

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 JANUARY 2021 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.01.2021 RM'000	Preceding Year Quarter 31.01.2020 RM'000	Current Year To Date 31.01.2021 RM'000	Preceding Year To Date 31.01.2020 RM'000
Revenue	5,219	5,685	17,182	15,795
Cost of sales	(4,408)	(3,909)	(14,421)	(11,033)
Gross profit	811	1,776	2,761	4,762
Operating expenses	(4,379)	(1,367)	(13,924)	(10,110)
Other operating income	389	604	1,354	1,263
Finance expenses	(12)	(13)	(39)	(31)
Profit/(Loss) before taxation	(3,191)	1,000	(9,848)	(4,116)
Taxation	(210)	(139)	(559)	(246)
Profit/(Loss) for the period	(3,401)	861	(10,407)	(4,362)
Other comprehensive income	-	-	-	-
Total comprehensive income/(expense) for the period	(3,401)	861	(10,407)	(4,362)
Profit/(Loss) after taxation attributable to owners of the Company	(3,401)	861	(10,407)	(4,362)
Total comprehensive expense attributable to owners of the Company	(3,401)	861	(10,407)	(4,362)
Earnings Per Share				
(i) Basic (Sen)	(0.20)	0.08	(0.60)	(0.38)
(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 JANUARY 2021 (UNAUDITED)

	As At 31.01.2021 Unaudited RM'000	As At 30.04.2020 Audited RM'000
Assets		
Non-Current Assets		
Other investment	4,403	3,482
Property and equipment	9,837	10,421
Intangible asset	<u>10,301</u>	<u>4,887</u>
	<u>24,541</u>	<u>18,790</u>
Current Assets		
Trade receivables	5,346	6,899
Other receivables, deposits and prepayments	1,201	3,409
Current tax assets	-	148
Fixed deposits	71,904	62,772
Cash and bank balances	<u>4,632</u>	<u>1,621</u>
	<u>83,083</u>	<u>74,849</u>
Total Assets	<u><u>107,624</u></u>	<u><u>93,639</u></u>
Equity and Liabilities		
Equity		
Share capital	109,805	83,196
Irredeemable convertible preference shares	6,122	7,167
Revaluation reserve	2,748	2,748
Warrant reserve	6,075	6,075
Accumulated losses	<u>(29,010)</u>	<u>(18,603)</u>
Total Equity	<u>95,740</u>	<u>80,583</u>
Current Liabilities		
Trade payables	4,208	4,682
Other payables and accruals	5,927	6,246
Tax Payable	(148)	33
Finance lease payables	<u>248</u>	<u>262</u>
	<u>10,235</u>	<u>11,223</u>
Non-Current Liabilities		
Finance lease payables	750	931
Deferred taxation	899	902
Total Liabilities	<u>11,884</u>	<u>13,056</u>
Total Equity and Liabilities	<u><u>107,624</u></u>	<u><u>93,639</u></u>
No. of ordinary shares ('000)	1,758,807	1,141,151
Net assets per ordinary share (sen)	5.44	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
(REGISTRATION NO.200301033463 (635884-T))
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2021 (UNAUDITED)**

	← Irredeemable Convertible Preference Share ("ICPS")		← Non-distributable				← Attributable to Owners of the Company	
	Share Capital	Share Preference ("ICPS")	Revaluation Reserve	Warrant Reserve	Accumulated Losses	Total Equity		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Three (3) months ended 31 January 2021								
As at 1 May 2020	83,198	7,167	2,748	6,075	(18,603)	80,583		
Loss after taxation	-	-	-	-	(10,407)	(10,407)		
Transaction with owners of the company								
- Issuance of shares pursuant to conversion of ICPS	26,609	(1,045)	-	-	-	25,564		
Total comprehensive loss for the period	-	-	-	-	(10,407)	(10,407)		
As at 31 January 2021	109,805	6,122	2,748	6,075	(29,010)	95,740		

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 JANUARY 2021 (UNAUDITED)

