the unissued capital of the Company pursuant to Section 132D of the Companies Act, 1965 and that such an authority, unless revoked or varied at a general meeting, will expire at the next AGM.

   The mandate, if given, will empower the Directors to issue shares for such purposes as the Directors deem fit and proper and in the interests of the Company, including but not limiting to some fund raising activities such as placement of shares and/or funding for investment activities and/or acquisitions of assets and/or working capital.

2. **Proposed Renewal of the Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for additional Recurrent Related Party Transactions of a Revenue or Trading Nature (Resolution 7)**

   The proposed Ordinary Resolution 2, if approved, will allow M N C Group to enter into Recurrent Related Party Transactions pursuant to Rule 10.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Further information on the Proposed Renewal of the Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for additional Recurrent Related Party Transactions of a Revenue or Trading Nature is set out in the Circular to Shareholders of the Company dated 29 April 2011 which is dispatched together with the Company's 2010 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election at the Seventh Annual General Meeting of the Company

   i. The Directors retiring by rotation pursuant to Article 92 of the Company's Articles of Association and seeking re-election are:-

      - Lee Kam Chun **(Resolution 1)**
      - Lionel Koh Kok Peng **(Resolution 2)**

   ii. The Director who is over the age of seventy years and seeking re-appointment pursuant to Section 129(6) of the Companies Act, 1965 is:-

      - Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir **(Resolution 3)**

2. Further details of Directors who are standing for re-election are set out in the Profile of Directors appearing on pages 9 to 11 of the Annual Report.

directors' profile

TAN SRI DATUK SERI PANGLIMA ABDUL KADIR BIN HAJI SHEIKH FADZIR
Chairman and Independent Non-Executive Director
Malaysian, Age 72

Tan Sri Datuk Seri Kadir was appointed to the Board as the Independent Non-Executive Chairman on 3 March 2006. He was a prominent politician in Malaysia that has served the Federal Government for more than 30 years. His involvement in the Federal Government service began in 1970 where he had held the position of political secretary, parliamentary secretary, deputy minister and minister in various ministries. He was holding the position of Minister of Information prior to his resignation from the Cabinet in 2006. Prior to that he was the Minister of Culture, Arts and Tourism from 1999 to 2004 where he was also the Chairman of the Tourism Promotion Board Malaysia. Tan Sri Datuk Seri Kadir also sits on the board of Karambunai Corp Berhad, Malaysian Training Providers Berhad, Golden Horse Palace Berhad and Mines City Hotel Berhad. He was a Law Graduate from Lincoln's Inn, United Kingdom in 1970.

DATUK LEE FOOK LONG (VINCENT) P.J.N
Non- Independent and Non-Executive Director
Malaysian, Age 57

Datuk Lee Fook Long was appointed to the Board on 16 August 2005. He is the Chairman of the Nomination Committee and a member of the Remuneration Committee. A notable figure in Malaysia for his contribution towards building many established brands, Datuk Lee is the Group Executive Chairman of Foetus International, one of the largest and most diversified communications group in Malaysia. Datuk Lee is also holding the position of Executive Deputy Chairman of the Star Publication (M) Berhad, the publisher of one of Malaysia's most widely-read English-language daily, The Star. Datuk Lee is also a director of SHH Resources Holdings Berhad, a manufacturer of high quality wood-based furniture in Malaysia.

directors' profile

CHUNG JAAN HAO
Executive Director & Chief Executive Officer
Malaysian, Age 38

Chung Jaan Hao was appointed to the Board on 18 June 2004. A co-founder and Chief Executive Officer of M N C Wireless Bhd ("MNC"), Jaan Hao heads the overall management of the Group and is responsible for spearheading the progress and development of the Group. Prior to setting up MNC, he headed the development and management of mobile content services at DiGi Telecommunications. He was an active member of a Content Provider Access forum that lobbied to encourage all mobile operators in Malaysia to adopt the practice of third party premium SMS billing which subsequently culminated in the birth and growth of the premium mobile content industry in Malaysia. He was also the founding committee of the Malaysian Mobile Content Providers Association.

Jaan Hao is well versed and has wide contacts within the fast growing mobile and digital content market around the region including East Asia. He is also a firm believer in maintaining a creatively conducive and positive environment for all in the Group which he believes will eventually translate into better products, happier customers and better financial performance. With his good knowledge of emerging business trends and models within the industry, he is confident of leading the Group to greater heights.

Jaan Hao holds a Bachelor's Degree (Honours) in Finance with a minor in Japanese Studies from Bowling Green State University, United States of America. He does not hold any directorship in any other public company.

LIONEL KOH KOK PENG
Non-Independent & Non-Executive Director
Malaysian, Age 49

Lionel Koh Kok Peng was appointed to the Board on 18 June 2004. He is the Chairman of the Remuneration Committee, a member of the Nomination Committee and Audit Committee. He joined Naga DDB Sdn Bhd in October 1990 and is at present, the Group Finance Director of Naga DDB Sdn Bhd. An Accounting graduate with Honours from Universiti Kebangsaan Malaysia, Lionel Koh is a member of the Malaysian Institute of Accountants and a fellow of the Malaysian Institute of Taxation. Lionel Koh is also a director of Rekapacific Berhad.

directors' profile

LEW WENG HO
Independent & Non-Executive Director
Malaysian, Age 63

Lew Weng Ho was appointed to the Board on 16 August 2005. He is the Chairman of the Audit Committee, a member of the Nomination Committee and Remuneration Committee. A fellow of the Association of Chartered Certified Accountants, United Kingdom, Mr Lew began his accounting career with Coopers & Lybrand in 1978 before joining Antah Holdings Berhad as Chief Accountant in 1981. He was appointed to the Board of Antah as Finance Director in 1990 and also served on the board of many of its subsidiaries and associate companies until he retired in 1999. He also served as a director in the Federation of Public Listed Companies Berhad from 1997 to 2000. At present, he is a financial advisor and business consultant, providing business and personal consulting services to companies and individuals. Mr Lew does not hold any directorship in other public company.

LEE KAM CHUN
Independent & Non-Executive Director
Malaysian, Age 40

Lee Kam Chun was appointed to the Board on 26 April 2008 and is a member of the Audit Committee. He is currently the General Manager (Data Services and Call Center) of Rapp (M) Sdn Bhd, a leading direct marketing and customer relationship management agency in Malaysia. Prior to this, he was a Marketing Executive for NEC Sales (M) Sdn Bhd from 1997 to 2000 before he joined Guava Interactive (M) Sdn Bhd as Chief Operating Officer in 2000. Mr Lee holds a Master Degree in Information Technology from University of Warwick, United Kingdom. He does not hold any directorship in other public company.

Save for Mr Lee Kam Chun who is the nephew of Datuk Lee Fook Long, none of the other Directors has any family relationship with any Director and/or substantial shareholder of the Company.

The Directors have not been convicted for any offence within the past ten (10) years and have no conflict of interest with the Company save as disclosed under the Additional Compliance Information Disclosure on Recurrent Related Party Transactions on page 29 of this Annual Report.

The details of the Directors' shareholdings in the Company and its subsidiaries are disclosed on page 32 of this Annual Report.

The details of the Directors' attendance at board meetings are set out in the Statement of Corporate Governance of this Annual Report.

management discussion

ON BEHALF OF THE BOARD OF DIRECTORS OF M N C WIRELESS BERHAD ("MNC" OR THE "GROUP"), WE PRESENT TO YOU OUR ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 ("FY2010").

COMPANY'S PERFORMANCE

For the year under review, the Group achieved revenue of RM13.7 million and a loss before tax of RM1.39 million as compared to a revenue of RM16.8 million and a loss before tax of RM0.26 million recorded in the last financial year. However profit margin improved to 46.4% this year compared to 42.5% recorded last year due to better product mix strategy. The higher loss before tax of RM1.39 million was the result of the impairment on investment in an associate of RM1.42 million and the amount written off owing by an associate of RM0.13 million, without which the Group would have been profitable with a net profit of RM0.16 million during the year due to improved margins.

OPERATIONS REVIEW

Over the years, MNC has built its name upon providing reliable and quality mobile messaging services for consumers and enterprises. In FY2010, our enterprise-based mobile messaging platform in relation to Go!SMS contributed RM2.6 million to the total Group's revenue. The attraction in the use of SMS for a measurable return on investment for use in surveys, contests and polls in marketing and branding have attracted increased use of our mobile messaging platform. Last year we upgraded our messaging platform with a new MMS broadcast service that supports audio, graphics and video for a more interactive and emotional appeal on mobile. The new MMS broadcast service is popular among our clients who are looking for a channel that incorporate rich mobile experience with amazing branding possibilities.

management discussion

Apart from our mobile messaging services, the year 2010 also saw the roll out of several new services and applications on various media platforms. To meet the needs of enterprise who demanded effective targeting of the right set of consumers, we launched a highly targeted direct marketing solution called Mjuice that lets business owners and marketers leverage behavioral targeting to interactively engage only the customers that are relevant to them. Although still in the early stage, the revenue contribution from Mjuice is expected to come in from online advertising and from the highly personalized database marketing as more and more advertisers value the benefit from demographic and behavioral targeting to reach audience.

For our mobile social gaming division, we have successfully launched a role playing WAP game and a virtual fishing game on our mobile social gaming platform, Mobby.Me. With social networking sites continuing to experience huge growth in conversions from Web to mobile, the launch of a WAP game on the mobile social networking platform is truly timely. In October, we entered into a strategic partnership with Snout Sdn Bhd, the Malaysian subsidiary of leading mobile social game developer Snout Corporation of Japan to provide a series of flash games on Mobby.Me. To encourage more game-play on Mobby.Me platform, MNC signed a deal with mobile service operator Maxis Communications to waive the data charges by Maxis subscribers to play games on Mobby.Me. Our gaming platform currently has more than 60 games available for our community.

With the growing adoption of smart phone and tablet PCs, the demand for mobile application has become bigger than ever. MNC has taken steps to capture the market by coming up with our in-house mobile apps that are carefully designed and developed by our mobile apps team. For the year under review, we have launched various entertainment and educational mobile apps for iPhone, Android and iPad users. In addition to our in-house apps, we have also successfully helped our client extend their brand into the mobile app platform with the development of iPhone and Android applications.

In terms of our Music Marketing services, we support a series of products that are capable of allowing consumers to stream and download music through the web and mobile devices. MNC worked closely with all the major music labels for the access to highly engaging music content. Apart from our music content for download by consumers in the form of true tones, ring tones and caller ring back tone, we worked with brands to make use of music to reach out to their consumers for branding, promotions, sales and CRM.

CORPORATE DEVELOPMENT

On 5 February 2010, as part of its cost optimizing strategy, the Group announced its intention to de-register its wholly-owned subsidiary company, MNC Wireless Pte Ltd ("MWPL") from the register of Accounting and Corporate Regulatory Authority ("ACRA"), Singapore. MWPL was incorporated in Singapore on 3 November 2003 to act as its sales and marketing agent for the Company and has been dormant since its date of incorporation. On 7 September 2010, the Group completed the de-registeration of MWPL from the register of ACRA.

