

**M N C WIRELESS BERHAD**  
**(REGISTRATION NO.200301033463 (635884-T))**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2020 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.07.2020 RM'000	Preceding Year Quarter 31.07.2019 RM'000	Current Year To Date 31.07.2020 RM'000	Preceding Year To Date 31.07.2019 RM'000
Revenue	4,397	4,812	4,397	4,812
Cost of sales	(3,291)	(3,453)	(3,291)	(3,453)
Gross profit	1,106	1,359	1,106	1,359
Operating expenses	(4,831)	(2,480)	(4,831)	(2,480)
Other operating income	485	194	485	194
Finance expenses	(14)	(9)	(14)	(9)
Loss before taxation	(3,254)	(936)	(3,254)	(936)
Taxation	(207)	(64)	(207)	(64)
Loss for the period	(3,461)	(1,000)	(3,461)	(1,000)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the period	(3,461)	(1,000)	(3,461)	(1,000)
Loss after taxation attributable to owners of the Company	(3,461)	(1,000)	(3,461)	(1,000)
Total comprehensive expense attributable to owners of the Company	(3,461)	(1,000)	(3,461)	(1,000)
Earnings Per Share				
(i) Basic (Sen)	(0.30)	(0.21)	(0.30)	(0.21)
(ii) Diluted (Sen)	N/A	N/A	N/A	N/A

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

**M N C WIRELESS BERHAD**  
(REGISTRATION NO.200301033463 (635884-T))  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2020 (UNAUDITED)**

	<b>As At 31.07.2020 Unaudited RM'000</b>	<b>As At 30.04.2020 Audited RM'000</b>
<b>Assets</b>		
<b>Non-Current Assets</b>		
Other investment	3,186	3,482
Property and equipment	10,191	10,421
Intangible Asset	4,600	4,887
	<u>17,977</u>	<u>18,790</u>
<b>Current Assets</b>		
Trade receivables	6,288	6,899
Other receivables, deposits and prepayments	1,183	3,409
Current tax assets	-	148
Fixed deposits	61,808	62,772
Cash and bank balances	1,208	1,621
	<u>70,487</u>	<u>74,849</u>
<b>Total Assets</b>	<u>88,464</u>	<u>93,639</u>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Share capital	83,733	83,196
Irredeemable convertible preference shares	6,630	7,167
Revaluation reserve	2,748	2,748
Warrant reserve	6,075	6,075
Accumulated losses	(22,064)	(18,603)
<b>Total Equity</b>	<u>77,122</u>	<u>80,583</u>
<b>Current Liabilities</b>		
Trade payables	3,982	4,682
Other payables and accruals	5,478	6,246
Tax Payable	(148)	33
Finance lease payables	109	262
	<u>9,421</u>	<u>11,223</u>
<b>Non-Current Liabilities</b>		
Finance lease payables	1,020	931
Deferred taxation	901	902
<b>Total Liabilities</b>	<u>11,342</u>	<u>13,056</u>
<b>Total Equity and Liabilities</b>	<u>88,464</u>	<u>93,639</u>
No. of ordinary shares ('000)	1,150,381	1,141,151
<b>Net assets per ordinary share (sen)</b>	6.70	7.06

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 April 2020 and the accompanying explanatory notes attached to the interim financial statements.

**M N C WIRELESS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2020 (UNAUDITED)**

	Attributable to Owners of the Company					Total Equity RM'000
	Share Capital RM'000	Irredeemable Convertible Preference Share ("ICPS") RM'000	Revaluation Reserve RM'000	Warrant Reserve RM'000	Accumulated Losses RM'000	
Three (3) months ended 31 July 2020	83,196	7,167	2,748	6,075	(18,603)	80,583
As at 1 May 2020	-	-	-	-	(3,461)	(3,461)
Loss after taxation	-	-	-	-	-	-
<b>Transaction with owners of the company</b>						
-Rights issue of ICPS with warrants	-	-	-	-	-	-
-Issuance of shares pursuant to conversion of ICPS	537	(537)	-	-	-	-
-Share issuance expenses	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(3,461)	(3,461)
Realisation of revaluation reserve	-	-	-	-	-	-
As at 31 July 2020	83,733	6,630	2,748	6,075	(22,064)	77,122

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 2020 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 JULY 2020 (UNAUDITED)**

