

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 2017 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2017 RM'000	Preceding Year Quarter 31.12.2016 RM'000	Current Year To Date 31.12.2017 RM'000	Preceding Year To Date 31.12.2016 RM'000
Revenue	4,428	4,448	16,363	17,146
Cost of sales	(3,471)	(3,210)	(12,550)	(12,713)
Gross profit	957	1,238	3,813	4,433
Operating expenses	(1,719)	(1,086)	(5,033)	(4,076)
Other operating income	220	96	604	264
Finance expenses	(14)	(22)	(52)	(116)
(Loss)/Profit before taxation	(556)	226	(668)	505
Taxation	284	(258)	30	(192)
(Loss)/Profit for the period/year	(272)	(32)	(638)	313
Other comprehensive income	-	-	-	979
Total comprehensive loss/income for the period/year	(272)	(32)	(638)	1,292
(Loss)/Profit after taxation attributable to owners of the Company	(272)	(32)	(638)	313
Total comprehensive loss/income attributable to owners of the Company	(272)	(32)	(638)	1,292
Earnings Per Share				
(i) Basic (Sen)	(0.06)	(0.02)	(0.15)	0.23
(ii) Diluted (Sen)	(0.04)	(0.01)	(0.10)	0.10

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 2016 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 2017 (UNAUDITED)

	As At 31.12.2017 Unaudited RM'000	As At 31.12.2016 Audited RM'000
Assets		
Non-Current Assets		
Other investment	1,821	41
Property and equipment	8,552	7,063
	10,373	7,104
Current Assets		
Trade receivables	4,149	4,002
Other receivables, deposits and prepayments	4,591	6,043
Fixed deposits with a licensed bank	25,046	12,796
Cash and bank balances	2,385	10,941
	36,171	33,782
Total Assets	46,544	40,886
 Equity and Liabilities		
Equity		
Share capital	44,436	37,789
Share premium	-	-
ESOS reserve	185	-
Revaluation reserve	1,954	1,954
Warrant reserve	4,724	4,724
Accumulated losses	(11,017)	(10,380)
Total Equity	40,282	34,087
 Current Liabilities		
Trade payables	3,271	2,606
Other payables and accruals	422	772
Hire Purchase	133	-
Term loans	63	165
	3,889	3,543
 Non-Current Liabilities		
Term loans	882	2,604
Hire Purchase	827	-
Deferred taxation	664	652
Total Liabilities	6,262	6,799
Total Equity and Liabilities	46,544	40,886
No. of ordinary shares ('000)	429,688	377,894
Net assets per ordinary share (sen)	9.37	9.02

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (UNAUDITED)**

	Attributable to Owners of the Company							Total equity RM'000
	Share Capital RM'000	Share Premium RM'000	Non-distributable ESOS Reserve RM'000	Fair Value Reserve RM'000	Revaluation Reserve RM'000	Warrant Reserve RM'000	Accumulated Losses RM'000	
Twelve (12) months ended 31 December 2017 As at 1 January 2017	37,789	-	-	-	1,954	4,724	(10,380)	34,087
Issuance of share pursuant of ESOS	4,275	-	185	-	-	-	-	4,460
Issuance of share pursuant of private placement Loss after taxation	2,372	-	-	-	-	-	-	2,372
Other comprehensive income:	-	-	-	-	-	-	(638)	(638)
- Revaluation surplus	-	-	-	-	-	-	-	-
- Transfer to profit or loss upon disposal of available-for-sale financial assets	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	(638)	(638)
Realisation of revaluation reserve	-	-	-	-	-	-	-	-
As at 31 December 2017	44,436	-	185	-	1,954	4,724	(11,017)	40,282
Twelve (12) months ended 31 December 2016 As at 1 January 2016	9,447	2,231	-	(31)	1,017	-	(7,640)	5,024
Profit for the financial period	-	-	-	-	-	-	317	317
Other comprehensive income	-	-	-	-	949	-	-	949
- Revaluation of properties, net of tax	-	-	-	-	949	-	-	949
- Fair Value changes of available-for-sale financial assets	-	-	-	31	-	-	-	31
Total comprehensive income for the period	-	-	-	31	949	-	317	1,297
Realisation of revaluation reserve	-	-	-	-	(12)	-	-	(9)
Transaction with owners of the company recognised directly in equity Contribution by and distribution to owners of the company	28,342	-	-	-	-	-	-	28,342
- Issue of new ordinary share	-	(571)	-	-	-	-	-	(571)
- Expenses permitted to write off	-	(1,660)	-	-	-	-	-	7
- Provision for warrant reserve	-	-	-	-	-	4,724	(3,057)	-
Total contribution by and distributions to owners of company	28,342	(2,231)	-	-	-	4,724	(3,057)	27,778
As at 31 December 2016	37,789	-	-	-	1,954	4,724	(10,380)	34,087