ACHIEVEMENTS

On 2 December 2010, MNC was awarded Deloitte Technology Fast 500 Asia Pacific 2010, a ranking of the 500 fastest growing technology companies in Asia Pacific. This is certainly a significant achievement for us as The Technology Fast 500 Asia Pacific pre-eminent technology awards program is a ranking of Asia's 500 fastest-growing technology companies based on percentage revenue growth over three years. Now in its ninth year, the program which covers all areas of technology and includes both public and private companies is much sought out by companies the world over.

management discussion

OUTLOOK AND GROUP PROSPECTS

In 2010, MNC has begun to re-brand and re-strategize itself away from a pure mobile digital marketing and solutions provider and to refocus on mobile entertainment. While basic mobile messaging and download services in the form of B2B and B2C will continue to be our main business source, we are constantly looking for new ways to integrate mobile in the brand's digital marketing planning as the effective and efficient medium to reach and engage with consumers.

Moving forward, we expect mobile users to be consuming data services for entertainment particularly music services in new ways. We are optimistic that the music industry will continue to integrate with the mobile platform as consumers are increasingly using their mobile devices to listen to and discover music. MNC will continue to work closely with all major music record labels to create new digital music distribution and listening experience for end users.

Another business opportunity that we will continue to explore is in the development of mobile application. With the increased consumption of mobile Web driven by the reduction in the cost of mobile data plans, we believe that consumer interest in mobile gaming will continue to grow and drive new trends. Our focus is on creating an innovative platform and excellent user experience for mobile users that is able to encourage user participation. We will intensify and improve our design and system capabilities to ensure that our mobile applications are compatible with all of the new mobile devices available.

The Group's future growth will be driven by our ability to fulfill the demand of the new mobile trends in our new products innovation. We will continue to focus on our capabilities in developing innovative new mobile and digital media applications and solutions to add value to our on-going businesses. In addition, we will continue to step up on our effort in market expansion through increased marketing effort. Stringent cost control in our internal control measures will continue to be implemented in order for the group to operate in a more efficient and effective manner. With all these strategies planned out for the development of the Group moving forward, MNC is optimistic that its performance will further improve in the financial year 2011.

RESEARCH & DEVELOPMENT ("R&D")

MNC believes that R&D is a key factor in ensuring its competitiveness in the industry and for continual growth. For the year under review, the Group has invested approximately RM1.6 million in R&D activities for the enhancement of existing and the development of new products and applications. We have successfully deployed an expert team to research and develop creative applications that are compatible across the new mobile devices such as iPhone, iPad and Android.

With the continuous growth of mobile web and mobile commerce services, we will continue with our development in the mobile social gaming platform and services. Besides this, we are incorporating rich media into our mobile applications products so that our apps work seamlessly with all the new devices.

APPRECIATION

On behalf of the Board of Directors of MNC, we would also like to take this opportunity to extend our appreciation to the entire MNC team for their hard work, commitment and effort that have certainly contributed to the success of the Group. A sincere thank you also goes out to our valued shareholders, customers, bankers and business associates for their continuous support towards the Group. Together MNC endeavor to deliver the best possible results to all our valued shareholders, customers and staff.

Thank you.

The Management Team of M N C Wireless Berhad

statement of corporate governance

The Board is fully committed in maintaining high standards of corporate governance and the effective application of the principles and best practices as set out in the Malaysian Code on Corporate Governance throughout the Group. Good corporate governance is fundamental to the Group's discharge of its corporate responsibilities and accountability to preserve and enhance the shareholders' value of the Group.

The Board is pleased to provide the following statement, which outlines the main corporate governance practices that were in place throughout the financial year with specific reference made to each of the principles of the Malaysian Code of Corporate Governance and the Listing Requirements of the ACE Market.

A. BOARD OF DIRECTORS

The Board is entrusted with the proper stewardship of the Company's resources for the best interest of its shareholders. The members of the Board have extensive experience and expertise in a wide range of industries and have been selected based on their skills, knowledge and their ability to add strength to the leadership.

The Board has overall responsibility for the strategic direction and effective control of the Company. This includes responsibility for determining the Company's strategic direction, financial performance, allocation of resources and the management of internal control systems.

Board Balance and Composition

The Board currently consists of six (6) members, comprising one (1) Executive Director, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors.

The current composition is a balance mix of skills, experience and knowledge essential in the capable management and leadership of the Company.

Profile of each Director is set out under Directors' Profile of this Annual Report.

The roles of the Chairman of the Board and the Executive Director and Chief Executive Officer are segregated. The Chairman is primarily responsible for the proper conduct and maintenance of order of meetings of the Board of Directors and the members at general meetings. The Chief Executive Officer who is also an Executive Director is directly involved in the day-to-day management, administration and operations of the Group as a whole.

The Non-Executive Directors provide independent advice and sound judgment based on their skill, experience and knowledge during deliberations of the Board within and outside its Board meetings.

statement of corporate governance

Supply of Information

Notice of meetings, setting out the agenda and accompanied by the relevant Board papers are given to the Directors on a timely manner to enable the Directors to peruse, obtain additional information and/or seek further clarification on the matters to be tabled in the meeting.

The proceedings and resolutions passes at each Board meeting are minuted and kept in the statutory minute book at the registered office of the Company.

Directors have access to all information within the Company whether as full board or in their individual capacity, in furtherance of their duties. In addition, whenever independent professional advice is required by the Directors, external experts may be engaged at the Company's expenses.

Directors also have direct access to the advice and the services of the Group's Company Secretary. The Board is advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities as well as appropriate procedures for management of meetings.

Board Meeting

Board meetings are held quarterly with additional meetings held as and when the need arises. There were five (5) Board meetings held during the financial year ended 31 December 2010.

The meeting attendance record of the Directors is as follows:

Directors	Meeting Attendance
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	5/5
Datuk Lee Fook Long	5/5
Lionel Koh Kok Peng	5/5
Chung Jaan Hao	5/5
Lew Weng Ho	5/5
Lee Kam Chun	5/5
Dato' Marienda Rishya Joseph a/l Percy *(Appointed on 25 November 2010 and resigned with effect from 14 March 2011)*	1/1

statement of corporate governance

Appointments of the Board and Re-election

The Company established a Nomination Committee to identify and recommend to the Board suitable nominees for appointment to the Board and Board Committees.

The composition of the Nomination Committee is set out as follows:

Datuk Lee Fook Long	Chairman, Non-Independent and Non-Executive Director
Lew Weng Ho	Member, Independent and Non-Executive Director
Lionel Koh Kok Peng	Member, Non-Independent and Non-Executive Director

The primary functions of the Nomination Committee are as follows:
- to identify candidates and review all nominations for the appointment or reappointment of members of the Board, and to determine the selection criteria thereof;
- to ensure that all Board appointees undergo an appropriate induction programmes;
- to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- to identify the gaps in the mix of skills, experience and other qualities required in an effective Board and to nominate or recommend suitable candidates to fill these gaps; and
- to assess the effectiveness of the Board as a whole.

In accordance with the Company's Articles of Association, at least one third (1/3) of the Board shall retire from office and all Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election. A retiring director shall retain office until the close of the meeting at which he/she retires.

Directors over the age of seventy (70) years are required to submit themselves for re-appointment annually in accordance with Section 129 of the Companies Act, 1965.

Directors' Training

All Directors of the Company have attended and completed the Mandatory Accreditation Programme as prescribed by Bursa Malaysia except for Dato' Mariendra Rishya Joseph a/l Percy who resigned with effect from 14 March 2011.

The Directors had also attended relevant training programmes, briefing and seminars during the financial year. Amongst the training programmes, briefing and seminars attended by the members of the Board in year 2010 were:-

1. The 7th Malaysian Media Conference 2010 - Dawn of the Digital decade" by Sledgehammer Communications (M) Sdn Bhd on 9 June 2010;
2. Dealings in quoted securities and related party transactions from the perspective of Directors, major shareholders and M N C Wireless Berhad Group by Secretaries Inc Sdn Bhd on 26 August 2010; and
3. Code of Takeovers and Mergers by Secretaries Inc Sdn Bhd on 26 August 2010.

The Directors will continue to participate in other relevant training programmes to further enhance their knowledge to enable them to discharge their responsibilities more effectively.

statement of corporate governance

B. DIRECTORS' REMUNERATION

Remuneration Committee

The Remuneration Committee which was established to assist the Board for determining the Directors' remuneration comprises the following:

Lionel Koh Kok Peng	Chairman, Non-Independent and Non-Executive Director
Datuk Lee Fook Long	Member, Non-Independent and Non-Executive Director
Lew Weng Ho	Member, Independent Non-Executive Director

The responsibilities of the Remuneration Committee include the following:

- to seek comparative information on remuneration and conditions of services in comparable organizations;
- to review directors' fees to ensure that they are at sufficiently competitive levels;
- to consider severance payments that represent public interest and avoid any inappropriate use of public funds;
- to recommend and advise the Board on the terms of appointment and remuneration of its members; and
- to establish a formal and transparent procedure for developing policy on remuneration packages of individual directors.

Directors' Remuneration

The Directors' remuneration for the financial year ended 31 December 2010 were dealt with by the entire Board. The Executive Directors play no part in determining their own remuneration whilst the Non-Executive Directors abstain from discussion on their own directors' fees.

The details of the Directors' remuneration for the financial year ended 31 December 2010 are as follows:

	Executive Directors RM	Non-Executive Directors RM
Fee	-	24,000
Salaries, allowances and bonus	264,000	-
Defined contribution scheme	32,300	-
	296,300	24,000

statement of corporate governance

The numbers of Directors whose remuneration fall into the following bands are as follows:

Range of remuneration	Number of Directors Executive	Number of Directors Non-Executive
RM0 - RM50,000	-	1
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	1	-
	1	1

C. SHAREHOLDERS

The Board recognises the importance of keeping shareholders and investors informed of the Group's business and corporate development. Towards this end, the Board endeavours to make timely disclosure of circulars, quarterly financial results, press release and various announcements on material corporate proposals to Bursa Malaysia Securities Berhad. Shareholders may obtain the Group's latest corporate news via its interactive website at www.mnc.com.my.

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. The Board provides shareholders with the opportunities to raise questions pertaining to issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the business of the Group in general at every AGM of the Company.

Where Extraordinary General Meeting is held to obtain shareholders' approval on business or corporate proposals, comprehensive circulars to shareholders are sent within prescribed notice period in accordance with the regulatory and statutory provisions.

statement of corporate governance

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are accountable to ensure that the financial statements are prepared in accordance with the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to present a balanced and fair assessment of the Group's financial position and prospects.

With the assistance from the Audit Committee, the Board scrutinised the financial aspects of the Audited Financial Statements and reviewed the statutory compliance aspects of the Audited Financial Statements.

Internal Control

The Board acknowledges its overall responsibilities for maintaining a sound system of internal controls to safeguard shareholders' investment and Group's assets. The Statement of Internal Controls is set out on page 26 of the Annual Report providing an overview of the state of internal controls within the Group.

