

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 YEAR ENDED 31 DECEMBER 2014 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2014 RM'000	Preceding Year Quarter 31.12.2013 RM'000	Current Year To Date 31.12.2014 RM'000	Preceding Year To Date 31.12.2013 RM'000
Revenue	6,466	3,979	18,696	13,057
Cost of sales	<u>(5,019)</u>	<u>(2,156)</u>	<u>(13,833)</u>	<u>(7,875)</u>
Gross profit	1,447	1,823	4,863	5,182
Operating expenses	(1,807)	(1,888)	(5,418)	(6,746)
Other operating income	352	11	360	53
Finance expenses	<u>(36)</u>	<u>(35)</u>	<u>(145)</u>	<u>(123)</u>
Loss before taxation	(44)	(89)	(340)	(1,634)
Taxation	<u>(2)</u>	<u>-</u>	<u>(5)</u>	<u>-</u>
Loss for the period	(46)	(89)	(345)	(1,634)
Other comprehensive (expense)/income	<u>(20)</u>	<u>1,039</u>	<u>(20)</u>	<u>1,039</u>
Total comprehensive (expense)/income for the period	<u>(66)</u>	<u>950</u>	<u>(365)</u>	<u>(595)</u>
Loss after taxation attributable to owners of the Company	<u>(46)</u>	<u>(89)</u>	<u>(345)</u>	<u>(1,634)</u>
Total comprehensive (expense)/income attributable to owners of the Company	<u>(66)</u>	<u>950</u>	<u>(365)</u>	<u>(595)</u>
(Loss) per share				
(i) Basic (Sen)	(0.05)	(0.09)	(0.37)	(1.73)
(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)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (UNAUDITED)

	As At 31.12.2014 Unaudited RM'000	As At 31.12.2013 Audited RM'000
Assets		
Non-Current Assets		
Other investment	201	941
Property and equipment	5,586	5,774
Product development expenditure	-	1,041
Intangible asset	-	230
	5,787	7,986
Current Assets		
Inventories held for resale	-	-
Trade receivables	4,742	3,622
Other receivables, deposits and prepayments	302	408
Tax refundable	1	4
Short term deposits with licensed banks	271	269
Cash and bank balances	4,793	1,540
	10,109	5,843
Total assets	15,896	13,829
Equity and liabilities		
Equity		
Share capital	9,447	9,447
Share premium	2,232	2,232
Revaluation reserve	1,028	1,039
Fair value reserve	(20)	-
Accumulated losses	(7,251)	(6,917)
Total Equity	5,436	5,801
Current Liabilities		
Trade payables	6,285	3,952
Other payables and accruals	748	552
Term loans	150	150
	7,183	4,654
Non Current Liability		
Term loans	2,934	3,028
Deferred taxation	343	346
Total Liabilities	10,460	8,028
Total equity and liabilities	15,896	13,829
No. of ordinary shares ('000)	94,474	94,474
Net assets per ordinary share (sen)	5.75	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
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (UNAUDITED)**

	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Fair Value Reserve RM'000	Accumulated Losses RM'000	Total RM'000
Twelve (12) months ended 31 December 2014						
As at 1 January 2014	9,447	2,232	1,039	-	(6,917)	5,801
Loss for the financial year	-	-	-	-	(345)	(345)
Other comprehensive expense - Fair value changes of available-for-sale financial assets	-	-	-	(20)	-	(20)
Total comprehensive income/(expense) for the year	-	-	-	(20)	(345)	(365)
Realisation of revaluation reserve	-	-	(11)	-	11	-
As at 31 December 2014	<u>9,447</u>	<u>2,232</u>	<u>1,028</u>	<u>(20)</u>	<u>(7,251)</u>	<u>5,436</u>
Twelve (12) months ended 31 December 2013						
As at 1 January 2013	9,447	2,232	-	-	(5,283)	6,396
Loss for the financial year	-	-	-	-	(1,634)	(1,634)
Other comprehensive income	-	-	1,039	1,039	-	2,078
Total comprehensive income/(expense) for the year	-	-	1,039	1,039	(1,634)	444
As at 31 December 2013	<u>9,447</u>	<u>2,232</u>	<u>1,039</u>	<u>1,039</u>	<u>(6,917)</u>	<u>6,840</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)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (UNAUDITED)**

