Unless otherwise stated, all abbreviations and defined names or expressions contained in this AP are defined in the Definitions section of this AP.

THIS AP IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold/transferred all your ordinary shares in MNC, you should at once hand this AP together with the NPA and the RSF to the agent through whom you effected the sale/transfer for onward transmission to the purchaser/transferee. All enquiries concerning the Rights Issue with Warrants, which is the subject of this AP, should be addressed to our Share Registrar, namely Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

These Documents are only despatched to our Entitled Shareholders, who have a registered address in Malaysia in the records of Bursa Depository or who have provided our Share Registrar with a registered address in Malaysia in writing not later than 5.00 p.m. on 13 October 2016. The Documents are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue with Warrants will not be made or offered or deemed to be made or offered for purchase or subscription, in any countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. The Rights Issue with Warrants to which this AP relates is only available to persons receiving the Documents electronically or otherwise within Malaysia. No action has been or will be taken to ensure that the Rights Issue with Warrants and the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia to consult their legal or other professional advisers as to whether the acceptance or renunciation of all or any part of the Rights Shares with Warrants to be issued under the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such shareholders should note the additional terms and restrictions as set out in Section 11 of this AP. Neither MNC, PIVB nor any other advisers to the Rights Issue with Warrants shall accept any responsibility or liability in the event that any acceptance or sale/transfer of the provisional allotment of the Rights Shares with Warrants made by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are residents.

A copy of this AP has been registered with the SC. The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Our shareholders have approved, amongst others, the Rights Issue with Warrants at the EGM held on 21 December 2015. Bursa Securities has also granted its approval for, amongst others, the admission of the Warrants to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights Shares, the Warrants and the new ordinary shares to be issued arising from the exercise of the Warrants on the ACE Market of Bursa Securities on 17 November 2015. However, this is not an indication that Bursa Securities recommends the Rights Issue with Warrants. Admission of the Warrants to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights Shares, the Warrants and the new ordinary shares to be issued arising from the exercise of the Warrants on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

The official listing of and quotation for the said securities will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), who have successfully subscribed for such Rights Shares with Warrants, have been duly credited and notices of allotment have been despatched to them.

Our Directors have seen and approved all the documentation relating to the Rights Issue with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statements in the Documents false or misleading.

THERE ARE CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER. PLEASE REFER TO THE "RISK FACTORS" AS SET OUT IN SECTION 7 OF THIS AP.

PIVB, being our Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

MNC wireless

M N C WIRELESS BERHAD
(Company No. 635884-T)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 283,420,500 NEW ORDINARY SHARES OF RM0.10 EACH IN MNC ("MNC SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 188,947,000 FREE DETACHABLE WARRANTS ("WARRANTS") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF THREE (3) RIGHTS SHARES TOGETHER WITH TWO (2) WARRANTS FOR EVERY ONE (1) EXISTING MNC SHARE HELD AT 5.00 P.M. ON 13 OCTOBER 2016, BASED ON A MINIMUM SUBSCRIPTION LEVEL OF 33,000,000 RIGHTS SHARES TOGETHER WITH 22,000,000 WARRANTS

Adviser

PUBLIC INVESTMENT BANK BERHAD (20027-W)
A Participating Organisation Of Bursa Malaysia Securities Berhad
(Wholly-owned Subsidiary Of Public Bank Berhad)

IMPORTANT RELEVANT DATES AND TIME

Entitlement date	:	Thursday, 13 October 2016 at 5.00 p.m.
Last date and time for:		
Sale of provisional allotment of rights	:	Thursday, 20 October 2016 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Tuesday, 25 October 2016 at 4.00 p.m.
Acceptance and payment	:	Friday, 28 October 2016 at 5.00 p.m.
Excess application and payment	:	Friday, 28 October 2016 at 5.00 p.m.

This AP is dated 13 October 2016

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THESE DOCUMENTS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, the following words and abbreviations shall apply throughout this AP and shall have the following meanings:

ACE LR	:	ACE Market Listing Requirements of Bursa Securities
Act	:	Companies Act, 1965
Adviser or PIVB	:	Public Investment Bank Berhad *(20027-W)*
AP	:	This abridged prospectus dated 13 October 2016
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd *(165570-W)*
Bursa Securities	:	Bursa Malaysia Securities Berhad *(635998-W)*
By-Laws	:	The rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with the By-Laws)
CDS	:	Central Depository System
CMS	:	Content Management System
CMSA	:	Capital Markets and Services Act, 2007
Corporate Exercises	:	The Rights Issue with Warrants, ESOS, Increase in Authorised Share Capital and MOA Amendments, collectively
Deed Poll	:	The deed poll constituting the Warrants executed by our Company on 27 September 2016 pursuant to the Rights Issue with Warrants
Director(s)	:	Director(s) of MNC and include any person who is: (i) a director of MNC or its subsidiary; or (ii) a chief executive of MNC or its subsidiary
Documents	:	AP, NPA and RSF, collectively
EGM	:	Extraordinary General Meeting
Entitled Shareholder(s)	:	Our shareholders whose names appear on the Record of Depositors on the Entitlement Date, who shall be entitled to participate in the Rights Issue with Warrants
Entitlement Date	:	5.00 p.m. on 13 October 2016, being the date and time on which our shareholders must be registered on the Record of Depositors in order to participate in the Rights Issue with Warrants
EPS	:	Earnings per share
ESOS or Scheme	:	An employee share options scheme of up to thirty per cent (30%) of the prevailing issued and paid-up share capital of our Company (excluding treasury shares) after the Rights Issue with Warrants for the eligible employees as set out in the By-Laws
Foreign Entitled Shareholder(s)	:	Entitled Shareholder(s) who does not have a registered address in Malaysia in the Record of Depositors and has not provided an address in Malaysia for the service of documents to be issued for the purpose to be issued for the purpose of the Rights Issue with Warrants

FPE	:	Financial period ended/ending
FYE	:	Financial year ended/ending
HD	:	High Definition
ICT	:	Information and communication technology
Increase in Authorised Share Capital	:	Increase in the authorised share capital of our Company from RM25,000,000 comprising 250,000,000 MNC Shares to RM100,000,000 comprising 1,000,000,000 MNC Shares
Irrevocable Undertakings	:	The written irrevocable undertakings by Cheng Kim Liang and Ho Jien Shiung dated 24 August 2015, all of whom are shareholders of our Company, that these shareholders will: (i) subscribe for their entire entitlement of their Rights Shares together with the Warrants; and (ii) undertake the subscription for the requisite number of excess Rights Shares together with Warrants not subscribed for by the other Entitled Shareholders and/or renouncee(s)/transferee(s), pursuant to the Rights Issue with Warrants to achieve the Minimum Subscription Level
LCD	:	Liquid Crystal Display
LAT	:	Loss after taxation
LBT	:	Loss before taxation
LPD	:	The latest practicable date prior to the despatch of this AP, being 27 September 2016
LPS	:	Loss per share
MOA	:	Memorandum of Association of MNC
MOA Amendments	:	Amendments to the MOA of MNC to facilitate the Increase in Authorised Share Capital
Market Day(s)	:	Any day in which Bursa Securities is open for the trading of securities
Maximum Scenario	:	The scenario that assumes the Rights Issue with Warrants are fully subscribed by the Entitled Shareholders and/or renouncees/transferees
MFRS 2	:	Malaysian Financial Reporting Standard 2, *Share-based Payment*, issued by the Malaysian Accounting Standards Board
Minimum Scenario	:	The scenario that assumes the Rights Issue with Warrants is undertaken on a Minimum Subscription Level basis pursuant to the Irrevocable Undertakings
Minimum Subscription Level	:	The scenario that assumes that the Rights Issue with Warrants will be undertaken on a minimum subscription level basis via the issuance of 33,000,000 Rights Shares together with 22,000,000 Warrants
MMOG	:	Massively Multiplayer Online Game

DEFINITIONS ***(Cont'd)***

MNC or our Company	:	M N C Wireless Berhad *(635884-T)*
MNC Group or our Group	:	MNC and its subsidiaries, collectively
MNC Share(s) or Share(s)	:	Ordinary shares of RM0.10 each in MNC
NA	:	Net assets
NPA	:	Notice of provisional allotment in relation to the Rights Issue with Warrants
Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
Option(s)	:	The right of an eligible employee(s) to subscribe for new MNC Shares pursuant to the contract constituted by acceptance by the eligible employee(s) in the manner provided in the By-Laws of the Option(s) offered to such eligible employee(s)
PAT	:	Profit after taxation
PBT	:	Profit before taxation
Price-Fixing Date	:	27 September 2016, being the date on which the issue price of the Rights Shares and the exercise price of the Warrants was determined and announced by our Company
Provisional Rights Shares with Warrants	:	Rights Shares with Warrants provisionally allotted to our Entitled Shareholders pursuant to the Rights Issue with Warrants
Record of Depositors	:	A record of security holders established and maintained by Bursa Depository
Rights Issue with Warrants	:	Renounceable rights issue of up to 283,420,500 Rights Shares together with up to 188,947,000 Warrants at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares together with two (2) Warrants for every one (1) existing MNC Share held on the Entitlement Date, based on the Minimum Subscription Level
Rights Shares	:	New MNC Shares to be issued pursuant to the Rights Issue with Warrants
RM and sen	:	Ringgit Malaysia and sen, respectively
RSF	:	Rights Subscription Form in relation to the Rights Issue with Warrants
SC	:	Securities Commission Malaysia
SICDA	:	Securities Industry (Central Depositories) Act, 1991
Subscription Price	:	The price at which an eligible employee(s) shall be entitled to subscribe for each new MNC Share as calculated in accordance with the provisions of By-Laws
TAC	:	Transaction Authorisation Code
VWAMP	:	Volume-weighted average market price

Warrants	:	Warrants to be issued for free pursuant to the Rights Issue with Warrants, which shall constitute the same series of warrants under the Deed Poll and will be listed on the ACE Market of Bursa Securities

All references to "our Company" in this AP are made to MNC. References to "our Group" or "the MNC Group" are to our Company and our subsidiaries, collectively. References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, shall include our subsidiaries. All references to "you" in this AP are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this AP shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancy in the tables between the amounts listed and the totals in this AP are due to rounding.

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APPENDICES

CORPORATE DIRECTORY

wireless

M N C WIRELESS BERHAD
(Company No. 635884-T)
(Incorporated in Malaysia under the Companies Act, 1965)

BOARD OF DIRECTORS

Name	Address	Designation	Profession	Nationality
Wong Kok Seong	10, Lintang Delima Empat 11700 Gelugor Pulau Pinang	Independent Non–Executive Chairman	Accountant	Malaysian
Tan Chor How Christopher	No. 2, Jalan Damar Bayu 3A Glenmarie Cove 42000 Pelabuhan Klang Selangor Darul Ehsan	Chief Executive Officer cum Executive Director	Company Director	Malaysian
Pang Siaw Sian	No. 17, Jalan Pulai 56 Taman Pulai Utama 81300 Skudai Johor Darul Takzim	Executive Director	Company Director	Malaysian
Kua Khai Shyuan	No. 51, Jalan Putri 2/5 Taman Puteri Wangsa 81800 Ulu Tiram Johor Darul Takzim	Non-Independent Non-Executive Director	Company Director	Malaysian
Thu Soon Shien	21, High Street 98000 Miri Sarawak Darul Hana	Independent Non-Executive Director	Accountant	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Wong Kok Seong	Chairman	Independent Non-Executive Chairman
Kua Khai Shyuan	Member	Non-Independent Non-Executive Director
Thu Soon Shien	Member	Independent Non-Executive Director

CORPORATE DIRECTORY *(Cont'd)*

COMPANY SECRETARIES	:	Lim Lee Kuan *(MAICSA 7017753)* Teo Mee Hui *(MAICSA 7050642)* 10th Floor, Menara Hap Seng No. 1 & 3, Jalan P. Ramlee 50250 Kuala Lumpur Tel: 603 – 2382 4288 Fax: 603 – 2382 4170
REGISTERED OFFICE	:	10th Floor, Menara Hap Seng No. 1 & 3, Jalan P. Ramlee 50250 Kuala Lumpur Tel: 603 – 2382 4288 Fax: 603 – 2382 4170
HEAD OFFICE	:	100-3.011, Block J 129 Offices, Jaya One No. 72A, Jalan Universiti 46200 Petaling Jaya Selangor Darul Ehsan Tel: 603 – 7491 1880 Email: info@mnc.com.my Fax: 603 – 7491 1899 Website: www.mnc.com.my
AUDITORS AND REPORTING ACCOUNTANTS	:	Siew Boon Yeong & Associates *(AF 0660)* Chartered Accountants 9-C, Jalan Medan Tuanku Medan Tuanku 50300 Kuala Lumpur Tel: 603 – 2693 8837 Fax: 603 – 2693 8836
DUE DILIGENCE SOLICITORS	:	Iza Ng Yeoh & Kit Advocates & Solicitors Suite 13.08, 13th Floor Plaza 138 No. 138, Jalan Ampang 50450 Kuala Lumpur Tel: 603 – 2182 8138 Tel: 603 – 2182 8148
PRINCIPAL BANKER	:	CIMB Bank Berhad *(13491-P)* 83, Medan Setia 1 Plaza Damansara Bukit Damansara 50490 Kuala Lumpur Tel: 603 – 2087 3000 Fax: 603 – 2710 2840
SHARE REGISTRAR	:	Securities Services (Holdings) Sdn Bhd (36869-T) Level 7, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Tel: 603-2084 9000 Fax: 603-2094 9940/2095 0292

CORPORATE DIRECTORY *(Cont'd)*

ADVISER	:	Public Investment Bank Berhad *(20027-W)* 25th Floor, Menara Public Bank 146, Jalan Ampang 50450 Kuala Lumpur Tel: 603 – 2166 9382 Fax: 603 – 2166 9386
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	ACE Market of Bursa Securities

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Company No. 635884-T

wireless

M N C WIRELESS BERHAD
(Company No. 635884-T)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur

13 October 2016

Board of Directors:

Wong Kok Seong *(Independent Non-Executive Chairman)*
Tan Chor How Christopher *(Chief Executive Officer cum Executive Director)*
Pang Siaw Sian *(Executive Director)*
Kua Khai Shyuan *(Non-Independent Non-Executive Director)*
Thu Soon Shien *(Independent Non-Executive Director)*

To: Our Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 283,420,500 RIGHTS SHARES TOGETHER WITH UP TO 188,947,000 WARRANTS AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF THREE (3) RIGHTS SHARES TOGETHER WITH TWO (2) WARRANTS FOR EVERY ONE (1) EXISTING MNC SHARE HELD AT 5.00 P.M. ON 13 OCTOBER 2016, BASED ON THE MINIMUM SUBSCRIPTION LEVEL

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1. INTRODUCTION

Our Board is pleased to inform you that our shareholders had approved the Corporate Exercises, which include, amongst others, the Rights Issue with Warrants, at our Company's EGM held on 21 December 2015. A certified true extract of the resolution pertaining to the Rights Issue with Warrants passed at the said EGM is attached in **Appendix I** of this AP.

On 18 November 2015, PIVB, had on our behalf, announced that Bursa Securities had vide its letter dated 17 November 2015, granted its approval for, amongst others:

(i) the admission of the Warrants to the Official List of the ACE Market of Bursa Securities; and

(ii) the listing of and quotation for the Rights Shares, the Warrants and the new MNC Shares to be issued arising from the exercise of the Warrants on the ACE Market of Bursa Securities.

The approval granted by Bursa Securities is subject to, amongst others, the following conditions:

Conditions imposed		**Status of compliance**
(a)	MNC and PIVB must fully comply with the relevant provisions under the ACE LR pertaining to the implementation of the Rights Issue with Warrants.	Noted
(b)	MNC and PIVB to inform Bursa Securities upon the completion of the Rights Issue with Warrants.	To be met

Conditions imposed		Status of compliance
(c)	MNC to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed.	To be met
(d)	MNC is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed (pursuant to the exercise of the Warrants) as at the end of each quarter together with a detailed computation of listing fees payable.	To be met

The official listing of and quotation for the Rights Shares, the Warrants and the new MNC Shares to be issued arising from the exercise of the Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), who have successfully subscribed for such Rights Shares with Warrants, have been duly credited and notices of allotment have been despatched to them.

On 15 April 2016, PIVB, had on our behalf, announced that Bursa Securities had vide its letter dated 14 April 2016 approved our application for an extension of time of six (6) months from 17 May 2016 to 16 November 2016 to complete the implementation of the Corporate Exercises pursuant to Rule 6.60(1) of the ACE LR.

On 27 September 2016, PIVB, had on our behalf, announced that the issue price of the Rights Shares and the exercise price of the Warrants have been fixed at RM0.10 per Rights Share and RM0.10 per Warrant for one new MNC Share, respectively.

On 28 September 2016, PIVB, had on our behalf, announced that the Entitlement Date, which our shareholders must be registered on the Record of Depositors in order to participate in the Rights Issue with Warrants, has been fixed at 5.00 p.m. on 13 October 2016.

No person is authorised to give any information or to make any representation not contained herein in connection with the Rights Issue with Warrants, and if given or made, such information or representation must not be relied upon as having been authorised by us or PIVB.

IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Introduction

In accordance with the terms of the Rights Issue with Warrants as approved by the relevant authorities and our shareholders and subject to the terms of the Documents, our Company will provisionally allot up to 283,420,500 Rights Shares together with up to 188,947,000 Warrants at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares together with two (2) Warrants for every one (1) existing MNC Share held on the Entitlement Date based on the Minimum Subscription Level.

The Rights Issue with Warrants will be undertaken on the Minimum Subscription Level which was determined by our Board after taking into consideration, amongst others, the minimum level of funds that our Company wishes to raise from the Rights Issue with Warrants for the funding requirements of our Group's organic growth strategy, the working capital requirements of our Group and the defraying expenses incidental to the Corporate Exercises.

As an Entitled Shareholder, you will find enclosed with this AP:

(i) the NPA in respect of the number of Rights Shares with Warrants provisionally allotted to you, for which you are entitled to subscribe under the terms of the Rights Issue with Warrants; and

(ii) the RSF which is to be used for the acceptance of the Rights Shares with Warrants provisionally allotted to you and for the application of any excess Rights Shares with Warrants pursuant to the excess Rights Shares with Warrants application, should you wish to do so.

You can fully or partially subscribe and/or renounce your entitlements for the Rights Shares with Warrants provisionally allotted to you. However, the Rights Shares and the Warrants cannot be renounced separately. Should you renounce all of your Rights Shares entitlements under the Rights Issue with Warrants, you shall not be entitled to any of the Warrants, and if you accept only part of your Rights Shares entitlements, you shall be entitled to the Warrants in the proportion of your acceptance of the Rights Shares entitlements.

In addition to taking up your respective entitlements under the Rights Issue with Warrants, you may also apply for the excess Rights Shares with Warrants under the excess Rights Shares with Warrants application. It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, in a fair and equitable manner as further set out in Section 11.3 of this AP.

The Rights Shares with Warrants which are renounced, not validly taken up or are not allotted for any reason whatsoever, will first be made available for the excess Rights Shares with Warrants application by our Entitled Shareholders and thereafter, to the renouncee(s)/transferee(s).

Any fractional entitlement under the Rights Issue with Warrants shall be disregarded and will be dealt with by our Board as it may deem fit and expedient in the best interest of our Company.

Any dealing in our Company's securities will be subject to, amongst others, the provision of the SICDA, the Rules of Bursa Depository and any other relevant legislation. The Rights Shares with Warrants will be credited directly into the respective CDS accounts of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have successfully subscribed for such Rights Shares with Warrants. No physical share and warrant certificates will be issued.

The Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants will be listed and quoted on the ACE Market of Bursa Securities within two (2) Market Days upon the receipt of the application for quotation of the Rights Shares and the Warrants by Bursa Securities as specified under the ACE LR.

The Warrants will be detached from the Rights Shares immediately upon issuance and will be traded separately on the ACE Market of Bursa Securities. The Warrants will be issued together with the Rights Shares to our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have successfully subscribed for such Rights Shares at no cost. Successful applicants who subscribe for three (3) Rights Shares will be entitled to two (2) Warrants. The Warrants are exercisable into new MNC Shares at an exercise price of RM0.10 per Warrant for one (1) new MNC Share.

Our Company shall despatch notices of allotment to the successful applicants within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities.

2.2 Basis of determining the issue price of the Rights Shares and the exercise price of the Warrants

The issue price of RM0.10 per Rights Share and the exercise price of RM0.10 per Warrant for one (1) new MNC Share were arrived at after taking into consideration, amongst others, the following:

(i) the minimum issue price allowable under the Act, which is not less than the par value of the MNC Shares of RM0.10 each; and

(ii) the theoretical ex-rights price ("**TERP**") of MNC Shares of RM0.1199 per MNC Share computed based on the five (5)-day VWAMP of MNC Shares up to and including 26 September 2016, being the last trading day immediately prior to the Price-Fixing Date.

For illustrative purposes, the issue price of RM0.10 per Rights Share and the exercise price of RM0.10 per Warrant for one (1) new MNC Share represent a discount of approximately RM0.0199 or 16.60% over the TERP of RM0.1199 per MNC Share, computed based on the five (5)-day VWAMP of RM0.2195 per MNC Share up to and including 26 September 2016, being the last trading day immediately prior to the Price-Fixing Date.

For the avoidance of doubt, the Warrants will be issued at no cost to our Entitled Shareholders and/or their renouncees/transferees who subscribe for the Rights Shares pursuant to the Rights Issue with Warrants. The Warrants may be exercised by the holders at their own discretion.

2.3 Ranking of the Rights Shares and the new MNC Shares to be issued arising from the exercise of the Warrants

The Rights Shares and the new MNC Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing MNC Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the date of allotment of the Rights Shares and the new MNC Shares to be issued arising from the exercise of the Warrants.

2.4 Principal terms of the Warrants

The subscribers of the Rights Shares will be entitled to the Warrants on the basis of two (2) Warrants for every three (3) Rights Shares subscribed for under the Rights Issue with Warrants.

The principal terms of the Warrants are set out below:

Issuer	:	MNC
Number of Warrants	:	Up to 188,947,000 Warrants to be issued pursuant to the Rights Issue with Warrants.
Form and denomination	:	The Warrants will be issued for free in registered form and constituted by the Deed Poll. The Warrants which are to be issued with the Rights Shares are immediately detachable from the Rights Shares upon allotment and issuance. The Warrants will be issued in registered form and traded separately on Bursa Securities.
Issue Date	:	The date of issue of the Warrants.
Issue Price	:	The Warrants are to be issued for free to our Entitled Shareholders and/or renouncee(s)/transferee(s) who subscribe to the Rights Shares.
Exercise Rights	:	Each Warrant entitles the registered holder to subscribe for one (1) new MNC Share at the Exercise Price at any time during the Exercise Period.
Exercise Price	:	The exercise price of the Warrants is RM0.10 per Warrant for one (1) new MNC Share. The exercise price and/or the number of Warrants in issue during the Exercise Period shall however be subject to adjustments under certain circumstances in accordance with the terms and provisions of the Deed Poll.

