

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
Condensed Consolidated Income Statements  
For The 3rd Quarter 9 Months Ending 30 September 2004  
(The figures have not been audited)

	Current Qtr Ending 30/09/2004 RM'000	Comparative <sup>1</sup> Qtr Ending 30/09/2003 RM'000	Cumulative YTD 30/09/2004 RM'000	Cumulative <sup>1</sup> YTD 30/09/2003 RM'000
Revenue	2,989	1,253	8,629	3,758
Operating Expenses	(2,653)	(1,041)	(7,404)	(3,122)
Other Operating Income	-	-	-	-
Profit From Operations	336	212	1,225	636
Finance Costs	(2)	(3)	(9)	(9)
Investing Results	-	-	-	-
Profit Before Taxation	334	209	1,216	627
Taxation	-	(5)	1	(15)
Profit After Taxation	334	204	1,217	612
Minority Interest	-	-	-	-
Net Profit For The Period	334	204	1,217	612
EPS - Basic (Sen) <sup>2</sup>	0.77	0.33	2.82	1.00
- Diluted (Sen) <sup>2</sup>	0.77	0.33	2.82	1.00

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report For the year ended 31 December 2003)

**Notes**

<sup>1</sup> The quarter/cumulative figures for year 2003 were prepared on the assumption that the Group exists since 1 January 2003 and the profits accrued evenly throughout the year.

<sup>2</sup> The EPS for year 2004 is computed based on ordinary shares of RM0.10 par value for current quarter and financial year and for year 2003, the EPS were adjusted to reflect the share split to RM0.10 par value from RM1.00.

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
Condensed Consolidated Balance Sheet  
At 30 September 2004  
(The figures have not been audited)

	<b>At 30/09/2004 RM'000</b>	<b>At * 31/12/2003 RM'000</b>
Property, Plant & Equipment	1,357	513
Intangible Assets	5,295	5,875
Investment in Associate & Joint Ventures	-	-
Other Investments	-	-
Current Assets		
Inventories	-	-
Debtors	3,280	1,250
Cash & Cash Equivalents	238	281
	<u>3,518</u>	<u>1,531</u>
Current Liabilities		
Trade & Other Creditors	2,661	803
Overdraft & Short Term Borrowings	67	93
Taxation	-	20
	<u>2,728</u>	<u>916</u>
Net Current Assets	790	615
	<u>7,442</u>	<u>7,003</u>
Share Capital	6,130	6,130
Reserves	1,217	739
Shareholders' Fund	7,347	6,869
Minority Interest		-
Long Term Liabilities		
Borrowings	95	134
Bonds (Debt Securities)	-	-
Other Deferred Liabilities	-	-
	<u>7,442</u>	<u>7,003</u>

**(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003)**

**(\* The quarter/cumulative figures for year 2003 were prepared on the assumption that the Group exists since 1 January 2003)**

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
Condensed Consolidated Cash Flow Statements  
For The 3rd Quarter 9 Months Ending 30 September 2004  
(The figures have not been audited)

	<b>9 Months Ending 30/09/2004 RM'000</b>	<b>9 Months* Ending 30/09/2003 RM'000</b>
Net Profit Before Taxation	1,216	627
Adjustment For Non-Cash Item		
Non-Cash Items	292	121
Non-Operating Items	(739)	
	<hr/>	<hr/>
Operating Profit Before Changes In Working Capital	769	748
Changes In Working Capital		
Net Change in Current Assets	(2,030)	(776)
Net Change in Current Liabilities	1,838	384
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Net Cash Flows From Operating Activities	577	356
Investing Activities		
Equity Investments	-	-
Other Investments	(555)	(389)
	<hr/>	<hr/>
Net Cash Flows From Investing Activities	(555)	(389)
Financing Activities		
Transactions With Owners as Owners		(187)
Bank Borrowings	(65)	122
New Shares Issued	-	300
	<hr/>	<hr/>
Net Cash Flows From Financing Activities	(65)	236
Net Change in Cash & Cash Equivalents	(43)	202
Cash & Cash Equivalents at Beginning of Year	281	112
	<hr/>	<hr/>
Cash & Cash Equivalent at End of Year	238	314

