

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 2022 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.07.2022 RM'000	Preceding Year Quarter 31.07.2021 RM'000	Current Year To Date 31.07.2022 RM'000	Preceding Year To Date 31.07.2021 RM'000
Revenue	2,858	3,114	2,858	3,114
Cost of sales	(2,603)	(2,452)	(2,603)	(2,452)
Gross profit	255	662	255	662
Operating expenses	(1,737)	(7,513)	(1,737)	(7,513)
Other operating income	207	318	207	318
Finance expenses	(7)	(9)	(7)	(9)
Loss before taxation	(1,282)	(6,542)	(1,282)	(6,542)
Taxation	-	(54)	-	(54)
Loss for the year / Total comprehensive expenses for the year	(1,282)	(6,596)	(1,282)	(6,596)
Loss after taxation attributable to owners of the Company	(1,282)	(6,596)	(1,282)	(6,596)
Total comprehensive expenses attributable to owners of the Company	(1,282)	(6,596)	(1,282)	(6,596)
Loss Per Share				
(i) Basic (Sen)	(0.06)	(0.38)	(0.06)	(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 2022 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 2022 (UNAUDITED)

	As At 31.07.2022 Unaudited RM'000	As At 30.04.2022 Audited RM'000
Assets		
Non-Current Assets		
Property, plant and equipment	8,902	9,017
Intangible assets	7,013	7,660
Other investments	79	99
	<u>15,994</u>	<u>16,776</u>
Current Assets		
Trade receivables	3,411	4,087
Other receivables, deposits and prepayments	33,879	473
Current tax assets	616	580
Fixed deposits	31,837	72,261
Cash and bank balances	8,150	1,259
	<u>77,893</u>	<u>78,660</u>
Total Assets	<u>93,887</u>	<u>95,436</u>
Equity and Liabilities		
Equity		
Share capital	123,662	123,651
Irredeemable convertible preference shares	6,085	6,096
Revaluation reserve	2,684	2,684
Warrant reserve	1,351	1,351
Accumulated losses	(50,328)	(49,046)
Total Equity	<u>83,454</u>	<u>84,736</u>
Current Liabilities		
Trade payables	3,366	3,992
Other payables and accruals	5,601	5,171
Finance lease payables	291	288
	<u>9,258</u>	<u>9,451</u>
Non-Current Liabilities		
Finance lease payables	295	369
Deferred tax liabilities	880	880
Total Liabilities	<u>10,433</u>	<u>10,700</u>
Total Equity and Liabilities	<u>93,887</u>	<u>95,436</u>
No. of ordinary shares ('000)	2,287,084	2,286,899
Net assets per ordinary share (sen)	3.65	3.71

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 April 2022 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 JULY 2022 (UNAUDITED)

	Attributable to Owners of the Company					Total Equity
	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 July 2022						
As at 1 May 2022	123,651	6,096	2,684	1,351	(49,046)	84,736
<i>Transactions with owners:</i>						
Conversion of ICPS to ordinary shares	11	(11)	-	-	-	-
Total transactions with owners	11	(11)	-	-	-	-
Loss after taxation	-	-	-	-	(1,282)	(1,282)
Total comprehensive loss for the period	-	-	-	-	(1,282)	(1,282)
As at 31 July 2022	123,662	6,085	2,684	1,351	(50,328)	83,454
Twelve (12) months ended 30 April 2022						
As at 1 May 2021	114,338	6,122	2,716	6,075	(36,347)	92,904
<i>Transactions with owners:</i>						
Conversion of ICPS to ordinary shares	26	(26)	-	-	-	-
Issuance of shares pursuant to the exercise of Private Placement	9,287	-	-	-	-	9,287
Expiration of warrants	-	-	-	(4,724)	4,724	-
Total transactions with owners	9,313	(26)	-	(4,724)	4,724	9,287
Loss after taxation	-	-	-	-	(17,455)	(17,455)
Realisation of the revaluation reserve	-	-	(32)	-	32	-
Total comprehensive loss for the year	-	-	(32)	-	(17,423)	(17,455)
As at 30 April 2022	123,651	6,096	2,684	1,351	(49,046)	84,736

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 2022 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 CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 JULY 2022 (UNAUDITED)

