

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 APRIL 2019 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Period Ended 1 Month	Period Ended 1 Month	To Date Ended 16 Months	To Date Ended 16 Months (Restated)
	<u>30.04.2019</u> RM'000	<u>30.04.2018</u> RM'000	<u>30.04.2019</u> RM'000	<u>30.04.2018</u> RM'000
Revenue	1,321	N/A	27,528	N/A
Cost of sales	(1,199)	N/A	(21,901)	N/A
Gross profit	122	N/A	5,627	N/A
Other Income	615	N/A	615	N/A
Operating expenses	(661)	N/A	(10,282)	N/A
Other operating income	15	N/A	922	N/A
Finance expenses	(2)	N/A	(60)	N/A
Profit/(Loss) before taxation	89	N/A	(3,178)	N/A
Taxation	(28)	N/A	(269)	N/A
Profit/(Loss) for the period	61	N/A	(3,447)	N/A
Other comprehensive income	-	N/A	-	N/A
Total comprehensive expense for the period	61	N/A	(3,447)	N/A
Profit/(Loss) after taxation attributable to owners of the Company	61	N/A	(3,447)	N/A
Total comprehensive expense attributable to owners of the Company	61	N/A	(3,447)	N/A
Earnings Per Share				
(i) Basic (Sen)	0.01	N/A	(0.80)	N/A
(ii) Diluted (Sen)	N/A	N/A	N/A	N/A

As announced on 27 November 2018, the financial year end has been changed from 31 December 2018 to 30 April 2019. The comparative figures are not applicable for the current financial period.

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 APRIL 2019 (UNAUDITED)

	As At 30.04.2019 Unaudited RM'000	As At 31.12.2017 Audited RM'000
Assets		
Non-Current Assets		
Other investment	3,511	1,780
Property and equipment	8,894	8,552
	12,405	10,332
Current Assets		
Trade receivables	8,464	5,126
Other receivables, deposits and prepayments	6,075	3,432
Current tax assets	182	319
Short-term investment	-	2,665
Fixed deposits	16,396	22,381
Cash and bank balances	981	2,385
	32,098	36,308
Total Assets	44,503	46,640
 Equity and Liabilities		
Equity		
Share capital	44,556	44,556
ESOS reserve	-	65
Revaluation reserve	2,780	1,932
Warrant reserve	4,724	4,724
Accumulated losses	(14,415)	(11,057)
Total Equity	37,645	40,220
 Current Liabilities		
Trade payables	2,557	3,124
Other payables and accruals	2,594	731
Hire Purchase	94	133
Term loans	-	64
	5,245	4,052
 Non-Current Liabilities		
Term loans	-	881
Hire Purchase	686	827
Deferred taxation	927	660
Total Liabilities	6,858	6,420
 Total Equity and Liabilities	44,503	46,640
 No. of ordinary shares ('000)	478,383	478,383
 Net assets per ordinary share (sen)	7.87	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 CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2019 (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	
Sixteen (16) months ended 30 April 2019						
As at 1 January 2018	44,556	65	1,932	4,724	(11,057)	40,220
Loss after taxation	-	-	-	-	(3,447)	(3,447)
Other comprehensive income:						
- Revaluation surplus	-	-	885	-	-	885
Adjustment of initial application of MFRS 9	-	-	-	-	(13)	(13)
Realisation of the revaluation Property	-	-	(37)	-	37	-
Reversal of equity share-based payment	-	(65)	-	-	65	-
Total comprehensive income/(loss) for the period	-	-	885	-	(3,447)	(2,562)
As at 30 April 2019	44,556	-	2,780	4,724	(14,415)	37,645

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.

