

M-MODE BERHAD
(Company No. 635759-U)
Condensed Consolidated Statement Of Profit or Loss
For The Period Ended 31 August 2017
(The figures have not been audited)

	(Unaudited) Current Qtr Ended 31/08/2017 RM'000	(Unaudited) Comparative Qtr Ended 31/08/2016 RM'000	(Unaudited) Cumulative YTD 31/08/2017 RM'000	(Unaudited) Cumulative YTD 31/08/2016 RM'000
Continuing operations				
Revenue	26,390	N/A	26,390	N/A
Cost of sales	(22,249)	N/A	(22,249)	N/A
Gross profit	4,141	N/A	4,141	N/A
Interest income	340	N/A	340	N/A
Other income	11	N/A	11	N/A
Other expenditure	(1,524)	N/A	(1,524)	N/A
Depreciation and amortisation	(530)	N/A	(530)	N/A
Share of loss in associate	(2)	N/A	(2)	N/A
Profit before taxation	2,436	N/A	2,436	N/A
Income tax expense	(388)	N/A	(388)	N/A
Profit for the period	2,048	N/A	2,048	N/A
Other comprehensive income/(expense)				
Items that may be reclassified subsequently to profit or loss:				
- Fair value changes on available for sale financial assets	34	N/A	34	N/A
- Exchange differences arising from translation of foreign operations	(1)	-	(1)	-
Other comprehensive income, net of tax	33	-	33	-
Total comprehensive income for the period	2,081	N/A	2,081	N/A
Profit attributable to: Owners of the Company	2,048	N/A	2,048	N/A
Total Comprehensive income for the period attributable to: Owners of the Company	2,081	N/A	2,081	N/A
Earnings per Share Attributable to Owners of the Company:				
- Basic (Sen)	30	1.26	N/A	1.26
- Diluted (Sen)	30	N/A	N/A	N/A

Due to change in financial year end from 31 December to 31 May, the results for corresponding 3 months period in prior year was not presented.

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 period ended 31 May 2017 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 August 2017

	Note	(Unaudited) As At 31/08/2017 RM'000	(Audited) As At 31/05/2017 RM'000
ASSETS			
Non-current Assets			
Property, plant & equipment		5,775	6,007
Investment in associate		21	24
Goodwill on consolidation		4,543	4,543
Deferred development cost		5,045	5,219
Copyright license		31	62
Other investments	24	3,538	3,504
Deferred tax assets		5	5
		<u>18,958</u>	<u>19,364</u>
Current Assets			
Trade receivables		26,564	1,739
Other receivables, deposits & prepaid expenses		9,587	9,560
Tax recoverable		355	977
Cash and cash equivalents		43,319	42,197
		<u>79,825</u>	<u>54,473</u>
TOTAL ASSETS		<u>98,783</u>	<u>73,837</u>
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share capital		17,525	17,525
Reserves		7	(26)
Retained earnings		55,634	53,586
Total Equity		<u>73,166</u>	<u>71,085</u>
Non-current Liabilities			
Deferred tax liabilities		1,357	1,434
		<u>1,357</u>	<u>1,434</u>
Current Liabilities			
Trade payables		20,509	799
Other payables and accrued expenses		3,394	489
Tax Payable		357	30
		<u>24,260</u>	<u>1,318</u>
Total Liabilities		25,617	2,752
TOTAL EQUITY AND LIABILITIES		<u>98,783</u>	<u>73,837</u>
Net Assets Per Share Attributable to Owners of the Company (Sen)		44.97	43.69

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial period ended 31 May 2017 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 Period Ended 31 August 2017
(The figures have not been audited)

	<----- Attributable to Owners of the Company ----->				Total Equity RM'000
	Share Capital RM'000	Non-Distributable Available- for-sale Reserve RM'000	Translation Reserve RM'000	Distributable Retained Earnings RM'000	
At 1 June 2017	17,525	(26)	-	53,586	71,085
Profit for the period	-	-	-	2,048	2,048
Other comprehensive income	-	33	-	-	33
Total comprehensive income for the period	-	33	-	2,048	2,081
At 31 August 2017	<u>17,525</u>	<u>7</u>	<u>-</u>	<u>55,634</u>	<u>73,166</u>

Due to change in financial year end from 31 December to 31 May, the results for corresponding 3 months period in prior year was not presented.

