

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
**Condensed Consolidated Income Statements**  
**For The 2nd Quarter Ended 30 June 2007**  
(The figures have not been audited)

|   | Note | Current<br>Qtr Ended<br>30/06/2007<br>RM'000 | Comparative<br>Qtr Ended<br>30/06/2006<br>RM'000 | Cumulative<br>YTD<br>30/06/2007<br>RM'000 | Cumulative<br>YTD<br>30/06/2006<br>RM'000 |
|---|------|--|--|---|---|
| Revenue   | 5    | 3,818  | 1,858  | 6,957                                     | 4,561                                     |
| Cost of sales   |      | (1,848)                                      | (794)  | (3,564)                                   | (2,137)                                   |
| <b>Gross profits</b>  |      | <b>1,970</b>                                 | <b>1,064</b>                                     | <b>3,393</b>                              | <b>2,424</b>                              |
| Other income  |      | 45   | 28   | 66  | 102                                       |
| Administrative expenses   |      | (961)  | (865)  | (1,909)                                   | (1,690)                                   |
| Selling and distribution expenses   |      | (676)  | (170)  | (890)                                     | (527)                                     |
| Finance costs   |      | -  | (1)  | -   | (2)                                       |
| <b>Profit/(Loss) before tax</b>   |      | <b>378</b>                                   | <b>56</b>  | <b>660</b>                                | <b>307</b>                                |
| Income tax expense  | 22   | -  | -  | -   | -   |
| <b>Profit/(Loss) for the period</b>   |      | <b>378</b>                                   | <b>56</b>  | <b>660</b>                                | <b>307</b>                                |
| Attributable to:  |      |  |  |   |   |
| Equity holders of the parent  |      | 414  | 62   | 727                                       | 333                                       |
| Minority interest   |      | (36)   | (6)  | (67)                                      | (26)                                      |
|   |      | <b>378</b>                                   | <b>56</b>  | <b>660</b>                                | <b>307</b>                                |
| <b>Earnings/ (Loss) per share attributable to equity holders of the parent:</b> |      |  |  |   |   |
| - Basic (Sen)   | 30   | 0.29   | 0.07   | 0.50                                      | 0.36                                      |
| - Diluted (Sen)   | 30   | 0.28   | 0.06   | 0.50                                      | 0.35                                      |

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
**Condensed Consolidated Balance Sheet**  
**As at 30 June 2007**

|  | Note | (Unaudited)<br>As At<br>30/06/2007<br>RM'000 | (Audited)<br>As At<br>31/12/2006<br>RM'000 |
|--|------|--|--|
| <b>ASSETS</b>  |      |  |  |
| <b>Non-current assets</b>                                  |      |  |  |
| Property, Plant & Equipment                                | 10   | 1,331  | 1,728                                      |
| Intangible Assets  |      | 5,118  | 5,118                                      |
| Deferred Development Cost                                  |      | 2,510  | 2,234                                      |
| Deferred tax assets  |      | 271  | 271  |
|  |      | 9,230  | 9,351                                      |
| <b>Current assets</b>                                      |      |  |  |
| Inventory  |      | 3  | -  |
| Trade receivables  |      | 2,853  | 2,083                                      |
| Other receivables  |      | 321  | 316  |
| Cash and bank balances                                     |      | 6,291  | 6,359                                      |
|  |      | 9,468  | 8,758                                      |
| <b>TOTAL ASSETS</b>  |      | <b>18,698</b>                                | <b>18,109</b>                              |
| <b>EQUITY AND LIABILITIES</b>                              |      |  |  |
| <b>Equity attributable to equity holders of the parent</b> |      |  |  |
| Share capital  |      | 14,440                                       | 14,440                                     |
| Share premium  |      | 1,057  | 1,057                                      |
| Other reserves   |      | 122  | 153  |
| Retained earnings  |      | 2,024  | 1,297                                      |
|  |      | 17,643                                       | 16,947                                     |
| Minority interest  |      | 359  | 427  |
| <b>Total Equity</b>  |      | <b>18,002</b>                                | <b>17,374</b>                              |
| <b>Non-current liabilities</b>                             |      |  |  |
| Borrowings   | 26   | -  | 3  |
|  |      | -  | 3  |
| <b>Current liabilities</b>                                 |      |  |  |
| Trade payables   |      | 258  | 229  |
| Other payables   |      | 438  | 502  |
| Tax payables   |      | -  | 1  |
|  |      | 696  | 732  |
| <b>Total liabilities</b>                                   |      | <b>696</b>                                   | <b>735</b>                                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        |      | <b>18,698</b>                                | <b>18,109</b>                              |