As announced on 27 November 2018, the financial year end has been changed from 31 December 2018 to 30 April 2019. The comparative figures are not applicable for the current financial period

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR
THE FINANCIAL PERIOD ENDED 30 APRIL 2019 (UNAUDITED)**

	Curent Year To Date 30.04.2019 RM'000	(Restated) Preceding Year To Date 30.04.2018 RM'000
Cash Flows from Operating Activities		
Loss before taxation	(3,178)	N/A
Adjustments for:-		
Non-cash items	3,064	N/A
Interest expenses	60	N/A
Interest income	(771)	N/A
Operating loss before working capital changes	<u>(825)</u>	<u>N/A</u>
Increase in trade and other receivables	(167)	N/A
Increase in trade and other payables	886	N/A
Net cash for operations	<u>(106)</u>	<u>N/A</u>
Tax paid	(178)	N/A
Tax refunded	15	N/A
Net cash for operating activities	<u>(269)</u>	<u>N/A</u>
Cash Flows From Investing Activities		
Interest received	771	N/A
Purchase of property and equipment	(33)	N/A
Purchase of quoted shares	(3,349)	N/A
Investment in subsidiaries	-	N/A
Net cash for investing activities	<u>(2,611)</u>	<u>N/A</u>
Cash Flows From Financing Activities		
Interest paid	(60)	N/A
Repayment of term loans and hire purchase	(1,124)	N/A
Net cash for financing activities	<u>(1,184)</u>	<u>N/A</u>
Decrease in cash and cash equivalents	(4,064)	N/A
Cash and cash equivalents at beginning of the financial period	8,858	N/A
Cash and cash equivalents at end of the financial period	<u><u>4,794</u></u>	<u><u>N/A</u></u>
Represented By:		
Cash and bank balances	981	N/A
Short term deposit with financial institution	3,813	N/A
	<u>4,794</u>	<u>N/A</u>
Less : Short term deposits pledged as securities	-	N/A
	<u><u>4,794</u></u>	<u><u>N/A</u></u>

As announced on 27 November 2018, the financial year end has been changed from 31 December 2018 to 30 April 2019. The comparative figures are not applicable for the current financial period.

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NOTES TO THE QUARTERLY REPORT –30 APRIL 2019

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
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 adoption of these new MFRS, amendments and IC interpretations did not have any material impact on the interim financial report of the group except for:

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117. In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group and the Company are assessing the impact of the above new standard on the financial statements of the Group and of the Company in the year of initial adoption

2. Changes of Financial Year End

As announced on 27 November 2018, the Company has changed its financial year from 31 December 2018 to 30 April 2019. Thus, the statutory financial statements will be made up from 01 January 2018 to 30 April 2019 covering a period of 16 months.

As a result, the current and cumulative financial periods covered relating to the 16 months ended 30 April 2019 do not correspond with any of the financial quarters covered by the interim financial reports of the previous financial year. Therefore, no comparative figures have been disclosed.

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

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

10. Subsequent Events

The Group's proposal on issuance of renounceable right issue of up to 3,769,26,735 new irredeemable convertible preference shares in MNC ("ICPS") together with up to 75,384,534 free detachable warrants in MNC ("WARRANTS B") on the basis of 50 ICPS together with 1 free warrant B for every 10 existing ordinary shares in MNC held by the shareholders of the company on an entitlement date to be determined later, and proposed amendments to the Constitution of the Company was approved by shareholders on 10 June 2019.

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. Financial review for Current Quarter and Cumulative Quarter

	Individual Period (6 th Quarter)			Cumulative Period		
	Current 1 Month Quarter Ended	Preceding Year Corresponding Quarter	Changes (Amount)	Current Year to- Date Ended 16 Months	Preceding Year Corresponding Period (Restated)	Changes (Amount)
	30.04.2019	30.04.2018		30.04.2019	30.04.2018	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,321	N/A	N/A	27,528	N/A	N/A
Operating Profit/(Loss)	91	N/A	N/A	(3,118)	N/A	N/A)
Profit/(Loss) Before Interest and Tax	91	N/A	N/A	(3,118)	N/A	N/A
Profit/(Loss) Before Tax	89	N/A	N/A	(3,178)	N/A	N/A
Profit/(Loss) After Tax	61	N/A	N/A	(3,447)	N/A	N/A
Profit/(Loss) Attributable to Ordinary Equity Holder of the Company	61	N/A	N/A	(3,447)	N/A	N/A

