

**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 OCTOBER 2020 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.10.2020 RM'000	Preceding Year Quarter 31.10.2019 RM'000	Current Year To Date 31.10.2020 RM'000	Preceding Year To Date 31.10.2019 RM'000
Revenue	7,566	5,298	11,963	10,110
Cost of sales	(6,722)	(3,671)	(10,013)	(7,124)
Gross profit	844	1,627	1,950	2,986
Operating expenses	(4,714)	(6,263)	(9,545)	(8,743)
Other operating income	480	465	965	659
Finance expenses	(13)	(9)	(27)	(18)
Loss before taxation	(3,403)	(4,180)	(6,657)	(5,116)
Taxation	(142)	(43)	(349)	(107)
Loss for the period	(3,545)	(4,223)	(7,006)	(5,223)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the period	(3,545)	(4,223)	(7,006)	(5,223)
Loss after taxation attributable to owners of the Company	(3,545)	(4,223)	(7,006)	(5,223)
Total comprehensive expense attributable to owners of the Company	(3,545)	(4,223)	(7,006)	(5,223)
Earnings Per Share				
(i) Basic (Sen)	(0.27)	(0.38)	(0.53)	(0.46)
(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 OCTOBER 2020 (UNAUDITED)**

	<b>As At 31.10.2020 Unaudited RM'000</b>	<b>As At 30.04.2020 Audited RM'000</b>
<b>Assets</b>		
<b>Non-Current Assets</b>		
Other investment	3,788	3,482
Property and equipment	10,015	10,421
Intangible asset	7,999	4,887
WIP - Intangible asset	3,236	-
	25,038	18,790
<b>Current Assets</b>		
Trade receivables	10,329	6,899
Other receivables, deposits and prepayments	1,115	3,409
Current tax assets	-	148
Fixed deposits	67,621	62,772
Cash and bank balances	909	1,621
	79,974	74,849
<b>Total Assets</b>	105,012	93,639
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Share capital	96,776	83,196
Irredeemable convertible preference shares	6,406	7,167
Revaluation reserve	2,748	2,748
Warrant reserve	6,075	6,075
Accumulated losses	(25,609)	(18,603)
<b>Total Equity</b>	86,396	80,583
<b>Current Liabilities</b>		
Trade payables	7,669	4,682
Other payables and accruals	9,131	6,246
Tax Payable	(148)	33
Finance lease payables	44	262
	16,696	11,223
<b>Non-Current Liabilities</b>		
Finance lease payables	1,020	931
Deferred taxation	900	902
<b>Total Liabilities</b>	18,616	13,056
<b>Total Equity and Liabilities</b>	105,012	93,639
No. of ordinary shares ('000)	1,439,331	1,141,151
<b>Net assets per ordinary share (sen)</b>	6.00	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 OCTOBER 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 October 2020	83,196	7,167	2,748	6,075	(18,603)	80,583
As at 1 May 2020	-	-	-	-	(7,006)	(7,006)
<b>Transaction with owners of the company</b>						
- Issuance of shares pursuant to conversion of ICPS	13,580	(761)	-	-	-	12,819
Total comprehensive loss for the period	-	-	-	-	(7,006)	(7,006)
As at 31 October 2020	96,776	6,406	2,748	6,075	(25,609)	86,396

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**  
(REGISTRATION NO.200301033463 (635884-T))  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR  
THE FINANCIAL PERIOD ENDED 31 OCTOBER 2020 (UNAUDITED)**