	Current Year To Date 31.01.2021 RM'000	Preceding Year To Date 31.01.2020 RM'000
Cash Flows from Operating Activities		
Loss before taxation	(9,848)	(4,116)
Adjustments for:-		
Non-cash items	(1,214)	2,142
Interest expenses	38	31
Interest income	(1,284)	(1,177)
Operating loss before working capital changes	<u>(12,308)</u>	<u>(3,120)</u>
Increase in trade and other receivables	3,547	4,905
Increase/(Decrease) in trade and other payables	(916)	3,889
Net cash for operations	<u>(9,677)</u>	<u>5,674</u>
Tax paid	(559)	(249)
Tax refunded	-	500
Net cash (for)/from operating activities	<u>(10,236)</u>	<u>5,925</u>
Cash Flows From Investing Activities		
Interest received	1,284	1,177
Purchase of property and equipment	24	(5,642)
Purchases of intangible assets	(7,186)	(2,350)
Purchase of quoted shares	2,926	(947)
Net cash for investing activities	<u>(2,952)</u>	<u>(7,762)</u>
Cash Flows From Financing Activities		
Interest paid	(38)	(31)
Proceeds from:		
- Right issue of ICPS with warrant	(1,045)	8,664
- Issuance of shares pursuant to conversion of ICPS	26,609	38,494
Repayment of term loans and hire purchase	(195)	(124)
Net cash from financing activities	<u>25,331</u>	<u>47,003</u>
Increase in cash and cash equivalents	12,143	45,166
Cash and cash equivalents at beginning of the financial period	64,393	17,378
Cash and cash equivalents at end of the financial period	<u>76,536</u>	<u>62,544</u>
Represented By:		
Cash and bank balances	4,632	956
Short term deposit with non-financial institution	71,904	61,588
	<u>76,536</u>	<u>62,544</u>

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 JANUARY 2021

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:

MFRSs (Including The Consequential Amendments)	Effective Date
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 2,451,000 MNC Shares were issued and allotted on the following dates pursuant to the conversion of 2,451,000 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
02-12-2020	2,451,000	2,451,000

(ii) A total of 225,000 MNC Shares were issued and allotted on the following dates pursuant to the conversion of 450,000 ICPS by virtue of 2 ICPS into 1 new MNC Share.

Allotment Date	No. of ICPS	No. of MNC Shares
19-11-2020	450,000	225,000

(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
11-12-2020	0.04	155,000,000
22-12-2020	0.04	161,800,000
Total		316,800,000

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

On 9 March 2021, the Group announced the following Proposals:

- (i) proposed private placement of up to 527,642,000 new ordinary shares in the Company, representing 30% of the existing total number of issued Shares, to independent third-party investor(s) to be identified and at an issue price to be determined later.
- (ii) proposed establishment of an employees' share options scheme involving up to 30% of the total number of issued Shares of the Company (excluding treasury shares, if any) for eligible directors and employees of the Company and its subsidiaries.

(collectively, referred to as the "Proposals")

On 19 March 2021, the Group announced the above Proposals was approved by Bursa Securities on 19 March 2021.

On 9 April 2021, the Group announced the above Proposals was approved by shareholders at an Extraordinary General Meeting.

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 (3 rd Quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Current Year to Date	Preceding Year Corresponding Period	Changes (Amount)
	31.01.2021	31.01.2020		31.01.2021	31.01.2020	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	5,219	5,685	(466)	17,182	15,795	1,387
Operating Profit/(Loss)	(3,179)	1,013	(4,192)	(9,810)	(4,085)	(5,725)
Profit/(Loss) Before Interest and Tax	(3,179)	1,013	(4,192)	(9,810)	(4,085)	(5,725)
Profit/(Loss) Before Tax	(3,191)	1,000	(4,191)	(9,849)	(4,116)	(5,733)
Profit/(Loss) After Tax	(3,401)	861	(4,262)	(10,408)	(4,362)	(6,046)
Profit/(Loss) Attributable to Ordinary Equity Holder of the Company	(3,401)	861	(4,262)	(10,408)	(4,362)	(6,046)

The Group registered lower revenue for the current quarter, compared to the preceding year corresponding quarter, due to lower contribution from Wireless/Mobile Services, as a result of the COVID-19 global pandemic adverse impact on local and global economies.

