

M-MODE BERHAD
(Company No. 635759-U)
Condensed Consolidated Statement Of Profit or Loss and Other Comprehensive Income
For The Period Ended 28 February 2018
(The figures have not been audited)

	Note	(Unaudited) Current Qtr Ended 28/02/2018 RM'000	(Unaudited) Comparative Qtr Ended 28/02/2017 RM'000	(Unaudited) Cumulative YTD 28/02/2018 RM'000	(Unaudited) Cumulative YTD 28/02/2017 RM'000
Continuing operations					
Revenue		11,678	N/A	62,519	N/A
Cost of sales		(8,364)	N/A	(50,921)	N/A
Gross profit		3,314	N/A	11,598	N/A
Interest income		348	N/A	1,044	N/A
Other income	31	(3)	N/A	153	N/A
Other expenditure	31	(1,705)	N/A	(5,456)	N/A
Depreciation and amortisation		(471)	N/A	(1,514)	N/A
Share of loss in associate		(2)	N/A	(6)	N/A
Profit before taxation		1,481	N/A	5,819	N/A
Income tax credit / (expense)	22	36	N/A	(535)	N/A
Profit for the period		1,517	N/A	5,284	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		19	N/A	(250)	N/A
Other comprehensive income / (expense), net of tax		19	-	(250)	-
Total comprehensive income for the period		1,536	N/A	5,034	N/A
Profit attributable to: Owners of the Company		1,517	N/A	5,284	N/A
Total Comprehensive income for the period attributable to: Owners of the Company		1,536	N/A	5,034	N/A
Earnings per Share Attributable to Owners of the Company:					
- Basic (Sen)	30	0.93	N/A	3.25	N/A
- Diluted (Sen)	30	N/A	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 28 February 2018

	Note	(Unaudited) As At 28/02/2018 RM'000	(Audited) As At 31/05/2017 RM'000
ASSETS			
Non-current Assets			
Property, plant & equipment		5,362	6,007
Investment in associate		17	24
Goodwill on consolidation		4,543	4,543
Deferred development cost		4,621	5,219
Copyright license		-	62
Other investments	24	-	3,504
Deferred tax assets		5	5
		<u>14,548</u>	<u>19,364</u>
Current Assets			
Trade receivables		11,563	1,739
Other receivables, deposits & prepaid expenses		19,297	9,560
Other investments	24	3,299	-
Tax recoverable		302	977
Cash and cash equivalents		46,928	42,197
		<u>81,389</u>	<u>54,473</u>
TOTAL ASSETS		95,937	73,837
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share capital		17,525	17,525
Reserves		(276)	(26)
Retained earnings		58,870	53,586
Total Equity		<u>76,119</u>	<u>71,085</u>
Non-current Liabilities			
Deferred tax liabilities		1,177	1,434
		<u>1,177</u>	<u>1,434</u>
Current Liabilities			
Trade payables		16,808	799
Other payables and accrued expenses		1,049	489
Tax Payable		784	30
		<u>18,641</u>	<u>1,318</u>
Total Liabilities		<u>19,818</u>	<u>2,752</u>
TOTAL EQUITY AND LIABILITIES		95,937	73,837
Net Assets Per Share Attributable to Owners of the Company (Sen)		46.78	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 28 February 2018
(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	-	-	-	5,284	5,284
Other comprehensive expense	-	(250)	-	-	(250)
Total comprehensive (expense) / income for the period	-	(250)	-	5,284	5,034
At 28 February 2018	<u>17,525</u>	<u>(276)</u>	<u>-</u>	<u>58,870</u>	<u>76,119</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 28 February 2018
(The figures have not been audited)

	(Unaudited) 9 months Ended 28/02/2018 RM'000	(Unaudited) 9 months Ended 28/02/2017 RM'000
Cash Flows from Operating Activities		
Profit before taxation	5,819	N/A
Adjustments for:		
Depreciation and amortisation	1,514	N/A
Gain on disposal of property, plant and equipment	(4)	N/A
Share of loss in associate	6	N/A
Dividend income from available-for-sale investment	(136)	N/A
Interest income	(1,044)	N/A
Unrealised gain on foreign exchange	(6)	N/A
	<hr/>	<hr/>
Operating profit before working capital changes	6,149	N/A
Receivables	(19,561)	N/A
Payables	16,569	N/A
	<hr/>	<hr/>
Cash generated from operations	3,157	N/A
Interest received	1,044	N/A
Tax refund	986	N/A
Tax paid	(347)	N/A
	<hr/>	<hr/>
Net cash generated from operating activities	4,840	N/A
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1)	N/A
Net changes in financial asset	(45)	N/A
Development expenditure	(209)	N/A
Dividend received	136	N/A
Proceeds from disposal of property, plant and equipment	5	N/A
	<hr/>	<hr/>
Net cash used in investing activities	(114)	N/A
	<hr/>	<hr/>
Net increase in cash and cash equivalents	4,726	N/A
Effect of exchange rate changes	5	N/A
Cash and cash equivalents at beginning of year	42,197	N/A
	<hr/>	<hr/>
Cash and cash equivalents at end of year	46,928	N/A
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial period comprise the following:		
Short-term deposit with fund management companies	32,942	N/A
Fixed deposit with licensed bank	4	N/A
Cash and bank balances	13,982	N/A
	<hr/>	<hr/>
	46,928	N/A
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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 - 28 February 2018

