

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 SEPTEMBER 2013 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.9.2013 RM'000	Preceding Year Quarter 30.9.2012 RM'000	Current Year To Date 30.9.2013 RM'000	Preceding Year To Date 30.9.2012 RM'000
Revenue	3,879	3,303	9,078	10,451
Cost of sales	<u>(2,483)</u>	<u>(2,342)</u>	<u>(5,719)</u>	<u>(7,340)</u>
Gross profit	1,396	961	3,359	3,111
Operating expenses	(1,493)	(1,795)	(4,855)	(5,453)
Investment income	17	20	39	66
Finance expenses	<u>(35)</u>	<u>(16)</u>	<u>(88)</u>	<u>(36)</u>
Loss before taxation	(115)	(830)	(1,545)	(2,312)
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period	(115)	(830)	(1,545)	(2,312)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive expense for the period	<u>(115)</u>	<u>(830)</u>	<u>(1,545)</u>	<u>(2,312)</u>
Loss after taxation attributable to owners of the Company	<u>(115)</u>	<u>(830)</u>	<u>(1,545)</u>	<u>(2,312)</u>
Total comprehensive expenses attributable to owners of the Company	<u>(115)</u>	<u>(830)</u>	<u>(1,545)</u>	<u>(2,312)</u>
(Loss) per share				
(i) Basic (Sen)	(0.12)	(0.88)	(1.64)	(2.45)
(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 2012 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 30 SEPTEMBER 2013 (UNAUDITED)

	As At 30.9.2013 Unaudited	As At 31.12.2012 Audited
	RM'000	RM'000
Assets		
Non-Current Assets		
Other investment	41	41
Property and equipment	4,387	3,281
Product development expenditure	1,224	1,771
Intangible asset	255	332
	5,907	5,425
Current Assets		
Inventories held for resale	-	82
Trade receivables	3,322	2,319
Other receivables, deposits and prepayments	304	172
Tax refundable	4	13
Short term deposits with licensed banks	1,503	2,069
Cash and bank balances	977	1,050
	6,110	5,705
Total assets	12,017	11,130
Equity and liabilities		
Equity		
Share capital	9,447	9,447
Share premium	2,232	2,232
Accumulated losses	(6,828)	(5,283)
Total Equity	4,851	6,396
Current Liabilities		
Trade payables	3,660	2,787
Other payables and accruals	537	498
Term loans	125	-
	4,322	3,285
Non Current Liability		
Term loans	2,844	1,449
Total Liabilities	7,166	4,734
Total equity and liabilities	12,017	11,130
No. of ordinary shares ('000)	94,474	94,474
Net assets per ordinary share (sen)	5.13	6.77

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 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 SEPTEMBER 2013 (UNAUDITED)**

	<u>Share Capital</u> RM'000	<u>Share Premium</u> RM'000	<u>Accumulated Losses</u> RM'000	<u>Total</u> RM'000
Nine (9) months ended 30 September 2013				
As at 1 January 2013	9,447	2,232	(5,283)	6,396
Loss for the financial period	-	-	(1,545)	(1,545)
Other comprehensive income	-	-	-	-
Total comprehensive expenses for the period	-	-	(1,545)	(1,545)
As at 30 September 2013	<u>9,447</u>	<u>2,232</u>	<u>(6,828)</u>	<u>4,851</u>
Nine (9) months ended 30 September 2012				
As at 1 January 2012	9,447	2,232	(1,435)	10,244
Loss for the financial period	-	-	(2,312)	(2,312)
Other comprehensive income	-	-	-	-
Total comprehensive expenses for the period	-	-	(2,312)	(2,312)
As at 30 September 2012	<u>9,447</u>	<u>2,232</u>	<u>(3,747)</u>	<u>7,932</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 2012 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 SEPTEMBER 2013 (UNAUDITED)