Exercise Period	:	The Warrants may be exercised at any time during the tenure of the Warrants of five (5) years including and commencing from the Issue Date and ending at 5.00 p.m. on a date which falls on the day before the fifth (5th) anniversary of the Issue Date, provided that if such day falls on a day which is not a market day, then on the preceding market day. The Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Mode of exercise	:	The holders of Warrants shall pay cash by way of banker's draft or cashier's order drawn on a bank in Malaysia for the aggregate Exercise Price payable when exercising the Warrants and subscribing for new MNC Shares.
Adjustment in the Exercise Price and/or the number of Warrants in the event of alteration to the share capital	:	Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of Warrants held by each holder of Warrants shall be adjusted by our Board in consultation with an approved adviser appointed by our Company for the purposes of the Deed Poll and certified by the auditors in the event of alteration to the share capital of our Company, in accordance with the provisions as set out in the Deed Poll.
Modification of rights of the Warrants holders	:	Save as otherwise provided in the Deed Poll, a special resolution of the Warrants holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrants holders.
Rights in the event of winding up, liquidation or an event of default	:	Where a resolution has been passed by our Company for a members' voluntary winding-up or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one (1) or more companies: (a) for the purpose of such a winding-up, compromise or arrangement (other than consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the holders of Warrants or some persons designated by them for such purposes by special resolution, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of Warrants; and (b) in any other cases, every Warrants holder shall be entitled at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding up of our Company or within six (6) weeks after the granting of the court order approving the winding-up, compromise or arrangement, elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by his Warrants and be entitled to receive out of the assets of our Company which would be available in liquidation as if he had on such date been the holder of the new MNC Shares to which he would have become entitled pursuant to such exercise. Upon the expiry of the above six (6) weeks, all Exercise Rights of the Warrants shall lapse and cease to be valid for any purpose.

Board lot	: The Warrants are tradable upon listing in board lots of one hundred (100) units, carrying the right to subscribe for one hundred (100) new MNC Shares or such other number of units as may be prescribed by Bursa Securities.
Rights of the Warrants holders	: The holders of the Warrants are not entitled to any voting rights in any general meeting of our Company or to participate in any distribution and/or offer of further securities in our Company until and unless such holders of Warrants are issued with new MNC Shares arising from their exercise of the Warrants.
Status of the new MNC Shares to be issued arising from the exercise of the Warrants	: The new MNC Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing MNC Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the date of allotment of the new MNC Shares to be issued arising from the exercise of the Warrants.
Modification	: Any modification to the terms and conditions of the Deed Poll may be effected only by a further deed poll, executed by our Company and expressed to be supplemental hereto. Any of such modification shall however be subject to the approval of Bursa Securities (if so required). Our Company in consultation with an approved adviser, appointed by our Company for the purposes of the Deed Poll, may from time to time without the consent or sanction of the Warrants holders make any modification (except to provisions for convening meetings of the Warrants holders) to the Deed Poll which will not be materially prejudicial to the interest of the Warrants holders or is to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia.
Listing	: Bursa Securities had on 17 November 2015 granted its approval for the admission of the Warrants to the Official List of ACE Market of Bursa Securities and the listing of and quotation for the Warrants and the new MNC Shares to be issued arising from the exercise of the Warrants on the ACE Market of Bursa Securities. The listing of and quotation for the Warrants on the ACE Market of Bursa Securities is subject to a minimum of 100 holders of Warrants.
Transferability	: The Warrants shall be transferable in the manner provided under the SICDA and the Rules of Bursa Depository.
Deed Poll	: The Warrants are constituted by the Deed Poll executed by our Company.
Governing Law	: The laws of Malaysia.

3. OTHER CORPORATE EXERCISES

Save for the Rights Issue with Warrants and the ESOS (which would only be implemented after the completion of the Rights Issue with Warrants), there is no other corporate exercise that has been approved by the relevant regulatory authorities but pending implementation/completion as at the LPD.

4. SHAREHOLDER'S IRREVOCABLE UNDERTAKINGS AND UNDERWRITING ARRANGEMENT

The Rights Issue with Warrants will be implemented on the Minimum Subscription Level basis to raise minimum gross proceeds of approximately RM3.30 million. The Minimum Subscription Level has been determined by our Board after taking into consideration, amongst others, the following:

(i) the funding requirements as set out in Section 5 of this AP;

(ii) the working capital requirements of our Group; and

(iii) the defraying expenses incidental to the Corporate Exercises.

In order to achieve the Minimum Subscription Level, our Board has procured the written Irrevocable Undertakings from the following shareholders:

(i) Cheng Kim Liang to subscribe for up to 16,500,000 Rights Shares together with up to 11,000,000 Warrants which consist of:

  (a) 14,062,500 Rights Shares together with 9,375,000 Warrants based on his rights entitlement of the Rights Shares with Warrants; and

  (b) up to 2,437,500 excess Rights Shares together with up to 1,625,000 excess Warrants, in the event that the other Entitled Shareholders and/or renouncee(s)/transferee(s) do not subscribe for their respective rights entitlements of Rights Shares with Warrants and/or excess Rights Shares with Warrants.

(ii) Ho Jien Shiung to subscribe for up to 16,500,000 Rights Shares together with up to 11,000,000 Warrants which consist of:

  (a) 14,062,500 Rights Shares together with 9,375,000 Warrants based on his rights entitlement of the Rights Shares with Warrants; and

  (b) up to 2,437,500 excess Rights Shares together with up to 1,625,000 excess Warrants, in the event that the other Entitled Shareholders and/or renouncee(s)/transferee(s) do not subscribe for their respective rights entitlements of Rights Shares with Warrants and/or excess Rights Shares with Warrants.

For illustrative purpose, the shareholdings of Cheng Kim Liang and Ho Jien Shiung as at the LPD and the Irrevocable Undertakings based on the Minimum Subscription Level are set out in the table below:

			Minimum Rights Shares to be subscribed for pursuant to the Irrevocable Undertakings					
	MNC Shares held directly as at the LPD		**Subscription based on rights entitlement**		**Subscription based on excess Rights Shares application**		**Total**	
Shareholders of MNC	**No. of MNC Shares '000**	**%**	**No. of MNC Shares '000**	**(1)%**	**No. of MNC Shares "000**	**(1)%**	**No. of MNC Shares '000**	**(1)%**
Cheng Kim Liang	4,688	4.96	14,063	42.61	2,437	7.39	16,500	50.00
Ho Jien Shiung	4,688	4.96	14,063	42.61	2,437	7.39	16,500	50.00

Note:

(1) Based on the Minimum Subscription Level pursuant to the Irrevocable Undertakings.

Arising from their obligations pursuant to the Irrevocable Undertakings, Cheng Kim Liang and Ho Jien Shiung have confirmed that they have sufficient financial resources to subscribe for the Rights Shares pursuant to their Irrevocable Undertakings. In addition, PIVB has verified that Cheng Kim Liang and Ho Jien Shiung have sufficient financial resources to fulfil their commitments pursuant to the Irrevocable Undertakings.

As the Rights Issue with Warrants will be undertaken on a Minimum Subscription Level basis, there will not be any underwriting arrangement required for the Rights Issue with Warrants.

The Rights Issue with Warrants which is implemented under the Minimum Subscription Level will not trigger any take-over implications pursuant to the Malaysian Code on Take-Overs and Mergers 2016.

5. UTILISATION OF PROCEEDS

For illustrative purposes, based on the issue price of RM0.10 per Rights Share, the Rights Issue with Warrants is expected to raise minimum gross proceeds of RM3.30 million (assuming under the Minimum Scenario) and up to a maximum of approximately RM28.34 million (assuming under Maximum Scenario), excluding proceeds from any exercise of the Warrants in the future, if any.

The proceeds are expected to be utilised by our Group in the following manner:

	Minimum Scenario RM'000	**Maximum Scenario RM'000**	**Expected timeframe for utilisation of proceeds from date of receipt**
Wireless and mobile application services expenses			
- Development of mobile gaming applications (1)	-	2,000	Within twenty-four (24) months
Multimedia related service expenses			
- Infrastructure development expenditure (2)	1,000	3,000	Within twenty-four (24) months
Digital related service expenses			
- Purchase of advertising display panels (3)	-	8,000	Within twenty-four (24) months
Branch expansion (4)	400	4,000	Within twelve (12) months
Repayment of bank borrowings (5)	750	2,750	Within twelve (12) months
Working capital (6)	400	7,842	Within twenty-four (24) months
Estimated expenses for the Corporate Exercises (7)	750	750	Within six (6) months
Total	**3,300**	**28,342**	

Notes:

(1) Our Group intends to utilise up to approximately RM2.00 million to expand the wireless and mobile application services business segment. The proceeds will be utilised to acquire licenses of mobile gaming applications from various local and foreign mobile games developers.

(2) Our Group intends to utilise up to approximately RM3.00 million to expand the multimedia related service business segment by venturing into the provision of TAC service. The proceeds will be utilised to develop the platform to support the TAC and all the applications that are connected to the mobile telecommunication operators, including the application and database servers, in the following manner:

	Minimum Scenario RM'000	Maximum Scenario RM'000
Rental / Set-up of servers and network equipment [(a)]	1,000	2,400
Rental of hosting facilities [(b)]	-	600
Total	**1,000**	**3,000**

(a) Our Group intends to rent the servers and network equipment (i.e. application and database servers, firewall, switches, load balancers, high grade network cables, dedicated internet access, backup power generator, backup cooling system and backup UPS battery system) from the data centre operator in the event that the Rights Issue with Warrants is implemented on the Minimum Scenario. Approximately RM1.00 million of the proceeds will be utilised to pay the rental of servers and network equipment for approximately twenty-four (24) months. However, if the Rights Issue with Warrants achieves the Maximum Scenario, our Group will instead purchase and set-up our own servers and network equipment.

(b) Hosting facilities will be rented to house the servers and network equipment set-up by our Group, which include, amongst others, racks, power, cooling system, physical security and network services for the servers and network equipment.

(3) Our Group intends to utilise up to approximately RM8.00 million to expand the digital related service business segment downstream by supplying advertising display panels to the clients for their digital advertising program. The proceeds will be utilised to purchase the advertising display panels, which comprise of LCD HD Screens. The prices of the advertising display panels range from approximately RM3,500 per unit to approximately RM20,000 per unit, depending on amongst others, the size and functionality. The number of units of advertising display panels to be purchased could not be determined by our Board at this juncture as it would only be purchased upon receiving orders from customers in order to manage the inventory efficiently and avoid obsolescence of inventory.

(4) Our Group intends to set up a marketing and IT-support office at Johor and Penang, respectively. The proceeds allocated will be utilised in the following manner:

	Minimum Scenario RM'000	Maximum Scenario RM'000
Rental/Purchase of property [(a)]	240	3,500
Renovation costs [(b)]	160	500
Total	**400**	**4,000**

(a) Our Group intends to rent a shop lot at Molek Square, Johor and Bandar Sunway Seberang Jaya, Penang, with an estimated built-up area of approximately 6,480 sq. ft. and 4,700 sq. ft., respectively, in the event that the Rights Issue with Warrants was implemented on the Minimum Scenario. Approximately RM240,000 will be utilised to pay the rental of the shop lots for approximately twelve (12) months. However, if the Rights Issue with Warrants was able to achieve the Maximum Scenario, our Group will purchase the shop lots instead of renting.

(b) Including, amongst others, purchase of office equipment, furniture and fittings, setting up of infrastructure and network.

Our Group is still in the midst of identifying the suitable shop lots and the locations of the new support offices are subject to changes depending on the availability of suitable shop lots. In the event that there is any surplus or shortfall of funds for the branch expansion, the proceeds will be adjusted from or to the working capital, as the case may be.

(5) The proceeds of up to approximately RM2.75 million will be utilised for repayment of our Group's bank borrowings. The estimated annual interest savings arising from the repayment of our Group's bank borrowings, based on the average interest rate of approximately 4.85% per annum, is up to approximately RM0.13 million per annum. As at the LPD, the total outstanding bank borrowings of our Group are approximately RM2.82 million, which comprises of three (3) term loans to finance the acquisition of three (3) units of office suites located at Jaya One, Petaling Jaya. The details of which is set out in the table below:

			Proceeds utilised for repayment	
Term loan	**Facility amount RM'000**	**Outstanding amount as at the LPD RM'000**	**Manimum Scenario RM'000**	**Maximum Scenario RM'000**
Parcel No. S–3A–6, Lot P.T.1 Jalan Universiti, Section 13 46200 Petaling Jaya Selangor Darul Ehsan	1,180	961	225	861
Parcel No. S–3–6, Lot P.T.1 Jalan Universiti, Section 13 46200 Petaling Jaya Selangor Darul Ehsan	1,100	1,029	300	1,029
Parcel No. S–3–7, Lot P.T.1 Jalan Universiti, Section 13 46200 Petaling Jaya Selangor Darul Ehsan	955	834	225	860

(6) The proceeds of up to approximately RM7.84 million will be utilised for our Group's working capital requirements in the following manner:

	Minimum Scenario RM'000	**Maximum Scenario RM'000**
Personnel costs [(a)]	300	5,000
Marketing expenses [(b)]	50	2,500
Other administrative and operating expenses [(c)]	50	342
Total	**400**	**7,842**

(a) Including wages, Employees Provident Fund (EPF) and Social Security Organisation (SOCSO) for the existing employees based in the head office and the additional employees to be hired for the new marketing and IT-support offices at Johor and Penang, respectively, which are set out below:

	Minimum Scenario RM'000	**Maximum Scenario RM'000**
Existing employees based in the head office	-	3,000
Additional employees to be hired for the new marketing and IT-support offices at:		
Johor	150	1,000
Penang	150	1,000
Total	**300**	**5,000**

The additional employees to be hired for the new marketing and IT-support offices at Johor and Penang, respectively, are set out below:

	Minimum Scenario		Maximum Scenario	
	Johor	**Penang**	**Johor**	**Penang**
Business development personnels	1	1	3	3
Software and system engineers	1	1	2	2
Administrative executives	1	1	1	1
Total	**3**	**3**	**6**	**6**

(b) Including the marketing expenses for our Group's existing business as well as the new mobile gaming applications to be acquired and the provision of integrated digital advertising solution services (in Maximum Scenario), which are set out below:

	Minimum Scenario RM'000	Maximum Scenario RM'000
Existing business	50	700
New businesses (i.e. mobile gaming applications and provision of integrated digital advertising solution services)	-	1,800
Total	**50**	**2,500**

(c) Including, amongst others, utilities, insurances, statutory related expenses, lodging and traveling expenses, the breakdown of which has yet to be determined by our Board at this juncture.

(7) The estimated expenses for the Corporate Exercises of approximately RM0.75 million include the estimated professional fees, fees payable to the relevant authorities and other miscellaneous expenses. Any surplus or shortfall of funds for the payment of expenses for the Corporate Exercises will be adjusted accordingly from or to the working capital, as the case may be.

Further details of our Group's business expansion are set out in Section 9.3 of this AP.

The actual proceeds to be raised from the Rights Issue with Warrants are dependent on the subscription level of the Rights Issue with Warrants. Any variation in the actual proceeds raised will be adjusted to or from the amount allocated for the working capital purposes of our Group. Pending the utilisation as depicted in the above tables, our Board intends to place such proceeds in interest-bearing fixed deposit accounts with licensed financial institution(s) or in short-term money market instruments.

The proceeds to be raised from the exercise of the Warrants are dependent on the total number of Warrants exercised during the tenure of the Warrants. The proceeds to be raised from the exercise of the Warrants shall be utilised for working capital of our Group. The allocation and the expected time frame for full utilisation cannot be determined by our Board at this juncture.

6. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The rationale and justification for the Rights Issue with Warrants are as follows:

(i) to raise funds via equity capital to finance the business expansion of our Group which is a more cost efficient alternative as compared to incurring additional bank borrowings;

(ii) to strengthen our eventual capital base upon issuance of the Rights Shares and the exercise of the Warrants (if any);

(iii) to provide our shareholders with an opportunity to further increase their equity participation in our Company via the issuance of the Rights Shares without diluting the existing shareholders' shareholdings percentage, assuming that all the Entitled Shareholders and/or renouncees fully subscribe for their respective entitlements under the Rights Issue with Warrants and ultimately, participate in the prospects and future growth of our Group;

(iv) the Warrants are intended to provide an attractive option to our shareholders to subscribe for the Rights Shares as well as another option to further participate in the equity of our Company upon exercising the Warrants. In addition, proceeds arising from the exercise of the Warrants in the future, if any, will provide an additional source of funds to be used for future working capital requirements of our Group; and

(v) to cater for the funding requirements of our Group's organic growth strategy for the next twenty-four (24) months. The Rights Issue with Warrants will mainly provide the needed fresh capital to our Group to expand our operations and range of products and services. In addition, it also provides additional capital for our Group to cater for the additional staffing for branch expansion, marketing plan for the new products and services and additional administrative and operating expenses due to the business expansion.

7. RISK FACTORS

In addition to the other information contained herein, you should carefully consider the following risk factors (which may not be exhaustive) before making your decision on whether to subscribe for your entitlements to the Rights Shares with Warrants.

7.1 Risks relating to the operations and business of our Group

7.1.1 Business risks

Our Company, along with our subsidiaries, are principally engaged in sales, marketing, research and development of solutions and contents. The business operations of our Group are subject to certain risks inherent in the ICT industry. These include, amongst others, rapid changes of technology, the ability to respond to the changes in the sentiments of the ICT industry, rising cost of overheads, availability of skilled personnel, changes in general economic, political, monetary and business conditions and changes in the legal, taxation and environmental framework within which the industry operates.

Although we seek to limit these risks through, *inter-alia*, practicing prudent management policies, stay abreast with the development, trends and directions of the industry, technology and our customers' future plans, maintaining long-term relationship with our suppliers and customers, reducing reliance by purchasing from a few suppliers and supplying to a mix of customers, and continuous review of our processes and operations to improve efficiency and quality. However, there is no assurance that any changes to the said risk factors will not have a material adverse effect on our Group's businesses and financial performance.

7.1.2 Competition

Our Group operates in a highly competitive environment in the ICT industry due to rapid changes in technology, product design and increasing demands from customers for technological innovations in advanced products. Rapid changes in technology and customer preferences coupled with the challenges to achieve targeted levels of prices and maintain product quality have created a tough operating environment for our ability to increase our market share.

Our future success will depend significantly upon, amongst others, our ability to respond to changing market demands, knowing the needs of our customers, be innovative and respond to the changing dynamics of the market place. Our Group believes that with our research and development capabilities, facilities and skilled workforce as well as close relationships with our customers and business partners mainly the mobile telecommunication operators will enable us to remain competitive and stay ahead of our competitors.

However, despite the measures taken by our Group, there is no assurance that our Group will be able to maintain or increase our market share in the future amongst competition from existing players and/or potential new entrants to the industry.

7.1.3 Operational risks

Due to the nature of our Group's operations, interruption of our Group's operating capabilities through breakdown or malfunctioning computer and failure or damage caused by fire, storms, lightning, electrical power outage or other disruptions may have an adverse material effect on our Group's business, operating results and financial condition. To avoid major breakdowns and disruptions to our Group's operations, computers and relevant equipment are constantly monitored and maintained. However, there can be no assurance that the abovementioned events will not cause an adverse impact on our Group's business and financial performance.

7.2 Risks relating to our industry

7.2.1 Rapid technological change in the software/ICT market

The markets for our Group's products and services are characterised by rapid technological developments, evolving industry standards, swift change in customer requirements, computer operating environment and software applications and frequent new product introductions and enhancements. Our Group's future success depends substantially upon our ability to address the increasingly sophisticated needs of our customers. There can be no assurance that our Group's will be successful in adapting to advances in technology or in addressing changing customers' needs on a timely basis.

In recognition of this, our Group with our experienced and skilled personnel constantly endeavours to keep abreast with developments in technology and the market by actively participating in industry-related events. Our Group will continue to formulate and develop new products and services to meet the increasingly sophisticated requirements of our customers as well as constantly update our existing products and services to increase value added offerings.

7.2.2 Political, economic and regulatory considerations

Our operations and financial performance may be adversely affected by unfavourable political, economic, monetary and regulatory developments. Political and economic uncertainties include, but are not limited to, risks of war, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation and currency exchange controls.

Nevertheless, our Board believes that by leveraging on our industry experience in terms of monitoring of our business operations, we would be able to adapt to the changing political, economic and regulatory environment. However, there is no assurance that adverse political, economic, monetary and regulatory factors will not materially affect our Group's operations and financial performance.

7.3 Risks relating to the Rights Issue with Warrants

7.3.1 Investment risks

The market price of the MNC Shares will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the prospects and operating results of our Group and the future outlook of the ICT industry. Therefore, the future liquidity and trading volume of our Shares is unknown at this stage.

The market price of the Warrants, like all listed securities traded on Bursa Securities, being new securities to be issued by our Company is subject to, *inter-alia*, price discovery by investors, fluctuations in tandem with the overall outlook of the stock market in Malaysia and globally, and will be influenced by, amongst others, trades of substantial amount of the Warrants on Bursa Securities in the future, the market price, potential payments of dividends and volatility of the MNC Shares, the remaining exercise period of the Warrants, announcements of corporate developments relating to our Group's business and the future financial performance of our Group.

The future price performance of the Warrants will also depend on various external factors, such as the prospects of the ICT industry in which our Group operates, the economic, monetary and political conditions of Malaysia, outlook of interest rates, the investors' sentiments and liquidity in the local stock market as well as the performance of regional and world bourses.

Notwithstanding that, there is no assurance that the market price of our Shares (together with the Rights Shares and any new MNC Shares to be issued arising from the exercise of the Warrants), upon or subsequent to the listing of and quotation for the Rights Shares and the Warrants, will remain at or above the issue price of the Rights Shares. Also, there is no assurance that the exercise price of the Warrants will be in-the-money during the tenure of the exercise period of the Warrants.

Notwithstanding the above, it should be noted that our Group's financial performance is not dependent on the price performance of the MNC Shares and the Warrants.

7.3.2 Delay or failure in the implementation of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the force majeure events or circumstances, which are beyond the control of our Group, arising prior to the implementation of the Rights Issue with Warrants. Such events or circumstances include, *inter-alia*, natural disasters, adverse developments in political, economic and government policies in Malaysia, global economic downturn, acts of war, act of terrorism, riots, expropriations and changes in political leadership.

In the event of failure in the implementation of the Rights Issue with Warrants, all application monies received pursuant to the Rights Issue with Warrants will be refunded to our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have subscribed for the Rights Shares with Warrants without interest, or with interest if the application monies are not refunded within fourteen (14) days after our Company becomes liable to repay, in accordance with the provisions of Section 243(2) of the CMSA.

Notwithstanding the above, our Company will exercise our best endeavour to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned events will not cause a delay in or failure of the Rights Issue with Warrants.

7.3.3 Forward-looking statement

Certain statements in this AP are forward-looking in nature, which are subject to uncertainties and contingencies. All forward-looking statements are based on estimations and assumptions made by our Board and although our Board believes these statements and assumptions are reasonable, they are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

In light of these uncertainties, the inclusion of forward-looking statements in this AP should not be regarded as representation or warranty by our Company and/or the Adviser that the plans and objectives of our Group will be achieved.

8. EFFECTS OF THE CORPORATE EXERCISES

The Increase in Authorised Share Capital and MOA Amendments will not have any effects on the issued and paid-up share capital, NA, gearing, substantial shareholders' shareholdings and earnings of our Group.

8.1 Issued and paid-up share capital

The pro forma effects of the Rights Issue with Warrants and the ESOS on the issued and paid-up share capital of our Company are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of MNC Shares	**RM**	**No. of MNC Shares**	**RM**
As at the LPD[1]	94,473,500	9,447,350	94,473,500	9,447,350
To be issued pursuant to:				
Rights Issue with Warrants	33,000,000	3,300,000	283,420,500	28,342,050
	127,473,500	12,747,350	377,894,000	37,789,400
ESOS	-	-	-	-
	127,473,500	12,747,350	377,894,000	37,789,400
Assuming full exercise of the Warrants	22,000,000	2,200,000	188,947,000	18,894,700
	149,473,500	14,947,350	566,841,000	56,684,100
Assuming full exercise of the Options[2]	38,242,050	3,824,205	113,368,200	11,336,820
Total enlarged issued and paid-up share capital	**187,715,550**	**18,771,555**	**680,209,200**	**68,020,920**

Notes:

(1) As at the LPD, our Company does not have any treasury shares.

