

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

Condensed Consolidated Statement Of Profit or Loss and Other Comprehensive Income
For The 4th Quarter And Year Ended 31 December 2015
(The figures have not been audited)

| | Note | (Unaudited) Current Qtr Ended 31/12/2015 RM'000 | (Unaudited) Comparative Qtr Ended 31/12/2014 RM'000 | (Unaudited) Cumulative YTD 31/12/2015 RM'000 | (Audited) Cumulative YTD 31/12/2014 RM'000 |
|---|------|---|---|--|--|
| Continuing operations | | | | | |
| Revenue | 5 | 9,093 | 21,913 | 48,000 | 84,030 |
| Cost of sales | | (3,765) | (16,842) | (26,713) | (61,616) |
| Gross Profit | | 5,328 | 5,071 | 21,287 | 22,414 |
| Interest income | | 333 | 310 | 1,408 | 977 |
| Other income | | 1 | 62 | 66 | 97 |
| Gain on disposal of property, plant and equipment | | 8 | 36 | 88 | 37 |
| Other expenditure | | (3,332) | (3,452) | (10,344) | (10,962) |
| Depreciation and amortisation | | (715) | (700) | (2,793) | (2,331) |
| Property, plant and equipment written off | | - | (224) | (16) | (235) |
| Intangible asset written off | | (820) | - | (820) | - |
| Finance costs | | (7) | (9) | (33) | (42) |
| Profit Before Tax | | 796 | 1,094 | 8,843 | 9,955 |
| Share of results of associated company | | (7) | (28) | (84) | (72) |
| Income tax credit / (expense) | 21 | 482 | (536) | 564 | (1,388) |
| Profit for the period | | 1,271 | 530 | 9,323 | 8,495 |
| Other comprehensive income, net of tax | | - | - | - | - |
| Total comprehensive income for the period | | 1,271 | 530 | 9,323 | 8,495 |
| Profit attributable to: Owners of the Company | | 1,271 | 530 | 9,323 | 8,495 |
| Total Comprehensive income for the period attributable to: Owners of the Company | | 1,271 | 530 | 9,323 | 8,495 |
| Earnings per Share Attributable to Owners of the Company: | | | | | |
| - Basic (Sen) | 29 | 0.78 | 0.33 | 5.73 | 5.22 |
| - 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 31 December 2015

| | Note | (Unaudited) As At 31/12/2015 RM'000 | (Audited) As At 31/12/2014 RM'000 |
|--|------|--|--|
| ASSETS | | | |
| Non-current Assets | | | |
| Property, plant & equipment | | 8,018 | 8,368 |
| Investment in an associate company | | 805 | 758 |
| Goodwill on consolidation | | 4,583 | 4,458 |
| Deferred development cost | | 5,911 | 6,463 |
| Copyright license | | 98 | - |
| Deferred tax asset | | 5 | 5 |
| | | 19,420 | 20,052 |
| Current Assets | | | |
| Trade receivables | | 14,997 | 10,779 |
| Other receivables & prepaid expenses | | 779 | 924 |
| Tax recoverable | | 483 | 148 |
| Cash and cash equivalents | | 46,792 | 44,211 |
| | | 63,051 | 56,062 |
| TOTAL ASSETS | | 82,471 | 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 | | 57,065 | 48,556 |
| Total Equity | | 74,590 | 66,081 |
| Non-current Liabilities | | | |
| Term loan | 25 | 964 | 1,477 |
| Deferred tax liabilities | | 1,465 | 2,077 |
| | | 2,429 | 3,554 |
| Current Liabilities | | | |
| Trade payables | | 3,258 | 2,879 |
| Other payables and accrued expenses | | 1,742 | 3,220 |
| Term loan | 25 | 452 | 380 |
| | | 5,452 | 6,479 |
| Total Liabilities | | 7,881 | 10,033 |
| TOTAL EQUITY AND LIABILITIES | | 82,471 | 76,114 |
| Net Assets Per Share Attributable to Owners of the Company (Sen) | | 45.84 | 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 Changes in Equity
For The Year Ended 31 December 2015
(The figures have not been audited)

| Note | ----- Attributable to Owners of the Company ----- | | | Total Equity RM'000 |
|--|---|---|---|---------------------------|
| | Share Capital RM'000 | Non Distributable Share Premium RM'000 | Distributable Retained Earnings RM'000 | |
| At 1 January 2015 | 16,271 | 1,254 | 48,556 | 66,081 |
| Profit for the period | - | - | 9,323 | 9,323 |
| Total comprehensive income for the period | - | - | 9,323 | 9,323 |
| Dividend paid | | | (814) | (814) |
| At 31 December 2015 | 16,271 | 1,254 | 57,065 | 74,590 |
| | | | | |
| At 1 January 2014 | 16,271 | 1,254 | 41,688 | 59,213 |
| Profit for the period | - | - | 8,495 | 8,495 |
| Total comprehensive income for the period | - | - | 8,495 | 8,495 |
| Dividend paid | - | - | (1,627) | (1,627) |
| At 31 December 2014 | 16,271 | 1,254 | 48,556 | 66,081 |

The condensed consolidated statement of changes in equity 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.

