

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 2014 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.9.2014 RM'000	Preceding Year Quarter 30.9.2013 RM'000	Current Year To Date 30.9.2014 RM'000	Preceding Year To Date 30.9.2013 RM'000
Revenue	5,461	3,879	12,230	9,078
Cost of sales	<u>(4,021)</u>	<u>(2,483)</u>	<u>(8,814)</u>	<u>(5,719)</u>
Gross profit	1,440	1,396	3,416	3,359
Operating expenses	(1,326)	(1,493)	(3,610)	(4,855)
Investment income	4	17	8	39
Finance expenses	<u>(37)</u>	<u>(35)</u>	<u>(109)</u>	<u>(88)</u>
Profit/(Loss) before taxation	81	(115)	(295)	(1,545)
Taxation	<u>(5)</u>	<u>-</u>	<u>(3)</u>	<u>-</u>
Profit/(Loss) for the period	76	(115)	(298)	(1,545)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive Income/(expense) for the period	<u>76</u>	<u>(115)</u>	<u>(298)</u>	<u>(1,545)</u>
Profit/(Loss) after taxation attributable to owners of the Company	<u>76</u>	<u>(115)</u>	<u>(298)</u>	<u>(1,545)</u>
Total comprehensive Income/(expense) attributable to owners of the Company	<u>76</u>	<u>(115)</u>	<u>(298)</u>	<u>(1,545)</u>
Profit/(Loss) per share				
(i) Basic (Sen)	0.08	(0.12)	(0.32)	(1.64)
(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 2013 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 2014 (UNAUDITED)

	As At 30.9.2014 Unaudited RM'000	As At 31.12.2013 Audited RM'000
Assets		
Non-Current Assets		
Other investment	281	941
Property and equipment	5,644	5,774
Product development expenditure	338	1,041
Intangible asset	153	230
	6,416	7,986
Current Assets		
Trade receivables	5,283	3,622
Other receivables, deposits and prepayments	350	408
Tax refundable	4	4
Short term deposits with licensed banks	3,009	269
Cash and bank balances	270	1,540
	8,916	5,843
Total assets	15,332	13,829
Equity and liabilities		
Equity		
Share capital	9,447	9,447
Share premium	2,232	2,232
Revaluation reserve	1,031	1,039
Accumulated losses	(7,207)	(6,917)
Total Equity	5,503	5,801
Current Liabilities		
Trade payables	5,722	3,952
Other payables and accruals	637	552
Term loans	150	150
	6,509	4,654
Non Current Liability		
Term loans	2,976	3,028
Deferred taxation	344	346
Total Liabilities	9,829	8,028
Total equity and liabilities	15,332	13,829
No. of ordinary shares ('000)	94,474	94,474
Net assets per ordinary share (sen)	5.82	6.14

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 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 2014 (UNAUDITED)

	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Total RM'000
Nine (9) months ended 30 September 2014					
As at 1 January 2014	9,447	2,232	1,039	(6,917)	5,801
Loss for the financial period	-	-	-	(298)	(298)
Other comprehensive income	-	-	-	-	-
Total comprehensive expenses for the period	-	-	-	(298)	(298)
Realisation of revaluation reserve			(8)	8	-
As at 30 September 2014	<u>9,447</u>	<u>2,232</u>	<u>1,031</u>	<u>(7,207)</u>	<u>5,503</u>
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>-</u>	<u>(6,828)</u>	<u>4,851</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 2013 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 2014 (UNAUDITED)

	Curent Year To Date 30.9.2014 RM'000	Preceding Year To Date 30.9.2013 RM'000
Cash Flows From/(For) Operating Activities		
Loss before taxation	(295)	(1,545)
Adjustments for:-		
Non-cash items	930	920
Interest expense	109	88
Non-operating items	(395)	(39)
Operating Profit/(loss) before working capital changes	349	(576)
Decrease in inventories	-	82
(Increase)/Decrease in trade and other receivables	(1,603)	(1,135)
Increase in trade and other payables	1,855	912
Net cash from/(for) operations	601	(717)
Interest paid	(109)	(88)
Tax (paid)/refunded	(3)	9
Net cash from/(for) operating activities	489	(796)
Cash Flows From/(For) Investing Activities		
Purchase of property and equipment	(109)	(1,402)
Proceeds from disposal of quoted shares	1,047	-
Interest received	95	39
Net cash from/(for) investing activities	1,033	(1,363)
Cash Flow (For)/From Financing Activities		
Drawdown of term loans	-	1,402
Net withdrawal/(repayment) of term loans	(52)	118
Net cash from financing activities	(52)	1,520
Net increase/(decrease) in cash and cash equivalents	1,470	(639)
Cash and cash equivalents at beginning of the financial period	1,609	2,919
Cash and cash equivalents at end of the financial period	3,079	2,280
Represented By:		
Cash and bank balances	270	977
Short term deposits with licensed banks	3,009	1,503
	3,279	2,480
Less : Short term deposits pledged as security	(200)	(200)
	3,079	2,280

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE QUARTERLY REPORT –30 SEPTEMBER 2014

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 2013.

