

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
Condensed Consolidated Statement Of Profit or Loss and Others Comprehensive Income  
For The 1st Quarter Ended 31 March 2014  
(The figures have not been audited)

	Note	Unaudited Current Qtr Ended 31/3/2014 RM'000	Unaudited Comparative Qtr Ended 31/3/2013 RM'000	Unaudited Cumulative YTD 31/3/2014 RM'000	Unaudited Cumulative YTD 31/3/2013 RM'000
Revenue	5	19,557	14,956	19,557	14,956
Cost of sales		(12,984)	(9,667)	(12,984)	(9,667)
<b>Gross Profit</b>		<u>6,573</u>	<u>5,289</u>	<u>6,573</u>	<u>5,289</u>
Interest income		189	188	189	188
Other income		12	-	12	-
Gain on disposal of property, plant and equipment		-	6	-	6
Other expenditure		(2,882)	(2,085)	(2,882)	(2,085)
Depreciation and amortisation		(522)	(404)	(522)	(404)
Allowance for and write off fixed assets		(9)	(3)	(9)	(3)
Finance costs		(11)	(13)	(11)	(13)
<b>Profit Before Tax</b>		<u>3,350</u>	<u>2,978</u>	<u>3,350</u>	<u>2,978</u>
Income tax expense	21	(229)	-	(229)	-
<b>Profit for the period representing total comprehensive income for the period</b>		<u><u>3,121</u></u>	<u><u>2,978</u></u>	<u><u>3,121</u></u>	<u><u>2,978</u></u>
Attributable to:					
Equity Holders of the Parent		<u><u>3,121</u></u>	<u><u>2,978</u></u>	<u><u>3,121</u></u>	<u><u>2,978</u></u>
<b>Earnings per Share Attributable to Equity Holders of the Parent:</b>					
- Basic (Sen)	29	1.92	1.83	1.92	1.83
- Diluted (Sen)	29	1.92	1.83	1.92	1.83

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
Condensed Consolidated Statement Of Financial Position  
As at 31 March 2014

	Note	(Unaudited) As At 31/3/2014 RM'000	(Audited) As At 31/12/2013 RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant & Equipment		7,969	8,193
Intangible Assets		4,458	4,458
Deferred Development Cost		5,373	5,323
		17,800	17,974
<b>Current Assets</b>			
Trade Receivables		13,629	8,630
Other Receivables		2,495	2,205
Cash and Cash Equivalents		36,367	40,180
		52,491	51,015
<b>TOTAL ASSETS</b>		<b>70,291</b>	<b>68,989</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity Attributable to Equity Holders of the Parent</b>			
Share Capital		16,271	16,271
Share Premium		1,254	1,254
Retained Earnings		44,809	41,688
<b>Total Equity</b>		62,334	59,213
<b>Non-current Liabilities</b>			
Term Loan	25	1,817	1,925
Deferred Tax Liabilities		1,446	1,446
		3,263	3,371
<b>Current Liabilities</b>			
Trade Payables		1,969	2,621
Other Payables		2,365	3,424
Term Loan	25	360	360
		4,694	6,405
<b>Total Liabilities</b>		7,957	9,776
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>70,291</b>	<b>68,989</b>
Net Assets Per Share Attributable to Equity Holders of the Parent (Sen)		38.31	36.39

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
Condensed Consolidated Statement of Cash Flows  
For The 1st Quarter Ended 31 March 2014  
(The figures have not been audited)

	<b>(Unaudited)</b> <b>3 Months</b> <b>Ended</b> <b>31/3/2014</b> <b>RM'000</b>	<b>(Unaudited)</b> <b>3 Months</b> <b>Ended</b> <b>31/3/2013</b> <b>RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit Before Taxation	3,350	2,978
Adjustments for:		
Depreciation and Amortization	522	404
Interest Income	(189)	(188)
Interest Expenses	11	13
Property, plant and equipment written off	9	3
(Gain) on disposal of property, plant and equipment	-	(6)
Operating profit before working capital changes	3,703	3,204
Receivables	(5,294)	(1,706)
Payables	(1,711)	(1,271)
Cash generated from operations	(3,302)	227
Interest Income	189	188
Interest Paid	(11)	(13)
Tax Paid	(228)	(22)
Net cash generated from/(used in) operating activities	(3,352)	380
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(103)	(176)
Purchase of intangible assets	(250)	(399)
Proceeds from disposal of property, plant and equipment	-	43
Net cash used in investing activities	(353)	(532)
<b>Cash flows from financing activities</b>		
Payment of dividends	-	(1,627)
Repayment of loans and borrowings	(108)	(106)
Net cash used in financing activities	(108)	(1,733)
Net increase/(decrease) in cash and cash equivalents	(3,813)	(1,885)
Cash and cash equivalents at beginning of period	40,180	33,577
Cash and cash equivalents at end of period	<u>36,367</u>	<u>31,692</u>
 Cash and cash equivalents at the end of the financial period comprise the following:		
Short term deposit with fund management companies	7,097	8,075
Fixed deposit with licensed banks	21,410	19,110
Cash and bank balances	7,860	4,507
	<u>36,367</u>	<u>31,692</u>

