

M-MODE BERHAD
(Company No. 635759-U)
Condensed Consolidated Statement Of Profit or Loss and Other Comprehensive Income
For The 3rd Quarter Ended 30 September 2014
(The figures have not been audited)

	Note	Unaudited Current Qtr Ended 30/9/2014 RM'000	Unaudited Comparative Qtr Ended 30/9/2013 RM'000	Unaudited Cumulative YTD 30/9/2014 RM'000	Unaudited Cumulative YTD 30/9/2013 RM'000
Revenue	5	18,406	17,865	62,117	51,070
Cost of sales		(13,573)	(11,086)	(44,774)	(32,162)
Gross Profit		4,833	6,779	17,343	18,908
Interest income		265	245	667	653
Other income		13	-	35	-
Gain on disposal of property, plant and equipment		-	-	1	6
Other expenditure		(2,516)	(2,470)	(7,510)	(6,923)
Depreciation and amortisation		(559)	(465)	(1,631)	(1,296)
Property, plant and equipment written off		(4)	(5)	(11)	(8)
Finance costs		(11)	(12)	(33)	(38)
Profit Before Tax		2,021	4,072	8,861	11,302
Share of results of associated company		(24)	-	(44)	-
Income tax expense	21	(257)	(50)	(852)	(50)
Profit for the period		1,740	4,022	7,965	11,252
Other comprehensive income, net of tax		-	-	-	8
Total comprehensive income for the period		1,740	4,022	7,965	11,260
Profit attributable to: Equity Holders of the Parent		1,740	4,022	7,965	11,252
Total Comprehensive income for the period attributable to: Equity Holders of the Parent		1,740	4,022	7,965	11,260
Earnings per Share Attributable to Equity Holders of the Parent:					
- Basic (Sen)	29	1.07	2.47	4.90	6.92
- Diluted (Sen)	29	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 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 30 September 2014

	Note	(Unaudited) As At 30/9/2014 RM'000	(Audited) As At 31/12/2013 RM'000
ASSETS			
Non-current Assets			
Property, Plant & Equipment		8,382	8,193
Investment In An Associated company		586	-
Goodwill on consolidation		4,458	4,458
Deferred Development Cost		5,492	5,323
		18,918	17,974
Current Assets			
Trade Receivables		10,017	8,630
Other Receivables		1,649	2,205
Cash and Cash Equivalents		41,696	40,180
		53,362	51,015
TOTAL ASSETS		72,280	68,989
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Share Capital		16,271	16,271
Share Premium		1,254	1,254
Retained Earnings		48,839	41,688
Total Equity		66,364	59,213
Non-current Liabilities			
Term Loan	25	1,521	1,925
Deferred Tax Liabilities		1,556	1,446
		3,077	3,371
Current Liabilities			
Trade Payables		1,814	2,621
Other Payables		585	3,424
Term Loan	25	440	360
		2,839	6,405
Total Liabilities		5,916	9,776
TOTAL EQUITY AND LIABILITIES		72,280	68,989
Net Assets Per Share Attributable to Equity Holders of the Parent (Sen)		40.79	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 Changes in Equity
For The 3rd Quarter Ended 30 September 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			
At 1 January 2014	16,271	1,254	-	41,688	59,213	-	59,213
Profit for the period	-	-	-	7,965	7,965	-	7,965
Total comprehensive income for the period	-	-	-	7,965	7,965	-	7,965
Dividend paid	-	-	-	(814)	(814)	-	(814)
At 30 September 2014	16,271	1,254	-	48,839	66,364	-	66,364
At 1 January 2013	16,271	1,254	5	33,238	50,768	-	50,768
Profit for the period	-	-	-	11,252	11,252	-	11,252
Foreign currency translation	-	-	8	-	8	-	8
Total comprehensive income for the period	-	-	8	11,252	11,260	-	11,260
Dividend Paid	-	-	-	(814)	(814)	-	(814)
At 30 September 2013	16,271	1,254	13	43,676	61,214	-	61,214

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.