(2) Assuming full exercise of the Options granted under the ESOS, representing up to thirty per cent (30%) of the prevailing issued and paid-up share capital of MNC.

The ESOS will not have an immediate effect on the issued and paid-up share capital of our Company until such time when the Options to be granted are exercised during the option period. The issued and paid-up share capital of our Company will increase accordingly depending on the number of the new MNC Shares to be issued arising from the granting and subsequent exercise of the Options.

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8.2 NA and gearing

The ESOS is not expected to have an immediate impact on the consolidated NA per Share and gearing of our Group until such time when the Options are granted and exercised by the Grantees. However, the potential effect on the consolidated NA per Share and gearing in the future would depend on factors such as the number of Options granted and exercised at any point in time, the Subscription Price, the utilisation of the proceeds arising from the exercise of Options and the potential effect on the future earnings of our Group arising from the adoption of MFRS 2.

The pro forma effects of the Rights Issue with Warrants on the NA and gearing of our Group based on the latest audited consolidated financial statements as at 31 December 2015 after adjusting for certain events are as follows:

Minimum Scenario

Group Level	Audited as at 31 December 2015 RM'000	(I) After the Rights Issue with Warrants RM'000	(II) After (I) and assuming full exercise of the Warrants RM'000
Share capital[1]	9,447	12,747	14,947
Share premium	2,231	1,351	2,231
Fair value reserve	(31)	(31)	(31)
Revaluation reserve	1,017	1,017	1,017
Warrant reserve[2]	-	880	-
Accumulated losses	(7,640)	[3](8,390)	(8,390)
Total equity/NA	**5,024**	**7,574**	**9,774**
No. of MNC Shares ('000)	94,474	127,474	149,474
NA per MNC Share (RM)	0.05	0.06	0.07
Total borrowings (RM'000)	2,931	2,181	2,181
Gearing (times)	0.58	0.29	0.22

Notes:

(1) As at the LPD, our Company does not have any treasury shares.

(2) After issuance of 22,000,000 Warrants based on an indicative fair value of RM0.04 per Warrant. For illustrative purposes, the indicative fair value of RM0.04 per Warrant was arrived from Black-Scholes option pricing model based on the exercise price of RM0.10 per Warrant.

(3) After deducting the estimated expenses for the Corporate Exercises of approximately RM0.75 million.

Maximum Scenario

Group Level	Audited as at 31 December 2015 RM'000	(I) After the Rights Issue with Warrants RM'000	(II) After (I) and assuming full exercise of the Warrants RM'000
Share capital[1]	9,447	37,789	56,684
Share premium	2,231	-	7,558
Fair value reserve	(31)	(31)	(31)
Revaluation reserve	1,017	1,017	1,017
Warrant reserve[2]	-	7,558	-
Accumulated losses	(7,640)	[3](13,717)	(13,717)
Total equity/NA	**5,024**	**32,616**	**51,511**
No. of MNC Shares ('000)	94,474	377,894	566,841
NA per MNC Share (RM)	0.05	0.09	0.09
Total borrowings (RM'000)	2,931	181	181
Gearing (times)	0.58	0.01	-

Notes:

(1) As at the LPD, our Company does not have any treasury shares.

(2) After issuance of 188,947,000 Warrants based on an indicative fair value of RM0.04 per Warrant. For illustrative purposes, the indicative fair value of RM0.04 per Warrant was arrived from Black-Scholes option pricing model based on the exercise price of RM0.10 per Warrant.

(3) After deducting the estimated expenses for the Corporate Exercises of approximately RM0.75 million.

8.3 Earnings and EPS

The Rights Issue with Warrants is expected to be completed by the fourth (4th) quarter of 2016. The Rights Issue with Warrants is not expected to have any material impact on the consolidated earnings of our Group for the FYE 31 December 2016.

Our Board expects that the Rights Issue with Warrants will contribute positively to the future earnings of our Group as the proceeds raised from the Rights Issue with Warrants will be utilised mainly to fund the business expansion of our Group, which is detailed in Section 9.3 of this AP.

On a standalone basis, the EPS of MNC may be diluted as a result of the increase in the number of MNC Shares arising from the Rights Issue with Warrants as well as the exercise of the Warrants into new MNC Shares (if any), in the event that the earnings of our Group does not increase in tandem with the increase in the number of MNC Shares issued. However, the actual extent of dilution to the EPS of MNC is dependent on, amongst others, the actual number of Warrants exercised and the future earnings of our Group.

The ESOS is not expected to have a material effect on the earnings of our Group until such time as the Options are granted. Any potential effect on the consolidated EPS in the future will depend on factors such as the number of Options granted and exercised, the Subscription Price, the utilisation of proceeds arising from the exercise of the Options and the impact of the MFRS 2.

With the adoption of the MFRS 2, the cost arising from the issuance of the Options is measured by the fair value of the Options, which is expected to vest at the date the Options are offered, and is recognised in the statement of profit or loss and other comprehensive income over the vesting period (i.e. the period when the Options are exercisable) of the Options, thereby reducing the earnings of our Group. However, the reduction in earnings is merely an accounting treatment and will not have any impact on the cash flow of our Group. Hence, the total potential cost of the Options granted would depend on, *inter-alia*, the number of Options granted and the fair value of such Options.

9. INDUSTRY OVERVIEW AND OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

9.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a growth of 4.0% in the second (2nd) quarter of 2016 (1Q 2016: 4.2%). Despite the stronger expansion in domestic demand, growth was weighed down by the continued decline in net exports and a significant drawdown in stocks. On the supply side, growth continued to be driven by the major economic sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 0.7% (1Q 2016: 1.0%).

Private sector activity remained the key driver of growth, expanding at a faster pace of 6.1% in the second (2nd) quarter (1Q 2016: 4.5%). Private consumption grew by 6.3% (1Q 2016: 5.3%), supported by continued wage and employment growth as well as the additional disposable income from government measures. Private investment grew at a faster pace of 5.6% (1Q 2016: 2.2%), driven mainly by continued capital spending in the services and manufacturing sectors. Public investment growth turned around to register a positive growth of 7.5% (1Q 2016: -4.5%), on account of higher spending on fixed assets by both the Federal Government and public corporations. Growth of public consumption also improved in the second (2nd) quarter to 6.5% (1Q 2016: 3.8%), due mainly to higher spending on supplies and services.

On the supply side, all economic sectors continued to expand, with the exception of the agriculture sector. The higher growth in the services sector was underpinned primarily by stronger household spending while the manufacturing sector was supported by the electronics and electrical cluster. Growth in the construction sector was stronger, dominated by the civil engineering subsector. The performance of the mining sector improved, due mainly to higher crude oil and natural gas production during the quarter. Growth in the agriculture sector declined, due to the lagged impact of El Niño on crude palm oil production.

(Source: Quarterly Bulletin, Second (2nd) Quarter 2016, Bank Negara Malaysia)

The Malaysian economy is expected to remain steady in 2016, with real Gross Domestic Product growth between 4% - 5% led by domestic demand. Private sector expenditure will remain the main driver of growth with private consumption and investment expected to grow by 6.4% and 6.7%, respectively. Meanwhile, Government expenditure is forecast to expand, albeit at a moderate pace, in line with efforts to strengthen the fiscal position. On the supply side, growth is expected to be broad-based, with all the sectors registering positive growth. Malaysia's external position is forecast to remain positive supported by better prospects for global growth and trade.

(Source: Economic Report 2015/2016, Ministry of Finance, Malaysia)

9.2 Overview and outlook of the Malaysian ICT industry

The information and communication subsector registered a higher growth of 8.8% (Q1 2016: 8.5%). The subsector's expansion was led by data communication activities and computer services. During the quarter, communication segment continued to record a double-digit growth of 10.1% (Q1 2016: 10%) attributed to higher demand for data communication services. Likewise, computer services segment grew by 7.4% (Q1 2016: 6%).

(Source: Quarterly Malaysian Economic, Second (2nd) Quarter 2016, Ministry of Finance, Malaysia)

The Eleventh (11th) Malaysia Plan 2016-2020 emphasises on driving ICT in the knowledge economy through innovation and productivity to enhance competitiveness and wealth creation. Within the ICT industry, focus will be given to the development of digital content under the content and media subsector, as well as software solutions and services, as these are potential areas for wealth creation and participation of local companies. The growth of the ICT industry will, in turn, drive the demand for robust digital infrastructure, fundamental to Malaysia's competitiveness.

International Data Corporation estimated the worldwide internet of things market to grow to more than RM10 trillion while the National Internet of Things Strategic Framework estimated the local market size to be RM9.8 billion in 2020. Hence, an internet of things industry will be developed to tap into the global and domestic markets by enhancing the regulatory framework to cater for its implementation, strengthening R&D, developing standards, upgrading infrastructure and leveraging on existing initiatives. Technopreneur capabilities in internet of things applications and services will be strengthened through various small medium enterprises development and incubation programs. The development of the internet of things industry will focus on healthcare, logistics, agriculture, smart cities, halal industry and advanced manufacturing.

In order to achieve an 18.2% or approximately RM324.9 billion ICT contribution to GDP by the year 2020, initiatives to be undertaken during the Eleventh (11th) Malaysia Plan period include the development of technology focus areas, infusion of ICT in other sectors and building the support ecosystem. It is targeted that the ICT industry registers an annual average growth rate of 10.7% from 2016 to 2020 and Malaysia to maintain its position as a net exporter of ICT products and services valued at RM56.8 billion in 2020.

The Eleventh (11th) Malaysia Plan emphasises on driving ICT in the knowledge economy by renergising the ICT industry from supply- to demand-driven, consumption to production and low knowledge- to high knowledge-add. Efforts will also be undertaken to enculturate R&D, develop high quality ICT talent, improve digital infrastructure and pursue digital inclusion. These strategies will give Malaysia a competitive edge in the global landscape through increased innovation and productivity, while catalysing the achievement of an advanced economy and inclusive nation.

(Source: Eleventh (11th) Malaysia Plan, 2016-2020)

The information and communication subsector is expected to increase by 9.6% in 2016 (2015: estimated to be 9.7%) on sustained demand for cellular and broadband services, on account of more affordable rates and promotions by industry players.

(Source: Economic Report 2015/2016, Ministry of Finance, Malaysia)

9.3 Prospects and outlook of our Group

Our Company, along with our subsidiaries, are principally engaged in sales, marketing, research and development of solutions and contents, which can be categorised as following:

(i) Wireless and mobile application services, which include:

  (a) provision of reverse billing platform, namely Go!CPA, which supports premium billing through Short Message Service ("**SMS**"); and

  (b) development and marketing of mobile applications and contents for subscription by consumers;

(ii) Multimedia related service, which includes provision of mobile messaging platforms for bulk SMS to enterprises, namely Go!SMS; and

(iii) Digital related service, which includes customised mobile applications development, social media management, web design and development and customised digital solutions.

9.3.1 Business expansion of our Group's wireless and mobile application services

Apart from providing the platform which eases the integration of payment for mobile reverse billings with the mobile telecommunication operators, namely DiGi.com Berhad, Maxis Berhad, Celcom Axiata Berhad and U Mobile Sdn Bhd, to other mobile content providers, our Group also develops and markets in-house mobile applications and contents. So far our Group has launched several music and educational mobile applications for iPhone Operating System (iOS), such as Hits Music Ringtone, Hits Music Ringback Tone, Old MacDonald Farm Fun and Babies Love Classical, which are available for download through Apple's AppStore.

In view of the popularity and trending of mobile gaming applications, our Group intends to expand our range of mobile applications and contents to include mobile gaming applications. Instead of developing in-house, our Group intends to utilise up to approximately RM2.00 million of the proceeds to be raised from the Rights Issue with Warrants to acquire licenses of mobile gaming applications from various local and foreign mobile games developer as a faster channel to go to the market. The mobile gaming applications to be acquired would be mainly MMOG in nature, which are strategy based games that allow for multiplayers to participate in the games simultaneously. We would request for the exclusive rights of the mobile gaming applications to be acquired. However, the exclusivity of the rights would be dependence on the negotiation with the mobile games developers.

Subsequently, the marketing of the mobile gaming applications will be done in-house, via advertisement banners and by appointing advertisement network companies, targeting the local market, and made available for end consumers to download on "freemium" basis (i.e. being free for download but requires further payment for use of specific application features). The target market of the mobile gaming applications would be mainly avid gamers who are willing to spend to purchase the game accessories in order to advance to the next level in the game. As at the LPD, our Group has not identified any potential mobile games developers yet.

9.3.2 Business expansion of our Group's multimedia related service

Our Group, through our existing mobile messaging platform, namely Go!SMS, provides bulk SMS services to corporate customers, including financial institutions such as CIMB Bank Berhad, Prudential Assurance Malaysia Berhad and Great Eastern Life Assurance (Malaysia) Berhad, to execute their marketing campaigns. Leveraging on the existing clienteles, our Group intends to venture into the provision of TAC service.

TAC is an additional authentication tool that is required when performing online transactions, which is a set of unique digit security code to be requested and sent, *inter alia*, via mobile phone. TAC is primarily used in the financial and banking industry. High performance and strong robust servers and network equipment are required for uninterrupted generation and transmission of TAC to accommodate high volume of online transactions. Up to approximately RM3.00 million of the proceeds to be raised from the Rights Issue with Warrants will be utilised to enhance our infrastructure capability in order to accommodate the provision of TAC service.

TAC is commonly used by online banking services as a form of single use one-time passwords to authorise financial transactions. Due to the rising of internet related threats, all banking institutions are required to implement two-factor authentication ("**2FA**") for online banking transactions to enhance online banking security and TAC is one of the widely adopted 2FA. Coupled with the business network of our Group's chief executive officer who has more than ten (10) years experiences in the banking industry, our Group believes that the venture into TAC services will augur well for the financial performance of our Group.

9.3.3 Business expansion of our Group's digital related service

As part of our digital related service provided, our Group designs and develops CMS for our clients' digital advertising program on project basis. CMS is a cloud based digital advertising solution that allows for the organising, deleting, editing and modifying contents in a set of advertising display panels from a central interface. It could be performed remotely without having to go on-site to refresh the content of the advertising display panels. The supply of advertising display panels is outsourced to third party.

On top of providing CMS development service, our Group intends to expand the business downstream by supplying the advertising display panels as a value added service, which are the LCD HD Screens that could be integrated with our Group's in-house developed CMS. It is a highly versatile interactive marketing tool used in exhibitions, car showrooms, property showrooms and departmental stores. The advertising display panels will be customised according to customers' specification in terms of content and layout presentation for sales and/or lease rental, depending on customers' requirements.

The digital advertising industry is a competitive industry and constantly facing competition in terms of pricing. As the world continues to evolve towards the digital age, the demand for digital advertising is expected to increase. The other companies who also provide software solution and hardware facilities of digital advertising are, amongst others, LEDtronics Sdn Bhd and Magnetone Mediaworld Sdn Bhd. The challenges faced in the industry including, amongst others, the following:

(i) Products substitution

The main substitute of LCD HD Screens to be purchased by our Group in digital advertising industry is Light Emitting Diode ("**LED**") screens, which are longer-lasting and have better quality in terms of brightness and visibility. LED screens are relatively more expensive as compared to LCD HD Screens. To address the challenge, our Group will customise our products and services to meet the specific needs and requirements of the customers in different industries. Our Group will only purchase the advertising display panels upon receiving orders from our customers, depending on their budget and requirements on a cost-plus basis.

(ii) Competitive pricing

The competitive prices offered by the competitors could adversely impact the business of our Group. The Rights Issue with Warrants will increase the liquidity position of our Group by providing up to approximately RM8.00 million of fresh capital to our Group for the purchase of advertising display panels. Our Group would have better bargaining power in obtaining a favourable pricing as our Group is able to purchase the necessary advertising display panels in cash terms from one of the master distributor of advertising display panels. As such, our Group would able to offer more competitive pricing as compared to our competitors.

Despite the competitive business environment, our Board believes that our Group has the competitive advantage by leveraging on our experience and network in order to expand our business in the digital advertising industry. Our Group intends to position itself as a one-stop digital advertising solution provider by providing both hardware and software components as a package to our customers. This will increase the competitiveness of our Group as an integrated service provider of digital advertising solution and provide additional income for the digital related service segment.

The target market of the integrated digital advertising solution would be our Company's existing clients from the automobile industry, property developer, consumer goods and departmental store. On 22 October 2015, our Board announced that our Company had on 22 October 2015 entered into a memorandum of understanding with Petrowangsa Sdn Bhd ("**Petrowangsa**") for a collaboration to provide multimedia advertising and digital solutions to Petrowangsa. Petrowangsa is a license holder for various categories of service and supplier code of media advertising of Petroliam Nasional Berhad. The above collaboration will provide business opportunity to our Group in our business expansion in the digital advertising industry. Further details of the collaboration will be announced accordingly, once a definitive agreement has been entered into.

9.3.4 Branch expansion

In conjunction with the above business expansion, our Group intends to expand our footprint to the northern and southern regions of Malaysia by setting up a marketing and IT-support office with a dedicated team of experienced sales personnel and software programmers in Penang and Johor, respectively. The new support offices will serve as sale offices which enable our Group to expand the coverage and accessibility of our services to the other regions in Malaysia. With the physical presence in other regions, it could improve client service and the effectiveness of on-site project management.

The new support offices are expected to be set up within twelve (12) months upon receiving the proceeds raised from the Rights Issued with Warrants at Bandar Sunway Seberang Jaya, Penang and Molek Square, Johor. As at the LPD, our Group has yet to commence the setting up of these new support offices. The locations of the new support offices are subject to change depending on the availability of suitable shop lots; and

Given the rapid growth of demand for mobile and digital applications and increasing smart devices penetration rate, our Board is optimistic that the above business expansion will augur well for the prospect of our Group.

10. WORKING CAPITAL, BORROWINGS, MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

10.1 Working capital

Our Board is of the opinion that, after taking into account our Group's cash in hand, banking facilities available and the proceeds to be raised from the Rights Issue with Warrants, our Group will have sufficient working capital for a period of twelve (12) months from the date of issue of this AP to meet our present and foreseeable future working capital requirements.

10.2 Borrowings

As at the LPD, our Group's total borrowings are as follows:

	Short-term RM'000	Long-term RM'000	Total RM'000
Term loan	157	2,667	2,824

All outstanding borrowings are interest-bearing and are denominated in RM. As at the LPD, our Group does not have any foreign currency borrowings.

There has been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year and the subsequent financial period thereof, immediately preceding the LPD.

10.3 Material commitments and contingent liabilities

There are no material commitments contracted or known to be contracted by our Group which may have a substantial impact on the results or the financial position of our Group as at the LPD.

There are no contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a substantial impact on the results or the financial position of our Group as at the LPD.

11. PROCEDURES FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

As an Entitled Shareholder of our Company, your CDS account(s) will be duly credited with the number of Provisional Rights Shares with Warrants which you are entitled to subscribe for under the terms and conditions of the Rights Issue with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of the number of such Provisional Rights Shares with Warrants into your CDS account(s) and the RSF to enable you to subscribe for such Rights Shares with Warrants that you have been provisionally allotted, as well as apply for the excess Rights Shares with Warrants if you wish to do so.

FULL PROCEDURES FOR THE ACCEPTANCE, PAYMENT, SALE/TRANSFER AND THE EXCESS RIGHTS SHARES WITH WARRANTS APPLICATION ARE SET OUT IN THIS SECTION AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS AP.

11.1 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares with Warrants must be made on the RSF issued with this AP and completed in accordance to the notes and instructions printed in the RSF. At the absolute discretion of our Board, we may not accept acceptances which do not strictly conform to the terms of this AP or the RSF or the notes and instructions printed in these documents.

If you wish to accept all or part of your entitlement to the Provisional Rights Shares with Warrants, please complete Part I(a) and Part II of the RSF in accordance with the notes and instructions contained in the RSF. You must despatch the completed and signed RSF together with the relevant remittance by ORDINARY POST, COURIER or DELIVERED BY HAND in the official envelope provided at your own risk to our Share Registrar at the following address:

Securities Services (Holdings) Sdn Bhd *(36869-T)*
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel: 603-2084 9000
Fax: 603-2094 9940/2095 0292

and should reach our Share Registrar not later than 5.00 p.m. on Friday, 28 October 2016, being the last date and time for acceptance and payment, or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any reason require another copy of the RSF, you and/or your renouncee(s)/transferee(s) (if applicable) may obtain additional copies from your stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website (http://www.bursamalaysia.com).

You can use one (1) RSF for the acceptance of the Provisional Rights Shares with Warrants standing to the credit of one (1) CDS account. Separate RSF must be used for the acceptance of the Provisional Rights Shares with Warrants standing to the credit of more than one (1) CDS accounts. If successful, the Rights Shares with Warrants accepted by you will be credited into the respective CDS accounts where the Provisional Rights Shares with Warrants are standing to the credit.

A reply envelope is enclosed with this AP. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

Any fractional entitlement under the Rights Issue with Warrants shall be disregarded and the aggregate of such fractions, if any, shall be dealt with in such manner or on such terms as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company.

If you do not wish to accept the Provisional Rights Shares with Warrants in full, you are entitled to accept part of your entitlement to the Provisional Rights Shares with Warrants. The minimum number of the Provisional Rights Shares with Warrants that can be accepted is three (3) Rights Shares with two (2) Warrants. The Warrants will be detached from the Rights Shares immediately upon issuance and traded separately on Bursa Securities. Fractions of a Rights Share and Warrant arising from the Rights Issue with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as our Board may at its absolute discretion deem fit and expedient and in the best interests of our Company. You should take note that a trading board lot comprises one hundred (100) Rights Shares or Warrants.

Each completed RSF must be accompanied by remittance in RM for the full amount payable in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and must be made payable to "**MNC RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side(s) with your name, contact number and address in block letters together with your CDS account number. The payment must be made in the exact amount. Any application accompanied by excess or insufficient payment or payment in the manner other than as stated in this AP may be rejected at the absolute discretion of our Board. Cheques or any other mode(s) of payment not prescribed herein are not acceptable. Details of remittance must be filled in the appropriate boxes provided in the RSF.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE ACCEPTANCE OF THE PROVISIONAL RIGHTS SHARES WITH WARRANTS. NOTICES OF ALLOTMENT WILL BE DESPATCHED TO THE SUCCESSFUL APPLICANTS BY ORDINARY POST AT THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT THEIR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR OR OUR COMPANY.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES (AS THE CASE MAY BE) WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT YOUR OWN RISK.

If the acceptance of and payment for the Provisional Rights Shares with Warrants is not received by our Share Registrar by 5.00 p.m. on Friday, 28 October 2016 or such later date and time as may be determined and announced by our Board, your and/or your renouncee(s)'/transferee(s)' (if applicable) provisional entitlement under the Rights Issue with Warrants will be deemed to have been declined and will be cancelled.

Such Provisional Rights Shares with Warrants not taken up will be allotted to applicants for the excess Rights Shares with Warrants in the manner as set out in Section 11.3 of this AP.

