

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 JUNE 2018 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2018 <u>RM'000</u>	Preceding Year Quarter 30.06.2017 <u>RM'000</u>	Current Year To Date 30.06.2018 <u>RM'000</u>	Preceding Year To Date 30.06.2017 <u>RM'000</u>
Revenue	3,776	4,349	7,279	7,829
Cost of sales	(2,844)	(3,574)	(5,474)	(6,044)
Gross profit	932	775	1,805	1,785
Operating expenses	(1,814)	(1,187)	(3,619)	(2,143)
Other operating income	174	51	282	297
Finance expenses	(12)	(11)	(25)	(21)
Loss before taxation	(720)	(372)	(1,557)	(82)
Taxation	(100)	(79)	(109)	(177)
Loss Profit for the period	(820)	(451)	(1,666)	(259)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the period	(820)	(451)	(1,666)	(259)
Loss after taxation attributable to owners of the Company	(820)	(451)	(1,666)	(259)
Total comprehensive expense attributable to owners of the Company	(820)	(451)	(1,666)	(259)
Earnings Per Share				
(i) Basic (Sen)	(0.19)	(0.12)	(0.39)	(0.07)
(ii) Diluted (Sen)	N/A	(0.08)	N/A	(0.05)

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 2017 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 30 JUNE 2018 (UNAUDITED)

	As At 30.06.2018 Unaudited RM'000	As At 31.12.2017 Audited RM'000
Assets		
Non-Current Assets		
Other investment	2,531	1,780
Property and equipment	<u>8,252</u>	<u>8,552</u>
	10,783	10,332
Current Assets		
Trade receivables	3,630	5,126
Other receivables, deposits and prepayments	1,403	3,432
Current tax assets	209	319
Short-term investment	535	2,665
Fixed deposits	24,103	22,381
Cash and bank balances	<u>3,987</u>	<u>2,385</u>
	<u>33,867</u>	<u>36,308</u>
Total Assets	<u><u>44,650</u></u>	<u><u>46,640</u></u>
Equity and Liabilities		
Equity		
Share capital	44,556	44,556
Share premium	-	-
ESOS reserve	65	65
Revaluation reserve	1,932	1,932
Warrant reserve	4,724	4,724
Accumulated losses	<u>(12,723)</u>	<u>(11,057)</u>
Total Equity	<u><u>38,554</u></u>	<u><u>40,220</u></u>
Current Liabilities		
Trade payables	2,543	3,124
Other payables and accruals	1,088	731
Hire Purchase	67	133
Term loans	<u>64</u>	<u>64</u>
	3,762	4,052
Non-Current Liabilities		
Term loans	849	881
Hire Purchase	827	827
Deferred taxation	658	660
Total Liabilities	<u><u>6,096</u></u>	<u><u>6,420</u></u>
Total Equity and Liabilities	<u><u>44,650</u></u>	<u><u>46,640</u></u>
No. of ordinary shares ('000)	478,383	478,383
Net assets per ordinary share (sen)	8.06	8.41

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR
THE FINANCIAL PERIOD ENDED 30 JUNE 2018 (UNAUDITED)**

	Curent Year To Date 30.06.2018 RM'000	Preceding Year To Date 30.06.2017 RM'000
Cash Flows from Operating Activities		
Loss before taxation	(1,557)	(82)
Adjustments for:-		
Non-cash items	1,548	204
Interest expenses	25	21
Interest income	(218)	(154)
Non-operating items	-	-
Operating loss before working capital changes	<u>(202)</u>	<u>(11)</u>
Decrease/(Increase) in trade and other receivables	1,685	(4,251)
(Decrease)/Increase in trade and other payables	(942)	263
Net cash from/(for) operations	541	(3,999)
Tax paid	(20)	(168)
Tax refunded	-	24
Net cash from/(for) operating activities	<u>521</u>	<u>(4,143)</u>
Cash Flows From Investing Activities		
Interest received	218	154
Purchase of property and equipment	(23)	(829)
Purchase of quoted shares	(1,120)	-
Investment in subsidiaries	-	(1,101)
Net cash for investing activities	<u>(925)</u>	<u>(1,776)</u>
Cash Flows From Financing Activities		
Interest paid	(25)	(21)
Proceeds from issuance of share capital	-	1,101
Proceeds from issuance of share capital pursuant of ESOS	-	4,275
Repayment of term loans and hire purchase	(97)	(113)
Placement of fixed deposit pledged as securities	-	(100)
Net cash from financing activities	<u>(122)</u>	<u>5,142</u>
Decrease in cash and cash equivalents	(526)	(777)
Cash and cash equivalents at beginning of the financial period	8,858	23,737
Cash and cash equivalents at end of the financial period	<u><u>8,332</u></u>	<u><u>22,960</u></u>
Represented By:		
Cash and bank balances	3,987	20,832
Short term deposit with financial institution	4,345	2,228
	8,332	23,060
Less : Short term deposits pledged as securities	-	(100)
	<u><u>8,332</u></u>	<u><u>22,960</u></u>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018 (UNAUDITED)**