	Curent Year To Date 31.10.2020 RM'000	Preceding Year To Date 31.10.2019 RM'000
<b>Cash Flows from Operating Activities</b>		
Loss before taxation	(6,657)	(936)
Adjustments for:-		
Non-cash items	1,214	967
Interest expenses	26	9
Interest income	(921)	(168)
<b>Operating loss before working capital changes</b>	<b>(6,338)</b>	<b>(128)</b>
Increase in trade and other receivables	(1,349)	7,213
Increase in trade and other payables	6,027	4,504
<b>Net cash for operations</b>	<b>(1,660)</b>	<b>11,589</b>
Tax paid	(351)	(65)
Tax refunded	-	164
<b>Net cash from operating activities</b>	<b>(2,011)</b>	<b>11,688</b>
<b>Cash Flows From Investing Activities</b>		
Interest received	921	168
Purchase of property and equipment	24	(4,701)
Purchases of Intangible assets	(7,186)	(2,350)
Purchase of quoted shares	(275)	(912)
<b>Net cash for investing activities</b>	<b>(6,516)</b>	<b>(7,795)</b>
<b>Cash Flows From Financing Activities</b>		
Interest paid	(26)	(9)
Proceeds from:		
- Right issue of ICPS with warrant	(761)	-
- Issuance of shares pursuant to conversion of ICPS	13,580	-
Repayment of term loans and hire purchase	(129)	(35)
<b>Net cash for financing activities</b>	<b>12,664</b>	<b>(44)</b>
Increase in cash and cash equivalents	4,137	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>68,530</b>	<b>21,227</b>
<b>Represented By:</b>		
Cash and bank balances	909	1,066
Short term deposit with non-financial institution	67,621	20,161
	<b>68,530</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 OCTOBER 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**

**(A) Changes in Rights Issue of Irredeemable Convertible Preference Shares ("ICPS") with Warrants**

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:-

- (i) A total of 6,850,000 MNC Shares were issued and allotted on the following dates pursuant to the conversion of 6,850,000 ICPS by virtue of ICPS and payment of RM0.03 in cash for 1 new MNC Share.

Allotment Date	No. of ICPS	No. of MNC Shares
19-08-2020	2,700,000	2,700,000
25-08-2020	3,550,000	3,550,000
01-09-2020	600,000	600,000
Total	6,850,000	6,850,000

- (ii) A total of 3,850,250 MNC Shares were issued and allotted on the following dates pursuant to the conversion of 7,700,500 ICPS by virtue of 2 ICPS into 1 new MNC Share.

Allotment Date	No. of ICPS	No. of MNC Shares
01-09-2020	3,000,500	1,500,250
10-09-2020	1,550,000	775,000
13-10-2020	950,000	475,000
15-10-2020	1,200,000	600,000
27-10-2020	1,000,000	500,000
Total	7,700,500	3,850,250

(B) Changes in Subscription of Employees Share Option Scheme ("ESOS")

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

Allotment Date	Exercise Price	No. of MNC Shares
18-08-2020	0.046	91,949,999
22-09-2020	0.045	186,300,000
Total		278,249,999

**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 30 October 2020, the Company has granted of options under Employees Share Option Scheme ("ESOS") with number of options offered 316,800,000, which has been listed.

**10. Changes in the Composition of the Group**

There were no changes in the composition of the group during the current quarter under review.

**11. Contingent Assets and Contingent Liabilities**

There were no material contingent assets and contingent liabilities as at the date of this report.

**12. Commitments**

There were no commitments as at the date of this report.

**13. Significant Related Party Disclosures**

There were no significant related party transactions during the current period under review.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities for the ACE Market

1. Financial review for Current Quarter and Cumulative Quarter

	Individual Period (2 <sup>nd</sup> Quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Current Year to- Date	Preceding Year Corresponding Period	Changes (Amount)
	31.10.2020	31.10.2019		31.10.2020	31.10.2019	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	7,566	5,298	2,268	11,963	10,110	1,853
<b>Operating Loss</b>	(3,390)	(4,171)	781	(6,630)	(5,098)	(1,532)
<b>Loss Before Interest and Tax</b>	(3,390)	(4,171)	781	(6,630)	(5,098)	(1,532)
<b>Loss Before Tax</b>	(3,403)	(4,180)	777	(6,657)	(5,116)	(1,541)
<b>Loss After Tax</b>	(3,545)	(4,223)	678	(7,006)	(5,223)	(1,783)
<b>Loss Attributable to Ordinary Equity Holder of the Company</b>	(3,545)	(4,223)	678	(7,006)	(5,223)	(1,783)

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 lower Loss Before Tax for the current quarter, compared to the preceding year corresponding quarter, primarily due to lower operating expenditure in the current quarter from lower customer acquisition cost, administrative and infrastructure cost.

