

M-MODE BERHAD
(Company No. 635759-U)
Condensed Consolidated Statement Of Profit or Loss
For The 3rd Quarter Ended 30 September 2016
(The figures have not been audited)

	Note	(Unaudited) Current Qtr Ended 30/09/2016 RM'000	(Unaudited) Comparative Qtr Ended 30/09/2015 RM'000 (Restated)	(Unaudited) Cumulative YTD 30/09/2016 RM'000	(Unaudited) Cumulative YTD 30/09/2015 RM'000 (Restated)
Continuing operations					
Revenue *	5	2,072	8,526	12,360	28,155
Cost of sales *		(354)	(3,803)	(5,292)	(12,196)
Gross profit		<u>1,718</u>	<u>4,723</u>	<u>7,068</u>	<u>15,959</u>
Interest income		350	329	1,030	1,075
Other income		3	49	52	65
(Loss) / Gain on disposal of property, plant and equipment		(25)	80	(25)	80
Other expenditure		(2,585)	(2,249)	(7,573)	(7,012)
Depreciation and amortisation		(643)	(755)	(2,098)	(2,078)
Property, plant and equipment written off		(44)	(10)	(151)	(16)
Share of loss in associate		(2)	(12)	(6)	(77)
Finance costs		(5)	(8)	(18)	(26)
(Loss) / Profit before tax		<u>(1,233)</u>	<u>2,147</u>	<u>(1,721)</u>	<u>7,970</u>
Income tax (expense) / credit	21	(36)	469	316	82
(Loss) / Profit for the period		<u>(1,269)</u>	<u>2,616</u>	<u>(1,405)</u>	<u>8,052</u>
 (Loss) / Profit attributable to: Owners of the Company					
		<u>(1,269)</u>	<u>2,616</u>	<u>(1,405)</u>	<u>8,052</u>
(Loss) / Earnings per Share Attributable to Owners of the Company:					
- Basic (Sen)	29	(0.78)	1.61	(0.86)	4.95
- Diluted (Sen)	29	N/A	N/A	N/A	N/A

* The comparatives for the quarter and nine months ended 30 September 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 Comprehensive Income
For The 3rd Quarter Ended 30 September 2016
(The figures have not been audited)

	(Unaudited) Current Qtr Ended 30/09/2016 RM'000	(Unaudited) Comparative Qtr Ended 30/09/2015 RM'000 (Restated)	(Unaudited) Cumulative YTD 30/09/2016 RM'000	(Unaudited) Cumulative YTD 30/09/2015 RM'000 (Restated)
(Loss) / Profit for the period	(1,269)	2,616	(1,405)	8,052
Other comprehensive expense				
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets				
- Fair value loss	(9)	-	(9)	-
Other comprehensive expense, net of tax	(9)	-	(9)	-
Total comprehensive (expense) / income for the period	(1,278)	2,616	(1,414)	8,052
Total Comprehensive (expense) / income for the period attributable to:				
Owners of the Company	(1,278)	2,616	(1,414)	8,052

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 September 2016

	Note	(Unaudited) As At 30/9/2016 RM'000	(Audited) As At 31/12/2015 RM'000
ASSETS			
Non-current Assets			
Property, plant & equipment		7,159	8,018
Investment in associate		32	38
Goodwill on consolidation		4,667	4,583
Deferred development cost		5,828	5,911
Copyright license		168	98
Available-for-sale investment		590	-
Deferred tax assets		423	249
		<u>18,867</u>	<u>18,897</u>
Current Assets			
Trade receivables		1,641	15,006
Other receivables, deposits & prepaid expenses		1,537	759
Tax recoverable		1,037	838
Cash and cash equivalents		52,207	46,814
		<u>56,422</u>	<u>63,417</u>
TOTAL ASSETS		75,289	82,314
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share capital		16,271	16,271
Share premium		1,254	1,254
Available-for-sale financial asset reserve		(9)	-
Retained earnings		54,125	56,506
Total Equity		<u>71,641</u>	<u>74,031</u>
Non-current Liabilities			
Term loans	25	482	1,010
Deferred tax liabilities		1,662	1,851
		<u>2,144</u>	<u>2,861</u>
Current Liabilities			
Trade payables		859	3,259
Other payables and accrued expenses		418	1,757
Term loans	25	227	406
		<u>1,504</u>	<u>5,422</u>
Total Liabilities		<u>3,648</u>	<u>8,283</u>
TOTAL EQUITY AND LIABILITIES		75,289	82,314
Net Assets Per Share Attributable to Owners of the Company (Sen)		44.03	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 3rd Quarter Ended 30 September 2016
(The figures have not been audited)