	Attributable to Owners of the Company					Total equity RM'000
	Share Capital RM'000	Non-distributable ESOS Reserve RM'000	Revaluation Reserve RM'000	Warrant Reserve RM'000	Accumulated Losses RM'000	
Six (6) months ended 30 June 2018						
As at 1 January 2018	44,556	65	1,932	4,724	(11,057)	40,220
Total comprehensive loss for the period	-	-	-	-	(1,666)	(1,666)
As at 30 June 2018	44,556	65	1,932	4,724	(12,723)	38,554
Six (6) months ended 30 June 2017						
As at 1 January 2017	37,789	-	1,954	4,724	(10,380)	34,087
Proceeds from issue of share capital pursuant of ESOS	4,275	-	-	-	-	4,275
Total comprehensive loss for the period	-	-	-	-	(259)	(259)
Realisation of revaluation reserve	-	-	(3)	-	3	-
As at 30 June 2017	42,064	-	1,951	4,724	(10,636)	38,102

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE QUARTERLY REPORT –30 JUNE 2018

Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting

1. Basis of preparation

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 interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017.

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 2017 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2018. 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 2017 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 2018:-

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 16 – Leases	1 January 2019
Amendments to MFRS 11 Annual Improvements MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9 Financial Instruments – Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119 Employee Benefits - Plan Amendment, Curtailment or Settlement	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019
Amendments to MFRS 128 Investments in Associates and Joint Ventures Long-Term Interests in Associates and Joint Ventures	1 January 2019

Amendments to MFRS 10 Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture To be announced

Amendments to MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture To be announced

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 2017 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 (2 nd Quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Current Year to- Date	Preceding Year Corresponding Period	Changes (Amount)
	30.06.2018	30.06.2017		30.06.2018	30.06.2017	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,776	4,349	(573)	7,279	7,829	(550)
Operating Loss	(708)	(361)	(347)	(1,532)	(61)	(1,471)
Loss Before Interest and Tax	(708)	(361)	(347)	(1,532)	(61)	(1,471)
Loss Before Tax	(720)	(372)	(348)	(1,557)	(82)	(1,475)
Loss After Tax	(820)	(451)	(369)	(1,666)	(259)	(1,407)
Loss Attributable to Ordinary Equity Holder of the Company	(820)	(451)	(369)	(1,666)	(259)	(1,407)

	Q2 2018 RM'000	Q2 2017 RM'000
Revenue:-		
- Wireless/Mobile Services	2,641	1,886
- Digital and multimedia related services	1,135	2,463
Loss before taxation		
- Wireless/Mobile Services	(503)	(161)
- Digital and multimedia related services	(217)	(211)

The Group recorded a revenue of RM 3.77 million for the current quarter ended 30 June 2018, representing a decrease of 13% as compared to RM 4.34 million recorded in the preceding year corresponding quarter ended 30 June 2017, mainly due to lower contribution from digital and multimedia related services.

Correspondingly, the Group's loss before tax for the current quarter ended 30 June 2018 was higher at RM 0.72 million, as compared to the preceding year corresponding quarter ended 30 June 2017, mainly due to higher administrative expenses.

2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Changes (Amount)
	30.06.2018	31.03.2018	
	RM'000	RM'000	RM'000
Revenue	3,776	3,503	273
Operating Loss	(708)	(824)	(116)
Loss Before Interest and Tax	(708)	(824)	(116)
Loss Before Tax	(720)	(837)	(117)
Loss After tax	(820)	(846)	(26)
Loss Attributable to the Owners of the Company	(820)	(846)	(26)

Revenue in the current quarter under review has increase by 7.8% to RM 3.77 million as compared to the previous quarter mainly due to the higher revenue from wireless/mobile services segments as a result of the increased effort by the group and its business partners to promote these services. The group registered a lower loss after tax compared to the immediate preceding quarter, due to lower administrative cost and higher interest income.