11.2 Procedures for sale/transfer of the Provisional Rights Shares with Warrants

The Provisional Rights Shares with Warrants are renounceable. If you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants to one (1) or more persons, you may do so through your stockbroker without first having to request for a split of the Provisional Rights Shares with Warrants standing to the credit of your CDS account(s). To sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository for the period up to the last date and time for the sale/transfer of the Provisional Rights Shares with Warrants.

In selling or transferring all or part of your entitlement to the Provisional Rights Shares with Warrants, you need not deliver the RSF or any document to your stockbroker. **You are however advised to ensure that there is sufficient Provisional Rights Shares with Warrants standing to the credit of your CDS account(s) before selling or transferring.**

Renouncee(s)/transferee(s) of the Provisional Rights Shares with Warrants may obtain a copy of this AP and the RSF from their stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website (http://www.bursamalaysia.com).

If you have sold or transferred only part of your entitlement to the Provisional Rights Shares with Warrants, you may still accept the balance of your entitlement to the Provisional Rights Shares with Warrants by completing both Part I(a) and Part II of the RSF and deliver the completed and signed RSF together with the relevant remittance to our Share Registrar in the manner as set out in Section 11.1 of this AP.

If you sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants, you will automatically be selling or transferring your entitlement to all or part of the Rights Shares with Warrants.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

11.3 Procedures for excess Rights Shares with Warrants application

If you wish to apply for additional Rights Shares with Warrants in excess of those provisionally allotted to you, please complete Part I(b) of the RSF (in addition to both Part I(a) and Part II) and forward it together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants applied for, to our Share Registrar not later than 5.00 p.m. on Friday, 28 October 2016, being the last date and time for application and payment, or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

Payment for the excess Rights Shares with Warrants applied for should be made in the same manner as described in Section 11.1 of this AP, with remittance in RM made in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and must be made payable to "**MNC EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side(s) with your name, contact number and address in block letters together with your CDS account number. The payment must be made in the exact amount. Any application accompanied by excess or insufficient payment or payment in the manner other than stated in this AP may be rejected at the absolute discretion of our Board. Cheques or any other mode(s) of payment not prescribed herein are not acceptable. Details of remittance must be filled in the appropriate boxes provided in the RSF.

Our Board reserves the right to accept any excess Rights Shares with Warrants application, in full or in part, without assigning any reason thereto. It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, applied for under Part I(b) of the RSF on a fair and equitable basis as they deem fit and expedient and in the best interest of our Company and that the intention of the Board as set out in the basis of allotment below is achieved. The basis of allotment of the excess Rights Shares with Warrants will be in the following sequence:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to our Entitled Shareholders who have applied for the excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;

(iii) thirdly, for allocation to our Entitled Shareholders who have applied for the excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on the quantum of their respective excess Rights Shares with Warrants application; and

(iv) lastly, for allocation to renouncee(s)/transferee(s) who have applied for the excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on the quantum of their respective excess Rights Shares with Warrants application.

In the event of any balance of excess Rights Shares with Warrants after the above sequence of allocations, the balance of excess Rights Shares with Warrants will be allocated again through the same sequence of processes (ii), (iii) and (iv) above until all excess Rights Shares with Warrants are fully allocated.

After the above consideration, any remaining Rights Shares with Warrants not allotted, if any, shall be dealt with in such manner or on such terms as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS APPLICATION. NOTICES OF ALLOTMENT WILL BE DESPATCHED TO THE SUCCESSFUL APPLICANTS BY ORDINARY POST AT THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT THEIR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR OR OUR COMPANY.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES (AS THE CASE MAY BE) WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT YOUR OWN RISK.

11.4 Procedures to be followed by renouncee(s)/transferee(s)

Renouncees/transferees may obtain a copy of this AP and the RSF from their stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website (http://www.bursamalaysia.com).

The procedures for acceptance, selling/transferring of the Provisional Rights Shares with Warrants, excess Rights Shares with Warrants application and/or payment by the renouncee(s)/transferee(s) are the same as that which are applicable to you as described in Sections 11.1 to 11.3 of this AP.

RENOUNCEES/TRANSFEREES ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

11.5 Form of issuance

Bursa Securities has already prescribed our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Rights Shares with Warrants are prescribed securities and as such, all dealings in the Provisional Rights Shares with Warrants will be by book entries through CDS accounts and will be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS account in order to subscribe for the Rights Shares with Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS account number may result in the application being rejected.

If you have multiple CDS accounts into which the Provisional Rights Shares with Warrants have been credited, you cannot use a single RSF for acceptance of all these Provisional Rights Shares with Warrants. Separate RSF must be used for separate CDS accounts. If successful, the Rights Shares with Warrants accepted by you will be credited into the respective CDS accounts where the Provisional Rights Shares with Warrants are standing to the credit.

11.5.1 Acceptance of the Provisional Rights Shares with Warrants by our Entitled Shareholders

Your acceptance of the Provisional Rights Shares with Warrants shall mean that you consent to receive such Rights Shares with Warrants as prescribed securities which will be credited directly into your CDS account(s). Hence, the Rights Shares with Warrants will be credited directly into your CDS account(s) upon allotment and issue.

11.5.2 Acceptance of the Provisional Rights Shares with Warrants by renouncee(s)/ transferee(s)

If you intend to accept the Provisional Rights Shares with Warrants, you must state your CDS account number in the RSF whereupon the Rights Shares with Warrants will be credited directly as prescribed securities into your CDS account(s) upon allotment and issue.

11.5.3 Application for excess Rights Shares with Warrants by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable)

If you are successful in applying for the excess Rights Shares with Warrants, such excess Rights Shares with Warrants will be credited directly as prescribed securities into your CDS account(s) upon allotment and issue. The allocation of the excess Rights Shares with Warrants will be made on a fair and equitable basis as set out in Section 11.3 of this AP.

11.6 Laws of foreign jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign jurisdiction, and have not been (and will not be) lodged, registered or approved under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any foreign jurisdiction, and the Rights Issue with Warrants will not be made or offered in any foreign jurisdiction. The Documents will not be sent to our Entitled Shareholders without an address in Malaysia.

Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) may accept or renounce (as the case may be) all or part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so. Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), shall be solely responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to.

PIVB, our Company, our Board and our officers and other experts shall not accept any responsibility or liability in the event that any acceptance and/or renunciation made by any Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), is or shall become illegal, unenforceable, voidable or void in any such foreign jurisdiction.

Further, Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in the foreign jurisdictions and we shall be entitled to be fully indemnified and held harmless by such Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) for any issue, transfer or any other taxes or other requisite payments as such person may be required to pay. They will have no claims whatsoever against PIVB, our Company, our Board and our officers and other experts in respect of their rights or entitlements under the Rights Issue with Warrants.

Such Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Rights Issue with Warrants.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any foreign jurisdiction. If the Documents are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he or she must not seek to accept the offer unless he or she has complied with and observed the laws of the relevant jurisdiction in connection therewith.

Any person who does forward the Documents to any such foreign jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and our Company reserves the right to reject a purported acceptance of the Rights Issue with Warrants from any such application by Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Issue with Warrants as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements in Malaysia or other jurisdictions.

By signing any of the forms accompanying this AP, the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) PIVB, our Company, our Board and our officers and other experts that:

(i) we would not, by acting on the acceptance and/or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are or may be subject to;

(ii) the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance and/or renunciation;

(iii) the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance and/or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are aware that the Provisional Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have respectively received a copy of this AP and have had access to such financial and other information and have been afforded the opportunity to ask such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants; and

(vi) the Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have sufficient knowledge and experience in financial business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

12. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants under the Rights Issue with Warrants is governed by the terms and conditions as set out in the Documents.

13. ADDITIONAL INFORMATION

You are requested to refer to the attached appendices for additional information.

Yours faithfully,
for and on behalf of our Board of Directors of
M N C WIRELESS BERHAD

Tan Chor How Christopher
Chief Executive Officer cum Executive Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM ON 21 DECEMBER 2015

CERTIFIED TRUE COPY
27 SEP 2016
TEO MEE HUI (MAICSA 7050642)
Company Secretary

M N C WIRELESS BERHAD
(Company No. 635884-T)
(Incorporated in Malaysia)

EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON 21 DECEMBER 2015

It was RESOLVED:-

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 311,762,550 NEW ORDINARY SHARES OF RM0.10 EACH IN MNC ("MNC SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 207,841,700 FREE DETACHABLE WARRANTS ("WARRANTS") AT AN INDICATIVE ISSUE PRICE OF RM0.15 PER RIGHTS SHARE ON THE BASIS OF THREE (3) RIGHTS SHARES TOGETHER WITH TWO (2) WARRANTS FOR EVERY ONE (1) EXISTING MNC SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") BASED ON A MINIMUM SUBSCRIPTION LEVEL OF 33,000,000 RIGHTS SHARES TOGETHER WITH 22,000,000 WARRANTS ("MINIMUM SUBSCRIPTION LEVEL") ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

THAT, subject to the passing of Ordinary Resolution 3 and Special Resolution 1 and the approvals of all relevant authorities including the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the admission of the Warrants to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights Shares, the Warrants and the new MNC Shares to be issued arising from the exercise of the Warrants on the ACE Market of Bursa Securities, approval be and is hereby given to the Directors of the Company to:

(i) provisionally allot and issue by way of renounceable rights issue of up to 311,762,550 Rights Shares together with up to 207,841,700 Warrants at an issue price to be determined at the Board's discretion and announced later on the basis of three (3) Rights Shares for every one (1) existing MNC Share held on the Entitlement Date together with two (2) Warrants for every three (3) Rights Shares subscribed;

(ii) deal with fractional entitlements under the Proposed Rights Issue with Warrants arising from any reason whatsoever as the Board of Directors of the Company ("**Board**") may at its absolute discretion deem fit and expedient and in the best interest of the Company;

(iii) deal with the excess Rights Shares not subscribed by the other entitled shareholders of MNC in the manner as detailed in Section 2.1.1 of the Circular to Shareholders of MNC dated 26 November 2015 ("**Circular**");

(iv) utilise the proceeds to be derived from the Proposed Rights Issue with Warrants in the manner as set out in Section 2.1.6 of the Circular and the Directors of the Company be and are hereby authorised to revise the manner and purpose of utilisation of proceeds as they may deem fit and expedient in the best interest of the Company subject (where required) to the approval of the relevant authorities;

(v) create and issue the free Warrants based on the indicative principal terms as set out in Appendix I of the Circular and the terms and conditions of a Deed Poll to be executed by the Company constituting the Warrants ("**Deed Poll**"), wherein each Warrants will carry the right to subscribe, subject to any adjustment in accordance with the Deed Poll, at anytime during the exercise period, for one (1) new MNC Share at an exercise price to be determined at the Board's discretion and announced later;

#VPC:REP349414#

.../2-

CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM ON 21 DECEMBER 2015 *(Cont'd)*

(vi) allot and issue such further free Warrants as may be required or permitted to be issued as a result of any adjustments under the provisions of the Deed Poll;

(vii) allot and issue the new MNC Shares arising from the exercise of the Warrants (including further free Warrants arising from any adjustments under the provisions of the Deed Poll); and

(viii) enter into and execute the Deed Poll constituting the Warrants and to do all acts, deeds and things as the Directors of the Company may deem fit or expedient in order to finalise, implement and to give effect to the Deed Poll;

THAT the Rights Shares and the new MNC Shares arising from the exercise of the Warrants so allotted and issued shall rank *pari passu* in all respects with the existing issued ordinary shares of the Company except that these securities will not be entitled to any dividends, rights, allotments and/or other distributions, that may be declared, made or paid prior to the date of allotment of the Rights Shares or the new MNC Shares to be issued arising from the exercise of the Warrants;

AND THAT the Directors of the Company be and are hereby empowered and authorised to do all such acts and things, take such steps, execute such documents and enter into any arrangements, agreements and/or undertakings with any party or parties as they may deem fit, necessary or expedient or appropriate in order to finalise, implement and/or give full effect to the Proposed Rights Issue with Warrants with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be agreed to/required by any relevant authority or as a consequence of any such requirement as may be deemed necessary and/or expedient in the best interest of the Company.

Dated: 27 September 2016

CERTIFIED TRUE COPY

DIRECTOR

~~DIRECTOR~~/ SECRETARY

INFORMATION OF OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Act on 3 December 2003 as a private company limited by shares. Our Company was converted to a public company on 22 June 2004 and listed on the MESDAQ Market (now known as the ACE Market) of Bursa Securities on 25 October 2005.

2. PRINCIPAL ACTIVITIES

Our Company is principally engaged in sales, marketing, research and development of wireless, mobile and multimedia solutions and contents and investment holding. The principal activities of our subsidiaries are set out in Section 6 of this Appendix.

3. SHARE CAPITAL

The authorised and issued and paid-up share capital of our Company as at the LPD are as follows:

Type	No. of MNC Shares	Par value RM	Amount RM
Authorised	1,000,000,000	0.10	100,000,000
Issued and paid-up	94,473,500	0.10	9,447,350

On 21 December 2015, our authorised share capital has been increased from RM25,000,000 comprising 250,000,000 MNC Shares to RM100,000,000 comprising 1,000,000,000 MNC Shares.

There are no changes in the authorized and issued and paid-up share capital of our Company for the past three (3) years up to the LPD.

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4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The ESOS is not expected to have an immediate effect on our Company's substantial shareholders' shareholdings until such time when the Options are granted and exercised. Any potential effect on our Company's substantial shareholders' shareholdings will depend on the number of new MNC Shares to be issued upon exercise of the Options. Based on the Register of Substantial Shareholders of our Company, the shareholdings of the substantial shareholders (holding 5% or more) of our Company as at the LPD and the pro forma effects of the Rights Issue with Warrants is set out below.

Minimum Scenario

	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and the ESOS			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholders	No. of MNC Shares ('000)	%	No. of MNC Shares ('000)	%	No. of MNC Shares ('000)	%	No. of MNC Shares ('000)	%	No. of MNC Shares ('000)	%	No. of MNC Shares ('000)	%
Metronic Global Berhad	17,714	18.75	-	-	17,714	13.90	-	-	17,714	13.90	-	-
Tan Mee Hua	6,464	6.84	-	-	6,464	5.07	-	-	6,464	5.07	-	-
Cheng Kim Liang*	4,688	4.96	-	-	21,188	16.62	-	-	21,188	16.62	-	-
Ho Jien Shiung*	4,688	4.96	-	-	21,188	16.62	-	-	21,188	16.62	-	-

	(III) After (II) and assuming the full exercise of the Warrants				(IV) After (III) and assuming the full exercise of the Options			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	No. of MNC Shares ('000)	%	No. of MNC Shares ('000)	%	No. of MNC Shares ('000)	%	No. of MNC Shares ('000)	%
Metronic Global Berhad	17,714	11.85	-	-	17,714	9.44	-	-
Tan Mee Hua	6,464	4.32	-	-	6,464	3.44	-	-
Cheng Kim Liang*	32,188	21.53	-	-	32,188	17.15	-	-
Ho Jien Shiung*	32,188	21.53	-	-	32,188	17.15	-	-

Note:

* As at LPD, Cheng Kim Liang and Ho Jien Shiung are not the substantial shareholders based on the Register of Substantial Shareholders' Shareholdings of our Company and shall become the substantial shareholders based on the Minimum Subscription Level pursuant to the Irrevocable Undertaking.

INFORMATION OF OUR COMPANY ***(Cont'd)***

Maximum Scenario

Substantial shareholders	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and ESOS			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of MNC Shares ('000)	%	No. of MNC Shares ('000)	%	No. of MNC Shares ('000)	%	No. of MNC Shares ('000)	%	No. of MNC Shares ('000)	%	No. of MNC Shares ('000)	%
Metronic Global Berhad	17,714	18.75	-	-	70,856	18.75	-	-	70,856	18.75	-	-
Tan Mee Hua	6,464	6.84	-	-	25,854	6.84	-	-	25,854	6.84	-	-

Substantial shareholders	(III) After (II) and assuming the full exercise of the Warrants				(IV) After (III) and assuming the full exercise of the Options			
	Direct		Indirect		Direct		Indirect	
	No. of MNC Shares ('000)	%	No. of MNC Shares ('000)	%	No. of MNC Shares ('000)	%	No. of MNC Shares ('000)	%
Metronic Global Berhad	106,285	18.75	-	-	106,285	15.63	-	-
Tan Mee Hua	38,781	6.84	-	-	38,781	5.70	-	-

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5. PARTICULARS OF DIRECTORS

5.1 Details of Directors

The particulars of our Directors as at the LPD are as follows:

Name of Directors	Age	Profession	Designation	Nationality	Address
Wong Kok Seong	47	Accountant	Independent Non-Executive Chairman	Malaysian	10, Lintang Delima Empat 11700 Gelugor Pulau Pinang
Tan Chor How Christopher	36	Company Director	Chief Executive Officer cum Executive Director	Malaysian	No. 2, Jalan Damar Bayu 3A Glenmarie Cove 42000 Pelabuhan Klang Selangor Darul Ehsan
Pang Siaw Sian	29	Company Director	Executive Director	Malaysian	No. 17, Jalan Pulai 56 Taman Pulai Utama 81300 Skudai Johor Darul Takzim
Kua Khai Shyuan	32	Company Director	Non-Independent Non-Executive Director	Malaysian	No. 51, Jalan Putri 2/5 Taman Puteri Wangsa 81800 Ulu Tiram Johor Darul Takzim
Thu Soon Shien	35	Accountant	Independent Non-Executive Director	Malaysian	21, High Street 98000 Miri Sarawak Darul Hana

5.2 Details of Directors' shareholdings

As at the LPD, none of our Directors has any direct and/or indirect shareholdings in our Company.

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6. SUBSIDIARIES AND ASSOCIATED COMPANIES

The details of our subsidiaries as at the LPD are as follows:

Name of company	Date/Place of incorporation	Issued and paid-up share capital	Effective equity interest %	Principal activities
Moblife.TV Sdn. Bhd.	1 July 2002/ Malaysia	RM1,499,013	100	Consultation, sales, marketing and implementation of m-business solutions 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.	17 January 2008/ Malaysia	RM50,000	100	Providing web design and hosting services, research and development in digital communication and advertising services.
Wowloud Sdn. Bhd.	26 April 2012/ Malaysia	RM2	100	Providing legal music streaming subscription service.
Joors Asia Sdn. Bhd.	26 April 2012/ Malaysia	RM2	100	Dormant.

We do not have any associated company as at the LPD.

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7. PROFIT AND DIVIDEND RECORD

The profit and dividend records based on our Group's audited consolidated results for the FYEs 31 December 2013, 2014 and 2015 and the unaudited consolidated results for the FPE 30 June 2016 are as follows:

	Audited FYE 31 December			Unaudited
	2013 RM'000	**2014 RM'000**	**2015 RM'000**	**Six (6)-month FPE 30 June 2016 RM'000**
Revenue	13,058	18,696	20,258	9,048
Gross profit	5,183	4,863	5,773	2,065
(Loss)/Earnings before interest, taxation, depreciation and amortisation	(348)	942	2,164	474
Other income	53	367	250	302
Finance costs	(123)	(145)	(92)	(63)
(LBT)/PBT	(1,634)	(339)	1,871	319
Taxation	-	(5)	(2,261)	(196)
(LAT)/PAT	(1,634)	(344)	(390)	124
Less: Non-controlling interests	-	-	-	-
(Loss)/Profit attributable to equity holders of our Company	(1,634)	(344)	(390)	124
Gross profit margin (%)	39.69	26.01	28.50	22.82
Weighted average number of ordinary shares in issue ('000)	94,474	94,474	94,474	94,474
Basic (LPS)/EPS (sen)	(1.73)	(0.36)	(0.41)	0.13
Diluted (LPS)/EPS (sen)	NA	NA	NA	NA
Gross dividend per MNC Share (sen)	-	-	-	-

Commentaries on past performance:

Audited FYE 31 December 2013

For the FYE 31 December 2013, our Group generated revenue of approximately RM13.06 million, a decrease of approximately RM0.48 million as compared to the revenue generated for the FYE 31 December 2012 of approximately RM13.54 million. The decrease in revenue was mainly attributable to the decrease in revenue contributed from the mobile application services as a result of competitive pricing in the market. In addition, the SMS uptake was also reducing as a result of additional restrictions imposed by the authorities on the promotional channels for this service.

For the FYE 31 December 2013, our Group recorded LAT of approximately RM1.63 million, a decrease of approximately RM2.22 million as compared to the LAT incurred for the FYE 31 December 2012 of approximately RM3.85 million. The decrease in LAT was mainly attributable to the absence of the impairment of product development expenditure amounting to approximately RM1.12 million, which was recorded in the previous FYE.

Audited FYE 31 December 2014

For the FYE 31 December 2014, our Group generated revenue of approximately RM18.70 million, an increase of approximately RM5.64 million as compared to the revenue generated for the FYE 31 December 2013 of approximately RM13.06 million. The increase in revenue was mainly attributable to our Group's effort in working closely with our business partners, which consists other mobile content providers, on the operational arrangements and engagement of the mobile application services, couple with more successful marketing activities being carried out.

Despite of the improved revenue, due to the increase in cost of sales, our Group was still incurring losses during the FYE. For the FYE 31 December 2014, our Group recorded LAT of approximately RM0.34 million, a decrease of approximately RM1.29 million as compared to the LAT incurred for the FYE 31 December 2013 of approximately RM1.63 million. The decrease in LAT was mainly attributable to the significant improvement in revenue generated and the decrease in overall expenses for the FYE.

Audited FYE 31 December 2015

For the FYE 31 December 2015, our Group generated revenue of approximately RM20.26 million, an increase of approximately RM1.56 million as compared to the revenue generated for the FYE 31 December 2014 of approximately RM18.70 million. The increase in revenue was mainly attributable to closer collaborative efforts with business partners in improving operational engagement of wireless and mobile application services and multimedia related services, with better implementation of marketing activities, driving both revenue and profits of our Group.

For the FYE 31 December 2015, our Group recorded LAT of approximately RM0.39 million, a marginal increase of approximately RM0.05 million as compared to the LAT incurred for the FYE 31 December 2014 of approximately RM0.34 million. The increase in LAT was mainly attributable to the provision of taxation in respect of the previous years of assessment from 2009 to 2014 of approximately RM1.82 million pursuant to the proposed settlement with Inland Revenue Board of Malaysia for under provision of tax.

Unaudited six (6)-month FPE 30 June 2016

For the FPE 30 June 2016, our Group generated revenue of approximately RM9.05 million, a decrease of approximately RM1.54 million as compared to the revenue generated for the FPE 30 June 2015 of approximately RM10.59 million. The decrease in revenue was mainly attributable to the decrease of consumer spending due to the slowdown in local economic environment.

For the FPE 30 June 2016, our Group recorded PAT of approximately RM0.12 million, a decrease of approximately RM0.59 million as compared to the PAT generated for the FPE 30 June 2015 of approximately RM0.71 million, stemmed from the decrease in revenue as a result of the slowdown in local economic environment.

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8. SHARE PRICES

The following table sets out the monthly highest and lowest market prices of the MNC Shares as transacted on the ACE Market of Bursa Securities for the twelve (12) months from September 2015 to August 2016:

	Highest RM	**Lowest RM**
Year 2015		
October	0.295	0.175
November	0.280	0.235
December	0.275	0.235
Year 2016		
January	0.270	0.230
February	0.265	0.240
March	0.235	0.200
April	0.260	0.205
May	0.275	0.210
June	0.235	0.200
July	0.250	0.190
August	0.255	0.210
September	0.350	0.130

The last transacted market price on 24 August 2015 (being the last Market Day prior to the announcement of the Corporate Exercises)	0.235
The last transacted market price on 27 September 2016 (being the LPD prior to the printing of this AP)	0.140
The last transacted market price on 10 October 2016 (being the last Market Day prior to the ex-date for the Rights Issue with Warrants)	0.150

(Source: Bloomberg)

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SIEW BOON YEONG & ASSOCIATES
Chartered Accountants [AF: 0660]
9-C, Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur, Malaysia.
Tel: 03-2693 8837 Fax: 03-2693 8836 Website: www.sby.com.my E-mail: audit@sby.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M N C WIRELESS BERHAD

(Incorporated in Malaysia)

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 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 61.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible 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 entity'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 entity'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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

SIEW BOON YEONG & ASSOCIATES
Chartered Accountants [AF: 0660]

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 subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts of the subsidiary companies 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.

