

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 2015
(The figures have not been audited)

	Note	(Unaudited) Current Qtr Ended 30/09/2015 RM'000	(Unaudited) Comparative Qtr Ended 30/09/2014 RM'000	(Unaudited) Cumulative YTD 30/09/2015 RM'000	(Unaudited) Cumulative YTD 30/09/2014 RM'000
Continuing operations					
Revenue	5	8,526	18,406	38,907	62,117
Cost of sales		(3,803)	(13,573)	(22,948)	(44,774)
Gross Profit		4,723	4,833	15,959	17,343
Interest income		329	265	1,075	667
Other income		49	13	65	35
Gain on disposal of property, plant and equipment		80	-	80	1
Other expenditure		(2,249)	(2,516)	(7,012)	(7,510)
Depreciation and amortisation		(755)	(559)	(2,078)	(1,631)
Property, plant and equipment written off		(10)	(4)	(16)	(11)
Finance costs		(8)	(11)	(26)	(33)
Profit Before Tax		2,159	2,021	8,047	8,861
Share of results of associated company		(12)	(24)	(77)	(44)
Income tax expense	21	469	(257)	82	(852)
Profit for the period		2,616	1,740	8,052	7,965
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		2,616	1,740	8,052	7,965
Profit attributable to: Owners of the Company		2,616	1,740	8,052	7,965
Total Comprehensive income for the period attributable to: Owners of the Company		2,616	1,740	8,052	7,965
Earnings per Share Attributable to Owners of the Company:					
- Basic (Sen)	29	1.61	1.07	4.95	4.90
- 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 September 2015

	Note	(Unaudited) As At 30/9/2015 RM'000	(Audited) As At 31/12/2014 RM'000
ASSETS			
Non-current Assets			
Property, Plant & Equipment		8,296	8,368
Investment In An Associated Company		812	758
Goodwill on Consolidation		4,583	4,458
Deferred Development Cost		6,748	6,463
Copyright License		61	-
Deferred Tax Asset		5	5
		<u>20,505</u>	<u>20,052</u>
Current Assets			
Trade Receivables		9,886	10,779
Other Receivables		1,264	1,072
Cash and Cash Equivalents		49,792	44,211
		<u>60,942</u>	<u>56,062</u>
TOTAL ASSETS		81,447	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		55,794	48,556
Total Equity		73,319	66,081
Non-current Liabilities			
Term Loan	25	1,079	1,477
Deferred Tax Liabilities		1,945	2,077
		<u>3,024</u>	<u>3,554</u>
Current Liabilities			
Trade Payables		3,900	2,879
Other Payables		755	3,220
Term Loan	25	449	380
		<u>5,104</u>	<u>6,479</u>
Total Liabilities		8,128	10,033
TOTAL EQUITY AND LIABILITIES		81,447	76,114
Net Assets Per Share Attributable to Owners of the Company (Sen)		45.06	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 3rd Quarter Ended 30 September 2015
(The figures have not been audited)

	(Unaudited) 9 Months Ended 30/9/2015 RM'000	(Unaudited) 9 Months Ended 30/9/2014 RM'000
Cash Flows from Operating Activities		
Profit Before Taxation	8,047	8,861
Adjustments for:		
Depreciation and Amortization	2,078	1,631
Interest Income	(1,075)	(667)
Interest Expenses	26	33
Property, plant and equipment written off	16	11
Gain on disposal of property, plant and equipment	(80)	(1)
Operating profit before working capital changes	9,012	9,868
Receivables	1,025	(831)
Payables	(1,489)	(3,646)
Cash generated from operations	8,548	5,391
Interest Income	1,075	667
Interest Paid	(26)	(33)
Tax refund	102	-
Tax Paid	(463)	(742)
Net cash generated from operating activities	9,236	5,283
Cash flows from investing activities		
Investment in an associated company	(131)	(630)
Net cash acquisition of subsidiary company	(93)	-
Purchase of property, plant and equipment	(1,319)	(1,249)
Purchase of intangible asset	(73)	-
Development expenditure	(977)	(752)
Proceeds from disposal of property, plant and equipment	81	2
Net cash used in investing activities	(2,512)	(2,629)
Cash flows from financing activities		
Payment of dividends	(814)	(814)
Repayment of loans and borrowings	(329)	(324)
Net cash used in financing activities	(1,143)	(1,138)
Net increase in cash and cash equivalents	5,581	1,516
Cash and cash equivalents at beginning of financial period	44,211	40,180
Cash and cash equivalents at end of financial period	49,792	41,696
Cash and cash equivalents at the end of the financial period comprise the following:		
Short-term deposit with fund management companies	7,423	7,198
Fixed deposit with licensed banks	29,500	26,010
Cash and bank balances	12,869	8,488
	49,792	41,696