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 2013 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2014. 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 2013 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 2014:-

MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

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

MFRSs and IC Interpretations (Including The Consequential Amendments)

Effective Date

MFRS 9 (2009) Financial Instruments

MFRS 9 (2010) Financial Instruments

MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)

Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures

To be
announced
by MASB

Amendments to MFRS 119: Defined Benefits Plans - Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Company's operations except as follows:-

MFRS 9 (2009), MFRS 9 (2010) & Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures

MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. There will be no financial impacts on the financial statements of the Group upon its initial application but may impact its future disclosure.

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 2013 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

Except for the effect of the gain on the disposal of quoted investment that amounted to RM87,260, there were no other 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 2014 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	9,329	2,901	-	12,230
Inter-segment sales	-	3,727	(3,727)	-
	<u>9,329</u>	<u>6,628</u>	<u>(3,727)</u>	<u>12,230</u>
Results				
Loss before investment income and taxation				(303)
Investment income				<u>8</u>
Loss before taxation				<u>(295)</u>
Taxation				<u>(3)</u>
Loss for the year				<u>(298)</u>

9. Valuation of Property and Equipment

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

10. 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.

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

	Q3 2014 RM'000	Q3 2013 RM'000
Revenue	5,461	3,879
Profit/(Loss) before taxation	81	(115)

The Group revenue for the current quarter under review increased by RM1.582 million compared to the corresponding quarter of the preceding year. The increase in revenue was mainly due to the better performance in both the mobile application platform and Short Message Service (“SMS”) to mobile phone users. The Group registered a profit of RM81,000 in the current quarter after taking in the gain from disposal of quoted investment of RM87,260. Thus, the Group is close to breakeven in its operations in the quarter under review with the improvement in the revenue growth while keeping cost under control.

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

	Q3 2014 RM'000	Q3 2013 RM'000
Revenue:-		
- Mobile Application	4,373	2,927
- Wireless and multimedia related services	1,088	952
Profit/(Loss) before taxation		
- Mobile Application	(26)	(151)
- Wireless and multimedia related services	20	36
- Gain on disposal of investment	87	-

Mobile Application – The segment showed a marked improvement in performance mainly due to the increase in revenue derived from the mobile application platform and Short Message Service (“SMS”) to mobile phone users.

Wireless and Multimedia Related Services – This segment maintained its profitability albeit at lower level due to higher charges imposed by telecommunication service providers during the quarter.

2. Current Quarter Results compared to the results of the Preceding Quarter

	Q3 2014 RM'000	Q2 2014 RM'000
Revenue	5,461	3,916
Profit/(Loss) before taxation	81	(83)

The Group revenue for the current quarter under review increased by RM1.545 million as compared to the previous quarter.

A profit before taxation of RM81,000 was achieved for the current quarter under review as compared to a loss before taxation of RM83,000 incurred in the previous quarter.

3. Prospects

Similar to previous quarters, the prospect of the Group in the quarters ahead continues to be challenging with increased competition within the mobile application and wireless related industry. To mitigate the effect, the Group has taken steps to streamline its operations and implemented various cost monitoring strategies to reduce operational costs across all its division. In addition, the Group will continue to focus on intensifying its business development efforts through more active

client acquisition for its mobile and digital application business as well as continuing to introduce new mobile content services for its mobile content subscription business.

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	
	Q3 2014 RM'000	Q3 2013 RM'000	Q3 2014 RM'000	Q3 2013 RM'000
Current year tax	-	-	-	-
Prior year tax	(6)	-	(6)	-
Deferred tax	1	-	3	-
Tax expense	(5)	-	(3)	-

The prior year tax is in respect of tax paid on interest earned on fixed deposit placed with licensed banks

The deferred tax liabilities are attributable to revaluation of office buildings.

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 except:-

The Group disposed of 8.0 million shares of its investment in quoted shares for a net consideration of RM1.047 million. The book value of this investment as at 30 June 2014 was RM0.960 million. Thus, this exercise generated a gain of RM87,260 as reported in the current quarter under review.

8. 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.

9. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2014 are as follow:-

<u>Term loans – secured</u>	<u>RM'000</u>
Current	150
Non-current	<u>2,976</u>
	<u>3,126</u>

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. Loss per Share

	Current Year Quarter 30.9.2014	Preceding Year Corresponding Quarter 30.9.2013	Current Year To Date 30.9.2014	Preceding Year To Date 30.9.2013
Basic loss per share				
Profit/(Loss) after taxation (RM'000)	76	(115)	(298)	(1,545)
Weighted average number of ordinary shares in issue ('000)	94,474	94,474	94,474	94,474
Basic profit/(loss) per share (sen)	0.08	(0.12)	(0.32)	(1.64)

14. Loss Before Taxation

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

	Current Year Quarter 30.09.2014 RM'000	Current Year To Date 30.09.2014 RM'000
Interest income	(4)	(8)
Interest expense	37	109
Depreciation and amortisation	438	1,049
Loss on disposal of fixed assets	-	30
Provision for Directors fee	72	216
Provision for and write off of receivables	67	147
Gain on disposal of quoted investment	(87)	(87)
Reversal of allowance for impairment of quoted shares	-	(300)

15. Realised and unrealized losses disclosure

	As at 30 Sep 2014 RM'000	As at 30 Sep 2013 RM'000
The accumulated loss of MNC Wireless Berhad and its subsidiaries :-		
- Realised	(7,207)	(6,828)
- Unrealised	-	-
Total Group accumulated losses as per consolidated accounts	<u>(7,207)</u>	<u>(6,828)</u>

16. 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 19 November 2014.