

M-MODE BERHAD
(Company No. 635759-U)
Condensed Consolidated Income Statements
For The 4th Quarter Year Ended 31 December 2005
(The figures have not been audited)

	Current Qtr Ended 31/12/2005 RM'000	Comparative Qtr Ended 31/12/2004 RM'000 (Restated)	Cumulative YTD 31/12/2005 RM'000	Cumulative YTD 31/12/2004 RM'000 (Restated)
Revenue	3,422	2,516	9,119	11,148
Operating Expenses	(3,224)	(2,373)	(10,240)	(9,648)
Other Operating Income	43	3	199	4
Profit/(Loss) From Operations	241	146	(922)	1,504
Finance Costs	(1)	(3)	(7)	(13)
Investing Results	-	-	-	-
Profit/(Loss) Before Taxation	240	143	(929)	1,491
Taxation	-	-	(1)	20
Profit/(Loss) After Taxation	240	143	(930)	1,511
Minority Interest	7	-	34	
Net Profit/(Loss) For The Period	247	143	(896)	1,511
EPS - Basic (Sen)	0.30	0.23	(1.10)	2.42
- Diluted (Sen)	0.30	0.23	N/A	2.42

(The Condensed Consolidated Income Statements 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 Balance Sheet
At 31 December 2005
(The figures have not been audited)

	At 31/12/2005 RM'000	At 31/12/2004 RM'000 (Restated)
Property, Plant & Equipment	2,636	1,669
Intangible Assets	5,751	5,343
Investment in Associate & Joint Ventures	-	-
Other Investments	-	-
Current Assets		
Debtors	3,035	2,229
Cash & Cash Equivalents	4,619	7,945
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	7,654	10,174
Current Liabilities		
Trade & Other Creditors	1,080	1,275
Short Term Borrowings	35	93
Taxation	1	-
	<hr/>	<hr/>
	1,116	1,368
Net Current Assets	<hr/>	<hr/>
	6,538	8,806
	<hr/>	<hr/>
	14,925	15,818
Share Capital	8,173	8,173
Reserves	6,622	7,510
	<hr/>	<hr/>
Shareholders' Fund	14,795	15,683
Minority Interest	130	-
Long Term Liabilities		
Borrowings	-	135
Bonds (Debt Securities)	-	-
Other Deferred Liabilities	-	-
	<hr/>	<hr/>
	14,925	15,818
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(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 4th Quarter Year Ended 31 December 2005
(The figures have not been audited)

	12 Months Ended 31/12/2005 RM'000	12 Months Ended 31/12/2004 RM'000 (Restated)
Net Profit Before Taxation	(929)	1,491
Adjustment For Non-Cash Item		
Non-Cash Items	768	475
Non-Operating Items		-
	<hr/>	<hr/>
Operating Profit Before Changes In Working Capital	(161)	1,966
Changes In Working Capital		
Net Change in Current Assets	(807)	(961)
Net Change in Current Liabilities	(194)	455
	<hr/>	<hr/>
Net Cash Flows From Operation	(1,162)	1,460
Taxation Paid	-	(19)
Interest Paid	(7)	-
Interest Received	114	-
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Net Cash Flows From Operating Activities	(1,055)	1,441
Investing Activities		
Equity Investments	-	-
Other Investments	(2,078)	(1,523)
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Net Cash Flows From Investing Activities	(2,078)	(1,523)
Financing Activities		
Bank Borrowings	(193)	(95)
Net Proceeds From Issuance of Shares	-	8,122
	<hr/>	<hr/>
Net Cash Flows From Financing Activities	(193)	8,027
Net Change in Cash & Cash Equivalents	(3,326)	7,945
Cash & Cash Equivalents at Beginning of Year	7,945	-
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Cash & Cash Equivalent at End of Year	4,619	7,945

(The Condensed Consolidated Cash Flow Statements 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 Statements of Changes in Equity
For The 4th Quarter Year Ended 31 December 2005
(The figures have not been audited)

Year Ended 31/12/2005	Share Capital RM'000	Reserve Attributable To Capital RM'000	Reserve Attributable To Revenue RM'000	Retained Profits RM'000	Total RM'000
Opening Balance As At 1/1/2005	8,173	5,999	-	1,326	15,498
Change in accounting policy with respect to the capitalisation of purchased digital content	-	-	-	185	185
Opening Balance As Restated	8,173	5,999	-	1,511	15,683
Pre-Acquisition Reserves	-	-	-	-	-
Movements During The Period (Cumulative)	-	-	8	(896)	(888)
Balance At End of Year	8,173	5,999	8	615	14,795

**Year Ended
31/12/2004 (Restated)**

Opening Balance As 1/1/2004	-	-	-	739	739
Pre-Acquisition Reserves	-	-	-	(739)	(739)
Change in accounting policy with respect to the capitalisation of purchased digital content	-	-	-	-	-
Opening Balance As Restated	-	-	-	-	-
Movements During The Period (Cumulative)	8,173	5,999	-	1,511	15,683
Balance At End of Year	8,173	5,999	-	1,511	15,683

(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)

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 except that during the year, the Group changed its accounting policy with respect to the treatment of digital content costs acquired from 3rd parties.