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 period ended 31 May 2017 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 Period Ended 31 August 2017
(The figures have not been audited)

	(Unaudited) 3 months Ended 31/08/2017 RM'000	(Unaudited) 3 months Ended 31/08/2016 RM'000
Cash Flows from Operating Activities		
Profit before taxation	2,436	N/A
Adjustments for:		
Depreciation and amortisation	530	N/A
Gain on disposal of property, plant and equipment	(4)	N/A
Share of loss in associate	2	N/A
Interest income	(340)	N/A
Unrealised gain on foreign exchange	(6)	N/A
	<hr/>	<hr/>
Operating profit before working capital changes	2,618	N/A
Receivables	(24,851)	N/A
Payables	22,615	N/A
	<hr/>	<hr/>
Cash generated from operations	382	N/A
Interest received	340	N/A
Finance cost paid	-	N/A
Tax refund	562	N/A
Tax paid	(79)	N/A
	<hr/>	<hr/>
Net cash generated from operating activities	1,205	N/A
Cash flows from investing activities		
Development expenditure	(94)	N/A
Proceeds from disposal of property, plant and equipment	5	N/A
	<hr/>	<hr/>
Net cash used in investing activities	(89)	N/A
Net increase in cash and cash equivalents	1,116	N/A
Effect of exchange rate changes	6	N/A
Cash and cash equivalents at beginning of year	42,197	N/A
	<hr/>	<hr/>
Cash and cash equivalents at end of year	43,319	N/A
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents at the end of the financial period comprise the following:		
Short-term deposit with fund management companies	31,119	N/A
Fixed deposit with licensed banks	8,004	N/A
Cash and bank balances	4,196	N/A
	<hr/>	<hr/>
	43,319	N/A
	<hr/> <hr/>	<hr/> <hr/>

Due to change in financial year end from 31 December to 31 May, the results for corresponding 3 months period in prior year was not presented.

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial period ended 31 May 2017 and the accompanying explanatory notes attached to the interim financial statements.

Part A - Explanatory Notes Pursuant to MFRS 134 - 31 August 2017

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 period ended 31 May 2017. The consolidated financial statements of the Group as at and for the period ended 31 May 2017 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 period ended 31 May 2017 except for the adoption of the following Amendments and Annual improvements to Standards:

Effective for financial periods beginning on or after 1 June 2017:

Amendments to MFRS 12	Disclosure of Interests in Other Entities (Annual Improvements 2014 – 2016)
Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

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 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014 – 2016)	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-Based Payment Transaction	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 128	Investments in Associates and Joint Ventures (Annual Improvements 2014 – 2016)	1 January 2018
Amendments to MFRS 140	Transfer of Investment Property	1 January 2018
IC Interpretations 22	Foreign Currency Transactions and Advance Consideration	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. Change of Financial Year End

As announced on 05 April 2016, the Company has changed its financial year end from 31 December to 31 May. Thus, the current and cumulative financial periods covered relating to the 3 months ended 31 August 2017 do not correspond with any of the financial quarters covered by the interim financial reports of the previous financial year. Therefore, no comparative figures have been disclosed.

4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the period ended 31 May 2017 was not subjected to any audit qualification.

5. Segmental Information

Year ended 31 August 2017	Contents & value added services RM'000	Investment Holding RM'000	Construction RM'000	Elimination RM'000	Total Consolidated RM'000
Total external revenue	2,819	-	23,571	-	26,390
Inter-segment revenue	137	-	-	(137)	-
Total segment revenue	<u>2,956</u>	<u>-</u>	<u>23,571</u>	<u>(137)</u>	<u>26,390</u>
Segment results	<u>976</u>	<u>(24)</u>	<u>1,486</u>	<u>-</u>	<u>2,438</u>
Finance costs					-
Share of loss in associate					(2)
Profit before taxation					<u>2,436</u>
Taxation					(388)
Net Profit after taxation					<u><u>2,048</u></u>

Year ended 31 August 2016	Contents & value added services RM'000	Investment Holding RM'000	Construction RM'000	Elimination RM'000	Total Consolidated RM'000
Total external revenue	N/A	N/A	N/A	N/A	N/A
Inter-segment revenue	N/A	N/A	N/A	N/A	N/A
Total segment revenue	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Segment results	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Finance costs					N/A
Share of loss in associate					N/A
Profit before taxation					<u>N/A</u>
Taxation					N/A
Net Profit after taxation					<u><u>N/A</u></u>

As at 31 August 2017	Contents & value added services RM'000	Investment Holding RM'000	Construction RM'000	Elimination RM'000	Total Consolidated RM'000
Total segment assets	47,922	35,229	36,088	(20,456)	98,783
Total segment liabilities	7,524	31	32,459	(14,397)	25,617
Depreciation and amortisation	507	23	-	-	530
Non-cash expenses other than depreciation and amortisation	-	-	-	-	-

As at 31 August 2016	Contents & value added services RM'000	Investment Holding RM'000	Construction RM'000	Elimination RM'000	Total Consolidated RM'000
Total segment assets	N/A	N/A	N/A	N/A	N/A
Total segment liabilities	N/A	N/A	N/A	N/A	N/A
Depreciation and amortisation	N/A	N/A	N/A	N/A	N/A
Non-cash expenses other than depreciation and amortisation	N/A	N/A	N/A	N/A	N/A