	<----- Attributable to Owners of the Company ----->				
	Share Capital RM'000	Non Distributable Share Premium RM'000	Non Distributable Available- for-sale Financial Asset Reserve 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	-	-	-	(1,405)	(1,405)
Other comprehensive expense	-	-	(9)	-	(9)
Total comprehensive expense for the period	-	-	(9)	(1,405)	(1,414)
Dividend paid	-	-	-	(976)	(976)
At 30 September 2016	16,271	1,254	(9)	54,125	71,641
At 1 January 2015	16,271	1,254	-	48,556	66,081
Profit for the period	-	-	-	8,052	8,052
Other comprehensive expense	-	-	-	-	-
Total comprehensive income for the period	-	-	-	8,052	8,052
Dividend paid	-	-	-	(814)	(814)
At 30 September 2015	16,271	1,254	-	55,794	73,319

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 3rd Quarter Ended 30 September 2016
(The figures have not been audited)

	(Unaudited) 9 Months Ended 30/9/2016 RM'000	(Unaudited) 9 Months Ended 30/9/2015 RM'000
Cash Flows from Operating Activities		
(Loss) / Profit before taxation	(1,721)	7,970
Adjustments for:		
Depreciation and amortisation	2,098	2,078
Finance costs	18	26
Property, plant and equipment written off	151	16
Loss / (Gain) on disposal of property, plant and equipment	25	(80)
Interest income	(1,030)	(1,075)
Waiver of amount due from former director	(44)	-
Share of loss in associate	6	77
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Operating (loss) / profit before working capital changes	(497)	9,012
Receivables	12,597	1,025
Payables	(3,742)	(1,489)
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Cash generated from operations	8,358	8,548
Interest received	1,030	1,075
Finance cost paid	(18)	(26)
Tax refund	41	102
Tax paid	(287)	(463)
	<hr/>	<hr/>
Net cash generated from operating activities	9,124	9,236
Cash flows from investing activities		
Investment in associate	-	(131)
Net cash outflow arising on acquisition of subsidiary	(47)	(93)
Purchase of property, plant and equipment	(551)	(1,319)
Purchase of financial asset	(598)	-
Purchase of intangible asset	(198)	(73)
Development expenditure	(666)	(977)
Proceeds from disposal of property, plant and equipment	13	81
	<hr/>	<hr/>
Net cash used in investing activities	(2,047)	(2,512)
Cash flows from financing activities		
Payment of dividends	(976)	(814)
Repayment of loans and borrowings	(708)	(329)
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Net cash used in financing activities	(1,684)	(1,143)
Net increase in cash and cash equivalents	5,393	5,581
Cash and cash equivalents at beginning of year	46,814	44,211
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Cash and cash equivalents at end of year	52,207	49,792
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Cash and cash equivalents at the end of the financial year comprise the following:		
Short-term deposit with fund management companies	7,662	7,423
Fixed deposit with licensed banks	39,426	29,500
Cash and bank balances	5,119	12,869
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	52,207	49,792
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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 September 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 10, MFRS 12 and MFRS 128	Investment entities: Applying the Consolidation Exception
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 nine months ended 30 September 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</u>			
<u>For the nine months ended</u>			
<u>30 September 2015</u>			
Revenue	38,907	(10,752)	28,155
Cost of sales	(22,948)	10,752	(12,196)