2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current 1 Month Quarter Ended 30.04.2019 RM'000	Immediate Preceding Quarter 31.03.2019 RM'000	Changes (Amount) RM'000
Revenue	1,321	9,589	8,268
Operating Profit/(Loss)	91	(56)	35
Profit/(Loss) Before Interest and Tax	91	(56)	35
Profit/(Loss) Before Tax	89	(67)	22
Profit/(Loss) Loss After tax	61	(162)	101
Profit/(Loss) Attributable to the Owners of the Company	61	(162)	101

The Group recorded lower revenue of RM 1.32 million for the current quarter ended 30 April 2019, as compared to the preceding quarter ended 31 March 2019. The Group recorded profit after taxation of RM 0.061 million for the current quarter ended 30 April 2019, compared to a loss in the preceding quarter ended 31 March 2019, primarily due to unrealised gain on quoted shares.

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 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 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 1 Month Quarter Ended 30 April 2019		Cumulative Quarter Year Ended 16 Months (Restated)	
	30 April 2019 RM'000	30 April 2018 RM'000	30 April 2019 RM'000	30 April 2018 RM'000
Current year tax	(35)	N/A	(380)	N/A
Prior year tax	NIL	N/A	104	N/A
Deferred tax	7	N/A	7	N/A
Tax expense	(28)	N/A	(269)	N/A

6. Status of Corporate Proposals

(a) Status of utilisation of proceeds raised as at 30 April 2019 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	-	Within forty-eight (48) months	-	-
3	Digital related service expenses - Purchases of advertising display panels	8,000,000	(4,305,400)	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	(11,847,389)			

Note:

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

(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 April 2019 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:

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

7. Group Borrowings and Debt Securities

	As at 6 th quarter 1 month ended 30 April 2019		
	Non-current	Current	Total
	RM'000	RM'000	RM'000
Secured			
Term loan	-	-	-
Hire Purchases	686	94	780
Total	686	94	780
	As at 6 th quarter 1 month ended 30 April 2018		
	Non-current	Current	Total
	RM'000	RM'000	RM'000
Secured			
Term loan	N/A	N/A	N/A
Hire Purchases	N/A	N/A	N/A
Total	N/A	N/A	N/A

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 6 th quarter 1 month ended 30 April 2019				
	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	1,575	5,482	207	1,200	8,464

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 1 Month Quarter Ended 30.04.2019	Preceding Year Corresponding Quarter 30.04.2018	Current Year To Date 30.04.2019	Preceding Year To Date Ended 16 Months 30.04.2018 (Restated)
Basic Earnings Per share				
Profit/(Loss) after taxation (RM'000)	61	N/A	(3,447)	N/A
Weighted average number of ordinary shares in issue ('000)	431,053	N/A	431,053	N/A
Basic Earnings per share (sen)	0.01	N/A	(0.80)	N/A

13. Basic Diluted Earnings Per Share

	Current Year 1 Month Quarter Ended 30.04.2019	Preceding Year Corresponding Quarter 30.04.2018	Current Year To Date 30.04.2019	Preceding Year To Date Ended 16 Months 30.04.2018 (Restated)
Profit/(Loss) after taxation (RM'000)	61	N/A	(3,447)	N/A
Weighted average number of ordinary shares in issue ('000)	651,027	N/A	651,027	N/A
Basic Diluted Earnings per share (sen)	N/A	N/A	N/A	N/A

14. Loss Before Taxation

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

	Current Year 1 Month Quarter Ended 30.04.2019 RM'000	Current Year To Date 30.04.2019 RM'000
Interest income	(6)	(771)
Interest expense	2	60
Depreciation of equipment	52	855
Unrealised (Gain)/losses on quoted sharers	(615)	2,126
Reversal of equity share-based payment	(65)	(65)

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.