M-MODE BERHAD
(Company No. 635759-U)
Condensed Consolidated Statement of Cash Flows
For The Year Ended 31 December 2015
(The figures have not been audited)

| | (Unaudited) 12 Months Ended 31/12/2015 RM'000 | (Audited) 12 Months Ended 31/12/2014 RM'000 |
|---|--|--|
| Cash Flows from Operating Activities | | |
| Profit before taxation | 8,843 | 9,955 |
| Adjustments for: | | |
| Depreciation and amortisation | 2,793 | 2,331 |
| Bad debts written off | - | 6 |
| Interest income | (1,408) | (977) |
| Finance costs | 33 | 42 |
| Property, plant and equipment written off | 16 | 235 |
| Intangible asset written off | 820 | - |
| Gain on disposal of property, plant and equipment | (88) | (37) |
| | <u>11,009</u> | <u>11,555</u> |
| Operating profit before working capital changes | 11,009 | 11,555 |
| Receivables | (4,073) | (939) |
| Payables | (1,099) | (760) |
| | <u>5,837</u> | <u>9,856</u> |
| Cash generated from operations | 5,837 | 9,856 |
| Interest received | 1,408 | 977 |
| Finance cost paid | (33) | (42) |
| Tax refund | 103 | - |
| Tax paid | (485) | (844) |
| | <u>6,830</u> | <u>9,947</u> |
| Net cash generated from operating activities | 6,830 | 9,947 |
| Cash flows from investing activities | | |
| Investment in an associate company | (131) | (830) |
| Acquisition of a subsidiary, net of cash acquired | (125) | - |
| Purchase of property, plant and equipment | (1,645) | (2,091) |
| Purchase of intangible asset | (121) | - |
| Development expenditure | (1,198) | (1,927) |
| Proceeds from disposal of property, plant and equipment | 225 | 174 |
| | <u>(2,995)</u> | <u>(4,674)</u> |
| Net cash used in investing activities | (2,995) | (4,674) |
| Cash flows from financing activities | | |
| Payment of dividends | (814) | (814) |
| Repayment of loans and borrowings | (440) | (428) |
| | <u>(1,254)</u> | <u>(1,242)</u> |
| Net cash used in financing activities | (1,254) | (1,242) |
| Net increase in cash and cash equivalents | 2,581 | 4,031 |
| Cash and cash equivalents at beginning of year | 44,211 | 40,180 |
| Cash and cash equivalents at end of year | <u>46,792</u> | <u>44,211</u> |
| | | |
| Cash and cash equivalents at the end of the financial year comprise the following: | | |
| Short-term deposit with fund management companies | 7,480 | 7,272 |
| Fixed deposit with licensed banks | 32,750 | 32,000 |
| Cash and bank balances | 6,562 | 4,939 |
| | <u>46,792</u> | <u>44,211</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 - 31 December 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 |
|--|--|---------------------------------|-----------------------|---------------------------------|
| Year ended 31 December 2015 | | | | |
| Total external revenue | 48,000 | - | - | 48,000 |
| Inter-segment revenue | 17,451 | 8,832 | (26,283) | - |
| Total segment revenue | 65,451 | 8,832 | (26,283) | 48,000 |
| Segment results | 9,961 | 5,259 | (6,344) | 8,876 |
| Finance costs | | | | (33) |
| Profit before taxation | | | | 8,843 |
| Share of results of associated company | | | | (84) |
| Taxation | | | | 564 |
| Net Profit after taxation | | | | 9,323 |

| | Contents & value added services RM'000 | Investment Holding RM'000 | Elimination RM'000 | Total Consolidated RM'000 |
|--|--|---------------------------------|-----------------------|---------------------------------|
| Year ended 31 December 2014 | | | | |
| Total external revenue | 84,030 | - | - | 84,030 |
| Inter-segment revenue | 19,487 | 7,250 | (26,737) | - |
| Total segment revenue | 103,517 | 7,250 | (26,737) | 84,030 |
| Segment results | 11,229 | 3,268 | (4,500) | 9,997 |
| Finance costs | | | | (42) |
| Profit before taxation | | | | 9,955 |
| Share of results of associated company | | | | (72) |
| Taxation | | | | (1,388) |
| Net Profit after taxation | | | | 8,495 |