	Curent Year To Date 31.07.2022 RM'000	Preceding Year To Date 31.07.2021 RM'000
Cash Flows from Operating Activities		
Loss before taxation	(1,282)	(6,542)
Adjustments for:-		
Non-cash items	784	6,124
Interest expenses	7	9
Interest income	(181)	(292)
Operating loss before working capital changes	(672)	(701)
(Increase)/Decrease in trade and other receivables	(32,730)	10,388
Decrease in trade and other payables	(196)	(1,059)
Cash (used in)/generated from operations	(33,598)	8,628
Tax paid	(36)	(54)
Net Cash (used in)/generated from operating activities	(33,634)	8,574
Cash Flows From Investing Activities		
Interest received	181	292
Purchase of property,plant and equipment	(2)	(28)
Purchase of intangible assets	-	(30,660)
Proceeds from disposal of quoted shares	-	21,341
Net cash from/(used in) investing activities	179	(9,055)
Cash Flows From Financing Activities		
Interest paid	(7)	(9)
Proceeds from:		
- Conversion of ICPS into ordinary shares	(11)	-
- Issuance of shares pursuant to conversion of ICPS	11	-
Repayment of finance lease payables	(71)	(69)
Net cash used in financing activities	(78)	(78)
Decrease in cash and cash equivalents	(33,533)	(559)
Cash and cash equivalents at beginning of the financial period	73,520	61,540
Cash and cash equivalents at end of the financial period	39,987	60,981
Represented By:		
Cash and bank balances	8,150	222
Fixed deposits	31,837	60,759
	39,987	60,981

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 April 2022 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE QUARTERLY REPORT – 31 JULY 2022

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 2022.

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 2022 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 May 2022. 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 2022 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 2022:-

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 2022 as listed below:

MFRSs (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2023

The Group is in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for future financial years.

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 2022** 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

There were no changes in debt and equity securities during the current quarter under review except for the 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 185,000 units of new ordinary shares were issued and allotted on the following dates pursuant to the conversion of 370,000 ICPS by virtue of 2 ICPS into 1 new MNC Share.

Allotment Date	No. of ICPS	No. of MNC Shares
20.05.2022	200,000	100,000
24.05.2022	170,000	85,000
Total	370,000	185,000

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 13 September 2022, the Company announced that Messrs. Ong & Wong Chartered Accountants ("Ong & Wong") have issued a notice in writing for their resignation as Auditors of the Company with immediate effect pursuant to Section 281 of the Companies Act 2016 ("the Act").
- On 19 September 2022, the Company announced that Bursa Securities had approved the following Proposals:
 - Proposed consolidation of every 10 existing ordinary shares in MNC ("MNC Shares" or "Shares") into 1 MNC Share ("Consolidated Shares") ("Proposed Share Consolidation"); and
 - Proposed bonus issue of up to 94,734,940 new warrants in MNC ("Warrants C") on the basis of 3 Warrants C for every 8 Consolidated Shares held on an entitlement date to be determined and announced later ("Proposed Bonus Issue of Warrants").

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 (1st Quarter)			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Current Year to- Date	Preceding Year Corresponding Period	Changes (Amount)
	31.07.2022	31.07.2021		31.07.2022	31.07.2021	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	2,858	3,114	(256)	2,858	3,114	(256)
Operating Loss	(1,275)	(6,533)	5,258	(1,275)	(6,533)	5,258
Loss Before Interest and Tax	(1,275)	(6,533)	5,258	(1,275)	(6,533)	5,258
Loss Before Tax	(1,282)	(6,542)	5,260	(1,282)	(6,542)	5,260
Loss After Tax	(1,282)	(6,596)	5,314	(1,282)	(6,596)	5,314
Loss Attributable to Ordinary Equity Holder of the Company	(1,282)	(6,596)	5,314	(1,282)	(6,596)	5,314

The Group registered lower revenue for the current quarter, compared to the preceding year corresponding quarter, mainly due to a lower contribution from content provider business as lower customer demand from the business partners.

Correspondingly, the Group registered a lower loss before tax for the current year quarter, compared to the preceding year corresponding quarter, mainly due to lower operating expenditure with lower customer acquisition and business development cost coupled with the decrease in administrative cost and infrastructure cost.