Relationship with Auditors

Through the Audit Committee, the Group has established a transparent and appropriate relationship with the Group's auditors, in seeking professional advice and ensuring compliance with the applicable accounting standards and statutory requirements in Malaysia. The Audit Committee has been explicitly accorded the power to communicate directly with both the internal auditors and external auditors.

The role of the Audit Committee in relation to the Auditors is set out in the Audit Committee Report on page 21 to 25.

STATEMENT ON COMPLIANCE WITH BEST PRACTICES OF THE CODE

Apart from the composition of the Nomination Committee, the Board considers that the Group has substantially complied with the Best Practices as set out in the Code for the financial year ended 31 December 2010.

This statement is made at the Board of Directors' Meeting held on 12 April 2011.

audit committee report

The Audit Committee was established in August 2005 to act as committee to the Board.

1. COMPOSITION OF AUDIT COMMITTEE

The present members of the Audit Committee comprises the following:-

Chairman	
Lew Weng Ho	Independent Non-Executive Director
Members	
Lee Kam Chun	Independent Non-Executive Director
Lionel Koh Kok Peng	Non-Independent Non-Executive Director

2. TERMS OF REFERENCE

A. Composition

The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, a majority of whom shall be independent directors and all members should be non-executive directors. At least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad.

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

The terms of office and performance of an audit committee and each of its members must be reviewed by the Board of Directors at least once every three (3) years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

B. Chairman

The Chairman, who shall be elected by the Audit Committee, shall be an independent director. In the event of the Chairman's absence, the meeting shall be chaired by an independent director.

The Chairman should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the company.

audit committee report

C. Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Audit Committee at the Registered Office or such other place as may be determined by the Audit Committee.

D. Meetings

The Committee shall meet at least four (4) times in each financial year and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference. The quorum for a meeting shall be the majority of members present, who shall be independent directors.

The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit.

All decisions at such meeting shall be decided on a show of hands on a majority of votes.

The external auditors and internal auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The external auditors may also request a meeting if they consider it necessary.

E. Rights

The Audit Committee shall:

(a) have authority to investigate any matter within its terms of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Group;
(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
(e) have the right to obtain independent professional or other advice at the Company's expense;
(f) have the right to convene meetings with the external auditors, excluding the presence of the executive board members, at least twice a year and whenever deemed necessary;
(g) promptly report to the Bursa Malaysia Securities Berhad ("Bursa Securities"), or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
(h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
(i) meet as and when required on a reasonable notice; and
(j) the Chairman shall call for a meeting upon the request of the External Auditors.

audit committee report

F. Duties

(a) To review with the external auditors on:
- the audit plan, its scope and nature;
- the audit report;
- the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
- the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.

(b) To review the adequacy of the scope, functions and resources and set the standards of the internal audit function.

(c) To recommend such measures as to be taken by the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.

(d) To review the internal audit programme, processes the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

(e) To review with management:
- audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
- interim financial information; and
- the assistance given by the officers of the Company to external auditors.

(f) To discuss problems and reservations arising from interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).

(g) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(h) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
- changes in or implementation of major accounting policy and practices;
- significant and / or unusual matters arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

(i) To consider the appointment and / or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors to the board.

(j) To verify the allocation of options pursuant to a share scheme for employees as being in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.

audit committee report

3. SUMMARY OF ACTIVITIES UNDERTAKEN

There were five (5) Audit Committee meetings held during the financial year ended 31 December 2010. Details of the attendance are as follows: -

Director	Attendance	%
Lew Weng Ho	5/5	100
Lionel Koh Kok Peng	5/5	100
Lee Kam Chun	5/5	100

The Chief Executive Officer, other members of the Board, senior management, external auditors and internal auditors attended the meetings upon invitation by the Chairman of the Audit Committee.

The meetings were appropriately structured with the use of agendas, which were distributed to members with sufficient notification.

During the financial year under review, the activities undertaken by the Audit Committee includes:-

(a) Reviewed the unaudited quarterly results of the Company including the announcements pertaining thereto, before recommending to the Board of Directors for their approval and release of the Group's results to Bursa Malaysia Securities Berhad;
(b) Reviewed with external auditors on their audit planning memorandum of the Group for the financial year ended 31 December 2010;
(c) Reviewed with external auditors on the results and issues arising from their audit of the financial year end statements and their resolutions of such issues highlighted in their report to the Audit Committee;
(d) Reviewed related party transactions and considered conflict of interest situations that may arise within the Group; and
(e) Reviewed with the outsourced internal auditors, the internal audit charter and internal audit plan of the Group.

audit committee report

4. REVIEW OF EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

During the financial year, the Company did not allocate or grant any share options to eligible employees pursuant to the Company's ESOS.

5. INTERNAL AUDIT FUNCTION

The Board has outsourced its internal audit function to a professional consulting firm which provides support to the Audit Committee in monitoring and managing risks and internal control systems of the Group.

The main responsibilities of the internal auditors are:

- Perform audit work in accordance with the pre-approved internal audit plan;
- Carry out review on the system of internal controls of the Group;
- Review and comment on the effectiveness and adequacy of the existing control policies and procedures; and
- Provide recommendations, if any, for the improvement of the control policies and procedures.

All internal auditors' reports are deliberated by the Audit Committee and recommendations made to the Board and/or the management are acted upon.

The cost incurred for the outsourced Internal Audit Function of the Group for the financial year ended 31 December 2010 amounted to RM20,000.

Further details of the activities of the internal audit function are set out in the Statement of Internal Control on page 26 of the Annual Report.

statement on internal control

Introduction

The Malaysian Code on Corporate Governance requires the directors of listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Board is pleased to present this Statement on Internal Control which outlines the state, nature and scope of internal controls of the Group during the financial year.

Responsibility

The Board recognises the importance of a sound system of internal control and risk management in safeguarding shareholders' investments and the Group's assets. The Board acknowledges its overall responsibility for the Group's system of internal control which includes the establishment of an appropriate control environment as well as reviewing its adequacy and integrity.

However, due to the inherent limitations that exist in any system of internal controls, the system of internal control within the Group is designed to manage rather than eliminate the risk of failure to meet its corporate objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatements, losses or fraud.

Risk Management

The Board recognises that the management of principal risks plays an important and integral part of the Group's daily operation and that the identification and the management of such risks will affect the achievement of the Group's corporate objectives.

The Group has in place an ongoing process for identifying, evaluating, monitoring and managing significant risks faced by the Group throughout the financial year up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the management and reported to the Board as and when required and with the assistance of internal audit unit to further review and improve the existing risk management processes within the Group, it accords with the Internal Control Guidance.

statement on internal control

Internal Audit Function

The Board has outsourced its internal audit function to an independent professional service firm, in order to assist the Audit Committee in discharging their duties with regards to the adequacy and integrity of the system of internal controls within the Group.

Key Elements of Internal Control

The following key elements of a system of internal control are present in the Group:

- The Group has in place an organizational structure that supports business and operational requirements, with clearly defined levels of responsibilities, lines of accountability and delegated authority with appropriate reporting procedures.
- The Executive Directors are involved in the day-to-day business operations of the Group. Scheduled management meetings are held regularly to identify, discuss and resolve business and operational issues.
- Financial performance is compared on a quarterly basis against budgetary parameters, with explanations of major variances, reviews of internal and external factors contributing to performance, and an account of management actions taken to improve results.
- An established system of performance appraisal has been developed to constantly monitor and maintain good performance standards from employees.

Effectiveness of Internal Control

The Board is of the view that the existing system of internal control is sound and adequate for the current level of operation. There were no significant weaknesses in the system of internal control of the Group that may have a material impact on the operations of the Group for the financial year ended 31 December 2010. The Board will continue to take necessary measures to strengthen and improve its internal control structure.

Review of the Statement by External Auditors

This Statement of Internal Control has been reviewed by the external auditors for the inclusion in the annual report FY2010. The external auditors have reported to the board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the systems of the internal controls.

This Statement of Internal Control is made on the recommendation of the Audit Committee to the Board of Directors and as per the Board's resolution dated 12 April 2011.

additional compliance information

1. **Utilisation of Proceeds**
   Not applicable

2. **Share Buy-Back**
   During the financial year under review, the Company did not carry out any share buy-back transactions.

3. **Options, Warrants or Convertible Securities**
   The Company did not issue any options, warrants or convertible securities during the financial year under review.

4. **American Depository Receipt (ADR) or Global Depository Receipt (GDR)**
   The Company did not sponsor any ADR or GDR programme during the financial year under review.

5. **Sanctions and/or Penalties**
   During the financial year under review, there were no sanctions or penalties imposed on the Company and its subsidiary, Directors or Management by the relevant regulatory bodies.

6. **Non-Audit Fees**
   There was no non-audit fee paid by the Group to the external auditors for the financial year under review.

7. **Variations in Results**
   There were no significant variations between the audited results for the financial year and the unaudited results previously announced.

8. **Profit Guarantee**
   The Group did not issue any profit guarantee during the financial year under review.

9. **Material Contracts**
   Save as disclosed under item 11, Related Party and/or Recurrent Related Party Transactions, during the financial year under review, there were no material contracts entered into by the Company and its subsidiary which involved Directors or substantial shareholders' interests.

10. **Corporate Responsibility**
    The company is committed towards integrating Corporate Responsibility ("CR") practices in its business activities for the interest of all the stakeholders. The Company has demonstrated responsibility in the workplace through the support of human capital development for its employees in the form of continuous training and development to enhance its employees' career and personal development. The Company also organizes monthly gathering for its employees in order to foster a closer and more productive workforce. In addition, the Company provides the employees with various levels of insurance coverage on medical and hospitalization benefits to ensure that employees are reasonably covered for any unforeseen mishaps.

