

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2011 RM'000	Preceding Year Quarter 31.12.2010 RM'000	Current Year To Date 31.12.2011 RM'000	Preceding Year To Date 31.12.2010 RM'000
Revenue	3,704	3,563	15,092	13,739
Cost of sales	<u>(2,402)</u>	<u>(1,892)</u>	<u>(8,910)</u>	<u>(7,370)</u>
Gross profit	1,302	1,671	6,182	6,369
Operating expenses	(1,722)	(3,125)	(6,883)	(7,655)
Share of loss of an associate	-	(88)	-	(226)
Investment income	28	33	130	118
Finance expenses	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
Loss before taxation	(393)	(1,509)	(572)	(1,394)
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>
Loss for the year	(393)	(1,509)	(572)	(1,398)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u><u>(393)</u></u>	<u><u>(1,509)</u></u>	<u><u>(572)</u></u>	<u><u>(1,398)</u></u>
Earning per share				
(i) Basic (Sen)	(0.42)	(1.60)	(0.61)	(1.48)
(ii) Diluted (Sen)	N/A	N/A	N/A	N/A

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 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 FINANCIAL POSITION AS AT 31 DECEMBER 2011 (UNAUDITED)

	As At 31.12.2011 Unaudited RM'000	As At 31.12.2010 Audited RM'000
Assets		
Non-Current Assets		
Investment in unquoted shares	41	-
Property and equipment	1,905	573
Product development expenditure	2,493	2,406
Intangible assets	434	536
	4,873	3,515
Current Assets		
Trade receivables	2,833	3,150
Other receivables, deposits and prepayments	125	199
Amount owing by an associate	-	43
Tax refundable	13	17
Short term deposits with licensed banks	3,496	4,233
Cash and bank balances	1,759	2,190
	8,226	9,832
Total assets	13,099	13,347
Equity and liabilities		
Equity		
Share capital	9,447	9,447
Share premium	2,232	2,232
Accumulated losses	(1,428)	(856)
Total Equity	10,251	10,823
Current Liabilities		
Trade payables	2,093	2,143
Other payables and accruals	339	381
	2,432	2,524
Non Current Liabilities		
Term loans	416	-
Total Liabilities	2,848	2,524
Total equity and liabilities	13,099	13,347
No. of ordinary shares ('000)	94,474	94,474
Net assets per ordinary share (sen)	10.85	11.46

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

M N C WIRELESS BERHAD
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 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (UNAUDITED)**

	<u>Share Capital</u> RM'000	<u>Share Premium</u> RM'000	<u>(Accumulated Losses)/Retained Profits</u> RM'000	<u>Total</u> RM'000
Twelve (12) months ended 31 December 2011				
As at 1 January 2011	9,447	2,232	(856)	10,823
Total comprehensive income for the year	-	-	(572)	(572)
As at 31 December 2011	<u>9,447</u>	<u>2,232</u>	<u>(1,428)</u>	<u>10,251</u>
Twelve (12) months ended 31 December 2010				
As at 1 January 2010	9,447	2,232	542	12,221
Total comprehensive income for the year	-	-	(1,398)	(1,398)
As at 31 December 2010	<u>9,447</u>	<u>2,232</u>	<u>(856)</u>	<u>10,823</u>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

M N C WIRELESS BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (UNAUDITED)

	Curent Year To Date 31.12.2011 RM'000	Preceding Year To Date 31.12.2010 RM'000
Cash Flows (For)/From Operating Activities		
Loss before taxation	(572)	(1,394)
Adjustments for:-		
Non-cash items	2,158	3,830
Interest expense	1	-
Non-operating items	(130)	(118)
Share of loss of an associate	-	226
Operating profit before working capital changes	<u>1,457</u>	<u>2,544</u>
Decrease in trade and other receivables	391	386
Decrease in trade and other payables	(92)	(776)
Net cash from operations	<u>1,756</u>	<u>2,154</u>
Interest paid	(1)	-
Tax refunded	4	(4)
Net cash from operating activities	<u>1,759</u>	<u>2,150</u>
Cash Flows For/(From) Investing Activities		
Purchase of property and equipment	(1,699)	(51)
Product development expenditure incurred	(1,778)	(1,601)
Proceeds from disposal of equipment	2	-
Investment in unquoted shares	(41)	1
Interest received	130	118
Net cash for investing activities	<u>(3,386)</u>	<u>(1,533)</u>
Cash Flow From Financing Activity		
Drawdown of term loans	417	-
Repayments of term loans	(1)	-
Repayments from an associate	43	46
	<u>459</u>	<u>46</u>
Net (decrease)/increase in cash and cash equivalents	(1,168)	663
Cash and cash equivalents at beginning of the financial year	6,423	5,760
Cash and cash equivalents at end of the financial year	<u>5,255</u>	<u>6,423</u>
Represented By:		
Cash and bank balances	1,759	2,190
Short term deposits with licensed banks	3,496	4,233
	<u>5,255</u>	<u>6,423</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE QUARTERLY REPORT – 31 December 2011