	<b>Curent Year To Date 31.07.2020 RM'000</b>	<b>Preceding Year To Date 31.07.2019 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Loss before taxation	(3,254)	(936)
Adjustments for:-		
Non-cash items	(705)	967
Interest expenses	14	9
Interest income	(467)	(168)
<b>Operating loss before working capital changes</b>	<b>(4,412)</b>	<b>(128)</b>
Increase in trade and other receivables	2,623	7,213
Increase in trade and other payables	492	4,504
<b>Net cash for operations</b>	<b>(1,297)</b>	<b>11,589</b>
Tax paid	(208)	(65)
Tax refunded	-	164
<b>Net cash from operating activities</b>	<b>(1,505)</b>	<b>11,688</b>
<b>Cash Flows From Investing Activities</b>		
Interest received	467	168
Purchase of property and equipment	28	(4,701)
Purchases of Intangible assets	-	(2,350)
Purchase of quoted shares	(289)	(912)
<b>Net cash for investing activities</b>	<b>206</b>	<b>(7,795)</b>
<b>Cash Flows From Financing Activities</b>		
Interest paid	(14)	(9)
Proceeds from:		
- Right issue of ICPS with warrant	(537)	-
- Issuance of shares pursuant to conversion of ICPS	537	-
Repayment of term loans and hire purchase	(64)	(35)
<b>Net cash for financing activities</b>	<b>(78)</b>	<b>(44)</b>
Increase in cash and cash equivalents	(1,377)	3,849
Cash and cash equivalents at beginning of the financial period	64,393	17,378
Cash and cash equivalents at end of the financial period	<b>63,016</b>	<b>21,227</b>
<b>Represented By:</b>		
Cash and bank balances	1,208	1,066
Short term deposit with non-financial institution	61,808	20,161
	<b>63,016</b>	<b>21,227</b>

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE QUARTERLY REPORT – 31 JULY 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 2020.

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 2020 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 May 2020. 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 2020 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 2020:-

**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 2020 as listed below:

<b>MFRSs (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 16 Leases – Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9: Financial Instruments (Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
Amendments to MFRS 3 Business Combinations – Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10: Consolidated Financial Statements and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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.

## 2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group for the financial year ended 30 April 2020 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

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 9,230,650 MNC Shares were issued and allotted on the following dates pursuant to the conversion of 18,461,300 ICPS by virtue of 2 ICPS into 1 new MNC Share.

Allotment Date	No. of ICPS	No. of MNC Shares
22-05-2020	7,776,300	3,888,150
05-06-2020	4,000,000	2,000,000
30-06-2020	500,000	250,000
10-07-2020	1,000,000	500,000
20-07-2020	1,785,000	892,500
24-07-2020	3,400,000	1,700,000
Total	18,461,300	9,230,650

## 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 Event

- a.) On 21 August 2020, the Company announced that MNC and Monfils Pictures mutually agreed to terminate the MOU as there is no further material development.
- b.) On 15 September 2020, the Company has granted of options under Employees Share Option Scheme ("ESOS") with number of options offered 258,100,000.

**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 (1 <sup>st</sup> Quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Current Year to- Date	Preceding Year Corresponding Period	Changes (Amount)
	31.07.2020	31.07.2019		31.07.2020	31.07.2019	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	4,397	4,812	(415)	4,397	4,812	(415)
<b>Operating Loss</b>	(3,240)	(927)	(2,313)	(3,240)	(927)	(2,313)
<b>Loss Before Interest and Tax</b>	(3,240)	(927)	(2,313)	(3,240)	(927)	(2,313)
<b>Loss Before Tax</b>	(3,254)	(936)	(2,318)	(3,254)	(936)	(2,318)
<b>Loss After Tax</b>	(3,461)	(1,000)	(2,461)	(3,461)	(1,000)	(2,461)
<b>Loss Attributable to Ordinary Equity Holder of the Company</b>	(3,461)	(1,000)	(2,461)	(3,461)	(1,000)	(2,461)

The Group registered lower revenue for the current quarter, compared to the preceding year corresponding quarter, due to the COVID-19 global pandemic impact on local and global economic down-trend.

Correspondingly, the Group registered a higher Loss Before Tax for the current quarter, compared to the preceding year corresponding quarter Loss Before Tax, due to higher operating expenditure and administrative cost, coupled with higher infrastructure cost.



## 2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Changes (Amount)
	31.07.2020	30.04.2020	
	RM'000	RM'000	RM'000
<b>Revenue</b>	4,397	4,262	135
<b>Operating Profit / (Loss)</b>	(3,240)	243	(3,483)
<b>Profit / (Loss) Before Interest and Tax</b>	(3,240)	243	(3,483)
<b>Profit / (Loss) Before Tax</b>	(3,254)	229	(3,483)
<b>Profit / (Loss) After tax</b>	(3,461)	278	(3,739)
<b>Profit / (Loss) Attributable to the Owners of the Company</b>	(3,461)	278	(3,739)

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

### 3. Prospects

Amid 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 results in a challenging business environment which may result in lower revenue in the respective business segments.

