

**M-MODE BERHAD**  
**(Company No. 635759-U)**  
Condensed Consolidated Income Statements  
For The 1st Quarter Ended 31 March 2010  
(The figures have not been audited)

	Note	(Unaudited) Current Qtr Ended 31/03/2010 RM'000	(Unaudited) Comparative Qtr Ended 31/03/2009 RM'000	(Unaudited) Cumulative YTD 31/03/2010 RM'000	(Unaudited) Cumulative YTD 31/03/2009 RM'000
Revenue	5	6,008	4,315	6,008	4,315
Cost of Sales		(3,259)	(2,372)	(3,259)	(2,372)
<b>Gross Profits</b>		<b>2,749</b>	<b>1,943</b>	<b>2,749</b>	<b>1,943</b>
Other Income		53	63	53	63
Other Expenses		-	-	-	-
Administrative Expenses		(1,294)	(941)	(1,294)	(941)
Selling and Distribution Expenses		(759)	(336)	(759)	(336)
Finance Costs		(17)	(22)	(17)	(22)
<b>Profit/(Loss) Before Tax</b>		<b>732</b>	<b>707</b>	<b>732</b>	<b>707</b>
Income Tax Expense	22	-	-	-	-
<b>Profit/(Loss) for the period</b>		<b>732</b>	<b>707</b>	<b>732</b>	<b>707</b>
Attributable to:					
Equity Holders of the Parent		732	703	732	703
Minority Interest		-	4	-	4
		<b>732</b>	<b>707</b>	<b>732</b>	<b>707</b>
<b>Earnings/ (Loss) per Share Attributable to Equity Holders of the Parent:</b>					
- Basic (Sen)	30	0.46	0.44	0.46	0.44
- Diluted (Sen)	30	0.46	0.44	0.46	0.44

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2010

	Note	(Unaudited) As At 31/03/2010 RM'000	(Audited) As At 31/12/2009 RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant & Equipment	10	3,588	3,570
Intangible Assets		6,032	6,032
Deferred Development Cost		3,613	3,475
Deferred Tax Assets		490	490
		13,723	13,567
<b>Current Assets</b>			
Inventory		190	181
Trade Receivables		2,224	1,787
Other Receivables		1,390	1,418
Cash and Bank Balances		11,045	10,869
		14,849	14,255
<b>TOTAL ASSETS</b>		28,572	27,822
<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	1,046
Other Reserves		193	194
Retained Earnings		8,232	7,500
		25,355	24,624
<b>Minority Interest</b>		-	-
<b>Total Equity</b>		25,355	24,624
<b>Non-current Liabilities</b>			
Term loan (Repayment more than 1 year)	26	1,282	1,329
		1,282	1,329
<b>Current Liabilities</b>			
Trade Payables		317	405
Other Payables		1,335	1,140
Tax Payables		-	-
Term Loan (Repayment less than 1 year)	26	283	324
		1,935	1,869
<b>Total Liabilities</b>		3,217	3,198
<b>TOTAL EQUITY AND LIABILITIES</b>		28,572	27,822

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2010  
(The figures have not been audited)

	<b>(Unaudited) 3 Months Ended 31/03/2010 RM'000</b>	<b>(Unaudited) 3 Months Ended 31/03/2009 RM'000</b>
Net Cash Flows From Operating Activities	657	8
Net Cash Flows From Investing Activities	(376)	(132)
Net Cash Flows From Financing Activities	(105)	(309)
Net Change in Cash & Cash Equivalents	176	(433)
Cash & Cash Equivalents at Beginning of Financial Period	10,869	9,905
Cash & Cash Equivalent at End of Financial Period	11,045	9,472
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	11,045	9,472
	11,045	9,472