**(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003)**

**(\* The quarter/cumulative figures for year 2003 were prepared on the assumption that the Group exists since 1 January 2003) and the cash used or generated occurred evenly throughout the year)**

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
Condensed Consolidated Statements of Changes in Equity  
For The 3rd Quarter 9 Months Ending 30 September 2004  
(The figures have not been audited)

	Share Capital RM'000	Reserve Attributable To Capital RM'000	Reserve Attributable To Revenue RM'000	Retained* Profits RM'000	Total RM'000
<b>9 Months Ending 30/09/2004</b>					
Balance At Beginning of Year	-	-	-	739	739
Pre-Acquisition Reserves	-	-	-	(739)	(739)
Movements During The Period (Cumulative)	6,130	-	-	1,217	7,347
Balance At End Of Period	<u>6,130</u>	<u>-</u>	<u>-</u>	<u>1,217</u>	<u>7,347</u>
<b>9 Months Ending At 30/09/2003</b>					
Balance At Beginning of Year	6,130	-	-	(78)	6,052
Movements During The Period (Cumulative)	-	-	-	612	612
Balance At End Of Period	<u>6,130</u>	<u>-</u>	<u>-</u>	<u>534</u>	<u>6,664</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003)

(\* The quarter/cumulative figures for year 2003 were prepared on the assumption that the Group exists since 1 January 2003)

**M-MODE BERHAD**  
**(Company No. 635759-U)**

**Selected Explanatory Notes**  
**MASB 26 (Paragraph 16) Requirements**

**A1 Accounting Policies**

The interim financial statements of the Group are prepared using the same accounting policies and method of computation as those used in preparation of the 2003 audited financial statements and in accordance to MASB 26, Interim Financial Reporting. The comparative quarter or period figures are inserted for illustrative purpose only based on the assumption that the Group composition had been existed since 1 January 2003 and the profits are accrued evenly throughout the year.

**A2 Preceding Audited Financial Statements**

The were no material items that given rise to any qualification by the auditors on the preceding financial statements of the Company and its subsidiaries.

**A3 Seasonality or Cyclicity of Interim Operations**

The interim operations of the Group were not affect by any major seasonality or cyclicity during the quarter.

**A4 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items affecting the interim financial statement of the Group during the quarter.

**A5 Changes In Accounting Estimates**

There were no material changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have material effect in the current quarter.

**A6 Debt And Equity Securities**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter other than the following issuance of ordinary shares during the year as listed below: -

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Par value RM</b>	<b>Consideration</b>	<b>Total RM</b>
22-Mar-04	6,000,000	1.00	Acquisition of eCentury Sdn Bhd	6,000,000
22-Mar-04	50,000	1.00	Acquisition of Mobile Multimedia Sdn Bhd	50,000
30-Mar-04	79,998	1.00	Cash Subscription	79,998

The Company has on 6 September 2004 change the par value of M-Mode's ordinary shares of RM1.00 each to RM0.10 each by way of sub-division of the par value for every existing ordinary shares in M-Mode.

**A7 Dividend Paid**

There were no dividend paid during the quarter.

**A8 Segmental Reporting**

The segmented result of the Group for the periods ending 30 September 2004 based on segment activities are as follows: -

**M-MODE BERHAD**  
(Company No. 635759-U)

	<b>Investment Holding RM'000</b>	<b>Mobile Value Added Service RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidation RM'000</b>
<b>REVENUE</b>				
External customers	-	8,629		8,629
Inter-Segment sales	85	175	(260)	-
Total Revenue	85	8,804	(260)	8,629
<b>RESULT</b>				
Segment result	(8)	1,422	-	1,414
Unallocate corporate exp.				(188)
Operating profits				1,226
Interest expense				(9)
Interest income				-
Net profit from ordinary activities				1,217

**A9 Valuation of Property, Plant and Equipment**

There were no changes or re-valuation on the value of the Group's Property, Plant and Equipment from the previous quarter and preceding annual audited financial statements.