	Curent Year To Date 31.12.2014 RM'000	Preceding Year To Date 31.12.2013 RM'000
Cash Flows From/(For) Operating Activities		
Loss before taxation	(340)	(1,634)
Adjustments for:-		
Non-cash items	1,780	1,617
Interest expense	145	123
Non-operating items	(342)	(50)
Operating profit before working capital changes	<u>1,243</u>	<u>56</u>
Decrease in inventories	-	82
Increase in trade and other receivables	(1,161)	(1,639)
Increase in trade and other payables	2,529	1,218
Net cash from/(for) operations	<u>2,611</u>	<u>(283)</u>
Interest paid	(145)	(122)
Tax paid	(5)	8
Net cash from/(for) operating activities	<u>2,461</u>	<u>(397)</u>
Cash Flows (For)/From Investing Activities		
Purchase of property and equipment	(174)	(1,493)
Purchase of quoted shares	-	(1,200)
Proceed from disposal of quoted shares	1,047	-
Proceed from disposal of property and equipment	1	-
Interest received	14	50
Net cash from/(for) investing activities	<u>888</u>	<u>(2,643)</u>
Cash Flow From/(For) Financing Activities		
Drawdown of term loans	-	1,785
Repayment of term loans	(94)	(55)
Net cash (for)/from financing activities	<u>(94)</u>	<u>1,730</u>
Net increase/(decrease) in cash and cash equivalents	3,255	(1,310)
Cash and cash equivalents at beginning of the financial year	1,609	2,919
Cash and cash equivalents at end of the financial year	<u><u>4,864</u></u>	<u><u>1,609</u></u>
Represented By:		
Cash and bank balances	4,793	1,540
Short term deposits with licensed banks	271	269
	<u>5,064</u>	<u>1,809</u>
Less : Short term deposits pledged as security	(200)	(200)
	<u><u>4,864</u></u>	<u><u>1,609</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE QUARTERLY REPORT –31 DECEMBER 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 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2017
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016

MFRSs and IC Interpretations (Including The Consequential Amendments) (Cont'd)	Effective Date
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): 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 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

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

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

MFRS 9 (IFRS 9 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. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9.

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

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 year ended 31 December 2014 based on segment activities are as follows:-

	Wireless/ Mobile Applications RM'000	Digital And Multimedia Related Services RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External sales	14,841	3,855	-	18,696
Inter-segment sales	-	5,217	(5,217)	-
	<u>14,841</u>	<u>9,072</u>	<u>(5,217)</u>	<u>18,696</u>
Results				
Loss before investment income and taxation				(354)
Investment income				<u>14</u>
Loss before taxation				<u>(340)</u>
Taxation				<u>(5)</u>
Loss for the year				<u><u>(345)</u></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 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.

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

1. Detailed Performance Analysis

	Q4 2014 RM'000	Q4 2013 RM'000
Revenue	6,466	3,979
Loss before taxation	(44)	(89)

The Group revenue for the current quarter review increased by RM2.487 million compared to the corresponding quarter of the preceding year. The increase in revenue was mainly due to increased revenues from the wireless/mobile application platform.

Notwithstanding a higher revenue, gross profits during the quarter under review was lower due to the higher composition of revenue derived from the mobile contents and bulk SMSes businesses. The performance of the respective business segments is analysed as follows:-

	Q4 2014 RM'000	Q4 2013 RM'000
Revenue:-		
- Wireless/Mobile Application	5,511	2,590
- Digital and multimedia related services	955	1,389
(Loss)/Profit before taxation		
- Wireless/Mobile Application	(58)	(729)
- Digital and multimedia related services	14	640

Wireless/Mobile Application – The lower loss before tax was mainly due to the substantial increases in revenue derived from the mobile application platform, namely mobile contents and SMSes to mobile phone users in the current quarter.