**The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying notes attached to the interim financial statements.**

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
Condensed Consolidated Statement of Changes in Equity  
For The 1st Quarter Ended 31 March 2014  
(The figures have not been audited)

Note	<----- Attributable to Equity Holders of the Parent ----->				Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	<--- Non Distributable --->  Share Premium RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000			
<b>At 1 January 2014</b>	16,271	1,254	-	41,688	59,213	-	59,213
Profit for the year, representing	-	-	-	3,121	3,121	-	3,121
total comprehensive income for the year	-	-	-	3,121	3,121	-	3,121
<b>At 31 March 2014</b>	<u>16,271</u>	<u>1,254</u>	<u>-</u>	<u>44,809</u>	<u>62,334</u>	<u>-</u>	<u>62,334</u>
<b>At 1 January 2013</b>	16,271	1,254	5	33,238	50,768	-	50,768
Profit for the year, representing	-	-	(5)	11,704	11,699	-	11,699
total comprehensive income for the year	-	-	(5)	11,704	11,699	-	11,699
Dividend paid	-	-	-	(3,254)	(3,254)	-	(3,254)
<b>At 31 December 2013</b>	<u>16,271</u>	<u>1,254</u>	<u>-</u>	<u>41,688</u>	<u>59,213</u>	<u>-</u>	<u>59,213</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying notes attached to the interim financial statements.

**Part A - Explanatory Notes Pursuant to MFRS 134 - 31 March 2014**

**1. Basis of Preparation**

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting and Paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2013, The consolidated financial statements of the Group as at and for the year ended 31 December 2013 were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS").

**2. Significant Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013 except as follows:

Effective for financial periods beginning on or after 1 January 2013:

- MFRS 10 : Consolidated Financial Statements
- MFRS 11 : Joint Arrangements
- MFRS 12 : Disclosure of Interests in Other Entities
- MFRS 13 : Fair Value Measurement
- MFRS 119 : Employee Benefits
- MFRS 127 : Separate Financial Statements
- MFRS 128 : Investments in Associates and Joint Ventures (2011)
- Amendments to MFRS 7 : Financial Instruments : Disclosures - Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 1 : First-Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 101 : Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 116 : Property, Plant and Equipment (Annual Improvements 2009-211 Cycle)
- Amendments to MFRS 132 : Financial Instruments : Presentation (Annual Improvements 2009-211 Cycle)
- Amendments to MFRS 134 : Interim Financial Reporting (Annual Improvements 2009-211 Cycle)
- Amendments to MFRS 10 : Consolidated Financial Statements : Transition Guidance
- Amendments to MFRS 11 : Joint Arrangements : Transition Guidance
- Amendments to MFRS 12 : Disclosure of Interests in Other Entities : Transition Guidance

The adoption of the above do not have any significant financial impact on the Group upon their initial application.

**3. Comparatives**

The comparative figures are consistent with those previously announced and there is no event requiring restating of the comparative figures during the quarter under review.

