M - MODE BERHAD

(635759-U)

ANNUAL REPORT 2006

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CORPORATE INFORMATION

Board of Directors
Lim Thean Keong
Chairman / Managing Director

Thong Kooi Pin
Executive Director

Lee Kok Chiang
Executive Director

Fam Lee Ee
Independent Non-Executive Director

Mohd Zaini Bin Noordin
Independent Non-Executive Director

Audit Committee
Fam Lee Ee
Chairman / Independent Non-Executive Director

Mohd Zaini Bin Noordin
Independent Non-Executive Director

Thong Kooi Pin
Executive Director

Company Secretaries
Ng Yen Hoong (LS 008016)
Joanne Toh Joo Ann (LS 0008574)

Registered Office
Level 14, Uptown 1,
No.1, Jalan SS21/58,
Damansara Uptown,
47400 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03-7725 2888
Fax : 03-7725 7791

Principal Banker
RHB Bank Berhad

Share Registrar
PFA Registration Services Sdn Bhd
(Co. No. 19234-W)
Level 13, Uptown 1,
No. 1, Jalan SS21/58,
Damansara Uptown,
47400 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03-7725 4888
Fax : 03-7722 2311

Listing Sponsor
Public Investment Bank Berhad
(formerly known as PB Securities Sdn Bhd)
(Co. No. 20027-W)
25th Floor, Menara Public Bank,
146, Jalan Ampang,
50450 Kuala Lumpur.
Tel : 03-2166 9382
Fax : 03-2166 9386

Stock Exchange Listing
Bursa Malaysia Securities Berhad (MESDAQ Market)
Stock Name : MMODE (0059)

Auditor
Chanthiran & Co.
Suite EFGH, 11 Floor,
Bangunan Angkasa Raya,
Jalan Ampang, 50450 Kuala Lumpur.
Tel : 03-2715 5678

Corporate Website
www.m-mode.com.my

BOARD OF DIRECTORS

Lim Thean Keong, age 44, Malaysian citizen, is the Chairman/Managing Director of M-Mode. He was appointed to the Board on 31 March 2004. As the founder of M-Mode Group since its inception, he is responsible for charting the strategic directions and growth of the M-Mode Group. Mr Lim graduated with Bachelor of Arts (Honours) degree from University of Malaya, Malaysia in 1987. He has been engaged in the publishing industry for numerous years before starting the mobile data business in 2002.

Thong Kooi Pin, age 35, Malaysian citizen, is the Executive Director of M-Mode. He was appointed to the Board on 21 September 2005. He graduated with a professional degree in ACCA (Association of Chartered Certified Accountants) in 1998 and admitted as a member of the Malaysian Institute of Accountants as a Chartered Accountant in 2000. He further obtained his Masters degree in business administration majoring in finance in 2006 from Universiti Putra Malaysia. He has extensive working experiences with various public listed companies prior to joining M-Mode in 2004 and is currently responsible for the Group's finance and corporate affairs. He also sits on the Board of Directors of Palette Multimedia Berhad as an Independent Non-Executive Director since 18 December 2006.

Mr. Lee Kok Chiang, age 38, Malaysian citizen, is the Executive Director of M-Mode. He was appointed to be the Board on 15 March 2006. He graduated from Canberra Institute of Technology, Australia with a Diploma in Computer Science in 1992. He has 12 years of experience in value added services (voice), mobile contents (text and rich contents) and Mobile Solutions industry. He began his career with Brokerion Telemactic Sdn Bhd, Dataco (M) Sdn Bhd and Freefon Marketing Solutions Sdn Bhd and held various posts from 1992 to 1997. He joined Nyholt Telecommunications (M) Sdn Bhd as Marketing Manager in 1997 and was promoted to Chief Operating Officer in 2001. He had a short stint with REDtone Technology Sdn Bhd as Senior General Manager, Mobile Business Unit in April 2004 to August 2004. After that he joined Articulate Online Sdn Bhd as Managing Director before joining the M-Mode Group as Chief Executive Officer of Mobile Multimedia Sdn Bhd in September 2005. He is responsible for the business development of the Group.

Fam Lee Ee, age 46, Malaysian citizen, is an Independent Non-Executive Director of M-Mode. He was appointed to the Board on 13 September 2004. He graduated from University of Malaya, Malaysia with a Bachelor of Arts (Hons) in 1986. He obtained his LLB (Hons) from the University of Liverpool, England in 1989. He is currently a practising partner in Messrs. YF Chun, Fam & Yeo. He is also an Independent Non-Executive Director of AirAsia Berhad.

Mohd Zaini bin Noordin, age 45, Malaysian citizen, is an Independent Non-Executive Director of M-Mode. He was appointed to the Board on 13 September 2004. He completed courses in Insurance and Actuarial Science from Indiana University in United States of America. He is the founder of MOL AccessPortal Bhd (Mesdaq - "MOLAccess") and has more than twenty (20) years of experience in the IT industry and marketing profession. He has entrepreneurial experience with his own companies and corporate experience in both local and foreign multinational companies including NEC Sales (M) Sdn Bhd, Uniphone Sdn Bhd and Mesiniaga Bhd. He was also previously the General Manager of Special Projects at YPJ Holdings Sdn Bhd (a Johor State investment company) and directly managed Perbadanan Usahawan Johor Sdn Bhd and set-up the Johor Incubation Centre.

None of the Directors have family relationship with any other Directors or major shareholders.

None of the Directors have any conflict of interest with the Company and none of the Directors have any convictions for offences other than traffic offences, if any, in the past 10 years.

Dear shareholders,

I am pleased as the Chairman of M-Mode Berhad to present the Annual Report and the Audited Financial Statements of the Group and the Company for the year ended 31 December 2006.

In the year under review, the Company has gone through a recovery period to profitability after reporting a disappointing loss in the previous financial year. A commendable achievement; considering that the number of mobile subscribers in Malaysia for the year ended 2006 has decreased slightly to about 19.464 million or by about 0.4% as compared to year 2005 - according to statistics provided by the Malaysian Communications and Multimedia Commission (MCMC).

Financial Performance

The Group has posted a profit of RM593,618 in financial year 2006 as compared to a loss of RM807,781 in the previous year. The profit is the result of a coherent team effort in pursuing higher revenue and increasing effectiveness, thus achieving higher revenue per unit of advertisement spent as compared to financial year 2005. I am proud of the achievements of the team and its efforts and talent in improving revenue and concurrently reducing cost with many new and innovative services.

On the overseas business, the Group's China operations have not progressed as expected and the Management has taken measures to ensure a better performance in financial year 2007. In 2006, the Group has also expanded into Indonesia with the establishment of a new partnership with a local partner. Financial year 2007 will see the maturity and better contribution from the overseas business.

Industry Trends and Development

As stated earlier, the mobile subscribers in Malaysia has slightly contracted to register 19.464 million subscribers as at 31 December 2006; although it peaked during the 3rd quarter of 2006 reaching a total of 21.853 million subscribers. The decrease was mainly due to the new ruling making compulsory registration for pre-paid users. Nevertheless, the Group has managed to improve its revenue for financial year 2006 and is well positioned to continuously improve further in future years.

The market also saw new tighter regulations by the authorities and we witnessed the increased promotion of 3G services by Celcom and Maxis in year 2006. A better regulated industry and a new and growing segment of 3G subscribers with higher bandwidth access will pose greater challenges and opportunities for the Company and Group in providing new and innovative services.

Utilization of Proceeds

As at 31 December 2006, M-Mode has fully utilized the total gross proceeds it raised from the IPO (as per the Prospectus dated 9 November 2004).

Utilization of Proceeds (continued)

In addition, M-Mode had also executed a private placement exercise which was approved by the shareholders of M-Mode during an Extraordinary General Meeting held on 18 May 2005. The total gross proceeds raised from the private placement exercise and the status of the utilization of the proceeds is as follows:-

Purpose	Proposed Utilization RM '000	Actual Utilization RM '000	Balance Unutilized RM '000	%	Explanation
R&D	1,226	460	766	62	On-going utilization

Prospects

I am of the opinion that in the upcoming financial year 2007, the Group will maintain its premier position in the mobile media market through the continuous enrichment and enhancement of its content libraries. Expecting a challenging year ahead for the regional mobile industry, the Group will also capitalize on its maturity and expertise in mobile technology to develop a secondary market as a mobile solution provider. The Group's continuous improvement in the mobile media market coupled with the new revenue stream as a mobile solution provider should further help improve the Group's performance in year 2007.

