

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 2018 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter Three(3) Months	Quarter Three(3) Months	To Date Ended 9 Months	To Date Ended 9 Months (Restated)
	<u>30.09.2018</u>	<u>30.09.2017</u>	<u>30.09.2018</u>	<u>30.09.2017</u>
	RM'000	RM'000	RM'000	RM'000
Revenue	3,749	4,106	11,028	11,935
Cost of sales	(3,108)	(3,035)	(8,582)	(9,079)
Gross profit	641	1,071	2,446	2,856
Operating expenses	(1,338)	(1,171)	(4,957)	(3,314)
Other operating income	404	87	686	384
Finance expenses	(12)	(16)	(37)	(37)
Loss before taxation	(305)	(29)	(1,862)	(111)
Taxation	(64)	(75)	(173)	(254)
Loss for the period	(369)	(104)	(2,035)	(365)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the period	(369)	(104)	(2,035)	(365)
Loss after taxation attributable to owners of the Company	(369)	(104)	(2,035)	(365)
Total comprehensive expense attributable to owners of the Company	(369)	(104)	(2,035)	(365)
Earnings Per Share				
(i) Basic (Sen)	(0.09)	(0.03)	(0.47)	(0.09)
(ii) Diluted (Sen)	N/A	(0.02)	N/A	(0.06)

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 SEPTEMBER 2018 (UNAUDITED)

	As At 30.09.2018 <u>Unaudited</u> RM'000	As At 31.12.2017 <u>Audited</u> RM'000
Assets		
Non-Current Assets		
Other investment	2,563	1,780
Property and equipment	9,095	8,552
	<u>11,658</u>	<u>10,332</u>
Current Assets		
Trade receivables	2,907	5,126
Other receivables, deposits and prepayments	5,828	3,432
Current tax assets	154	319
Short-term investment	540	2,665
Fixed deposits	22,358	22,381
Cash and bank balances	545	2,385
	<u>32,332</u>	<u>36,308</u>
Total Assets	<u><u>43,990</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	2,932	1,932
Warrant reserve	4,724	4,724
Accumulated losses	(13,092)	(11,057)
Total Equity	<u>39,185</u>	<u>40,220</u>
Current Liabilities		
Trade payables	1,962	3,124
Other payables and accruals	1,325	731
Hire Purchase	34	133
Term loans	-	64
	<u>3,321</u>	<u>4,052</u>
Non-Current Liabilities		
Term loans	-	881
Hire Purchase	827	827
Deferred taxation	657	660
Total Liabilities	<u>4,805</u>	<u>6,420</u>
Total Equity and Liabilities	<u><u>43,990</u></u>	<u><u>46,640</u></u>
No. of ordinary shares ('000)	478,383	478,383
Net assets per ordinary share (sen)	8.19	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 SEPTEMBER 2018 (UNAUDITED)**