    In the marketplace, the Company maintains high level of corporate governance through transparent reporting and compliance with applicable laws and regulations as well as ethical procurement practices. Through the implementation of Mantis system in its workflow processes for the request and approval for purchases and projects, the Company has not only improved the operational processes but also significantly reduced the usage of paper in its daily operation. Moving forward, the Company is looking into incorporating more initiatives towards the community through social and welfare activities.

additional compliance information

11. Recurrent Related Party Transactions of a Revenue or Trading Nature

On 17 June 2010, the Company had obtained the shareholders' mandate to enter into recurrent related party transactions of a revenue or trading nature ("RRPTs") with related parties. The breakdown of the aggregate value of RRPTs entered into by the Group for the financial year ended 31 December 2010 was as follows:-

Company involved	Transacting Related Party	Interested Party(ies)	Relationship	Nature of the RRPTs	Aggregate Value for the financial year
M N C Wireless Bhd (Customer)	MILK PR Sdn Bhd (service provider)	Mr Lionel Koh Kok Peng	A director and major shareholder of M N C (vide his substantial shareholding in *Monaxis Sdn Bhd), namely Mr Lionel Koh Kok Peng who is also a director of MILK PR Sdn Bhd	Public relation services	RM3,675
M N C Wireless Bhd (Customer)	Vizeum Media Services (M) Sdn Bhd (service provider)	Datuk Lee Fook Long and Mr Lionel Koh Kok Peng	Two (2) directors and major shareholders of M N C (vide their substantial shareholdings in *Monaxis Sdn Bhd), namely Datuk Lee Fook Long and Mr Lionel Koh Kok Peng who are the directors of Vizeum Media Services (M) Sdn Bhd and the former is also a major shareholder of Vizeum Media Services (M) Sdn Bhd	Advertisement and promotion services	RM6,731
Moblife.TV Sdn Bhd (Service provider)	Rapp (M) Sdn Bhd (customer)	Datuk Lee Fook Long	A director and major shareholder of M N C (vide his substantial shareholding in *Monaxis Sdn Bhd), namely Datuk Lee Fook Long who is a director and major shareholder of Rapp (M) Sdn Bhd	Mobile application services	RM36,649
Digital Kung-fu Sdn Bhd (Service provider)	Naga DDB Sdn Bhd (customer)	Datuk Lee Fook Long and Mr Lionel Koh Kok Peng	Two (2) directors and major shareholders, of M N C (vide their substantial shareholdings in *Monaxis Sdn Bhd), namely Datuk Lee Fook Long who is a director and major shareholder of Naga DDB Sdn Bhd and Mr Lionel Koh Kok Peng who is holding a key management position in Naga DDB Sdn Bhd	Digital production and creative services	RM54,265
Digital Kung-fu Sdn Bhd (Service provider)	Vizeum Media Services (M) Sdn Bhd (customer)	Datuk Lee Fook Long and Mr Lionel Koh Kok Peng	Two (2) directors and major shareholders of M N C (vide their substantial shareholdings in *Monaxis Sdn Bhd), namely Datuk Lee Fook Long and Mr Lionel Koh Kok Peng who are the directors of Vizeum Media Services (M) Sdn Bhd and the former is also a major shareholder of Vizeum Media Services (M) Sdn Bhd	Digital production and creative services	RM1,225
Digital Kung-fu Sdn Bhd (Service provider)	Rapp (M) Sdn Bhd (customer)	Datuk Lee Fook Long	A director and major shareholder of M N C (vide his substantial shareholding in *Monaxis Sdn Bhd), namely Datuk Lee Fook Long who is a director and major shareholder of Rapp (M) Sdn Bhd	Mobile application services	RM35,000

* Monaxis Sdn Bhd is a Major Shareholder of MNC, holding 39.43% of the issued and paid-up share capital of MNC.

Apart from the above RRPTs disclosure, there were no other RRPTs conducted during the financial year ended 31 December 2010 pursuant to the Shareholders' Mandate dated 24 May 2010.

12. Properties

The Group does not hold any property during the financial year under review. The premises of the head office and satellite offices were leased.

statement of directors' responsibilities

The Directors are required by the Companies Act 1965, to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards in Malaysia, which give a true and fair view of the financial position of the Group and of the Company at the end of each financial year and of the results and cash flows of the Group and the Company for each financial year.

In preparing these financial statements, the Directors have considered the following:-

- that appropriate accounting policies have been adopted and applied consistently;
- that reasonable and prudent judgements and estimates were made; and
- that the approved accounting standards in Malaysia have been applied.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company at any time and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

The Directors have overall responsibilities for taking reasonable steps to safeguard the assets of the Group and of the Company, to prevent and detect fraud and any irregularities.

analysis of shareholdings
as at 28 March 2011

Authorised Share Capital	:	RM25,000,000 comprising of 250,000,000 ordinary shares of RM0.10 each
Issued and Paid-up Capital	:	RM9,447,350 comprising of 94,473,500 ordinary shares of RM0.10 each
Class of shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one vote for each share held
Number of shareholders	:	1,152

Analysis of Shareholdings

Size of Holdings	No. of holders	Total holdings	Percentage (%)
1 - 99	5	200	negligible
100 - 1,000	570	120,500	0.13
1,001 - 10,000	222	1,301,400	1.38
10,001 - 100,000	275	11,061,000	11.71
100,001 - 4,723,674*	78	39,674,945	42.00
4,723,675 and above**	2	42,315,455	44.79
TOTAL	**1,152**	**94,473,500**	**100.00**

Notes:
* less than 5% of issued shares
** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(According to the Register of Substantial Shareholders as at 28 March 2011)

	Direct		Indirect	
	No of Shares	%	No of Shares	%
Monaxis Sdn. Bhd.	37,249,955	39.43	-	-
Datuk Lee Fook Long	-	-	37,249,955#	39.43
Lionel Koh Kok Peng	4,095,345	4.33	37,249,955#	39.43
Yeoh Eng Kong	5,435,500	5.75	-	-

Deemed interest by virtue of his shareholding in Monaxis Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

analysis of shareholdings

as at 28 March 2011

DIRECTORS' SHAREHOLDINGS

(According to the Register of Directors' Shareholdings as at 28 March 2011)

Name of Director	Direct Interest No. of shares	Direct Interest %	Indirect Interest No. of shares	Indirect Interest %
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	-	-	-	-
Datuk Lee Fook Long	-	-	37,249,955#	39.43
Chung Jaan Hao	3,088,200	3.27	-	-
Lionel Koh Kok Peng	4,095,345	4.33	37,249,955#	39.43
Lew Weng Ho	-	-	-	-
Lee Kam Chun	3,339,000	3.53	-	-

Deemed interest by virtue of his shareholding in Monaxis Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

In the subsidiaries

By virtue of their interests in shares in the Company, Datuk Lee Fook Long and Lionel Koh Kok Peng are deemed to have interests in the shares in its subsidiaries and its related corporation to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965 in Malaysia.

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 28 MARCH 2011

No	Investor Name	No. of Shares	%
1.	Monaxis Sdn. Bhd.	37,249,955	39.43
2.	HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yeoh Eng Kong (M02)	5,065,500	5.36
3.	Lee Chai Eng	4,270,000	4.52
4.	Lee Kam Chun	3,289,000	3.48
5.	HDM Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Lionel Koh Kok Peng (M09)	3,218,469	3.41
6.	Chung Jaan Hao	3,088,200	3.27
7.	Lim Leng Na	2,205,000	2.33
8.	Lee Sze Inn	2,080,700	2.20
9.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Tee Chee Chiang (M55008)	1,355,800	1.44

analysis of shareholdings

as at 28 March 2011

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 28 MARCH 2011 (cont'd)

No	Investor Name	No. of Shares	%
10.	Kenanga Nominees (Asing) Sdn. Bhd. Exempt An For Phillip Securities Pte Ltd (Client Account)	1,240,000	1.31
11.	Robert Tan	1,000,000	1.06
12.	Lionel Koh Kok Peng	876,876	0.93
13.	Lim Leng Na	795,000	0.84
14.	Wee Swee Lee	703,300	0.74
15.	Tan Kin Chuan	656,900	0.70
16.	Junoh Bin Seman	647,800	0.69
17.	RHB Nominees (Tempatan) Sdn. Bhd. Amara Investment Management Sdn Bhd for Nor Azlin Binti Ahmad	613,600	0.65
18.	Lee Wai Yuen	500,100	0.53
19.	Sivalingam a/l Veluppillai	500,000	0.53
20.	Lim Poh Fong	481,000	0.51
21.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for BNP Paribas Wealth Management Singapore Branch (Foreign)	400,000	0.42
22.	Loh Teck Yen	400,000	0.42
23.	Loh Teck Yen	400,000	0.42
24.	Tan Hui San	365,400	0.39
25.	Kong Oon Chee	350,100	0.37
26.	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yu Si Geok	344,100	0.36
27.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tee Hiap Loon (E-BPJ)	325,000	0.34
28.	Lai Hing	300,000	0.32
29.	Wie Hock Beng	300,000	0.32
30.	Yeoh Tian Sang	300,000	0.32
	Total	**73,321,800**	**77.61**

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financial statements

directors' report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of carrying out sales and marketing, and research and development of wireless, mobile and multimedia solutions and content and investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Loss after taxation for the financial year	(1,398,104)	(849,401)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

directors' report

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The ESOS is governed by the by-laws approved by the shareholders on 27 August 2005. The ESOS was implemented on 17 October 2005 and was in force for a period of 5 years from the date of implementation. The Company's ESOS expired on 16 October 2010 after the five-year period.

The movement in the options to subscribe for new ordinary shares of RM0.10 each at an exercise price of RM0.32 per share is as follows:-

	Option To Subscribe For Ordinary Shares Of RM0.10 Each
At 1 January 2010	2,189,500
Expired	(2,189,500)
At 31 December 2010	-

Exemption has been granted by the Companies Commission of Malaysia for the disclosure of the names of eligible employees who have been granted options below 1,000,000 units.

The details of options granted to Directors are shown under Directors' Interests.

The main features of the ESOS are as follows:-

(a) eligible employees are such employees and Directors of the Group as at the Offer Date who:-

(i) have attained the age of eighteen (18) years;

(ii) either:-

(a) in the case of the employee, is classified as an "employee" based on the terms of the employment letter issued by the Group and is not a member of any trade union; or

(b) in the case of the Director, the name appears in the Group's register of directors.

(b) the total number of shares to be offered under the ESOS shall not exceed 15% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS which shall be in force for a period of five (5) years expiring 16 October 2010;

(c) the allocation for any eligible employee during the existence of the ESOS shall not exceed fifty percent (50%) in aggregate of new shares available under the ESOS for Directors and the Group's senior management and shall not exceed ten percent (10%) of new shares available under the ESOS for any individual employee as defined under (a)(ii)(a);

directors' report

EMPLOYEE SHARE OPTION SCHEME ("ESOS") (cont'd)

(d) the option price shall be set at a discount of not more than ten percent (10%) of the weighted average market price of the shares as shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of offer, subject to the proviso that the option price per new share shall in no event be less than the par value of the share; and

(e) the new shares to be allotted upon the exercise of any option will upon allotment rank pari passu in all respects with the existing issued and paid-up shares of the Company except that the new shares allotted under the ESOS will not rank for any dividends, rights, allotment or distributions declared, made or paid prior to the date of exercise of the option.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

directors' report

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Datuk Lee Fook Long
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir
Chung Jaan Hao
Lionel Koh Kok Peng
Lew Weng Ho
Lee Kam Chun
Mariendra Rishya Joseph A/l Percy (Appointed on 25.11.2010, resigned on 14.3.2011)

directors' report

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company during the financial year are as follows:-

	Number Of Ordinary Shares Of RM0.10 Each			
	At 1.1.2010	Bought	Sold	At 31.12.2010
Direct Interests:-				
Chung Jaan Hao	3,088,200	-	-	3,088,200
Lionel Koh Kok Peng	4,095,345	-	-	4,095,345
Lee Kam Chun	3,339,000	-	-	3,339,000
Indirect Interests:-				
Datuk Lee Fook Long*	37,249,955	-	-	37,249,955
Lionel Koh Kok Peng*	37,249,955	-	-	37,249,955

* Deemed interests through Monaxis Sdn. Bhd. by virtue of Section 6A of the Companies Act 1965 in Malaysia.