Part A - Explanatory Notes Pursuant to Financial Reporting Standards (“FRS”) 134 - Interim Financial Reporting

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with FRS 134 - Interim Financial Reporting and Rule 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market.

These interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010. These explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

2. Significant Accounting Policies

The accounting policies and methods of computations adopted in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2010, except for the adoption of the following revised Financial Reporting Standards (“FRS”), new IC Interpretations and Amendments to FRSs effective for the financial year ending 31 December 2011:

FRSs/IC Interpretations

Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards

Revised FRS 3 (2010) Business Combinations

Revised FRS 127 (2010) Consolidated and Separate Financial Statements

Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 Additional Exemptions for First-time Adopters

Amendments to FRS 2 Scope of FRS 2 and Revised FRS 3 (2010)

Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5 Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7 Improving Disclosures about Financial Instruments

Amendments to FRS 138 Consequential Amendments Arising from Revised FRS 3 (2010)

IC Interpretation 4 Determining Whether An Arrangement Contains A Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfer of Assets from Customers

Amendments to IC Interpretation 9 Scope of IC Interpretation 9 and Revised FRS 3 (2010)

Annual Improvements to FRSs (2010)

The adoption of the above revised FRSs, new IC Interpretations and Amendments to FRSs does not have any material financial effects on the financial statements of the Group.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group for the financial year ended 31 December 2010 was not subject to any qualification.

4. Comments About Seasonal or Cyclical Factors

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

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

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

6. Changes in Estimates

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

7. Changes in Debt and Equity Securities

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

8. Dividends Paid

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

9. Segmental Information

The segmental result of the Group for the financial year ended 31 December 2011 based on segment activities are as follows:-

	Mobile Applications	Wireless And Multimedia Related Services	Elimination	Consolidation
	RM'000	RM'000	RM'000	RM'000
Revenue				
External sales	11,736	3,356	-	15,092
Inter-segment sales	-	8,730	(8,730)	-
	<u>11,736</u>	<u>12,086</u>	<u>(8,730)</u>	<u>15,092</u>
Results				
Loss before investment income and taxation				(702)
Investment income				130
Loss before taxation				<u>(572)</u>
Taxation				-
Loss for the year				<u>(572)</u>

10. Valuation of Equipment

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

11. Subsequent Material Events

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

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review other than the following:-

On 15 November 2011, the Company disposed its entire investment in MNC Wireless (China) Ptd Ltd to unrelated third parties for a total consideration of Renminbi 2.00.

13. Contingent Assets and Contingent Liabilities

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

14. Commitments

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

15. Significant Related Party Disclosures

Except as disclosed below, there were no other significant related party transactions during the current year under review:

Nature of Related Party Transactions	Transacting Related Parties	Note	Current To Date 31.12.2011
			RM'000
Provision of advertisement and promotion services	Vizeum Media Services (M) Sdn. Bhd.	(a)	8
Provision of mobile application and digital production & creative services	Rapp (M) Sdn. Bhd	(b)	26
Provision of integrated communications services and mobile application	Naga DDB Sdn Bhd	(c)	7
Provision of mobile application and digital production & creative services	Model.Com Sdn Bhd	(d)	2
Provision of event and project management services	Beyond Events Sdn Bhd	(e)	6

Notes:

- (a) A company in which Datuk Lee Fook Long and Lionel Koh Kok Peng are also directors. Datuk Lee Fook Long, being a substantial shareholder of the Company (vide his substantial interest in Monaxis Sdn. Bhd.), is also a substantial shareholder of Vizeum Media Services (M) Sdn Bhd.
- (b) A company in which Datuk Lee Fook Long, a director and substantial shareholder of the Company vide his substantial interest in Monaxis Sdn. Bhd.), is a director and major shareholder.
- (c) A company in which Datuk Lee Fook Long, a director and substantial shareholder of the Company vide his substantial interest in Monaxis Sdn. Bhd.), is a director and shareholder and Mr Lionel Koh Kok Peng, a director of the Company is a key management staff.
- (d) A company in which Mr Lionel Koh Kok Peng, a director of the Company, is a director and shareholder.
- (e) A company in which Datuk Lee Fook Long, a director and substantial shareholder of the Company vide his substantial interest in Monaxis Sdn. Bhd.), is a director and shareholder.