**4. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2013 was not subjected to any audit qualification.

**5. Segmental Information**

	Contents & value added services RM'000	Investment Holding RM'000	Elimination RM'000	Consolidated RM'000	(Less)/Add: Contents & value added services (Discontinued) RM'000	Total RM'000
Year ended 31 March 2014						
Total external revenue	19,557	-	-	19,557	-	19,557
Inter-segment revenue	2,865	928	(3,793)	-	-	-
<b>Total segment revenue</b>	<b>22,422</b>	<b>928</b>	<b>(3,793)</b>	<b>19,557</b>	<b>-</b>	<b>19,557</b>
<b>Segment results</b>	<b>3,213</b>	<b>148</b>	<b>-</b>	<b>3,361</b>	<b>-</b>	<b>3,361</b>
Finance Cost				(11)	-	(11)
<b>Profit before taxation</b>				<b>3,350</b>	<b>-</b>	<b>3,350</b>
Taxation				(229)	-	(229)
Loss from discontinued operations, net of tax				-	-	-
<b>Net Profit after taxation</b>				<b>3,121</b>	<b>-</b>	<b>3,121</b>

	Contents & value added services RM'000	Investment Holding RM'000	Elimination RM'000	Consolidated RM'000	(Less)/Add: Contents & value added services (Discontinued) RM'000	Total RM'000
Year ended 31 March 2013						
Total external revenue	14,956	-	-	14,956	-	14,956
Inter-segment revenue	1,529	-	(1,529)	-	-	-
<b>Total segment revenue</b>	<b>16,485</b>	<b>-</b>	<b>(1,529)</b>	<b>14,956</b>	<b>-</b>	<b>14,956</b>
<b>Segment results</b>	<b>3,616</b>	<b>(625)</b>	<b>-</b>	<b>2,991</b>	<b>-</b>	<b>2,991</b>
Finance Cost				(13)	-	(13)
<b>Profit before taxation</b>				<b>2,978</b>	<b>-</b>	<b>2,978</b>
Taxation				-	-	-
<b>Net Profit after taxation</b>				<b>2,978</b>	<b>-</b>	<b>2,978</b>

5. **Segmental Information (continued)**

As at 31 March 2014	Contents & value added services RM'000	Contents & value added services (Discontinued) RM'000	Investment holding RM'000	Elimination RM'000	Consolidated RM'000
Total segment assets	45,011	-	29,267	(3,987)	70,291
Total segment liabilities	8,890	-	982	(1,915)	7,957
Depreciation and amortisation	494	-	28	-	522
Non-cash expenses other than depreciation and amortisation	-	-	-	-	-

  

As at 31 March 2013	Contents & value added services RM'000	Contents & value added services (Discontinued) RM'000	Investment holding RM'000	Elimination RM'000	Consolidated RM'000
Total segment assets	35,672	-	27,587	(4,408)	58,851
Total segment liabilities	7,551	-	1,228	(3,682)	5,097
Depreciation and amortisation	380	-	24	-	404
Non-cash expenses other than depreciation and amortisation	-	-	-	-	-

6. **Unusual Items due to their Nature, Size or Event**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 March 2014.

7. **Changes in Estimates**

There were no changes in accounting estimates made that would materially affect the accounts of the Group or Company for the quarter ended 31 March 2014.

8. **Seasonal or Cyclical Factors**

The interim operations of the Group were not affected by any significant seasonal or cyclical factors during the quarter under review.

9. **Dividends Paid**

There were no dividends paid during the quarter under review.

10. **Valuation of Property, Plant and Equipment**

Property, plant and equipment of the Group were not revalued during the quarter under review.

11. **Debt And Equity Securities**

There were no issuance, cancellation, resale and repayment of debt and equity securities for the current quarter under review.

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

There were no changes to the composition of the Group during the quarter under review.

13. **Capital Commitments**

There were no capital commitments for the purchase of any property, plant and equipment or any other expenses that were not accounted for in the financial statements of the quarter under review.

14. **Changes in Contingent Liabilities and Contingent Assets**

There were no changes in any contingent liabilities or assets of the Group in the quarter under review.

15. **Subsequent Material Events**

There were no material events subsequent to the end of the reporting quarter that have not been reflected in the quarter under review.

16. **Significant Related Party Transactions**

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

**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad For the ACE Market**

**17. Performance Review of the Company and Its Subsidiaries**

For the 1<sup>st</sup> quarter ended 31<sup>st</sup> March 2014, revenue was up by 30.8% to RM19.6 million due to robust sales from the increased number of subscribers to the Group's innovative services. In tandem with the higher revenue, the Group registered a higher profit before tax of RM3.35 million during the quarter under review as compared to profit before tax of RM2.98 million registered in preceding year corresponding quarter, an increase of approximately 12.5%.

