

M-MODE BERHAD
(Company No. 635759-U)
Condensed Consolidated Statement Of Comprehensive Income
For The 2nd Quarter Ended 30 June 2012
(The figures have not been audited)

	Note	Unaudited Current Qtr Ended 30/06/2012 RM'000	Unaudited Comparative Qtr Ended 30/06/2011 RM'000	Unaudited Cumulative YTD 30/06/2012 RM'000	Unaudited Cumulative YTD 30/06/2011 RM'000
Revenue	5	15,266	22,284	32,155	40,086
Cost of Sales		(9,412)	(12,825)	(18,956)	(22,294)
Gross Profits		5,854	9,459	13,199	17,792
Interest Income		170	43	318	99
Other Income		-	-	-	50
Operating Expenditure		(2,265)	(5,525)	(6,054)	(10,640)
Depreciation and Amortisation		(359)	(241)	(701)	(419)
Finance Costs		(15)	(13)	(30)	(27)
Profit Before Tax		3,385	3,723	6,732	6,855
Income Tax Expense	22	-	-	-	-
Profit for the period		3,385	3,723	6,732	6,855
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		3,385	3,723	6,732	6,855
Attributable to:					
Equity Holders of the Parent		3,385	3,723	6,732	6,855
Minority Interest		-	-	-	-
		3,385	3,723	6,732	6,855
Earnings per Share Attributable to Equity Holders of the Parent:					
- Basic (Sen)	28	2.08	2.34	4.14	4.32
- Diluted (Sen)	28	2.08	2.32	4.14	4.26

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

M-MODE BERHAD
(Company No. 635759-U)
Condensed Consolidated Statement Of Financial Position
As at 30 June 2012

	Note	(Unaudited) As At 30/06/2012 RM'000	(Audited) As At 31/12/2011 RM'000
ASSETS			
Non-current Assets			
Property, Plant & Equipment	10	7,405	7,051
Intangible Assets		6,031	6,031
Deferred Development Cost		4,376	3,944
Deferred Tax Assets		435	435
		18,247	17,461
Current Assets			
Inventory		214	167
Trade Receivables		5,998	6,809
Other Receivables		396	715
Cash and Cash Equivalents		27,372	23,161
		33,980	30,852
TOTAL ASSETS		52,227	48,313
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Share Capital		16,271	16,271
Share Premium		1,254	1,254
Other Reserves		3	3
Retained Earnings		29,333	22,601
		46,861	40,129
Minority Interest		-	-
Total Equity		46,861	40,129
Non-current Liabilities			
Term loan (Repayment more than 1 year)	24	2,433	2,754
		2,433	2,754
Current Liabilities			
Trade Payables		513	2,064
Other Payables		1,944	3,003
Tax Payables		-	-
Term Loan (Repayment less than 1 year)	24	476	363
		2,933	5,430
Total Liabilities		5,366	8,184
TOTAL EQUITY AND LIABILITIES		52,227	48,313
Net Assets Per Share Attributable to Equity Holders of the Parent (Sen)		28.80	24.66

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

M-MODE BERHAD
(Company No. 635759-U)
Condensed Consolidated Statement of Cash Flows
For The 2nd Quarter Ended 30 June 2012
(The figures have not been audited)

	(Unaudited) 6 Months Ended 30/06/2012 RM'000	(unaudited) 6 Months Ended 30/06/2011 RM'000
Profit Before Taxation		
- Continuing operations	6,732	6,855
Adjustments for:		
Depreciation and Amortization	701	419
Interest Income	(318)	(99)
Interest Expenses	30	27
Loss/(gain) on disposal of property, plant and equipment	2	(50)
	<hr/>	<hr/>
Operating profit before working capital changes	7,147	7,152
Inventories	(47)	(80)
Receivables	1,135	(4,473)
Payables	(2,610)	(48)
	<hr/>	<hr/>
Cash generated from operations	5,625	2,551
Interest Income	318	99
Interest Paid	(30)	(27)
Tax Paid	(7)	(6)
	<hr/>	<hr/>
Net cash generated from operating activities	5,906	2,617
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of property, plant and equipment	(721)	(1,219)
Purchase of intangible assets	(766)	(359)
Proceeds from disposal of property, plant and equipment	-	50
	<hr/>	<hr/>
	(1,487)	(1,528)
	<hr/>	<hr/>
Cash flows from financing activities		
Repayment of loans and borrowings	(208)	(147)
	<hr/>	<hr/>
	(208)	(147)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	4,211	942
Cash and cash equivalents at beginning of year	23,161	11,739
	<hr/>	<hr/>
	27,372	12,681
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and Cash Equivalents	27,372	12,681
	<hr/>	<hr/>
	27,372	12,681
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The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying notes attached to the interim financial statements.

