

ASX ANNOUNCEMENT

Media World Communications Ltd (MWC) announced on 8 September 2004 that it was waiting to receive a further report on the Adams Platform Technology (APT) from its technology team.

Background to report

As previously advised, the board of MWC had requested its technology team to provide a report on:

- the status of the Windows and Linux implementations of APT and its current performance capabilities;
- the performance capabilities of the Macintosh implementation of APT as observed by the technical team.

The results of that interim report confirmed that the implementations of APT in Windows and Linux were incomplete and had not produced results that matched those described in the report by the Tolly Group contained in the prospectus issued by the company on 6 April 2004.

Further, the observation of the performance of APT in the Macintosh environment in terms of file size and image quality was significantly below the performance described in the Tolly Group report.

The observation of APT in the Macintosh environment comprised a number of video encoding and play back demonstrations by the inventor of APT and executive director of MWC, Mr Adam Clark. The technical team observed and documented what they had seen in the demonstrations. During the demonstrations a number of anomalies were observed by the technology team which were reported to the acting CEO of MWC, Mr John Tatoulis.

Mr Tatoulis requested that the technology team document these anomalies in a further report to the board of MWC. That report was provided to the board of MWC today. The technology team has not undertaken a review or verification of APT.

Findings of report

The report of the technology team highlights a number of anomalies which they observed during demonstrations of APT in a Macintosh environment conducted by Adam Clark. These anomalies include:

- Mr Clark told the technology team that he had written source code for a new codec for APT using an application known as ResEdit. A codec is a compressor/decompressor that forms the basis of a compression technology. The technology team has reviewed documentation about ResEdit which states that the program has no ability to write or compile source code.
- When the technology team removed the APT codec from the client computer after a demonstration of APT and then restarted the computer, the APT video file still played. This is not supposed to happen under normal circumstances.
- The codec said to be the APT codec had what looked to the technology team like the exact characteristics of a commercially available encoder called On2_VP3.

In addition, the report states that the performance of APT using the codec said to be the APT codec was below that achieved using commercially available codecs.

Board meeting

Mr John Tatoulis raised the anomalies outlined in the report with Adam Clark at a meeting of the board of MWC held this afternoon. Mr Clark requested further time to consider the report before responding to the matters raised.

Action by MWC


MWC has taken the following action following receipt of the report:

- Adam Clark's consultancy arrangement with MWC has been terminated with immediate effect;
- Adam Clark and his father, Graeme Clark, have been asked to resign from the board of MWC; and
- a copy of the report has been forwarded to ASIC.

The board intends to investigate all legal options available to it in the circumstances to seek compensation for shareholders.

As a consequence of the above, MWC is not currently in a position to pursue its relisting on ASX.

A further announcement will be made to shareholders as soon as the board is in a position to do so.



Michael Ramsden
Chairman
20 September 2004