	Curent Year To Date 30.09.2018 RM'000	(Restated) Preceding Year To Date 30.09.2017 RM'000
Cash Flows from Operating Activities		
Loss before taxation	(1,862)	(111)
Adjustments for:-		
Non-cash items	1,671	316
Interest expenses	37	37
Interest income	(508)	(205)
(Gain)/Loss on disposal of motor vehicles	-	(42)
Operating loss before working capital changes	<u>(662)</u>	<u>(5)</u>
Decrease/(Increase) in trade and other receivables	(231)	(4,980)
(Decrease)/Increase in trade and other payables	(1,241)	586
Net cash from/(for) operations	<u>(2,134)</u>	<u>(4,399)</u>
Tax paid	(30)	(277)
Tax refunded	-	25
Net cash for operating activities	<u>(2,164)</u>	<u>(4,651)</u>
Cash Flows From Investing Activities		
Interest received	508	205
Purchase of property and equipment	(23)	(832)
Purchase of quoted shares	(1,199)	-
Proceeds from disposal of motor vehicles	-	132
Investment in subsidiaries	(4)	(1,201)
Net cash for investing activities	<u>(718)</u>	<u>(1,696)</u>
Cash Flows From Financing Activities		
Interest paid	(37)	(37)
Proceeds from issuance of share capital pursuant private placement	-	2,372
Proceeds from issuance of share capital	-	1,201
Proceeds from issuance of share capital pursuant of ESOS	-	4,275
Repayment of term loans and hire purchase	(1,044)	(187)
Placement of fixed deposit pledged as securities	-	(100)
Net cash from/(for) financing activities	<u>(1,081)</u>	<u>7,524</u>
(Decrease)/Increase in cash and cash equivalents	(3,963)	1,175
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>4,895</u></u>	<u><u>24,912</u></u>
Represented By:		
Cash and bank balances	545	16,143
Short term deposit with financial institution	4,350	8,869
	<u>4,895</u>	<u>25,012</u>
Less : Short term deposits pledged as securities	-	(100)
	<u><u>4,895</u></u>	<u><u>24,912</u></u>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	
Nine (9) months ended 30 September 2018						
As at 1 January 2018	44,556	65	1,932	4,724	(11,057)	40,220
Loss after taxation	-	-	-	-	(2,035)	(2,035)
Other comprehensive income:						
- Revaluation surplus	-	-	1,000	-	-	1,000
Total comprehensive Income/(loss) for the period	-	-	1,000	-	(2,035)	(1,035)
Realisation of revaluation reserve	-	-	-	-	-	-
As at 30 September 2018	44,556	65	2,932	4,724	(13,092)	39,185
Nine (9) months ended 30 September 2017						
As at 1 January 2017	37,789	-	1,954	4,724	(10,380)	34,087
Issuance of share pursuant of ESOS	4,275	-	-	-	-	4,275
Issuance of share pursuant of private placement	2,372	-	-	-	-	2,372
Loss after taxation	-	-	-	-	(365)	(365)
Total comprehensive income for the period	-	-	-	-	(365)	(365)
Realisation of revaluation reserve	-	-	(7)	-	7	-
As at 30 September 2017	44,436	-	1,947	4,724	(10,738)	40,369

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 SEPTEMBER 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 new MFRS are as follows:

MFRS 9 Financial Instrument (IFRS9 issued by IASB in July 2014)

MFRS 9 replaces the existing MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking "expected credit 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.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 will supersede all current revenue recognition requirements under MFRS. It establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of these standards 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

2. Changes of Financial Year End

The Company has changed the financial year from 31 December to 30 April. The next audited financial statement shall be for a period of sixteen (16) months, made up from 1 January 2018 to 30 April 2019. The rationale for the changes is to facilitate better management of resources for financial reporting.

3. 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.

4. Comments About Seasonal or Cyclical Factors

The business of the Group is not affected by any significant seasonal or cyclical factors.

5. 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.

6. Changes in Estimates

There were no significant changes in estimates which will have a material effect in the current quarter under review.

7. 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.

8. Dividends Paid

There were no dividends paid during the current quarter under review.

9. Valuation of Property and Equipment

Properties of the group have been revalued in September 2018. Based on the valuation report prepared by Solid Real Estate Consultants Sdn. Bhd., a registered independent Valuer, the fair value of the Group's properties is RM 7,500,000. The carrying amount of the properties as at 30 June 2018 was RM 6,347,675. The revaluation surplus was incorporated in the financial statements for the financial year ended 30 September 2018.

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

The Board of directors of MNC wishes to announce that Maise Beauty Sdn. Bhd. (Company No. 1221667-D) ("MBSB"), a wholly-owned subsidiary of the company, has on 27 August 2018 made an application to the Companies Commission Malaysia ("CCM") to strike-off its name from the register of the CCM under section 550 of the companies Act,2016.

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. Financial review for Current Quarter and Cumulative Quarter

	Individual Period (3 rd Quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Current Year to- Date	Preceding Year Corresponding Period (Restated)	Changes (Amount)
	30.09.2018	30.09.2017		30.09.2018	30.09.2017	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,749	4,106	(357)	11,028	11,935	(907)
Operating Loss	(293)	(13)	(280)	(1,825)	(74)	(1,751)
Loss Before Interest and Tax	(293)	(13)	(280)	(1,825)	(74)	(1,751)
Loss Before Tax	(305)	(29)	(276)	(1,862)	(111)	(1,751)
Loss After Tax	(369)	(104)	(265)	(2,035)	(365)	(1,670)
Loss Attributable to Ordinary Equity Holder of the Company	(369)	(104)	(265)	(2,035)	(365)	(1,670)

	Q3 2018 RM'000	Q3 2017 RM'000
Revenue:-		
- Wireless/Mobile Services	2,356	2,600
- Digital and multimedia related services	1,393	1,506
Loss before taxation		
- Wireless/Mobile Services	(191)	(12)
- Digital and multimedia related services	(114)	(17)

