

M-MODE BERHAD
(Company No. 635759-U)
Condensed Consolidated Income Statements
For The 1st Quarter Ended 31 March 2009
(The figures have not been audited)

| | Note | Current Qtr Ended 31/03/2009 RM'000 | Comparative Qtr Ended 31/03/2008 RM'000 | Cumulative YTD 31/03/2009 RM'000 | Cumulative YTD 31/03/2008 RM'000 |
|---|------|--|--|---|---|
| Revenue | 5 | 4,315 | 2,920 | 4,315 | 2,920 |
| Cost of Sales | | (2,372) | (1,419) | (2,372) | (1,419) |
| Gross Profits | | 1,943 | 1,501 | 1,943 | 1,501 |
| Other Income | | 63 | 18 | 63 | 18 |
| Administrative Expenses | | (941) | (973) | (941) | (973) |
| Selling and Distribution Expenses | | (336) | (172) | (336) | (172) |
| Finance Costs | | (22) | (12) | (22) | (12) |
| Profit/(Loss) Before Tax | | 707 | 362 | 707 | 362 |
| Income Tax Expense | 22 | - | - | - | - |
| Profit/(Loss) for the period | | 707 | 362 | 707 | 362 |
| Attributable to: | | | | | |
| Equity Holders of the Parent | | 703 | 369 | 703 | 369 |
| Minority Interest | | 4 | (7) | 4 | (7) |
| | | 707 | 362 | 707 | 362 |
| Earnings/ (Loss) per Share Attributable to Equity Holders of the Parent: | | | | | |
| - Basic (Sen) | 30 | 0.44 | 0.23 | 0.44 | 0.23 |
| - Diluted (Sen) | 30 | N/A | 0.23 | N/A | 0.23 |

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2009

| | Note | (Unaudited) As At 31/03/2009 RM'000 | (Audited) As At 31/12/2008 RM'000 |
|--|------|--|--|
| ASSETS | | | |
| Non-current Assets | | | |
| Property, Plant & Equipment | 10 | 3,227 | 3,263 |
| Intangible Assets | | 6,032 | 6,032 |
| Deferred Development Cost | | 3,483 | 3,529 |
| Deferred Tax Assets | | 575 | 575 |
| | | 13,317 | 13,399 |
| Current Assets | | | |
| Inventory | | 177 | 159 |
| Trade Receivables | | 2,077 | 1,802 |
| Other Receivables | | 369 | 379 |
| Cash and Bank Balances | | 9,472 | 9,905 |
| | | 12,095 | 12,245 |
| | | 25,412 | 25,644 |
| TOTAL ASSETS | | | |
| EQUITY AND LIABILITIES | | | |
| Equity Attributable to Equity Holders of the Parent | | | |
| Share Capital | | 15,884 | 15,884 |
| Share Premium | | 1,046 | 1,046 |
| Other Reserves | | 18 | 16 |
| Retained Earnings | | 5,183 | 4,480 |
| | | 22,131 | 21,426 |
| | | 217 | 212 |
| | | 22,348 | 21,638 |
| Minority Interest | | | |
| | | 22,348 | 21,638 |
| Total Equity | | | |
| Non-current Liabilities | | | |
| Term loan (Repayment more than 1 year) | 26 | 1,441 | 1,516 |
| | | 1,441 | 1,516 |
| Current Liabilities | | | |
| Trade Payables | | 470 | 737 |
| Other Payables | | 994 | 1,287 |
| Tax Payables | | 16 | 9 |
| Term Loan (Repayment less than 1 year) | 26 | 143 | 457 |
| | | 1,623 | 2,490 |
| | | 3,064 | 4,006 |
| Total Liabilities | | | |
| | | 25,412 | 25,644 |
| TOTAL EQUITY AND LIABILITIES | | | |

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 March 2009
 (The figures have not been audited)

| | 3 Months Ended 31/03/2009 RM'000 | 3 Months Ended 31/03/2008 RM'000 |
|---|---|---|
| Net Cash Flows From Operating Activities | 8 | (433) |
| Net Cash Flows From Investing Activities | (132) | (837) |
| Net Cash Flows From Financing Activities | (309) | 259 |
| | | |
| Net Change in Cash & Cash Equivalents | (433) | (1,011) |
| Cash & Cash Equivalents at Beginning of Financial Period | 9,905 | 9,627 |
| | | |
| Cash & Cash Equivalent at End of Financial Period | 9,472 | 8,616 |
| Cash and cash equivalents at the end of the financial period comprise the following: | | |
| Cash and bank balances | 9,472 | 8,616 |
| | | |
| | 9,472 | 8,616 |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 March 2009
(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 | | | | | |
| At 1 January 2008 | 15,884 | 1,140 | 77 | 2,646 | 19,747 | 267 | 20,014 |
| Foreign currency translation Profit/(Loss) for the period | - | - | (61) | - | (61) | - | (61) |
| | - | - | - | 2,151 | 2,151 | (55) | 2,096 |
| Total recognised income and expense for the period | - | - | (61) | 2,151 | 2,090 | (55) | 2,035 |
| Increase in interest in subsidiary | - | - | - | - | - | - | - |
| Issue of ordinary shares:- | | | | | | | |
| ESOS | - | - | - | - | - | - | - |
| Private placement | - | - | - | - | - | - | - |
| Bonus Issue | - | - | - | - | - | - | - |
| Transaction costs | - | (94) | - | - | (94) | - | (94) |
| Dividend Paid | - | - | - | (317) | (317) | - | (317) |
| Share-based payment under ESOS | - | - | - | - | - | - | - |
| At 31 December 2008 | 15,884 | 1,046 | 16 | 4,480 | 21,426 | 212 | 21,638 |
| At 1 January 2009 | 15,884 | 1,046 | 16 | 4,480 | 21,426 | 212 | 21,638 |
| Foreign currency translation Profit/(Loss) for the period | - | - | 2 | - | 2 | - | 2 |
| | - | - | - | 703 | 703 | 5 | 708 |
| Total recognised income and expense for the period | - | - | 2 | 703 | 705 | 5 | 710 |
| Issue of ordinary shares:- | | | | | | | |
| Private placement | - | - | - | - | - | - | - |
| Transaction costs | - | - | - | - | - | - | - |
| Dividend Paid | - | - | - | - | - | - | - |
| At 31 March 2009 | 15,884 | 1,046 | 18 | 5,183 | 22,131 | 217 | 22,348 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying notes attached to the interim financial statements.