Research & Development

The Company is in constant update of the latest technology in the industry; keeping abreast especially the technologies of its partner mobile network operators. New and innovative services and more importantly, ensuring an efficient mobile gateway connection and reporting with its partner mobile network operators is essential for the Company's continuous success.

With the young and dynamic research and development team, the Group expects more new and innovative application based services to be introduced in year 2007. For the financial year 2006, the Group invested approximately RM1.6 million representing 16.7% of the Group's total revenue in R&D activities. The Board of Directors of M-Mode is of the view that future allocations for R&D will not result in a material financial impact on the Group in future years.

Appreciation

I wish to record my sincere appreciation to all the members of the Board of Directors, valuable employees, our indispensable business partners and associates, for their effort, contribution and their continuous support to the Company.

Thank you,

LIM THEAN KEONG
Chairman

AUDIT COMMITTEE REPORT

The Audit Committee was established in September 2004 with the primary objective to provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting and practices for the Group, to improve the business efficiency and enhance the independent role of external and internal auditors.

1. Composition of Audit Committee

The present members of the Audit Committee comprise of:-

Chairman

Fam Lee Ee – Independent Non-Executive Director

Members

Mohd. Zaini Bin Noordin – Independent Non-Executive Director
Aminuddin Yusof Lana – Executive Director (resigned on 13 June 2006)
Thong Kooi Pin – Executive Director (appointed on 8 August 2006)

2. Terms of Reference

A. Composition

The Audit Committee shall be appointed by the directors from among themselves and shall be no fewer than three (3) members. The majority of the members and the Chairman of the Audit Committee must be an independent directors. The chief executive officer shall not be a member of the Audit Committee. Quorum of meeting requires 2/3 of its members to be present in which one of the members must be an Independent Non-Executive Director.

B. Authority

The Audit Committee is empowered by the Board to investigate any activity within its terms of reference and access to any resources within the Company which are required to perform its duties without any restriction. The Audit Committee is authorised to have direct communication channels with the external auditors and person(s) carrying out the internal audit function or convene meetings with them excluding the attendance of the executive members of the Company whenever it is deemed necessary.

The Audit Committee is also authorised to obtain independent/external professional or other advices and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

C. Functions and Duties

The functions of the Audit Committee are as follows :-

1. To review :

   (a) the nomination of external auditors;
   (b) the adequacy of existing external auditors' audit arrangements, with particular emphasis on the scope and quality of the audit;
   (c) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
   (d) the effectiveness of the internal control and management information systems;
   (e) the financial statements of the Company with both the external auditors and the management;
   (f) the external auditors' audit report;
   (g) any management letter sent by the external auditors to the Company and the management's response to such letter;
   (h) any letter of resignation from the Company's external auditors;
   (i) the assistance given by employees of the Company to the external auditors;
   (j) all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
   (k) all related-party transactions and potential conflict of interests situations that may arise within the Company/Group; and
   (l) to review the allocation of options pursant to the Employees' Share Options Scheme and make such statement to be included in the annual report of the Company in relation to a share scheme for employees.

2. To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal and on whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.

3. To discuss with the external auditor before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved.

4. To carry out any other function that may be mutually agreed upon by the Audit Committee and the Board that would be beneficial to the Company and improve effectiveness of the Audit Committee in discharging its duties and responsibilities.

5. The Audit Committee's actions shall be reported to the Board of Directors with such recommendations as the Committee deemed appropriate.

6. To report to Bursa Malaysia Securities Berhad ("Bursa Securities") on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities for the MESDAQ Market.

D. Retirement and Resignation

In the event of any vacancy in the Audit Committee, the Company shall fill in the vacancy within two (2) months, but in any case not later than three (3) months.

3. Meetings

A minimum of four (4) meetings per year are planned and additional meetings may be called at the Audit Committee's or Chairman's discretion.

The Audit Committee may invite the external auditors, any other Board members and senior management of the Group to be in attendance during meetings to assist in its deliberations. At least once a year, the Audit Committee shall meet with the external auditors without the presence of any Executive Directors.

4. Summary of Activities Undertaken

The Audit Committee held six (6) meetings during the financial year ended 31 December 2006. The details of attendance of the Audit Committee members are as below:-

Name	Attendance
Fam Lee Ee	4/6
Aminuddin Yusof Lana	4/6 (resigned on 13 June 2006)
Mohd. Zaini Bin Noordin	5/6
Thong Kooi Pin	2/6 (appointed on 8 August 2006)

Among the matters discussed and deliberated during all the meetings include:-

- Reviewed the financial statements before the quarterly announcement to Bursa Securities.
- Reviewed the year-end financial statements together with the external auditors' management letter and the management's response.
- Reviewed the reports of the external auditors.
- Reviewed the risk management framework report.
- Reviewed and approved the internal audit plan and internal audit report.

5. Employees' Share Option Scheme (ESOS)

The ESOS or Option Committee was established on 19 September 2005 following the implementation of ESOS. Members of the Option Committee comprise of:-

Lim Thean Keong	- Chairman/Managing Director
Fam Lee Ee	- Independent Non-Executive Director
Thong Kooi Pin	- Executive Director
Lee Kok Chiang	- Executive Director

The objectives of the Option Committee are to:-

- assist the Board of the Company in discharging its responsibilities relating to the implementation of the ESOS in accordance with the relevant laws and regulations including the By-Law.
- carry out functions relating to the ESOS assigned by the Board of the Company.

The Audit Committee has reviewed and verified that the allocation of share options pursuant to the ESOS for the year ended 31 December 2006 was made in accordance with the criteria set out in the By-Law of ESOS.

The number of share options granted during the financial year ended 31 December 2006 is 597,800.

The Company did not allocate any options under the ESOS to the Non-Executive Directors since the implementation of the ESOS.

One (1) meeting was held during the financial year ended 31 December 2006 with full attendance from all the Option Committee members.

6. Internal Audit Function

The Internal Auditors of the Company report directly to the Audit Committee. The internal audit function is to ensure a regular review of the adequacy and integrity of its internal control system. They will also be required to assist the Group in enhancing its existing risk management framework and adopting a risk-based approach.

They conduct regular and systematic reviews on all operating units and submit an independent report to the Audit Committee.

The Board recognizes the importance of corporate governance in discharging its responsibilities, protecting and enhancing shareholders' value through promoting and practising high standards of corporate governance throughout the Group. The Board adopts and applies the principles and best practices as governed by the Listing Requirements of Bursa Securities for the MESDAQ Market and the Malaysian Code on Corporate Governance ("Code").

The following statements set out the Company's compliance with the principles of the Code.

A. Directors

(i) The Board

The Board is primarily responsible for the strategic directions of the Group and is scheduled to meet at least four (4) times a year. However, additional meetings may be convened as and when deemed necessary as determined by the members of the Board.

The Board had convened seven (7) meetings during the year 2006. Details of attendance are as follows:-

Director	Meeting Attendance
Lim Thean Keong (Chairman)	6/7
Thong Kooi Pin	7/7
Aminuddin Yusof Lana (resigned on 13 June 2006)	4/7
Lee Kok Chiang	5/7
Fam Lee Ee	5/7
Mohd Zaini Bin Noordin	6/7

(ii) Board Balance & Composition

The Board members of M-Mode come from diverse backgrounds ranging from business, marketing, legal and technical knowledge.

The current Board has five (5) members comprising three (3) Executive Directors and two (2) Independent Non-Executive Directors which complies with Rule 15.02 of the Listing Requirements of Bursa Securities for the MESDAQ Market. The Board is satisfied that the current composition fairly reflects the investment of shareholders and a balanced view of the Group's business.

(iii) Supply of Information

The Board assumes the following responsibilities:-

- reviewing and adopting a strategic plan for the Group;
- identifying risks and assuming an active role in ensuring the implementation of appropriate systems to manage or mitigate these risks;
- succession planning, including appointing, training, fixing the compensation of directors and wherever appropriate;

(iii) Supply of Information (continued)

- developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

All Directors including the Independent Non-Executive Directors have full and timely access to information concerning the Company or others external information as they may feel necessary. Board papers and reports which include the Group's performance and major operational, financial and corporate information are distributed to the Directors in sufficient time prior to Board Meetings to enable Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

Directors also have direct access to the advice and the services of the Group's Company Secretary. The Board is advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities as well as appropriate procedures for the management of meetings.

(iv) Appointment to the Board and Re-election

In accordance to the Company's Articles of Association, Directors appointed during the year are required to retire and seek election by shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Articles also require one-third of the Directors to retire by rotation and seek re-election at each AGM and that each Director shall submit himself for re-election every three (3) years.