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
**Condensed Consolidated Cash Flow Statements**  
**For The 2nd Quarter Ended 30 June 2007**  
**(The figures have not been audited)**

|   | <b>6 Months<br/>Ended<br/>30/06/2007<br/>RM'000</b> | <b>6 Months<br/>Ended<br/>30/06/2006<br/>RM'000</b> |
|---|---|---|
| Net Cash Flows From Operating Activities  | 68  | 824   |
| Net Cash Flows From Investing Activities  | (134)   | (381)   |
| Net Cash Flows From Financing Activities  | (2)   | 1,399   |
|   | (68)  | 1,842   |
| Net Change in Cash & Cash Equivalents   |   |   |
| Cash & Cash Equivalents at Beginning of Financial Period                                    | 6,359   | 4,616   |
|   | 6,291   | 6,458   |
| Cash & Cash Equivalent at End of Financial Period   |   |   |
| <br>Cash and cash equivalents at the end of the financial period<br>comprise the following: |   |   |
| Cash and bank balances  | 6,291   | 6,458   |
|   | 6,291   | 6,458   |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying notes attached to the interim financial statements.

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
**Condensed Consolidated Statements of Changes in Equity**  
**For The 2nd Quarter Ended 30 June 2007**  
(The figures have not been audited)

| Note  | <----- Attributable to Equity Holders of the Parent -----> |   |                          |   |                 | Minority Interest<br>RM'000 | Total Equity<br>RM'000 |
|---|--|---|--------------------------|---|-----------------|-----------------------------|------------------------|
|   | Share Capital<br>RM'000                                    | <--- Non Distributable ---> <br>Share Premium<br>RM'000 | Other Reserves<br>RM'000 | Distributable Retained Earnings<br>RM'000 | Total<br>RM'000 |                             |                        |
| <b>At 1 January 2006</b>                                  | 8,173  | 5,999   | 155                      | 703                                       | 15,030          | 130                         | 15,160                 |
| Foreign currency translation Profit/(Loss) for the period | -  | -   | (61)                     | 594                                       | (61)<br>594     | -                           | (61)<br>466            |
| Total recognised income and expense for the period        | -  | -   | (61)                     | 594                                       | 533             | (128)                       | 405                    |
| Increase in interest in subsidiary                        | -  | -   | -                        | -   | -               | 425                         | 425                    |
| Issue of ordinary shares:-                                |  |   |                          |   |                 |                             |                        |
| ESOS  | 228  | 22  | -                        | -   | 250             | -                           | 250                    |
| Private placement   | 1,226  | -   | -                        | -   | 1,226           | -                           | 1,226                  |
| Bonus Issue   | 4,813  | (4,813)   | -                        | -   | -               | -                           | -                      |
| Transaction costs   | -  | (151)   | -                        | -   | (151)           | -                           | (151)                  |
| Share-based payment under ESOS                            | -  | -   | 59                       | -   | 59              | -                           | 59                     |
| <b>At 31 December 2006</b>                                | <b>14,440</b>  | <b>1,057</b>  | <b>153</b>               | <b>1,297</b>                              | <b>16,947</b>   | <b>427</b>                  | <b>17,374</b>          |
| <b>At 1 January 2007</b>                                  | <b>14,440</b>  | <b>1,057</b>  | <b>153</b>               | <b>1,297</b>                              | <b>16,947</b>   | <b>427</b>                  | <b>17,374</b>          |
| Foreign currency translation Profit/(Loss) for the period | -  | -   | (32)                     | 727                                       | (32)<br>727     | (67)                        | (32)<br>660            |
| Total recognised income and expense for the period        | -  | -   | (32)                     | 727                                       | 695             | (67)                        | 628                    |
| <b>At 30 June 2007</b>                                    | <b>14,440</b>  | <b>1,057</b>  | <b>121</b>               | <b>2,024</b>                              | <b>17,642</b>   | <b>360</b>                  | <b>18,002</b>          |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying notes attached to the interim financial statements.