**18. Comments on Material Change in Profit Before Taxation**

	Qtr Ended 31/3/2014 RM'000	Qtr Ended 31/12/2013 RM'000	% Changes
Turnover	19,557	22,502	-13.1%
Net Profit Before Taxation	3,350	2,481	35.0%

Turnover for the current quarter has decreased by 13.1% as compared to the preceding quarter. However, the Group's net profit before taxation for the current quarter under review has increased by 35.0% due to lower operating expenses in this quarter.

**19. Current Year Prospects**

The Group is expecting to face a more competitive market within Technology, Media and Telecommunications ("TMT") industry. However, the Group will continue to enrich and enhance the quality of content libraries and its media-related services in order to meet its subscribers' increased demand and to increase its market share in the industry. Besides that, the Group will continue to monitor closely its business development plan and revise accordingly to adapt to the constant changes of the industry, and continue to invest in the R&D for new products & services. Furthermore, the Group has also taken steps to implement stringent cost control in order to achieve greater operational efficiency and effectiveness.

**20. Variance of Profit Forecast**

Not Applicable.

**21. Income Tax Expense**

	Group 31 Mar 2014 RM'000	Group 31 Dec 2013 RM'000
Current Tax	229	161
Deferred Tax	-	1,856
	<u>229</u>	<u>2,017</u>

The Group's effective tax rate is lower than the statutory tax rate, primary due to tax incentives from pioneer status.

**22. Sale of Unquoted Investment and Properties**

There was no sale of unquoted investments and/or properties for the financial period ended 31 March 2014.

**23. Quoted securities**

- (i) There were no purchases or sales of quoted securities for the financial period under review.
- (ii) There were no investments in quoted securities as at March 2014.

**24. Status of Corporate Proposals**

There were no corporate proposals undertaken by the Group during the period under review.

**25. Group Borrowings and Debt Securities**

The Groups borrowings were denominated in Ringgit Malaysia as at 31 March 2014 as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	360	1,817	2,177
Unsecured	-	-	-
	<u>360</u>	<u>1,817</u>	<u>2,177</u>

**26. Material Litigation**

There was no pending material litigation in the current reporting quarter.

**27. Realised and Unrealised Profits**

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.07 and 2.23 of Bursa Malaysia ACE Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format period.

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group 31 March 2014 RM'000	Group 31 December 2013 RM'000
Total retained profits of M-Mode Berhad and it's subsidiaries:		
- Realised	44,612	41,491
- Unrealised	(1,446)	(1,446)
Add : Consolidation adjustments	1,643	1,643
Total Group retained profits as per consolidated accounts	44,809	41,688

The determination of realised and unrealised profits is based on the Guidedance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

**28. Dividends Payable**

The Board of Directors propose a final tax exempt dividend of 0.50 sen per ordinary share of RM0.10 each in respect of the financial year ended 31 December 2013 for the approval of the shareholders at the forthcoming Company's Tenth Annual General Meeting. The proposed entitlement and payment dates for the final tax exempt dividend shall be 11 July and 25 July 2014 respectively.

**29. Earnings Per Share (EPS)**

(a) Basic

Basic earnings per share figures are computed by dividing profits for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period. The corresponding comparative figures of number of the ordinary shares outstanding has been adjusted based on the effect of share options.

	Current Qtr Ended 31/3/2014	Comparative Qtr Ended 31/3/2013	Cumulative YTD 31/3/2014	Cumulative YTD 31/3/2013
Profit attributable to ordinary equity holders of the parent (RM'000)	3,121	2,978	3,121	2,978
Weighted average number of ordinary shares in issue	162,709,500	162,709,500	162,709,500	162,709,500
Basic earnings per share (sen)	1.92	1.83	1.92	1.83

**Earnings Per Share (EPS)**

(b) Diluted

For the purpose of calculating diluted earning per share, the net profit for the quarter and the weighted average number of ordinary share in issue during the quarter under review have been adjusted for the dilutive effects of all potential ordinary shares on the share options granted to the employees.

	Current Qtr Ended 31/3/2014	Comparative Qtr Ended 31/3/2013	Cumulative YTD 31/3/2014	Cumulative YTD 31/3/2013
Profit attributable to ordinary equity holders of the parent (RM'000)	3,121	2,978	3,121	2,978
Weighted average number of ordinary shares in issue	162,709,500	162,709,500	162,709,500	162,709,500
Effects of dilution: Share options	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	162,709,500	162,709,500	162,709,500	162,709,500
Diluted earnings per share (sen)	1.92	1.83	1.92	1.83

**30. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 May 2014.