(v) Directors' Training

All members of the Board have attended the Mandatory Accreditation Programme (MAP) as prescribed by the Listing Requirements of Bursa Securities for the MESDAQ Market. Directors are also encouraged to attend any relevant training programmes to further enhance their knowledge to enable them to discharge their responsibilities more effectively. During the year, none of the directors attended any training programmes or seminars as they are of the opinion that they have adequate exposure to the new rules and regulations to keep abreast with the current developments in the market place.

B. Director Remuneration

The determination of the remuneration packages for all the Directors is a matter for the Board as a whole and is linked to performance, seniority, experience and scope of responsibility, with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

B. Director Remuneration (continued)

The breakdown of the remuneration of the Directors in the Company during the financial year is as follows:-

	Fees RM	Salaries and Other Emolument RM	Benefit-in-kind RM	Total RM
Executive Directors	26,629	301,109	91,848	419,586
Non-Executive Directors	8,400	-	-	8,400
	35,029	301,109	91,848	427,986

Number of Directors whose remuneration falls within the following bands are set-out below:-

Band of remuneration	**Executive Directors**	**Non Executive Directors**
RM 50,000 and below	1	2
RM 50,001 – RM100,000	1	—
RM 100,001 – RM150,000	1	—
RM 150,001 – RM200,000	—	—
RM 200,001 – RM250,000	1	—

C. Relationship with Shareholders and Investors

The Company maintains various methods of dissemination of information important to shareholders, stakeholders and the public at large through timely announcement of events, quarterly announcement of financial results and product information on the Company's various websites.

The Company's AGM also provides an effective means of face to face communication with the shareholders where they are encouraged to participate in the open question and answering session during the AGM. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report at least 21 days before the meeting in order for them to have sufficient time to read and understand about the Company before the actual event takes place.

D. Accountability and Audit

(i) Financial Reporting and Statement of Director's Reponsibilities in Financial Reporting

It is the Board's responsibility to ensure that the financial statements are prepared in accordance with the Companies Act, 1965 and the applicable approved accounting standards set by the Malaysian Accounting Standards Board so as to present a balanced and fair assessment of the Group's financial position and prospects at the end of the financial year. The Directors are also responsible for keeping proper accounting records, safeguarding the assets of the Company and taking reasonable steps to prevent and enable detection of fraud and other irregularities.

D. Accountability and Audit (continued)

(i) Financial Reporting and Statement of Director's Reponsibilities in Financial Reporting

In preparing the financial statements, the Directors have taken the necessary steps and actions as follows:-

(a) selecting suitable accounting policies and then applying them consistently;
(b) stating whether applicable accounting standards have been followed;
(c) making judgments and estimates that are reasonable and prudent; and
(d) preparing the financial statements on a going concern basis, having made reasonable enquiries and assessment on the resources of the Company on its ability to continue further business in the foreseeable future.

(ii) Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets. However, the Board recognizes that such system is structured to manage rather than eliminate possibility of encountering risk of failure to achieve corporate objectives.

The Statement on Internal Controls is set out on pages 17 of the Annual Report providing an overview of the state of internal controls within the Group.

(iii) Relationships With Auditors

The Board has established a transparent relationship with the external auditors through the Audit Committee, which has been accorded the authority to communicate directly with the external auditors. The auditors in turn are able to highlight matters that requires the attention of the Board effectively to the Audit Committee in terms of compliance with the accounting standards and other related regulatory requirements.

(iv) Additional disclosure as per the Listing Requirements of Bursa Securities fo the MESDAQ Market are as follows:-

(a) Share Buy-backs
The Company did not carry out any share buybacks for the financial year under review.

(b) Options, Warrants or Convertibles Securities
During the financial year, the company issued 597,800 shares of RM0.10 each pursuant to the exercise of options granted under the Company Employees' Share Option Scheme.
The Company did not issue any warrants or convertible securities during the financial year.

(c) American Depository Receipt (ADR) or Global Depository Receipt (GDR)
During the financial year, the Company did not sponsor any ADR or GDR Programme.

(d) Imposition of Sanctions and/or Penalty
There was no sanction and/or penalty imposed on the Company and its subsidiaries involving Directors or management by the relevant regulatory bodies during the financial year.

(iv) Additional disclosure as per the Listing Requirements of Bursa Securities fo the MESDAQ Market are as follows:- (continued)

(e) Non-Audit Fees
The Company did not pay any amount of non-audit fees to external auditors or company affiliated to the auditors' firm for the financial year ended 31 December 2006.

(f) Variation in Results
There were no deviation of 10% or more between the profit after taxation stated in the unaudited fourth quarter ended 31 December 2006 announced on 28 February 2007 and the audited financial statements of the Group for the financial year ended 31 December 2006.

(g) Profit Forecast / Profit Guarantee
The Company did not provide any profit forecast / guarantee in any public documents during the financial year.

(h) Material Contract
During the financial year, there were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholdres' interest which were still subsisting at the end of the financial year.

(i) Recurrent Related Party Transaction Statement
There were no significant recurrent related party transactions of revenue or trading nature during the financial year ended 31 December 2006.

(j) Revaluation Policy
The Company has not adopted any policy of regular revaluations for its landed properties.

(k) Corporate Social Responsibility Activities or Practices
The Company did not undertake any corporate social responsibility activities or practices during the financial year ended 31 December 2006.

1. Introduction

The Board is committed to maintaining a sound system of internal control in the Company and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Company during the year.

2. Board Responsibilities

The Board of Directors recognizes the importance of sound internal controls and risk management in safeguarding the assets of the Group. However, such systems are designed to manage rather than eliminate the business risk totally. It should be noted that any system could provide only reasonable and not absolute assurance against material misstatement or fraud.

The Group has in place an on-going process to identify, evaluate, monitor and manage any significant risks through the internal controls set out in order to attain reasonable assurance that business objectives have been met. These controls are regularly reviewed by the Board and subject to continuous improvement.

3. Internal Control Framework

The Board has established an organization with clearly defined lines of accountability and delegated authority.

A risk analysis of the Group is conducted on a regular basis and necessary measures being put up to assess and monitor the impacts on the operation and business. The audit program is being continuously enhanced to accommodate changes in the assessment of risk to ensure proper control of the business and the achievement of corporate objectives.

The other key elements of the Group's internal control systems are described below:-

- Monthly monitoring of operational results against the budget for the Board's review and discussion;
- Regular and comprehensive information provided to the Board, covering financial performance and key business indicators;
- Regular updates of internal policies and procedures, to reflect changing risks or resolve operational deficiencies; and
- Regular management meeting with all key personnel of respective departments to address weaknesses and improve efficiency.

The Board is of the view that there is no significant breakdown or weaknesses in the system of internal control of the Group that may have a material impact against the operations of the Group for the financial year ended 31 December 2006.

4. Conclusion

Although the Board is of the view that the present internal control is adequately in place to safeguard the Company's assets and sufficient to detect any fraud or irregularities, the Board is on a constant watch for any improvement that may strengthen its current system through a special task team appointed within the organization that reports on a monthly basis on all angles of the Group's operations.

The Directors hereby submit their annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 14 to the financial statements.

There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	GROUP 2006 RM	COMPANY 2006 RM
Profit / (Loss) for the year	465,062	(406,507)

DIVIDEND

No dividend has been paid or declared by the Company since the end of previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM8,173,300 to RM14,440,050 by way of :-

(i) the issue of 12,259,000 new ordinary shares of RM0.10 each through a private placement at an issue price of RM0.10 per ordinary share for cash, for additional working capital purposes;

(ii) the issue of 2,275,000 new ordinary shares of RM0.10 each for cash arising from the exercise of employees' share options at a weighted average price of RM0.12 per ordinary share; and

(iii) the issue of 48,133,500 new ordinary shares of RM0.10 each on the basis of one new ordinary shares of RM0.10 each for every two existing ordinary shares of RM0.10 each held in the Company.

ISSUE OF SHARES AND DEBENTURES (continued)

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no debentures issued during the financial year.

EMPLOYEE SHARE OPTIONS SCHEME (ESOS)

The Company's Employees' Share Option Scheme is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 25 April 2005. The ESOS is to be in force for a period of 10 years from the date of implementation.

The salient features and other terms of the ESOS are disclosed in Note 18(a) to the financial statements.

