



## MANAGEMENT'S DISCUSSION AND ANALYSIS

*The following management's discussion and analysis of illumiCell Corporation's (the "Company") financial condition and results of operations is a review of the three and six month periods ended June 30, 2007 and results compared with the same periods of previous years. The discussion and analysis should be read in conjunction with the audited financial statements for the year ended December 31, 2006, which are prepared in accordance with Canadian generally accepted accounting principles. The discussion is intended to provide both a historical and prospective analysis of illumiCell's activities. Any estimates are based on assumptions of future events and may be subject to change.*

*The discussion and analysis for the three and six month periods ended June 30, 2007 is prepared and contains disclosure of material change occurring up to and including August 9, 2007.*

### Forward-looking Statements

*Management's discussion and analysis contains forward-looking statements related to management's intentions and plans concerning future financing and investing activities, and the sufficiency of working capital to continue operations. These statements reflect Management's view with respect to future events. Assumptions made herein, with respect to these future events, are subject to certain uncertainties and factors which could cause actual results or events to differ materially from those implied by these forward-looking statements. Although the Company believes that the forward-looking statements contained herein are reasonable, no assurance can be given that its expectations are correct and that the results, performance or achievements expressed in, or implied by, forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them. All forward-looking statements are expressly qualified in their entirety by this cautionary statement.*

### Overview

illumiCell Corporation (TSXV: ICC) has developed and operates the first local search service that works over Microsoft Windows Live® Messenger in Canada. The 24-hour service allows consumers to search for information on events, retailers and consumer goods they want to buy at the moment they are interested in finding the information or purchasing the goods or services. The Company is currently focused on partnering with operators of local directory service providers commonly known as yellow pages publishers.

In partnering with yellow page publishers, illumiCell provides the development and operation of automated search agents, which includes the design, software coding, data integration, testing, provisioning of these automated search agent applications on the Microsoft Windows Live™ Messenger Service in Canada and the ongoing operation of these applications. The directory service partner provides the marketing to local businesses, collects/manages merchant information, assists with integrating the merchant information into the automated search agent application and may deliver ongoing promotion of the automated search agent service to consumers.



**Second Quarter Highlights**

- Company announced the appointment of Sr VP Operations and Technology Mr. John Shillington;
- The signing of a Multi-Year Joint-Marketing Agreement with Sympatico MSN;
- Announced the signing of the agreement with Idearc Media to operate the illumiCell system on the AOL network.
- Filed preliminary prospectus on June 19<sup>th</sup>, 2007 with respect to the \$7.9 million financing which was closed subsequent to the end of June.

<b>LIQUIDITY AND CAPITAL RESOURCES</b>				
<b>For the Three Month Period Ended June 30</b>				
		<u>2007</u>		<u>2006</u>
Current Assets	\$	197,973	\$	323,733
Current Liabilities	\$	753,607	\$	135,121
Total Assets	\$	2,267,657	\$	1,491,001

<b>FINANCIAL RESULTS AND SHARE INFORMATION</b>				
	<u>Three Month Ended June 30</u>		<u>Six Month Ended June 30</u>	
<u>Financial Results</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues	\$ 6,004	\$ 118,138	\$ 25,917	\$ 118,246
Consulting & Salaries	\$ 520,924	\$ 167,958	\$ 975,949	\$ 312,849
Total Expenses	\$ 1,172,417	\$ 309,171	\$ 2,303,605	\$ 560,104
Capital Expenditures	\$ 142,386	\$ 392,447	\$ 436,328	\$ 595,396
<u>Shares Outstanding</u>				
Basic	45,622,451	31,928,850	45,622,451	31,928,850
Diluted	50,640,647	24,989,685	50,640,647	24,989,685