M-MODE BERHAD
(Company No. 635759-U)
Condensed Consolidated Statement of Changes in Equity
For The 2nd Quarter Ended 30 June 2012
(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			
At 1 January 2011	15,884	1,046	207	10,369	27,506	-	27,506
Foreign currency translation Profit/(Loss) for the period	-	-	-	6,855	6,855	-	6,855
Total recognised income and expense for the period	-	-	-	6,855	6,855	-	6,855
Exercise of ESOS	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-
At 30 June 2011	15,884	1,046	207	17,224	34,361	-	34,361
At 1 January 2012	16,271	1,254	3	22,601	40,129	-	40,129
Foreign currency translation Profit/(Loss) for the period	-	-	-	6,732	6,732	-	6,732
Total recognised income and expense for the period	-	-	-	6,732	6,732	-	6,732
Dividend Paid	-	-	-	-	-	-	-
At 30 June 2012	16,271	1,254	3	29,333	46,861	-	46,861

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying notes attached to the interim financial statements.

Part A - Explanatory Notes Pursuant to MFRS 134 - 30 June 2012

1. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting in Malaysia and with IAS 34, Interim Financial Reporting, and Paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2011. The consolidated financial statements of the Group as at and for the year ended 31 December 2011 were prepared in accordance with Financial Reporting Standards ("FRS").

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The transition to MFRS framework does not have any financial impact to the financial statements of the Group.

2. Changes in Accounting Policies

The following MFRS, IC Interpretation and Amendments to MFRSs have been adopted by the Group during the current period:

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendment to MFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time adopters
Amendment to MFRS 7	Disclosures - Transfers of Financial Assets
Amendment to MFRS 112	Deferred tax : Recovery of Underlying Assets

The adoption of the IC Interpretation and Amendments to MFRSs above did not have any financial impact on the Group as they mainly help to clarify the requirements of or provide further explanations to existing MFRSs.

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 2011 was not subjected to any audit qualification.

5. Segmental Information

Period ended 30 June 2012	Contents & value added services RM'000	Investment Holding RM'000	Elimination RM'000	Consolidated RM'000	(Less)/Add: Contents & value added services (Discontinued) RM'000	Total RM'000
Total external revenue	32,155	-	-	32,155	-	32,155
Inter-segment revenue	4,402	2,801	(7,203)	-	-	-
Total segment revenue	36,557	2,801	(7,203)	32,155	-	32,155
Segment results	5,110	1,652	0	6,762	-	6,762
Finance Cost				(30)	-	(30)
Profit before taxation				6,732	-	6,732
Taxation				-	-	-
Loss on discontinued operations, net of tax				-	-	-
Net Profit after taxation				6,732	-	6,732

Period ended 30 June 2011	Contents & value added services RM'000	Investment Holding RM'000	Elimination RM'000	Consolidated RM'000	(Less)/Add: Contents & value added services (Discontinued) RM'000	Total RM'000
Total external revenue	40,086	-	-	40,086	-	40,086
Inter-segment revenue	3,999	(30)	(3,969)	-	-	-
Total segment revenue	44,085	(30)	(3,969)	40,086	-	40,086
Segment results	8,337	(1,455)	0	6,882	-	6,882
Finance Cost				(27)	-	(27)
Profit before taxation				6,855	-	6,855
Taxation				-	-	-
Loss on discontinued operations, net of tax				-	-	-
Net Profit after taxation				6,855	-	6,855

5. Segmental Information (continued)

As at 30 June 2012	Contents & value added services RM'000	Contents & value added services (Discontinued) RM'000	Investment holding RM'000	Elimination RM'000	Consolidated RM'000
Total segment assets	29,792	0	24,831	(2,396)	52,227
Total segment liabilities	5,579	0	1,432	(1,645)	5,366
Depreciation and amortisation	664	0	37	0	701
Non-cash expenses other than depreciation and amortisation	0	0	0	0	0

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 June 2012 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 June 2012 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 Management has managed to strengthen its cost control mechanism which successfully reduce its operating expenditure significantly from RM5,525,000 to RM2,265,000. The rigorous cost discipline drove a 5% higher net profit margin as compared to previous year's corresponding quarter. However, the recent regulatory bodies' tightening control policy on mobile marketing business has resulted a decline in the Group revenue. The group revenue decline from RM22,284,000 to RM15,266,000 as compared to the previous year's corresponding quarter.