The options offered to take up unissued ordinary shares of RM0.10 each and the option prices are as follows:-

		Number of options over ordinary shares of RM0.10 each				
Date of offer	**Option price**	**At 01.01.2006**	**Granted**	**Exercised**	**Forfeited**	**At 31.12.2006**
21.08.2006	RM0.26	5,721,000	597,800	-	180,000	5,303,200

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders other than directors, who have been granted options to subscribe for less than 500,000 ordinary shares of RM0.10 each. The details of option holders granted options to subscribe for 500,000 or more ordinary shares of RM0.10 each during the financial year are as follows:-

		Number of options over ordinary shares of RM0.10 each				
Name	**Grant date**	**Exercise price (RM)**	**At 01.01.2006**	**Granted**	**Exercised**	**At 31.12.2006**
Ching Wai Teng	21.09.2005	0.11	817,000	-	-	817,000
Hew Yoon Hsia	21.09.2005	0.11	1,000,000	-	90,000	910,000
Chin Kok Joon	21.09.2005	0.11	520,000	-	420,000	100,000
Poon Yin Hoong	21.09.2005	0.11	800,000	-	-	800,000

DIRECTORS

The Directors who have held office since the date of the last report are as follows:-
Lim Thean Keong
Fam Lee Ee
Mohd Zaini Bin Noordin
Thong Kooi Pin
Lee Kok Chiang
Aminuddin Yusof Lana (resigned on 13 June 2006)

DIRECTORS' INTERESTS IN SHARES

According to the register of Directors' shareholdings, particulars of interest of Directors who held office at the end of the financial year in shares of the Company and its related corporation are as follows:-

	Number of ordinary shares of RM0.10 each			
The Company Direct interest	**At 01.01.06/ Date of appoinment**	**Bought**	**Sold**	**At 31.12.2006**
Lim Thean Keong	44,104,200	18,052,100	(8,000,000)	54,156,300
Thong Kooi Pin	107,000	1,143,500	(1,120,000)	130,500
Lee Kok Chiang	20,000	10,000	—	30,000

		Number of options over ordinary shares of RM0.10 each				
Name	**Grant date**	**Exercise price (RM)**	**At 01.01.2006**	**Granted**	**Exercised**	**At 31.12.2006**
Lim Thean Keong	21.09.2005	0.11	817,000	—	—	817,000
Thong Kooi Pin	21.09.2005	0.11	1,852,000	—	1,100,000	752,000

None of the other Directors in office at the end of the financial year held any interests in the shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the remuneration disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' BENEFITS (continued)

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps: -

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

   (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

   (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:-

   (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year, which in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION (continued)

(e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the group and of the company misleading.

(f) In the opinion of the Directors,

(i) the results of the Group's and Company's operations during the financial year were not substantially affected by any items, transactions or events of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any items, transactions or events of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Chanthiran & Co. have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

LIM THEAN KEONG
DIRECTOR

THONG KOOI PIN
DIRECTOR

Kuala Lumpur
Date: 16 April 2007

STATEMENT BY DIRECTORS

Pursuant to Section 169 (15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 26 to 57 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

LIM THEAN KEONG
DIRECTOR

THONG KOOI PIN
DIRECTOR

Kuala Lumpur
Date: 16 April 2007

STATUTORY DECLARATION

Pursuant to Section 169 (16) of the Companies Act, 1965

I, **LIM THEAN KEONG**, being the Director primarily responsible for the financial management of **M-MODE BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 26 to 57 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LIM THEAN KEONG
DIRECTOR

Subscribed and solemnly declared at Kuala Lumpur on 16 April 2007 before me.

Abas Bin Hassan (No. W392)
Commissioner for Oaths
Kuala Lumpur

TO THE MEMBERS

We have audited the financial statements set out on pages 26 to 57. The preparation of the financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain all the informations and explanations which we consider necessary to provide us with evidence to give reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:-

  (i) the state of affairs of the Group and of the Company at 31 December 2006 and of the results of their operations and cash flows for the year ended on that date; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;

and

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

The subsidiaries of which we have not acted as auditors are indicated in Note 14 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' report thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditor's report on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsections (3) of Section 174 of the Act.

CHANTHIRAN & CO
AF 1385
Chartered Accountants (M)

N. CHANTHIRAN A/L NAGAPPAN
2007/06/08/ (J/PH)
Partner

Kuala Lumpur
Date: 16 April 2007

		Group		Company	
		2006	2005	2006	2005
	Note	RM	RM	RM	RM
Revenue	6	9,432,290	8,836,461	846,993	146,981
Direct costs	7	(4,433,892)	(4,072,409)	(240,352)	—
Gross profit		4,998,398	4,764,052	606,641	146,981
Other income		199,663	544,910	182,085	75,675
Selling and distribution expenses		(1,203,872)	(2,855,396)	—	—
Administration expenses		(3,574,994)	(3,037,103)	(1,067,561)	(1,094,687)
Research and development expenses		—	(446,163)	(127,672)	—
Result from operating activities		419,195	(1,029,700)	(406,507)	(872,031)
Finance costs		(4,274)	(6,965)	—	—
Profit/(Loss) before tax	8	414,921	(1,036,665)	(406,507)	(872,031)
Tax Expense	10	50,141	194,995	—	200,700
Profit/(Loss) of the year		465,062	(841,670)	(406,507)	(671,331)
Attributable to:					
Shareholders of the Company		593,618	(807,781)	(406,507)	(671,331)
Minority interests		(128,556)	(33,889)	—	—
		465,062	(841,670)	(406,507)	(671,331)
Earnings per share (sen)					
- basic	11 (a)	0.41	(0.99)	—	—
- diluted	11 (b)	N/A	N/A	—	—

The accompanying Notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2006

		Group		Company	
		2006	2005	2006	2005
	Note	RM	RM	RM	RM
ASSETS					
Property, Plant and Equipment	12	1,727,999	2,613,847	18,091	5,840
Intangible Assets	13	7,352,220	5,754,268	—	—
Iinvestment in subsidiaries	14	—	—	7,637,902	7,089,895
Deferred Tax Assets	15	271,114	219,680	219,680	219,680
Total Non-Current Assets		9,351,333	8,587,795	7,875,673	7,315,415
Trade receivables		2,083,114	2,499,761	—	—
Non-trade receivables, deposits and prepayments	16	315,836	288,269	119,602	151,436
Amount owing by subsidiaries	14	—	—	1,370,649	3,751,685
Cash and cash equivalents	17	6,359,291	4,616,355	5,259,209	2,422,913
Total Current Assets		8,758,241	7,404,385	6,749,460	6,326,034
Total Assets		18,109,574	15,992,180	14,625,133	13,641,449
EQUITY					
Share Capital	18	14,440,050	8,173,300	14,440,050	8,173,300
Reserves	19	1,209,882	6,153,613	1,257,827	6,140,604
Retained Earnings / (Accumulated Losses)		1,297,004	703,386	(1,137,268)	(730,761)
Total Equity Attributable to Shareholders of the Company		16,946,936	15,030,299	14,560,609	13,583,143
Minority Interest		427,060	130,143	—	—
Total equity		17,373,996	15,160,442	14,560,609	13,583,143
LIABILITIES					
Hire-purchase payables	20	—	2,640	—	—
Total Non-Current Liability		—	2,640	—	—
Trade payables		228,907	309,755	—	—
Payables and Accruals	21	500,738	398,478	64,524	58,306
Amount owing to a related company	22	2,000	2,000	—	—
Hire purchase payables	20	2,640	32,160	—	—
Current tax payable		1,293	5,705	—	—
Total Current Liabilities		735,578	829,098	64,524	58,306
Total Liabilities		735,578	831,738	64,524	58,306
Total Equity and Liabilities		18,109,574	15,992,180	14,625,133	13,641,449

The accompanying Notes form an integral part of the financial statements.