M-MODE BERHAD
(Company No. 635759-U)
Condensed Consolidated Statement of Cash Flows
For The 3rd Quarter Ended 30 September 2014
(The figures have not been audited)

	(Unaudited) 9 Months Ended 30/9/2014 RM'000	(Unaudited) 9 Months Ended 30/9/2013 RM'000
Cash Flows from Operating Activities		
Profit Before Taxation	8,861	11,302
Adjustments for:		
Depreciation and Amortization	1,631	1,296
Interest Income	(667)	(659)
Interest Expenses	33	38
Property, plant and equipment written off	11	8
Gain on disposal of property, plant and equipment	(1)	(6)
	<u>9,868</u>	<u>11,979</u>
Operating profit before working capital changes	9,868	11,979
Receivables	(831)	(3,063)
Payables	(3,646)	125
	<u>5,391</u>	<u>9,041</u>
Cash generated from operations	5,391	9,041
Interest Income	667	659
Interest Paid	(33)	(38)
Tax Paid	(742)	(60)
	<u>5,283</u>	<u>9,602</u>
Net cash generated from operating activities	5,283	9,602
Cash flows from investing activities		
Investment in an associated company	(630)	-
Purchase of property, plant and equipment	(1,249)	(1,119)
Development expenditure	(752)	(928)
Proceeds from disposal of property, plant and equipment	2	43
	<u>(2,629)</u>	<u>(2,004)</u>
Net cash used in investing activities	(2,629)	(2,004)
Cash flows from financing activities		
Payment of dividends	(814)	(2,441)
Repayment of loans and borrowings	(324)	(319)
	<u>(1,138)</u>	<u>(2,760)</u>
Net cash used in financing activities	(1,138)	(2,760)
Net increase in cash and cash equivalents	1,516	4,838
Cash and cash equivalents at beginning of period	<u>40,180</u>	<u>33,577</u>
Cash and cash equivalents at end of period	<u><u>41,696</u></u>	<u><u>38,415</u></u>
 Cash and cash equivalents at the end of the financial period comprise the following:		
Short-term deposit with fund management companies	7,198	8,187
Fixed deposit with licensed banks	26,010	24,210
Cash and bank balances	8,488	6,018
	<u>41,696</u>	<u>38,415</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.

Part A - Explanatory Notes Pursuant to MFRS 134 - 30 September 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 with the adoption of the following MFRS:

Effective for financial periods beginning on or after 1 January 2014:

- Amendments to MFRS 2 : Share - based Payment (Annual improvements 2010 -2012 Cycle)
- Amendments to MFRS 3 : Business Combinations (Annual improvements 2011 - 2013 Cycle)
- Amendments to MFRS 8 : Operating Segments (Annual improvements 2010 - 2012 Cycle)
- Amendments to MFRS 10 : Consolidated Financial Statements - Investment Entities
- Amendments to MFRS 12 : Disclosure of Interests in Other Entities - Investment Entities
- Amendments to MFRS 13 : Fair Value Measurement (Annual improvements 2011 - 2013 Cycle)
- Amendments to MFRS 116 : Property, Plant and Equipment (Annual improvements 2010 - 2012 Cycle)
- Amendments to MFRS 119 : Employee Benefits : Defined Benefit Plans - Employee Contributions
- Amendments to MFRS 124 : Related Party Disclosures (Annual improvements 2010 - 2012 Cycle)
- Amendments to MFRS 127 : Separate Financial Statements - Investment Entities
- Amendments to MFRS 132 : Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136 : Impairment of Asset - Recoverable Amount Disclosures For Non-Financial Assets
- Amendments to MFRS 138 : Intangible Assets (Annual improvements 2010 - 2012 Cycle)
- Amendments to MFRS 139 : Financial Instruments : Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
- Amendments to MFRS 140 : Investment Property (Annual improvements 2011 - 2013 Cycle)
- IC Interpretation 21 : Levies

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

Period ended 30 September 2014	Contents & value added services RM'000	Investment Holding RM'000	Elimination RM'000	Total Consolidated RM'000
Total external revenue	62,117	-	-	62,117
Inter-segment revenue	12,583	3,428	(16,011)	-
Total segment revenue	74,700	3,428	(16,011)	62,117
Segment results	10,747	647	(2,500)	8,894
Finance costs				(33)
Profit before taxation				8,861
Share of results of associated company				(44)
Taxation				(852)
Net Profit after taxation				7,965

Period ended 30 September 2013	Contents & value added services RM'000	Investment Holding RM'000	Elimination RM'000	Total Consolidated RM'000
Total external revenue	51,070	-	-	51,070
Inter-segment revenue	7,260	3,364	(10,624)	-
Total segment revenue	58,330	3,364	(10,624)	51,070
Segment results	9,992	1,348	-	11,340
Finance costs				(38)
Profit before taxation				11,302
Taxation				(50)
Loss on discontinued operations, net of tax				-
Net Profit after taxation				11,252