<b>Summary of Quarterly Results</b>				
<b>Quarter ended</b>	<b>Jun 30, 2007</b>	<b>Mar 31, 2007</b>	<b>Dec 31, 2006</b>	<b>Sep 30, 2006</b>
Net sales	\$ 1,680	3,469	375	(9,508)
Net Loss from operations	\$ (1,172,417)	(1,105,271)	(551,235)	(447,691)
Loss per share – Basic	\$ (0.03)	(0.02)	(0.01)	(0.01)
Total assets	\$ 2,267,657	3,189,714	4,290,295	1,464,780
Total liabilities	\$ 753,607	565,847	547,538	214,105
<b>Quarter ended</b>	<b>Jun 30, 2006</b>	<b>Mar 31, 2006</b>	<b>Dec 31, 2005</b>	<b>Sep 30, 2005</b>
Net sales	\$ 117,863	\$ 108	\$ -	\$ -
Net Loss from operations	\$ (191,033)	\$ (250,825)	\$ (202,770)	\$ (116,891)
Loss per share – Basic	\$ (0.01)	\$ (0.01)	\$ (0.008)	\$ (0.004)
Total assets	\$ 1,481,001	\$ 1,023,482	\$ 1,034,453	\$ 667,009
Total liabilities	\$ 135,121	\$ 116,936	\$ 155,089	\$ 198,166



## Results of Operations

### Revenues

Revenues for the three months ended June 30, 2007 were \$6,004 compared to \$118,138 for the same period last year. The reduction in revenues is due to non-recurred consulting revenues of \$117,560 during the second quarter of 2006. Revenues received during the three months ended June 30, 2007 were comprised of \$1,680 from the operation of its service in Canada, and \$4,324 in interest revenues received from its cash management program, compared to \$303 and \$275, respectively, for the same period in 2006. The net loss for the quarter was \$1,172,417, compared to \$191,033 for the same period of 2006.

Revenues and net loss for the six month period were \$25,917 and \$2,277,688, respectively, compared to \$118,246 and \$441,858 for the same period in 2006. Higher revenues in 2006 were as a result of income derived from sub-contract services provided to a customer during the second quarter of 2006. The Company had no sub-contract revenue during the first six months of 2007.

### Operating Expenses

Operating expenses for the second quarter were \$1,178,421 compared to \$309,171 for the same quarter of 2006. The \$869,250 (281%) increase over the same quarter from the prior year was related primarily to the following:

- Salary and consulting fees increased by \$352,996 due to additions of staff and consultants in marketing, product development and IT support. For the three month period ended June 30, 2007, the Company's Executive Chairman, Chief Executive Officer and Chief Financial Officer received management fees totaling \$90,000. These fees were considered as executive compensation. During the second quarter of 2007, the Company incurred consulting fees and salary of \$289,660 and \$231,264 respectively (2006 – \$25,113 and \$142,845), which represented 24% and 20% of total operating expenses for the quarter (2006 – 8% and 46%).
- Advertising and promotion expenses increased by \$283,690 due to various advertising campaigns and marketing activities. The Company will further invest in advertising and marketing activities to increase public awareness and usage of the Company's YellowPages™ MSN Instant Messenger™ system.
- Stock-based compensation expenses increased by \$50,913. During the three and six month periods ended June 30, 2007, the Company granted stock options of 1,327,000 and 4,047,000, respectively, to employees, officers and directors. As a result, the Company recognized non-cash stock option expense of \$62,600 and \$104,231 during the three and six month periods ended June 30, 2007, respectively.
- Administration, occupancy and insurance expenses increased by \$97,675. For the three month period ended June 30, 2007, occupancy and office expenses increased \$39,626 and \$23,605, respectively, compared to the same period in 2006. These increases were related primarily to the office setup in Calgary, Alberta and the establishment of an office in Barrie, Ontario to meet the growth in personnel, operations and market development. Due to growth in operations, travel expenses increased \$34,294 to meet increasing business travel needs.



- Amortization for the quarter increased by \$11,914, which was in line with the increased investment in tangible and intangible assets. During the second quarter of 2007, the company amortized \$66,180 (2006 - \$66,180) in deferred development costs as a result of the commercial release of the YellowPages™ MSN Instant Messenger™ system in February 2006.