	Curent Year To Date 30.9.2013 RM'000	Preceding Year To Date 30.9.2012 RM'000
Cash Flows (For)/From Operating Activities		
Loss before taxation	(1,545)	(2,312)
Adjustments for:-		
Non-cash items	920	1,693
Interest expense	88	36
Non-operating items	(39)	(66)
Operating loss before working capital changes	<u>(576)</u>	<u>(649)</u>
Decrease in inventories	82	(89)
(Increase)/Decrease in trade and other receivables	(1,135)	620
Increase in trade and other payables	912	422
Net cash (for)/from operations	<u>(717)</u>	<u>304</u>
Interest paid	(88)	(36)
Tax refunded	9	-
Net cash (for)/from operating activities	<u>(796)</u>	<u>268</u>
Cash Flows (For)/From Investing Activities		
Purchase of property and equipment	(1,402)	(1,328)
Product development expenditure incurred	-	(1,715)
Interest received	39	66
Net cash for investing activities	<u>(1,363)</u>	<u>(2,977)</u>
Cash Flow From/(For) Financing Activities		
Drawdown of term loans	1,402	1,232
Net withdrawal/(repayment) of term loans	118	(275)
Net cash from financing activities	<u>1,520</u>	<u>957</u>
Net decrease in cash and cash equivalents	(639)	(1,752)
Cash and cash equivalents at beginning of the financial period	2,919	5,055
Cash and cash equivalents at end of the financial period	<u><u>2,280</u></u>	<u><u>3,303</u></u>
Represented By:		
Cash and bank balances	977	949
Short term deposits with licensed banks	1,503	2,554
	<u>2,480</u>	<u>3,503</u>
Less : Short term deposits pledged as security	(200)	(200)
	<u><u>2,280</u></u>	<u><u>3,303</u></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 2012 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE QUARTERLY REPORT –30 SEPTEMBER 2013

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 2012.

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 2012 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2013. 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 2012 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 2013:-

MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurements
MFRS 119 Employee Benefits (revised)
MFRS 127 Consolidated and Separate Financial Statements (revised)
MFRS 128 Investments in Associates and Joint Ventures (revised)
Amendments to First-time Adoption of MFRS - Government Loans MFRS 1
Amendments to Financial Instruments: Disclosures - Offsetting Financial Assets and MFRS 7
Financial Liabilities
Amendments to Consolidated Financial Statements: Transition Guidance MFRS 10
Amendments to Joint Arrangements: Transition Guidance MFRS 11
Amendments to Disclosure of Interests in Other Entities: Transition Guidance MFRS 12
Amendments to Presentation of Items of Other Comprehensive Income MFRS 101
Amendments to Annual Improvements 2009-2011 Cycle MFRSs
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements to MFRSs 2009 - 2011 Cycle

The Group has not adopted the following MFRSs, Amendments to MFRSs and IC Interpretation which wherein issued but not yet effective:

MFRS 9 Financial Instruments
Amendments to Mandatory Effective Date of MFRS 9 and Transition Disclosures MFRS 9
Amendments to Consolidated Financial Statements: Investment Entities MFRS 10
Amendments to Disclosure of Interests in Other Entities: Investment Entities MFRS 12
Amendments to Consolidated and Separate Financial Statements: Investment Entities MFRS 127
Amendments to Financial Instruments: Presentation - Offsetting Financial Assets and MFRS 132
Financial Liabilities

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 2012 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 September 2013 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	6,280	2,798	-	9,078
Inter-segment sales	-	5,255	(5,255)	-
	<u>6,280</u>	<u>8,053</u>	<u>(5,255)</u>	<u>9,078</u>
Results				
Loss before investment income and taxation				(1,484)
Investment income				39
Loss before taxation				<u>(1,545)</u>
Taxation				-
Loss for the period				<u>(1,545)</u>

9. Valuation of Property and Equipment

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

10. Subsequent Events

On 24 October 2013, the Group announced that MNC Wireless Berhad has on 24 October 2013 acquired 10,000,000 ordinary shares of RM0.10 each in Mexter Technology Berhad from the open market for a total purchase consideration of approximately RM1,200,000.00.

On 30 October 2013, the Group announced that MNC Wireless Berhad has commenced legal action against Ho Jo Hun and Yap Sheau Chiann in the Shah Alam High Court pertaining to the requisition by the latter for the convening of an Extraordinary General Meeting pursuant to Section 144 of the Companies Act, 1965.

Saved as disclosed above, there were no other 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 other than the following:-

	RM'000
Contracted but not provided for:-	
- purchase of property	184
	<hr/>

14. Significant Related Party Disclosures

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

Nature of Related Party Transactions	Transacting Related Parties	Note	Current
			To Date 30.9.2013 RM'000
Provision of mobile application and digital production & creative services	Rapp (M) Sdn. Bhd.	(a)	7
Provision of advertisement and promotion services	Vizeum Media Services (M) Sdn. Bhd.	(b)	5
Provision of integrated communications services	Naga DDB Sdn. Bhd.	(c)	31

Notes:

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

* Tan Sri Datuk Fook Long has ceased to be a director and major shareholder (via his substantial interest in Monaxis Sdn Bhd) of the Company effective from 25 July 2013.

