

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 2016
(The figures have not been audited)

	Note	(Unaudited) Current Qtr Ended 30/06/2016 RM'000	(Unaudited) Comparative Qtr Ended 30/06/2015 RM'000 (Restated)	(Unaudited) Cumulative YTD 30/06/2016 RM'000	(Unaudited) Cumulative YTD 30/06/2015 RM'000 (Restated)
Continuing operations					
Revenue *	5	1,676	10,177	10,288	19,629
Cost of sales *		(638)	(3,919)	(4,938)	(8,393)
Gross profit		1,038	6,258	5,350	11,236
Interest income		326	396	680	746
Other income		1	11	49	16
Other expenditure		(2,513)	(2,260)	(4,988)	(4,763)
Depreciation and amortisation		(741)	(682)	(1,455)	(1,323)
Property, plant and equipment written off		-	-	(107)	(6)
Share of loss in associate		(2)	(32)	(4)	(65)
Finance costs		(6)	(9)	(13)	(18)
(Loss) / Profit before tax		(1,897)	3,682	(488)	5,823
Income tax credit / (expense)	21	109	(198)	352	(387)
(Loss) / Profit for the period		(1,788)	3,484	(136)	5,436
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (expense) / income for the period		(1,788)	3,484	(136)	5,436
(Loss) / Profit attributable to: Owners of the Company		(1,788)	3,484	(136)	5,436
Total Comprehensive (expense) / income for the period attributable to: Owners of the Company		(1,788)	3,484	(136)	5,436
(Loss) / Earnings per Share Attributable to Owners of the Company:					
- Basic (Sen)	29	(1.10)	2.14	(0.08)	3.34
- Diluted (Sen)	29	N/A	N/A	N/A	N/A

* The comparatives for the quarter and six months ended 30 June 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 30 June 2016

	Note	(Unaudited) As At 30/6/2016 RM'000	(Audited) As At 31/12/2015 RM'000
ASSETS			
Non-current Assets			
Property, plant & equipment		7,527	8,018
Investment in associate		34	38
Goodwill on consolidation		4,667	4,583
Deferred development cost		5,864	5,911
Copyright license		208	98
Deferred tax assets		514	249
		18,814	18,897
Current Assets			
Trade receivables		8,362	15,006
Other receivables, deposits & prepaid expenses		1,331	759
Tax recoverable		948	838
Cash and cash equivalents		47,737	46,814
		58,378	63,417
TOTAL ASSETS		77,192	82,314
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share capital		16,271	16,271
Share premium		1,254	1,254
Retained earnings		55,394	56,506
Total Equity		72,919	74,031
Non-current Liabilities			
Term loans	25	776	1,010
Deferred tax liabilities		1,732	1,851
		2,508	2,861
Current Liabilities			
Trade payables		931	3,259
Other payables and accrued expenses		416	1,757
Term loans	25	418	406
		1,765	5,422
Total Liabilities		4,273	8,283
TOTAL EQUITY AND LIABILITIES		77,192	82,314
Net Assets Per Share Attributable to Owners of the Company (Sen)		44.82	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 2nd Quarter Ended 30 June 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
At 1 January 2016	16,271	1,254	56,506	74,031
Loss for the period	-	-	(136)	(136)
Total comprehensive expense for the period	-	-	(136)	(136)
Dividend paid	-	-	(976)	(976)
At 30 June 2016	16,271	1,254	55,394	72,919
At 1 January 2015	16,271	1,254	48,556	66,081
Profit for the period	-	-	5,436	5,436
Total comprehensive income for the period	-	-	5,436	5,436
At 30 June 2015	16,271	1,254	53,992	71,517

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 2nd Quarter Ended 30 June 2016
(The figures have not been audited)

	(Unaudited) 6 Months Ended 30/6/2016 RM'000	(Unaudited) 6 Months Ended 30/6/2015 RM'000
Cash Flows from Operating Activities		
(Loss) / Profit before taxation	(488)	5,823
Adjustments for:		
Depreciation and amortisation	1,455	1,323
Finance costs	13	18
Property, plant and equipment written off	107	6
Interest income	(680)	(746)
Waiver of amount due from former director	(44)	-
Share of loss in associate	4	65
	367	6,489
Operating profit before working capital changes	367	6,489
Receivables	5,931	(1,879)
Payables	(3,522)	(1,314)
	2,776	3,296
Cash generated from operations	2,776	3,296
Interest received	680	746
Finance cost paid	(13)	(18)
Tax refund	41	103
Tax paid	(181)	(278)
	3,303	3,849
Net cash generated from operating activities	3,303	3,849
Cash flows from investing activities		
Investment in associate	-	(131)
Net cash outflow arising on acquisition of subsidiary	(47)	-
Purchase of property, plant and equipment	(497)	(949)
Purchase of intangible asset	(198)	(73)
Development expenditure	(444)	(696)
Proceeds from disposal of property, plant and equipment	5	1
	(1,181)	(1,848)
Net cash used in investing activities	(1,181)	(1,848)
Cash flows from financing activities		
Payment of dividends	(976)	(814)
Repayment of loans and borrowings	(223)	(219)
	(1,199)	(1,033)
Net cash used in financing activities	(1,199)	(1,033)
Net increase in cash and cash equivalents	923	968
Cash and cash equivalents at beginning of year	46,814	44,211
Cash and cash equivalents at end of year	47,737	45,179
Cash and cash equivalents at the end of the financial year comprise the following:		
Short-term deposit with fund management companies	7,602	7,366
Fixed deposit with licensed banks	28,126	30,500
Cash and bank balances	12,009	7,313
	47,737	45,179

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 - 30 June 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	