	Attributable To Shareholders Of The Company							
	Non-distributable				Distributable			
	Share capital	Share premium	Translation reserves	Share option reserve	Retained earnings	Total	Minority interest	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2005 As previously stated	8,173,300	5,998,416	—	—	1,326,194	15,497,910	—	15,497,910
Prior year adjustment	—	—	—	—	184,973	184,973	—	184,973
At 1 January 2005 (restated)	8,173,300	5,998,416	—	—	1,511,167	15,682,883	—	15,682,883
Loss for the year	—	—	—	—	(807,781)	(807,781)	(33,889)	(841,670)
Share based transaction	—	—	—	142,188	—	142,188	—	142,188
Acquisition of subsidiaries	—	—	—	—	—	—	164,032	164,032
Foriegn exchange translaltion difference	—	—	13,009	—	—	13,009	—	13,009
At 31 December 2005	8,173,300	5,998,416	13,009	142,188	703,386	15,030,299	130,143	15,160,442
At 1 January 2006	8,173,300	5,998,416	13,009	142,188	703,386	15,030,299	130,143	15,160,442
Profit for the year	—	—	—	—	593,618	593,618	(128,556)	465,062
Issue of shares:								
- private placement	1,225,900	—	—	—	—	1,225,900	—	1,225,900
- pursuant to ESOS	227,500	22,750	—	—	—	250,250	—	250,250
- bonus issue	4,813,350	(4,813,350)	—	—	—	—	—	—
- share issue cost	—	(151,061)	—	—	—	(151,061)	—	(151,061)
Share based transaction	—	—	—	58,884	—	58,884	—	58,884
Acquisition of subsidiaries	—	—	—	—	—	—	425,473	425,473
Foriegn exchange translaltion difference	—	—	(60,954)	—	—	(60,954)	—	(60,954)
At 31 December 2006	14,440,050	1,056,755	(47,945)	201,072	1,297,004	16,946,936	427,060	17,373,996

The accompanying Notes form an integral part of the financial statements.

	Non-distributable			Distributable	
	Share capital RM	**Share premium RM**	**Share option reserve RM**	**Accumulated losses RM**	**Total Equity RM**
At 1 January 2005	8,173,300	5,998,416	—	(59,430)	14,112,286
Loss for the year	—	—	—	(671,331)	(671,331)
Share based trasaction	—	—	142,188	—	142,188
At 31 December 2005	8,173,300	5,998,416	142,188	(730,761)	13,583,143
At 1 January 2006	8,173,300	5,998,416	142,188	(730,761)	13,583,143
Loss for the year	—	—	—	(406,507)	(406,507)
Issue of shares					
- private placement	1,225,900	—	—	—	1,225,900
- pursuant to ESOS	227,500	22,750	—	—	250,250
- bonus issue	4,813,350	(4,813,350)	—	—	—
- share issue cost	—	(151,061)	—	—	(151,061)
Share based transaction	—	—	58,884	—	58,884
At 31 December 2006	14,440,050	1,056,755	201,072	(1,137,268)	14,560,609

The accompanying Notes form an integral part of the financial statements.

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Note	Group		Company	
		2006	2005	2006	2005
		RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		414,921	(1,036,665)	(406,507)	(872,031)
Adjustments for:					
Depreciation of property, plant & equipment		1,386,235	819,701	4,756	1,460
Amortisation of intangible assets		122,477	376,882	—	—
Interests expense		3,840	6,965	—	—
Loss on deemed disposal of subsidiary	5	—	—	7,605	—
Other non-cash movement		(107,007)	155,291	58,884	142,188
Operating profit / (loss) before working capital changes		1,820,466	234,775	(335,262)	(728,383)
Changes in working capital:					
Trade receivables		416,647	(570,689)	—	—
Receivables, deposits and prepayments		(27,567)	11,232	31,834	(150,436)
Inter-company balances		—	—	2,381,036	(1,347,239)
Trade payables		(161,848)	119,913	—	—
Payables and accruals		102,258	(603,533)	6,218	(162,980)
Cash generated from / (used in) operations		2,149,956	(808,302)	2,083,826	(2,389,038)
Interest expense		(3,840)	(6,965)	—	—
Tax paid		(5,705)	—	—	—
Net cash generated from / (used in) operating activities		2,140,411	(815,267)	2,083,826	(2,389,038)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in subsidiaries	5	—	—	(1,119,507)	(1,039,895)
Proceeds from deemend disposal of subsidiaries	5	—	—	563,895	—
Purchase of property, plant and equipment		(512,936)	(2,115,404)	(17,007)	(7,300)
Development costs incurred		(1,190,018)	(506,467)	—	—
Proceeds from sale of property, plant and equipment		12,550	301,231	—	—
Net cash used in investing activities		(1,690,404)	(2,320,640)	(572,619)	(1,047,195)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		1,476,150	—	1,476,150	—
Share issue costs		(151,061)	—	(151,061)	—
Repayment of hire-purchase payables		(32,160)	(192,780)	—	—
Net cash generated from / (used in) financing activities		1,292,929	(192,780)	1,325,089	—
Net increase / (decrease) in cash and cash equivalents		1,742,936	(3,328,687)	2,836,296	(3,436,233)
Cash and cash equivalents at beginning of the year		4,616,355	7,945,042	2,422,913	5,859,146
Cash and cash equivalents at end of the year	17	6,359,291	4,616,355	5,259,209	2,422,913

The accompanying Notes form an integral part of the financial statements.

M-Mode Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Malaysian Exchange of Securities Dealing and Automated Quotation (MESDAQ). The principal place of business is located at B-3-13, Block B, 3rd Floor, Unit 3, Megan Avenue II, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

The consolidated financial statements as at and for the year ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the year ended 31 December 2006 do not include other entities.

The Company is principally engaged in investment holding activities while the other Group entities are primarily involved in the provision of mobile contents and data application services.

1. *Basis of preparation*

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Malaysian Exchange of Securities Dealing and Automated Quotation.

The MASB has issued the following Financial Reporting Standards (FRS) and Interpretations that are effective for annual periods beginning on or after 1 January 2006, and that have not been applied in preparing these financial statements:-

Standard / Interpretation	**Effective date**
FRS 117, Leases	1 October 2006
FRS 124, Related Party Disclosures	1 October 2006
FRS 139, Financial Instruments: Recognition and Measurement	To be announced
Amendment to FRS 119_{2004}, Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
FRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007

1. *Basis of preparation (continued)*

(a) Statement of compliance (continued)

Standard / Interpretation	Effective date
IC Interpretation 2, Members' Shares In Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7, Applying the Restatement Approach under FRS $129_{2004,}$ Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8, Scope of FRS 2	1 July 2007

The Group and the Company plan to apply FRS 124 and the Amendment to FRS 119_{2004} initially for the annual period beginning 1 January 2007 and to apply the rest of the above-mentioned FRS (except for FRS 6 and FRS 117 as explained below and FRS 139 which its effective date has yet to be announced) and Interpretations for the annual period beginning 1 January 2008.

The impact of applying FRS 124 and FRS 139 on the financial statement upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective standards.

FRS 6, FRS 117 and IC Interpretations 1 to 7 are not applicable to the Group and the Company. Hence, no further disclosure is warranted.

The initial application of the other standards and interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

The financial statements were approved by the Board of Directors on 16 April 2007.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

1. *Basis of preparation (continued)*

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2. *Significant accounting policies*

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

the minority's share of losses previously absorbed by the Group has been recovered.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When the Group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition accounting method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

2. *Significant accounting policies (continued)*

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(iii) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements only when the loan is denominated in either the functional currency of the Company or the foreign operation. Deferred exchange differences are released to the income statement upon disposal of the investment.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost and any incidental cost of acquisition less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2. *Significant accounting policies (continued)*

(c) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:-

	Year
Computer equipment	5
Renovation	10
Motor vehicles	5
Office equipment and furniture fittings	10
Research and development equipment	5 – 10
Content library	2

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(d) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's balance sheet.

(e) Intangible assets

(i) Goodwill

Goodwill / (negative goodwill) arises on the acquisition of subsidiaries, associates and joint ventures.

2. *Significant accounting policies (continued)*

(e) Intangible assets (continued)

(i) Goodwill (continued)

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost and is no longer amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment. When the excess is negative (negative goodwill), it is recognised immediately in the income statement. With the adoption of FRS 3, the carrying amount of negative goodwill at 1 January 2006 is derecognised with a corresponding adjustment to the opening balance of retained earnings.

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved mobile contents is capitalised if the mobile contents are technically and commercially feasible and the Group has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

2. *Significant accounting policies (continued)*

(e) Intangible assets (continued)

(iii) Other intangible assets

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired. Other intangible assets are amortised from the date that they are available for use.

The estimated useful live for capitalised development costs is 10 years.

(f) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2. *Significant accounting policies (continued)*

(h) Impairment of assets

The carrying amounts of assets except for financial assets and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(i) Share capital

(i) Shares issue expenses

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

(ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

2. *Significant accounting policies (continued)*

(j) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

(k) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to the Employee's Provident Fund are charged to the income statement in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Share-based payment transactions

The share option programme allows Group employees to acquire shares of the Company. In the previous year, share options granted to employees is not recognised as an employee cost. Following the adoption of FRS 2, Share-based Payment, the grant date fair value of share options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The change in accounting policy is applied retrospectively only for those shares options granted after 31 December 2004 and have not vested as of 1 January 2006 as provided in the transitional provision of FRS 2. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

2. *Significant accounting policies (continued)*

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(n) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(o) Revenue

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Provision of mobile contents and data application services

The revenue from the provision of mobile contents and data application services is recognised in the income statement upon access of the mobile users to their mobile content through telcos and telcos confirmation report.