#### Deferred development costs

The Company has certain projects that meet the criteria for deferral and amortization of development costs. Development costs are capitalized for clearly defined, technically feasible technologies which management intends on producing and promoting to an identified future market, and resources exist or are expected to be available to complete the project. During the three and six months periods ended June 30, 2007, the Company deferred \$283,294 and \$522,691, respectively, for costs related to development of new systems for identified future markets. Amortization of development costs commences when commercial use of the product or process begins. The Amounts incurred and amortized for deferred development costs for are as follows:

Summary of Deferred Development Costs			
Fiscal year 2007	1 <sup>st</sup> Quarter Mar 31	2 <sup>nd</sup> Quarter Jun 30	Total
Balance, beginning of period	\$ 1,485,266	\$ 1,658,483	\$ 1,485,266
Additions	239,397	283,294	522,691
Amortization	(66,180)	(66,180)	(132,360)
Balance, end of period	\$ 1,658,483	\$ 1,875,597	\$ 1,875,597

Summary of Deferred Development Costs Additions			
Fiscal year 2007	1 <sup>st</sup> Quarter Mar 31	2 <sup>nd</sup> Quarter Jun 30	Total
Consulting	\$ 186,999	\$ 201,947	\$ 388,946
Salaries directly related to development	52,398	81,347	133,745
Total	\$ 239,397	\$ 283,294	\$ 522,691

#### **Liquidity and capital resources**

As at June 30, 2007, the Company had cash of \$32,981 and a short term investment in cashable GIC of \$21,700, as compared to cash on hand of \$361,060 and \$2,102,301 respectively on June 30, 2006.

During the six months period ended June 30, 2007, the company had total cash outflow of \$328,079 as compared to \$160,889 in the same period of prior year. The increase of cash outflow was related to Company's expansion in operations.

With the signing of the deals with Idearc and MSN Sympatico, the Company increased its burn rate to \$390,000 per month. As a result of signing these deals, the Company filed a preliminary short form prospectus on June 19<sup>th</sup>, 2007 and subsequent to the end of the quarter raised gross proceeds of \$7,895,715. The Company expects that the net proceeds from this financing will provide sufficient funds for operations and development for the next 12 months.



### Operating Activities

During the second quarter of the year, the Company generated \$256,830 cash from operating activities compared to usage of \$159,303 for the same period last year. Increase of cash inflow from operating activities was related primarily to the redemption of \$1.1 million short term GIC to support the growth of operations. As at June 30, 2007, the Company had \$21,700 GIC earning interest at 3.25% per annum.

For the six months period ended June 30, 2007, the Company generated \$163,499 cash from operating activities, compared to usage of \$450,493 for the same period in prior year. Cash outflow on operating activities will likely increase to fund the growth in operations. The Company will manage the increase of cash outflow through increase of revenue and redemption of the short term investment.

### Investing Activities

Cash used in investing activities for the three month period ended June 30, 2007 was \$142,386 compared to \$392,447 for the same period in 2006. During the second quarter of 2007, the Company capitalized \$283,294, to the deferred development cost pool. Investments in tangible and intangible assets for the three-month period ended June 30, 2007 were \$20,119 and \$6,715 respectively. Intangible assets consist of costs to obtain patents and trademarks that protect the Company's investment in technologies.

During the six month period ended June 30, 2007, cash used in investing activities was \$436,328 as compared to \$595,396 in the same period of prior year.

### Financing Activities

During the first six months of 2007, the Company repurchased 154,021 common shares, pursuant to the terms of the amalgamation agreement with Z28 Capital Corp., for a total cost of \$55,250, of which \$21,876 was recorded as a reduction in share capital and the remainder, \$33,374, as a charge to the deficit.

### **Activities Subsequent to June 30, 2007**

On July 18, 2007, the Company entered into an agency agreement with Versant Partners Inc. and Wellington West Capital Markets Inc. as co-lead agents, and Jennings Capital Inc. and Raymond James Ltd. (the "Agents") in respect of the offering of common shares contemplated by a preliminary short form prospectus (the "offering") filed on June 19, 2007. The short form prospectus financing was closed on July 24, 2007. Pursuant to the offering, the Company issued 14,355,845 common shares at \$0.55 per common share for gross proceeds of \$7,895,714.75. The cash fee payable to the Agents was \$552,700 (7.0% of the gross proceeds of the offering) plus 1,435,585 compensation options. The compensation options are convertible into common shares of the Company on a one-for-one basis and expire in 18 months following the closing date. As of August 1, 2007, all compensation options remain unexercised.