2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Changes (Amount)
	31.07.2022	30.04.2022	
	RM'000	RM'000	RM'000
Revenue	2,858	3,705	(847)
Operating Loss	(1,275)	(1,303)	28
Loss Before Interest and Tax	(1,275)	(1,303)	28
Loss Before Tax	(1,282)	(1,311)	29
Loss After tax	(1,282)	(777)	(505)
Loss Attributable to the Owners of the Company	(1,282)	(777)	(505)

The Group registered lower revenue for the current quarter, compared to the immediate preceding quarter, mainly due to a lower contribution from messaging business as lower demand from clients in the current quarter. In addition, the Group registered a high loss after tax as compare to immediate preceding quarter, mainly attributable to a reversal of overprovision of taxation in respect of the year of assessment 2021.

3. Prospects

The Group is principally engaged in sales, marketing, research and development of solutions and contents, which can be categorised into wireless and mobile application services, multimedia related service which includes provision of mobile messaging platforms for bulk short message services to enterprises as well as digital related service, which includes customised mobile applications development, social media management, web design and development and customised digital solutions.

The Group believes that the industry outlook for mobile and digital applications and its multimedia related services continues to be favourable in view of the on-going developments in smart devices and high-speed internet, including but not limited to the anticipated introduction of 5G networks in Malaysia and the increasing trend of digital marketing environment being embraced by consumers and business units, thereby contributing positively to the business segments that the Group operates within.

The Group has further expanded downstream into related business activities, namely mobile gaming applications, bespoke management platforms, provision of authentication tool for online transactions, supply of advertising display panels, amongst others, to further enable the Group to increase its market presence across the business sector it operates within.

Moving forward, the Group will be continuously seeking market opportunities in the domestic markets either through acquisition, joint venture or collaboration to strengthen the Group's market presence, as well as continuously improve its services or products to expand its customer base.

Premised on the above and after having considered all the relevant aspects including the overview of the Malaysia ICT industry, the Board is optimistic about the prospects of the Group.

On-going strategic partnerships with business partners will add to future sustainable growth for the Group with the following collaborative initiatives:-

- Memorandum of Understanding (“MOU”) signed with Sanichi Property Sdn. Bhd. on 15 January 2018, for the purpose of:
 - i. Online leasing or short-term luxury rental service for 120 units of Marina Point, Melaka; and
 - ii. Creating and operating an online marketing or community marketplace for the public to book luxury homestays.
- MOU signed with Hot Entertainment Sdn. Bhd. (“Hot TV”) on 13 April 2022, for the purpose of:
 - i. Kick-starting its Lifestyle e-commerce Platform by expressing its interest to acquire, invest, develop or collaborate with Hot TV;
 - ii. The Lifestyle e-commerce Platform combines social media features with an e-commerce marketplace that matches buyers and merchants; and
 - iii. Aims to eliminate layers of sales channels in product adoption via a Business-to-Consumer (B2C) model.

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 2022 RM'000	31 July 2021 RM'000	31 July 2022 RM'000	31 July 2021 RM'000
Current year tax	-	(54)	-	(54)
Deferred tax	-	-	-	-
Tax expense	-	(54)	-	(54)

6. Status of Corporate Proposals

(a) Rights Issue with Warrants A

Status of utilisation of proceeds raised as at 31 July 2022 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 (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe For Utilisation	Deviation amount	Explanations (if the deviation is 5% or more)
#1	Wireless and mobile application services expenses	2,000	(1,425)	Within seventy-two (72) months	-	-
#2	Multimedia related service expenses - Infrastructure development expenditure	3,000	(1,600)	Within seventy-two (72) months	-	-
3	Digital related service expenses - Purchases of advertising display panels	8,000	(8,000)	Completed	-	-

#4	Branch Expansion	4,000	(1,299)	Within seventy-two (72) months	-	-
5	Repayment of bank borrowings	2,750	(2,750)	Completed	-	-
#6	Working capital	8,021	(4,633)	Within seventy-two (72) months	-	-
7	Expenses for the Corporate Exercises	571	(571)	Immediate	-	-
	Total	28,342	(20,278)			

Note:

#The Board on 25 September 2020 approved an extension of time from 48 months for the utilization of the proceeds derived from Rights Issue with Warrants to 72 months.

