

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 31 DECEMBER 2015 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2015 RM'000	Preceding Year Quarter 31.12.2014 RM'000	Current Year To Date 31.12.2015 RM'000	Preceding Year To Date 31.12.2014 RM'000
Revenue	4,773	6,466	20,258	18,696
Cost of sales	<u>(3,201)</u>	<u>(5,019)</u>	<u>(14,486)</u>	<u>(13,833)</u>
Gross profit	1,572	1,447	5,772	4,863
Operating expenses	(962)	(1,807)	(4,038)	(5,417)
Other operating income	76	352	216	360
Finance expenses	<u>(26)</u>	<u>(36)</u>	<u>(91)</u>	<u>(145)</u>
Profit/(Loss) before taxation	660	(44)	1,859	(339)
Taxation	<u>(1,940)</u>	<u>(2)</u>	<u>(2,272)</u>	<u>(5)</u>
Loss for the period	(1,280)	(46)	(413)	(344)
Other comprehensive income/(expense)	<u>-</u>	<u>(20)</u>	<u>(11)</u>	<u>(20)</u>
Total comprehensive expense for the period	<u>(1,280)</u>	<u>(66)</u>	<u>(424)</u>	<u>(364)</u>
Loss after taxation attributable to owners of the Company	<u>(1,280)</u>	<u>(46)</u>	<u>(413)</u>	<u>(344)</u>
Total comprehensive expense attributable to owners of the Company	<u>(1,280)</u>	<u>(66)</u>	<u>(424)</u>	<u>(364)</u>
Loss per share				
(i) Basic (Sen)	(1.35)	(0.05)	(0.44)	(0.36)
(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 2014 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 2015 (UNAUDITED)

	As At 31.12.2015 Unaudited RM'000	As At 31.12.2014 Audited RM'000
Assets		
Non-Current Assets		
Other investment	118	201
Motor vehicle	390	-
Property and equipment	5,631	5,586
	6,139	5,787
Current Assets		
Trade receivables	2,099	4,741
Other receivables, deposits and prepayments	337	302
Tax Recoverable	-	1
Fixed deposits with a licensed bank	286	271
Cash and bank balances	2,297	4,793
	5,019	10,108
Total Assets	11,158	15,895
Equity and Liabilities		
Equity		
Share capital	9,447	9,447
Share premium	2,231	2,231
Revaluation reserve	1,017	1,028
Fair value reserve	(31)	(20)
Accumulated losses	(7,652)	(7,250)
Total Equity	5,012	5,436
Current Liabilities		
Trade payables	1,234	6,285
Other payables and accruals	1,642	748
Term loans	150	150
	3,026	7,183
Non-Current Liabilities		
Term loans	2,781	2,934
Deferred taxation	339	342
Total Liabilities	6,146	10,459
Total Equity and Liabilities	11,158	15,895
No. of ordinary shares ('000)	94,474	94,474
Net assets per ordinary share (sen)	5.31	5.75

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 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 PERIOD ENDED 31 DECEMBER 2015 (UNAUDITED)**

	← Attributable to Owners of the Company →					Total
	Share Capital	Non-distributable		Fair Value Reserve	Accumulated Losses	
	RM'000	Share Premium RM'000	Revaluation Reserve RM'000	RM'000	RM'000	RM'000
Twelve (12) months ended 31 December 2015						
As at 1 January 2015	9,447	2,231	1,028	(20)	(7,250)	5,436
Loss for the financial period	-	-	-	-	(413)	(413)
Other comprehensive income - Fair value changes of available-for-sale financial assets	-	-	-	(11)	-	(11)
Total comprehensive expense for the year	-	-	-	(11)	(413)	(424)
Realisation of revaluation reserve	-	-	(11)	-	11	-
As at 31 December 2015	<u>9,447</u>	<u>2,231</u>	<u>1,017</u>	<u>(31)</u>	<u>(7,652)</u>	<u>5,012</u>
Twelve (12) months ended 31 December 2014						
As at 1 January 2014	9,447	2,231	1,039	-	(6,917)	5,800
Loss for the financial period	-	-	-	-	(344)	(344)
Other comprehensive income	-	-	-	(20)	-	(20)
Total comprehensive expenses for the period	-	-	-	(20)	(344)	(364)
Realisation of revaluation reserve	-	-	(11)	-	11	-
As at 31 December 2014	<u>9,447</u>	<u>2,231</u>	<u>1,028</u>	<u>(20)</u>	<u>(7,250)</u>	<u>5,436</u>