### **Outstanding Share Data**

As of August 9, 2007, after completion of the short form prospectus financing on July 24, 2007, the Company had 59,978,296 issued common shares and 662,500 warrants. In addition, there were 4,355,696 options and 1,435,585 compensation options outstanding with exercise price ranging from \$0.32 and \$0.55 per share.



## Critical Accounting Policies and Estimates

Significant accounting policies and estimates are those policies, assumptions and estimates most important in the preparation of the Company's financial statements. Policy selection requires management's subjective and complex judgment from many alternatives and estimates involving matters that are inherently uncertain. Management believes that those policies, assumptions and estimates are reasonable, based on the information available. Those policies, assumptions and estimates affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the period represented. There have been no significant changes to the Company's critical accounting policies and estimates since December 31, 2006, except as noted below.

### Changes in accounting policies

On January 1, 2007, the Corporation adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530 "Comprehensive Income", Section 3251 "Equity", Section 3855 - "Financial Instruments - Recognition and Measurement", Section 3861 "Financial Instruments - Disclosure and Presentation", and Section 3865 "Hedges". As required by the new standards, prior periods have not been restated.

The adoption of these standards has had no material impact on the Corporation's net earnings or cash flows. The other effects of the implementation of the new standards are discussed below.

#### Comprehensive income

The new standards introduce comprehensive income, which consists of net earnings and other comprehensive income ("OCI"). Upon adoption of Section 1530, the Corporation revised its "Statements of Loss and Comprehensive Loss and Deficit" to include the newly required statement of comprehensive income by creating a combined statement.

The adoption of comprehensive income has been made in accordance with the applicable transitional provisions and no amounts have been reclassified to accumulated other comprehensive income. Currently, the Corporation has no OCI.

#### Financial instruments

The financial instruments standard establishes the recognition and measurement criteria for financial assets, financial liabilities and derivatives. All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as "held-for-trading", "available-for-sale", "held-to-maturity", "loans and receivables" or "other financial liabilities", as defined by the standard.

Financial assets and financial liabilities "held-for-trading" are measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are measured at fair value, with changes in those fair values recognized in OCI. Financial assets "held-to-maturity", "loans and receivables" and "other financial liabilities" are measured at amortized cost using the effective interest method of amortization. The methods used by the Corporation in determining fair value of financial instruments are unchanged as a result of implementing the new standard.



Accounts receivable is designated as "loans and receivables". Account payable are designated as "other liabilities".

The adoption of the financial instruments standard had no impact on opening retained earnings.

Accounting change

As of January 1, 2007, the Corporation adopted revised CICA Section 1506 "Accounting Changes", which provides expanded disclosures for changes in accounting policies, accounting estimates and corrections of errors. Under the new standard, accounting changes should be applied retrospectively unless otherwise permitted, or where impracticable to determine. As well, voluntary changes in accounting policy are made only when required by a primary source of GAAP, or when the change results in more relevant and reliable information. There is no material impact to the Corporation's financial statement as a result of implementing this new standard.

In addition, the Corporation has assessed new and revised accounting pronouncements that have been issued that are not yet effective and determined that the following may have a significant impact on the Corporation:

As of January 1, 2008, the Corporation will be required to adopt two new CICA standards, Section 3862 "Financial Instruments - Disclosures" and Section 3863 "Financial Instruments - Presentation", which will replace Section 3861 "Financial Instruments - Disclosure and Presentation". The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standard carries forward the former presentation requirements. The new financial instruments presentation and disclosure requirements were issued in December 2006 and the Corporation is assessing the impact on its financial statements.

As of January 1, 2008, the Corporation will be required to adopt the new CICA Section 1535 "Capital Disclosures", which will require companies to disclose their objectives, policies and processes for managing capital. In addition, disclosures are to include whether companies have complied with externally imposed capital requirements. The new capital disclosure requirements were issued in December 2006 and the Corporation is assessing the impact on its financial statements.