	Number Of Ordinary Shares Of RM0.32 Each Under Option		
	At 1.1.2010	Expired	At 31.12.2010
Chung Jaan Hao	1,350,000	(1,350,000)	-

By virtue of their interests in shares in the Company, Datuk Lee Fook Long and Lionel Koh Kok Peng are deemed to have interests in the shares in its subsidiaries and its related corporation to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965 in Malaysia.

None of the other directors holding office at the end of the financial year had any interest in shares in the Company during the financial year.

directors' report

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 27 to the financial statements.

Neither during nor at the end of the financial year was the Company or its subsidiaries a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 12 APRIL 2011**

Lionel Koh Kok Peng

Chung Jaan Hao

statement by directors

We, Lionel Koh Kok Peng and Chung Jaan Hao, being two of the directors of M N C Wireless Berhad, state that, in the opinion of the directors, the financial statements set out on pages 45 to 93 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2010 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 31, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 12 APRIL 2011

Lionel Koh Kok Peng

Chung Jaan Hao

statutory declaration

I, Yap Ying Ying, being the officer primarily responsible for the financial management of M N C Wireless Berhad, do solemnly and sincerely declare that the financial statements set out on pages 45 to 93 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Yap Ying Ying, at Klang in the state
of Selangor Darul Ehsan
on this 12 April 2011

Yap Ying Ying

Before Me
Goh Cheng Teak (No. B204)
Commissioner For Oaths

independent auditors' report

to the members of M N C Wireless Berhad
(Incorporated in Malaysia) Company No : 635884-T

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of M N C Wireless Berhad, which comprise the statements of financial position as at 31 December 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 45 to 93.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

independent auditors' report

to the members of M N C Wireless Berhad (cont'd)
(Incorporated in Malaysia) Company No : 635884-T

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;

(b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 5 to the financial statements;

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes; and

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 31 on page 94 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No : AF 1018
Chartered Accountants

Ooi Song Wan
Approval No : 2901/10/12 (J)
Chartered Accountant

Kuala Lumpur
12 April 2011

statements of financial position

at 31 December 2010

		The Group		The Company	
		2010	2009	2010	2009
	NOTE	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	**-**	-	**2,929,952**	2,645,709
Investment in an associate	6	**-**	1,651,154	**-**	1,850,488
Equipment	7	**572,861**	866,787	**403,890**	639,550
Product development expenditure	8	**2,406,542**	2,611,653	**2,406,542**	2,611,653
Intangible asset	9	**535,500**	637,500	**535,500**	637,500
		3,514,903	5,767,094	**6,275,884**	8,384,900
CURRENT ASSETS					
Trade receivables	10	**3,150,071**	3,535,747	**469,155**	581,529
Other receivables, deposits and prepayments	11	**198,758**	226,202	**132,545**	138,877
Amount owing by subsidiaries	12	**-**	-	**2,717,299**	2,615,177
Amount owing by an associate	13	**42,883**	216,284	**42,883**	216,284
Tax refundable		**16,889**	16,889	**1,164**	1,164
Short-term deposits with licensed banks	14	**4,232,705**	4,122,628	**4,181,318**	4,072,376
Cash and bank balances		**2,190,645**	1,636,652	**1,102,093**	497,053
		9,831,951	9,754,402	**8,646,457**	8,122,460
TOTAL ASSETS		**13,346,854**	15,521,496	**14,922,341**	16,507,360

The annexed notes form an integral part of these financial statements.

statements of financial position

at 31 December 2010 (cont'd)

		The Group		The Company	
		2010	2009	2010	2009
	NOTE	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	**9,447,350**	9,447,350	**9,447,350**	9,447,350
Share premium	16	**2,231,412**	2,231,412	**2,231,412**	2,231,412
(Accumulated loss)/Retained profits	17	**(855,950)**	542,154	**1,061,556**	1,910,957
TOTAL EQUITY		**10,822,812**	12,220,916	**12,740,318**	13,589,719
CURRENT LIABILITIES					
Trade payables	18	**2,142,808**	2,805,453	**2,019,763**	2,670,268
Other payables and accruals	19	**381,234**	495,127	**162,260**	247,373
		2,524,042	3,300,580	**2,182,023**	2,917,641
TOTAL LIABILITIES		**2,524,042**	3,300,580	**2,182,023**	2,917,641
TOTAL EQUITY AND LIABILITIES		**13,346,854**	15,521,496	**14,922,341**	16,507,360
NET ASSETS PER SHARE	20	**11.5 sen**	12.9 sen		

The annexed notes form an integral part of these financial statements.

statements of comprehensive income

for the financial year ended 31 December 2010

		The Group		The Company	
		2010	2009	2010	2009
	NOTE	RM	RM	RM	RM
REVENUE	21	**13,739,236**	16,779,564	**10,698,682**	13,116,494
COST OF SALES		**(7,369,769)**	(9,646,080)	**(6,002,685)**	(8,173,137)
GROSS PROFIT		**6,369,467**	7,133,484	**4,695,997**	4,943,357
OTHER INCOME		**-**	310,467	**-**	273,406
SALES AND DISTRIBUTION EXPENSES		**(911,895)**	(773,081)	**(353,898)**	(428,679)
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		**(6,742,896)**	(6,975,740)	**(5,305,629)**	(4,774,738)
(LOSS)/PROFIT FROM OPERATIONS		**(1,285,324)**	(304,870)	**(963,530)**	13,346
INVESTMENT INCOME		**117,896**	101,643	**114,129**	100,739
SHARE OF LOSS OF AN ASSOCIATE		**(226,156)**	(62,060)	**-**	-
(LOSS)/PROFIT BEFORE TAXATION	22	**(1,393,584)**	(265,287)	**(849,401)**	114,085
INCOME TAX EXPENSE	23	**(4,520)**	-	**-**	-
(LOSS)/PROFIT AFTER TAXATION		**(1,398,104)**	(265,287)	**(849,401)**	114,085
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME FOR THE FINANCIAL YEAR		**(1,398,104)**	(265,287)	**(849,401)**	114,085
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT		**(1,398,104)**	(265,287)	**(849,401)**	114,085
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (SEN):					
- BASIC	24	**(1.48)**	(0.28)		
- DILUTED	24	**N/A**	N/A		

The annexed notes form an integral part of these financial statements.

statements of changes in equity

for the financial year ended 31 December 2010

	Attributable To Owners Of The Parent			
	Non-Distributable		Distributable	
The Group	Share Capital RM	Share Premium RM	Retained Profits/ (Accumulated Loss) RM	Total Equity RM
Balance at 1.1.2009	9,447,350	2,231,412	807,441	12,486,203
Total comprehensive expenses for the financial year	-	-	(265,287)	(265,287)
Balance at 31.12.2009/1.1.2010	9,447,350	2,231,412	542,154	12,220,916
Total comprehensive expenses for the financial year	-	-	(1,398,104)	(1,398,104)
Balance at 31.12.2010	**9,447,350**	**2,231,412**	**(855,950)**	**10,822,812**
The Company				
Balance at 1.1.2009	9,447,350	2,231,412	1,796,872	13,475,634
Total comprehensive income for the financial year	-	-	114,085	114,085
Balance at 31.12.2009/1.1.2010	9,447,350	2,231,412	1,910,957	13,589,719
Total comprehensive expenses for the financial year	-	-	(849,401)	(849,401)
Balance at 31.12.2010	**9,447,350**	**2,231,412**	**1,061,556**	**12,740,318**

The annexed notes form an integral part of these financial statements.

statements of cash flows

for the financial year ended 31 December 2010

		The Group		The Company	
		2010	2009	2010	2009
	NOTE	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
(Loss)/Profit before taxation		**(1,393,584)**	(265,287)	**(849,401)**	114,085
Adjustments for:-					
Amortisation of intangible asset		**102,000**	102,000	**102,000**	102,000
Amortisation of product development expenditure		**1,805,637**	1,876,630	**1,805,637**	1,876,630
Allowance for impairment loss on amount owing by an associate		**127,411**	525,470	**127,411**	525,470
Allowance for impairment loss on investment in an associate		**1,424,998**	-	**1,850,488**	-
Amount owing by a subsidiary written off		**-**	-	**-**	34,802
Bad debts written off		**26,417**	-	**-**	-
Depreciation of equipment		**343,254**	476,278	**286,698**	392,530
Equipment written off		**-**	133,561	**-**	14,559
Loss on disposal of equipment		**710**	-	**-**	-
Share of loss of an associate		**226,156**	62,060	**-**	-
Gain on disposal of an associate		**-**	(273,406)	**-**	(273,406)
Interest income		**(117,896)**	(101,643)	**(114,129)**	(100,739)
Operating profit before working capital changes		**2,545,103**	2,535,663	**3,208,704**	2,685,931
Decrease/(Increase) in trade and other receivables		**386,703**	(931,862)	**118,706**	143,237
(Decrease)/Increase in trade and other payables		**(776,538)**	1,122,637	**(735,618)**	1,026,094
Decrease/(Increase) in amount owing by subsidiaries		**-**	-	**227,742**	(271,543)
CASH FROM OPERATIONS		**2,155,268**	2,726,438	**2,819,534**	3,583,719
Tax (paid)/refunded		**(4,520)**	2,775	**-**	-
NET CASH FROM OPERATING ACTIVITIES AND BALANCE CARRIED FORWARD		**2,150,748**	2,729,213	**2,819,534**	3,583,719

The annexed notes form an integral part of these financial statements.

statements of cash flows

for the financial year ended 31 December 2010 (cont'd)

		The Group		The Company	
		2010	2009	2010	2009
	NOTE	RM	RM	RM	RM
BALANCE BROUGHT FORWARD		**2,150,748**	2,729,213	**2,819,534**	3,583,719
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Interest received		**117,896**	101,643	**114,129**	100,739
Investment in a subsidiary		**-**	-	**(284,243)**	(405,159)
Purchase of equipment		**(51,038)**	(285,787)	**(51,038)**	(189,572)
Proceeds from disposal of equipment		**1,000**	-	**-**	-
Proceeds from disposal of an associate		**-**	273,406	**-**	273,406
Product development expenditure incurred		**(1,600,526)**	(1,633,430)	**(1,600,526)**	(1,633,430)
NET CASH FOR INVESTING ACTIVITIES		**(1,532,668)**	(1,544,168)	**(1,821,678)**	(1,854,016)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Repayment from/(Advances to) an associate		**45,990**	(42,401)	**45,990**	(42,401)
Advances to subsidiaries		**-**	-	**(329,864)**	(1,314,918)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		**45,990**	(42,401)	**(283,874)**	(1,357,319)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**664,070**	1,142,644	**713,982**	372,384
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**5,759,280**	4,616,636	**4,569,429**	4,197,045
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	25	**6,423,350**	5,759,280	**5,283,411**	4,569,429

The annexed notes form an integral part of these financial statements.

notes to the financial statements

for the financial year ended 31 December 2010

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	17 - 2, Jalan Solaris 3, Solaris Mont Kiara, 50480 Kuala Lumpur.
Principal place of business	:	A-3-3, Block A, Jaya One, No. 72A, Jalan University, Section 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 12 April 2011.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of carrying out sales and marketing, and research and development of wireless, mobile and multimedia solutions and content and investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company 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 Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

The financial statements of the Group and of the Company 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 Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

notes to the financial statements

for the financial year ended 31 December 2010

3. BASIS OF PREPARATION (cont'd)

(a) FRSs and IC Interpretations (including the Consequential Amendments) (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

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

Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:

(i) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 January 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 - Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

3. BASIS OF PREPARATION (cont'd)

(ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 30(b) to the financial statements.