Utilisation of the rights issue proceeds remain 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.

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 July 2020	31 July 2019	31 July 2020	31 July 2019
	RM'000	RM'000	RM'000	RM'000
Current year tax	(207)	(64)	(207)	(64)
Prior year tax	NIL	NIL	NIL	NIL
Deferred tax	NIL	NIL	NIL	NIL
Tax expense	(207)	(64)	(207)	(64)

## 6. Status of Corporate Proposals

### (a) Rights Issue with Warrants

Status of utilisation of proceeds raised as at 31 July 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	(1,425,000)	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	-	-
	<b>Total</b>	<b>28,342,000</b>	<b>(16,171,869)</b>			

**(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 July 2020 following the admission of the shares to the official list on ACE Market Bursa Securities on 22 August 2017 are as follows: -

<b>No</b>	<b>Purpose</b>	<b>Proposed Utilisation (RM'000)</b>	<b>Actual Utilisation (RM'000)</b>	<b>Unutilised proceed (RM'000)</b>	<b>Timeframe for the utilization of proceed</b>
#1	Funding for the Project	2,273	-	2,273	Within forty-eight (48) months
2	Estimated expenses for the Proposed Private Placement	99	(99)	-	Completed
	<b>Total</b>	<b>2,372</b>	<b>(99)</b>	<b>2,273</b>	

Note:

#The board on 19 August 2020 approved the utilization of the proceeds derived from private placement to be extended by 12 months to 22 August 2021.

**(c) Rights Issue of Irredeemable Convertible Preference Shares (“ICPS”) 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 Company and its subsidiaries' ("Group") bulk SMS messaging platform	11,000,000	-	Within twenty-four (24) months	-	-
*2	Upgrading of the Group's premium mobile content platform	15,099,991	-	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	8,238,900	(2,508,000)	Within twenty-four (24) months	-	-
5	Expenses for the Corporate Exercises	600,009	(600,009)	Completed	-	-
	<b>Total</b>	<b>44,938,900</b>	<b>(3,108,009)</b>			

Note:

\*Expenses for the Corporate Exercises surplus is adjusted accordingly to upgrading of the Group's premium mobile content platform.

## 7. Group Borrowings and Debt Securities

	As at 1 <sup>st</sup> quarter ended 31 July 2020		
	Non-current	Current	Total
	RM'000	RM'000	RM'000
<b>Secured</b>			
Term loan	N/A	N/A	N/A
Finance lease payables	1,020	109	1,129
<b>Total</b>	<b>1,020</b>	<b>109</b>	<b>1,129</b>
	As at 1 <sup>st</sup> quarter ended 31 July 2019		
	Non-current	Current	Total
	RM'000	RM'000	RM'000
<b>Secured</b>			
Term loan	N/A	N/A	N/A
Finance lease payables	638	107	745
<b>Total</b>	<b>638</b>	<b>107</b>	<b>745</b>

## 8. Trade Receivables

The Group's normal trade credit terms range from 30 to 90 days term (2019: 30 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 1 <sup>st</sup> quarter ended 31 July 2020				
	Current	1-3 months	3-6 months	More than 6 months	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Denominated in RM</b>					
Trade receivables	2,789	913	547	2,039	6,288

## 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 31.07.2020	Preceding Year Corresponding Quarter 31.07.2019	Current Year To Date 31.07.2020	Preceding Year To Date 31.07.2019
<b>Basic Earnings Per share</b>				
Loss after taxation (RM'000)	(3,461)	(1,000)	(3,461)	(1,000)
Weighted average number of ordinary shares in issue ('000)	1,146,310	478,383	1,146,310	478,383
Basic Earnings per share (sen)	(0.30)	(0.21)	(0.30)	(0.21)

## 13. Basic Diluted Earnings Per Share

	Current Year Quarter 31.07.2020	Preceding Year Corresponding Quarter 31.07.2019	Current Year To Date 31.07.2020	Preceding Year To Date 37.07.2019
Loss after taxation (RM'000)	(3,461)	(1,000)	(3,461)	(1,000)
Weighted average number of ordinary shares in issue ('000)	1,365,216	667,330	1,365,216	667,330
Basic Diluted Earnings per share (sen)	N/A	N/A	N/A	N/A

**14. Loss Before Taxation**

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

	<b>Current Year Quarter 31.07.2020 RM'000</b>	<b>Current Year To Date 31.07.2020 RM'000</b>
Interest income	(467)	(467)
Interest expense	14	14
Depreciation of equipment	202	202
Unrealised gain on quoted shares	(1,070)	(1,070)
Amortisation of intangible assets	288	288
Gain on disposal of quoted shares	(124)	(124)

**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.