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Corporation continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

The preparation of the Company's financial statements requires estimates and judgments that affect the reported amounts of assets, liabilities, equity, and revenues and expenses, and related disclosure of contingencies. Management evaluates the assumptions and estimates, including those related to deferred development costs, intangible assets and stock based compensation. Management bases its estimates on historical experience and on various other assumptions believed to be reasonable under the circumstances. The results of those estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The actual results might differ materially from these estimates under different assumptions or conditions. Management believes



the following critical accounting policies affect the more significant judgments and estimates used in the preparation of the financial statements.

#### Intangible assets and deferred development costs

Intangible assets are presented at cost less accumulated amortization, computed using straight-line method based on estimated useful lives ranging from ten to twenty years. The Company amortizes intangible assets on a systematic basis to reflect the pattern in which the economic benefits of the asset are consumed, if that basis can be reliably determined. The expected useful life is the period over which the intangible asset contributes directly or indirectly to future cash flows. Management determines the useful lives of intangible assets based on a number of factors, which include legal, regulatory or contractual limitations, known technological advances and the presence of competition. A significant change in these factors may require a revision of the expected remaining useful life of an intangible asset, which could have a material effect on results of operations.

The Company evaluates intangible assets annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. Impairment testing is an assessment of fair value based on potential indicators of impairment, such as obsolescence, market potentials, plans to discontinue use or restructure, and poor financial performance compared with original plans. Impairment exists when the carrying amount of an asset is not recoverable and its carrying amount exceeds its estimated fair value.

Deferred development costs consist of direct expenditures related to the Company's research and development projects. Expensing of research and development costs takes place in the current period unless they meet generally accepted accounting criteria for deferral and amortization. The Company assesses whether these costs have met the relevant criteria for deferral and amortization at each reporting date. Deferred development costs are subject to the same impairment testing as intangibles assets.

#### Stock based compensation

The Company has adopted the fair value-based method for recognizing non-cash stock based compensation. The Company uses the Black-Scholes option pricing model to calculate stock option values, which requires certain assumptions related to the expected life of the option, forfeiture rate, volatility, risk-free interest rate, and dividend yield. The expected life of an option is based on three years vesting period according to the Company's stock option plan. When estimating volatility, the Company considers historical volatility of common shares of the Company and other enterprises in the same industry. The basis of the risk-free interest rate is the interest rate of one year treasury bill at option grant date. The basis of the dividend yield is the expected annual dividend rate at the time of grant. Changes to any of these estimates or assumptions, or the use of a different option-pricing model could produce a different fair value for stock based compensation expense, which could have a material effect on the results of operations.

### **Controls and Procedures**

As required by, and defined in, Multilateral Instrument 52-109 issued by the Canadian Securities Administrators, IllumiCell's Chief Executive Officer and Chief Financial Officer have made certain



certifications related to the information in the Company's interim filings with the provincial securities regulators.

#### Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

As at the end of the period covered by this MD&A, management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings, and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

In conducting the evaluation it has become apparent that management relies upon certain undocumented procedures, informal communication, and "hands-on" knowledge or the direct involvement of senior management. Given this current state, lapses in the disclosure controls and procedures could occur and/or mistakes could happen. Should such occur, the Company will take whatever steps necessary to minimize the consequences thereof. Additionally, the Company plans to enhance disclosure controls and procedures during the current fiscal year with the addition of personnel, documentation of procedures and communication, and improvement in information systems.

#### Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. During the process of management's review and evaluation of the design of the Company's internal control over financial reporting, it was determined that certain weaknesses existed in internal controls over financial reporting.

As is typical of many small companies, the partial segregation of duties and documentation of only key procedures were identified as areas where improvements could be made. Given this situation, the Company's internal controls over financial reporting could result in a more-than-remote likelihood that a material misstatement in financial reporting would not be prevented or detected. The Company is recruiting additional personnel to ensure segregation of duties as the operations of the Company expand. The Company is also in the process of adding documentation and implementing necessary policies and procedures to minimize internal control and financial reporting risks that currently exist.