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 September 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 except as explained in Note 17. 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 September 2015				
Total external revenue	38,907	-	-	38,907
Inter-segment revenue	13,167	5,775	(18,942)	-
Total segment revenue	52,074	5,775	(18,942)	38,907
Segment results	8,595	3,321	(3,843)	8,073
Finance costs				(26)
Profit before taxation				8,047
Share of results of associated company				(77)
Taxation				82
Net Profit after taxation				8,052

	Contents & value added services RM'000	Investment Holding RM'000	Elimination RM'000	Total Consolidated RM'000
Period ended 30 September 2014				
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

5. Segmental Information (continued)

As at 30 September 2015	Contents & value added services RM'000	Investment holding RM'000	Elimination RM'000	Total Consolidated RM'000
Total segment assets	57,136	33,001	(8,690)	81,447
Total segment liabilities	14,304	934	(7,110)	8,128
Depreciation and amortisation	1,996	82	-	2,078
Non-cash expenses other than depreciation and amortisation	(65)	1	-	(64)

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

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 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

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

The company had on 7 September 2015 acquired two (2) ordinary shares of RM1.00 each representing 100% equity interest in Novelplus Sdn. Bhd. (Formerly known as Fringe Media Sdn. Bhd.), a company incorporated in Malaysia for a total consideration of RM100,000. Subsequent to the Acquisition, Novelplus Sdn. Bhd. has become a wholly-owned subsidiary of the Company.

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 for 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 for 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 3rd quarter ended 30 September 2015, revenue was significantly reduce by 53.7% to RM 8.5 million due to changes in invoicing arrangement with telco after GST implementation with effective from April 2015. However, these changes in billing arrangement has no impact on the Group's and Company's gross profit. The profits attributable to shareholders has increased by RM 0.9 million to RM 2.6 million as compared to previous year's corresponding quarter of RM 1.7 million. The increase in profits as compared to previous year's corresponding quarter were mainly due to deferred tax assets recognised in one of the subsidiary of the Company.

18. Comments on Material Change in Profit Before Taxation

	Qtr Ended 30/09/2015 RM'000	Qtr Ended 30/06/2015 RM'000	% Changes
Turnover	8,526	10,177	-16.2%
Gross Profit	4,723	6,258	-24.5%
Gross Profit Margin	55%	61%	-9.9%
Profit Before Taxation	2,159	3,714	-41.9%

The Group's turnover decreased by 16.2% as compared to the preceding quarter. The Group's net profit before taxation for the current quarter under review has decreased by 41.9% due to lower turnover and higher cost of sales in this 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 / (Credit)

	Three Months Ended		Cumulative Quarter Ended	
	Group 30 Sep 2015 RM'000	Group 30 Sep 2014 RM'000	Group 30 Sep 2015 RM'000	Group 30 Sep 2014 RM'000
Current Tax	(228)	257	50	742
Deferred Tax	(241)	-	(132)	110
	<u>(469)</u>	<u>257</u>	<u>(82)</u>	<u>852</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. The negative value on tax provision mainly due to deferred tax assets recognised in one of the subsidiary of the Company.

22. Sale of Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties for the financial period ended 30 September 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 September 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 September 2015 were denominated in Ringgit Malaysia and are as follows:-

	Short-Term RM'000	Long-Term RM'000	Total RM'000
Secured	449	1,079	1,528
Unsecured	-	-	-
	449	1,079	1,528

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 2015 and 31 December 2014 were analysed as follows :

	Group 30 September 2015 RM'000	Group 31 December 2014 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	58,531	52,062
- Unrealised	(1,940)	(2,072)
	56,591	49,990
Total accumulated loss of an associate		
- Realised	(77)	(72)
	56,514	49,918
Add : Consolidation adjustments	(720)	(1,362)
	55,794	48,556
Total Group retained profits as per consolidated accounts	55,794	48,556

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 30/9/2015	Comparative Qtr Ended 30/9/2014	Cumulative YTD 30/9/2015	Cumulative YTD 30/9/2014
Profit attributable to Owners of the Company (RM'000)	2,616	1,740	8,052	7,965
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)	1.61	1.07	4.95	4.90

(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 12 November 2015.