The Group registered a Loss Before Tax for the current quarter, compared to the preceding year corresponding quarter Profit Before Tax, due to higher operating expenditure with higher customer acquisition and business development cost coupled with increased in administrative cost and infrastructure cost, as the Group increase its revenue channels.

2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Changes (Amount)
	31.01.2021	31.10.2020	
	RM'000	RM'000	RM'000
Revenue	5,219	7,566	(2,347)
Operating Loss	(3,179)	(3,390)	211
Loss Before Interest and Tax	(3,179)	(3,390)	211
Loss Before Tax	(3,191)	(3,403)	212
Loss After tax	(3,401)	(3,545)	144
Loss Attributable to the Owners of the Company	(3,401)	(3,545)	144

The Group registered lower revenue for the current quarter, compared to the immediate preceding quarter, due to revenue from sale of advertising digital display panels in the immediate preceding quarter. The on-going COVID-19 global pandemic's adverse impact on local and global economies continue to put pressure on the Group' Wireless and Mobile Application/Services business segments.

The Group registered a lower Loss Before Tax for the current quarter, compared to the immediate preceding quarter, primarily due to lower operating expenditure in the current quarter from lower customer acquisition cost, administrative and 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 January 2021 RM'000	31 January 2020 RM'000	31 January 2021 RM'000	31 January 2020 RM'000
Current year tax	(210)	(139)	(559)	(246)
Prior year tax	NIL	NIL	NIL	NIL
Deferred tax	NIL	NIL	NIL	NIL
Tax expense	(210)	(139)	(559)	(246)

6. Status of Corporate Proposals

(a) Rights Issue with Warrants

Status of utilisation of proceeds raised as at 31 January 2021 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	(8,000,000)	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	(4,632,801)	Within seventy-two (72) months	-	-
7	Expenses for the Corporate Exercises	570,989	(570,989)	Completed	-	-
	Total	28,342,000	(20,278,270)			

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 January 2021 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 forty-eight (48) months
2	Estimated expenses for the Proposed Private Placement	99	(99)	-	Completed
	Total	2,372	(99)	2,273	

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	(3,950,000)	Within twenty-four (24) months	-	-
4	Acquisition and/or investments in other complementary business and/or assets	8,238,900	(8,052,000)	Within twenty-four (24) months	-	-
5	Expenses for the Corporate Exercises	600,009	(600,009)	Completed	-	-
	Total	44,938,900	(12,602,009)			

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 3 rd quarter ended 31 January 2021		
	Non-current	Current	Total
	RM'000	RM'000	RM'000
Secured			
Term loan	N/A	N/A	N/A
Finance lease payables	750	248	998
Total	750	248	998
	As at 3 rd 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

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 3 rd quarter ended 31 January 2021				
	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	3,625	261	228	1,232	5,346

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 31.01.2021	Preceding Year Corresponding Quarter 31.01.2020	Current Year To Date 31.01.2021	Preceding Year To Date 31.01.2020
Basic Earnings Per share				
Profit/(Loss) after taxation (RM'000)	(3,401)	861	(10,408)	(4,362)
Weighted average number of ordinary shares in issue ('000)	1,730,703	1,138,650	1,730,703	1,138,650
Basic Earnings per share (sen)	(0.20)	0.08	(0.60)	(0.38)

13. Basic Diluted Earnings Per Share

	Current Year Quarter 31.01.2021	Preceding Year Corresponding Quarter 31.01.2020	Current Year To Date 31.01.2021	Preceding Year To Date 31.01.2020
Profit/(Loss) after taxation (RM'000)	(3,401)	861	(10,408)	(4,362)
Weighted average number of ordinary shares in issue ('000)	1,949,609	1,327,597	1,949,609	1,327,597
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):-

	Current Year Quarter 31.01.2021 RM'000	Current Year To Date 31.01.2021 RM'000
Interest income	(363)	(1,284)
Interest expense	12	39
Depreciation of equipment	178	559
Unrealised loss on quoted shares	2,366	2,484
Amortisation of intangible assets	934	1,773
Gain on disposal of quoted shares	(5,904)	(6,028)

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.