**A10 Subsequent Material Event**

There were no material events subsequent to the end of the reporting quarter that have not been reflected in the financial statements of the quarter.

**A11 Changes in Group Composition**

There were no other changes in the Group Composition for the current quarter other than the acquisition of eCentury Sdn Bhd and Mobile Multimedia Sdn Bhd during the first quarter of this year as reported in the Prospectus by M-Mode Berhad which were satisfied entirely by the issuance of 6,050,000 ordinary shares of RM1.00 each.

With the completion of the said transactions, eCentury Sdn Bhd and Mobile Multimedia Sdn Bhd became the wholly owned subsidiaries of M-Mode Berhad.

**A12 Contingent Liabilities & Assets**

There were neither provision or changes on any contingent liabilities or assets of the Group since the last annual audited balance sheet date.

**MESDAQ Listing Requirement (Part IV - Appendix 7A)**

**B1 Performance Review of the Company and Its Subsidiaries**

The Group performance has been satisfactory and to date the Group's profit recorded has well exceeded the whole of last financial year due to the tremendous growth rate in the mobile data services.

**B2 Comparison With Preceding Quarter's Results**

	<b>Qtr Ending 30/09/2004 RM'000</b>	<b>Qtr Ending 30/06/2004 RM'000</b>	<b>% Changes</b>
Turnover	2,989	2,820	6.0%
Net Profit After Taxation	334	442	-24.3%

**M-MODE BERHAD**  
**(Company No. 635759-U)**

The figures for quarter ended 30 June 2004 were derived from the audited financial statements of the Group and for illustrative purpose, the profits for the last quarter were assumed to be accrued evenly throughout the period.

The profits for the current quarter is lower as compared to previous quarter mainly due to the increase in the overheads in increasing the R&D manpower anticipating for higher revenue to meet the future demands.

**B3 Current Year Prospects**

The Board is of the opinion that the current prospects for the mobile data services industry will continue to be challenging in view of the increasing players emerging locally and coming from abroad. However, the Board is confidence that the Group will continue to post positive result by end of the financial year.

**B4 Variance of Profit Forecast**

Not Applicable

**B5 Taxation**

There was an over provisions of taxation of amount RM1,040 included in the book of eCentury Sdn Bhd in respect to the last financial year.

The reported taxation did not contain any deferred tax in respect of prior years. There were no taxation provided in the current quarter and financial year for the Group as the profits were mainly generated by eCentury Sdn Bhd, an tax exempt Company due to its MSC status.

**B6 Unquoted Investments and/or Properties**

There were no sale of any unquoted investments or properties for the current quarter and financial year to date.

**B7 Quoted Securities**

There were no purchase or disposal of any quoted securities for the current quarter and financial year to date.

**B8 Status of Corporate Proposal**

M-Mode will be listed on the MESDAQ market of Bursa Malaysia on 6 December 2004. The listing exercise would help the Group to raise RM9.195 million for its future expansion and will be utilized in the following manner: -

Description	Approved Utilisation RM'000
Research & Development	2,300
Working Capital	2,500
Overseas Market Penetration	2,895
Listing Expenses	1,500
	<hr/> <hr/> <b>9,195</b>

**B9 Group Borrowing and Debt Securities**

Group borrowing and debt securities were denominated in Ringgit Malaysia as at 30 September 2004: -

	Short Term (RM'000)	Long Term (RM'000)
Secured	67	95
Unsecured	-	-

**B10 Financial Instruments With Off Balance Sheet Risk**

The Group does not have any financial instruments with off balance sheet risk in the reporting quarter.

**B11 Material Litigation**

There were no material pending litigation in the reporting quarter.

**B12 Dividend**

The Board of Directors does not recommend any dividend in the reporting quarter and for the financial year.

**B13 Earning Per Share**

The EPS for the current quarter and financial periods ending September 2004 was calculated based on the profit after tax for the respective period divided by 43.155 million weighted average ordinary shares of RM0.10 par value in issued. The EPS for comparative periods were adjusted to reflect the changes in the par value from RM1.00 to RM0.10 and based on profit after tax divided by 61.3 million shares in issued assuming the Group in existence since 1 January 2003.