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The interim financial statements of the Group are prepared under the historical cost convention. The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 : Interim Financial Reporting and in accordance with the requirements of rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2006.

2. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the following new or revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 January 2007:-

FRS 124 Related Party Disclosures

3. Comparatives

The comparative figures are consistent with those previously announced and there is no event requiring restating of the comparative figures during the quarter under review.

4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2006 was not qualified.

5. Segmental Information

|  | Current<br>Qtr Ended<br>30/06/2007<br>RM'000 | Comparative<br>Qtr Ended<br>30/06/2006<br>RM'000 | Cumulative<br>YTD<br>30/06/2007<br>RM'000 | Cumulative<br>YTD<br>30/06/2006<br>RM'000 |
|--|--|--|---|---|
| <b>Segment Revenue</b>                         |  |  |   |   |
| Investment Holding                             | -  | 307  | -   | 307                                       |
| Mobile Value Added                             | 3,822  | 1,791  | 6,961                                     | 4,494                                     |
| Total revenue including<br>inter-segment sales | 3,822  | 2,098  | 6,961                                     | 4,801                                     |
| Elimination of inter-segment sales             | (4)  | (240)  | (4)                                       | (240)                                     |
| Total revenue                                  | 3,818  | 1,858  | 6,957                                     | 4,561                                     |
| <b>Segment Result</b>                          |  |  |   |   |
| Investment Holding                             | (227)  | (327)  | (465)                                     | (565)                                     |
| Mobile Value Added                             | 641  | 389  | 1,192                                     | 898                                       |
| Eliminations                                   | 414  | 62   | 727                                       | 333                                       |
| Total results                                  | -  | -  | -   | -   |
|  | 414  | 62   | 727                                       | 333                                       |

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 quarter ended 30 June 2007 other than as disclosed in note 2 and 7.

7. Changes in Estimates

There were no changes in accounting estimates made that would materially affect the accounts of the Group or Company for the quarter ended 30 June 2007 other than those disclosed under note 2.

8. Seasonal or Cyclical Factors

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

**9. Dividends Paid**

There were no dividends paid during the quarter under review.

**10. Valuation of Property, Plant and Equipment**

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

**11. Debt And Equity Securities**

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

**12. Changes in Composition of the Group**

There were no changes to the composition of the Group during the quarter under review.

**13. Discontinued Operation**

There were no discontinued operations within the activities of the Group for the quarter under review.

**14. 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 of the quarter under review.

**15. Changes in Contingent Liabilities and Contingent Assets**

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

**16. 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 review.

**17. Significant Related Party Transactions**

There were no significant related party transactions during the quarter under review.

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

18. Performance Review of the Company and Its Subsidiaries

The Group's performance has performed well as compared to the same period last year as a result of cost controls, and the launching of many new and innovative services. Therefore, the profits attributable to shareholders has increased from RM62,000 in the previous year corresponding quarter to RM414,000 in the current quarter.

19. Comments on Material Change in Profit Before Taxation

|                            | Qtr Ended<br>30/06/2007<br>RM'000 | Qtr Ended<br>31/03/2007<br>RM'000 | % Changes |
|----------------------------|-----------------------------------|-----------------------------------|-----------|
| Turnover                   | 3,818                             | 3,138                             | 21.7%     |
| Net Profit Before Taxation | 378                               | 282                               | 34.0%     |

The Group's net profit before taxation for the current quarter under review increased by 34% as compared to the immediate preceding quarter due to increase of turnover. However, the increment in turnover were mainly contributed from higher subscriber base turnover registered by the Group in the current quarter.

20. 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 which includes, amongst others, controlling and optimising media marketing overheads to improve the Company's performance.