The Chief Executive Officer and Chief Financial Officer, together with other members of management, for the three month period ended June 30, 2007, have not identified any changes to the Company's internal



control over financial reporting which would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

### **Review of Interim Financial Statements**

The Company's auditors have not reviewed the financial statements, the accompanying notes nor the MD&A for the three months period ended June 30, 2007.

### **Risk and Uncertainty**

The Company's business involves a high degree of risk that a combination of experience, knowledge and careful evaluation may not overcome. Due to the Company's limited history of operations and no history of earnings, there can be no assurance that the Company will be successful or profitable. In addition to the risks described elsewhere in this report, the Company is subject to each of, the cumulative effect of, and all of, the following risk factors:

#### Competition

The Company operates in an environment with rapidly changing technology. It faces competition from other companies with greater financial resources and larger marketing organizations. All companies in this industry are subject to competition and technological advances which can render existing products or services obsolete or unmarketable.

#### Dependence on key personnel and products

Although the Company is staffed by experienced senior management and personnel, it is substantially dependent upon the services of a few key senior officers and technical personnel. The loss of the services of any of these staff members could have an adverse material effect on the business of the Company.

#### Risk of inability to effectively manage future growth and expansion

The Company's growth continues to place significant demands on its management and other resources. Future results of operations will depend, in part, on the ability of its officers and other key employees to implement and expand operations, customer support, and financial control systems. The Company's future performance will also depend to a significant extent on its ability to identify, attract and retain highly skilled sales, technical, marketing and management personnel.

#### Potential fluctuations in quarterly results

The Company's quarterly operating results may vary significantly depending on factors such as timing of new product introductions, competition, and market acceptance of new and enhanced versions of the Company's products. Since the Company's operating expenses are based on anticipated revenues and certain expenses are relatively fixed in the short term, variations in revenues can cause significant fluctuations in operating results from quarter to quarter. The market price of the Company's common shares may be highly volatile in response to such quarterly fluctuations.

#### Finite financial resources and the potential need for future financing

The Company may require additional financing to pursue its operations, to make further investments or take advantage of unanticipated opportunities. The ability of the Company to obtain such financing will



depend in part upon prevailing capital market conditions. There is no guarantee that the Company will be successful in obtaining additional funding.

#### Changes in the regulatory environment

From time-to-time governments may review the legislation and regulations applied to the industry. Such review could result in the enactment of new laws and/or the adoption of new regulations in Canada, which might adversely impact businesses in Canada in general and consequently, may threaten our growth prospects. The Company regularly reviews its risk management practices to offset these risk factors to the greatest extent possible.

#### **Outlook**

With the senior technical team in place, headed by John Shillington, Senior VP Technology and Operations, with IDesign team members Michelle Leroux Bustamonte as Consulting CTO and Juval Lowy as technical advisor, the Company is set to deploy a new version of the service during the fall of 2007.

The Company name change from illumiCell Corporation to Multiplied Media Corporation, which was unanimously approved at the Annual and Special General Meeting held in June, will take place during the third quarter. At the same time the service, currently referred to as the Yellow Pages Windows Live Messenger system or IMLocal@msn.com, will be re-branded as Poynt and will be accessed in Canada using the address Poynt@YellowPages.ca.

Yellow Pages Group (YPG) has begun distribution of the 2007-2008 Yellow Page books featuring the Poynt@YellowPages.ca address on the front cover. The Toronto-area books have been delivered, with distribution for the rest of YPG's market areas to follow throughout the year.

In June, the Company announced the signing of a distribution agreement with Idearc Media in the United States. Under this agreement, Superpages.com's performance-based advertisers will be featured over AOL's Instant Messenger (AIM) network. Multiplied Media's local search service, Poynt, is expected to be live in the U.S. during the fall. The Company also anticipates signing an additional delivery-platform agreement in the same time frame.

Although the primary area of focus continues to be the service launch in the U.S. and ongoing operations of the service in Canada, the Company continues to pursue geographic expansion beyond North America. Work on the BlackBerry and SMS systems is ongoing, with the test deployment anticipated to occur at the end of Q4.

#### **Additional Information**

Additional information about Multiplied Media is available from the Company's website at [www.multiplied.com](http://www.multiplied.com)