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 three months ended 31 August 2017.
7. **Changes in Estimates**
There were no changes in accounting estimates made that would materially affect the accounts of the Group for the three months ended 31 August 2017.
8. **Seasonal or Cyclical Factors**
The interim operations of the Group were not affected by any significant seasonal or cyclical factors during the three months ended 31 August 2017.
9. **Dividends Paid**
There were no dividends paid during the three months ended 31 August 2017.
10. **Valuation of Property, Plant and Equipment**
Property, plant and equipment of the Group were not revalued during the three months ended 31 August 2017.
11. **Debt And Equity Securities**
There were no issuance, cancellation, resale and repayment of debt and equity securities for the three months ended 31 August 2017.
12. **Changes in Composition of the Group**
There were no changes to the composition of the Group for the three months ended 31 August 2017.
13. **Capital Commitments**
There were no capital commitments for the purchase of any property, plant and equipment or any other expenses that were not
14. **Changes in Contingent Liabilities and Contingent Assets**
There were no changes in any contingent liabilities or contingent assets of the Group during the three months ended 31 August
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
16. **Significant Related Party Transactions**
There were no significant related party transactions during the three months ended 31 August 2017.

17. **Fair Value of Financial Instruments**
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data.

The following table analyses the fair value hierarchy for financial instruments carried at fair value in the statement of financial position:

	31 August 2017 Level 1 Fair Value RM'000	31 May 2017 Level 1 Fair Value RM'000
Financial asset		
Available-for-sale	3,538	3,504

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad For the MAIN Market

18. Performance Review of the Company and Its Subsidiaries

During the current quarter under review, the Group had recorded a profit for the period of RM2.0 million on the back of RM26.4 million revenue.

19. Comments on Material Change in Profit Before Taxation

	Qtr Ended 31/08/2017 RM'000	2 Months Ended 31/05/2017 RM'000	% Changes
Turnover	26,390	1,948	>100%
Gross Profit	4,141	1,576	>100%
Profit Before Taxation	2,436	163	>100%

The Group's profit before taxation has significantly increased by more than 100% compared to the preceding quarter. This is mainly due to the contribution from construction and increase in revenue from content & value added services during the current quarter.

20. 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.

The Group will from time to time look for more opportunities and when appropriate, implement the necessary changes which include diversify its income stream. The incorporation of E&J Builders Sdn Bhd marks another milestone of the Group to explore into property construction and its related business which will be beneficial to the Group in terms of revenue and profit contributions to prevent over reliance on a single stream of income.

21. Variance of Profit Forecast

Not Applicable.

22. Income Tax Expense

	Three Months Ended		Cumulative YTD	
	31 August 2017 RM'000	31 August 2016 RM'000	31 August 2017 RM'000	31 August 2016 RM'000
Current Tax	466	N/A	466	N/A
Deferred Tax	(78)	N/A	(78)	N/A
	<u>388</u>	<u>N/A</u>	<u>388</u>	<u>N/A</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.

23. Sale of Unquoted Investment and Properties

There were no sale of unquoted investments and/or properties during the current interim period under review

24. Quoted Securities

	31 August 2017 RM'000	31 May 2017 RM'000
At Fair Value		
Equity Securities:		
- Quoted Shares	769	766
Debt Securities:		
- Quoted	2,769	2,738
	<u>3,538</u>	<u>3,504</u>

25. Status of Corporate Proposals

There were no corporate proposals undertake by the Group during the current interim period under review.

26. Group Borrowings and Debt Securities

There were no borrowings and debts securities as at 31 August 2017.

27. Material Litigation

There was no pending material litigation as at 31 August 2017.

28. Realised and Unrealised Profits

The retained profits as at 31 August 2017 and 31 May 2017 were analysed as follows :

	31 August 2017 RM'000	31 May 2017 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	57,190	56,419
- Unrealised	(1,352)	(1,429)
	<u>55,838</u>	<u>54,990</u>
Total accumulated loss of an associate		
- Realised	(2)	(15)
	<u>55,836</u>	<u>54,975</u>
Less : Consolidation adjustments	(202)	(1,389)
	<u>55,634</u>	<u>53,586</u>
Total Group retained profits as per consolidated accounts	<u>55,634</u>	<u>53,586</u>

29. Dividends Payable

The Board of Directors does not recommend any dividend for the reporting quarter.

30. 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 31/08/2017	Comparative Qtr Ended 31/08/2016	Cumulative YTD 31/08/2017	Cumulative YTD 31/08/2016
Profit attributable to Owners of the Company (RM'000)	<u>2,048</u>	N/A	<u>2,048</u>	N/A
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>1.26</u>	N/A	<u>1.26</u>	N/A

(b) *Diluted*

The diluted earning per share have not been presented as there is no diluted effect for the shares of the Group.

31. 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 19 October 2017.