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

	Current Quarter	Immediate Preceding Quarter	Changes (Amount)
	31.10.2020	31.07.2020	
	RM'000	RM'000	RM'000
<b>Revenue</b>	7,566	4,397	3,169
<b>Operating Loss</b>	(3,390)	(3,240)	(150)
<b>Loss Before Interest and Tax</b>	(3,390)	(3,240)	(150)
<b>Loss Before Tax</b>	(3,403)	(3,254)	(149)
<b>Loss After tax</b>	(3,545)	(3,461)	(84)
<b>Loss Attributable to the Owners of the Company</b>	(3,545)	(3,461)	(84)

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 higher loss before tax, compared to the immediate preceding quarter, due to higher cost of goods sold.

### 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 October 2020 RM'000	31 October 2019 RM'000	31 October 2020 RM'000	31 October 2019 RM'000
Current year tax	(142)	(43)	(349)	(107)
Prior year tax	NIL	NIL	NIL	NIL
Deferred tax	NIL	NIL	NIL	NIL
Tax expense	(142)	(43)	(349)	(107)

## 6. Status of Corporate Proposals

### (a) Rights Issue with Warrants

Status of utilisation of proceeds raised as at 31 October 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 seventy-two (72) months	-	-
2	Multimedia related service expenses - Infrastructure development expenditure	3,000,000	(1,600,000)	Within seventy-two (72) months	-	-
3	Digital related service expenses - Purchases of advertising display panels	8,000,000	(4,305,400)	Within seventy-two (72) months	-	-
4	Branch Expansion	4,000,000	(1,299,480)	Within seventy-two (72) months	-	-
5	Repayment of bank borrowings	2,750,000	(2,750,000)	Completed	-	-
6	Working capital	8,021,011	(4,221,000)	Within seventy-two (72) 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>			

Note:

#The Board on 25 September 2020 approved the utilization of the proceeds derived from Rights Issue with Warrants to be extended by 24 months to 11 November 2022.

**(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 October 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 2 <sup>nd</sup> quarter ended 31 October 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	44	1,064
<b>Total</b>	<b>1,020</b>	<b>44</b>	<b>1,064</b>
	As at 2 <sup>nd</sup> quarter ended 31 October 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	686	24	710
<b>Total</b>	<b>686</b>	<b>24</b>	<b>710</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 2 <sup>nd</sup> quarter ended 31 October 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	6,393	677	890	2,369	10,329

## 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 31.10.2020	Preceding Year Corresponding Quarter 31.10.2019	Current Year To Date 31.10.2020	Preceding Year To Date 31.10.2019
<b>Basic Earnings Per share</b>				
Loss after taxation (RM'000)	(3,545)	(4,223)	(7,006)	(5,223)
Weighted average number of ordinary shares in issue ('000)	1,322,560	1,125,406	1,322,560	1,125,406
Basic Earnings per share (sen)	(0.27)	(0.38)	(0.53)	(0.46)

## 13. Basic Diluted Earnings Per Share

	Current Year Quarter 31.10.2020	Preceding Year Corresponding Quarter 31.10.2019	Current Year To Date 31.10.2020	Preceding Year To Date 31.10.2019
Loss after taxation (RM'000)	(3,545)	(4,223)	(7,006)	(5,223)
Weighted average number of ordinary shares in issue ('000)	1,541,467	1,314,352	1,541,467	1,314,352
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 31.10.2020 RM'000</b>	<b>Current Year To Date 31.10.2020 RM'000</b>
Interest income	(454)	(921)
Interest expense	13	27
Depreciation of equipment	179	381
Unrealised loss on quoted shares	1,188	118
Amortisation of intangible assets	551	839
Gain on disposal of quoted shares	-	(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.