(c) Our audit reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out on page 62 is disclosed to meet the requirements 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.

SIEW BOON YEONG & ASSOCIATES
Chartered Accountants [AF: 0660]

Company No. 635884-T

Other Matters

1. The financial statements of the Group and the of Company for the financial year ended 31 December 2014 were audited by another firm of Chartered Accountants whose report dated 9 April 2015 expressed an unqualified opinion on those statements.

2. 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 for this report.

SIEW BOON YEONG & ASSOCIATES
[AF: 0660]
Chartered Accountants

DATO' SIEW BOON YEONG
[1321 / 7 / 16 (J)]

Kuala Lumpur,
Date: 14 APR 2016

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2015

		Group		*Company*	
			Restated		*Restated*
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	*5*	6,032,921	5,586,307	5,630,924	5,585,610
Investment in subsidiary companies	*6*	-	-	-	-
Other investments	*7*	117,985	201,202	117,985	201,202
Development expenditure	*8*	-	-	-	-
Intangible asset	*9*	-	-	-	-
		6,150,906	5,787,509	5,748,909	5,786,812
CURRENT ASSETS					
Trade receivables	*10*	4,650,992	4,741,319	2,106,411	3,021,976
Other receivables, deposits and prepayments	*11*	485,013	303,314	461,173	272,493
Amount owing by subsidiary companies	*12*	-	-	-	2,111,237
Fixed deposits with licensed banks	*13*	286,350	270,569	226,544	212,609
Cash and bank balances		2,297,111	4,793,450	1,214,666	4,235,052
		7,719,466	10,108,652	4,008,794	9,853,367
TOTAL ASSETS		13,870,372	15,896,161	9,757,703	15,640,179

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2015

		Group		Company	
			Restated		*Restated*
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	*14*	9,447,350	9,447,350	9,447,350	9,447,350
Share premium	*15*	2,231,412	2,231,412	2,231,412	2,231,412
Fair value reserve	*16*	(30,969)	(20,000)	(30,969)	(20,000)
Revaluation reserve	*17*	1,016,609	1,027,904	1,016,609	1,027,904
Accumulated losses		(7,640,009)	(7,250,252)	(6,865,425)	(6,504,304)
TOTAL EQUITY		5,024,393	5,436,414	5,798,977	6,182,362
LIABILITIES					
NON-CURRENT LIABILITIES					
Term loans	*18*	2,773,849	2,933,789	2,773,849	2,933,789
Deferred tax liabilities	*19*	338,702	342,551	338,702	342,551
		3,112,551	3,276,340	3,112,551	3,276,340
CURRENT LIABILITIES					
Trade payables	*20*	3,786,504	6,285,170	462,011	5,541,527
Other payables and accruals	*21*	1,740,366	747,856	191,715	489,569
Amount owing to subsidiary companies	*12*	-	-	30,978	-
Term loans	*18*	156,841	150,381	156,841	150,381
Current tax liabilities		49,717	-	4,630	-
		5,733,428	7,183,407	846,175	6,181,477
TOTAL LIABILITIES		8,845,979	10,459,747	3,958,726	9,457,817
TOTAL EQUITY AND LIABILITIES		13,870,372	15,896,161	9,757,703	15,640,179

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2015

		Group		*Company*	
			Restated		*Restated*
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
REVENUE	22	20,258,231	18,695,822	10,615,357	15,352,087
COST OF SALES		(14,485,629)	(13,832,667)	(7,681,494)	(11,902,600)
GROSS PROFIT		5,772,602	4,863,155	2,933,863	3,449,487
OTHER OPERATING INCOME		249,646	366,627	238,554	439,843
SALES AND DISTRIBUTION COSTS		(15,152)	(676,487)	(15,152)	(33,525)
ADMINISTRATIVE EXPENSES		(4,044,737)	(4,748,041)	(2,959,541)	(4,201,878)
PROFIT/(LOSS) FROM OPERATIONS		1,962,359	(194,746)	197,724	(346,073)
FINANCE COSTS	23	(91,500)	(144,694)	(91,500)	(144,694)
PROFIT/(LOSS) BEFORE TAXATION	24	1,870,859	(339,440)	106,224	(490,767)
INCOME TAX EXPENSE	25	(2,260,616)	(4,626)	(467,345)	(2,871)
LOSS AFTER TAXATION		(389,757)	(344,066)	(361,121)	(493,638)
OTHER COMPREHENSIVE INCOME:					
Items that may be reclassified subsequently to profit or loss					
- fair value changes of available-for-sale financial assets		(10,969)	(20,000)	(10,969)	(20,000)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(400,726)	(364,066)	(372,090)	(513,638)
LOSS ATTRIBUTABLE TO:					
Owners of the Company		(389,757)	(344,066)		
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Owners of the Company		(400,726)	(364,066)		
LOSS PER SHARE (sen)					
- Basic	26	*(0.41)*	*(0.36)*		
- Diluted	26	*N/A*	*N/A*		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2015

	<— Attributable to owners of the Company					—>
	<— Non-distributable			—>		
	Share capital	Share premium	Fair value reserve	Revaluation reserve	Accumulated losses	Total equity
Group	RM	RM	RM	RM	RM	RM
Balance at 1 January 2014	9,447,350	2,231,412	-	1,039,200	(6,917,482)	5,800,480
Loss after taxation	-	-	-	-	(344,066)	(344,066)
Other comprehensive loss for the financial year, net of tax						
- fair value changes of available-for-sale financial assets	-	-	(20,000)	-	-	(20,000)
Total comprehensive loss for the financial year	-	-	(20,000)	-	(344,066)	(364,066)
Realisation of revaluation reserve	-	-	-	(11,296)	11,296	-
Balance at 31 December 2014	9,447,350	2,231,412	(20,000)	1,027,904	(7,250,252)	5,436,414
Loss after taxation	-	-	-	-	(389,757)	(389,757)
Other comprehensive loss for the financial year, net of tax						
- fair value changes of available-for-sale financial assets	-	-	(10,969)	-	-	(10,969)
Total comprehensive loss for the financial year	-	-	(10,969)	-	(389,757)	(400,726)
Realisation of revaluation reserve	-	-	-	(11,295)	-	(11,295)
Balance at 31 December 2015	9,447,350	2,231,412	(30,969)	1,016,609	(7,640,009)	5,024,393

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2015

	<— Attributable to owners of the Company					—>
	<— Non-distributable			—>		
	Share capital	Share premium	Fair value reserve	Revaluation reserve	Accumulated losses	Total equity
Company	RM	RM	RM	RM	RM	RM
Balance at 1 January 2014	9,447,350	2,231,412	-	1,039,200	(6,021,962)	6,696,000
Loss after taxation	-	-	-	-	(493,638)	(493,638)
Other comprehensive loss for the financial year, net of tax - fair value changes of available-for-sale financial assets	-	-	(20,000)	-	-	(20,000)
Total comprehensive loss for the financial year	-	-	(20,000)	-	(493,638)	(513,638)
Realisation of revaluation reserve	-	-	-	(11,296)	11,296	-
Balance at 31 December 2014	9,447,350	2,231,412	(20,000)	1,027,904	(6,504,304)	6,182,362
Loss after taxation	-	-	-	-	(361,121)	(361,121)
Other comprehensive loss for the financial year, net of tax - fair value changes of available-for-sale financial assets	-	-	(10,969)	-	-	(10,969)
Total comprehensive loss for the financial year	-	-	(10,969)	-	(361,121)	(372,090)
Realisation of revaluation reserve	-	-	-	(11,295)	-	(11,295)
Balance at 31 December 2015	9,447,350	2,231,412	(30,969)	1,016,609	(6,865,425)	5,798,977

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2015

	Group		*Company*	
	2015	2014	2015	2014
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	1,870,859	(339,440)	106,224	(490,767)
Adjustments for:				
Allowance for impairment losses on:				
- amount owing by subsidiary companies	-	-	138,650	213,395
- trade receivables	-	62,888	-	62,888
Amortisation of intangible asset	-	102,000	-	102,000
Amortisation of development expenditure	-	729,376	-	729,376
Bad debts written off	-	84,261	-	84,261
Depreciation	229,666	326,458	186,626	310,825
Development expenditure written off	-	312,016	-	312,016
Impairment loss on quoted shares	21,286	-	21,286	-
Intangible asset written off	-	127,500	-	127,500
Interest expenses	91,500	144,694	91,500	144,694
Property, plant and equipment written off	-	35,524	-	25,880
Gain on disposal of property, plant and equipment	-	(757)	-	(757)
Gain on disposal of quoted shares	(79,987)	(327,261)	(79,987)	(327,261)
Gain on foreign exchange - unrealised	(36,088)	-	(36,088)	-
Interest income	(27,530)	(20,609)	(22,479)	(16,666)
Reversal of allowance for impairment losses on:				
- amount owing by subsidiary companies	-	-	-	(95,159)
- trade receivables	(27,500)	-	(27,500)	-
Operating profit before working capital changes	2,042,206	1,236,650	378,232	1,182,225
(Increase)/decrease in receivables	(28,913)	(1,154,177)	789,344	(2,009,624)
(Decrease)/increase in payables	(2,841,156)	2,529,448	(5,377,370)	2,658,452
Increase in amount owing by subsidiary companies	-	-	2,142,215	755,772
Cash (used in)/generated from operations	(827,863)	2,611,921	(2,067,579)	2,586,825
Interest paid	(91,500)	(144,694)	(91,500)	(144,694)
Tax paid	(889,914)	(5,523)	(476,730)	(6,720)
Net cash (used in)/generated from operating activities	(1,809,277)	2,461,704	(2,635,809)	2,435,411

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2015

	Group		*Company*	
	2015	2014	2015	2014
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	27,530	13,912	22,479	9,969
Purchase of property, plant and equipment	(676,280)	(174,275)	(231,940)	(174,275)
Proceeds from disposal of property, plant and equipment	-	1,029	-	1,029
Proceeds from disposal of quoted shares	130,949	1,047,261	130,949	1,047,261
Net cash (used in)/generated from investing activities	(517,801)	887,927	(78,512)	883,984
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of term loans	(153,480)	(94,325)	(153,480)	(94,325)
(Advances to)/repayment from subsidiary companies	-	-	(138,650)	95,443
Net cash (used in)/generated from financing activities	(153,480)	(94,325)	(292,130)	1,118
Net (decrease)/increase in cash and cash equivalents	(2,480,558)	3,255,306	(3,006,451)	3,320,513
Cash and cash equivalents at beginning of year	4,864,019	1,608,713	4,247,661	927,148
Cash and cash equivalents at end of year	2,383,461	4,864,019	1,241,210	4,247,661
Cash and cash equivalents comprise:				
Fixed deposits with licensed banks	286,350	270,569	226,544	212,609
Cash and bank balances	2,297,111	4,793,450	1,214,666	4,235,052
	2,583,461	5,064,019	1,441,210	4,447,661
Less: Fixed deposits pledged as securities	(200,000)	(200,000)	(200,000)	(200,000)
	2,383,461	4,864,019	1,241,210	4,247,661

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2015

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company are sales and marketing, and research and development of wireless, mobile and multimedia solutions and content and investment holding. The principal activities of the subsidiary companies are as set out in *Note 6*. There were no significant changes in the nature of these activities during the financial year.

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on ACE Market of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is 10th floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.

The address of the principal place of business of the Company is 100-3.011, Block J, 129 Offices, Jaya One, No. 72A, Jalan University, 46200 Petaling Jaya, Selangor.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is also the Company's and its subsidiary companies' functional currency.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

On 1 January 2015, the Group and the Company adopted the following Amendments to MFRSs issued by the Malaysian Accounting Standards Board, effective for the annual periods beginning on or after 1 January 2015:

Amendments to MFRS 119 Employee Benefits - Defined Benefit Plans: Employee Contributions

Annual Improvements to MFRSs 2010-2012 Cycle

Annual Improvements to MFRSs 2011-2013 Cycle

The adoption of the above Amendments to MFRSs did not have any material impacts to the financial statements.

MFRSs and Amendments to MFRSs that have been issued but are not yet effective

The Group and the Company have not adopted the following MFRSs and Amendments to MFRSs that have been issued but not yet effective:

MFRSs/Amendments to MFRSs	Effective for annual periods beginning on or after
MFRS 14 - Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10 Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 12 Disclosure of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101 Presentation of Financial Statements - Disclosure Initiative	1 January 2016
Amendments to MFRS 116 Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 Property, Plant and Equipment - Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127 Consolidated and Separate Financial Statements - Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 138 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 141 Agriculture - Agriculture: Bearer plants	1 January 2016
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
MFRS 9 - Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 - Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of these standards and amendments that have been issued but not yet effective are not expected to have a material impact to the financial statements of the Group and of the Company except as discussed below:

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 Financial Instruments: Recognition and Measurement.

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service. The standard replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related Issues Committee Interpretations.

The adoption of the above MFRSs will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting these MFRSs.

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year unless otherwise stated.

(a) Basis Of Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

(i) Acquisition method of accounting for non-common control business combinations

Acquisition of subsidiary companies is accounted for by applying the acquisition method. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(ii) Merger accounting for common control business combinations

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve or merger deficit. The other components of equity of the acquired entities are added to the same components within the Group's equity.

(iii) Non-controlling interest

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidation of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(b) Property, Plant And Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses where applicable.

Buildings are stated at revalued amount less accumulated depreciation and impairment losses, if any, recognised after the date of the revaluation.

Buildings are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets at the following annual rates:

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

Buildings are depreciated in equal instalments over the lease period of 90 years.

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at the end of the reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is credited or charged to the statements of profit or loss and other comprehensive income in determining profit from operations.

(c) Investment In Subsidiary Companies

Subsidiary companies are entities, including structured entities, controlled by the Group. The Group controls the entities when it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less any impairment, unless the investment is classified as held for sale. The impairment loss is recognised in the profit or loss.

On disposal of an investment, the difference between net disposal proceeds and their carrying amounts is charged or credited to statements of profit or loss and other comprehensive income.

(d) Intangible Assets – Research And Development Expenditure

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

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current 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 assets 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 assets under development.

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

The product development expenditure is amortised on a straight-line basis over a period of three years when the products are ready for sales or use. 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.

(e) Intangible Asset

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 asset 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.

(f) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group and the Company have 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 and the Company have 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.

Financial instruments recognised in the statements 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*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is 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.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's and the Company's rights to receive payment is established.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables*

  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. Loans and receivables 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*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's and the Company's rights to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) Financial Liabilities

Financial liabilities are recognised in the statements of financial position when, and only when the Group and the Company have become a party to the contractual provision of the financial instrument.

All financial liabilities are initially measured 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.

- *Financial Liabilities at 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 or a derivative that is a financial guarantee contract.

- *Other Financial Liabilities*

  Other financial liabilities are non-derivatives financial liabilities. Other liabilities are subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(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.

A financial asset is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(g) 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. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables 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.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, 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. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) Impairment Of Non-financial Assets

The carrying amounts of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of the 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' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the statements of profit or loss and other comprehensive income immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and 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 the statements of profit or loss and other comprehensive income immediately, unless the asset is carried at its revalued amount.

A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of profit or loss and other comprehensive income, a reversal of that impairment loss is recognised as income in the statements of profit or loss and other comprehensive income.

(h) Provisions For Liabilities

Provisions for liabilities are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.

(i) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(j) Foreign Currency Translation

Transactions And Balances

Foreign currency monetary assets and liabilities have been translated into Ringgit Malaysia ("RM") at the rates of exchange ruling at the end of the reporting period. Transactions in foreign currencies have been converted at rates ruling at the transaction dates. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the profit or loss. Non-monetary assets and liabilities are translated using exchange rates that existed when the values determined.

(k) Related Parties

A party is related to an entity if:-

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

(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.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the directors of the Company and directors of the subsidiary companies, members of senior management and chief executive officer of the Company as well as members of senior management and chief executive officers of major subsidiary companies of the Group.

(k) Revenue Recognition

(i) Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's and the Company's activities. Revenue from sale of goods is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs of the goods can be estimated reliably and there is no continuing management involvement with the goods, net of returns and trade discounts.

(ii) Revenue from services is recognised when services are performed.

(iii) Interest income is recognised on an accrual basis using the effective interest method.

(iv) Rental income is accounted for using straight line basis over leased terms.

(l) Income Tax Expense

Income taxes for the year comprise current and deferred taxes.

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 goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can 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 is recognised in the statements of profit or loss and other comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(m) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period. Past-service costs are recognised immediately in profit or loss.

(ii) Defined Contribution Plan

The Group's and the Company's contributions to defined contribution plans regulated and managed by the government, are charged to the statements of profit or loss and other comprehensive income in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further financial obligations.

(n) Borrowing Costs

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress, until such time when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is suspended.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

(o) Earnings Per Share

The Group presents basic earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

No diluted EPS is disclosed in these financial statements as there are no dilutive potential ordinary shares.

(p) Cash And Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, 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.

(q) 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 makers to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. An operating segment may engage in business activities for which it has yet to earn revenues.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated 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 and the Company'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.

(a) Depreciation of Property, Plant and Equipment

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

The Group and the Company anticipate that the residual values of their property, 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.

(b) Impairment of Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss. 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.

(c) Impairment of Investment in Subsidiary Companies

The carrying value of investment in subsidiary companies is reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Contingent Liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting internal and external experts to the Group for matters in the ordinary course of business.

(e) Income Taxes

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

5. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

	Buildings	Computers	Furniture, fittings and equipment	Motor vehicles	Renovation	Total
Group	RM	RM	RM	RM	RM	RM
Cost/Valuation						
At 1 January 2014						
Cost	3,994,400	2,928,370	479,662	-	296,724	7,699,156
Valuation	1,385,600	-	-	-	-	1,385,600
	5,380,000	2,928,370	479,662	-	296,724	9,084,756
Additions	-	10,080	48,950	-	115,245	174,275
Disposal	-	-	(303)	-	-	(303)
Written off	-	(387,709)	(357,073)	-	(296,724)	(1,041,506)
At 31 December 2014						
Cost	3,994,400	2,550,741	171,236	-	115,245	6,831,622
Valuation	1,385,600	-	-	-	-	1,385,600
	5,380,000	2,550,741	171,236	-	115,245	8,217,222
Additions	-	102,275	24,653	444,340	105,012	676,280
Written off	-	(14,630)	-	-	-	(14,630)
At 31 December 2015						
Cost	3,994,400	2,638,386	195,889	444,340	220,257	7,493,272
Valuation	1,385,600	-	-	-	-	1,385,600
	5,380,000	2,638,386	195,889	444,340	220,257	8,878,872

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON *(Cont'd)*

	Buildings	Computers	Furniture, fittings and equipment	Motor vehicles	Renovation	Total
Group	RM	RM	RM	RM	RM	RM
Accumulated depreciation						
At 1 January 2014						
Cost	-	2,665,687	359,516	-	285,267	3,310,470
Valuation	-	-	-	-	-	-
	-	2,665,687	359,516	-	285,267	3,310,470
Charge for the year						
Cost	44,382	210,995	30,797	-	24,888	311,062
Valuation	15,396	-	-	-	-	15,396
	59,778	210,995	30,797	-	24,888	326,458
Disposal	-	-	(31)	-	-	(31)
Written off	-	(386,576)	(326,536)	-	(292,870)	(1,005,982)
At 31 December 2014						
Cost	44,382	2,490,106	63,746	-	17,285	2,615,519
Valuation	15,396	-	-	-	-	15,396
	59,778	2,490,106	63,746	-	17,285	2,630,915
Charge for the year						
Cost	44,382	78,206	17,233	42,343	32,106	214,270
Valuation	15,396	-	-	-	-	15,396
	59,778	78,206	17,233	42,343	32,106	229,666
Written off	-	(14,630)	-	-	-	(14,630)
At 31 December 2015						
Cost	88,764	2,553,682	80,979	42,343	49,391	2,815,159
Valuation	30,792	-	-	-	-	30,792
	119,556	2,553,682	80,979	42,343	49,391	2,845,951

OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON *(Cont'd)*

	Buildings	Computers	Furniture, fittings and equipment	Motor vehicles	Renovation	Total
Group	RM	RM	RM	RM	RM	RM
Net carrying amount						
At 31 December 2015						
Cost	3,905,636	84,704	114,910	401,997	170,866	4,678,113
Valuation	1,354,808	-	-	-	-	1,354,808
	5,260,444	84,704	114,910	401,997	170,866	6,032,921
At 31 December 2014						
Cost	3,950,018	60,635	107,490	-	97,960	4,216,103
Valuation	1,370,204	-	-	-	-	1,370,204
	5,320,222	60,635	107,490	-	97,960	5,586,307

	Buildings	Computers	Furniture, fittings and equipment	Renovation	Total
Company	RM	RM	RM	RM	RM
Cost/Valuation					
At 1 January 2014					
Cost	3,994,400	2,764,231	150,987	114,023	7,023,641
Valuation	1,385,600	-	-	-	1,385,600
	5,380,000	2,764,231	150,987	114,023	8,409,241
Additions	-	10,080	48,950	115,245	174,275
Disposal	-	-	(303)	-	(303)
Written off	-	(238,200)	(42,743)	(114,023)	(394,966)
At 31 December 2014					
Cost	3,994,400	2,536,111	156,891	115,245	6,802,647
Valuation	1,385,600	-	-	-	1,385,600
	5,380,000	2,536,111	156,891	115,245	8,188,247
Additions	-	102,275	24,653	105,012	231,940
At 31 December 2015					
Cost	3,994,400	2,638,386	181,544	220,257	7,034,587
Valuation	1,385,600	-	-	-	1,385,600
	5,380,000	2,638,386	181,544	220,257	8,420,187
Accumulated depreciation					
At 1 January 2014					
Cost	-	2,502,149	56,214	102,566	2,660,929
Valuation	-	-	-	-	-
	-	2,502,149	56,214	102,566	2,660,929
Charge for the year					
Cost	44,382	210,394	15,765	24,888	295,429
Valuation	15,396	-	-	-	15,396
	59,778	210,394	15,765	24,888	310,825
Disposal	-	-	(31)	-	(31)
Written off	-	(237,067)	(21,850)	(110,169)	(369,086)
At 31 December 2014					
Cost	44,382	2,475,476	50,098	17,285	2,587,241
Valuation	15,396	-	-	-	15,396
	59,778	2,475,476	50,098	17,285	2,602,637
Charge for the year					
Cost	44,382	78,206	16,536	32,106	171,230
Valuation	15,396	-	-	-	15,396
	59,778	78,206	16,536	32,106	186,626
At 31 December 2015					
Cost	88,764	2,553,682	66,634	49,391	2,758,471
Valuation	30,792	-	-	-	30,792
	119,556	2,553,682	66,634	49,391	2,789,263

	Buildings	Computers	Furniture, fittings and equipment	Renovation	Total
Company	RM	RM	RM	RM	RM
Net carrying amount					
At 31 December 2015					
Cost	3,905,636	84,704	114,910	170,866	4,276,116
Valuation	1,354,808	-	-	-	1,354,808
	5,260,444	84,704	114,910	170,866	5,630,924
At 31 December 2014					
Cost	3,950,018	60,635	106,793	97,960	4,215,406
Valuation	1,370,204	-	-	-	1,370,204
	5,320,222	60,635	106,793	97,960	5,585,610

(a) The buildings of the Group and of the Company have been pledged to a licensed bank as securities for banking facilities granted to the Group and to the Company.

