

M-MODE BERHAD
(Company No. 635759-U)
Condensed Consolidated Income Statements
For The 1st Quarter Ended 31 December 2008
(The figures have not been audited)

	Note	Current Qtr Ended 31/03/2008 RM'000	Comparative Qtr Ended 31/03/2007 RM'000	Cumulative YTD 31/03/2008 RM'000	Cumulative YTD 31/03/2007 RM'000
Revenue	5	2,920	3,138	2,920	3,138
Cost of Sales		(1,419)	(1,716)	(1,419)	(1,716)
Gross Profits		1,501	1,422	1,501	1,422
Other Income		18	20	18	20
Administrative Expenses		(973)	(947)	(973)	(947)
Selling and Distribution Expenses		(172)	(213)	(172)	(213)
Finance Costs		(12)	-	(12)	-
Profit/(Loss) Before Tax		362	282	362	282
Income Tax Expense	22	-	-	-	-
Profit/(Loss) for the period		362	282	362	282
Attributable to:					
Equity Holders of the Parent		369	313	369	313
Minority Interest		(7)	(31)	(7)	(31)
		362	282	362	282
Earnings/ (Loss) per Share Attributable to Equity Holders of the Parent:					
- Basic (Sen)	30	0.23	0.22	0.23	0.22
- Diluted (Sen)	30	N/A	0.21	N/A	0.21

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

M-MODE BERHAD
(Company No. 635759-U)
Condensed Consolidated Balance Sheet
As at 31 March 2008

	Note	(Unaudited) As At 31/03/2008 RM'000	(Audited) As At 31/12/2007 RM'000
ASSETS			
Non-current Assets			
Property, Plant & Equipment	10	3,316	3,053
Intangible Assets		5,118	5,118
Deferred Development Cost		2,659	2,535
Deferred Tax Assets		271	271
		11,364	10,977
Current Assets			
Inventory		4	4
Trade Receivables		1,594	1,160
Other Receivables		448	482
Cash and Bank Balances		8,616	9,627
		10,662	11,273
TOTAL ASSETS		22,026	22,250
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Share Capital		15,884	15,884
Share Premium		1,046	1,140
Other Reserves		75	76
Retained Earnings		2,698	2,646
		19,703	19,746
Minority Interest		259	267
Total Equity		19,962	20,013
Non-current Liabilities			
Term loan (Repayment more than 1 year)	26	1,596	1,344
		1,596	1,344
Current Liabilities			
Trade Payables		91	233
Other Payables		263	659
Tax Payables		-	1
Term Loan (Repayment less than 1 year)	26	114	-
		468	893
Total Liabilities		2,064	2,237
TOTAL EQUITY AND LIABILITIES		22,026	22,250

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 1st Quarter Ended 31 December 2008
 (The figures have not been audited)

	3 Months Ended 31/03/2008 RM'000	3 Months Ended 31/03/2007 RM'000
Net Cash Flows From Operating Activities	(433)	(69)
Net Cash Flows From Investing Activities	(837)	(299)
Net Cash Flows From Financing Activities	259	(3)
	(1,011)	(371)
Net Change in Cash & Cash Equivalents		
Cash & Cash Equivalents at Beginning of Financial Period	9,627	6,359
	8,616	5,988
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	8,616	5,988
	8,616	5,988

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 1st Quarter Ended 31 December 2008
(The figures have not been audited)

Note	<----- Attributable to Equity Holders of the Parent ----->				Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	<--- Non Distributable --->		Distributable Retained Earnings RM'000			
		Share Premium RM'000	Other Reserves RM'000				
At 1 January 2007	14,440	1,057	153	1,297	16,947	427	17,374
Foreign currency translation Profit/(Loss) for the period	-	-	(76)	-	(76)	-	(76)
	-	-	-	1,349	1,349	(160)	1,189
Total recognised income and expense for the period	-	-	(76)	1,349	1,273	(160)	1,113
Increase in interest in subsidiary	-	-	-	-	-	-	-
Issue of ordinary shares:-							
ESOS	-	-	-	-	-	-	-
Private placement	1,444	187	-	-	1,631	-	1,631
Bonus Issue	-	-	-	-	-	-	-
Transaction costs	-	(104)	-	-	(104)	-	(104)
Share-based payment under ESOS	-	-	-	-	-	-	-
At 31 December 2007	15,884	1,140	77	2,646	19,747	267	20,014
At 1 January 2008	15,884	1,140	77	2,646	19,747	267	20,014
Foreign currency translation Profit/(Loss) for the period	-	-	(2)	-	(2)	-	(2)
	-	-	-	369	369	(8)	361
Total recognised income and expense for the period	-	-	(2)	369	367	(8)	359
Issue of ordinary shares:-							
Private placement	-	-	-	-	-	-	-
Transaction costs	-	(94)	-	-	(94)	-	(94)
Dividend Paid	-	-	-	(317)	(317)	-	(317)
At 31 March 2008	15,884	1,046	75	2,698	19,703	259	19,962

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 2007. 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 2007.