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 six months ended 30 June 2015 have been reclassified to conform with current year's presentation:

	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 six months ended</u>			
<u>30 June 2015</u>			
Revenue	30,381	(10,752)	19,629
Cost of sales	(19,145)	10,752	(8,393)

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
Year ended 30 June 2016				
Total external revenue	10,288	-	-	10,288
Inter-segment revenue	5,039	7,123	(12,162)	-
Total segment revenue	<u>15,327</u>	<u>7,123</u>	<u>(12,162)</u>	<u>10,288</u>
Segment results	<u>(197)</u>	<u>5,723</u>	<u>(5,997)</u>	<u>(471)</u>
Finance costs				(13)
Share of loss in associate				(4)
Loss before taxation				<u>(488)</u>
Taxation				352
Net Loss after taxation				<u><u>(136)</u></u>

	Contents & value added services RM'000	Investment Holding RM'000	Elimination RM'000	Total Consolidated RM'000
Year ended 30 June 2015				
Total external revenue	19,629	-	-	19,629
Inter-segment revenue	9,204	2,387	(11,591)	-
Total segment revenue	<u>28,833</u>	<u>2,387</u>	<u>(11,591)</u>	<u>19,629</u>
Segment results	<u>6,302</u>	<u>604</u>	<u>(1,000)</u>	<u>5,906</u>
Finance costs				(18)
Share of loss in associate				(65)
Profit before taxation				<u>5,823</u>
Taxation				(387)
Net Profit after taxation				<u><u>5,436</u></u>

	Contents & value added services RM'000	Investment holding RM'000	Elimination RM'000	Total Consolidated RM'000
As at 30 June 2016				
Total segment assets	51,476	39,234	(14,032)	76,678
Total segment liabilities	7,143	1,255	(5,857)	2,541
Depreciation and amortisation	1,408	47	-	1,455
Non-cash expenses other than depreciation and amortisation	1	106	-	107

	Contents & value added services RM'000	Investment holding RM'000	Elimination RM'000	Total Consolidated RM'000
As at 30 June 2015				
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

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 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

The Board has declared a First and Final Tax Exempt Dividend of 6% per ordinary share in respect of the financial year ended 31 December 2015. The said dividend was paid on 23 June 2016.

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

A wholly-owned subsidiary of the Company, Tameko Sdn. Bhd. (formerly known as M-Mode Systems Sdn. Bhd.) has on 6 June 2016, incorporated a wholly-owned subsidiary, Restro Digital Pte. Ltd. in Singapore. The issued and paid up share capital of Restro Digital Pte. Ltd. is SGD2.00 comprising 2 ordinary shares.

Other than the above, 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 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 2nd quarter ended 30 June 2016, revenue decreased significantly by 83.5% to RM 1.7 million mainly due to loss of subscribers from the migration of content management platform of our major business partner; Celcom Malaysia. The Group had recorded a loss for the period of RM 1.8 million as compared to a profit for the period of RM 3.5 million in the preceding year's corresponding quarter ended 30 June 2015. It was mainly due to the declined revenue in the current quarter as mentioned above; mitigated against adjustment on deferred tax.

18. Comments on Material Change in (Loss) / Profit Before Taxation

	Qtr Ended 30/06/2016 RM'000	Qtr Ended 31/03/2016 RM'000	% Changes
Turnover	1,676	8,612	-80.5%
Gross Profit	1,038	4,312	-75.9%
Gross Profit Margin	62%	50%	23.7%
(Loss) / Profit Before Taxation	(1,897)	1,409	->100.0%

The Group's turnover decreased by 80.5% as compared to the preceding quarter. The Group's net loss before taxation for the current quarter under review has increased by >100.0% due to negative impact in relation to the content management platform migration of our major business partner; Celcom Malaysia as mentioned in explanatory note 17 above.

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

	Three Months Ended		Cumulative Quarter Ended	
	Group 30 June 2016 RM'000	Group 30 June 2015 RM'000	Group 30 June 2016 RM'000	Group 30 June 2015 RM'000
Current Tax	14	165	31	278
Deferred Tax	(123)	33	(383)	109
	<u>(109)</u>	<u>198</u>	<u>(352)</u>	<u>387</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 30 June 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 30 June 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 30 June 2016 were denominated in Ringgit Malaysia and are as follows:-

	Short-Term RM'000	Long-Term RM'000	Total RM'000
Secured	418	776	1,194
Unsecured	-	-	-
	<u>418</u>	<u>776</u>	<u>1,194</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 2016 and 31 December 2015 were analysed as follows :

	Group 30 June 2016 RM'000	Group 31 December 2015 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	58,005	59,536
- Unrealised	(1,218)	(1,602)
	<u>56,787</u>	<u>57,934</u>
Total accumulated loss of an associate		
- Realised	(4)	(84)
	<u>56,783</u>	<u>57,850</u>
Add : Consolidation adjustments	(1,389)	(1,344)
Total Group retained profits as per consolidated accounts	<u><u>55,394</u></u>	<u><u>56,506</u></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

	Current Qtr Ended 30/6/2016	Comparative Qtr Ended 31/12/2015	Cumulative YTD 30/6/2016	Cumulative YTD 31/12/2015
(Loss) / Profit attributable to Owners of the Company (RM'000)	<u>(1,788)</u>	<u>3,484</u>	<u>(136)</u>	<u>5,436</u>
Weighted average number of ordinary shares in issue	162,709,500	162,709,500	162,709,500	162,709,500
Basic (loss) / earnings per share (sen)	<u>(1.10)</u>	<u>2.14</u>	<u>(0.08)</u>	<u>3.34</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 25 August 2016.