**The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2010  
(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 --->  Share Premium RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000			
<b>At 1 January 2009</b>	15,884	1,046	16	4,479	21,425	212	21,637
Foreign currency translation Profit/(Loss) for the period	-	-	178	-	178	-	178
	-	-	-	3,021	3,021	-	3,021
Total recognised income and expense for the period	-	-	178	3,021	3,199	-	3,199
Acquisition of minority interest	-	-	-	-	-	(1)	(1)
Disposal of subsidiary	-	-	-	-	-	(211)	(211)
Issue of ordinary shares:-							
ESOS	-	-	-	-	-	-	-
Private placement	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-
Share-based payment under ESOS	-	-	-	-	-	-	-
<b>At 31 December 2009</b>	<b>15,884</b>	<b>1,046</b>	<b>194</b>	<b>7,500</b>	<b>24,624</b>	<b>-</b>	<b>24,624</b>
<b>At 1 January 2010</b>	<b>15,884</b>	<b>1,046</b>	<b>194</b>	<b>7,500</b>	<b>24,624</b>	<b>-</b>	<b>24,624</b>
Foreign currency translation Profit/(Loss) for the period	-	-	(1)	-	(1)	-	(1)
	-	-	-	732	732	-	732
Total recognised income and expense for the period	-	-	(1)	732	731	-	731
Disposal of subsidiary	-	-	-	-	-	-	-
Issue of ordinary shares:-							
Private placement	-	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-
<b>At 31 March 2010</b>	<b>15,884</b>	<b>1,046</b>	<b>193</b>	<b>8,232</b>	<b>25,355</b>	<b>-</b>	<b>25,355</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 2009 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 ACE Market.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009. 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 2009.

**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 2009.

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 2009 was not subjected to any audit qualification.

**5. Segmental Information**

	<b>Current Qtr Ended 31/03/2010 RM'000</b>	<b>Comparative Qtr Ended 31/03/2009 RM'000</b>	<b>Cumulative YTD 31/03/2010 RM'000</b>	<b>Cumulative YTD 31/03/2009 RM'000</b>
<b>Segment Revenue</b>				
Investment Holding	(15)	-	(15)	-
Contents and Value Added Services	6,176	4,327	6,176	4,327
Total revenue including inter-segment sales	6,161	4,327	6,161	4,327
Elimination of inter-segment sales	(153)	(12)	(153)	(12)
Total revenue	6,008	4,315	6,008	4,315
<b>Segment Result</b>				
Investment Holding	(486)	(321)	(486)	(321)
Contents and Value Added Services	1,218	1,024	1,218	1,024
	732	703	732	703
Eliminations	-	-	-	-
Total results	732	703	732	703

**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 2010 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 2010 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.

**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad For the ACE 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 from RM4,315,000 to RM6,008,000, whereas, the profits attributable to shareholders has increased by RM29,000 to RM732,000 as compared to previous year's corresponding quarter of RM703,000. The increase in revenue was mainly due to strategic directions set by the Management in leveraging our strong execution capabilities and providing a wide premium portfolio of media assets (content) to increase user' value and loyalty to our services.

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

	<b>Qtr Ended 31/03/2010 RM'000</b>	<b>Qtr Ended 31/12/2009 RM'000</b>	<b>% Changes</b>
Turnover	6,008	6,753	-11.0%
Net Profit Before Taxation	732	467	56.7%

The Group's turnover decreased by 11.0% as compared to the previous quarter. Despite the decrease in the revenue, the Group's net profit before taxation for the current quarter under review has increased by 56.7% due to lower expenses incurred as compared to immediate preceding quarter. The immediate preceding quarter expenses incurred was so much higher mainly due to provision for impairment and loss on disposal of subsidiary.

**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 16 April 2010, the Company has made an announcement on proposed renewal of the authority for share buy back 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 Proposal"). The Proposal will be tabled in the Company incoming AGM that is going to be held on 04 June 2010 for shareholders' approval. The Company has yet to implement any share buy back for the current year to date.

**26. Group Borrowings and Debt Securities**

The Group borrowings were denominated in Ringgit Malaysia as at 31 March 2010 as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	283	1,282	1,565
Unsecured	-	-	-
	<u>283</u>	<u>1,282</u>	<u>1,565</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.

	Current Qtr Ended 31/03/2010	Comparative Qtr Ended 31/03/2009	Cumulative YTD 31/03/2010	Cumulative YTD 31/03/2009
Profit attributable to ordinary equity holders of the parent (RM'000)	732	703	732	703
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)	0.46	0.44	0.46	0.44

(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.

	Current Qtr Ended 31/03/2010	Comparative Qtr Ended 31/03/2009	Cumulative YTD 31/03/2010	Cumulative YTD 31/03/2009
Profit attributable to ordinary equity holders of the parent (RM'000)	732	703	732	703
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	591,767	-	591,767	-
Adjusted weighted average number of ordinary shares in issue and issuable	159,432,267	158,840,500	159,432,267	158,840,500
Diluted earnings per share (sen)	0.46	0.44	0.46	0.44

**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 14 May 2010.