

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
Condensed Consolidated Statement Of Profit or Loss and Other Comprehensive Income  
For The 1st Quarter Ended 31 March 2016  
(The figures have not been audited)

	Note	(Unaudited) Current Qtr Ended 31/03/2016 RM'000	(Unaudited) Comparative Qtr Ended 31/03/2015 RM'000 (Restated)	(Unaudited) Cumulative YTD 31/03/2016 RM'000	(Unaudited) Cumulative YTD 31/03/2015 RM'000 (Restated)
<b>Continuing operations</b>					
Revenue *	5	8,612	9,452	8,612	9,452
Cost of sales *		(4,300)	(4,474)	(4,300)	(4,474)
<b>Gross Profit</b>		<b>4,312</b>	<b>4,978</b>	<b>4,312</b>	<b>4,978</b>
Interest income		354	350	354	350
Other income		48	5	48	5
Other expenditure		(2,475)	(2,503)	(2,475)	(2,503)
Depreciation and amortisation		(714)	(641)	(714)	(641)
Property, plant and equipment written off		(107)	(6)	(107)	(6)
Intangible asset written off		-	-	-	-
Impairment loss on investment in associate		-	-	-	-
Share of loss in associate		(2)	(33)	(2)	(33)
Finance costs		(7)	(9)	(7)	(9)
<b>Profit Before Tax</b>		<b>1,409</b>	<b>2,141</b>	<b>1,409</b>	<b>2,141</b>
Income tax credit / (expense)	21	243	(189)	243	(189)
<b>Profit for the period</b>		<b>1,652</b>	<b>1,952</b>	<b>1,652</b>	<b>1,952</b>
Other comprehensive income, net of tax		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>1,652</b>	<b>1,952</b>	<b>1,652</b>	<b>1,952</b>
Profit attributable to: Owners of the Company		1,652	1,952	1,652	1,952
Total Comprehensive income for the period attributable to: Owners of the Company		1,652	1,952	1,652	1,952
<b>Earnings per Share Attributable to Owners of the Company:</b>					
- Basic (Sen)	29	1.02	1.20	1.02	1.20
- Diluted (Sen)	29	N/A	N/A	N/A	N/A

\* The comparatives for the quarter and three months ended 31 March 2016 have been restated as disclosed in Note 3.

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2015 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 2016

	Note	(Unaudited) As At 31/3/2016 RM'000	(Audited) As At 31/12/2015 RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant & equipment		7,846	8,018
Investment in associate		36	38
Goodwill on consolidation		4,667	4,583
Deferred development cost		5,887	5,911
Copyright license		83	98
Deferred tax assets		428	249
		18,947	18,897
<b>Current Assets</b>			
Trade receivables		15,178	15,006
Other receivables, deposits & prepaid expenses		1,250	759
Tax recoverable		858	838
Cash and cash equivalents		47,075	46,814
		64,361	63,417
<b>TOTAL ASSETS</b>		<b>83,308</b>	<b>82,314</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity Attributable to Owners of the Company</b>			
Share capital		16,271	16,271
Share premium		1,254	1,254
Retained earnings		58,158	56,506
<b>Total Equity</b>		75,683	74,031
<b>Non-current Liabilities</b>			
Term loans	25	892	1,010
Deferred tax liabilities		1,770	1,851
		2,662	2,861
<b>Current Liabilities</b>			
Trade payables		3,313	3,259
Other payables and accrued expenses		1,238	1,757
Term loans	25	412	406
		4,963	5,422
<b>Total Liabilities</b>		7,625	8,283
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>83,308</b>	<b>82,314</b>
Net Assets Per Share Attributable to Owners of the Company (Sen)		46.51	45.50

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2015 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 1st Quarter Ended 31 March 2016  
(The figures have not been audited)

Note	<----- Attributable to Owners of the Company ----->			
	Share Capital RM'000	Non Distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
<b>At 1 January 2016</b>	16,271	1,254	56,506	74,031
Profit for the period	-	-	1,652	1,652
Total comprehensive income for the period	-	-	1,652	1,652
<b>At 31 March 2016</b>	16,271	1,254	58,158	75,683
<b>At 1 January 2015</b>	16,271	1,254	48,556	66,081
Profit for the period	-	-	1,952	1,952
Total comprehensive income for the period	-	-	1,952	1,952
<b>At 31 March 2015</b>	16,271	1,254	50,508	68,033

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2015 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 2016  
(The figures have not been audited)

