

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
Condensed Consolidated Income Statements  
For The 3rd Quarter Ended 30 September 2008  
(The figures have not been audited)

	Note	Current Qtr Ended 30/09/2008 RM'000	Comparative Qtr Ended 30/09/2007 RM'000	Cumulative YTD 30/09/2008 RM'000	Cumulative YTD 30/09/2007 RM'000
Revenue	5	4,375	3,457	11,443	10,414
Cost of Sales		(2,220)	(1,998)	(5,934)	(5,562)
<b>Gross Profits</b>		<hr/> 2,155	<hr/> 1,459	<hr/> 5,509	<hr/> 4,852
Other Income		9	32	26	98
Other Expenses		-	-	(694)	-
Administrative Expenses		(983)	(908)	(2,737)	(2,817)
Selling and Distribution Expenses		(268)	(157)	(747)	(1,048)
Finance Costs		(56)	-	(80)	-
<b>Profit/(Loss) Before Tax</b>		<hr/> 857	<hr/> 426	<hr/> 1,277	<hr/> 1,085
Income Tax Expense	22	-	-	-	-
<b>Profit/(Loss) for the period</b>		<hr/> 857	<hr/> 426	<hr/> 1,277	<hr/> 1,085
Attributable to:					
Equity Holders of the Parent		891	450	1,328	1,177
Minority Interest		(34)	(24)	(51)	(92)
		<hr/> 857	<hr/> 426	<hr/> 1,277	<hr/> 1,085
<b>Earnings/ (Loss) per Share Attributable to Equity Holders of the Parent:</b>					
- Basic (Sen)	30	0.56	0.31	0.84	0.82
- Diluted (Sen)	30	N/A	N/A	N/A	0.81

**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 30 September 2008

	Note	(Unaudited) As At 30/09/2008 RM'000	(Audited) As At 31/12/2007 RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant & Equipment	10	3,412	3,053
Intangible Assets		6,271	5,118
Deferred Development Cost		3,206	2,535
Deferred Tax Assets		271	271
		13,160	10,977
<b>Current Assets</b>			
Inventory		126	5
Trade Receivables		1,889	1,160
Other Receivables		872	482
Cash and Bank Balances		8,791	9,627
		11,678	11,274
<b>TOTAL ASSETS</b>		24,838	22,251
<b>EQUITY AND LIABILITIES</b>			
<b>Equity Attributable to Equity Holders of the Parent</b>			
Share Capital		15,884	15,884
Share Premium		1,046	1,140
Other Reserves		70	77
Retained Earnings		3,657	2,646
		20,657	19,747
<b>Minority Interest</b>		216	267
<b>Total Equity</b>		20,873	20,014
<b>Non-current Liabilities</b>			
Long Term Borrowings	26	1,523	1,344
		1,523	1,344
<b>Current Liabilities</b>			
Trade Payables		654	233
Other Payables		960	659
Short Term Borrowings	26	828	-
Tax Payables		-	1
		2,442	893
<b>Total Liabilities</b>		3,965	2,237
<b>TOTAL EQUITY AND LIABILITIES</b>		24,838	22,251

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 3rd Quarter Ended 30 September 2008  
 (The figures have not been audited)

	<b>9 Months Ended 30/09/2008 RM'000</b>	<b>9 Months Ended 30/09/2007 RM'000</b>
Net Cash Flows From Operating Activities	241	1,666
Net Cash Flows From Investing Activities	(1,909)	(563)
Net Cash Flows From Financing Activities	832	(2)
	(836)	1,101
Net Change in Cash & Cash Equivalents		
Cash & Cash Equivalents at Beginning of Financial Period	9,627	6,359
	8,791	7,460
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	8,791	7,460
	8,791	7,460

**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 3rd Quarter Ended 30 September 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				
<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	-	-	(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	-	-	-	-	-	-	-
<b>At 31 December 2007</b>	<b>15,884</b>	<b>1,140</b>	<b>77</b>	<b>2,646</b>	<b>19,747</b>	<b>267</b>	<b>20,014</b>
<b>At 1 January 2008</b>	15,884	1,140	77	2,646	19,747	267	20,014
Foreign currency translation Profit/(Loss) for the period	-	-	(7)	-	(7)	-	(7)
	-	-	-	1,328	1,328	(51)	1,277
Total recognised income and expense for the period	-	-	(7)	1,328	1,321	(51)	1,270
Issue of ordinary shares:-							
Private placement	-	-	-	-	-	-	-
Transaction costs	-	(94)	-	-	(94)	-	(94)
Dividend Paid	-	-	-	(317)	(317)	-	(317)
<b>At 30 September 2008</b>	<b>15,884</b>	<b>1,046</b>	<b>70</b>	<b>3,657</b>	<b>20,657</b>	<b>216</b>	<b>20,873</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 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 107	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 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-operative 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**

	<b>Current Qtr Ended 30/09/2008 RM'000</b>	<b>Comparative Qtr Ended 30/09/2007 RM'000</b>	<b>Cumulative YTD 30/09/2008 RM'000</b>	<b>Cumulative YTD 30/09/2007 RM'000</b>
<b>Segment Revenue</b>				
Investment Holding	33	-	87	-
Mobile Value Added	3,822	3,465	10,925	10,422
Publishing	550	-	550	-
Total revenue including inter-segment sales	4,405	3,465	11,562	10,422
Elimination of inter-segment sales	(30)	(8)	(119)	(8)
Total revenue	4,375	3,457	11,443	10,414
<b>Segment Result</b>				
Investment Holding	(939)	(228)	(1,496)	(693)
Mobile Value Added	1,641	678	2,635	1,870
Publishing	189	-	189	-
Eliminations	891	450	1,328	1,177
Total results	891	450	1,328	1,177