(b) The strata title of the buildings is in the process of being issued to the Company by the relevant authority.

(c) If the buildings were measured using the cost model, the net carrying amount would be as follows:

	Group and Company	
	2015	2014
	RM	RM
Buildings		
Cost	3,994,400	3,994,400
Less: Accumulated depreciation	(159,776)	(79,888)
Net carrying amount	3,834,624	3,914,512

(d) Included in motor vehicles of the Group is a motor vehicle held in trust by a director with net carrying amount of RM284,906 (2014: Nil).

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2015	2014
	RM	RM
Unquoted shares in Malaysia, at cost		
At 1 January/31 December	2,290,545	2,290,545
Less: Accumulated impairment losses		
At 1 January/31 December	(2,290,545)	(2,290,545)
	-	-

Details of the subsidiary companies, all of which were incorporated in Malaysia, are as follows:

Name of subsidiary companies	Effective equity interest 2015	2014	Principal activities
	%	%	
Moblife.TV Sdn. Bhd. ("Moblife")	100	100	Consultation, sales, marketing and implementation of m-business solutions 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.	100	100	Providing web design and hosting services, research and development in digital communication and advertising services.
Wowloud Sdn. Bhd.	100	100	Providing legal music streaming subscription service.
Joors Asia Sdn. Bhd.	100	100	Dormant.

Impairment losses on investment in subsidiary companies

The Company assessed the recoverable amount of investment in subsidiary companies and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount. The recoverable amount of each subsidiary company, being a cash-generating unit on its own, is determined using the fair value less costs to sell approach, and this is derived from the net assets position of the respective subsidiary companies as at the end of the reporting period.

7. OTHER INVESTMENTS

	Group and Company	
	2015	2014
	RM	RM
Quoted shares in Malaysia, at cost	131,222	220,448
Less: Accumulated impairment losses	(54,439)	(60,448)
	76,783	160,000
Unquoted shares outside Malaysia, at cost	41,202	41,202
	117,985	201,202
Market value of quoted shares	*76,783*	*160,000*
Accumulated impairment losses:		
At 1 January	60,448	300,448
Addition	21,286	-
Disposals	(27,295)	(240,000)
At 31 December	54,439	60,448

Investment in quoted shares of the Group and of the Company are designated as available-for-sale financial assets and are measured at fair value.

Investment in unquoted shares of the Group and of the Company are designated as available-for-sale financial assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to lack of marketability of the shares.

Impairment losses on investment in quoted shares

The Group and the Company assessed the fair value of investment in quoted shares and determined that an impairment loss should be recognised as the fair value is lower than the carrying amount. The fair value of investment in quoted shares is determined based on the fair value of the quoted shares as at the end of the reporting period.

8. DEVELOPMENT EXPENDITURE

	Group and Company 2015 RM	2014 RM
At cost:		
At 1 January	-	16,322,490
Written off	-	(16,322,490)
At 31 December	-	-
Accumulated amortisation:		
At 1 January	-	(14,156,335)
Amortisation for the year	-	(729,376)
Written off	-	14,885,711
At 31 December	-	-
Accumulated impairment losses:		
At 1 January	-	(1,124,763)
Written off	-	1,124,763
At 31 December	-	-
Net carrying amount		
At 31 December	-	-

9. INTANGIBLE ASSET

	Group and Company 2015 RM	2014 RM
At cost:		
At 1 January	-	1,020,000
Written off	-	(1,020,000)
At 31 December	-	-
Accumulated amortisation:		
At 1 January	-	(790,500)
Amortisation for the year	-	(102,000)
Written off	-	892,500
At 31 December	-	-
Net carrying amount		
At 31 December	-	-

10. TRADE RECEIVABLES

	Group		*Company*	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade receivables	4,686,380	4,804,207	2,141,799	3,084,864
Less: Allowance for doubtful debts	(35,388)	(62,888)	(35,388)	(62,888)
	4,650,992	4,741,319	2,106,411	3,021,976

Movements of the allowance for doubtful debts (individually impaired):

	Group and Company	
	2015	2014
	RM	RM
At 1 January	62,888	100,000
Addition	-	62,888
Reversal	(27,500)	-
Written off	-	(100,000)
At 31 December	35,388	62,888

The Group's and the Company's normal trade credit terms granted to trade receivables ranged from 30 to 90 days (2014: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		*Company*	
	2015	2014	2015	2014
	RM	RM	RM	RM
Other receivables	245,317	225,906	235,317	215,906
Tax recoverable	-	1,129	-	1,129
Deposits	69,925	55,665	56,085	40,025
Prepayments	169,771	20,614	169,771	15,433
	485,013	303,314	461,173	272,493

12. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

	Company 2015 RM	2014 RM
Amount owing by subsidiary companies		
- trade	-	545,360
- non-trade	1,225,121	2,652,348
	1,225,121	3,197,708
Less: Allowance for doubtful debts	(1,225,121)	(1,086,471)
	-	2,111,237
Amount owing to subsidiary companies		
- non-trade	(30,978)	-

Movements of the allowance for doubtful debts (individually impaired):

	Company 2015 RM	2014 RM
At 1 January	1,086,471	968,235
Additions	138,650	213,395
Reversal	-	(95,159)
At 31 December	1,225,121	1,086,471

The trade amount is subject to the normal trade credit terms ranged from 30 to 90 days (2014: 30 to 90 days).

The non-trade balances are unsecured, interest-free and repayable on demand.

13. FIXED DEPOSITS WITH LICENSED BANKS

Group and Company

The fixed deposits with licensed banks earn effective interest at 3.30% (2014: 3.15%) per annum.

Included in fixed deposits with licensed banks is an amount of RM200,000 (2014: RM200,000) being fixed deposits pledged for banking facilities granted to the Group and to the Company.

14. SHARE CAPITAL

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		RM	RM
Ordinary shares of RM0.10 each:				
Authorised:				
At 1 January	250,000,000	250,000,000	25,000,000	25,000,000
Created during the year	750,000,000	-	75,000,000	-
At 31 December	1,000,000,000	250,000,000	100,000,000	25,000,000
Issued and fully paid:				
At 1 January/31 December	94,473,500	94,473,500	9,447,350	9,447,350

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

15. SHARE PREMIUM

Group and Company

Share premium represents premium arising from issuance of shares, net of its related expenses. Share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

16. FAIR VALUE RESERVE

Group and Company

Fair value reserve represents the cumulative net change in the fair value of available-for-sale financial assets until they are derecognised or impaired.

17. REVALUATION RESERVE

Group and Company

The revaluation reserve represents the increase in the fair value of buildings of the Group and of the Company, net of deferred tax.

18. TERM LOANS

	Group and Company	
	2015	2014
	RM	RM
Shown under current liabilities		
Within 1 year	156,841	150,381
Shown under non-current liabilities		
Between 1 to 2 years	164,448	156,691
Between 2 to 5 years	542,766	670,769
After 5 years	2,066,635	2,106,329
	2,773,849	2,933,789
	2,930,690	3,084,170

The term loans are denominated in RM and are secured as follows:

i. first legal charge over the buildings of the Group and of the Company as mentioned in *Note 5*; and

ii. pledged of fixed deposits with licensed banks as mentioned in *Note 13*.

The term loans bears effective interest rate at 2.00% (2014: 2.00%) below the banks' base lending rates per annum.

The repayment terms of the term loans are as follows:

Term loan 1:	Repayable in 180 monthly instalments of RM8,472, effective from January 2014.
Term loan 2:	Repayable in 180 monthly instalments of RM7,355, effective from January 2014.
Term loan 3:	Repayable in 180 monthly instalments of RM9,088, effective from January 2014.

19. DEFERRED TAX LIABILITIES

	Group and Company	
	2015	2014
	RM	RM
At 1 January	342,551	346,400
Transfer from statements of profit or loss and other comprehensive income *(Note 25)*	(3,849)	(3,849)
At 31 December	338,702	342,551

The deferred tax liabilities are from the revaluation of buildings.

20. TRADE PAYABLES

Group and Company

The normal trade credit terms granted by trade payables to the Group and to the Company ranged from 30 to 90 days (2014: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

21. OTHER PAYABLES AND ACCRUALS

	Group		*Company*	
	2015	2014	2015	2014
	RM	RM	RM	RM
Other payables	268,280	101,286	131,715	54,478
Accruals	1,472,086	646,570	60,000	435,091
	1,740,366	747,856	191,715	489,569

Group

Included in accruals is an amount of RM1,335,000 (2014: Nil) being accruals of tax under provided in respect of the previous years of assessment.

22. REVENUE

	Group		*Company*	
	2015	2014	2015	2014
	RM	RM	RM	RM
Mobile applications	16,104,945	14,840,453	10,074,083	14,840,453
Wireless and multimedia related services	4,153,286	3,855,369	541,274	511,634
	20,258,231	18,695,822	10,615,357	15,352,087

23. FINANCE COSTS

	Group and Company 2015 RM	2014 RM
Term loan interest	91,500	144,694

24. PROFIT/(LOSS) BEFORE TAXATION

	Group 2015 RM	2014 RM	*Company* 2015 RM	2014 RM
Profit/(loss) before taxation is stated *after charging:*				
Allowance for doubtful debts on:				
- amount owing by subsidiary companies	-	-	138,650	213,395
- trade receivables	-	62,888	-	62,888
Amortisation of intangible asset	-	102,000	-	102,000
Amortisation of development expenditure	-	729,376	-	729,376
Auditors' remuneration				
- current year's provision	55,000	48,000	35,000	30,000
- under provision in respect of prior year	4,000	-	-	-
Bad debts written off	-	84,261	-	84,261
Depreciation	229,666	326,458	186,626	310,825
Development expenditure written off	-	312,016	-	312,016
Impairment loss on quoted shares	21,286	-	21,286	-
Intangible asset written off	-	127,500	-	127,500
Loss on foreign exchange				
- realised	24,056	-	24,056	-
Property, plant and equipment written off	-	35,524	-	25,880
Rental of equipment	85,017	8,916	85,017	3,508
Rental of premises	45,512	271,411	45,512	166,980
Staff costs *(Note 27)*	2,819,215	2,568,459	1,847,541	1,663,811

	Group		*Company*	
	2015	2014	2015	2014
	RM	RM	RM	RM
and crediting:				
Gain on disposal of quoted shares	79,987	327,261	79,987	327,261
Gain on disposal of property, plant and equipment	-	757	-	757
Gain on foreign exchange - unrealised	36,088	-	36,088	-
Interest income	27,530	20,609	22,479	16,666
Rental income	71,200	-	71,200	-
Reversal of allowance for doubtful debts:				
- amount owing by subsidiary companies	-	-	-	95,159
- trade receivables	27,500	-	27,500	-

25. INCOME TAX EXPENSE

	Group		*Company*	
	2015	2014	2015	2014
	RM	RM	RM	RM
Malaysian income tax:				
- current year's provision	457,749	3,333	-	2,869
- under provision in respect of prior years	1,818,011	5,142	482,489	3,851
Realisation of revaluation reserve	(11,295)	-	(11,295)	-
Transfer to deferred tax liabilities *(Note 19)*	(3,849)	(3,849)	(3,849)	(3,849)
	2,260,616	4,626	467,345	2,871

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

	Group		*Company*	
	2015	2014	2015	2014
	RM	RM	RM	RM
Profit/(loss) before taxation	1,870,859	(339,440)	106,224	(490,767)
Income tax expense at Malaysian statutory tax rate of 25% (2014: 25%)	467,715	(85,000)	26,556	(123,000)
• Adjustments for the following tax effects:				
- expenses not deductible for tax purposes	327,769	315,908	237,580	334,184
- income not subject to tax	(850,613)	(58,025)	(796,142)	(81,815)
- temporary differences not recognised during the year	532,696	-	532,006	-
- utilisation of previously unrecognised deferred tax assets	(19,818)	(169,550)	-	(126,500)
- realisation of deferred tax liabilities arising from revaluation reserve	(3,849)	(3,849)	(3,849)	(3,849)
	(13,815)	84,484	(30,405)	122,020
• Under provision of taxation in respect of prior years	1,818,011	5,142	482,489	3,851
• Realisation of revaluation reserve	(11,295)	-	(11,295)	-
	2,260,616	4,626	467,345	2,871

The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		*Company*	
	2015	2014	2015	2014
	RM	RM	RM	RM
Qualifying property, plant and equipment's total capital allowances claimed in excess of corresponding accumulated depreciation	(90,997)	(697)	(60,997)	-
Excess of accumulated depreciation over corresponding qualifying property, plant and equipment's total capital allowances claimed	-	59,408	-	59,408
Unutilised capital allowances	217,236	3,750	217,236	-
Unabsorbed business losses	5,357,425	3,369,693	2,031,191	-
	5,483,664	3,432,154	2,187,430	59,408

26. LOSS PER SHARE

Basic Loss Per Share

The basic loss per ordinary share as at 31 December 2015 is arrived at by dividing the Group's loss attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	Group	
	2015	2014
Loss attributable to owners of the Company (RM)	(389,757)	(344,066)
Weighted average ordinary shares issued as at 31 December	94,473,500	94,473,500
Basic loss per share (sen)	(0.41)	(0.36)

Diluted Loss Per Share

The diluted loss per share is not applicable as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

27. STAFF COSTS

The staff costs recognised in the statements of profit or loss and other comprehensive income are as follows:

	Group		*Company*	
	2015	2014	2015	2014
	RM	RM	RM	RM
Salaries and wages	2,339,348	2,129,002	1,489,424	1,320,818
Defined contribution plan	258,734	233,624	143,906	137,160
Other employee benefit expenses	221,169	205,833	214,211	205,833
	2,819,251	2,568,459	1,847,541	1,663,811

Included in staff costs are directors' remuneration who are also the key management personnel of the Group and of the Company:

	Group		*Company*	
	2015	2014	2015	2014
	RM	RM	RM	RM
Directors' remuneration				
- fees	85,500	205,833	85,500	205,833
- other emoluments	267,596	127,500	267,596	127,500

28. OPERATING SEGMENTS

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

The Group is organised into main operating segments as follows:

(a) Mobile applications

Provision of mobile application platforms for Short Message Services (SMS) to mobile phone users.

(b) Wireless and multimedia related services

Consultations, sales, marketing and implementation of m-business solutions, management of content resources business and other related multimedia services.

For the purpose of making decisions about resource allocation, the Executive Directors assess the performance of the operating segments based on operating profits or losses which is measured differently from those disclosed in the 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.

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

The Executive Directors are of the opinion that all inter-segment transactions are entered into in the normal course of business and are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

(i) Business Segments

Group *2015*	Mobile applications RM	Wireless and multimedia related services RM	Elimination RM	Total RM
Revenue				
External revenue	16,104,945	4,153,286	-	20,258,231
Total revenue	16,104,945	4,153,286	-	20,258,231
Results				
Segment results	1,428,599	506,230	-	1,934,829
Interest income	21,886	5,644	-	27,530
Finance costs	-	-	-	(91,500)
Profit before taxation	1,450,485	511,874	-	1,870,859
Income tax expense	-	-	-	(2,260,616)
Profit/(loss) after taxation	1,450,485	511,874	-	(389,757)
Assets				
Segment assets	9,757,703	4,112,669	-	13,870,372
Liabilities				
Segment liabilities	3,620,024	4,887,253	-	8,507,277
Unallocated liabilities	-	-	-	338,702
Total liabilities	3,620,024	4,887,253	-	8,845,979
Other information				
Capital expenditure	537,631	138,649	-	676,280
Depreciation	182,581	47,085	-	229,666
Impairment loss on quoted shares	21,286	-	-	21,286
Gain on disposal of quoted shares	79,987	-	-	79,987
Gain on foreign exchange - unrealised	36,088	-	-	36,088
Reversal of allowance for doubtful debts on trade receivables	27,500	-	-	27,500

Group 2014	Mobile applications RM	Wireless and multimedia related services RM	Elimination RM	Total RM
Revenue				
External revenue	14,840,453	3,855,369	-	18,695,822
Inter-segment revenue	-	5,217,459	(5,217,459)	-
Total revenue	14,840,453	9,072,828	(5,217,459)	18,695,822
Results				
Segment results	(358,113)	142,758	-	(215,355)
Interest income	16,666	3,943	-	20,609
Finance costs	-	-	-	(144,694)
(Loss)/profit before taxation	(341,447)	146,701	-	(339,440)
Income tax expense	-	-	-	(4,626)
(Loss)/profit after taxation	(341,447)	146,701	-	(344,066)
Assets				
Segment assets	13,528,942	2,367,219	-	15,896,161
Liabilities				
Segment liabilities	9,115,266	1,001,930	-	10,117,196
Unallocated liabilities	-	-	-	342,551
Total liabilities	9,115,266	1,001,930	-	10,459,747
Other information				
Capital expenditure	174,275	-	-	174,275
Allowance for impairment loss on trade receivables	62,888	-	-	62,888
Amortisation of intangible asset	102,000	-	-	102,000
Amortisation of development expenditure	729,376	-	-	729,376
Bad debts written off	84,261	-	-	84,261
Depreciation	310,825	15,633	-	326,458
Development expenditure written off	312,016	-	-	312,016
Intangible asset written off	127,500	-	-	127,500
Property, plant and equipment written off	35,524	-	-	35,524
Gain on disposal of quoted shares	327,261	-	-	327,261
Gain on disposal of property, plant and equipment	757	-	-	757

No disclosure on geographical segment information as the Group's transactions outside Malaysia comprise less than 10% of the total revenue.

(ii) Major Customers

The Group has three (2014: 3) major customers contributing approximately RM14,621,045 (2014: RM14,986,673), representing 72% (2014: 80%) of the Group's total revenue.

29. RELATED PARTY DISCLOSURE

(a) Identities of related parties

(i) The Group has a controlling related party relationship with its subsidiary companies; and

(ii) The directors of the Company who are the key management personnel.

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

	Company	
	2015	2014
	RM	RM
Sales to a subsidiary company	-	5,217,459

Key management compensation

	Group		*Company*	
	2015	2014	2015	2014
	RM	RM	RM	RM
Key management personnel compensation:				
Short term employee benefits	353,096	450,804	353,096	333,333

30. FINANCIAL INSTRUMENTS

The Group's and the Company's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity and cash flow risks. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

(a) Financial Risk Management Policies

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's and the Company's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(a) Foreign Currency Risk

The Group and the Company are exposed to foreign currency risk on transactions and balances that are denominated in currencies other than RM. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The net unhedged financial assets of the Group and of the Company not denominated in RM were as follows:-

	Group and Company	
	United States Dollar	
	2015	2014
	RM	RM
Other receivables, deposits and prepayments		
Currency exposure	110,651	57,214
	Swedish Krona	
	2015	2014
	RM	RM
Other investments		
Currency exposure	41,202	41,202

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	2015 RM Increase/ (Decrease)	2014 RM Increase/ (Decrease)
Effects on profit after tax/equity		
Strengthened by 10%		
- *United States Dollar*	*11,065*	*5,721*
- Swedish Krona	4,120	4,120
Weakened by 10%		
- United States Dollar	(11,065)	(5,721)
- Swedish Krona	(4,120)	(4,120)

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises mainly from interest-bearing borrowings. The Group's and the Company's policies are to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	Group and Company	
	2015	2014
	RM	RM
	Increase/ (Decrease)	Increase/ (Decrease)
Effects on profit after tax/equity		
Increase of 100 basis points (bp)	(29,307)	(30,842)
Decrease of 100 bp	29,307	30,842

(c) Equity Price Risk

The Group and the Company are exposed to equity price risk arising from their investment in quoted shares. The quoted shares in Malaysia are listed on Bursa Malaysia Securities Berhad. These instruments are classified as available-for-sale financial assets. The Group and the Company do not have exposure to commodity price risk.

Equity Price Risk Sensitivity Analysis

A 10% (2014: 10%) increase in the market price of the quoted shares as at the end of the reporting period would have increased equity by RM7,678 (2014: RM16,000). A 10% (2014: 10%) decrease in market price would have had equal but opposite effect on equity.

(ii) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposures to credit risk arises mainly from trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of these financial assets in the statements of financial position reduced by the effects of any netting arrangements with counterparties. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. The Company only provides advances to subsidiary companies. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties and financial institutions.

The Group and the Company establish an allowance for impairment that represents their estimate of incurred losses in respect of the trade and other receivables as appropriate. The main component of this allowance is a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

Credit Risk Concentration Profile

The Group and the Company have no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables.

Exposure to Credit Risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the reporting date.

Ageing Analysis

The ageing analysis of the Group's and the Company's trade receivables at the reporting date is as follows:-

	Group		*Company*	
	2015 RM	2014 RM	2015 RM	2014 RM
Not past due	3,397,139	4,308,636	1,822,268	2,726,305
Past due:				
- less than 3 months	838,768	157,479	21,799	72,270
- 3 to 6 months	72,056	52,356	23,664	6,616
- more than 6 months	343,029	222,848	238,680	216,785
	1,253,853	432,683	284,143	295,671
Impaired	35,388	62,888	35,388	62,888
	4,686,380	4,804,207	2,141,799	3,084,864

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due of more than 180 days, which are deemed to have higher credit risk, are monitored individually.

Trade receivables that are neither past due nor impaired are regular customers of the Group and of the Company.

Trade receivables that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

Trade receivables that were individually impaired were those in financial difficulties and have defaulted in payments.

(iii) Liquidity and Cash Flow Risks

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's and the Company's exposure to liquidity and cash flow risks arise mainly from general funding and business activities. The Group and the Company practise risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following tables set out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

Group 2015	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	Over 5 Years RM
Trade payables	-	3,786,504	3,786,504	3,786,504	-	-	-
Other payables and accruals	-	1,740,366	1,740,366	1,740,366	-	-	-
Term loans	4.60	2,930,690	4,185,720	298,980	298,980	896,940	2,690,820
		8,457,560	9,712,590	5,825,850	298,980	896,940	2,690,820

2014	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	Over 5 Years RM
Trade payables	-	6,285,170	6,285,170	6,285,170	-	-	-
Other payables and accruals	-	747,856	747,856	747,856	-	-	-
Term loans	4.60	3,084,170	3,228,864	298,980	298,980	896,940	1,733,964
		10,117,196	10,261,890	7,332,006	298,980	896,940	1,733,964

Company 2015	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	Over 5 Years RM
Trade payables	-	462,011	462,011	462,011	-	-	-
Other payables and accruals	-	191,715	191,715	191,715	-	-	-
Amount owing to subsidiary companies	-	30,978	30,978	30,978	-	-	-
Term loans	4.60	2,930,690	4,185,720	298,980	298,980	896,940	2,690,820
		3,615,394	4,870,424	983,684	298,980	896,940	2,690,820

Company 2014	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	Over 5 Years RM
Trade payables	-	5,541,527	5,541,527	5,541,527	-	-	-
Other payables and accruals	-	489,569	489,569	489,569	-	-	-
Term loans	4.60	3,084,170	3,228,864	298,980	298,980	896,940	1,733,964
		9,115,266	9,259,960	6,330,076	298,980	896,940	1,733,964

(b) Capital Risk Management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt for the Group is calculated as term loans, trade and other payables plus accruals less cash and cash equivalents. Net debt for the Company is calculated as term loans, trade and other payables and accruals plus amount owing to subsidiary companies less cash and cash equivalents.