5. Segmental Information (continued)

| | Contents & value added services RM'000 | Investment holding RM'000 | Elimination RM'000 | Total Consolidated RM'000 |
|---|--|---------------------------------|-----------------------|---------------------------------|
| As at 31 December 2015 | | | | |
| Total segment assets | 57,573 | 35,324 | (10,431) | 82,466 |
| Total segment liabilities | 13,322 | 1,319 | (8,225) | 6,416 |
| Depreciation and amortisation | 2,684 | 109 | - | 2,793 |
| Non-cash expenses other than depreciation and amortisation | 747 | 1 | - | 748 |

| | Contents & value added services RM'000 | Investment holding RM'000 | Elimination RM'000 | Total Consolidated RM'000 |
|---|--|---------------------------------|-----------------------|---------------------------------|
| As at 31 December 2014 | | | | |
| Total segment assets | 56,630 | 32,208 | (12,729) | 76,109 |
| Total segment liabilities | 15,902 | 2,648 | (10,594) | 7,956 |
| Depreciation and amortisation | 2,218 | 113 | - | 2,331 |
| Non-cash expenses other than depreciation and amortisation | 204 | - | - | 204 |

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 December 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

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 MAIN Market

17. Performance Review of the Company and Its Subsidiaries

For the 4th quarter ended 31 December 2015, revenue was significantly reduce by 58.5% to RM 9.1 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 Company's and Group's gross profit. The profits attributable to shareholders has increased by RM 0.8 million to RM 1.3 million as compared to previous year's corresponding quarter of RM 0.5 million. The increase in profits as compared to previous year's corresponding quarter were mainly due to adjustment on deferred tax.

18. Comments on Material Change in Profit Before Taxation

| | Qtr Ended 31/12/2015 RM'000 | Qtr Ended 30/09/2015 RM'000 | % Changes |
|------------------------|-----------------------------------|-----------------------------------|-----------|
| Turnover | 9,093 | 8,526 | 6.7% |
| Gross Profit | 5,328 | 4,723 | 12.8% |
| Gross Profit Margin | 59% | 55% | 5.8% |
| Profit Before Taxation | 796 | 2,159 | -63.1% |

The Group's turnover increased by 6.7% as compared to the preceding quarter. The Group's net profit before taxation for the current quarter under review has decreased by 63.1% due to higher operating expenses and intangible asset written off 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 (Credit) / Expense

| | Three Months Ended | | Cumulative Quarter Ended | |
|--------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | Group 31 Dec 2015 RM'000 | Group 31 Dec 2014 RM'000 | Group 31 Dec 2015 RM'000 | Group 31 Dec 2014 RM'000 |
| Current Tax | (2) | 20 | 48 | 762 |
| Deferred Tax | (480) | 516 | (612) | 626 |
| | <u>(482)</u> | <u>536</u> | <u>(564)</u> | <u>1,388</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 due to adjustment on deferred tax.

22. Sale of Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties for the financial period ended 31 December 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 31 December 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 31 December 2015 were denominated in Ringgit Malaysia and are as follows:-

| | Short-Term RM'000 | Long-Term RM'000 | Total RM'000 |
|-----------|----------------------|---------------------|-----------------|
| Secured | 452 | 964 | 1,416 |
| Unsecured | - | - | - |
| | <u>452</u> | <u>964</u> | <u>1,416</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 31 December 2015 and 31 December 2014 were analysed as follows :

| | Group 31 December 2015 RM'000 | Group 31 December 2014 RM'000 |
|--|--|--|
| Total retained profits of the Company and its subsidiaries | | |
| - Realised | 57,319 | 52,062 |
| - Unrealised | (1,460) | (2,072) |
| | <u>55,859</u> | <u>49,990</u> |
| Total accumulated loss of an associate | | |
| - Realised | (84) | (72) |
| | <u>55,775</u> | <u>49,918</u> |
| Add : Consolidation adjustments | 1,290 | (1,362) |
| | <u>57,065</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 31/12/2015 | Comparative Qtr Ended 31/12/2014 | Cumulative YTD 31/12/2015 | Cumulative YTD 31/12/2014 |
|--|------------------------------------|--|---------------------------------|---------------------------------|
| Profit attributable to Owners of the Company (RM'000) | <u>1,271</u> | <u>530</u> | <u>9,323</u> | <u>8,495</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>0.78</u> | <u>0.33</u> | <u>5.73</u> | <u>5.22</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 26 February 2016.