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
Amendments to MFRS 3	Business Combinations	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation (Annual Improvements 2015 -2017)	1 January 2019
Amendments to MFRS 11	Joint Arrangements (Annual Improvements 2015 -2017)	1 January 2019
MFRS 16	Leases	1 January 2019
Amendments to MFRS 112	Income Taxes (Annual Improvements 2015 -2017)	1 January 2019
Amendments to MFRS 119	Employee Benefits	1 January 2019
Amendments to MFRS 123	Borrowings Costs (Annual Improvements 2015 -2017)	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
IC Interpretations 23	Uncertainty over Income Tax Treatments	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 28 February 2018 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 28 February 2018	Contents & Value Added Services RM'000	Construction RM'000	Investment Holding RM'000	Elimination RM'000	Total Consolidated RM'000
Total external revenue	8,711	53,808	-	-	62,519
Inter-segment revenue	(853)	-	-	853	-
Total segment revenue	7,858	53,808	-	853	62,519
Segment results	2,842	3,265	(282)	-	5,825
Share of loss in associate					(6)
Profit before taxation					5,819
Taxation					(535)
Net Profit after taxation					5,284

Year ended 28 February 2017	Contents & Value Added Services RM'000	Construction RM'000	Investment Holding 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	N/A	N/A	N/A	N/A	N/A
Segment results	N/A	N/A	N/A	N/A	N/A
Share of loss in associate					N/A
Profit before taxation					N/A
Taxation					N/A
Net Profit after taxation					N/A

As at 28 February 2018	Contents & Value Added Services RM'000	Construction RM'000	Investment Holding RM'000	Elimination RM'000	Total Consolidated RM'000
Total segment assets	49,990	41,391	35,855	(31,299)	95,937
Total segment liabilities	7,426	36,410	1,218	(25,236)	19,818
Depreciation and amortisation	1,446	-	68	-	1,514
Non-cash expenses other than depreciation and amortisation	-	-	-	-	-

As at 28 February 2017	Contents & Value Added Services RM'000	Construction RM'000	Investment Holding 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 nine months ended 28 February 2018.

- 7. Changes in Estimates**
There were no changes in accounting estimates made that would materially affect the accounts of the Group for the nine months ended 28 February 2018.
- 8. Seasonal or Cyclical Factors**
The interim operations of the Group were not affected by any significant seasonal or cyclical factors during the nine months ended 28 February 2018.
- 9. Dividends Paid**
There were no dividends paid during the nine months ended 28 February 2018.
- 10. Valuation of Property, Plant and Equipment**
Property, plant and equipment of the Group were not revalued during the nine months ended 28 February 2018.
- 11. Debt And Equity Securities**
There were no issuance, cancellation, resale and repayment of debt and equity securities for the nine months ended 28 February 2018.
- 12. Changes in Composition of the Group**
There were no changes to the composition of the Group for the nine months ended 28 February 2018.
- 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 as at 28 February 2018.
- 14. Changes in Contingent Liabilities and Contingent Assets**
There were no changes in any contingent liabilities or contingent assets of the Group during the nine months ended 28 February 2018.
- 15. Subsequent Material Events**
There were no material events subsequent to the end of the current quarter up to 23 April 2018 (being the last practicable date from the date of issue of this report) that are expected to have an operational or financial impact on the group.
- 16. Significant Related Party Transactions**
There were no significant related party transactions during the nine months ended 28 February 2018.
- 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:

	28 February 2018	31 May 2017
	Level 1 Fair Value RM'000	Level 1 Fair Value RM'000
Financial asset		
Available-for-sale	<u>3,299</u>	<u>3,504</u>

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

Financial review for the current quarter and financial year to date compared with the corresponding periods last year

The results of the Group are tabulated below:

	Individual Quarter			Cumulative YTD		
	28 February 2018 RM'000	28 February 2017 RM'000	% Changes	28 February 2018 RM'000	28 February 2017 RM'000	% Changes
Revenue						
- Contents &						
Value Added Services	2,658	N/A	N/A	8,711	N/A	N/A
- Construction	9,020		N/A	53,808	N/A	N/A
- Investment Holding	-	N/A	N/A	-	N/A	N/A
	<u>11,678</u>	<u>N/A</u>	<u>N/A</u>	<u>62,519</u>	<u>N/A</u>	<u>N/A</u>
Profit / (Loss) Before Taxation						
- Contents &						
Value Added Services	807	N/A	N/A	2,841	N/A	N/A
- Construction	774	N/A	N/A	3,265	N/A	N/A
- Investment Holding	(100)	N/A	N/A	(287)	N/A	N/A
	<u>1,481</u>	<u>N/A</u>	<u>N/A</u>	<u>5,819</u>	<u>N/A</u>	<u>N/A</u>

Overall Performance

During the current quarter under review, the Group had recorded a profit before taxation of RM1.5 million on the back of RM11.7 million revenue.