The debt-to-equity ratios of the Group and of the Company as at the end of the financial year were as follows:

	Group		*Company*	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade payables	3,786,504	6,285,170	462,011	5,541,527
Other payables and accruals	1,740,366	747,856	191,715	489,569
Amount owing to subsidiary companies	-	-	30,978	-
Term loans	2,930,690	3,084,170	2,930,690	3,084,170
	8,457,560	10,117,196	3,615,394	9,115,266
Less: Cash and cash equivalents	(2,383,461)	(4,864,019)	(1,241,210)	(4,247,661)
Net debt	6,074,099	5,253,177	2,374,184	4,867,605
Total equity	5,024,393	5,436,414	5,798,977	6,182,362
Debt-to-equity ratio	1.21	0.97	0.41	0.79

There were no changes in the Group's and the Company's approaches to capital management during the financial year.

(c) Classification of Financial Instruments

	Group		*Company*	
	2015	2014	2015	2014
	RM	RM	RM	RM
Financial Assets				
Available-for-sale Financial Assets				
Other investments	117,985	201,202	117,985	201,202
Loans And Receivables				
Trade receivables	4,650,992	4,741,319	2,106,411	3,021,976
Other receivables and deposits	315,242	281,571	291,402	255,931
Amount owing by subsidiary companies	-	-	-	2,111,237
Fixed deposits with licensed banks	286,350	270,569	226,544	212,609
Cash and bank balances	2,297,111	4,793,450	1,214,666	4,235,052
	7,549,695	10,086,909	3,839,023	9,836,805
Financial Liabilities				
Other Financial Liabilities				
Trade payables	3,786,504	6,285,170	462,011	5,541,527
Other payables and accruals	1,740,366	747,856	191,715	489,569
Amount owing to subsidiary companies	-	-	30,978	-
Term loans	2,930,690	3,084,170	2,930,690	3,084,170
	8,457,560	10,117,196	3,615,394	9,115,266

(d) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company reported in the financial statements approximated their fair values due to the short term nature, except for:

(i) Quoted shares in other investments

Quoted shares in other investments are carried at fair value by reference to their quoted closing prices at the end of the reporting period.

(ii) Unquoted shares in other investments

It was not practicable to estimate the fair value of investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

(iii) Non-current portion of term loans

The non-current portion of term loans are reasonably approximate fair value as they are floating rate instruments that are repriced to market interest rates on or near the reporting date.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(e) Fair Value Hierarchy

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 31 December 2015 are as follows:

(i) Level 1: fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

(ii) Level 2: fair value is estimated using inputs other than unquoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

(iii) Level 3: fair value is estimated using unobservable inputs for the financial assets and liabilities.

	Group and Company	
	2015	2014
	RM	RM
Level 1		
Quoted shares	76,783	160,000

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 and Level 3 as at 31 December 2015.

31. CONTINGENT LIABILITIES

In the previous financial year, Inland Revenue Board ("IRB") conducted a tax investigation on the accounts of the Company and one of its subsidiary companies. As at the date of this report, IRB has not finalised the tax investigation.

Pending outcome of the tax investigation, the Group has provided additional tax of approximately RM1.34 million in the accounts (See *Note 21*).

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a. On 27 May 2015, the Company announced a proposal to undertake a private placement for the listing and quotation of up to 9,447,350 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), representing up to ten percent (10%) of the issued and paid-up share capital of the Company, to investor(s) to be identified at an issue price to be determined and announced later ("Proposed Private Placement").

b. On 25 June 2015, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Malaysia") had on 24 June 2015 approved the listing and quotation of up to 9,447,350 Placement Shares to be issued pursuant to the Proposed Private Placement.

c. On 25 August 2015, the Company announced the following proposals:

(i) proposed renounceable rights issue of up to 311,762,550 new ordinary shares of RM0.10 each in the Company ("Rights Shares") together with up to 207,841,700 free detachable warrants ("Warrants") at an indicative issue price of RM0.15 per Rights Share on the basis of three (3) Right Shares together with two (2) Warrants for every one (1) existing share held on an entitlement date to be determined and announced later ("Proposed Rights Issue with Warrants") based on a minimum subscription level of 33,000,000 Rights Shares together with 22,000,000 Warrants;

(ii) proposed establishment of an employees' share option scheme ("ESOS") of up to thirty per cent (30%) of the prevailing issued and paid-up share capital of the Company (exclude treasury shares) for the eligible employees (including Directors, either an executive Director or a non-executive Director) of the Group (excluding dormant subsidiary companies), after the Proposed Rights Issue with Warrants, who meet the criteria of eligibility for participation in the ESOS as set out in the by-laws containing the rules, terms and condition of the ESOS;

(iii) proposed increase in the authorised share capital of the Company from RM25,000,000 comprising 250,000,000 shares to RM100,000,000 comprising 1,000,000,000 shares ("Proposed IASC"); and

(iv) proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed IASC.

These proposals were subsequently approved by Bursa Malaysia on 17 November 2015 as well as the shareholders in an Extraordinary General Meeting on 21 December 2015.

On 5 April 2016, the Company announced that the application for an extension of time of six (6) months from 17 May 2016 to 16 November 2016 to complete the implementation of these proposals has been submitted to Bursa Malaysia.

d. On 22 October 2015, the Company announced that it had entered into a Memorandum of Understanding with Petrowangsa Sdn. Bhd. ("Petrowangsa") for the purpose of entering into a collaboration to provide multimedia advertising and digital solutions to Petrowangsa. Petrowangsa is a Petroliam Nasional Berhad's license holder for various categories of service and supplier code with media advertising (amongst other) being one of them.

e. On 8 December 2015, the Company announced the application for an extension of time of six (6) months from 24 December 2015 to 23 June 2016 to complete the implementation of the Proposed Private Placement. Bursa Malaysia had on 11 December 2015 granted the extension of time to the Company.

33. COMPARATIVE FIGURES

The financial statements of the Group and of the Company for the financial year ended 31 December 2014 were audited by another firm of Chartered Accountants. Certain comparative figures have been reclassified in order to conform with the current year's presentation as follow:

	Group		*Company*	
	As restated 2014 RM	As previously reported 2014 RM	As restated 2014 RM	As previously reported 2014 RM
Statements of financial position (extract):				
Other receivables, deposits and prepayments	303,314	302,185	272,493	271,364
Tax refundable	-	1,129	-	1,129
Statements of profit or loss and other comprehensive income (extract):				
Other operating income	366,627	359,930	439,843	433,146
Administrative expenses	(4,748,041)	(4,741,344)	(4,201,878)	(4,195,181)

34. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 14 April 2016 by the Board of Directors.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURES OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the accumulated losses of the Group and of the Company at the end of the reporting period into realised and unrealised losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 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.

	Group		*Company*	
	2015	2014	2015	2014
	RM	RM	RM	RM
Total accumulated losses of the Group and of the Company				
- Realised	(7,301,307)	(7,250,252)	(6,526,723)	(6,504,304)
- Unrealised	(338,702)	-	(338,702)	-
Accumulated losses of the Group and of the Company	(7,640,009)	(7,250,252)	(6,865,425)	(6,504,304)

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22 SEP 2016

TEO MEE HUI
SECRETARY
MAICSA 7050642

M N C WIRELESS BERHAD
(Company No. 635884 - T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016 (UNAUDITED)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2016	Preceding Year Quarter 30.06.2015	Current Year To Date 30.06.2016	Preceding Year To Date 30.06.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	3,553	4,837	9,048	10,591
Cost of sales	(2,576)	(3,483)	(6,983)	(7,919)
Gross profit	977	1,354	2,065	2,672
Operating expenses	(986)	(1,144)	(1,985)	(2,013)
Other operating income	132	37	302	105
Finance expenses	(31)	(22)	(63)	(54)
Profit/(Loss) before taxation	92	225	319	710
Taxation	(78)	(2)	(196)	(1)
Profit/(Loss) for the period	14	223	124	709
Other comprehensive income/(expense)	-	(44)	-	5
Total comprehensive income/(expense) for the period	14	179	124	714
Profit/(Loss) after taxation attributable to owners of the Company	14	223	124	709
Total comprehensive income/(expense) attributable to owners of the Company	14	179	124	714
Profit/(Loss) per share				
(i) Basic (Sen)	0.01	0.24	0.13	0.75
(ii) Diluted (Sen)	N/A	N/A	N/A	N/A

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30 JUNE 2016 *(Cont'd)*

M N C WIRELESS BERHAD

(Company No. 635884 - T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016 (UNAUDITED)

	As At 30.06.2016 Unaudited RM'000	As At 31.12.2015 Audited RM'000
Assets		
Non-Current Assets		
Other investment	41	118
Motor vehicle	358	402
Property and equipment	6,842	5,631
	7,241	6,151
Current Assets		
Trade receivables	3,223	4,651
Other receivables, deposits and prepayments	433	485
Fixed deposits with a licensed bank	287	286
Cash and bank balances	3,040	2,297
	6,983	7,719
Total Assets	14,224	13,870
Equity and Liabilities		
Equity		
Share capital	9,447	9,447
Share premium	2,231	2,231
Revaluation reserve	1,959	1,017
Fair value reserve	-	(31)
Accumulated losses	(7,516)	(7,640)
Total Equity	6,121	5,024
Current Liabilities		
Trade payables	2,814	3,787
Other payables and accruals	1,785	1,789
Term loans	157	157
	4,756	5,733
Non-Current Liabilities		
Term loans	2,694	2,774
Deferred taxation	653	339
Total Liabilities	8,103	8,846
Total Equity and Liabilities	14,224	13,870
No. of ordinary shares ('000)	94,474	94,474
Net assets per ordinary share (sen)	6.48	5.32

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

M N C WIRELESS BERHAD

(Company No. 635884 - T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016 (UNAUDITED)

	Attributable to Owners of the Company					
	Non-distributable					
	Share Capital	Share Premium	Revaluation Reserve	Fair Value Reserve	Accumulated Losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Six (6) months ended 30 June 2016						
As at 1 January 2016	9,447	2,231	1,017	(31)	(7,640)	5,024
Profit for the financial period	-	-	-	-	124	124
Other comprehensive income						
- Revaluation of properties, net of tax	-	-	949	-	-	949
- Fair value changes of available-for-sale financial assets	-	-	-	31	-	31
Total comprehensive expense for the year	-	-	949	31	124	1,104
Realisation of revaluation reserve	-	-	(7)		-	(7)
As at 30 June 2016	9,447	2,231	1,959	(0)	(7,516)	6,121
Six (6) months ended 30 June 2015						
As at 1 January 2015	9,447	2,231	1,028	(20)	(7,250)	5,436
Profit for the financial period	-	-	-	-	709	709
Other comprehensive income	-	-	-	5	-	5
Total comprehensive expenses for the period	-	-	-	5	709	714
Realisation of revaluation reserve	-	-	(7)	-	7	-
As at 30 June 2015	9,447	2,231	1,021	(15)	(6,534)	6,150

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

M N C WIRELESS BERHAD
(Company No. 635884 - T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016 (UNAUDITED)

	Curent Year To Date 30.06.2016 RM'000	Preceding Year To Date 30.06.2015 RM'000
Cash Flows (For)/From Operating Activities		
Profit/(Loss) before taxation	319	710
Adjustments for:-		
Non-cash items	8	91
Interest expense	63	54
Interest income	(5)	(8)
Non-operating items	(85)	(59)
Operating profit before working capital changes	301	788
Decrease/(Increase) in trade and other receivables	1,585	(528)
(Decrease)/Increase in trade and other payables	(790)	(1,543)
Net cash (for)/from operations	1,095	(1,283)
Interest paid	(63)	(54)
Tax paid	(344)	(1)
Net cash (for)/from operating activities	688	(1,338)
Cash Flows (For)/From Investing Activities		
Purchase of property and equipment	(29)	(268)
Proceed from disposal of quoted shares	159	131
Interest received	5	8
Net cash (for)/from investing activities	135	(129)
Cash Flows (For)/From Financing Activities		
Net repayment of term loans	(80)	(76)
Net cash for financing activities	(80)	(76)
(Decrease)/Increase in cash and cash equivalents	744	(1,543)
Cash and cash equivalents at beginning of the financial period	2,383	4,864
Cash and cash equivalents at end of the financial period	**3,127**	**3,321**
Represented By:		
Cash and bank balances	3,040	3,250
Short term deposits with licensed banks	287	271
	3,327	3,521
Less : Short term deposits pledged as security	(200)	(200)
	3,127	**3,321**

M N C WIRELESS BERHAD
(Company No. 635884 - T)
(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT –30 JUNE 2016

Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting

1. First-time adoption of Malaysian Financial Reporting Standards (MFRS)

The unaudited interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9 of the Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

The accounting policies and methods of computation adopted by the Group in this interim financial statement are consistent with those adopted in the financial statements for the year ended **31** December 2015 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2016. The adoption of these standards, amendments and interpretations has no material impact to these interim financial statements.

The significant accounting policies applied in the interim financial report are consistent with those adopted in the most recent audited annual financial statements for the year ended **31 December** 2015 except for the effects of newly issued Malaysian Financial Reporting Standards ("MFRS") and IC Interpretations ("IC Int.") to be applied by all Entities Other Than Private Entities for the financial period beginning on 1 January 2016:-

MFRSs (Including The Consequential Amendments)

The Group has not applied in advance the following new MFRSs and amendments/improvements to MFRSs that have been issued by MASB but not yet effective for the current financial year:

MFRSs (Including The Consequential Amendments)	**Effective Date**
MFRS 9 - Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 - Revenue from Contracts with Customers	1 January 2018
MFRS 16 - Leases	1 January 2019
Amendments to MFRS 10 Consolidated Financial Statement and MFRS 128 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 107 Statement of Cash Flows – Disclosure Initiative	1 January 2017
Amendments to MFRS 112 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The above accounting standards and interpretations (including the consequential amendments) are not expected to have a material impact to the financial statements of the Group operations except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 as issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group for the financial year **ended 31 December 2015** was not subject to any qualification.

3. Comments About Seasonal or Cyclical Factors

The business of the Group is not affected by any significant seasonal or cyclical factors.

4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

5. Changes in Estimates

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

6. Changes in Debt and Equity Securities

There was no issuance or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current quarter under review.

7. Dividends Paid

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

8. Segmental Information

The segmental result of the Group for the financial period ended 30 Jun 2016 based on segment activities are as follows:-

	Wireless/ Mobile Services RM'000	Digital And Multimedia Related Services RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External sales	6,428	2,620	-	9,048
	6,428	2,620	-	9,048
Results				
Profit before investment income and taxation				314
Investment income				5
Profit before taxation				319
Taxation				(196)
Profit for the period				124

9. Valuation of Property and Equipment

Properties of the Group have been revalued in June 2016. Based on the valuation report prepared by Solid Real Estate Consultants Sdn. Bhd., a registered independent valuer, the fair value of the Group's properties is RM6,500,000. The carrying amount of the properties as at 31 March 2016 was RM5,245,500.The revaluation surplus was incorporated in the financial statements for the financial year ended 30 June 2016.

10. Subsequent Events

There were no material events subsequent to the end of the financial quarter which is not reflected in the financial statements of the current quarter under review.

11. Changes in the Composition of the Group

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

12. Contingent Assets and Contingent Liabilities

There were no material contingent assets and contingent liabilities as at the date of this report.

13. Commitments

There were no commitments as at the date of this report.

14. Significant Related Party Disclosures

There were no significant related party transactions during the current period under review.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities for the ACE Market

1. Detailed Performance Analysis

	Q2 2016 RM'000	**Q2 2015 RM'000**
Revenue	3,553	4,387
Profit before taxation	92	225

The Group's revenue for the current quarter review decreased compared to the corresponding quarter of the preceding year. The decreased in revenue was due to lower revenue from wireless/mobile services as consumer spending decreased from slowdown in local economic environment, compared to the corresponding quarter of the preceding year.

Correspondingly, the Group's profit before tax decreased compared to the corresponding quarter of the preceding year.

The performance of the respective business segments is analysed as follows:-

	Q2 2016 RM'000	Q2 2015 RM'000
Revenue:-		
- Wireless/Mobile Services	2,083	3,931
- Digital and multimedia related services	1,470	906
Profit/(Loss)before taxation		
- Wireless/Mobile Services	160	200
- Digital and multimedia related services	159	25

Wireless/Mobile Services - The Group recorded a lower profit compared to corresponding quarter of the preceding year, due to lower revenue from wireless/mobile services as consumer spending decreased from slowdown in local economic environment, compared to the corresponding quarter of the preceding year.

Digital and multimedia related services - The Group recorded a higher profit compared to the corresponding quarter of the preceding year, on the back of higher revenue.

2. Material Changes in the Quarterly Results compared to the results of the Preceding Quarter

	Q2 2016 RM'000	Q1 2016 RM'000
Revenue	3,553	5,495
Profit before taxation	92	228

The Group registered a lower profit before tax as compared to the preceding quarter ended 31 Mar 2016, primarily due to lower revenue from wireless/mobile services as consumer spending decreased from slowdown in local economic environment, compared to the preceding quarter.

3. Prospects

Market environment remains challenging, more so with the general slowdown in the local economy, coupled with keener competition amongst players in the respective business segment markets, all of which may result in lower revenue in the respective business segments.

With this in mind, the Group will continue to further streamline its operations and continue to intensify its business development efforts through active client acquisition strategy & strategic business collaboration such as last year's Memorandum of Understanding signing agreement with Petrowangsa Sdn Bhd, to offer the Group's product and services to customers in the Oil & Gas industry. There has been no further development on this.

The Group will also continue to develop its bespoke technology platform solution with ongoing discussion with its business partners (both locally & overseas) to further penetrate into their respective markets.

4. Profit Forecast and Profit Guarantee

The Group has not issued any profit forecast or profit guarantee in any public documents.

5. Taxation

	Current Quarter		Cumulative Quarter	
	Q2 2016	Q2 2015	Q2 2016	Q2 2015
	RM'000	RM'000	RM'000	RM'000
Current year tax	(175)	(2)	(252)	(1)
Prior year tax	(216)	-	(258)	-
Deferred tax	313	-	314	-
Tax expense	(78)	(2)	(196)	1

6. Status of Corporate Proposals

Except as disclosed below, there were no corporate proposals announced but not completed in the current quarter under review:

On 23 June 2016, Public Investment Bank Berhad ("PIBV") had, on behalf of the Company, announced that the approval for extension of time from Bursa Malaysia Securities Bhd ("Bursa") on the proposed Private Placement had lapsed on the even date as the company could not identify investors suitable to undertake the private placement of shares. There were no new Shares issued pursuant to the Proposed Private Placement.

On 25 August 2015, PIVB announced that the Company proposes to undertake the following:

(i) Proposed Rights Issue with Warrants - proposed renounceable rights issue of up to 311,762,550 new ordinary shares of RM0.10 each in MNC ("MNC Shares") ("Rights Shares") together with up to 207,841,700 free detachable warrants ("Warrants") at an indicative issue price of RM0.15 per Rights Share on the basis of three (3) Rights Shares together with two (2) Warrants for every one (1) existing MNC Share held on an entitlement date to be determined and announced later based on a minimum subscription level of 33,000,000 Rights Shares together with 22,000,000 Warrants;

(ii) Proposed ESOS - proposed establishment of an employee share option scheme ("ESOS" or "Scheme") of up to thirty per cent (30%) of the prevailing issued and paid-up share capital of the Company (excluding treasury shares) for the eligible employees (including Directors, either an executive Director or a non-executive Director) of the Group (excluding dormant subsidiaries), after the Proposed Rights Issue with Warrants, who meet the criteria of eligibility for participation in the ESOS as set out in the by-laws containing the rules, terms and conditions of the ESOS;

(iii) Proposed Increase in Authorised Share Capital - proposed increase in the authorised share capital of MNC from RM25,000,000 comprising 250,000,000 MNC Shares to RM100,000,000 comprising 1,000,000,000 MNC Shares; and

(iv) Proposed MOA Amendments - proposed amendments to the Memorandum of Association of MNC ("MOA") to facilitate the Proposed Increase in Authorised Share Capital.

On 18 November 2015, PIVB announced that Bursa had, vide its letter dated 17 November 2015, approved the following (subject to compliance of certain conditions as stipulated by Bursa):

(i) Admission to the Official List of Bursa and the listing of and quotation for up to 207,841,700 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants;

(ii) listing of and quotation for up to 311,762,550 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;

(iii) listing of and quotation for up to 207,841,700 new MNC Shares to be issued pursuant to the exercise of the Warrants; and

(iv) listing of and quotation for such number of new MNC Shares representing up to thirty percent (30%) of the total issued and paid-up share capital of MNC (excluding treasury shares) during the duration of the ESOS to be issued and allotted pursuant to the Proposed ESOS.

The above proposals was tabled and approved by the shareholders of the Company at the Extraordinary General Meeting held on 21 December 2015.

The above proposal has not been completed, given the current weak market condition is not conducive to attract investors/shareholders. This has affected the interest of investors/shareholders to consider investing in the equity market. Bursa had, vide its letter dated 14 April 2016, approved the Company's application for an extension of time of six (6) months from 17 May 2016 to 16 November 2016 to complete the implementation of the said proposal.

7. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2016 are as follow:-

Term loans – secured	**RM'000**
Current	157
Non-current	2,694
	2,851

8. Changes in Material Litigation

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

9. Dividend Payable

The Board of Directors did not recommend any dividend for the current quarter under review.

10. Profit/ (Loss) per Share

	Current Year Quarter 30.06.2016	Preceding Year Corresponding Quarter 30.06.2015	Current Year To Date 30.06.2016	Preceding Year To Date 30.06.2015
Basic earnings Profit/(Loss) per share				
Profit/(Loss) after taxation (RM'000)	14	223	124	709
Weighted average number of ordinary shares in issue ('000)	94,474	94,474	94,474	94,474
Basic earnings profit/(loss) per share (sen)	0.01	0.24	0.13	0.75

11. Profit/ (Loss) Before Taxation

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

	Current Year Quarter 30.06.2016 RM'000	Current Year To Date 30.06.2016 RM'000
Interest income	(3)	(5)
Interest expense	31	63
Depreciation of equipment	64	126
Reversal of Fair Value Reserve	31	31
Allowance for impairment loss on receivables	(7)	(11)
Realised Gain on Foreign exchange	-	(2)
Gain on disposal of quoted investment	(82)	(82)

12. Realised and Unrealised losses disclosure

	As at 30 June 2016 RM'000	As at 30 Jun 2015 RM'000
The accumulated losses of MNC Wireless Berhad and its subsidiaries :-		
- Realised	(7,516)	(6,534)
- Unrealised	-	-
Total Group accumulated losses as per consolidated accounts	(7,516)	(6,534)

13. Authorisation For Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 August 2016.

SIEW BOON YEONG & ASSOCIATES
Chartered Accountants [AF: 0660]
9-C, Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur, Malaysia.
Tel: 03-2693 8837 Fax: 03-2693 8836 Website: www.sby.com.my E-mail: audit@sby.com.my
Member Firm Of Malaysian Institute Of Accountants

Date: 4 October 2016

The Board of Directors
M N C Wireless Berhad
100-3.011, Block J,
129 Offices, Jaya One,
No. 72A, Jalan Universiti,
46200 Petaling Jaya,
Selangor

Dear Sirs,

M N C WIRELESS BERHAD ("MNC" OR "COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of MNC and its subsidiaries ("the Group") as at 31 December 2015 for which the Directors are solely responsible. The Pro Forma Consolidated Statements of Financial Position consist of the Pro Forma Consolidated Statements of Financial Position as at 31 December 2015 together with the accompanying notes thereon (which we have stamped for the purpose of identification), as set out in the accompanying statements. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are described in the notes to the Pro Forma Consolidated Statements of Financial Position ("Applicable Criteria").