21. Variance of Profit Forecast

Not Applicable.

22. Income Tax Expense

There is no tax charge for the current quarter and financial year to date as the majority of the Group's income was generated by the tax exempt subsidiary holding pioneer status.

23. Unquoted Investments and/or Properties

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

24. Quoted Securities

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

25. Status of Corporate Proposals

(a) Status of Corporate Proposal Announced But Not Completed

On 12 December 2006, the Company's proposed private placement of up to 22,561,000 new ordinary shares of RM0.10 each ("the Proposal") was approved by the Securities Commission ("SC"). The SC had, vide its letter dated 4 May 2007, approved the Company's application for an extension of time of up to 12 December 2007 to complete the Proposal. The Proposal has yet to be implemented as of to-date.

(b) Status of Utilisation of Proceeds as at 30 June 2007

The SC had, vide its letter dated 5 May 2005, approved the Company's private placement of up to 12,259,000 new ordinary shares of RM0.10 each. This private placement was completed on 27 January 2006.

The status of utilisation of proceeds arising from this private placement are as follows:-

| Description                          | Approved<br>Utilisation<br>RM'000 | Actual<br>Utilisation<br>RM'000 | Balance<br>RM'000 | Balance<br>% | Explanation             |
|--------------------------------------|-----------------------------------|---------------------------------|-------------------|--------------|-------------------------|
| Private Placement<br>Proceeds<br>R&D | 1,226                             | (969)                           | 257               | 20.96        | On-going<br>utilisation |
|                                      | 1,226                             | (969)                           | 257               | 20.96        |                         |

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The unutilised proceeds of the private placement are kept in interest bearing accounts maintained with approved financial institutions in Malaysia.

**26. Group Borrowings and Debt Securities**

Group short term borrowings in terms of hire purchase was fully settled in the current quarter under review.

**27. Financial Instruments With Off Balance Sheet Risk**

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

**28. Material Litigation**

There were no pending material litigation in the reporting quarter.

**29. Dividends Payable**

The Board of Directors do not recommend any interim dividends for the current quarter ended 30 June 2007.

**30. Earnings Per Share (EPS)**

*(a) Basic*

Basic earnings per share figures are computed by dividing profits for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period. The corresponding comparative figures of number of ordinary shares outstanding has been adjusted for the effect of the bonus issue.

|   | Current<br>Qtr Ended<br>30/06/2007 | Comparative<br>Qtr Ended<br>30/06/2006 | Cumulative<br>YTD<br>30/06/2007 | Cumulative<br>YTD<br>30/06/2006 |
|---|------------------------------------|--|---------------------------------|---------------------------------|
| Profit attributable to ordinary equity holders of the parent (RM'000) | 414                                | 62                                     | 727                             | 333                             |
| Weighted average number of ordinary shares in issue                   | 144,400,500                        | 94,043,927                             | 144,400,500                     | 91,718,644                      |
| Basic earnings per share (sen)  | 0.29                               | 0.07                                   | 0.50                            | 0.36                            |

*(b) Diluted*

For the purpose of computing diluted earnings per share, the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, ie: - share options granted to employees.

|   | Current<br>Qtr Ended<br>30/06/2007 | Comparative<br>Qtr Ended<br>30/06/2006 | Cumulative<br>YTD<br>30/06/2007 | Cumulative<br>YTD<br>30/06/2006 |
|---|------------------------------------|--|---------------------------------|---------------------------------|
| Profit attributable to ordinary equity holders of the parent (RM'000)     | 414                                | 62                                     | 727                             | 333                             |
| Weighted average number of ordinary shares in issue                       | 144,400,500                        | 94,043,927                             | 144,400,500                     | 91,718,644                      |
| Effects of dilution:<br>Share options                                     | 1,837,164                          | 2,224,152                              | 1,837,164                       | 2,224,152                       |
| Adjusted weighted average number of ordinary shares in issue and issuable | 146,237,664                        | 96,268,079                             | 146,237,664                     | 93,942,796                      |
| Diluted earnings per share (sen)  | 0.28                               | 0.06                                   | 0.50                            | 0.35                            |

**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 24 August 2007.