

M-MODE BERHAD
(Company No. 635759-U)

Condensed Consolidated Statement Of Profit or Loss and Other Comprehensive Income
For The 2nd Quarter Ended 30 June 2015
(The figures have not been audited)

	Note	(Unaudited) Current Qtr Ended 30/06/2015 RM'000	(Unaudited) Comparative Qtr Ended 30/06/2014 RM'000	(Unaudited) Cumulative YTD 30/06/2015 RM'000	(Unaudited) Cumulative YTD 30/06/2014 RM'000
Continuing operations					
Revenue	5	10,177	24,154	30,381	43,711
Cost of sales		(3,919)	(18,216)	(19,145)	(31,200)
Gross Profit		6,258	5,938	11,236	12,511
Interest income		396	212	746	401
Other income		11	11	16	22
Gain on disposal of property, plant and equipment		-	1	-	1
Other expenditure		(2,260)	(2,113)	(4,763)	(4,995)
Depreciation and amortisation		(682)	(550)	(1,323)	(1,072)
Property, plant and equipment written off		-	-	(6)	(7)
Finance costs		(9)	(10)	(18)	(21)
Profit Before Tax		3,714	3,489	5,888	6,840
Share of results of associated company		(32)	(20)	(65)	(20)
Income tax expense	21	(198)	(366)	(387)	(595)
Profit for the period		3,484	3,103	5,436	6,225
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		3,484	3,103	5,436	6,225
Profit attributable to: Owners of the Company		3,484	3,103	5,436	6,225
Total Comprehensive income for the period attributable to: Owners of the Company		3,484	3,103	5,436	6,225
Earnings per Share Attributable to Owners of the Company:					
- Basic (Sen)	29	2.14	1.91	3.34	3.83
- 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 2014 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 June 2015

	Note	(Unaudited) As At 30/6/2015 RM'000	(Audited) As At 31/12/2014 RM'000
ASSETS			
Non-current Assets			
Property, Plant & Equipment		8,421	8,368
Investment In An Associated company		825	758
Goodwill on consolidation		4,458	4,458
Deferred Development Cost		6,729	6,463
Copyright license		70	-
Deferred Tax Asset		5	5
		20,508	20,052
Current Assets			
Trade Receivables		12,668	10,779
Other Receivables		958	1,072
Cash and Cash Equivalents		45,179	44,211
		58,805	56,062
TOTAL ASSETS		79,313	76,114
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share Capital		16,271	16,271
Share Premium		1,254	1,254
Retained Earnings		53,178	48,556
Total Equity		70,703	66,081
Non-current Liabilities			
Term Loan	25	1,191	1,477
Deferred Tax Liabilities		2,187	2,077
		3,378	3,554
Current Liabilities			
Trade Payables		3,866	2,879
Other Payables		919	3,220
Term Loan	25	447	380
		5,232	6,479
Total Liabilities		8,610	10,033
TOTAL EQUITY AND LIABILITIES		79,313	76,114
Net Assets Per Share Attributable to Owners of the Company (Sen)		43.45	40.61

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2nd Quarter Ended 30 June 2015
(The figures have not been audited)