5. Segmental Information (continued)

As at 30 September 2014	Contents & value added services RM'000	Investment holding RM'000	Elimination RM'000	Total Consolidated RM'000
Total segment assets	51,220	28,721	(7,661)	72,280
Total segment liabilities	8,933	970	(5,543)	4,360
Depreciation and amortisation	1,546	85	-	1,631
Non-cash expenses other than depreciation and amortisation	11	-	-	11

As at 30 September 2013	Contents & value added services RM'000	Investment holding RM'000	Elimination RM'000	Total Consolidated RM'000
Total segment assets	43,618	28,425	(4,548)	67,495
Total segment liabilities	9,193	906	(3,819)	6,280
Depreciation and amortisation	1,220	76	-	1,296
Non-cash expenses other than depreciation and amortisation	8	-	-	8

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 30 September 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 30 September 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

The Board has declared a First and Final Tax Exempt Dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 December 2013. The said dividend was paid on 25 July 2014.

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 3rd quarter ended 30th September 2014, revenue was up by 3.0% to RM18.4 million due to contribution from the Group's on-going sales as a results from increased number of subscribers to our innovative services. Despite with the higher revenue, the Group registered a lower profit before tax of RM2.02 million during the quarter under review as compared to profit before tax of RM4.07 million registered in preceding year corresponding quarter, an decrease of approximately 50.4% due to higher Cost of Sales.

18. Comments on Material Change in Profit Before Taxation

	Qtr Ended 30/09/2014 RM'000	Qtr Ended 30/06/2014 RM'000	% Changes
Turnover	18,406	24,154	-23.8%
Profit Before Taxation	2,021	3,489	-42.1%

The Group's turnover decreased by 23.8% as compared to the preceding quarter. The Group's net profit before taxation for the current quarter under review has decreased by 42.1% due to lower turnover and higher cost of sales 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

	Three Months Ended		Cumulative Quarter Ended	
	Group 30 September 2014 RM'000	Group 30 September 2013 RM'000	Group 30 September 2014 RM'000	Group 30 September 2013 RM'000
Current Tax	257	50	742	50
Deferred Tax	-	-	110	-
	257	50	852	50

The Group's effective tax rate is lower than the statutory tax rate, primary due to tax incentives from pioneer status enjoy by M-Mode Systems Sdn Bhd. Despite that, tax provision on the business income generated by other subsidiaries has been provided accordingly.

22. Sale of Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties for the financial period ended 30 September 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 30 September 2014.

24. Status of Corporate Proposals

On 16 April 2014, TA Securities Holdings Berhad had, on behalf of the Board of Directors of M-Mode, announced that the Company proposes to undertake the following proposals:

- (i) Proposed transfer of the listing of and quotation for the enlarged issued and paid-up share capital of M-Mode from the ACE Market of Bursa Securities to the Main Market of Bursa Malaysia Securities Berhad ("**Proposed Transfer**"); and
- (ii) Proposed amendments to the Articles of Association of M-Mode to facilitate the implementation of the Proposed Transfer ("**Proposed Amendments**").

The Proposals are still pending approval by the relevant authority.

25. Group Borrowings and Debt Securities

The Groups borrowings as at 30 September 2014 were denominated in Ringgit Malaysia and are as follows:-

	Short-Term RM'000	Long-Term RM'000	Total RM'000
Secured	440	1,521	1,961
Unsecured	-	-	-
	440	1,521	1,961

26. Material Litigation

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

27. Realised and Unrealised Profits

The retained profits as at 30 September 2014 and 31 December 2013 were analysed as follows :

	Group 30 September 2014 RM'000	Group 31 December 2013 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	51,883	41,491
- Unrealised	(1,556)	(1,446)
	50,327	40,045
Total accumulated loss of an associate		
- Realised	(44)	-
	50,283	40,045
Add : Consolidation adjustments	(1,444)	1,643
	48,839	41,688

28. Dividends Payable

The Board of Directors does not recommend any dividend for the reporting quarter.

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 30/9/2014	Comparative Qtr Ended 30/9/2013	Cumulative YTD 30/9/2014	Cumulative YTD 30/9/2013
Profit attributable to ordinary equity holders of the parent (RM'000)	1,740	4,022	7,965	11,252
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)	1.07	2.47	4.90	6.92

(b) Diluted

The fully diluted earning per share have not been presented as there is no diluted effect for the shares of the Group.

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 17 October 2014.