2. *Significant accounting policies (continued)*

(o) Revenue (continued)

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(p) Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(q) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(r) Tax expenses

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes.

2. *Significant accounting policies (continued)*

(r) Tax expenses (continued)

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. *Financial risk management objectives and policies*

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the growth of the Group's business activities.

Financial risk management is carried out through risk reviews, internal control systems, standard operating procedures, investment strategies and adherence to the rules and regulations as stipulated by the Board of Directors. The Group regularly reviews these risks and approves policies for managing each of these risks.

The Group does not trade in derivative financial instruments.

3. *Financial risk management objectives and policies(continued)*

(a) Market risk

For key product purchases, the Group establishes floating and fixed price levels that the Group considers acceptable before entering into short or medium term arrangement with suppliers. The Group does not use derivative financial instruments to manage this risk.

(b) Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group seeks to control credit risk by application of the credit control procedures that ensure sales are made to customers with an appropriate credit history, credit approvals and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an on-going basis via the Group's management reporting procedures.

(c) Liquidity and cash flow risks

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet the Group's working capital requirements.

The Group monitors the outstanding known obligations to ensure that the repayment and funding needs are met. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

(d) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rate. However, the Group is only exposed on the interest income from fixed deposits placements.

(e) Foreign currency risk

The Group's current exposure to currency risk as a result of the foreign currency transactions entered into by the Group in currencies other than their functional currency is minimal.

4. *Segmental information*

Segmental information is not presented as the Group is involved in the provision of mobile contents and data application services only. The Group is not involved in any other activities to warrant separate reporting.

The contribution from operation in foreign country is not significant compared to the Group's operation to warrant geographical segment reporting.

5. *Acquisition and disposal of subsidiaries*

(a) Acquisition of subsidiaries

(i) On 17 May 2006, the Group subscribed 138,890 shares in PT M-Mode Indo., a company incorporated in Republic of Indonesia, for a total cash consideration of RM507,955.

(ii) On 26 July 2006, the Group acquired 50% equity interest in M-Mode Technology Sdn. Bhd., a company incorporates in Malaysia, for a total cash consideration of RM1.

Detail of assets acquired, goodwill and cash flow arising from the acquisition were as follows:-

	At date of acquisition RM
Cost of acquisition	1
Consideration paid, satisfied in cash	1

(iii) On 1 March 2006 and 7 July 2006, the Group acquired 20% shares and 15% shares, respectively, in Dalian M-Mode Dreamfun Technology Ltd., a company incorporated in the People's Republic of China, for a total consideration of RM611,550, making it a wholly-owned subsidiary of the company.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:-

	Recognised values on acquisition RM
Group	
Property, plant and equipment	20,728
Intangible assets	82,442
Receivables, deposits and prepayments	2,379
Cash and cash equivalents	13,740
Payables and accruals	(38,150)
Net identified assets and liabilities	81,139
Goodwill on acquisition	530,411
Consideration paid, satisfied in cash	611,550

5. *Acquisition and disposal of subsidiaries(continued)*

(b) Deemed disposal of subsidiary

On 23 February 2006, the Group repatriated its capital pursuant to a liquidation of its wholly-owned subsidiary, Beijing M-Mode Network Technology Co. Ltd., as follows:-

	RM
Cash and bank balances	563,895
Total proceeds received from repatriation	563,895

The deemed disposal of the subsidiary gad the following effect on the financial results of the Company:-

	RM
Total proceeds received	563,895
Less: Cost of investment in subsidiary	(571,500)
Loss on deemed disposal	(7,605)

6. *Revenue*

	2006 RM	2005 RM
Group		
Rendering of services	9,432,290	8,836,461
Company		
Management fees	94,096	88,398
Technical advisory fees	252,897	58,583
Dividend income	500,000	–
	846,993	146,981

7. *Direct costs*

Direct costs consists mainly of copyright fees, infrastructure costs, leased-line charges, script fees, licensing fees and revenue sharing with technical partner and telcos and other incidental costs incurred for the provision of mobile contents and data application services.

8. *Profit / (Loss) before tax*

Profit / (Loss) before tax is stated after charging:-

		Group		Company	
		2006	2005	2006	2005
	Note	RM	RM	RM	RM
Depreciation	12	1,386,235	1,100,790	4,756	1,460
Auditors' remuneration					
- current		12,000	14,000	2,500	5,000
- overprovision in prior year		(3,500)	(16,030)	(2,500)	–
Preliminary expenses written-off		–	–	–	500
Rental of premises		243,897	175,153	118,176	54,919
Personnel expenses (including key management personnel)	9				
- contribution to Employee Provident Fund		121,883	93,430	56,802	34,230
- wages, salaries and others		1,066,473	758,438	517,953	297,528
Interest expense		3,840	6,965	–	–
Amortisation of development costs		122,477	122,477	–	–
and after crediting:					
Interest income		134,152	113,935	127,685	75,662
Gain on disposal of property, plant and equipment		647	87,399	–	–
Rental income		54,400	–	54,400	–

Included in personnel expenses is RM58,884 (2005: RM142,188), being the fair value of the share options computed on the measurement date in accordance with FRS 2.

9. Key management personnel compensation

The key management personnel compensations are as follows:-

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Directors				
- Fees	35,029	9,100	35,029	9,100
- Remuneration	267,923	183,016	267,923	157,516
- Defined contribution plan	33,186	20,623	33,186	18,063
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	91,848	56,620	91,848	56,620
Total short-term employee benefits	427,986	269,359	427,986	241,299

10. Tax expense

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
Current tax	(1,293)	(5,705)	-	-
Deferred tax	51,434	200,700	-	200,700
	50,141	194,995	-	200,700
Current tax				
Current year	(1,293)	(5,705)	-	-
	(1,293)	(5,705)	-	-
Deferred tax				
Origination and reversal of temporary differences	51,434	200,700	-	200,700
	50,141	194,995	-	200,700

The explanation of the relationship between tax expense and profit / (loss) before tax is as follows:-

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
Profit / (Loss) before tax	414,921	(1,036,665)	(406,507)	(872,031)
Tax calculated at the Malaysian				
tax rate of –28%	116,178	(283,773)	(113,822)	(244,169)
20%	46,842	4,638	-	-
Tax effects of:				
- different tax rates in other countries	12,448	(27,817)	-	-
- expenses not deductible for tax purposes	94,234	173,840	92,826	43,469
- income not subject to tax	(277,552)	(61,883)	-	-
- temporary differences not recognised	57,991	-	20,996	-
	50,141	(194,995)	-	(200,700)

11. *Earnings per share - basic*

(a) Basic earnings per share of the Group is calculated by dividing the profit / loss for the year by the weighted average number of ordinary shares in issue during the year.

	2006	2005
Profit / (Loss) for the year	RM593,618	(RM807,781)
Weighted average number of ordinary shares in issue	144,400,500	81,733,000
Basic earnings per share (sen)	0.41	(0.99)

(b) Diluted

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

The diluted earnings per share is not shown as the effect is anti-dilutive.

