

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 JANUARY 2020 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.01.2020 RM'000	Preceding Year Quarter 31.01.2019 RM'000	Current Year To Date 31.01.2020 RM'000	Preceding Year To Date 31.01.2019 RM'000
Revenue	5,685	N/A	15,795	N/A
Cost of sales	(3,909)	N/A	(11,033)	N/A
Gross profit	1,776	N/A	4,762	N/A
Operating expenses	(1,367)	N/A	(10,110)	N/A
Other operating income	604	N/A	1,263	N/A
Finance expenses	(13)	N/A	(31)	N/A
Profit/(Loss) before taxation	1,000	N/A	(4,116)	N/A
Taxation	(139)	N/A	(246)	N/A
Profit/(Loss) for the period	861	N/A	(4,362)	N/A
Other comprehensive income	-	N/A	-	N/A
Total comprehensive expense for the period	861	N/A	(4,362)	N/A
Profit/(Loss) after taxation attributable to owners of the Company	861	N/A	(4,362)	N/A
Total comprehensive expense attributable to owners of the Company	861	N/A	(4,362)	N/A
Earnings Per Share				
(i) Basic (Sen)	0.08	N/A	(0.38)	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 30 April 2019 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 JANUARY 2020 (UNAUDITED)

	As At 31.01.2020 Unaudited RM'000	As At 30.04.2019 Audited RM'000
Assets		
Non-Current Assets		
Other investment	3,849	3,511
Property and equipment	13,683	8,893
Intangible Asset	2,115	-
	<u>19,647</u>	<u>12,404</u>
Current Assets		
Trade receivables	6,466	9,921
Other receivables, deposits and prepayments	3,172	4,704
Current tax assets	-	255
Fixed deposits	61,588	16,396
Cash and bank balances	956	981
	<u>72,182</u>	<u>32,257</u>
Total Assets	<u>91,829</u>	<u>44,661</u>
Equity and Liabilities		
Equity		
Share capital	83,050	44,556
Irredeemable convertible preference shares	7,313	-
Revaluation reserve	2,780	2,780
Warrant reserve	6,075	4,724
Accumulated losses	(18,724)	(14,362)
Total Equity	<u>80,494</u>	<u>37,698</u>
Current Liabilities		
Trade payables	2,463	3,455
Other payables and accruals	6,373	1,800
Tax Payable	318	-
Finance lease payables	236	143
	<u>9,390</u>	<u>5,398</u>
Non-Current Liabilities		
Finance lease payables	1,020	638
Deferred taxation	925	927
Total Liabilities	<u>11,335</u>	<u>6,963</u>
Total Equity and Liabilities	<u>91,829</u>	<u>44,661</u>
No. of ordinary shares ('000)	1,138,651	478,383
Net assets per ordinary share (sen)	7.07	7.88

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 April 2019 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 CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2020 (UNAUDITED)**

	←----- Attributable to Owners of the Company -----→					←----- Non-distributable -----→
	Share Capital	Irredeemable Convertible Preference Share ("ICPS")	Revaluation Reserve	Warrant Reserve	Accumulated Losses	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Three (3) months ended 31 January 2020						
As at 1 May 2019	44,556	-	2,780	4,724	(14,362)	37,698
Loss after taxation	-	-	-	-	(4,362)	(4,362)
Transaction with owners of the company						
-Rights issue of ICPS with warrants	-	43,588	-	1,351	-	44,939
-Issuance of shares pursuant to conversion of ICPS	38,494	(36,275)	-	-	-	2,219
Total comprehensive loss for the period	-	-	-	-	(4,362)	(4,362)
As at 31 January 2020	<u>83,050</u>	<u>7,313</u>	<u>2,780</u>	<u>6,075</u>	<u>(18,724)</u>	<u>80,494</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.

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 April 2019 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 JANUARY 2020 (UNAUDITED)**

