

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
Condensed Consolidated Income Statements  
For The 1st Quarter 3 Months Ended 31 March 2005  
(The figures have not been audited)

	<b>Current Qtr Ending 31/03/2005 RM'000</b>	<b>Comparative * Qtr Ending 31/03/2004 RM'000</b>	<b>Cumulative YTD 31/03/2005 RM'000</b>	<b>Cumulative * YTD 31/03/2004 RM'000</b>
Revenue	1,902	2,820	1,902	2,820
Operating Expenses	(2,622)	(2,376)	(2,622)	(2,376)
Other Operating Income	36	-	36	-
Profit/(Loss) From Operations	(684)	444	(684)	444
Finance Costs	(3)	(4)	(3)	(4)
Investing Results	-	-	-	-
Profit/(Loss) Before Taxation	(687)	440	(687)	440
Taxation	-	-	-	-
Profit/(Loss) After Taxation	(687)	440	(687)	440
Minority Interest	-	-	-	-
Net Profit/(Loss) For The Period	(687)	440	(687)	440
EPS - Basic (Sen)	(0.84)	0.72	(0.84)	0.72
- Diluted (Sen)	(0.84)	0.72	(0.84)	0.72

**(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report For the year ended 31 December 2004)**

**(\* The quarter/cumulative figures for year 2004 were prepared on the assumption that the profits accrued evenly throughout the year)**

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
Condensed Consolidated Balance Sheet  
At 31 March 2005  
(The figures have not been audited)

	At 31/03/2005 RM'000	At 31/12/2004 RM'000
Property, Plant & Equipment	1,723	1,401
Intangible Assets	5,342	5,426
Investment in Associate & Joint Ventures	-	-
Other Investments		-
Current Assets		
Inventories	-	-
Debtors	2,231	2,229
Cash & Cash Equivalents	7,037	7,945
	<u>9,268</u>	<u>10,174</u>
Current Liabilities		
Trade & Other Creditors	1,315	1,275
Short Term Borrowings	111	93
Taxation	-	-
	<u>1,426</u>	<u>1,368</u>
Net Current Assets	7,842	8,806
	<u>14,907</u>	<u>15,633</u>
Share Capital		
Reserves	8,173	8,173
	<u>6,638</u>	<u>7,325</u>
Shareholders' Fund	14,811	15,498
Minority Interest		-
Long Term Liabilities		
Borrowings	96	135
Bonds (Debt Securities)	-	-
Other Deferred Liabilities	-	-
	<u>14,907</u>	<u>15,633</u>

**(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)**

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
Condensed Consolidated Cash Flow Statements  
For The 1st Quarter 3 Months Ending 31 March 2005  
(The figures have not been audited)

	<b>3 Months Ending 31/03/2005 RM'000</b>	<b>3 Months* Ending 31/03/2004 RM'000</b>
Net Profit Before Taxation	(687)	440
Adjustment For Non-Cash Item		
Non-Cash Items	193	125
Non-Operating Items	-	-
Operating Profit Before Changes In Working Capital	<u>(494)</u>	<u>565</u>
Changes In Working Capital		
Net Change in Current Assets	(2)	(479)
Net Change in Current Liabilities	40	442
Net Cash Flows From Operation	<u>(456)</u>	<u>528</u>
Taxation Paid	-	(10)
Interest Paid	(3)	(4)
Interest Received	36	-
Net Cash Flows From Operating Activities	<u>(423)</u>	<u>515</u>
Investing Activities		
Equity Investments	-	-
Other Investments	(464)	(464)
Net Cash Flows From Investing Activities	<u>(464)</u>	<u>(464)</u>
Financing Activities		
Transactions With Owners as Owners	-	(40)
Bank Borrowings	(21)	(25)
Net Proceeds From Issuance of Shares	-	-
Net Cash Flows From Financing Activities	<u>(21)</u>	<u>(65)</u>
Net Change in Cash & Cash Equivalents	(908)	(14)
Cash & Cash Equivalents at Beginning of Year	7,945	281
Cash & Cash Equivalent at End of Year	<u>7,037</u>	<u>267</u>

**(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)**

**(\* The quarter/cumulative figures for year 2004 were prepared on the assumption that 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 1st Quarter 3 Months Ending 31 March 2005  
(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>3 Months Ending 31/03/2005</b>					
Balance At Beginning of Year	8,173	5,999	-	1,326	15,498
Pre-Acquisition Reserves	-	-	-	-	-
Movements During The Period (Cumulative)	-	-	-	(687)	(687)
Balance At End Of Period	8,173	5,999	-	639	14,811
<b>3 Months Ending 31/03/2004 *</b>					
Balance At Beginning of Year	6,130	-	-	-	6,130
Movements During The Period (Cumulative)	-	-	-	440	440
Balance At End Of Period	6,130	-	-	440	6,570

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)

(\* The quarter/cumulative figures for year 2004 were prepared on the assumption that the profits accrued evenly throughout the year)

**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 audited financial statements for the year ended 31 December 2004 and is 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 profits are accrued evenly throughout the year.

**A2 Preceding Audited Financial Statements**

The auditor's reports on the audited financial statements for the financial year ended 31 December 2004 was not qualified.