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

M N C WIRELESS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015 (UNAUDITED)

	Curent Year To Date 31.12.2015 RM'000	Preceding Year To Date 31.12.2014 RM'000
Cash Flows (For)/From Operating Activities		
Profit/(Loss) before taxation	1,859	(339)
Adjustments for:-		
Non-cash items	241	1,778
Interest expense	91	145
Interest income	(28)	(21)
Non-operating items	(58)	(327)
Operating profit before working capital changes	<u>2,105</u>	<u>1,236</u>
Decrease/(Increase) in trade and other receivables	(190)	(1,154)
(Decrease)/Increase in trade and other payables	<u>(2,744)</u>	<u>2,529</u>
Net cash (for)/from operations	<u>(829)</u>	<u>2,611</u>
Interest paid	(91)	(144)
Tax paid	<u>(890)</u>	<u>(6)</u>
Net cash (for)/from operating activities	<u>(1,810)</u>	<u>2,461</u>
Cash Flows (For)/From Investing Activities		
Purchase of property and equipment	(676)	(174)
Proceed from disposal of quoted shares	131	1,047
Interest received	28	15
Net cash (for)/from investing activities	<u>(517)</u>	<u>888</u>
Cash Flows (For)/From Financing Activities		
Net repayment of term loans	<u>(154)</u>	<u>(94)</u>
Net cash for financing activities	<u>(154)</u>	<u>(94)</u>
(Decrease)/Increase in cash and cash equivalents	(2,481)	3,255
Cash and cash equivalents at beginning of the financial period	4,864	1,609
Cash and cash equivalents at end of the financial period	<u><u>2,383</u></u>	<u><u>4,864</u></u>
Represented By:		
Cash and bank balances	2,297	4,793
Short term deposits with licensed banks	286	271
	<u>2,583</u>	<u>5,064</u>
Less : Short term deposits pledged as security	<u>(200)</u>	<u>(200)</u>
	<u><u>2,383</u></u>	<u><u>4,864</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

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 2014.

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 2014 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2015. 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 2014 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 2015:-

MFRSs (Including The Consequential Amendments)

Amendments to MFRS 119: Defined Benefit 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 Group has not adopted the following MFRSs and Amendments to MFRSs which were issued but not yet effective:

MFRSs (Including The Consequential Amendments)

	Effective Date
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

MFRSs (Including The Consequential Amendments) (Cont'd)	Effective Date
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: 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 127 : Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

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 2014 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 31 December 2015 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	16,105	4,153	-	20,258
	<u>16,105</u>	<u>4,153</u>	<u>-</u>	<u>20,258</u>
Results				
Profit before investment income and taxation				1,887
Investment income				28
Profit before taxation				<u>1,859</u>
Taxation				<u>(2,272)</u>
Loss for the period				<u>(413)</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.

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

1. Detailed Performance Analysis

	Q4 2015 RM'000	Q4 2014 RM'000
Revenue	4,773	6,466
Profit before taxation	660	(44)

The Group revenue for the current quarter review decreased by RM1,693,000 compared to the corresponding quarter of the preceding year. The decrease in revenue was mainly due to lower contribution from volume of wireless/mobile contents and services provided by the Group as a result of reduction in consumer spending further to introduction of the Goods and Services Tax (GST) April 2015, compared to the corresponding quarter of the preceding year.