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (UNAUDITED)**

	Curent Year To Date 31.12.2017 RM'000	Preceding Year To Date 31.12.2016 RM'000
Cash Flows from Operating Activities		
Loss before taxation	(668)	505
Adjustments for:-		
Non-cash items	826	241
Interest expenses	51	116
Interest income	(344)	(44)
(Gain)/Loss on disposal of motor vehicles	(42)	-
Non-operating items	-	100
Operating loss before working capital changes	<u>(177)</u>	<u>918</u>
(Increase)/Decrease in trade and other receivables	(94)	(4,672)
Increase/(Decrease) in trade and other payables	2,002	(2,151)
Net cash from/(for) operations	<u>1,731</u>	<u>(5,905)</u>
Tax paid	(304)	(608)
Tax refunded	25	-
Net cash from/(for) operating activities	<u>1,452</u>	<u>(6,513)</u>
Cash Flows From Investing Activities		
Interest received	344	44
Purchase of property and equipment	(1,089)	(29)
Purchase of quoted shares	(1,825)	-
Proceeds from disposal of quoted shares	-	159
Proceeds from disposal of motor vehicles	132	-
Investment in subsidiaries	(1,201)	-
Net cash (for)/from investing activities	<u>(3,639)</u>	<u>174</u>
Cash Flows From Financing Activities		
Interest paid	(51)	(116)
Proceeds from issuance of share capital pursuant private placement	2,372	-
Proceeds from issuance of share capital	1,201	27,771
Proceeds from issuance of share capital pursuant of ESOS	4,275	-
Repayment of term loans and hire purchase	(1,914)	(162)
Placement of fixed deposit pledged as securities	(100)	200
Net cash from financing activities	<u>5,783</u>	<u>27,693</u>
Increase in cash and cash equivalents	3,594	21,354
Cash and cash equivalents at beginning of the financial period	23,737	2,383
Cash and cash equivalents at end of the financial period	<u>27,331</u>	<u>23,737</u>
Represented By:		
Cash and bank balances	2,385	10,941
Short term deposits with licensed banks	25,046	12,796
	<u>27,431</u>	<u>23,737</u>
Less : Short term deposits pledged as securities	(100)	-
	<u>27,331</u>	<u>23,737</u>

NOTES TO THE QUARTERLY REPORT –31 DECEMBER 2017

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 2016.

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 2016 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2017. 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 2016 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 2017:-

MFRSs (Including The Consequential Amendments)

The Group has not applied in advance the following new MFRSs and amendments/improvements to MFRSs that have been issued by MASB but not yet effective for the current financial year:

MFRSs (Including The Consequential Amendments)	Effective Date
MFRS 9 - Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 - Revenue from Contracts with Customers	1 January 2018
MFRS 15 - Clarifications to MFRS 15	1 January 2018
MFRS 16 – Leases	1 January 2019
Annual improvements to MFRS Standards 2014 – 2016 Cycle	1 January 2018
Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 10 Consolidated Financial Statement and MFRS 128 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 4 applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018

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 2016** 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. Valuation of Property and Equipment

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

9. 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.