(iii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments. The adoption is expected to have no material impact on the financial statements.

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
Amendments to IC Interpretation 14: Prepayment of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010

notes to the financial statements

for the financial year ended 31 December 2010

3. BASIS OF PREPARATION (cont'd)

(b) **FRSs and IC Interpretations (including the Consequential Amendments) (cont'd)**

FRSs and IC Interpretations (including the Consequential Amendments) (cont'd)	Effective date
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvement to FRSs (2010)	1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting its future transactions or arrangements.

notes to the financial statements

for the financial year ended 31 December 2010

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the current tax and deferred tax provisions in the period in which such determination is made.

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Amortisation of Product Development Expenditure

Changes in the expected level of usage and technological development could impact the economic useful lives and therefore, future amortisation charges could be revised.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates And Judgements (cont'd)

(v) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vi) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2010.

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

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

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 subsidiaries to ensure consistency of accounting policies with those of the Group.

notes to the financial statements

for the financial year ended 31 December 2010

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The functional currency of the Company is the currency of the primary economic environment in which the Company operates.

The financial statements of the Company are presented in Ringgit Malaysia, which is the functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

(d) Financial Instruments

Financial instruments are recognised in the statement of financial position when the 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 an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the 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.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial Instruments (cont'd)

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- Financial Assets at Fair Value Through Profit or Loss

  As at the end of the reporting period, there were no financial assets classified under this category.

- Held-to-maturity Investments

  As at the end of the reporting period, there were no financial assets classified under this category.

- Loans and Receivables Financial Assets

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- Available-for-sale Financial Assets

  As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

notes to the financial statements
for the financial year ended 31 December 2010

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Investments

(i) Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the statement of comprehensive income.

(ii) Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

The investment in an associate is accounted for under the equity method, based on the financial statements of the associate made up to 31 December 2010. The Group's share of the post acquisition profits/losses of the associate is included in the consolidated statement of comprehensive income and the Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

(f) Product Development Expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that expenditure incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

(i) its ability to measure reliably the expenditure attributable to the asset under development;

(ii) the product or process is technically and commercially feasible;

(iii) its future economic benefits are probable;

(iv) its ability to use or sell the developed assets; and

(v) the availability of adequate technical, financial and other resources to complete the asset under development.

notes to the financial statements

for the financial year ended 31 December 2010

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Product Development Expenditure (cont'd)

Capitalised product development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent periods.

Amortisation is calculated under the straight-line method to write off product development expenditure over three years. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

(g) Intangible Assets

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

(h) Equipment

Equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Computers and related equipment	20% - 40%
Furniture, fittings and office equipment	10%
Renovation	20%

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Equipment (cont'd)

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

(i) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period 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. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately. 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 profit or loss immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Income Taxes

Income taxes for the financial year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax 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 other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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 future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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 substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity.

(k) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

notes to the financial statements
for the financial year ended 31 December 2010

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institution, 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.

(m) Employee Benefits

(i) Short-term Benefits

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

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(n) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

notes to the financial statements
for the financial year ended 31 December 2010

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Revenue Recognition

(i) Services Rendered

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(ii) Interest Income

Interest income is recognised on an accrual basis.

5. INVESTMENT IN SUBSIDIARIES

	The Company	
	2010	2009
	RM	RM
Unquoted shares, at cost:-		
At 1 January	**2,645,709**	2,240,550
Additional subscription of shares in a subsidiary	**284,243**	405,159
At 31 December	**2,929,952**	2,645,709
Unquoted shares, at cost:-		
- in Malaysia	**2,240,550**	2,240,550
- outside Malaysia	**689,402**	405,159
	2,929,952	2,645,709

notes to the financial statements

for the financial year ended 31 December 2010

5. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010	Effective Equity Interest 2009	Principal Activities
Moblife.TV Sdn. Bhd.	Malaysia	**100%**	100%	Consultation, sales, marketing and implementation of m-business solution 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.
Digital Kung-Fu Sdn. Bhd.	Malaysia	**100%**	100%	Providing web design and hosting services, research and development in digital communication and advertising services.
M N C Wireless (China) Pte. Ltd.#	China	**100%**	100%	Dormant.
M N C Wireless Pte. Ltd.#^	Singapore	-	100%	Dormant.

\# *not audited by Messrs. Crowe Horwath.*

^ *On 5 February 2010, the subsidiary had been successfully deregistered from the Register of Accounting and Corporate Regulatory Authority Singapore pursuant to Section 344(2) of the Companies Act in Singapore.*

notes to the financial statements
for the financial year ended 31 December 2010

6. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Unquoted shares, at cost	**1,850,488**	1,850,488	**1,850,488**	1,850,488
Share of post acquisition losses:-				
At 1 January	**(199,334)**	(137,274)	**-**	-
Share of loss for current financial year	**(226,156)**	(62,060)	**-**	-
At 31 December	**(425,490)**	(199,334)	**-**	-
	1,424,998	1,651,154	**1,850,488**	1,850,488
Allowance for impairment loss	**(1,424,998)**	-	**(1,850,488)**	-
	-	1,651,154	**-**	1,850,488

	The Group	
	2010 RM	2009 RM
Net interest represented by:-		
Net assets	**144,168**	144,168
Goodwill	**1,506,986**	1,506,986
	1,651,154	1,651,154
Allowance for impairment loss	**(1,651,154)**	-
	-	1,651,154

Details of the associate are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010	Effective Equity Interest 2009	Principal Activities
Nexgen Studio Pte. Ltd.#	Singapore	**35%**	35%	Provision of services on internet networking and online internet games.

not audited by Messrs. Crowe Horwath.

notes to the financial statements

for the financial year ended 31 December 2010

6. INVESTMENT IN AN ASSOCIATE (cont'd)

The summarised financial information of the associate is as follows:-

	The Group	
	2010	2009
	RM	RM
Assets and liability		
Current assets	**602,866**	821,865
Non-current assets	**345,268**	580,425
Total assets	**948,134**	1,402,290
Current liabilities	**1,166,456**	961,262
Results		
Revenue	**335,617**	647,503
Loss for the financial year	**(647,271)**	(177,314)

7. EQUIPMENT

The Group Net Carrying Amount	At 1.1.2010 RM	Additions RM	Disposal RM	Depreciation Charge RM	At 31.12.2010 RM
Computers and related equipment	**556,118**	**41,874**	-	**(278,727)**	**319,265**
Furniture, fittings and office equipment	**207,996**	**9,164**	**(1,710)**	**(41,723)**	**173,727**
Renovation	**102,673**	-	-	**(22,804)**	**79,869**
	866,787	**51,038**	**(1,710)**	**(343,254)**	**572,861**

notes to the financial statements

for the financial year ended 31 December 2010

7. EQUIPMENT (cont'd)

The Group Net Carrying Amount	At 1.1.2009 RM	Additions RM	Written Off RM	Depreciation Charge RM	At 31.12.2009 RM
Computers and related equipment	878,519	77,924	-	(400,325)	556,118
Furniture, fittings and office equipment	301,642	37,445	(75,711)	(55,380)	207,996
Renovation	10,678	170,418	(57,850)	(20,573)	102,673
	1,190,839	285,787	(133,561)	(476,278)	866,787

The Group	Cost RM	Accumulated Depreciation RM	Net Carrying Amount RM
At 31.12.2010			
Computers and related equipment	**2,750,069**	**(2,430,804)**	**319,265**
Furniture, fittings and office equipment	**419,312**	**(245,585)**	**173,727**
Renovation	**296,724**	**(216,855)**	**79,869**
	3,466,105	**(2,893,244)**	**572,861**
At 31.12.2009			
Computers and related equipment	2,708,195	(2,152,077)	556,118
Furniture, fittings and office equipment	415,403	(207,407)	207,996
Renovation	296,724	(194,051)	102,673
	3,420,322	(2,553,535)	866,787

notes to the financial statements

for the financial year ended 31 December 2010

7. EQUIPMENT (cont'd)

The Company Net Carrying Amount	At 1.1.2010 RM	Additions RM	Depreciation Charge RM	At 31.12.2010 RM
Computers and related equipment	**497,417**	**41,874**	**(258,645)**	**280,646**
Furniture, fittings and office equipment	**39,460**	**9,164**	**(5,249)**	**43,375**
Renovation	**102,673**	**-**	**(22,804)**	**79,869**
Total	**639,550**	**51,038**	**(286,698)**	**403,890**

Net Carrying Amount	At 1.1.2009 RM	Additions RM	Written Off RM	Depreciation Charge RM	At 31.12.2009 RM
Computers and related equipment	806,161	66,399	-	(375,143)	497,417
Furniture, fittings and office equipment	40,228	7,688	(3,475)	(4,981)	39,460
Renovation	10,678	115,485	(11,084)	(12,406)	102,673
Total	857,067	189,572	(14,559)	(392,530)	639,550

notes to the financial statements

for the financial year ended 31 December 2010

7. EQUIPMENT (cont'd)

The Company	Cost RM	Accumulated Depreciation RM	Net Carrying Amount RM
At 31.12.2010			
Computers and related equipment	**2,519,207**	**(2,238,561)**	**280,646**
Furniture, fittings and office equipment	**59,367**	**(15,992)**	**43,375**
Renovation	**114,023**	**(34,154)**	**79,869**
Total	**2,692,597**	**(2,288,707)**	**403,890**
At 31.12.2009			
Computers and related equipment	2,477,333	(1,979,916)	497,417
Furniture, fittings and office equipment	50,203	(10,743)	39,460
Renovation	114,023	(11,350)	102,673
Total	2,641,559	(2,002,009)	639,550

notes to the financial statements

for the financial year ended 31 December 2010

8. PRODUCT DEVELOPMENT EXPENDITURE

	The Group And Company	
	2010	2009
	RM	RM
Cost		
At 1 January	**10,756,168**	9,122,738
Incurred during the financial year	**1,600,526**	1,633,430
At 31 December	**12,356,694**	10,756,168
Accumulated Amortisation		
At 1 January	**(8,144,515)**	(6,267,885)
Amortisation charge for the financial year	**(1,805,637)**	(1,876,630)
At 31 December	**(9,950,152)**	(8,144,515)
Net carrying amount	**2,406,542**	2,611,653

Included in the product development expenditure is the following cost incurred during the financial year:-

	The Group And Company	
	2010	2009
	RM	RM
Staff costs	**1,600,526**	1,633,430

No impairment loss is recognised during the current financial year as the recoverable amount is higher than the carrying amount. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations using cash flow projections prepared and approved by the management. The key assumptions used in value-in-use calculations are disclosed in Note 9 to the financial statements.

notes to the financial statements

for the financial year ended 31 December 2010

9. INTANGIBLE ASSET

	The Group And Company	
	2010	2009
	RM	RM
Cost		
At 1 January	**1,020,000**	1,020,000
Accumulated Amortisation		
At 1 January	**(382,500)**	(280,500)
Amortisation charge for the financial year	**(102,000)**	(102,000)
At 31 December	**(484,500)**	(382,500)
Net carrying amount	**535,500**	637,500

The intangible asset comprises the cost incurred in acquiring a mobile platform for messaging gaming services.