The change of policy was made in order to reflect a more appropriate presentation of transactions in the financial statements of the Group that those expenses are now capitalised and amortised on a straight line basis over its economic benefit life expected to flow into the Group. This change in accounting policy has been accounted for retrospectively. The comparative statements for 30 June 2004 and 31 December 2004 have been restated to conform to the changed policy. The change resulted in a net reduction in the Group expenses of RM761,471 (31/12/2005) and RM184,973 (31/12/2004). Opening retained earnings for the consolidated financial statements for year 2004 remains unchanged but the goodwill arising from consolidation will be reduced by RM87,111 which is the amount of adjustment relating to periods prior to 2004.

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 statements 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 other than the changes in the accounting policies mentioned in A1.

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 4th quarter ended 31 December 2005 based on segment activities are as follows:-

	Investment Holding RM'000	Mobile Value Added Service RM'000	Elimination RM'000	Consolidation RM'000
REVENUE				
External customers	-	9,119	-	9,119
Inter-Segment sales	147	206	(353)	-
Total Revenue	<u>147</u>	<u>9,325</u>	<u>(353)</u>	<u>9,119</u>
RESULT				
Segment result after tax before unallocated corporate exp. & interest				(1,133)
Unallocated corporate expenses				<u>-</u>
Operating profits				<u>(1,133)</u>

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Interest expense	(7)
Interest income	114
Minority Interest	130
Net profit from ordinary activities Attributable to Shareholders	<u>(896)</u>

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 except the setting up of a new subsidiary known as Dalian M-Mode Dreamfun Technology Co, Ltd. in Dalian China and Beijing M-Mode Network Technology Co, Ltd. as previously announced during the year.

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's performance has not been satisfactory and to date the Group recorded YTD losses of RM895,674 due to the softening demand for mobile content offered in the first half year. The stringent rules imposed by the authority, mobile telecommunication providers and intense competition from other players have also affected the overall performance of the Group.

However, the Group was able to turn around during the 3rd and 4th quarter of the year due to the implementation of new measures inter alia, cutting overhead expenses and at the same time focusing on increasing the income per subscribers.

B2 Comparison With Preceding Quarter's Results

	Qtr Ended 31/12/2005 RM'000	Qtr Ended 30/09/2005 RM'000	% Changes
Turnover	3,422	2,056	66.4%
Net Profit/(Loss) After Taxation & Minority Interest Attributable to Shareholders	247	198	24.7%

The turnover of the Group has improved by 66.4% for the current quarter as compared to the immediate preceding quarter's results and the net profit after taxation was RM247K representing an increase of 24.7% as compared to RM198K for the previous quarter mainly due to an increase in turnover and an reduction in overheads.

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 number of players emerging locally and abroad. However, barring unforeseen circumstances, the Board is confident of a profitable year ahead as a result of the new measures taken to improve the company's performances.

B4 Variance of Profit Forecast

Not Applicable

B5 Taxation

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The reported taxation did not contain any deferred tax in respect of prior years. The taxation provided in the current quarter and financial year for the Group was incurred by Dalian M-Mode Dreamfun Technology Co. Ltd. in respect of the revenue generated.

B6 Unquoted Investments and/or Properties

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");

The proposed exercises above have been approved by the Securities Commission on 5 May 2005 and by the shareholders at the Extraordinary General Meeting on 18 May 2005. The Company has already applied for an extension of time from the Securities Commission for the implementation of the Proposed Private Placement. The Proposed Private Placement was subsequently completed on 27 Jan 2006.

The status of utilization of the Group's IPO proceeds for the quarter ended 31 December 2005 was as follows: -

Description	Approved Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
Research & Development	2,300	(2,300)	-
Working Capital	2,500	(2,843)	(343)
Overseas Market Penetration	2,895	(1,473)	1,422
Listing Expenses	1,500	(1,157)	343
	<u>9,195</u>	<u>(7,773)</u>	<u>1,422</u>

The balance of the listing expenses were used for working capital purpose as stated in the prospectus and other unutilized proceeds are kept in the interest earning accounts maintained with approved financial institution in Malaysia.

B9 Group Borrowing and Debt Securities

Group borrowing and debt securities were denominated in Ringgit Malaysia as at 31 December 2005: -

	Short Term (RM'000)	Long Term (RM'000)
Secured	35	-
Unsecured	-	-
	<u>35</u>	<u>-</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.

B12 Dividend

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The Board of Directors does not recommend any dividend for the reporting quarter and for the financial year ended 31 December 2005.

B13 Earnings Per Share (EPS)

The EPS for the current quarter and financial periods ended 31 December 2005 was calculated based on the profit after tax and minority interest for the respective period divided by the weighted average ordinary shares of RM0.10 each in issue.

	Net Profit Attributable RM'000	Weighted Ordinary Shares	EPS (Sen)	Remarks
Current Quarter				
As Reported	247	81,733,000	0.30	Basic
ESOS (Assumed Conversion at no Consideration)		928,615		
	<u>247</u>	<u>82,661,615</u>	0.30	Dilutive
Current YTD				
As Reported	(896)	81,733,000	(1.10)	Basic
ESOS (Assumed Conversion at no Consideration)		928,615		
	<u>(896)</u>	<u>82,661,615</u>	(1.08)	Anti-Dilutive