10. Changes in the Composition of the Group

There were no changes in the composition of the group during the current quarter under review

11. Contingent Assets and Contingent Liabilities

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

12. Commitments

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

13. 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. Financial review for Current Quarter and Cumulative Quarter

	Individual Period (4 th Quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Current Year to- Date	Preceding Year Corresponding Period	Changes (Amount)
	31.12.2017	31.12.2016		31.12.2017	31.12.2016	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	4,428	4,448	(20)	16,363	17,146	(783)
Operating (Loss)/Profit	(542)	248	(790)	(616)	621	(1,237)
(Loss)/Profit Before Interest and Tax	(542)	248	(790)	(616)	621	(1,237)
(Loss)/Profit Before Tax	(556)	226	(782)	(668)	505	(1,173)
(Loss)/Profit After Tax	(272)	(32)	(240)	(638)	313	(951)
(Loss)/Profit Attributable to Ordinary Equity Holder of the Company	(272)	(32)	(240)	(638)	313	(951)

	Q4 2017 RM'000	Q4 2016 RM'000
Revenue:-		
- Wireless/Mobile Services	3,256	2,175
- Digital and multimedia related services	1,172	2,273
Loss before taxation		
- Wireless/Mobile Services	(408)	111
- Digital and multimedia related services	(148)	115

The Group's revenue for the current quarter decreased, compared to the preceding year corresponding quarter, due to lower contribution from Digital and multimedia related services, as a result of a slowdown in local economic environment compared to the corresponding quarter of the preceding year.

The Group registered a loss before tax, compared to the preceding year corresponding quarter profit before tax, due to higher operating expenditure, higher customer acquisition cost and administrative cost, coupled with higher infrastructure cost.

2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Quarter 31.12.2017 RM'000	Immediate Preceding Quarter 30.09.2017 RM'000	Changes (Amount) RM'000
Revenue	4,428	4,106	322
Operating Loss	(542)	(13)	(529)
Loss Before Interest and Tax	(542)	(13)	(529)
Loss Before Tax	(556)	(29)	(527)
Loss After tax	(272)	(104)	(168)
Loss Attributable to the Owners of the Company	(272)	(104)	(168)

The Group registered a higher loss after tax compared to the immediate preceding quarter, due to higher operating expenses, higher customer acquisition costs and continuous systems enhancement.

3. Prospects

Market environment remains challenging, coupled with the general slowdown in the local economy, higher customer acquisition cost and 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 2015's Memorandum of Understanding signing agreement with Petrowangsa Sdn. Bhd, to offer the Group's product and services to customers in the Oil & Gas industry. There has been no further development on this.

The Group's ongoing development of bespoke technology platform solution with its business partners (both locally & overseas) remains, to further penetrate into respective markets.

The Group intends to utilise the rights issue proceeds to expand the wireless and mobile application service, multimedia related service and digital related service business segments. The proceeds has been partially utilised to acquire licenses, to support the TAC platform, purchase the advertising panels, which comprise of LCD HD Screen, set up marketing and IT-support office at Johor and Penang respectively and rent a shop lot for the branch office expansion.

Development of an inclusive e-commerce platform with integrated payment gateway solutions and end-to-end logistics support, through strategic business collaboration such as the recent Memorandum of Understanding signing agreement with M3 Technologies (Asia) Bhd, is ongoing.

Development of digital platforms to support Syarikat Perumahan Negara Berhad ("SPNB") Digital Transformation Roadmap is ongoing further to execution of the Subscription and Shareholders' Agreement ("SSA") with SPNB Dana Sdn. Bhd. on 24 October 2017 with the incorporation of SDMNC Sdn Bhd on 7 November 2017 to jointly assist and support SPNB Dana in its undertaking and development of the business of providing short-term loans for down-payments and/or differential sum for eligible homebuyers of housing developments developed by SPNB and its subsidiaries; and the subscription for up to 20,000,000 redeemable preference shares in SDMNC Sdn Bhd by MNC for a total cash consideration of RM20,000,000.

Development of an online platform for leasing and short term luxury rental services for 120 units of Marina Point, Malacca, further to recent Memorandum of Understanding signing agreement with Sanichi Property Sdn. Bhd, is ongoing.

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 2017 RM'000	Q4 2016 RM'000	Q4 2017 RM'000	Q4 2016 RM'000
Current year tax	(31)	(188)	(265)	121
Prior year tax	330	269	311	87
Deferred tax	(15)	(339)	(16)	(16)
Tax expense	284	(258)	30	192

6. Status of Corporate Proposals

- (a) Status of utilisation of proceeds raised from the multiple proposal pursuant to announcement that Rights Issue with Warrants has been completed on 11 November 2016, following the admission of the Warrants to the official list and the listing of and quotation for 283,420,500 Rights Shares together with 188,946,927 Warrants on the ACE Market of Bursa securities on 11 November 2016.