Having said that, the Group recorded a profit before tax of RM660,000 compared to a loss of RM44,000 in the same quarter of the preceding year. This increase is mainly due to overall lower distribution and administrative cost recorded by the Group for the current quarter and also amortization of Product Development Expenditure (PDE) and intangible assets, in the same quarter of the preceding year.

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

	Q4 2015 RM'000	Q4 2014 RM'000
Revenue:-		
- Wireless/Mobile Services	3,565	5,511
- Digital and multimedia related services	1,208	955
Profit/(Loss) before taxation		
- Wireless/Mobile Services	489	(58)
- Digital and multimedia related services	171	14

Wireless/Mobile Services – The Group recorded a higher profit compared to corresponding quarter of the preceding year, despite lower revenue, was due to better management of infrastructural cost, coupled with more effective advertising and lower administrative costs.

Digital and multimedia related services – The Group recorded a higher profit compared to the corresponding quarter of the preceding year. This was due to higher profit margin projects and lower administrative cost.

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

	Q4 2015 RM'000	Q3 2015 RM'000
Revenue	4,773	4,894
Profit before taxation	660	489

The Group registered higher profit before tax of RM660,000, an increase of RM171,000, compared to preceding quarter, despite slight decrease in revenue of RM121,000, was primarily due to improving profit margins across all business segments, namely Wireless/Mobile Services and Digital/Multimedia related services, coupled with lower overall operating expense.

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 the recent Memorandum of Understanding signing agreement with Petrowangsa Sdn Bhd, to offer the Group's product and services to customers in the Oil & Gas industry.

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 2015 RM'000	Q4 2014 RM'000	Q4 2015 RM'000	Q4 2014 RM'000
Current year tax	(426)	(4)	(570)	(3)
Prior year tax	(1,518)	2	(1,706)	(5)
Deferred tax	4	-	4	4
Tax expense	<u>(1,940)</u>	<u>(2)</u>	<u>(2,272)</u>	<u>(5)</u>

The prior year and current year tax paid is attributable to expiry of the 10-year Pioneer Status exemption, coupled with on-going auditing of prior year tax assessment by Inland Revenue Board.

Nevertheless, the Group's cash position with continuous improving profit margins of its proven track business segments remains healthy.

6. Status of Corporate Proposals

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

As of the date of the announcement, the Proposed Private Placement of up to 9,447,350 of new ordinary shares of RM0.10 each representing up to ten percent (10%) of the issued and paid-up share capital of the Company, which has been approved by Bursa Malaysia Securities Berhad ("Bursa") via its letter dated 24 June 2015 have not been issued yet pending the identification of investor(s) by the Board. Bursa had, vide its letter dated 11 December 2015, approved the Company's 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.

On 25 August 2015, Public Investment Bank Berhad ("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.

7. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2015 are as follow:-

<u>Term loans – secured</u>	<u>RM'000</u>
Current	150
Non-current	2,781
	<u>2,931</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 31.12.2015	Preceding Year Corresponding Quarter 31.12.2014	Current Year To Date 31.12.2015	Preceding Year To Date 31.12.2014
Basic loss per share				
Loss after taxation (RM'000)	(1,280)	(46)	(413)	(344)
Weighted average number of ordinary shares in issue ('000)	94,474	94,474	94,474	94,474
Basic loss per share (sen)	(1.35)	(0.05)	(0.44)	(0.36)

11. Profit/(Loss) Before Taxation

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

	Current Year Quarter 31.12.2015 RM'000	Current Year To Date 31.12.2015 RM'000
Interest income	(16)	(28)
Interest expense	26	91
Depreciation of equipment	67	241
Gain on disposal of quoted investment	-	(59)

12. Realised and unrealised losses disclosure

	As at 31 Dec 2015 RM'000	As at 31 Dec 2014 RM'000
The accumulated losses of MNC Wireless Berhad and its subsidiaries :-		
- Realised	(7,652)	(7,250)
- Unrealised	-	-
Total Group accumulated losses as per consolidated accounts	<u>(7,652)</u>	<u>(7,250)</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 25 February 2016.