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(Company No. 635759-U)

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 2008. 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 2008.

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 2008 was not subjected to any audit qualification.

5. Segmental Information

| | Current Qtr Ended 31/03/2009 RM'000 | Comparative Qtr Ended 31/03/2008 RM'000 | Cumulative YTD 31/03/2009 RM'000 | Cumulative YTD 31/03/2008 RM'000 |
|---|--|--|---|---|
| Segment Revenue | | | | |
| Investment Holding | - | 24 | - | 24 |
| Mobile Value Added | 3,974 | 2,985 | 3,974 | 2,985 |
| Publishing | 353 | - | 353 | - |
| Total revenue including inter-segment sales | 4,327 | 3,009 | 4,327 | 3,009 |
| Elimination of inter-segment sales | (12) | (89) | (12) | (89) |
| Total revenue | 4,315 | 2,920 | 4,315 | 2,920 |
| Segment Result | | | | |
| Investment Holding | (321) | (289) | (321) | (289) |
| Mobile Value Added | 997 | 658 | 997 | 658 |
| Publishing | 27 | - | 27 | - |
| Eliminations | 703 | 369 | 703 | 369 |
| Total results | 703 | 369 | 703 | 369 |

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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 2009 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 2009 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.

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.

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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 RM369,000 in the previous year's corresponding quarter to RM703,000 in the current quarter mainly due to our cost control measures and new innovative services.

19. Comments on Material Change in Profit Before Taxation

| | Qtr Ended 31/03/2009 RM'000 | Qtr Ended 31/12/2008 RM'000 | % Changes |
|----------------------------|--|--|------------------|
| Turnover | 4,315 | 4,682 | -7.8% |
| Net Profit Before Taxation | 707 | 763 | -7.3% |

The Group's turnover decreased by 7.8% as compared to the previous quarter mainly due to mild response of consumer during festive season. The Group's net profit before taxation for the current quarter under review has decreased by 7.3% as compared to the previous quarter. This is mainly due to higher administrative and selling and distribution expenses.

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 31 March 2009 as follows:-

| | Short Term RM'000 | Long Term RM'000 | Total RM'000 |
|-----------|------------------------------|-----------------------------|-------------------------|
| Secured | 143 | 1,441 | 1,584 |
| Unsecured | - | - | - |
| | <u>143</u> | <u>1,441</u> | <u>1,584</u> |

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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

| | Current Qtr Ended 31/03/2009 | Comparative Qtr Ended 31/03/2008 | Cumulative YTD 31/03/2009 | Cumulative YTD 31/03/2008 |
|---|---|---|--|--|
| Profit attributable to ordinary equity holders of the parent (RM'000) | 703 | 369 | 703 | 369 |
| Weighted average number of ordinary shares in issue | 158,840,500 | 158,840,500 | 158,840,500 | 158,840,500 |
| Basic earnings per share (sen) | 0.44 | 0.23 | 0.44 | 0.23 |

(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.

The fully diluted earnings per share for the Group for the current quarter is not presented as the share options under the ESOS would be anti-dilutive as the exercise prices are higher than the market price of the Company's shares.

| | Current Qtr Ended 31/03/2009 | Comparative Qtr Ended 31/03/2008 | Cumulative YTD 31/03/2009 | Cumulative YTD 31/03/2008 |
|---|---|---|--|--|
| Profit attributable to ordinary equity holders of the parent (RM'000) | 703 | 369 | 703 | 369 |
| Weighted average number of ordinary shares in issue | 158,840,500 | 158,840,500 | 158,840,500 | 158,840,500 |
| Effects of dilution: Share options | - | 283,596 | - | 283,596 |
| Adjusted weighted average number of ordinary shares in issue and issuable | 158,840,500 | 159,124,096 | 158,840,500 | 159,124,096 |
| Diluted earnings per share (sen) | N/A | 0.23 | N/A | 0.23 |

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 April 2009.