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

1. Performance Review

For the year the Group generated a revenue of RM15.092 million, which represents an increase of RM1.353 million as compared to RM13.739 million achieved last year. The Group recorded a loss after tax of RM0.572 million as compared to RM1.398 million loss recorded in FY2010. The Group generated a revenue of RM3.704 million for the current quarter, which represents an increase of RM0.141 million as compared to RM3.563 million recorded in the corresponding quarter of the preceding year. Despite achieving higher revenue in the current quarter, the Group recorded a loss before tax of RM0.393 million for the current quarter due to lower margin from the external Content Provider Aggregation Platforms and bulk SMS services. The higher loss of the corresponding quarter of the preceding year was the result of impairment on investment in an associate amounting to RM1.42 million and write-off of amount owing by an associate of RM0.13 million.

2. Variation of Results against Preceding Quarter

	Q4 2011 RM'000	Q3 2011 RM'000
Revenue	3,704	3,534
Loss before taxation	(393)	(228)

The revenue of the Group for the current quarter under review increased by 4.8% to RM3.704 million as compared to the previous quarter. The Group recorded a loss before tax of RM0.393 million for the current quarter under review as compared to a loss before tax of RM0.228 million in the previous quarter was due to lower margin from the external Content Provider Aggregation Platforms and bulk SMS services.

3. Prospects

During the first six months of 2011, household penetration of broadband grew to 60.1% while mobile subscription grew from 119.2% to 123.5%, according to MCMC. A growth was also seen in the amount of time spent online, with digital consumption being a close second to TV at the end of 2010. Based on Nielsen AIS figures, monitored advertising expenditure on internet and mobile platforms is around 1% of total advertising expenditure as at middle of 2011. Total monitored advertising expenditure in 2010 was RM7.67 billion. This new media advertising expenditure is expected to continue to register double digit year-on-year growth in the coming years.

The Group has identified new media advertising as a key area of diversification and business focus and has since embarked on transforming and preparing the Group to move into this high growth business segment since middle of 2010. The recent launch of WOWLOUD, Malaysia's first ad-supported free legal music service and JOORS, world's first ad-supported free mobile broadband service in Sweden by the Group's associate company marks the first step in the commercialization progress of the Group's business diversification plans.

Once the full business transformation of the Group is completed, the Group expects that this new business segment will start bringing in meaningful revenue growth in the later part of 2012. However for the immediate term, there is expected to be downward pressure on revenue and increasing costs due to continued re-alignment of resources to the development of this new business segment and investment into its related promotional and marketing activities.

4. Profit Forecast and Profit Guarantee

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

5. Taxation

There is no taxation charge on certain business income of the Group as MNCW was accorded the Multimedia Super Corridor status, which qualifies for the Pioneer Status incentive under the Promotion of Investment (Amendment) Act, 1986. The tax exemption period is valid for five (5) years from 31 January 2009 to 30 January 2014.

6. Unquoted Securities

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

7. Quoted Securities

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

8. Status of Corporate Proposals

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

9. Group Borrowings and Debt Securities

The Group borrowings as at 31 December 2011:-

<u>Secured borrowings</u>	<u>RM'000</u>
Non-current	416

10. Off Balance Sheet Financial Instruments

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

11. Changes in Material Litigation

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

12. Dividend Payable

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

13. Earning per Share

	Current Year Quarter 31.12.2011	Preceding Year Corresponding Quarter 31.12.2010	Current Year To Date 31.12.2011	Preceding Year To Date 31.12.2010
Basic earning per share				
Loss after taxation (RM'000)	(393)	(1,509)	(572)	(1,398)
Weighted average number of ordinary shares in issue ('000)	94,474	94,474	94,474	94,474
Basic loss per share (sen)	(0.42)	(1.60)	(0.61)	(1.48)

14. Realised and unrealised losses disclosure

	As at 31 Dec 2011 RM'000	As at 30 Sep 2011 RM'000
The accumulated loss of the Group :-		
- Realised	(1,428)	(1,035)
- Unrealised	-	-
Total Group accumulated losses as per consolidated accounts	<u>(1,428)</u>	<u>(1,035)</u>

15. 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 24 February 2012.