Contents & Value Added Services

During the current quarter under review, contents & value added services business had recorded a profit before taxation of RM0.8 million on the back of RM2.7 million revenue.

Construction

During the current quarter under review, construction business had recorded a profit before taxation of RM0.8 million on the back of RM9.0 million revenue.

Investment Holding

During the current quarter under review, investment holding business had recorded a loss before taxation of RM0.1 million.

19. Comments on Material Change in Profit Before Taxation

	Current Quarter 28 February 2018 RM'000	Immediate Preceding Quarter 30 November 2017 RM'000	% Changes
Revenue			
- Contents &			
Value Added Services	2,658	3,234	-17.8%
- Construction	9,020	21,217	-57.5%
- Investment Holding	-	-	N/A
	<u>11,678</u>	<u>24,451</u>	<u>-52.2%</u>
Profit / (Loss) Before Taxation			
- Contents &			
Value Added Services	807	1,058	-23.7%
- Construction	774	1,005	-23.0%
- Investment Holding	(100)	(161)	37.9%
	<u>1,481</u>	<u>1,902</u>	<u>-22.1%</u>

Overall Performance

During the current quarter under review, the Group had recorded a profit before taxation of RM1.5 million on the back of RM11.7 million revenue.

19. Comments on Material Change in Profit Before Taxation (Continued)

Contents & Value Added Services

The profit before taxation for the current quarter decreased by 23.7% was mainly due to lower revenue generated in this quarter.

Construction

The profit before taxation for the current quarter decreased by 23.0% was mainly due to lower site progress recorded in this quarter.

Investment Holding

During the current quarter under review, investment holding business had recorded a loss before taxation of RM0.1 million.

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 (Credit) / Expense

	Individual Quarter		Cumulative YTD	
	28 February 2018 RM'000	28 February 2017 RM'000	28 February 2018 RM'000	28 February 2017 RM'000
Current Tax	114	N/A	792	N/A
Deferred Tax	(150)	N/A	(257)	N/A
	<u>(36)</u>	<u>N/A</u>	<u>535</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 the financial period ended 28 February 2018.

24. Quoted Securities

	28 February 2018 RM'000	31 May 2017 RM'000
At Fair Value		
Equity Securities:		
- Quoted Shares	477	766
Debt Securities:		
- Quoted	2,822	2,738
	<u>3,299</u>	<u>3,504</u>
Analysed as follows:		
Current	3,299	-
Non-Currenet	-	3,504
	<u>3,299</u>	<u>3,504</u>

The quoted securities are expected to be relaised within 12 months after the reporting period are classified as current assets.

25. Status of Corporate Proposals

On 13 October 2017, TA Securities Holdings Berhad on behalf of the Board of Directors of M-Mode announced that the Company proposed to undertake the diversification of existing business of MMODE and its subsidiary companies to include construction business.

The Proposals were approved by the shareholders of the Company at the extraordinary general meeting held on 23 November 2017.

There were no corporate proposals as at 23 April 2018 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) pending for completion.

26. Group Borrowings and Debt Securities

There were no borrowings and debts securities as at 28 February 2018.

27. Material Litigation

There was no pending material litigation as at 28 February 2018.

28. Realised and Unrealised Profits

The retained profits as at 28 February 2018 and 31 May 2017 were analysed as follows :

	28 February 2018 RM'000	31 May 2017 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	60,250	56,419
- Unrealised	(1,172)	(1,429)
	<u>59,078</u>	<u>54,990</u>
Total accumulated loss of an associate		
- Realised	(6)	(15)
	<u>59,072</u>	<u>54,975</u>
Less : Consolidation adjustments	(202)	(1,389)
Total Group retained profits as per consolidated accounts	<u><u>58,870</u></u>	<u><u>53,586</u></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.

	Individual Quarter		Cumulative YTD	
	28 February 2018	28 February 2017	28 February 2018	28 February 2017
Profit attributable to Owners of the Company (RM'000)	<u>1,517</u>	N/A	<u>5,284</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>0.93</u>	N/A	<u>3.25</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. Notes to the Statement of Profit or Loss and Other Comprehensive Income

	Individual Quarter		Cumulative YTD	
	28 February 2018 RM'000	28 February 2017 RM'000	28 February 2018 RM'000	28 February 2017 RM'000
Dividend Income	-	N/A	(136)	N/A
Depreciation of property, plant and equipment	201	N/A	645	N/A
Amortisation of intangible assets	270	N/A	869	N/A
Gain on disposal of property, plant and equipment	-	N/A	(4)	N/A
Unrealised (gain)/loss on foreign exchange	3	N/A	(6)	N/A
Realised loss on foreign exchange	11	N/A	40	N/A

32. 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 30 April 2018.