Digital and Multimedia Related Services – The decrease in profit before tax was mainly due to decrease in revenue during the current quarter under review, particularly from digital projects which inherently command higher profitability.

Notwithstanding the lower gross profits for the current quarter under review, the Group reported a lower loss before taxation of RM44,000 compared to a loss of RM89,000 in the previous year's quarter ended 31 December 2013. The lower loss is consistent with the efforts undertaken to lower the Group's operating expenses, particularly staff costs which have resulted in an overall leaner costs structure.

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

	Q4 2014 RM'000	Q3 2014 RM'000
Revenue	6,466	5,461
Loss before taxation	(44)	81

The Group's revenue for the current quarter under review increased by RM1.005 million as compared to the preceding quarter. The higher revenue is mainly due to increased revenue from mobile application services.

Notwithstanding the higher revenue and lower operating costs, the Group incurred a loss before taxation of RM44,000 for the current quarter under review as compared to a profit before taxation of RM81,000 achieved in the previous quarter as the Group realised a gain of RM327,000 from the disposal of quoted investment in the 3rd quarter of 2014.

3. Prospects

The prospect of the Group for the current financial year remained challenging with keener competition amongst players in the mobile application and wireless related sector. The competitive environment may give rise to finer rates for both the value added contents and bulk SMSes businesses.

Recognising the importance of costs efficiency, the Group shall continue with its efforts to streamline operations and implement various monitoring measures to optimize operational efficiency across all business divisions. In addition, the Group will continue to focus on intensifying its business development efforts for its mobile and digital business through more active client acquisition. The Group will also explore collaborative arrangements to further monetise 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	
	Q4 2014 RM'000	Q4 2013 RM'000	Q4 2014 RM'000	Q4 2013 RM'000
Current year tax	(4)	-	(4)	-
Prior year tax	2	-	(4)	-
Deferred tax	-	-	3	-
Tax expense	(2)	-	(5)	-

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

The deferred tax assets are attributable to reversal of deferred tax liability arising from revaluation reserve.

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

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

On 20 November 2013, RHB Investment Bank Berhad on behalf of the Company announced that the Company has decided to abort the proposed private placement of up to 10% of the issued and paid-up share capital of the Company ("Proposed Private Placement") after taking into consideration its current funding requirements and hence withdraw the listing application for the Proposed Private Placement from Bursa Malaysia Securities Berhad.

9. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2014 are as follow:-

<u>Term loans – secured</u>	<u>RM'000</u>
Current	150
Non-current	<u>2,934</u>
	<u>3,084</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 31.12.2014	Preceding Year Corresponding Quarter 31.12.2013	Current Year To Date 31.12.2014	Preceding Year To Date 31.12.2013
Basic loss per share				
Loss after taxation (RM'000)	(46)	(89)	(345)	(1,634)
Weighted average number of ordinary shares in issue '000)	94,474	94,474	94,474	94,474
Basic loss per share (sen)	(0.05)	(0.09)	(0.37)	(1.73)

14. Loss Before Taxation

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

	Current Year Quarter 31.12.2014 RM'000	Current Year To Date 31.12.2014 RM'000
Interest income	(6)	(14)
Interest expense	36	145
Depreciation of equipment	57	326
Fixed assets written off	36	36
Allowance for impairment loss on receivables	63	63
Bad debts written off	84	84
Intangible asset written off/amortisation	153	230
PDE written off/amortisation	338	1,041
Gain on disposal of quoted investment	-	(327)
Gain on disposal of equipment	(31)	(1)

15. Realised and unrealized losses disclosure

	As at 31 Dec 2014 RM'000	As at 31 Dec 2013 RM'000
The accumulated loss of MNC Wireless Berhad and its subsidiaries :-		
- Realised	(7,251)	(6,917)
- Unrealised	-	-
Total Group accumulated losses as per consolidated accounts	<u>(7,251)</u>	<u>(6,917)</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 26 February 2015.

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