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors to illustrate the impact of the renounceable rights issue of up to 283,420,500 new ordinary shares of RM0.10 each in MNC ("MNC Share(s)") ("Rights Share(s)") together with up to 188,947,000 free detachable warrants ("Warrant(s)") at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares together with two (2) Warrants for every one (1) existing MNC Share held at 5 p.m. on 13 October 2016, based on a minimum subscription level of 33,000,000 Rights Shares together with 22,000,000 Warrants ("Rights Issue with Warrants").

As part of this process, information about the Group's financial position has been extracted by the Directors from the audited financial statements of the Group for the financial year ended 31 December 2015, which has been published.

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria as described in the notes thereto.

SIEW BOON YEONG & ASSOCIATES
Chartered Accountants [AF: 0660]

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material aspects, by the Directors on the basis of the Applicable Criteria as described in the notes thereto.

We conducted our engagement in accordance with *International Standard on Assurance Engagements, (ISAE) 3420 - Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus,* issued by the International Auditing and Assurance Standards Board and adopted by Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material aspects, the Pro Forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria as described in the notes thereto.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Abridged Prospectus to the entitled shareholders of MNC is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:-

(i) the related pro forma adjustments give appropriate effect to those criteria; and

(ii) the Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

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

SIEW BOON YEONG & ASSOCIATES
Chartered Accountants [AF: 0660]

Opinion

In our opinion,

(i) the Pro Forma Consolidated Statements of Financial Position as at 31 December 2015 which were prepared for illustrative purpose only have been properly compiled on the basis set out in the accompanying notes to the Pro Forma Consolidated Statements of Financial Position using financial statements prepared by the Directors in accordance with the Malaysian Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies of MNC Group unless otherwise stated; and

(ii) the adjustments made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position are appropriate for the purposes of preparing the Pro Forma Consolidated Statements of Financial Position.

We understand that this letter will be used solely for the purposes of Abridged Prospectus to the entitled shareholders of MNC in connection with the Rights Issue with Warrants. As such, this letter should not be used for any purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

Siew Boon Yeong & Associates
Firm No: AF 0660
Chartered Accountants

Dato' Siew Boon Yeong
Approved Number: 01321/07/18 J
Partner of Firm

OUR PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 TOGETHER WITH DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

MINIMUM SCENARIO

	Audited Consolidated Statement of Financial Position as at 31.12.2015 RM'000	Adjustments for Rights Issue with Warrants RM'000	Pro Forma I After Rights Issue with Warrants RM'000	Adjustments for Full Exercise of Warrants RM'000	Pro Forma II After Pro Forma I and Full Exercise of Warrants RM'000
Assets					
Non-current Assets					
Property, plant and equipment	6,033	160	6,193	-	6,193
Other investments	118	-	118	-	118
Product development expenditure	-	1,000	1,000	-	1,000
	6,151	1,160	7,311	-	7,311
Current Assets					
Trade receivables	4,651	-	4,651	-	4,651
Other receivables, deposits and prepayments	485	-	485	-	485
Fixed deposits with licensed banks	286	-	286	-	286
Cash and bank balances	2,297	640 *	2,937	2,200	5,137
	7,719	640	8,359	2,200	10,559
Total Assets	13,870	1,800	15,670	2,200	17,870
Equity and Liabilities					
Equity					
Share capital	9,447	3,300	12,747	2,200	14,947
Share premium	2,231	(880)	1,351	880	2,231
Fair value reserve	(31)	-	(31)	-	(31)
Revaluation reserve	1,017	-	1,017	-	1,017
Warrant reserve	-	880	880	(880)	-
Accumulated losses	(7,640)	(750)	(8,390)	-	(8,390)
Total Equity	5,024	2,550	7,574	2,200	9,774

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SIEW BOON YEONG & ASSOCIATES
Chartered Accountants [AF: 0660]

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OUR PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 TOGETHER WITH DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

MINIMUM SCENARIO (CONT'D)

	Audited Consolidated Statement of Financial Position as at 31.12.2015 RM'000	Adjustments for Rights Issue with Warrants RM'000	Pro Forma I After Rights Issue with Warrants RM'000	Adjustments for Full Exercise of Warrants RM'000	Pro Forma II After Pro Forma I and Full Exercise of Warrants RM'000
Non-current Liabilities					
Term loans	2,774	(593)	2,181	-	2,181
Deferred tax liabilities	339	-	339	-	339
	3,113	(593)	2,520	-	2,520
Current Liabilities					
Trade payables	3,786	-	3,786	-	3,786
Other payables and accruals	1,740	-	1,740	-	1,740
Term loans	157	(157)	-	-	-
Current tax liabilities	50	-	50	-	50
	5,733	(157)	5,576	-	5,576
Total Liabilities	8,846	(750)	8,096	-	8,096
Total Equity and Liabilities	13,870	1,800	15,670	2,200	17,870
Par value per Share (RM)	0.10	-	0.10	-	0.10
Number of Shares ('000)	94,474	33,000	127,474	22,000	149,474
Net Asset per Share (RM)	0.05	-	0.06	-	0.07
Total Borrowings (RM'000)	2,931	(750)	2,181	-	2,181
Gearings (Times)	0.58	-	0.29	-	0.22

* *Includes the proceeds of the Rights Issue with Warrants earmarked for rental expenses.*

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Chartered Accountants [AF: 0660]

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OUR PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 TOGETHER WITH DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

MAXIMUM SCENARIO

	Audited Consolidated Statement of Financial Position as at 31.12.2015 RM'000	Adjustments for Rights Issue with Warrants RM'000	Pro Forma I After Rights Issue with Warrants RM'000	Adjustments for Full Exercise of Warrants RM'000	Pro Forma II After Pro Forma I and Full Exercise of Warrants RM'000
Assets					
Non-current Assets					
Property, plant and equipment	6,033	12,000	18,033	-	18,033
Other investments	118	-	118	-	118
Product development expenditure	-	3,000	3,000	-	3,000
Intangible assets	-	2,000	2,000	-	2,000
	6,151	17,000	23,151	-	23,151
Current Assets					
Trade receivables	4,651	-	4,651	-	4,651
Other receivables, deposits and prepayments	485	-	485	-	485
Fixed deposits with licensed banks	286	-	286	-	286
Cash and bank balances	2,297	7,842	10,139	18,895	29,034
	7,719	7,842	15,561	18,895	34,456
Total Assets	13,870	24,842	38,712	18,895	57,607
Equity and Liabilities					
Equity					
Share capital	9,447	28,342	37,789	18,895	56,684
Share premium	2,231	(2,231)	-	7,558	7,558
Fair value reserve	(31)	-	(31)	-	(31)
Revaluation reserve	1,017	-	1,017	-	1,017
Warrant reserve	-	7,558	7,558	(7,558)	-
Accumulated losses	(7,640)	(6,077)	(13,717)	-	(13,717)
Total Equity	5,024	27,592	32,616	18,895	51,511

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OUR PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 TOGETHER WITH DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

MAXIMUM SCENARIO (CONT'D)

	Audited Consolidated Statement of Financial Position as at 31.12.2015 RM'000	Adjustments for Rights Issue with Warrants RM'000	Pro Forma I After Rights Issue with Warrants RM'000	Adjustments for Full Exercise of Warrants RM'000	Pro Forma II After Pro Forma I and Full Exercise of Warrants RM'000
Non-current Liabilities					
Term loans	2,774	(2,593)	181	-	181
Deferred tax liabilities	339	-	339	-	339
	3,113	(2,593)	520	-	520
Current Liabilities					
Trade payables	3,786	-	3,786	-	3,786
Other payables and accruals	1,740	-	1,740	-	1,740
Term loans	157	(157)	-	-	-
Current tax liabilities	50	-	50	-	50
	5,733	(157)	5,576	-	5,576
Total Liabilities	8,846	(2,750)	6,096	-	6,096
Total Equity and Liabilities	13,870	24,842	38,712	18,895	57,607
Par value per Share (RM)	0.10	-	0.10		0.10
Number of Shares ('000)	94,474	283,420	377,894	188,947	566,841
Net Asset per Share (RM)	0.05	-	0.09	-	0.09
Total Borrowings (RM'000)	2,931	(2,750)	181	-	181
Gearings (Times)	0.58	-	0.01	-	0.00

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Chartered Accountants [AF: 0660]

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1. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position have been prepared in accordance with the Malaysian Financial Reporting Standards in Malaysia and based on the audited Consolidated Statement of Financial Position of MNC as at 31 December 2015. The Pro Forma Consolidated Statements of Financial Position have been prepared solely for illustrative purposes, to show the effect of the renounceable rights issue of up to 283,420,500 new ordinary shares of RM0.10 each in MNC ("MNC Share(s)") ("Rights Share(s)") together with up to 188,947,000 free detachable warrants ("Warrant(s)") at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares together with two (2) Warrants for every one (1) existing MNC Share held at 5 p.m. on 13 October 2016, based on a minimum subscription level of 33,000,000 Rights Shares together with 22,000,000 Warrants ("Rights Issue with Warrants").

The Pro Forma Consolidated Statements of Financial Position have been prepared based on the accounting policies and bases consistent with those normally adopted by MNC in the preparation of its audited financial statements.

The Pro Forma Consolidated Statements of Financial Position is presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The Pro Forma Consolidated Statements of Financial Position, because of its nature, may not be reflective of the Group's actual financial position. Furthermore, such information does not purport to predict the future financial position of the Group.

1.1 The details of the Minimum and Maximum Scenarios are set out below:

(i) **Minimum Scenario**

Minimum Scenario representing the scenario on the following assumptions:-

(a) Issuance of 33,000,000 Rights Shares together with 22,000,000 Warrants pursuant to the Rights Issue with Warrants based on the issue price of RM0.10.

(b) Full exercise of 22,000,000 Warrants based on the exercise price of RM0.10 into 22,000,000 new MNC Shares.

(ii) **Maximum Scenario**

Maximum Scenario representing the scenario on the following assumptions:-

(a) Issuance of 283,420,500 Rights Shares together with 188,947,000 Warrants pursuant to the Rights Issue with Warrants based on the issue price of RM0.10.

(b) Full exercise of 188,947,000 Warrants based on exercise price of RM0.10 into 188,947,000 new MNC Shares.

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Chartered Accountants [AF: 0660]

1.2 Fair value of Warrants

The allocated fair value of Warrants is credited to a warrant reserve which is non-distributable.

The Directors of MNC have allocated a fair value of RM0.04 for each of the Warrant. The fair value of the Warrants is derived at using the Black-Scholes option pricing model.

2. MINIMUM SCENARIO

2.1 PRO FORMA I

Pro Forma I incorporates the effects of the Rights Issue with Warrants.

The following are the utilisation of proceeds from the Rights Issue with Warrants on the adjusted Consolidated Statements of Financial Position as at 31 December 2015:

	RM'000
Product development expenditure on infrastructure to cater for the provision of Transaction Authorisation Code ("TAC") service	1,000
Capital expenditures on branch expansion[(1)]	400
Repayment of term loans	750
Working capital	400
Estimated expenses for the Rights Issue with Warrants	750
	3,300

[(1)] *Includes rental expenses of RM0.24 million. For presentation purposes, the rental expenses will be taken up as working capital as presented in the Pro Forma Consolidated Statements of Financial Position.*

The proceeds earmarked for:

(i) additions in product development expenditure on infrastructure to cater for TAC service of RM1.00 million;

(ii) capital expenditures for branch expansion of RM0.16 million;

(iii) repayment of term loans of RM0.75 million; and

(iv) working capital of RM0.40 million which were included in cash and bank balances.

The estimated expenses in relation to the Rights Issue with Warrants of RM0.75 million will be debited to the accumulated losses account.

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Chartered Accountants [AF: 0660]

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The Rights Issue with Warrants has the following impact on the Pro Forma Consolidated Statements of Financial Position:-

	Increase/(Decrease)	
	Effect on Total Assets RM'000	**Effect on Total Equity and Liabilities RM'000**
Property, plant and equipment	160	-
Product development expenditure	1,000	-
Cash and bank balances	640	-
Share capital	-	3,300
Share premium	-	(880)
Warrant reserve	-	880
Accumulated losses	-	(750)
Term loans	-	(750)
	1,800	1,800

2.2 **PRO FORMA II**

Pro Forma II incorporates the effects of Pro Forma I and assuming the full exercise of the Warrants.

The full exercise of Warrants has the following impact on the Pro Forma Consolidated Statements of Financial Position:-

	Increase/(Decrease)	
	Effect on Total Assets RM'000	**Effect on Total Equity RM'000**
Cash and bank balances	2,200	-
Share capital	-	2,200
Share premium	-	880
Warrant reserve	-	(880)
	2,200	2,200

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Chartered Accountants [AF: 0660] 7

3. MAXIMUM SCENARIO

3.1 PRO FORMA I

Pro Forma I incorporates the effects of the Rights Issue with Warrants.

The following are the utilisation of proceeds from the Rights Issue with Warrants on the adjusted Consolidated Statements of Financial Position as at 31 December 2015:

	RM'000
Acquisitions of licences of mobile gaming applications	2,000
Product development expenditure on infrastructure to cater for the provision of Transaction Authorisation Code ("TAC") service	3,000
Capital expenditures on:	
- purchasing of advertising panels	8,000
- branch expansion	4,000
Repayment of term loans	2,750
Working capital	7,842
Estimated expenses for the Rights Issue with Warrants	750
	28,342

The proceeds earmarked for:

(i) additions in intangible assets as a results of acquisitions of licenses of mobile gaming applications of RM2.00 million;

(ii) additions in product development expenditure on infrastructure to cater for TAC service of RM3.00 million;

(iii) capital expenditures for the purchasing of advertising display panels under the digital related service of RM8.00 million and branch expansion of RM4.00 million respectively;

(iv) repayment of term loans of RM2.75 million; and

(v) working capital of RM7.84 million which were included in cash and bank balances.

The estimated expenses in relation to the Rights Issue with Warrants of RM0.75 million will be debited to the accumulated losses account.

The Rights Issue with Warrants has the following impact on the Pro Forma Consolidated Statements of Financial Position:-

	Increase/(Decrease) Effect on Total Assets RM'000	Increase/(Decrease) Effect on Total Equity and Liabilities RM'000
Property, plant and equipment	12,000	-
Product development expenditure	3,000	-
Intangible assets	2,000	-
Cash and bank balances	7,842	-
Share capital	-	28,342
Share premium	-	(2,231)
Warrant reserve	-	7,558
Accumulated losses	-	(6,077)
Term loans	-	(2,750)
	24,842	24,842

3.2 PRO FORMA II

Pro Forma II incorporates the effects of Pro Forma I and assuming full exercise of the Warrants.

The full exercise of Warrants has the following impact on the Pro Forma Consolidated Statements of Financial Position:-

	Increase/(Decrease) Effect on Total Assets RM'000	Increase/(Decrease) Effect on Total Equity RM'000
Cash and bank balances	18,895	-
Share capital	-	18,895
Share premium	-	7,558
Warrant reserve	-	(7,558)
	18,895	18,895

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OUR PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated

On behalf of the Board,

Tan Chor How Christopher
Chief Executive Officer cum Executive Director

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SIEW BOON YEONG & ASSOCIATES
Chartered Accountants [AF: 0660] 10

DIRECTORS' REPORT

MNC Wireless Berhad 635884-T
100-3.011, Block J, 129 Offices, Jaya One, No.72A,
Jalan Universiti, 46200 Petaling Jaya Selangor
T: +603 7491 1880 F : +603 7491 1899
www.mnc.com.my

MSC MALAYSIA Status Company

Registered Office:

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur

30 September 2016

To: The shareholders of M N C Wireless Berhad ("MNC")

Dear Sir/Madam,

On behalf of the Board of Directors of MNC, I wish to report that, after making due enquiries in relation to the interval between 31 December 2015 (being the date on which the last audited consolidated financial statements of MNC and its subsidiaries ("**Group**") have been made) up to the date hereof (being a date not earlier than fourteen (14) days before the date of issue of this Abridged Prospectus ("**AP**")):

(a) the business of our Group has, in the opinion of our Directors, been satisfactorily maintained;

(b) in the opinion of our Directors, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

(c) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in this AP, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(e) there has been no default or any known event that could give rise to a default situation in respect of payments of either interest and/or principal sums in relation to any borrowings of our Group;

(f) save as disclosed in this AP, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the last audited consolidated financial statements of our Group; and

(g) save as disclosed above and up to the date of this letter, no other reports are required in relation to items (a) to (f) above.

Yours faithfully,
for and on behalf of our Board of Directors of
M N C WIRELESS BERHAD

Tan Chor How Christopher
Chief Executive Officer cum Executive Director

FURTHER INFORMATION

1. SHARE CAPITAL

(i) Save for the Rights Shares, the Warrants and the new MNC Shares to be issued arising from the exercise of the Warrants, if any, no other securities will be allotted or issued on the basis of this AP later than twelve (12) months after the date of issue of this AP.

(ii) We have only one (1) class of shares, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another as at the date of this AP.

(iii) Save as disclosed below, no securities in our Company have been issued or proposed or intended to be issued, as partly or fully paid-up for a consideration in cash or otherwise than in cash, within two (2) years preceding the date of this AP:

(a) up to 283,420,500 Rights Shares to be issued pursuant to the Rights Issue with Warrants;

(b) up to 188,947,000 new MNC Shares to be issued arising from the exercise of the Warrants to be issued pursuant to the Rights Issue with Warrants; and

(c) up to thirty percent (30%) of the prevailing issued and paid-up share capital of our Company (excluding treasury shares) of new MNC Shares to be issued pursuant to the exercise of the Options to be granted under the ESOS.

(iv) As of the date of this AP, save as disclosed below and the Rights Shares and the Warrants to be issued pursuant to the Rights Issue with Warrants, which is the subject matter of this AP, no person has been or is entitled to be granted an option to subscribe for any securities of our Company:

(a) Under the ESOS, up to thirty per cent (30%) of the prevailing issued and paid-up share capital of our Company (excluding treasury shares) can be issued at any one (1) time, throughout the duration of five (5) years of the ESOS (or such extended duration pursuant to the By-Laws). The Subscription Price of each new MNC Share shall be fixed at the higher of the par value of the MNC Shares of RM0.10 each or the five (5)-day VWAMP of the MNC Shares at the date the Options are offered, with a discount of not more than ten per cent (10%) or such other percentage of discount in accordance with any prevailing guidelines, rules or regulations issued by Bursa Securities, ACE LR or any other relevant authorities from time to time during the duration of the ESOS. As at the LPD, the ESOS has not been implemented.

2. REMUNERATION OF DIRECTORS

The following provisions are reproduced from our Company's Articles of Association. Terms defined in our Articles of Association shall have the same meanings when used herein unless they are otherwise defined herein or the context otherwise requires.

Article 73

(a) The Directors shall be paid by way of fees for their services, such fixed sums (if any) as shall from time to time be determined by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provide) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office PROVIDED ALWAYS that:-

(i) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover; and

(ii) *salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover of the Company.*

(b) *The Directors may be entitled to be reimbursed all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meeting or otherwise howsoever incurred in the course of the performance of their duties as Directors.*

(c) *Any Directors who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in these Article.*

(d) *Any fee paid to an alternate Director shall be such as agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.*

(e) *Fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.*

3. MATERIAL CONTRACTS

Saved as disclosed below, there are no other material contracts (not being contracts entered into in the ordinary course of business) entered into by our Group within two (2) years immediately preceding the date of this AP:

(i) Deed Poll, dated 27 September 2016, executed by MNC, constituting the terms and conditions of up to 188,947,000 Warrants issued pursuant to the renounceable rights issue up to 283,420,500 Rights Shares at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares together with two (2) free Warrants for every one (1) existing MNC Share.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Directors have no knowledge of any proceedings pending or threatened against our Company and/or any of our subsidiaries or of any facts likely to give rise to any proceedings which might adversely and materially affect the financial position or business of our Company and/or any of our subsidiaries.

5. GENERAL

(i) The nature of our Group's business is described in Appendix II of this AP. There are no corporations which are deemed related to us by virtue of Section 6 of the Act, except as disclosed in Section 6 of Appendix II of this AP.

(ii) The estimated expenses in relation to the Corporate Exercises of RM0.75 million will be defrayed by the partial proceeds raised from the Rights Issue with Warrants.

(iii) There are no existing or proposed service contracts between our Directors and our Company or our subsidiaries excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this AP.

(iv) Our Directors are not aware of any material information, including special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group, except as disclosed in Sections 7 and 9 of this AP.

(v) Save as disclosed in Section 9 of this AP and the risk factors mentioned in Section 7 of this AP, the financial conditions and operations of our Group are not affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the liquidity of our Group increasing or decreasing in any material way;

(b) material commitments for capital expenditure of our Group;

(c) unusual or infrequent events or transactions or any significant economic changes that materially affect the amount of reported income from our operations;

(d) known trends or uncertainties that have had, or that our Group reasonably expects will have, a material favorable or unfavorable impact on our revenue or operating income; and

(e) fluctuation in our Group's revenue.

6. CONSENTS

Our Adviser, Due Diligence Solicitors, Share Registrar, Company Secretaries, Principal Banker and Bloomberg Finance L.P. have given and have not subsequently withdrawn their respective written consents to the inclusion of their names and all references thereto, in the form and context in which they appear in this AP.

Messrs. Siew Boon Yeong & Associates, our Reporting Accountants and Auditors, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the pro forma consolidated statements of financial position of our Company as at 31 December 2015 together with the Reporting Accountants' letter thereon, the audited consolidated financial statements of our Company for the FYE 31 December 2015 together with the Auditors' report thereon and all references thereto, in the form and context in which they appear in this AP.

7. CONFLICT OF INTERESTS

PIVB, Messrs. Iza Ng Yeoh & Kit and Messrs. Siew Boon Yeong & Associates have given their respective confirmations that they have no directorship with our Group nor any equity and/or financial relationship with our Group, our Directors and/or our substantial shareholders that may give rise to a conflict of interest situation in their capacity to act as the Adviser, Due Diligence Solicitors and Reporting Accountants, respectively in connection with the Rights Issue with Warrants.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the Registered Office of our Company at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur during normal office hours (except public holidays) for a period of twelve (12) months from the date of this AP:

(i) our Memorandum and Articles of Association;

(ii) our audited consolidated financial statements for the past two (2) FYEs 31 December 2014 and 31 December 2015 and our latest unaudited consolidated financial statements for the FPE 30 June 2016;

(iii) the letters of Irrevocable Undertakings by Cheng Kim Liang and Ho Jien Shiung dated 24 August 2015 as referred to in Section 4 of this AP;

(iv) our pro forma consolidated statements of financial position as at 31 December 2015 together with the Reporting Accountants' letter thereon as set out in Appendix V of this AP;

(v) our Directors' Report as set out in Appendix VI of this AP;

(vi) the material contracts as referred to in Section 3 of this Appendix; and

(vii) the letters of consent and conflict of interests as referred to in Sections 6 and 7 of this Appendix.

9. RESPONSIBILITY STATEMENTS

(i) Our Directors have seen and approved the Documents and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquires and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in the Documents false or misleading; and

(ii) PIVB, being our Adviser, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

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