12. *Property, plant and equipment*

	Computer equipment RM	Renovation RM	Motor vehicles RM	Office equipment RM	Research & development equipment RM	Content library RM	Total RM
Group							
Cost							
At 01.01.2006	48,471	47,785	141,703	149,178	1,687,030	2,131,291	4,205,458
Additions	192,795	5,481	-	15,896	7,196	291,568	512,936
Disposals	(7,318)	-	-	(7,540)	-	(500)	(15,358)
At 31.12.2006	233,948	53,266	141,703	157,534	1,694,226	2,422,359	4,703,036
Accumulated depreciation							
At 01.01.2006	26,251	8,911	85,022	23,123	585,465	862,839	1,591,611
Charge for the year	39,721	5,327	28,341	11,675	334,837	966,334	1,386,235
Disposals	(824)	-	-	(1,485)	-	(500)	(2,809)
At 31.12.2006	65,148	14,238	113,363	33,313	920,302	1,828,673	2,975,037
Carrying amount							
At 31.12.2006	168,800	39,028	28,340	124,221	773,924	593,686	1,727,999

12. Property, plant and equipment (continued)

	Computer equipment RM	Renovation RM	Motor vehicles RM	Office equipment RM	Research & development equipment RM	Content library RM	Total RM
Group							
Cost							
At 01.01.2005	33,046	18,740	660,347	63,594	1,210,549	-	1,986,276
Prior year adjustment	-	-	-	-	-	477,765	477,765
As restated	33,046	18,740	660,347	63,594	1,210,549	477,765	2,464,041
Additions	15,425	29,045	-	85,584	476,481	1,653,526	2,260,061
Disposals	-	-	(518,644)	-	-	-	(518,644)
At 31.12.2005	48,471	47,785	141,703	149,178	1,687,030	2,131,291	4,205,458
Accumulated depreciation							
At 01.01.2005	16,557	4,132	300,362	12,603	251,943	-	585,597
Prior year adjustment	-	-	-	210,036	-	210,036	210,036
As restated	16,557	4,132	300,362	12,603	251,943	210,036	795,633
Charge for the year	9,694	4,779	89,472	10,520	333,522	652,803	1,100,790
Disposals	-	-	(304,812)	-	-	-	(304,812)
At 31.12.2005	26,251	8,911	85,022	23,123	585,465	862,839	1,591,611
Carrying amount							
At 31.12.2005	22,220	38,874	56,681	126,055	1,101,565	1,268,452	2,613,847

	Computer equipment RM	Office equipment RM	Furniture & fixtures RM	Total RM
Company				
Cost				
At 01.01.2006	7,300	-	-	7,300
Additions	15,955	435	617	17,007
At 31.12.2006	23,255	435	617	24,307
Accumulated depreciation				
At 01.01.2006	1,460	-	-	1,460
Charge for the year	4,651	44	61	4,756
At 31.12.2006	6,111	44	61	6,216
Carrying amount				
At 31.12.2006	17,144	391	556	18,091

12. *Property, plant and equipment (continued)*

	Computer equipment RM	Office equipment RM	Furniture & fixtures RM	Total RM
Company				
Cost				
At 01.01.2005	**-**	**-**	**-**	**-**
Additions	7,300	-	-	7,300
At 31.12.2005	7,300	-	-	7,300
Accumulated depreciation				
At 01.01.2005	-	-	-	-
Charge for the year	1,460	-	-	1,460
At 31.12.2005	1,460	-	-	1,460
Carrying amount				
At 31.12.2005	5,840	-	-	5,840

13. *Intangible assets*

	Goodwill RM	Development costs RM	Total RM
Group			
At 1 January 2006	4,587,481	1,166,787	5,754,268
Acquisition of subsidiaries (Note 5)	530,411	-	530,411
Additions	-	1,190,018	1,190,018
Amortisation charges	-	(122,477)	(122,477)
At 31 December 2006	5,117,892	2,234,328	7,352,220
Cost	5,117,892	2,493,125	7,611,017
Accumulated amortisation	-	(258,797)	(258,797)
Carrying amount	5,117,892	2,234,328	7,352,220
Group			
At 1 January 2005	4,677,948	646,365	5,324,313
Acquisition of subsidiaries	163,938	106,881	270,819
Additions	-	536,018	536,018
Impairment	(254,405)	-	(254,405)
Amortisation charges	-	(122,477)	(122,477)
At 31 December 2005	4,587,481	1,166,787	5,754,268
Cost	4,587,481	1,303,107	5,890,588
Accumulated amortisation	-	(136,320)	(136,320)
Carrying amount	4,587,481	1,166,787	5,754,268

14. *Investments in subsidiaries*

	Company 2006 RM	Company 2005 RM
Non-current assets		
Unquoted shares, at cost	7,637,902	7,089,895
Current assets		
Amount owing by subsidiaries	1,370,649	3,751,685

Amount owing by subsidiaries is unsecured and interest free with no fixed terms of repayment.

The principal activities of the subsidiaries, their places of incorporation and the interests of the Company are as follows:-

Name of Company	Country of incorporation	Principal activities	Effective ownership interes 2006 %	Effective ownership interes 2005 %
eCentury Sdn. Bhd.*	Malaysia	Provision of mobile contents and data application services	100	100
Mobile Multimedia Sdn. Bhd.*	Malaysia	Provision of mobile contents and data application services	100	100
Dalian M-Mode Dreamfun Technology Ltd.*	Republic of China	Provision of mobile contents and data application services	100	65
Beijing M-Mode Network Technology Co. Ltd.*	Republic of China	Provision of mobile contents and data application services	-	100
M-Mode Technology Sdn. Bhd.*	Malaysia	Provision of mobile contents and data application services	50	-
PT M-Mode Indo*	Republic of Indonesia	Provision of mobile contents and data application services	51	-

* Audited by firm of auditors other than Chanthiran & Co.

15. *Deferred tax*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet.

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
At start of year	219,680	18,980	219,680	18,980
Credited to income statement (Note 10):				
- tax losses	51,434	200,700	-	200,700
At end of year	271,114	219,680	219,680	219,680

16. *Receivables, deposits and prepayments*

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Non-trade receivables	105,987	189,435	66,273	28,956
Deposits	108,372	77,390	53,329	-
Prepayments	101,477	21,444	-	122,480
	315,836	288,269	119,602	151,436

17. *Cash and cash equivalents*

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Deposits with licensed banks	4,049,727	3,391,007	4,699,727	2,364,523
Bank and cash balances	2,309,564	1,225,348	559,482	58,390
	6,359,291	4,616,355	5,259,209	2,422,913

The interest rate per annum of deposits that was effective at balance sheet date were as follows:-

	Group		Company	
	2006	2005	2006	2005
	%	%	%	%
Deposits with licensed banks	2.40	2.50	2.40	2.50

18. *Share capital*

	Group and Company	
	2006	2005
	RM	RM
Ordinary shares of RM0.10 each		
Authorised:		
At 1 January / 31 December	25,000,000	25,000,000
Issued and paid up:		
At 1 January	8,173,300	8,173,300
Issued during the year	6,266,750	-
At 31 December	14,440,050	8,173,300

(a) Employee Share Options Scheme (ESOS)

The Company's Employee Share Options Scheme is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 25 April 2005 and vested upon being granted. The ESOS is to be in force for a period of 10 years from the date of implementation.

The salient features of the ESOS are as follows:-

(i) The Options Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares of RM0.10 each in the Company.

(ii) Subject to the discretion of the Options Committee, any employee whose employment has been confirmed and any executive directors holding office in a full time executive capacity of the Group, shall be eligible to participate in the ESOS.

(iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company.

(iv) The options price for each share shall be the price at which the Grantee is entitled to subscribe for an Option shall be the higher of the par value of the Company Shares and a price set at the five (5) days weighted average market price of the Company Shares prior to the date of the Offer.

(v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.

19. *Reserves*

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
Share premium	1,056,755	5,998,416	1,056,755	5,998,416
Share option reserve	201,072	142,188	201,072	142,188
Translation reserve	(47,945)	13,009	-	-
	1,209,882	6,153,613	1,257,827	6,140,604

The share option reserve is in regard to the ESOS as mentioned in Note 18 to the financial statements.

The effect of the share option granted to the employees are computed by reference to the fair value of the options in accordance to the Black-Scholes-Merton option pricing model taking into consideration the following factors:-

(i) the exercise price of the option;
(ii) the life of the option;
(iii) the current price of the underlying shares;
(iv) the expected volatility of the share price;
(v) the dividends expected on the shares; and
(vi) the risk-free interest rate for the life of the option

The number and weighted average exercise prices per share of the share options granted in 2006 are as follows:-

	Number of options	**Weighted average exercise price per share RM**
Outstanding at the beginning of the year	5,721,000	0.11
Granted during the year	(597,800)	0.26
Forfeited / (Resigned) during the year	180,000	0.26
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year *	5,303,200	0.12
Exercisable at the end of the year	417,800	0.12

*The weighted average remaining contractual life is approximately 3 years.

The fair value of employee services received as consideration for the share options of the Company indirectly, by reference to the fair value of the share options granted. The weighted average fair value of those options at the measurement date and value of the variables applied in the Black-Scholes-Merton option pricing model are as follows:-

19. Reserves (continued)

Weighted average share price at measurement date	RM 0.39
Weighted average exercise price	RM 0.39
Expected volatility (annualized standard deviation on share price)	4.88%
Weighted average remaining options life	9.6 years
Expected dividend	Nil
Risk-free interest rate	3%

The expected volatility is a measure of the amount by which the share price is expected to fluctuate during a period based on the historical share price movement of the Company since floatation of the shares of the Company in Mesdaq market of Bursa Malaysia until the end of the current financial year. The measure of volatility used in this option pricing model is the annualized standard deviation of the continuously compounded rates of return on the historical share price of the Company.

