

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
Condensed Consolidated Income Statements  
For The 3rd Quarter Ended 30 September 2007  
(The figures have not been audited)

	Note	Current Qtr Ended 30/09/2007 RM'000	Comparative Qtr Ended 30/09/2006 RM'000	Cumulative YTD 30/09/2007 RM'000	Cumulative YTD 30/09/2006 RM'000
Revenue	5	3,457	1,909	10,414	6,470
Cost of sales		(1,998)	(971)	(5,562)	(3,108)
<b>Gross profits</b>		<hr/> 1,459	<hr/> 938	<hr/> 4,852	<hr/> 3,362
Other income		32	36	98	138
Administrative expenses		(908)	(818)	(2,817)	(2,509)
Selling and distribution expenses		(157)	(79)	(1,048)	(607)
Finance costs		-	(1)	-	(2)
<b>Profit/(Loss) before tax</b>		<hr/> 426	<hr/> 76	<hr/> 1,085	<hr/> 382
Income tax expense	22	-	-	-	-
<b>Profit/(Loss) for the period</b>		<hr/> 426	<hr/> 76	<hr/> 1,085	<hr/> 382
Attributable to:					
Equity holders of the parent		450	86	1,177	419
Minority interest		(24)	(10)	(92)	(37)
		<hr/> 426	<hr/> 76	<hr/> 1,085	<hr/> 382
<b>Earnings/ (Loss) per share attributable to equity holders of the parent:</b>					
- Basic (Sen)	30	0.31	0.06	0.82	0.29
- Diluted (Sen)	30	N/A	N/A	0.81	N/A

**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 September 2007

	Note	(Unaudited) As At 30/09/2007 RM'000	(Audited) As At 31/12/2006 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant & Equipment	10	1,187	1,728
Intangible Assets		5,118	5,118
Deferred Development Cost		2,674	2,234
Deferred tax assets		271	271
		9,250	9,351
<b>Current assets</b>			
Inventory		3	-
Trade receivables		1,808	2,083
Other receivables		487	316
Cash and bank balances		7,460	6,359
		9,758	8,758
<b>TOTAL ASSETS</b>		19,008	18,109
<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		106	153
Retained earnings		2,475	1,297
		18,078	16,947
<b>Minority interest</b>		334	427
<b>Total Equity</b>		18,412	17,374
<b>Non-current liabilities</b>			
Borrowings	26	-	3
		-	3
<b>Current liabilities</b>			
Trade payables		396	229
Other payables		200	502
Tax payables		-	1
		596	732
<b>Total liabilities</b>		596	735
<b>TOTAL EQUITY AND LIABILITIES</b>		19,008	18,109

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 3rd Quarter Ended 30 September 2007  
 (The figures have not been audited)

	<b>9 Months Ended 30/09/2007 RM'000</b>	<b>9 Months Ended 30/09/2006 RM'000</b>
Net Cash Flows From Operating Activities	1,666	2,153
Net Cash Flows From Investing Activities	(563)	(995)
Net Cash Flows From Financing Activities	(2)	1,393
	1,101	2,551
Net Change in Cash & Cash Equivalents		
Cash & Cash Equivalents at Beginning of Financial Period	6,359	4,616
	7,460	7,167
Cash & Cash Equivalent at End of Financial Period		
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	7,460	7,167
	7,460	7,167

**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 3rd Quarter Ended 30 September 2007  
(The figures have not been audited)

Note	<----- Attributable to Equity Holders of the Parent ----->					Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	<--- Non Distributable --->		Distributable Retained Earnings RM'000	Total RM'000		
	Share Premium RM'000	Other Reserves 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)	-	(61)	-	(61)
	-	-	-	594	594	(128)	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>	14,440	1,057	153	1,297	16,947	427	17,374
<b>At 1 January 2007</b>	14,440	1,057	153	1,297	16,947	427	17,374
Foreign currency translation Profit/(Loss) for the period	-	-	(47)	-	(47)	-	(47)
	-	-	-	1,178	1,178	(93)	1,085
Total recognised income and expense for the period	-	-	(47)	1,178	1,131	(93)	1,038
<b>At 30 September 2007</b>	14,440	1,057	106	2,475	18,078	334	18,412

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 subject to any audit qualification.