**A3 Seasonality or Cyclicity of Interim Operations**

The interim operations of the Group were not affected by any significant seasonal or cyclical factors during the quarter under review.

**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 under review.

**A5 Material Changes In Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have material effect in the current quarter under review.

**A6 Debt And Equity Securities**

There were no issuance and repayment of debt and equity securities for the current quarter under review.

**A7 Dividend Paid**

There were no dividend paid during the quarter under review.

**A8 Segmental Reporting**

The segmented result of the Group for the first quarter ended 31 March 2005 based on segment activities are as follows: -

	<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	-	1,902	-	1,902
Inter-Segment sales	39	-	(39)	-
Total Revenue	<u>39</u>	<u>1,902</u>	<u>(39)</u>	<u>1,902</u>
<b>RESULT</b>				
Segment result	(141)	(516)	-	(657)
Unallocated corporate exp.				<u>(63)</u>
Operating profits				(720)
Interest expense				(3)
Interest income				36
Net profit from ordinary activities				<u><u>(687)</u></u>

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

Property, plant and equipment of the Group were not revalued for the quarter under review.

**A10 Subsequent Material Event**

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

**A11 Changes in Group Composition**

There were no changes in the Group composition for the current quarter under review.

**A12 Contingent Liabilities & Assets**

There were no changes on any contingent liabilities or assets of the Group in the quarter under review.

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

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

The Group performance has been not been satisfactory and to date the Group's recorded a loss of RM686,440 due to decrease in the demand of mobile content offered by the Group despite huge amount of advertisement spending. The price war and intense competitions by foreign and domestic players has also affected the overall performance of the Group.

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

	<b>Qtr Ending 31/03/2005 RM'000</b>	<b>Qtr Ending 31/12/2004 RM'000</b>	<b>% Changes</b>
Turnover	1,902	2,516	-24.4%
Net Profit After Taxation	(687)	97	-808.2%

The turnover of the Group was 24.4% lower for the current quarter as compared to immediate preceding quarter's results mainly due to increase competition from existing and new competitors. The lower revenue was also partly due to the lower retail pricing in response to the price competition by the competitors. The change in pricing strategy was able to retain the number of download hits and subscribers for the Group but fail to garner more market shares to compensate the loss in revenue due to lower pricing.

The profits for the current quarter is substantially lower as compared to previous quarter mainly due to the lower sales revenue and higher overhead costs.

**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 abroad. However, barring unforeseen circumstances, the Board is confident that the Group will continue to post positive result by end of the financial year.

**B4 Variance of Profit Forecast**

Not Applicable

**B5 Taxation**

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**

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There were no disposal of any unquoted investments or properties in the current quarter under review.

**B7 Quoted Securities**

There were no purchase or disposal of any quoted securities for the current quarter under review.

**B8 Status of Corporate Proposal**

There was no corporate proposal announced but not completed in the current quarter under review except for the following corporate exercise which was announced by Affin Merchant Bank Berhad on behalf of the Company on 1 April 2005: -

- (a) Proposed private placement of up to fifteen percent (15%) of the issued and paid-up share capital of M-Mode ("Proposed Private Placement");
- (b) Proposed bonus issue of up to 46,996,000 new ordinary shares of RM0.10 each in M-Mode ("Bonus Shares"), on the basis of one (1) Bonus Share for every two (2) existing ordinary shares of RM0.10 each ("M-Mode Shares") held ("Proposed Bonus Issue");
- (c) Proposed employee share option scheme of up to ten percent (10%) of the issued and paid-up share capital of M-Mode ("Proposed ESOS");
- (d) Proposed increase in the authorised share capital of M-Mode from RM10,000,000 comprising 100,000,000 M-Mode Shares to RM25,000,000 comprising 250,000,000 M-Mode Shares ("Proposed Increase in Authorised Share Capital"); and
- (e) Proposed amendments to the Memorandum and Articles of Association ("M&A") of M-Mode ("Proposed M&A Amendments").

The proposed exercises above have been approved by the shareholders at the Extraordinary General Meeting on 18 May 2005 .

The status of the utilization of the Group's IPO proceeds for the quarter ended 31 March 2004 was as follows: -

Description	Approved Utilisation RM'000	Actual Utilization RM'000	Balance RM'000
Research & Development	2,300	(574)	1,726
Working Capital	2,500	(1,706)	794
Overseas Market Penetration	2,895	(59)	2,836
Listing Expenses	1,500	(1,157)	343
	<u>9,195</u>	<u>(3,496)</u>	<u>5,699</u>

The balance of the listing expenses will be used for working capital and other unutilized proceeds were kept in the interest earning accounts maintained with the approved financial institution in Malaysia.

**B9 Group Borrowing and Debt Securities**

Group borrowing and debt securities were denominated in Ringgit Malaysia as at 31 March 2004: -

	Short Term (RM'000)	Long Term (RM'000)
Secured	111	96
Unsecured	-	-
	<u>111</u>	<u>96</u>

**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 pending material litigation in the reporting quarter.

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**B12 Dividend**

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

**B13 Earnings Per Share**

The EPS for the quarter and financial year was calculated based on the profit after tax for the respective period divided by 81.733 million weighted average ordinary shares issued.

There was no dilutive potential ordinary shares in issue during the quarter under review that give diluted effect to the earnings per share.