	Curent Year To Date 31.01.2020 RM'000	Preceding Year To Date 31.01.2019 RM'000
Cash Flows from Operating Activities		
Loss before taxation	(4,116)	N/A
Adjustments for:-		
Non-cash items	2,142	N/A
Interest expenses	31	N/A
Interest income	(1,177)	N/A
Operating loss before working capital changes	(3,120)	N/A
Increase in trade and other receivables	4,905	N/A
Increase in trade and other payables	3,889	N/A
Net cash for operations	5,674	N/A
Tax paid	(249)	N/A
Tax refunded	500	N/A
Net cash from operating activities	5,925	N/A
Cash Flows From Investing Activities		
Interest received	1,177	N/A
Purchase of property and equipment	(5,642)	N/A
Purchases of Intangible assets	(2,350)	N/A
Purchase of quoted shares	(947)	N/A
Net cash for investing activities	(7,762)	N/A
Cash Flows From Financing Activities		
Interest paid	(31)	N/A
Proceeds from:		
- Right issue of ICPS with warrant	8,664	-
- Issuance of shares pursuant to conversion of ICPS	38,494	-
Repayment of term loans and hire purchase	(124)	N/A
Net cash for financing activities	47,003	N/A
Increase in cash and cash equivalents	45,166	N/A
Cash and cash equivalents at beginning of the financial period	17,378	N/A
Cash and cash equivalents at end of the financial period	62,544	N/A
Represented By:		
Cash and bank balances	956	N/A
Short term deposit with non-financial institution	61,588	N/A
	62,544	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 statements of cash flows should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 30 April 2019 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE QUARTERLY REPORT – 31 JANUARY 2020

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 30 April 2019.

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 30 April 2019 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 May 2019. 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 30 April 2019 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 May 2019:-

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 period beginning on or after 1 May 2019 as listed below:

MFRSs (Including The Consequential Amendments)	Effective Date
Definitions of a Business Amendments to MFRS C3 Business Combinations	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
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 initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption except as mentioned below:

MFRS 16 Leases

MFRS 16 replaces the guidance in MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The scope of MFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under MFRS 117. The standard includes two recognition exemptions for lessees - leases of 'low value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle in MFRS 117 and distinguish between two types of leases: operating and finance leases.

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. As a result, the current and cumulative financial periods covered relating to the 3 months ended 31 January 2020 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 30 April 2019** 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

The rights issue of Irredeemable Convertible Preference Shares ("ICPS") with Warrants was completed with the listing of 1,497,963,330 Irredeemable Convertible Preference Shares together with 29,959,264 Warrants B on the ACE Market of Bursa securities on 13 September 2019.

The total number of new ordinary share ("MNC Shares") issued during the quarter under review is as follows:-

- (a) A total of 26,490,000 MNC Shares were issued and allotted on the following dates pursuant to the conversion of 13,245,000 ICPS by virtue of 2 ICPS into 1 new MNC Share.

Allotment Date	No. of ICPS	No. of MNC Shares
07-11-2019	26,090,000	13,045,000
06-12-2019	400,000	200,000
Total	26,490,000	13,245,000

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 Event

- a.) On 10 February 2020, the Company appointed Dato' Muhammad Shuib Bin MD Hashim as Independent Non-Executive Director.

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 (3 rd Quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Current Year to- Date	Preceding Year Corresponding Period	Changes (Amount)
	31.01.2020 RM'000	31.01.2019 RM'000	RM'000	31.01.2020 RM'000	31.01.2019 RM'000	RM'000
Revenue	5,685	N/A	N/A	15,795	N/A	N/A
Operating Profit/(Loss)	1,013	N/A	N/A	(4,085)	N/A	N/A
Profit/(Loss) Before Interest and Tax	1,013	N/A	N/A	(4,085)	N/A	N/A
Profit/(Loss) Before Tax	1,000	N/A	N/A	(4,116)	N/A	N/A
Profit/(Loss) After Tax	861	N/A	N/A	(4,362)	N/A	N/A
Profit/(Loss) Attributable to Ordinary Equity Holder of the Company	861	N/A	N/A	(4,362)	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.

2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Changes (Amount)
	31.01.2020	31.10.2019	
	RM'000	RM'000	RM'000
Revenue	5,685	5,298	387
Operating Profit/(Loss)	1,013	(4,171)	5,184
Profit/(Loss) Before Interest and Tax	1,013	(4,171)	5,184
Profit/(Loss) Before Tax	1,000	(4,180)	5,180
Profit/(Loss) After tax	861	(4,223)	5,084
Profit/(Loss) Attributable to the Owners of the Company	861	(4,223)	5,084

The Group's revenue for the current quarter increased, compared to the immediate preceding quarter, due to higher contribution from Wireless/Mobile Services, as a result of the increased efforts by the group and its business partners to promote these services.

The Group recorded profit after taxation of RM 0.861 million for the current quarter ended 30 January 2020, compared to a loss in the preceding quarter ended 31 October 2019, primarily due to higher operating expenditure in the preceding quarter due to high customer acquisition cost, administrative and infrastructure cost.