19. Comments on Material Change in Profit Before Taxation

	Qtr Ended 30/06/2012 RM'000	Qtr Ended 31/03/2012 RM'000	% Changes
Turnover	15,266	16,889	-9.6%
Net Profit Before Taxation	3,385	3,347	1.1%

The Group's turnover Decreased by 9.6% as compared to the previous quarter. The Group's net profit before taxation for the current quarter under review has Increased by 1.1% due to Lower expenses incurred in this quarter.

20. Current Year Prospects

The Group is expecting to face a more competitive market within Technology, Media and Telecommunications ("TMT") industry. However, the Group will continuing to enrich and enhance the quality of content libraries and its media-related services in order to meet its subscribers' increased demand and to increase its market base in the industry. Besides that, the Group will continue to monitor closely its business development plan and revise accordingly to adapt to the constant changes of the industry, and continue to invest in the R&D for new products & services. Furthermore, the Group has also taken steps to implement stringent cost control in order to achieve greater operational efficiency and effectiveness.

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. Status of Corporate Proposals

Bursa Malaysia Securities Berhad had, vide its letter dated 21 December 2011, granted the Company an extension of time of six (6) months until 22 June 2012 to complete the proposed private placement of up to 16,270,950 ordinary shares of RM0.10 each in the Company, representing not more than ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Private Placement").

On 22 June 2012, it was announced that the Company has decided not to proceed with the Proposed Private Placement. No ordinary shares of RM0.10 each in the Company was issued pursuant to the Proposed Private Placement.

24. Group Borrowings and Debt Securities

The Group borrowings were denominated in Ringgit Malaysia as at 30 June 2012 as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	476	2,433	2,909
Unsecured	-	-	-
	<u>476</u>	<u>2,433</u>	<u>2,909</u>

25. Material Litigation

There were no pending material litigation in the current reporting quarter.

26. Realised and Unrealised Profits

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.07 and 2.23 of Bursa Malaysia ACE Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclose and the format period.

26. Realised and Unrealised Profits (continued)

The breakdown of retained profits of the Group and the Company as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group 30 Jun 2012 RM'000	Group 31 December 2011 RM'000
Total retained profits of M-Mode Berhad and its subsidiaries:		
- Realised	28,898	22,166
- Unrealised	435	435
	-	-
	-	-
Total Group retained profits as per consolidated accounts	<u>29,333</u>	<u>22,601</u>

The determination of realised and unrealised profits is based on the Guidedance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

Accordingly, the unrealised profits of the Group and the Company as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these translation gains and losses are incurred in the ordinary course of business of the Group and the Company, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

27. Dividends Payable

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

28. 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 30/06/2012	Comparative Qtr Ended 30/06/2011	Cumulative YTD 30/06/2012	Cumulative YTD 30/06/2011
Profit attributable to ordinary equity holders of the parent (RM'000)	3,385	3,723	6,732	6,855
Weighted average number of ordinary shares in issue	162,709,500	158,840,500	162,709,500	158,840,500
Basic earnings per share (sen)	2.08	2.34	4.14	4.32

Earnings Per Share (EPS)

(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 30/06/2012	Comparative Qtr Ended 30/06/2011	Cumulative YTD 30/06/2012	Cumulative YTD 30/06/2011
Profit attributable to ordinary equity holders of the parent (RM'000)	3,385	3,723	6,732	6,855
Weighted average number of ordinary shares in issue	162,709,500	158,840,500	162,709,500	158,840,500
Effects of dilution: Share options	-	1,908,527	-	1,908,527
Adjusted weighted average number of ordinary shares in issue and issuable	162,709,500	160,749,027	162,709,500	160,749,027
Diluted earnings per share (sen)	2.08	2.32	4.14	4.26

29. 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 9 August 2012.