No	Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe For Utilisation	Deviation amount	Explanations (if the deviation is 5% or more)
1	Wireless and mobile application services expenses	2,000,000	-	Within twenty-four (24) months	-	-
2	Multimedia related service expenses - Infrastructure development expenditure	3,000,000	(2,947,317)	Within twenty-four (24) months	-	-
3	Digital related service expenses - Purchase of advertising display panels	8,000,000	-	Within twenty-four (24) months	-	-
*4	Branch Expansion	4,000,000	-	Within twenty-four (24) months	-	-
5	Repayment of bank borrowings	2,750,000	(2,750,000)	Within twelve (12) months	-	-
6	Working capital	8,021,011	(3,255,457)	Within twenty-four (24) months	-	-
7	Expenses for the Corporate Exercises	570,989	(570,989)	Within six (6) months	-	-
		28,342,000	(9,523,763)			

Note:

Unutilized proceeds are placed in interest bearing fixed deposit with licensed financial institutions(s) and short-term money market instruments.

Corporate exercise estimated expense surplus is adjusted accordingly to working capital.

*Proposed utilisation for Branch Expansion is extended by 12 months as the Company has yet to identify suitable marketing sales personnel and software programmers for the respective new branches.

7. Group Borrowings and Debt Securities

	As at 4 th quarter ended 31 December 2017		
	Non-current	Current	Total
	RM'000	RM'000	RM'000
Secured			
Term loan	882	63	945
Hire Purchases	827	133	960
Total	1,709	196	1,905
	As at 4 th quarter ended 31 December 2016		
	Non-current	Current	Total
	RM'000	RM'000	RM'000
Secured			
Term loan	2,604	165	2,769
Hire Purchases	-	-	-
Total	2,604	165	2,769

8. Trade Receivables

The Group's normal trade credit terms range from cash term to 90 days term (2016: cash terms to 90 days). Other credit terms are assessed and approved on a case by case basis. There are no trade receivables from related parties.

	As at 4 th quarter ended 31 December 2017				
	Current	1-3 months	3-6 months	More than 6 months	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Denominated in RM					
Trade receivables	2,139	1,353	358	299	4,149

9. Changes in Material Litigation

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

10. Dividend Payable

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

11. Off-balance sheet financial instruments

There was no financial instrument with off-balance sheet risk as at the date of this announcement.

12. Earnings/Loss Per Share

	Current Year Quarter 31.12.2017	Preceding Year Corresponding Quarter 31.12.2016	Current Year To Date 31.12.2017	Preceding Year To Date 31.12.2016
Basic Earnings Per share				
(Loss)/Profit after taxation (RM'000)	(272)	(32)	(638)	313
Weighted average number of ordinary shares in issue ('000)	429,688	136,404	429,688	136,404
Basic Earnings per share (sen)	(0.06)	(0.02)	(0.15)	0.23

**13. Basic Diluted Earnings
Per Share**

	Current Year Quarter 31.12.2017	Preceding Year Corresponding Quarter 31.12.2016	Current Year To Date 31.12.2017	Preceding Year To Date 31.12.2016
Basic Diluted Per share				
(Loss)/Profit after taxation (RM'000)	(272)	(32)	(638)	313
Weighted average number of ordinary shares in issue ('000)	618,634	325,351	618,634	325,351
Basic Diluted Earnings per share (sen)	(0.04)	(0.01)	(0.10)	0.10

14. Loss Before Taxation

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

	Current Year Quarter 31.12.2017 RM'000	Current Year To Date 31.12.2017 RM'000
Interest income	(139)	(344)
Interest expense	14	51
Depreciation of equipment	164	560
Equity share based payment	185	185
Impairment loss on investment in quoted share	45	45
Loss on disposal of quoted share	180	180
Reversal of impairment loss on receivables	-	(75)
Realised gain on foreign exchange	-	(2)
Allowance for impairment loss on receivables	-	42