**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 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 30 September 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**

There were no dividend paid during the quarter under review. However, the Company had declared first interim tax-exempt dividend of 2% for the financial year ending 31 December 2008 amounting to RM317,681 in the 1st quarter. 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**

On 1 July 2008, the Company has entered into a Sales and Purchase Agreement ("SPA") to acquire the entire 426,872 ordinary shares of RM1.00 each, representing 100% of the equity interest in Cede Communications Sdn Bhd ("CEDE") for a consideration of RM426,872, to be satisfied by way of cash payment to the Vendors.

Apart from the above acquisition, there were no other changes in the composition of the Group for the current financial period to date.

The acquired subsidiary have contributed the following results to the Group during the quarter under review:

	<b>RM'000</b>
Profit for the quarter	<u>189</u>

The assets and liabilities arising from the acquisition were as follows:

	<b>RM'000</b>
Plant and equipment	193
Trade and other receivables	386
Cash and bank balances	299
Trade and other payables	(1,101)
Borrowings	(1,197)
Fair value of net assets/(liabilities) acquired	<u>(1,420)</u>
Goodwill on acquisition	1,847
Total cost of acquisition	<u>427</u>

The cash outflow on acquisition is as follows:

Purchase consideration satisfied by cash	427
Cash and cash equivalents of subsidiary acquired	(299)
Borrowings	1,197
Net cash outflow of the Group on acquisition	<u>1,325</u>

**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 an increase in revenue as compared to the previous year's corresponding quarter and the profits attributable to shareholders has increased from RM450,000 in the previous year's corresponding quarter to RM891,000 in the current quarter as a result of cost control and new innovative services.

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

	<b>Qtr Ended 30/09/2008 RM'000</b>	<b>Qtr Ended 30/06/2008 RM'000</b>	<b>% Changes</b>
Turnover	4,375	4,148	5.5%
Net Profit Before Taxation	857	58	1377.6%

The Group's turnover increased by 5.5% as compared to the previous quarter mainly due to sustainable mobile content business sales with the additional revenue contributed by new acquired subsidiary. The Group's net profit before taxation for the current quarter under review has increased by 1,377.6% as compared to the previous quarter. This is mainly due to the provision for goodwill impairment loss of RM694,000 incurred which set off the previous quarter operating profits. The current quarter Group's turnover and net profit before taxation represent one of the highest achievement quarter by the Group.

**20. Current Year Prospects**

The Board is expecting a challenging year ahead for the mobile media industry. The Group is continuing to enrich and enhance quality of content libraries and services in order to maintain its customer base and to meet subscriber's demand. Besides that, the Group will continue to monitor closely its business development plan and revise accordingly to adapt to the changes of the industry. Barring any unforeseen circumstances, the Board expects the Group to have positive growth and continue to enjoy better future earnings in view of its continuous efforts in enhancing mobile contents and its venture into the mobile media market.

**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**

On 30 April 2008, the Company has made an announcement to proposed to undertake the purchase of the Company's own ordinary shares of up to ten percent (10%) of the issued and paid-up share capital of the Company in accordance with Section 67A of the Act. The Board of Director has approved the proposal during the Annual General Meeting held on 19 June 2008. The Company has yet to implement any share buy back for the current quarter under review.

**26. Group Borrowings and Debt Securities**

The Group borrowings were denominated in Ringgit Malaysia as at 30 September 2008 as follows:-

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>	<b>Total RM'000</b>
Secured	130	1,523	1,653
Unsecured	698	-	698
	<u>828</u>	<u>1,523</u>	<u>2,351</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**

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

**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.

	<b>Current Qtr Ended 30/09/2008</b>	<b>Comparative Qtr Ended 30/09/2007</b>	<b>Cumulative YTD 30/09/2008</b>	<b>Cumulative YTD 30/09/2007</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	891	450	1,328	1,177
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)	0.56	0.31	0.84	0.82

(b) Diluted

For the purpose of calculating diluted earning per share, the net profit for the quarter and the weighted average number of ordinary share in issue during the quarter under review have been adjusted for the dilutive effects of all potential ordinary shares on the share options granted to the employees.

	<b>Current Qtr Ended 30/09/2008</b>	<b>Comparative Qtr Ended 30/09/2007</b>	<b>Cumulative YTD 30/09/2008</b>	<b>Cumulative YTD 30/09/2007</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	891	450	1,328	1,177
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	-	1,615,329	-	1,615,329
Adjusted weighted average number of ordinary shares in issue and issuable	158,840,500	146,015,829 #	158,840,500	146,015,829
Diluted earnings per share (sen)	0.56 *	0.31	0.84 *	0.81

\* The effect on the basic earning per share for the quarter under review arising from the assumed conversion of the Employees' Share Option Scheme is anti-dilutive. Accordingly, the diluted earning per share is presented as equal to basic earning per share.

# The adjusted weighted average number of ordinary shares in issue and issueable has been arrived at based on the assumption that the ESOS were exercised at the date the ESOS were granted.

**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 19 November 2008.