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 September 2016				
Total external revenue	12,339	21	-	12,360
Inter-segment revenue	5,993	7,669	(13,662)	-
Total segment revenue	<u>18,332</u>	<u>7,690</u>	<u>(13,662)</u>	<u>12,360</u>
Segment results	<u>(1,356)</u>	<u>5,656</u>	<u>(5,997)</u>	<u>(1,697)</u>
Finance costs				(18)
Share of loss in associate				(6)
Loss before taxation				<u>(1,721)</u>
Taxation				316
Net Loss after taxation				<u><u>(1,405)</u></u>

	Contents & value added services RM'000	Investment Holding RM'000	Elimination RM'000	Total Consolidated RM'000
Year ended 30 September 2015				
Total external revenue	28,155	-	-	28,155
Inter-segment revenue	13,167	5,775	(18,942)	-
Total segment revenue	<u>41,322</u>	<u>5,775</u>	<u>(18,942)</u>	<u>28,155</u>
Segment results	<u>8,595</u>	<u>3,321</u>	<u>(3,843)</u>	8,073
Finance costs				(26)
Share of loss in associate				(77)
Profit before taxation				<u>7,970</u>
Taxation				82
Net Profit after taxation				<u><u>8,052</u></u>

	Contents & value added services RM'000	Investment holding RM'000	Elimination RM'000	Total Consolidated RM'000
As at 30 September 2016				
Total segment assets	49,117	39,442	(13,693)	74,866
Total segment liabilities	6,263	1,539	(5,816)	1,986
Depreciation and amortisation	2,028	70	-	2,098
Non-cash expenses other than depreciation and amortisation	67	109	-	176

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

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 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

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 3rd quarter ended 30 September 2016, revenue decreased significantly by 75.7% to RM 2.1 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 1.3 million as compared to a profit for the period of RM 2.6 million in the preceding year's corresponding quarter ended 30 September 2015. It was mainly due to the declined revenue in the current quarter as mentioned above.

18. Comments on Material Change in Loss Before Taxation

	Qtr Ended 30/09/2016 RM'000	Qtr Ended 30/06/2016 RM'000	% Changes
Turnover	2,072	1,676	23.6%
Gross Profit	1,718	1,038	65.5%
Loss Before Taxation	(1,233)	(1,897)	-35.0%

The Group's turnover increased by 23.6% as compared to the preceding quarter. The Group's net loss before taxation for the current quarter under review has decreased by 35.0% due to higher revenue in this 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 Expense / (Credit)

	Three Months Ended		Cumulative Quarter Ended	
	Group 30 September 2016 RM'000	Group 30 September 2015 RM'000	Group 30 September 2016 RM'000	Group 30 September 2015 RM'000
Current Tax	16	(228)	47	50
Deferred Tax	20	(241)	(363)	(132)
	<u>36</u>	<u>(469)</u>	<u>(316)</u>	<u>(82)</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

22. Sale of Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties for the financial period ended 30 September 2016.

23. Quoted Securities

	Group 30 September 2016 RM'000	Group 31 December 2015 RM'000
At Fair Value		
Equity Securities:		
- Quoted Shares	<u>590</u>	<u>-</u>

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

	Short-Term RM'000	Long-Term RM'000	Total RM'000
Secured	227	482	709
Unsecured	-	-	-
	<u>227</u>	<u>482</u>	<u>709</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 September 2016 and 31 December 2015 were analysed as follows :

	Group 30 September 2016 RM'000	Group 31 December 2015 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	56,759	59,536
- Unrealised	(1,239)	(1,602)
	<u>55,520</u>	<u>57,934</u>
Total accumulated loss of an associate		
- Realised	(6)	(84)
	<u>55,514</u>	<u>57,850</u>
Less : Consolidation adjustments	(1,389)	(1,344)
Total Group retained profits as per consolidated accounts	<u>54,125</u>	<u>56,506</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 30/9/2016	Comparative Qtr Ended 30/9/2015	Cumulative YTD 30/9/2016	Cumulative YTD 30/9/2015
(Loss) / Profit attributable to Owners of the Company (RM'000)	<u>(1,269)</u>	<u>2,616</u>	<u>(1,405)</u>	<u>8,052</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>(0.78)</u>	<u>1.61</u>	<u>(0.86)</u>	<u>4.95</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 4 November 2016.