The Group recorded a revenue of RM 3.74 million for the current quarter ended 30 September 2018, representing a decrease of 9% as compared to RM 4.10 million recorded in the preceding year corresponding quarter ended 30 September 2017, mainly due to lower contribution from digital and multimedia related services and the wireless/mobile Services

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

2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Quarter 30.09.2018 RM'000	Immediate Preceding Quarter 30.06.2018 RM'000	Changes (Amount) RM'000
Revenue	3,749	3,776	(27)
Operating Loss	(293)	(708)	(415)
Loss Before Interest and Tax	(293)	(708)	(415)
Loss Before Tax	(305)	(720)	(415)
Loss After tax	(369)	(820)	(451)
Loss Attributable to the Owners of the Company	(369)	(820)	(451)

The Group register a lower loss after tax compare to 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 January 2019.

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	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017
	RM'000	RM'000	RM'000	RM'000
Current year tax	(64)	(176)	(173)	(234)
Prior year tax	NIL	101	NIL	(19)
Deferred tax	NIL	NIL	NIL	(1)
Tax expense	(64)	(75)	(173)	(254)

6. Status of Corporate Proposals

(a) Status of utilisation of proceeds raised as at 30 September 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 forty-eight (48) months	-	-
2	Multimedia related service expenses - Infrastructure development expenditure	3,000,000	(125,874)	Within forty-eight (48) months	-	-
3	Digital related service expenses - Purchases of advertising display panels	8,000,000	-	Within forty-eight (48) months	-	-
4	Branch Expansion	4,000,000	-	Within forty-eight (48) months	-	-
5	Repayment of bank borrowings	2,750,000	(2,750,000)	Completed	-	-
**6	Working capital	8,021,011	(4,221,000)	Within forty-eight (48) months	-	-
7	Expenses for the Corporate Exercises	570,989	(570,989)	Completed	-	-
		28,342,000	(7,667,863)			

Note:

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

** On 9 November 2018, the board resolved to further extend the time frame for the utilisation of the proceeds raised from the rights issue with warrant for above item 1,2,3,4 and 6 for another 24 months period until 10 November 2020.

(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 RM2,372,000 as at 30 September 2018 following the admission of the shares to the official list on ACE Market Bursa Securities on 25 August 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 twenty-four (24) months
**2	Estimated expenses for the Proposed Private Placement	99	99	-	Completed
		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 26 August 2019.

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

7. Group Borrowings and Debt Securities

	As at 3 rd quarter ended 30 September 2018		
	Non-current	Current	Total
	RM'000	RM'000	RM'000
Secured			
Term loan	-	-	-
Hire Purchases	827	34	861
Total	827	34	861
	As at 3 rd quarter ended 30 September 2017		
	Non-current	Current	Total
	RM'000	RM'000	RM'000
Secured			
Term loan	2,466	175	2,641
Hire Purchases	959	32	991
Total	3,425	207	3,632

8. Trade Receivables

The Group's normal trade credit terms range from cash term to 90 days term (2018: 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 3 rd quarter ended 30 September 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	1,031	423	845	608	2,907

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 30.09.2018	Preceding Year Corresponding Quarter 30.09.2017	Current Year To Date 30.09.2018	Preceding Year To Date 30.09.2017 (Restated)
Basic Earnings Per share				
Loss after taxation (RM'000)	(369)	(104)	(2,035)	(365)
Weighted average number of ordinary shares in issue ('000)	431,053	394,952	431,053	394,952
Basic Earnings per share (sen)	(0.09)	(0.03)	(0.47)	(0.09)

13. Basic Diluted Earnings Per Share

	Current Year Quarter 30.09.2018	Preceding Year Corresponding Quarter 30.09.2017	Current Year To Date 30.09.2018	Preceding Year To Date 30.09.2017 (Restated)
Basic Diluted Per share				
Loss after taxation (RM'000)	(369)	(104)	(2,035)	(365)
Weighted average number of ordinary shares in issue ('000)	651,027	583,899	651,027	583,899
Basic Diluted Earnings per share (sen)	Not Applicable	(0.02)	Not Applicable	(0.06)

14. Loss Before Taxation

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

	Current Year Quarter 30.09.2018 RM'000	Current Year To Date 30.09.2018 RM'000
Interest income	(290)	(508)
Interest expense	12	37
Depreciation of equipment	157	480
Unrealised (Gain)/losses on quoted shares	(35)	1,190

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.