**5. Segmental Information**

	<b>Current Qtr Ended 30/09/2007 RM'000</b>	<b>Comparative Qtr Ended 30/09/2006 RM'000</b>	<b>Cumulative YTD 30/09/2007 RM'000</b>	<b>Cumulative YTD 30/09/2006 RM'000</b>
<b>Segment Revenue</b>				
Investment Holding	-	500	-	807
Mobile Value Added	3,465	1,909	10,422	6,404
Total revenue including inter-segment sales	3,465	2,409	10,422	7,211
Elimination of inter-segment sales	(8)	(500)	(8)	(741)
Total revenue	<u>3,457</u>	<u>1,909</u>	<u>10,414</u>	<u>6,470</u>
<b>Segment Result</b>				
Investment Holding	(228)	290	(693)	(275)
Mobile Value Added	678	(204)	1,870	694
Eliminations	450	86	1,177	419
Eliminations	-	-	-	-
Total results	<u>450</u>	<u>86</u>	<u>1,177</u>	<u>419</u>

**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 September 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 September 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.

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**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 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 RM86,000 in the previous year corresponding quarter to RM450,000 in the current quarter.

**19. Comments on Material Change in Profit Before Taxation**

	Qtr Ended 30/09/2007 RM'000	Qtr Ended 30/06/2007 RM'000	% Changes
Turnover	3,457	3,818	-9.5%
Net Profit Before Taxation	426	378	12.7%

The Group's net profit before taxation for the current quarter under review increased by 13% as compared to the immediate preceding quarter as a result of lower selling and distribution expenses. However, the Group's turnover decreased by 10% as compared to the immediate preceding quarter due largely to the Short Messaging Service preventive system implemented by local telecommunication companies recently.

**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 and Completed*

On 12 December 2006, the Company's proposed private placement of up to 22,561,000 new ordinary shares of RM0.10 each ("Private Placement") was approved by the Securities Commission ("SC"). The SC also approved the Company's application for an extension of time of up to six (6) months to 12 December 2007 for the Company to implement the Private Placement. The Private Placement was completed on 22 November 2007. The total number of ordinary shares issued under the Private Placement was 14,440,000 representing approximately 10% of the issued and paid-up share capital of the Company, at an issue price of RM0.113 each.

*(b) Status of Utilisation of Proceeds as at 30 September 2007*

The Company has fully utilised the previous private placement proceeds that was completed on 27 January 2006.

Description	Approved Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Balance %
<b>Private Placement Proceeds</b>				
R&D	1,226	(1,226)	-	-
	<u>1,226</u>	<u>(1,226)</u>	<u>-</u>	<u>-</u>

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**26. Group Borrowings and Debt Securities**

The Group does not have any borrowings as at 30 September 2007.

**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 current reporting quarter.

**29. Dividends Payable**

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

	<b>Current Qtr Ended 30/09/2007</b>	<b>Comparative Qtr Ended 30/09/2006</b>	<b>Cumulative YTD 30/09/2007</b>	<b>Cumulative YTD 30/09/2006</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	450	86	1,177	419
Weighted average number of ordinary shares in issue	144,400,500	142,202,128	144,400,500	142,202,128
Basic earnings per share (sen)	0.31	0.06	0.82	0.29

(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.

	<b>Current Qtr Ended 30/09/2007</b>	<b>Comparative Qtr Ended 30/09/2006</b>	<b>Cumulative YTD 30/09/2007</b>	<b>Cumulative YTD 30/09/2006</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	450	86	1,177	419
Weighted average number of ordinary shares in issue	144,400,500	142,202,128	144,400,500	142,202,128
Effects of dilution: Share options	1,615,329	2,549,580	1,615,329	2,549,580
Adjusted weighted average number of ordinary shares in issue and issuable	146,015,829	144,751,708	146,015,829	144,751,708
Diluted earnings per share (sen)	0.31	0.06	0.81	0.29

**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 23 November 2007.