	<b>(Unaudited)</b> <b>3 Months</b> <b>Ended</b> <b>31/3/2016</b> <b>RM'000</b>	<b>(Unaudited)</b> <b>3 Months</b> <b>Ended</b> <b>31/3/2015</b> <b>RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	1,409	2,141
Adjustments for:		
Depreciation and amortisation	714	641
Finance costs	7	9
Property, plant and equipment written off	107	6
Interest income	(354)	(350)
Waiver of amount due from former director	(44)	-
Share of loss in associate	2	33
	1,841	2,480
Operating profit before working capital changes	1,841	2,480
Receivables	(833)	(535)
Payables	(289)	(264)
	719	1,681
Cash generated from operations	719	1,681
Interest received	354	350
Finance cost paid	(7)	(9)
Tax refund	41	3
Tax paid	(77)	(113)
	1,030	1,912
Net cash generated from operating activities	1,030	1,912
<b>Cash flows from investing activities</b>		
Net cash outflow arising on acquisition of subsidiary	(47)	-
Purchase of property, plant and equipment	(394)	(611)
Development expenditure	(218)	(496)
Proceeds from disposal of property, plant and equipment	2	1
	(657)	(1,106)
Net cash used in investing activities	(657)	(1,106)
<b>Cash flows from financing activities</b>		
Repayment of loans and borrowings	(112)	(110)
	(112)	(110)
Net cash used in financing activities	(112)	(110)
Net increase in cash and cash equivalents	261	696
Cash and cash equivalents at beginning of year	46,814	44,211
Cash and cash equivalents at end of year	47,075	44,907
 Cash and cash equivalents at the end of the financial year comprise the following:		
Short-term deposit with fund management companies	7,541	7,309
Fixed deposit with licensed banks	30,050	30,500
Cash and bank balances	9,484	7,098
	47,075	44,907

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**Part A - Explanatory Notes Pursuant to MFRS 134 - 31 March 2016**

**1. Basis of Preparation**

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting and Chapter 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 2015. The consolidated financial statements of the Group as at and for the year ended 31 December 2015 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 2015 except for the adoption of the following Amendments and Annual improvements to Standards:

Effective for financial periods beginning on or after 1 January 2016:

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure Initiative
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Annual improvements to MFRSs 2012 - 2014 Cycle	

\* Effective date yet to be determined by the Malaysian Accounting Standards Board.

The adoption of the above pronouncements does not have any material impact on the financial statements of the Group.

As at the date of authorisation of the interim financial report, the following new MFRSs, amendments to MFRSs and IC Interpretations were issued but not yet effective and have not been adopted by the Group:-

		<u>Effective dates for financial periods beginning on or after</u>
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date yet to be determined by the Malaysian Accounting Standards Board

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have a material impact to the financial statements of the Group upon their initial recognition other than the adoption of MFRS 9 Financial Instruments and MFRS 15 Revenue from Contracts with Customers. The Group is currently assessing the impact of these standards and plans to adopt these standards on the respective effective dates.

**3. Comparatives**

The following comparative amounts of the Group for the quarter and three months ended 31 March 2015 have been reclassified to conform with current year's presentation:

	<b>As previously stated RM'000</b>	<b>Reclassi- fication RM'000</b>	<b>As restated RM'000</b>
<u>Statement Of Profit or Loss and Other Comprehensive Income</u>			
<u>For the quarter ended</u>			
<u>31 March 2015</u>			
Revenue	20,204	(10,752)	9,452
Cost of sales	(15,226)	10,752	(4,474)

### 3. Comparatives (continued)

	As previously stated RM'000	Reclassi- fication RM'000	As restated RM'000
<u>Statement Of Profit or Loss and Other Comprehensive Income</u>			
<u>For the three months ended</u>			
<u>31 March 2015</u>			
Revenue	20,204	(10,752)	9,452
Cost of sales	(15,226)	10,752	(4,474)

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

The auditors' report on the financial statements for the year ended 31 December 2015 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
<b>Year ended 31 March 2016</b>				
Total external revenue	8,612	-	-	8,612
Inter-segment revenue	4,112	3,548	(7,660)	-
Total segment revenue	<u>12,724</u>	<u>3,548</u>	<u>(7,660)</u>	<u>8,612</u>
Segment results	<u>1,579</u>	<u>2,836</u>	<u>(2,997)</u>	1,418
Finance costs				(7)
Share of loss in associate				(2)
Profit before taxation				<u>1,409</u>
Taxation				243
Net Profit after taxation				<u><u>1,652</u></u>

	Contents & value added services RM'000	Investment Holding RM'000	Elimination RM'000	Total Consolidated RM'000
<b>Year ended 31 March 2015</b>				
Total external revenue	9,452	-	-	9,452
Inter-segment revenue	4,409	831	(5,240)	-
Total segment revenue	<u>13,861</u>	<u>831</u>	<u>(5,240)</u>	<u>9,452</u>
Segment results	<u>2,461</u>	<u>(278)</u>	<u>-</u>	2,183
Finance costs				(9)
Share of loss in associate				(33)
Profit before taxation				<u>2,141</u>
Taxation				(189)
Net Profit after taxation				<u><u>1,952</u></u>