	(Unaudited) 6 Months Ended 30/6/2015 RM'000	(Unaudited) 6 Months Ended 30/6/2014 RM'000
Cash Flows from Operating Activities		
Profit Before Taxation	5,888	6,840
Adjustments for:		
Depreciation and Amortization	1,323	1,072
Interest Income	(746)	(401)
Interest Expenses	18	21
Property, plant and equipment written off	6	7
Gain on disposal of property, plant and equipment	-	(1)
	<hr/>	<hr/>
Operating profit before working capital changes	6,489	7,538
Receivables	(1,879)	(6,676)
Payables	(1,314)	(2,495)
	<hr/>	<hr/>
Cash generated from / (used in) operations	3,296	(1,633)
Interest Income	746	401
Interest Paid	(18)	(21)
Tax refund	103	-
Tax Paid	(278)	(485)
	<hr/>	<hr/>
Net cash generated from / (used in) operating activities	<u>3,849</u>	<u>(1,738)</u>
Cash flows from investing activities		
Investment in an associated company	(131)	(630)
Purchase of property, plant and equipment	(949)	(614)
Purchase of intangible asset	(73)	-
Development expenditure	(696)	(605)
Proceeds from disposal of property, plant and equipment	1	2
	<hr/>	<hr/>
Net cash used in investing activities	<u>(1,848)</u>	<u>(1,847)</u>
Cash flows from financing activities		
Payment of dividends	(814)	0
Repayment of loans and borrowings	(219)	(216)
	<hr/>	<hr/>
Net cash used in financing activities	<u>(1,033)</u>	<u>(216)</u>
Net increase / (decrease) in cash and cash equivalents	968	(3,801)
Cash and cash equivalents at beginning of period	<u>44,211</u>	<u>40,180</u>
Cash and cash equivalents at end of period	<u><u>45,179</u></u>	<u><u>36,379</u></u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Short-term deposit with fund management companies	7,366	7,146
Fixed deposit with licensed banks	30,500	21,410
Cash and bank balances	7,313	7,823
	<hr/>	<hr/>
	<u>45,179</u>	<u>36,379</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying notes attached to the interim financial statements.

Part A - Explanatory Notes Pursuant to MFRS 134 - 30 June 2015

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 2014. The consolidated financial statements of the Group as at and for the year ended 31 December 2014 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 2014 except for the adoption of the following Amendments and Annual improvements to Standards:

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

- Amendments to MFRS 119 : Defined Benefits Plans - Employee Contribution
- Annual Improvements to MFRSs 2010 - 2012 Cycle
- Annual Improvements to MFRSs 2011 - 2013 Cycle

The adoption of the above standards, amendments and annual improvement do not have any significant financial impact to the Group's financial statements.

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 2014 was not subjected to any audit qualification.

5. Segmental Information

	Contents & value added services RM'000	Investment Holding RM'000	Elimination RM'000	Total Consolidated RM'000
Period ended 30 June 2015				
Total external revenue	30,381	-	-	30,381
Inter-segment revenue	9,204	2,387	(11,591)	-
Total segment revenue	39,585	2,387	(11,591)	30,381
Segment results	6,302	604	(1,000)	5,906
Finance costs				(18)
Profit before taxation				5,888
Share of results of associated company				(65)
Taxation				(387)
Net Profit after taxation				5,436

	Contents & value added services RM'000	Investment Holding RM'000	Elimination RM'000	Total Consolidated RM'000
Period ended 30 June 2014				
Total external revenue	43,711	-	-	43,711
Inter-segment revenue	8,800	928	(9,728)	-
Total segment revenue	52,511	928	(9,728)	43,711
Segment results	7,740	(875)	(4)	6,861
Finance costs				(21)
Profit before taxation				6,840
Share of results of associated company				(20)
Taxation				(595)
Net Profit after taxation				6,225

5. Segmental Information (continued)

As at 30 June 2015	Contents & value added services RM'000	Investment holding RM'000	Elimination RM'000	Total Consolidated RM'000
Total segment assets	59,517	31,019	(11,223)	79,313
Total segment liabilities	15,846	1,669	(8,905)	8,610
Depreciation and amortisation	1,268	55	-	1,323
Non-cash expenses other than depreciation and amortisation	4	2	-	6

As at 30 June 2014	Contents & value added services RM'000	Investment holding RM'000	Elimination RM'000	Total Consolidated RM'000
Total segment assets	54,817	28,079	(10,283)	72,613
Total segment liabilities	14,436	816	(8,077)	7,175
Depreciation and amortisation	1,015	57	-	1,072
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 30 June 2015.

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 under review.

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 Final Tax Exempt Dividend of 5% per ordinary share in respect of the financial year ended 31 December 2014. The said dividend was paid on 19 June 2015.