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.

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 will be 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. This involve 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. The SSA was since been extended to 23 October 2018.

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	
	Q2 2018 RM'000	Q2 2017 RM'000	Q2 2018 RM'000	Q2 2017 RM'000
Current year tax	(100)	(45)	(109)	(56)
Prior year tax	NIL	(34)	NIL	(120)
Deferred tax	NIL	NIL	NIL	(1)
Tax expense	(100)	(79)	(109)	(177)

6. Status of Corporate Proposals

(a) Status of utilisation of proceeds raised as at 30 June 2018 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	(125,874)	Within twenty-four (24) months	-	-
3	Digital related service expenses - Purchases 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	(4,221,006)	Within twenty-four (24) months	-	-
7	Expenses for the Corporate Exercises	570,989	(570,989)	Within six (6) months	-	-
		28,342,000	(7,667,869)			

Note:

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

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

*The board on 26 February 2018 approved the proposed utilization for branch expansion to be extended by 12 months to 10 November 2018.

(b) Private Placement

Status of utilisation the proceeds raised from the private placement of 43,489,400 ordinary shares at an issue price of RM 0.05454 each amounting to RM 2,372,000 as at 30 June 2018 pursuant to announcement on 25 May 2017, are as follows: -

No	Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Unutilised proceed (RM'000)	Timeframe for the utilization of proceed
*1	Funding for the Project	2,273	-	2,273	Within twelve (24) months
**2	Estimated expenses for the Proposed Private Placement	99	99	-	Within twelve (12) months
		2,372	99	2,273	

Note:

*The board on 27 August 2018 approved the utilization of the proceeds derived from private placement to be extended by 12 months to 24 August 2019.

**Proposed private placement estimate expenses surplus is adjusted accordingly to working capital.

7. Group Borrowings and Debt Securities

	As at 2 nd quarter ended 30 June 2018		
	Non-current	Current	Total
	RM'000	RM'000	RM'000
Secured			
Term loan	849	64	913
Hire Purchases	827	67	894
Total	1,676	131	1,807
	As at 2 nd quarter ended 30 June 2017		
	Non-current	Current	Total
	RM'000	RM'000	RM'000
Secured			
Term loan	2,508	175	2,683
Hire Purchases	959	64	1,023
Total	3,467	239	3,706

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 2 nd quarter ended 30 June 2018				
	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	1,509	1,151	590	380	3,630

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 30.06.2018	Preceding Year Corresponding Quarter 30.06.2017	Current Year To Date 30.06.2018	Preceding Year To Date 30.06.2017
Basic Earnings Per share				
(Loss)/Profit after taxation (RM'000)	(820)	(451)	(1,666)	(259)
Weighted average number of ordinary shares in issue ('000)	431,053	385,858	431,053	385,858
Basic Earnings per share (sen)	(0.19)	(0.12)	(0.39)	(0.07)

13. Basic Diluted Earnings Per Share

	Current Year Quarter 30.06.2018	Preceding Year Corresponding Quarter 30.06.2017	Current Year To Date 30.06.2018	Preceding Year To Date 30.06.2017
Basic Diluted Per share				
(Loss)/Profit after taxation (RM'000)	(820)	(451)	(1,666)	(259)
Weighted average number of ordinary shares in issue ('000)	651,027	574,805	651,027	574,805
Basic Diluted Earnings per share (sen)	Not Applicable	(0.08)	Not Applicable	(0.05)

14. Loss Before Taxation

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

	Current Year Quarter 30.06.2018 RM'000	Current Year To Date 30.06.2018 RM'000
Interest income	(146)	(218)
Interest expense	12	25
Depreciation of equipment	161	323
Unrealised losses on quoted shares	668	1,225

15. Disclosure of nature of outstanding derivatives

There was no outstanding derivative as at reporting period.

16. Disclosure of gains / losses arising from fair value changes of financial liabilities

There were no gains or losses arising from fair value changes of financial liabilities as at the reporting period.