	Contents & value added services RM'000	Investment holding RM'000	Elimination RM'000	Total Consolidated RM'000
<b>As at 31 March 2016</b>				
Total segment assets	61,673	37,305	(16,098)	82,880
Total segment liabilities	18,543	1,237	(13,925)	5,855
Depreciation and amortisation	691	23	-	714
Non-cash expenses other than depreciation and amortisation	1	106	-	107

**5. Segmental Information (continued)**

<b>As at 31 March 2015</b>	<b>Contents &amp; value added services RM'000</b>	<b>Investment holding RM'000</b>	<b>Elimination RM'000</b>	<b>Total Consolidated RM'000</b>
Total segment assets	60,669	31,365	(14,258)	77,776
Total segment liabilities	17,591	2,083	(12,079)	7,595
Depreciation and amortisation	613	28	-	641
Non-cash expenses other than depreciation and amortisation	4	2	-	6

**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 2016.

**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 3 February 2016 acquired two (2) ordinary shares of RM1.00 each representing 100% equity interest in One Seed Sdn. Bhd. (Formerly known as Next Dynasty Sdn. Bhd.), a company incorporated in Malaysia for a total consideration of RM50,000. Subsequent to the Acquisition, One Seed 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 of the quarter under review.

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

There were no changes in any contingent liabilities or contingent 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 1st quarter ended 31 March 2016, revenue decreased by 8.9% to RM 8.6 million due to lower demand on our services. The profits attributable to shareholders has decreased by RM 0.3 million to RM 1.7 million as compared to previous year's corresponding quarter of RM 2.0 million. The decrease in profits as compared to previous year's corresponding quarter were mainly due to lower revenue offset against adjustment on deferred tax.

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

	<b>Qtr Ended 31/03/2016 RM'000</b>	<b>Qtr Ended 31/12/2015 RM'000</b>	<b>% Changes</b>
Turnover	8,612	9,093	-5.3%
Gross Profit	4,312	5,484	-21.4%
Gross Profit Margin	50%	60%	-17.0%
Profit Before Taxation	1,409	16	>100.0%

The Group's turnover decreased by 5.3% as compared to the preceding quarter. The Group's net profit before taxation for the current quarter under review has increased by >100.0% due to year end adjustments in preceding quarter.

**19. Current Year Prospects**

The demand in Mobile Internet for smart phone switchers are shaping how the data and product offered in the telecommunication industry. Our prospect for the remaining quarters will be focusing on working together with Mobile Operators to expand our reach, while continuously investing into Mobile Internet business services.

**20. Variance of Profit Forecast**

Not Applicable.

**21. Income Tax (Credit) / Expense**

	<b>Three Months Ended</b>		<b>Cumulative Quarter Ended</b>	
	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000	Group 31 March 2016 RM'000	Group 31 March 2015 RM'000
Current Tax	17	113	17	113
Deferred Tax	(260)	76	(260)	76
	<u>(243)</u>	<u>189</u>	<u>(243)</u>	<u>189</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 March 2016.

**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 March 2016.

**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 March 2016 were denominated in Ringgit Malaysia and are as follows:-

	Short-Term RM'000	Long-Term RM'000	Total RM'000
Secured	412	892	1,304
Unsecured	-	-	-
	<u>412</u>	<u>892</u>	<u>1,304</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 March 2016 and 31 December 2015 were analysed as follows :

	Group 31 March 2016 RM'000	Group 31 December 2015 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	60,891	59,536
- Unrealised	(1,342)	(1,602)
	<u>59,549</u>	<u>57,934</u>
Total accumulated loss of an associate		
- Realised	(2)	(84)
	<u>59,547</u>	<u>57,850</u>
Add : Consolidation adjustments	(1,389)	(1,344)
Total Group retained profits as per consolidated accounts	<u><u>58,158</u></u>	<u><u>56,506</u></u>

**28. Dividends Payable**

The Board of Directors proposed a first and final tax exempt dividend of 0.60 sen per ordinary share of RM 0.10 each in respect of the financial year ended 31 December 2015 for the approval of the shareholders at the forthcoming Company's Twelfth Annual General Meeting. The proposed entitlement and payment dates for the first and final tax exempt dividend shall be 9 June and 23 June 2016 respectively.

**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

	Current Qtr Ended 31/3/2016	Comparative Qtr Ended 31/12/2015	Cumulative YTD 31/3/2016	Cumulative YTD 31/12/2015
Profit attributable to Owners of the Company (RM'000)	<u>1,652</u>	<u>1,952</u>	<u>1,652</u>	<u>1,952</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>1.02</u>	<u>1.20</u>	<u>1.02</u>	<u>1.20</u>

*(b) Diluted*

The 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 May 2016.