** Lionel Koh Kok Peng has ceased to be a director of the Company effective from 25 October 2013.

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

1. Detailed Performance Analysis

	Q3 2013 RM'000	Q3 2012 RM'000
Revenue	3,879	3,303
Loss before taxation	(115)	(830)

The Group revenue for the current quarter review increased by RM0.576 million compared to the corresponding quarter of the preceding year. The increase in revenue was mainly due to increased revenues from the mobile application platform and Short Message Service (“SMS”) to mobile phone users. The Group loss before taxation decreased by RM0.715 million due to higher revenue achieved and decreases in others operating expenses such as staff costs, advertising and promotional expenses.

Performance of the respective business segments is analysed as follows:-

	Q3 2013 RM'000	Q3 2012 RM'000
Revenue:-		
- Mobile Application	2,927	2,276
- Wireless and multimedia related services	952	1,027
Loss before taxation		
- Mobile Application	(151)	(403)
- Wireless and multimedia related services	36	(427)

Mobile Application – The decrease in loss before tax was mainly due to the increase in revenue derived from the mobile application platform and SMS to mobile phone users as a result of continuous efforts by the Group through securing more subscribers.

Wireless and Multimedia Related Services – The profit before tax was mainly due to lower staff costs incurred.

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

	Q3 2013 RM'000	Q2 2013 RM'000
Revenue	3,879	2,573
Loss before taxation	(115)	(722)

The Group revenue for the current quarter under review increased by RM1.306 million as compared to the previous quarter was mainly due to increased revenues from the mobile application platform and SMS to mobile phone users.

Loss before taxation for the current quarter decreased by RM0.607 million to RM0.115 million as compared to loss before taxation of RM0.722 million generated in the previous quarter. The improvement of the results was mainly due to higher revenue generated during the period under review with the lower staff costs and advertising expenses incurred.

3. Prospects

For the current year prospect, the Group is expected to face a more competitive market with increased challenges within the mobile application and wireless related industry. To offset the impact, focus has been put on driving revenue growth through acquiring more mobile and digital application projects and through introducing new and improved mobile content services in order to improve the performance of its mobile content subscription business. The Group will also continue to seek out new partnership opportunities for its subscription based online music streaming service in order to monetize and contribute new revenue to the Group. Meanwhile, efforts to optimise its operational cost and efficiency through implementing stringent cost control will remain in place in order to remain competitive.

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 MNC Wireless Berhad 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. Status of Corporate Proposals

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

On 25 September 2013, RHB Investment Bank Berhad announced that the Company intends to undertake a proposed private placement of up to 10% of the issued and paid-up share capital of the Company ("Proposed Private Placement") and the proceeds from the private placement are intended for working capital.

The application pursuant to the above Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad ("Bursa") on 17 October 2013 and is currently pending the approval from Bursa.

7. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2013 are as follow:-

<u>Term loans – secured</u>	<u>RM'000</u>
Current	125
Non-current	2,844
	<u>2,969</u>

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. Loss per Share

	Current Year Quarter 30.9.2013	Preceding Year Corresponding Quarter 30.9.2012	Current Year To Date 30.9.2013	Preceding Year To Date 30.9.2012
Basic loss per share				
Loss after taxation (RM'000)	(115)	(830)	(1,545)	(2,312)
Weighted average number of ordinary shares in issue ('000)	94,474	94,474	94,474	94,474
Basic loss per share (sen)	(0.12)	(0.88)	(1.64)	(2.45)

11. Notes to the comprehensive income statement

	Current Year Quarter 30.9.2013 RM'000	Current Year To Date 30.9.2013 RM'000
Interest income	(17)	(39)
Interest expense	35	88
Depreciation and amortisation	301	920
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
(Gain)/loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or loss	-	-
(Gain)/loss on derivatives	-	-

12. Realised and unrealized losses disclosure

	As at 30Sep 2013 RM'000	As at 30 Sep 2012 RM'000
The accumulated loss of MNC Wireless Berhad and its subsidiaries :-		
- Realised	(6,828)	(3,747)
- Unrealised	-	-
Total Group accumulated losses as per consolidated accounts	<u>(6,828)</u>	<u>(3,747)</u>

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 14 November 2013.