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

The company had on 23 June 2015 acquired additional 37,500 ordinary shares of RM3.50 each in Say Me Commerce Sdn Bhd for a total consideration of RM 131,250. The effective interest for additional acquisition of M-Mode Berhad in Say Me Commerce Sdn Bhd was increased to 38.75%.

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

For the 2nd quarter ended 30 June 2015, revenue was significantly reduce by 57.9% to RM10.18 million due to changes in invoicing arrangement with telcos after the GST implementation with effective from April 2015. However, these changes in invoicing arrangement has no impact on Company's and Group's gross profit. The profits attributable to shareholders has increased by RM0.38 million to RM3.48 million as compared to previous year's corresponding quarter of RM3.10 million. The increase in profits as compared to previous year's corresponding quarter were mainly due to higher contribution from gross profit i.e lower cost of sales.

18. Comments on Material Change in Profit Before Taxation

	Qtr Ended 30/06/2015 RM'000	Qtr Ended 31/03/2015 RM'000	% Changes
Turnover	10,177	20,204	-49.6%
Gross Profit	6,258	4,978	25.7%
Gross Profit Margin	61%	25%	149.6%
Profit Before Taxation	3,714	2,174	70.8%

In view of the changes in invoicing arrangement in 2nd quarter which resulted a significant increased in gross profit ratio of 61% as compared to preceding quarter of 25%. Consequently, revenue decreased by 49.6% as compared to the preceding quarter. The Group's net profit before taxation for the current quarter under review has increased by 70.8% mainly due to higher contribution from the gross profit generated during the quarter.

19. Current Year Prospects

2015 is a challenging year in mobile industry. However, there will still be high demand in mobile internet and higher penetration of smart phones in the country. The group will continue to focus on its transformation strategy in responding to the changes in the eco-systems which includes of innovative measures to current business and expanding to the product life-cycle to Smartphone switchers, extending partnership networks for product diversity as well as building Talents.

20. Variance of Profit Forecast

Not Applicable.

21. Income Tax Expense

	Three Months Ended		Cumulative Quarter Ended	
	Group 30 June 2015 RM'000	Group 30 June 2014 RM'000	Group 30 June 2015 RM'000	Group 30 June 2014 RM'000
Current Tax	165	256	278	485
Deferred Tax	33	110	109	110
	<u>198</u>	<u>366</u>	<u>387</u>	<u>595</u>

The Group's effective tax rate is lower than the statutory tax rate, primarily due to tax incentives from pioneer status. Despite that, tax provision on the business income generated by other subsidiaries has been provided accordingly.

On 4 February 2015 the Company had accepted a letter of intent from MDEC for further extension on tax exemption. However, the discussion was still on-going and pending approval by relevant authority.

22. Sale of Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties for the financial period ended 30 June 2015.

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 June 2015.

24. Status of Corporate Proposals

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

25. Group Borrowings and Debt Securities

The Groups borrowings as at 30 June 2015 were denominated in Ringgit Malaysia and are as follows:-

	Short-Term RM'000	Long-Term RM'000	Total RM'000
Secured	447	1,191	1,638
Unsecured	-	-	-
	<u>447</u>	<u>1,191</u>	<u>1,638</u>

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 June 2015 and 31 December 2014 were analysed as follows :

	Group 30 June 2015 RM'000	Group 31 December 2014 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	56,896	52,062
- Unrealised	(2,182)	(2,072)
	<u>54,714</u>	<u>49,990</u>
Total accumulated loss of an associate		
- Realised	(65)	(72)
	<u>54,649</u>	<u>49,918</u>
Add : Consolidation adjustments	(1,471)	(1,362)
	<u>53,178</u>	<u>48,556</u>

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 Owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Current Qtr Ended 30/6/2015	Comparative Qtr Ended 30/6/2014	Cumulative YTD 30/6/2015	Cumulative YTD 30/6/2014
Profit attributable to Owners of the Company (RM'000)	<u>3,484</u>	<u>3,103</u>	<u>5,436</u>	<u>6,225</u>
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)	<u>2.14</u>	<u>1.91</u>	<u>3.34</u>	<u>3.83</u>

(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 19 August 2015.