3. Prospects

Market environment remains challenging, amidst the ongoing Covid-19 virus pandemic, coupled with the general slowdown in the local & global 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, further to 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 Memorandum of Understanding signing agreement with Sanichi Property Sdn. Bhd., is ongoing.

Production of a movie on the biography of Tim Page, a war photo journalist, whom award winning actor, Dennis Hopper's character was based on in renowned director Francis Ford Copola's movie entitled 'Apocalypse Now', further to Memorandum of Understanding signing agreement with Monfils Pictures Ltd. Bhd., is ongoing.

Collaborative partnership in producing industry desired, high quality, relevant and cutting edge feature films for both the local and international markets, further to Memorandum of Understanding signing agreement with Vision Works (M) 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	
	31 January 2020 RM'000	31 January 2019 RM'000	31 January 2020 RM'000	31 January 2019 RM'000
Current year tax	(139)	N/A	(246)	N/A
Prior year tax	NIL	N/A	NIL	N/A
Deferred tax	NIL	N/A	NIL	N/A
Tax expense	(139)	N/A	(246)	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.

6. Status of Corporate Proposals

- (a) Status of utilisation of proceeds raised as at 31 January 2020 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	(1,400,000)	Within forty-eight (48) months	-	-
2	Multimedia related service expenses - Infrastructure development expenditure	3,000,000	(1,600,000)	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	(1,299,480)	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	(16,146,869)			

(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 31 Jan 2020 following the admission of the shares to the official list on ACE Market Bursa Securities on 22 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 thirty-six (36) months
2	Estimated expenses for the Proposed Private Placement	99	99	-	Completed
		2,372	99	2,273	

Note:

#The board on 20 August 2019 approved the utilization of the proceeds derived from private placement to be extended by 12 months to 22 August 2020.

(c) Rights issue of Irredeemable Convertible Preference Shares with Warrants

The Rights issue of Irredeemable Convertible Preference Shares with Warrants was completed with the listing of 1,497,963,330 Irredeemable convertible preference shares together with 29,959,264 Warrants B on the ACE Market of Bursa securities on 13 September 2019.

No	Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe For Utilisation	Deviation amount	Explanations (if the deviation is 5% or more)
1	Upgrading of the Group's bulk SMS messaging platform	11,000,000	-	Within twenty-four (24) months	-	-
2	Upgrading of the Group's premium mobile content platform	15,000,000	-	Within twenty-four (24) months	-	-
3	Development of an online property management platform	10,000,000	-	Within twenty-four (24) months	-	-
4	Acquisition and/or investments in other complementary business and/or assets	8,238,0900	(2,508,000)	Within twenty-four (24) months	-	-
5	Expenses for the Corporate Exercises	700,000	(600,009)	Immediate	-	-
		44,938,900	(3,108,009)			

7. Group Borrowings and Debt Securities

	As at 3rd quarter ended 31 January 2020		
	Non-current	Current	Total
	RM'000	RM'000	RM'000
Secured			
Term loan	N/A	N/A	N/A
Finance lease payables	1,020	236	1,256
Total	1,020	236	1,256
	As at 3rd quarter ended 31 January 2019		
	Non-current	Current	Total
	RM'000	RM'000	RM'000
Secured			
Term loan	N/A	N/A	N/A
Finance lease payables	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 3 rd quarter ended 31 January 2020				
	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	1,613	1,871	1,020	1,962	6,466

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 31.01.2020	Preceding Year Corresponding Quarter 31.01.2019	Current Year To Date 31.01.2020	Preceding Year To Date 31.01.2019
Basic Earnings Per share				
Profit/(Loss) after taxation (RM'000)	861	N/A	(4,362)	N/A
Weighted average number of ordinary shares in issue ('000)	1,138,651	N/A	1,138,651	N/A
Basic Earnings per share (sen)	0.08	N/A	(0.38)	N/A

13. Basic Diluted Earnings Per Share

	Current Year Quarter 31.01.2020	Preceding Year Corresponding Quarter 31.01.2019	Current Year To Date 31.01.2020	Preceding Year To Date 31.01.2019
Profit/(Loss) after taxation (RM'000)	861	N/A	(4,362)	N/A
Weighted average number of ordinary shares in issue ('000)	1,327,597	N/A	1,327,597	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 Quarter 31.01.2020 RM'000	Current Year To Date 31.01.2020 RM'000
Interest income	(569)	(1,177)
Interest expense	13	31
Depreciation of equipment	372	853
Unrealised (gain)/losses on quoted shares	(527)	1,024

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.