Key assumptions used in value-in-use calculations

	Intangible Asset		Product Development Expenditure	
	2010	2009	2010	2009
1. Discount rate	**10%**	10%	**10%**	10%
The discount rate is on a pre-tax basis that reflects current market assessment of time value of money and the risks specific to the CGU.				
2. Growth rates	**0%**	6%	**19%**	11%
This is based on the management forecasts after incorporating changes in pricing and direct costs based on past experience and the expectations of future changes in the market.				

notes to the financial statements

for the financial year ended 31 December 2010

9. INTANGIBLE ASSET (cont'd)

Key assumptions used in value-in-use calculations (cont'd)

	Intangible Asset		Product Development Expenditure	
	2010	2009	2010	2009
3. Cash flow period	**5 years**	6 years	**5 years**	5 years

The cash flow projections are based on financial budgets approved by the management. The cash flow projections for the intangible asset acquired and product development expenditure are based on the duration of the licensing period and the expected life cycle of the products respectively.

	Intangible Asset		Product Development Expenditure	
	2010	2009	2010	2009
4. Cash net operating margin	**66%**	66%	**16%**	19%

Net cash projections for the relevant cash flow period are extrapolated based on past net operating cash flows generated by the CGU divided by the gross revenue generated by the respective CGU.

10. TRADE RECEIVABLES

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Third parties	**3,009,623**	3,435,299	**469,155**	581,529
Related parties	**140,448**	100,448	**-**	-
	3,150,071	3,535,747	**469,155**	581,529

The related parties are companies in which certain directors of the Company have substantial financial interests.

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

notes to the financial statements

for the financial year ended 31 December 2010

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Other receivables	**40,682**	50,099	**39,039**	43,995
Deposits	**151,103**	152,088	**86,533**	83,373
Prepayments	**6,973**	24,015	**6,973**	11,509
	198,758	226,202	**132,545**	138,877

12. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2010	2009
	RM	RM
Amount owing by subsidiaries:		
- trade	**1,171,064**	1,398,806
- non-trade	**1,546,235**	1,216,371
	2,717,299	2,615,177

The trade amount owing is subject to the normal trade terms. The amount owing is to be settled in cash.

The non-trade amount owing is unsecured, interest-free and repayable upon demand. The amount owing is to be settled in cash.

13. AMOUNT OWING BY AN ASSOCIATE

The amount is non-trade, unsecured, interest-free and repayable upon demand. The amount owing is to be settled in cash.

14. SHORT-TERM DEPOSITS WITH LICENSED BANKS

The effective interest rate and maturity periods of the short-term deposits of the Group and of the Company at the end of the reporting period were 2.50% (2009 - 2.50%) per annum and 30 to 90 days (2009 - 30 to 90 days) respectively.

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for the financial year ended 31 December 2010

15. SHARE CAPITAL

	The Company			
	2010	2009	2010	2009
	Number Of Ordinary Shares		RM	RM
Authorised				
Ordinary shares of RM0.10 each	**250,000,000**	250,000,000	**25,000,000**	25,000,000
Issued And Fully Paid				
Ordinary shares of RM0.10 each	**94,473,500**	94,473,500	**9,447,350**	9,447,350

16. SHARE PREMIUM

	The Group And Company	
	2010	2009
	RM	RM
At 1 January/31 December	**2,231,412**	2,231,412

The share premium is not distributable by way of cash dividends but may be utilised in the manner set out in Section 60(3) of the Companies Act 1965 in the Malaysia.

17. RETAINED PROFITS

Based on estimated Section 108 tax credits and tax-exempt income account available and subject to agreement with the tax authorities, the retained profits are wholly distributable by way of dividends without the Company incurring further tax liabilities.

At the end of the reporting period, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

notes to the financial statements

for the financial year ended 31 December 2010

18. TRADE PAYABLES

The normal trade credit terms granted to the Group ranged from 30 days to 90 days.

19. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Other payables:				
- third parties	**114,804**	57,837	**47,555**	30,110
- related party	**24,790**	43,545	**24,790**	43,545
Accruals	**241,640**	393,745	**89,915**	173,718
	381,234	495,127	**162,260**	247,373

The related party is a company in which certain directors of the Company have substantial financial interests.

20. NET ASSETS PER SHARE

The net assets per share of the Group is calculated based on the net assets value of RM10,822,812 (2009 - RM12,220,916) divided by the number of ordinary shares in issue at the end of reporting period of 94,473,500 (2009 - 94,473,500).

21. REVENUE

Revenue represents:-

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Mobile applications	**10,698,682**	13,116,494	**10,698,682**	13,116,494
Wireless and multimedia related services	**3,040,554**	3,663,070	**-**	-
	13,739,236	16,779,564	**10,698,682**	13,116,494

notes to the financial statements

for the financial year ended 31 December 2010

22. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is arrived at after charging/(crediting):-

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**
Allowance for impairment loss on amount owing by an associate	**127,411**	525,470	**127,411**	525,470
Allowance for impairment loss on investment in an associate	**1,424,998**	-	**1,850,488**	-
Amortisation of intangible asset	**102,000**	102,000	**102,000**	102,000
Amortisation of product development expenditure	**1,805,637**	1,876,630	**1,805,637**	1,876,630
Auditors' remuneration:				
- current financial year	**40,000**	30,000	**25,000**	20,000
- overprovision in previous financial year	**-**	(7,000)	**-**	(4,500)
Amount owing by a subsidiary written off	**-**	-	**-**	34,802
Bad debts written off	**26,417**	-	**-**	-
Depreciation of equipment	**343,254**	476,278	**286,698**	392,530
Directors' remuneration:				
- fee	**24,000**	24,000	**24,000**	24,000
- other emoluments	**296,300**	592,600	**-**	-
Equipment written off	**-**	133,561	**-**	14,559
Loss on disposal of equipment	**710**	-	**-**	-
Rental of equipment	**10,703**	10,959	**-**	5,568
Rental of office	**337,092**	529,634	**186,562**	327,233
Staff costs:				
- salaries and allowances	**1,324,671**	1,453,497	**198,692**	242,168
- defined contribution plan	**168,117**	155,488	**19,392**	10,532
Gain on disposal of an associate	**-**	(273,406)	**-**	(273,406)
Interest income	**(117,896)**	(101,643)	**(114,129)**	(100,739)

23. INCOME TAX EXPENSE

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Income tax:-				
Foreign jurisdictions	**(4,520)**	-	**-**	-

A reconciliation of income tax expense applicable to the (loss)/profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
(Loss)/Profit before taxation	**(1,393,584)**	(265,287)	**(849,401)**	114,085
Tax at the statutory tax rate of 25%	**(348,000)**	(66,000)	**(212,350)**	29,000
Tax effects of:-				
Non-deductible expenses	**113,520**	513,000	**32,350**	397,000
Non-taxable income	**(29,000)**	(96,000)	**(29,000)**	(96,000)
Deferred tax assets not recognised during the financial year	**293,000**	29,000	**209,000**	-
Utilisation of deferred tax assets previously not recognised	**(25,000)**	(380,000)	**-**	(330,000)
Income tax expense for the financial year	**4,520**	-	**-**	-

notes to the financial statements

for the financial year ended 31 December 2010

23. INCOME TAX EXPENSE (cont'd)

No deferred tax assets are recognised in respect of the following items:-

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Deferred tax assets				
Unabsorbed capital allowances	**175,000**	24,000	**11,000**	-
Unutilised tax losses	**848,000**	791,000	**684,000**	541,000
	1,023,000	815,000	**695,000**	541,000
Deferred tax liability				
Accelerated depreciation	**(91,000)**	(151,000)	**(57,000)**	(112,000)
Net deferred tax assets not recognised	**932,000**	664,000	**638,000**	429,000

Subject to agreement with the tax authorities, the Company has unutilised tax losses and unabsorbed capital allowances of approximately RM2,736,000 (2009 - RM2,163,000) and RM44,000 (2009 - Nil) at the end of the reporting period available for offset against future taxable business income.

24. LOSS PER SHARE

The basic loss per share for the financial year has been calculated by dividing the consolidated loss attributable to owners of the Company of RM1,398,104 (2009 - RM265,287) by the number of ordinary shares in issue during the financial year of 94,473,500 (2009 - 94,473,500).

There is no diluted earnings per share for the current financial year as there are no dilutive potential ordinary shares.

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25. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Short-term deposits with licensed banks	**4,232,705**	4,122,628	**4,181,318**	4,072,376
Cash and bank balances	**2,190,645**	1,636,652	**1,102,093**	497,053
	6,423,350	5,759,280	**5,283,411**	4,569,429

26. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by the directors of the Group and of the Company during the financial year was as follows:-

	No. Of Directors	Salaries RM	EPF & SOCSO RM	Fee RM	Allowances RM	Total RM
The Group						
2010						
Executive						
- Between RM200,001 and RM300,000	1	**240,000**	**32,300**	-	**24,000**	**296,300**
Non-Executive						
- Less than or equal to RM50,000	1	-	-	**24,000**	-	**24,000**
	2	**240,000**	**32,300**	**24,000**	**24,000**	**320,300**

notes to the financial statements

for the financial year ended 31 December 2010

26. DIRECTORS' REMUNERATION (cont'd)

	No. Of Directors	Salaries RM	EPF & SOCSO RM	Fee RM	Allowances RM	Total RM
The Group						
2009						
Executive						
- Between RM200,001 and RM300,000	2	480,000	64,600	-	48,000	592,600
Non-Executive						
- Less than or equal to RM50,000	1	-	-	24,000	-	24,000
	3	480,000	64,600	24,000	48,000	616,600
The Company						
2010						
Non-Executive						
- Less than or equal to RM50,000	**1**	**-**	**-**	**24,000**	**-**	**24,000**
2009						
Non-Executive						
- Less than or equal to RM50,000	1	-	-	24,000	-	24,000

27. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Company has related party relationships with:-

(i) its subsidiaries as disclosed in Note 5 to the financial statements or related parties in which certain directors have substantial financial interests; and

(ii) the directors who are the key management personnel.

27. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(b) In addition to the information disclosed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial year:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Subsidiaries				
Sales	**-**	-	**8,010,456**	9,444,761
Management fee	**-**	-	**300,000**	416,000
Related parties				
Sales	**127,139**	99,226	**-**	-
Key management personnel compensation:				
- short-term employee benefits	**320,300**	616,600	**24,000**	24,000

28. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of the foreign currency balances at the end of the reporting period are as follows:-

	The Group And Company	
	2010 RM	2009 RM
Chinese Renminbi	**0.51**	0.50
Singapore Dollar	**2.40**	2.44
United State Dollar	**3.08**	3.43

notes to the financial statements

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29. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group's business segments comprise the following main segments:-

Mobile applications	Provision of mobile application platforms for Short Message Service (SMS) to mobile phone users.
Wireless and multimedia related services	Consultation, sales, marketing and implementation of m-business solutions, management of content resources business and other related multimedia services.

The Group Executive Committee assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

notes to the financial statements

for the financial year ended 31 December 2010

29. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS

	Mobile Applications RM	Wireless And Multimedia Related Services RM	Group RM
2010			
Revenue And Expenses			
Revenue			
External sales	10,698,682	3,040,554	13,739,236
Inter-segment sales	-	8,010,456	8,010,456
Total revenue	10,698,682	11,051,010	21,749,692
Adjustments and elimination			(8,010,456)
Consolidated revenue			13,739,236
Results			
Segment results	3,197,495	(678,809)	2,518,686
Interest income	114,129	3,767	117,896
Depreciation of equipment	(286,698)	(56,556)	(343,254)
Amortisation of intangible asset	(102,000)	-	(102,000)
Amortisation of product development expenditure	(1,805,637)	-	(1,805,637)
Other material items of expenses	(1,552,409)	(710)	(1,553,119)
	(435,120)	(732,308)	(1,167,428)
Share of loss of an associate			(226,156)
Income tax expense			(4,520)
Consolidated loss after taxation			(1,398,104)

notes to the financial statements

for the financial year ended 31 December 2010

29. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS (cont'd)

	Mobile Applications RM	Wireless And Multimedia Related Services RM	Group RM
2010			
Assets And Liabilities			
Segment assets	**6,868,548**	**6,478,306**	**13,346,854**
Investment in an associate	**-**	**-**	**-**
Consolidated assets	**6,868,548**	**6,478,306**	**13,346,854**
Segment and consolidated liabilities	**2,182,023**	**342,019**	**2,524,042**
Other Segment Items			
Additions to non-current assets other than financial instruments:-			
- product development expenditure	**1,600,526**	**-**	**1,600,526**
- equipment	**51,038**	**-**	**51,038**
2009			
Revenue And Expenses			
Revenue			
External sales	13,116,494	3,663,070	16,779,564
Inter-segment sales	-	9,485,261	9,485,261
Total revenue	13,116,494	13,148,331	26,264,825
Adjustments and elimination			(9,485,261)
Consolidated revenue			16,779,564

notes to the financial statements

for the financial year ended 31 December 2010

29. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS (cont'd)

	Mobile Applications RM	Wireless And Multimedia Related Services RM	Group RM
2009			
Results			
Segment results	2,464,268	71,395	2,535,663
Interest income	100,739	904	101,643
Other material items of income	273,406	-	273,406
Depreciation of equipment	(392,530)	(83,748)	(476,278)
Amortisation of intangible asset	(102,000)	-	(102,000)
Amortisation of product development expenditure	(1,876,630)	-	(1,876,630)
Other material items of expenses	(540,029)	(119,002)	(659,031)
	(72,776)	(130,451)	(203,227)
Share of loss of an associate			(62,060)
Consolidated loss after taxation			(265,287)
Assets And Liabilities			
Segment assets	9,451,276	4,419,066	13,870,342
Investment in an associate	1,651,154	-	1,651,154
Consolidated assets	11,102,430	4,419,066	15,521,496
Segment and consolidated liabilities	2,917,641	382,939	3,300,580
Other segment items			
Additions to non-current assets other than financial instruments:-			
- product development expenditure	1,633,430	-	1,633,430
- equipment	189,572	96,215	285,787

notes to the financial statements

for the financial year ended 31 December 2010

29. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS (cont'd)

	The Group	
	2010	**2009**
	RM	**RM**
(a) Other material items of income consist of the following:-		
Gain on disposal of an associate	-	273,406
(b) Other material items of expenses consist of the following:-		
Allowance for impairment loss on:-		
- amount owing by an associate	**127,411**	525,470
- investment in an associate	**1,424,998**	-
Equipment written off	**-**	133,561
Loss on disposal of equipment	**710**	-
	1,553,119	659,031

GEOGRAPHICAL SEGMENTS

An analysis by geographical segment has not been presented as the Group's transactions outside Malaysia comprise less than 10% of the total revenue.

MAJOR CUSTOMERS

Revenue from three major customers amounting to approximately RM10,445,000 (2009 - RM12,805,000) arising from revenue generated from mobile applications.

notes to the financial statements
for the financial year ended 31 December 2010

30. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

The policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar and Singapore Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The exposure to foreign currency risk is as follows:-

	The Group And Company	
	2010	2009
	RM	RM
<u>Singapore Dollar</u>		
Amount owing by an associate	**42,883**	216,284
<u>United State Dollar</u>		
Trade receivables	**108,500**	-

<u>Foreign currency risk sensitivity analysis</u>

A 5% strengthening/weakening of the Ringgit Malaysia against the United State Dollar and Singapore Dollar respectively, as at the end of the reporting period would have an immaterial impact on profit after taxation. This assumes that all other variables remain constant.

(ii) Interest Rate Risk

The Group does not have any borrowings and hence is not exposed to interest rate risk.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

30. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's concentration of credit risk related to debts owing by two customers which constituted approximately 42% of its trade receivables as the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period._

The exposure of credit risk for trade receivables by geographical region is as follows:-

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Malaysia	**3,041,571**	3,490,432	**360,655**	581,529
Thailand	**108,500**	-	**108,500**	-
Indonesia	**-**	45,315	**-**	-
	3,150,071	3,535,747	**469,155**	581,529

notes to the financial statements
for the financial year ended 31 December 2010

30. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk (cont'd)

Ageing analysis

The ageing analysis of trade receivables as at 31 December 2010 is as follows:-

	The Group RM	The Company RM
Not past due	**2,676,729**	**459,618**
Past due:		
- less than 3 months	**268,418**	**9,537**
- 3 to 6 months	**204,924**	**-**
	3,150,071	**469,155**

Trade receivables that are past due but not impaired.

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

notes to the financial statements

for the financial year ended 31 December 2010

30. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):-

The Group	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2010			
Trade payables	**2,142,808**	**2,142,808**	**2,142,808**
Other payables and accruals	**381,234**	**381,234**	**381,234**
	2,524,042	**2,524,042**	**2,524,042**
2009			
Trade payables	2,805,453	2,805,453	2,805,453
Other payables and accruals	495,127	495,127	495,127
	3,300,580	3,300,580	3,300,580

notes to the financial statements
for the financial year ended 31 December 2010

30. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk (cont'd)

The Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2010			
Trade payables	**2,019,763**	**2,019,763**	**2,019,763**
Other payables and accruals	**162,260**	**162,260**	**162,260**
	2,182,023	**2,182,023**	**2,182,023**
2009			
Trade payables	2,670,268	2,670,268	2,670,268
Other payables and accruals	247,373	247,373	247,373
	2,917,641	2,917,641	2,917,641

(b) Capital Risk Management

The Group manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholder value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to the shareholders or issuing new shares.

The debt-to-equity ratio of the Group as at the end of the repoting period is not presented as its cash and cash equivalents exceed the total debts.

Under the requirement of Bursa Malaysia Guidance Note No. 3/2006, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares). The Company has complied with this requirement.

notes to the financial statements
for the financial year ended 31 December 2010

30. FINANCIAL INSTRUMENTS (cont'd)

(c) Classification of Financial Instruments

	The Group 2010 RM	The Company 2010 RM
Financial Assets		
Loans and receivables financial assets		
Trade receivables	**3,150,071**	469,155
Other receivables and deposits	**191,785**	125,572
Amount owing by subsidiaries	**-**	2,717,299
Amount owing by an associate	**42,883**	42,883
Short-term deposits with licensed banks	**4,232,705**	4,181,318
Cash and bank balances	**2,190,645**	1,102,093
	9,808,089	8,638,320
Financial Liabilities		
Other financial liabilities		
Trade payables	**2,142,808**	2,019,763
Other payables and accruals	**381,234**	162,260
	2,524,042	2,182,023

(d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

supplementary information

31. DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of the (accumulated loss)/retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(loss) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group 2010 RM	The Company 2010 RM
Total (accumulated loss)/retained profits:		
- realised	**(855,950)**	1,061,556
- unrealised	**-**	-
At 31 December	**(855,950)**	1,061,556

proxy form

wireless
M N C Wireless Berhad
(635884-T)

Number of Shares Held

I/We ______________________________ (name as per NRIC, in capital letters)

NRIC No./Company No. ______________________ (new) ______________________ (old)

of ______________________________ (full address) being a Member or Members of M N C WIRELESS BERHAD (635884 – T), hereby appoint *THE CHAIRMAN OF THE MEETING or

______________________________ (name of proxy as per NRIC, in capital letters)

NRIC/Passport No. ______________________ (new) ______________________ (old) of

______________________________ (full address) and/or

______________________________ (name of proxy as per NRIC, in capital letters) NRIC/Passport No.

______________________ (new) ______________________

(old) of ______________________________
(full address) or failing him/her, as my/our proxy(ies) to vote for me/us on my/our behalf at the Seventh Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 25 May 2011, at 9.30 a.m. and at any adjournment thereof, in the manner indicated below:-

Note: *If you wish to appoint any other person or persons other than the Chairman of the Meeting, please delete the words "THE CHAIRMAN OF THE MEETING".

No	RESOLUTIONS	FOR	AGAINST
1.	To re-elect the retiring Director, Lee Kam Chun		
2.	To re-elect the retiring Director, Lionel Koh Kok Peng		
3.	To re-elect the retiring Director, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir		
4.	To approve the Directors' fees amounting to RM24,000.00 for the financial year ended 31 December 2010		
5.	To re-appoint Messrs Crowe Horwath, as Auditors of the Company and to authorise the Directors to fix their remuneration.		
6.	Authority to allot shares pursuant to Section 132D of the Companies Act, 1965.		
7.	Proposed renewal of the existing shareholders' mandate and proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

____

Signature/Common Seal

Number of shares held: ______________________

Date: ______________________

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. A member may appoint up to two (2) proxies to attend at the same meeting. Where a member appoints more than one (1) proxy, the proxies shall not be valid unless the member specifies the proportions of his holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointer is a corporation, under its common seal or under the hand of its attorney duly authorised.
5. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office at 17-2, Jalan Solaris 3, Solaris Mont' Kiara, 50480 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting.

fold this flap for sealing

then fold here

Affix Stamp

The Company Secretary
M N C Wireless Berhad (635884-T)
17-2, Jalan Solaris 3
Solaris Mon't Kiara
50480 Kuala Lumpur

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