(b) 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 (RM'000)	Actual Utilisation (RM'000)	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	(7,900)	Within forty-eight (48) months	-	-
*#2	Upgrading of the Group's premium mobile content platform	15,100	(11,800)	Within forty-eight (48) months	-	-
#3	Development of an online property management platform	10,000	(6,950)	Within forty-eight (48) months	-	-
#4	Acquisition and/or investments in other complementary business and/or assets	8,239	(8,052)	Within forty-eight (48) months	-	-
#5	Expenses for the Corporate Exercises	600	(600)	Immediate	-	-
	Total	44,939	(35,302)			

Note:

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

#The Board had on 13 September 2021 approved an extension of time of 24 months for the utilization to 48 months.

(c) Private Placement

Status of utilisation the proceeds raised from the private placement of 527,642,000 ordinary shares at an issue price of RM 0.0176 each amounting to RM9,286,499.20 as at 31 July 2022 following the admission of the shares to the official list on ACE Market Bursa Securities on 11 March 2022 are as follows: -

No	Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilization	Deviation amount	Explanations (if the deviation is 5% or more)
1	Development of the Lifestyle E-commerce Platform	5,500	-	Within 18 months	-	-
2	Working capital for the Lifestyle E-commerce Platform	3,393	-	Within 24 months	-	-
#3	Estimated expenses for the Proposals	393	(393)	Immediate	-	-
	Total	9,286	(393)			

Note:

#Any surplus of funds following payment for the proposal expenses will be allocated to working capital for the Lifestyle E-commerce Platform.

Status of corporate proposals announced but not completed

(d) Multiple proposals

On 19 September 2022, the Company announced that Bursa Securities had approved the following Proposals:

- (i) proposed consolidation of every 10 existing ordinary shares in MNC ("MNC Shares" or "Shares") into 1 MNC Share ("Consolidated Shares") ("Proposed Share Consolidation"); and
- (ii) proposed bonus issue of up to 94,734,940 new warrants in MNC ("Warrants C") on the basis of 3 Warrants C for every 8 Consolidated Shares held on an entitlement date to be determined and announced later ("Proposed Bonus Issue of Warrants").

The above proposals have yet to be approved by the shareholders of the Company in an Extraordinary General Meeting which will be determined and announced at a later date.

7. Group Borrowings and Debt Securities

	As at 1st quarter ended 31 July 2022		
	Non-current	Current	Total
	RM'000	RM'000	RM'000
Secured			
Lease liabilities	295	291	586
Total	295	291	586
	As at 1st quarter ended 31 July 2021		
	Non-current	Current	Total
	RM'000	RM'000	RM'000
Secured			
Lease liabilities	750	113	863
Total	750	113	863

8. Trade Receivables

The Group's normal trade credit terms range from 30 to 90 days term (2022: 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. The Group use ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due of more than 6 months, which are deemed to have higher credit risk, are monitored individually.

	As at first quarter ended 31 July 2022				
	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	2,216	521	122	552	3,411

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. Basic Loss per Share

	Current Year Quarter 31.07.2022	Preceding Year Corresponding Quarter 31.07.2021	Current Year To Date 31.07.2022	Preceding Year To Date 31.07.2021
Basic Loss Per share				
Loss after taxation (RM'000)	(1,282)	(6,596)	(1,282)	(6,596)
Weighted average number of ordinary shares in issue ('000)	2,287,044	1,758,807	2,287,044	1,758,807
Basic loss per share (sen)	(0.06)	(0.38)	(0.06)	(0.38)

13. Basic Diluted Loss Per Share

The diluted loss per share was not applicable as the exercise price of Warrants have exceeded the average market price of ordinary shares during the financial year.

14. Loss Before Taxation

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

	Current Year Quarter 31.07.2022 RM'000 (Income)/Loss	Current Year To Date 31.07.2022 RM'000 (Income)/Loss
Interest income	(181)	(181)
Interest expense	7	7
Amortisation of intangible assets	647	647
Depreciation of property, plant and equipment	117	117
Impairment loss on investment in quoted share	20	20

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.