2. Changes in Accounting Policies

The accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted in the most recent annual financial statements except for the adoption of the following Financial Reporting Standards (FRS), amendment to FRS and Interpretations ("IC Interpretations") issued by MASB that are effective for the Group's annual reporting date, 31 December 2008

FRS 10	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 134	Interim Financial Reporting
FRS 137	Provision, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rate - Net Investment in Foreign operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members Shares in Co-oprative Entities and Similar Instruments
IC Interpretation 5	Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope FRS 2

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 2007 was not subjected to any audit qualification.

5. Segmental Information

	Current Qtr Ended 31/03/2008 RM'000	Comparative Qtr Ended 31/03/2007 RM'000	Cumulative YTD 31/03/2008 RM'000	Cumulative YTD 31/03/2007 RM'000
Segment Revenue				
Investment Holding	24	-	24	-
Mobile Value Added	2,985	3,138	2,985	3,138
Total revenue including inter-segment sales	3,009	3,138	3,009	3,138
Elimination of inter-segment sales	(89)	-	(89)	-
Total revenue	2,920	3,138	2,920	3,138
Segment Result				
Investment Holding	(289)	(238)	(289)	(238)
Mobile Value Added	658	551	658	551
Eliminations	369	313	369	313
	-	-	-	-
Total results	369	313	369	313

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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 31 March 2008 other than as disclosed in notes 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 31 March 2008 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

During the quarter under review, the Company had declared first interim tax-exempt dividend of 2% for the financial year ending 31 December 2008 amounting to RM317,681. The interim dividend was paid on 10 March 2008.

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 recorded a marginally decrease in revenue as compared to the same quarter last year however the profits attributable to shareholders has increased from RM313,000 in the previous year corresponding quarter to RM369,000 in the current quarter as a result of higher gross profit margin achieved.

19. Comments on Material Change in Profit Before Taxation

	Qtr Ended 31/03/2008 RM'000	Qtr Ended 31/12/2007 RM'000	% Changes
Turnover	2,920	3,126	-6.6%
Net Profit Before Taxation	362	105	244.8%

The Group's turnover decreased by 6.6% as compared to the immediate preceding quarter due to mild response of consumer during festive season and limitation on product mix under preventive system which was implemented by mobile operators in the year of 2007. However, the Group's net profit before taxation for the current quarter under review increased by 244.8% as compared to the immediate preceding quarter mainly due to higher gross profit margin and cost controlling.

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 diversification of products and services in mobile industry and technology transition. 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.

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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.

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

Description	Approved Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Balance %
Private Placement Proceeds				
Working Capital	1,631	(1,631)	-	Fully Utilised
	<u>1,631</u>	<u>(1,631)</u>	<u>-</u>	<u>-</u>

26. Group Borrowings and Debt Securities

The Group borrowings and debt securities were denominated in Ringgit malaysia as at 31 March 2008 as follows:

	Short Term (RM'000)	Long Term (RM'000)	Total (RM'000)
Secured	114	1,596	1,710
Unsecured	-	-	-
	<u>114</u>	<u>1,596</u>	<u>1,710</u>

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

During the quarter under review, the Company had declared first interim tax-exempt dividend of 2% for the financial year ending 31 December 2008 amounting to RM317,681. The interim dividend was paid on 10 March 2008.

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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 the ordinary shares outstanding has been adjusted based on the effect of the bonus issue.

	Current Qtr Ended 31/03/2008	Comparative Qtr Ended 31/03/2007	Cumulative YTD 31/03/2008	Cumulative YTD 31/03/2007
Profit attributable to ordinary equity holders of the parent (RM'000)	369	313	369	313
Weighted average number of ordinary shares in issue	158,840,500	144,400,500	158,840,500	144,400,500
Basic earnings per share (sen)	0.23	0.22	0.23	0.22

(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 Qtr Ended 31/03/2008	Comparative Qtr Ended 31/03/2007	Cumulative YTD 31/03/2008	Cumulative YTD 31/03/2007
Profit attributable to ordinary equity holders of the parent (RM'000)	369	313	369	313
Weighted average number of ordinary shares in issue	158,840,500	144,400,500	158,840,500	144,400,500
Effects of dilution: Share options	283,596	1,287,667	283,596	1,287,667
Adjusted weighted average number of ordinary shares in issue and issuable	159,124,096	145,688,167	159,124,096	145,688,167
Diluted earnings per share (sen)	0.23	0.21	0.23	0.21

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 May 2008.