There is no other feature incorporated in the measurement of fair value.

20. Hire purchase payables

The minimum lease payments of the Group are as follows:-

	Group	
	2006	**2005**
	RM	**RM**
Not later than 1 year	2,981	38,981
Future finance charges	(341)	(4,181)
Present value	2,640	34,800
Disclosed as:		
Current	2,640	32,160
Non-current	-	2,640
	2,640	34,800

The hire purchase payables bear interests at the rate of 2.99% to 3.50% (2005: 2.99 to 3.50%) per annum.

21. Payables and accruals

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM	**RM**	**RM**	**RM**
Non-trade payables	55,056	57,767	63,196	-
Accrued liabilities	445,682	340,711	1,328	58,306
	500,738	398,478	64,524	58,306

22. Amount owing to a related company

The amount owing to a related company is unsecured, interest free and has no fixed terms of repayment.

23. Significant related party disclosures

There were no significant related party transactions during the financial year. The balances with subsidiary companies and a related company are as disclosed in the financial statements.

Analysis of Shareholders by Range Group

Size Holding	No. of Holder	%	No. of Shares	%
1 – 99	24	1.466	1,105	0.000
100 – 1,000	77	4.706	20,070	0.013
1,001 – 10,000	636	38.875	3,628,525	2.512
10,001 – 100,000	761	46.515	26,509,450	18.358
100,001 – 7,220,024	137	8.374	60,571,350	41.946
Above 7,220,025	1	0.061	53,670,000	37.167
	1,636	100.000	144,400,500	100.000

Thirty Largest Shareholders

No.	Name of Investors	No. of Shares	%
1	Lim Thean Keong	53,670,000	37.167
2	Chan Yook Chan	4,650,000	3.220
3	Ng Geok Hwa	3,183,500	2.204
4	Tung Wai Fun	2,962,400	2.051
5	Ching Wai Teng	2,425,500	1.679
6	Ahmad Razali Bin Mustaffa	1,875,000	1.298
7	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Pau Kiew Hiong	1,804,400	1.249
8	Chan Yoke Peng	1,500,000	1.038
9	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Siew Yoong	1,400,000	0.969
10	Lim Keat Wah	1,400,000	0.969
11	Raja Abdullah Bin Raja Baharuddin	1,189,050	0.823
12	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hew Yoon Hsia	1,164,400	0.806
13	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Boon Keong	1,100,000	0.761
14	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Er Soon Puay	857,400	0.593
15	Syed Sirajuddin Putra Jamalullail	840,000	0.581
16	Tan Auw Hock	800,000	0.554
17	Lim Bee Tat	787,500	0.545
18	Pau Kiew Hiong	765,000	0.529
19	Mak Ngia Ngia @ Mak Yoke Lum	755,000	0.522
20	Lai Hong Mun	750,000	0.519
21	Low Pak Seng	750,000	0.519
22	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yap Swee Hang	712,900	0.493
23	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koay Chee Hong	700,000	0.484
24	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mak Ngia Ngia @ Mak Yoke Lum	678,500	0.469
25	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Yap Swee Hang	655,000	0.453
26	Siew Joo Chyn	631,400	0.437
27	AMSEC Nominees (Tempatan) Sdn Bhd Munirah Bt Abdullah Ng	630,000	0.436
28	Poh Lai Yoke	620,000	0.429
29	Teo Tiew	575,000	0.398
30	Leong Vee Cheong	535,000	0.370

SHAREHOLDING STATISTICS AS AT 18TH APRIL 2007

Substantial Shareholders

		Direct Interest		Indirect Interest	
No.	**Name of Shareholders**	**No. of Shares**	**%**	**No. of Shares**	**%**
1	Lim Thean Keong	53,670,000	37.167	0	0.000

Directors' Shareholding

		Direct Interest		Indirect Interest	
No.	**Name of Shareholders**	**No. of Shares**	**%**	**No. of Shares**	**%**
1	Lim Thean Keong	53,670,000	37.167	0	0.000
2	Thong Kooi Pin	130,500	0.090	0	0.000
3	Aminuddin Yusof Lana	0	0.000	0	0.000
4	Fam Lee Ee	0	0.000	0	0.000
5	Mohd Zaini bin Noordin	0	0.000	0	0.000
6	Lee Kok Chiang	30,000	0.021	0	0.000

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at Crystal Crown Hotel, 12 Lorong Utara A, 46200 Petaling Jaya, Selangor on Wednesday, 20 June 2007 at 2.30 p.m. to transact the following business:-

A G E N D A

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2006 together with the Reports of the Directors and Auditors thereon. (Resolution 1)

2. To re-elect Fam Lee Ee who retires pursuant to Article 127 of the Company's Articles of Association. (Resolution 2)

3. To re-elect Lee Kok Chiang who retires pursuant to Article 127 of the Company's Articles of Association. (Resolution 3)

4. To approve Directors' Remuneration for the financial year ended 31 December 2006. (Resolution 4)

5. To re-appoint Messrs Chanthiran & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)

Special Business

To consider and, if thought fit, to pass, with or without modifications, the following Ordinary / Special Resolutions:-

6. **ORDINARY RESOLUTION** (Resolution 6)
Authority To Allot And Issue Shares

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to allot and issue shares in the Company at any time and upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting."

7. **ORDINARY RESOLUTION**
Proposed Granting of Options to Thong Kooi Pin, the Executive Director of M-Mode Berhad pursuant to the Employees' Share Option Scheme ("ESOS") of M-Mode Berhad.

7. **ORDINARY RESOLUTION (continued)**

"THAT, the Board of Directors of the Company be and is hereby authorized at any time and from time to time to offer and to grant to Thong Kooi Pin, the Executive Director of the Company, options to subscribe for such number of new ordinary shares of the Company under the ESOS subject to the provisions:-

(i) that not more than fifty percent (50%) of the new ordinary shares under the ESOS shall be allocated, in aggregate, to eligible Executive Directors and senior management of the Company and its subsidiaries; and

(ii) not more than ten percent (10%) of the new ordinary shares available under the ESOS would be allocated to any individual person, who singly or collectively through connected person, holds twenty percent (20%) or more of the issued and paid-up share capital of M-Mode,

and also subject to such terms and conditions and/or any adjustments which may be made in accordance with the provision of the By-Laws of the ESOS."

8. **SPECIAL RESOLUTION** (Resolution 8)
Proposed Amendments of Articles of Association of M-Mode Berhad for compliance with the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

"THAT the proposed amendments to the Articles of Association of the Company as contained in the Appendix I which is attached in the Circular to Shareholders dated 29 May 2007 be approved.

AND THAT the Directors be and are hereby authorized to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all steps as may be considered recurring to give full effect to the proposed amendments to the Articles of Association of the Company."

9. **To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.**

By Order of the Board

NG YEN HOONG [LS 008016]
JOANNE TOH JOO ANN [LS 0008574]
Company Secretaries

Petaling Jaya
29 May 2007

NOTES:-

(i) *A member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies and vote in his/her stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) shall not apply to the Company.*

(ii) *Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

(iii) *A member may appoint up to two (2) proxies to attend on the same occasion. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.*

(iv) *If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney duly authorized.*

(v) *The Form of Proxy must be deposited at the Registered Office of the Company at Level 14, Uptown 1, No. 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting.*

EXPLANATORY NOTE ON SPECIAL BUSINESS

1. *Ordinary Resolution 6:* ***Authority to Directors to Allot and Issue Shares***
The Proposed Ordinary Resolution 6, if passed, will give the Directors the authority to allot and issue new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

2. *Ordinary Resolution 7:* ***Proposed Granting of Options to Thong Kooi Pin***
The Proposed Ordinary Resolution 7, if passed, will empower the Directors to issue shares to Thong Kooi Pin, the Executive Director of M-Mode Berhad pursuant to the exercise of options under the ESOS.

3. Special Resolution 8: ***Proposed Amendments of Articles of Association***
The relevant information on the Proposed Amendments of Articles of Association is set out in the Circular to Shareholders dated 29 May 2007 which is despatched together with the Company's 2006 Annual Report.

M-MODE BERHAD

(Company No. 635759 U)
(Incorporated in Malaysia)

FORM OF PROXY

No. of shares held

I/We..
(Full Name in Capital Letters)

of...
(Full Address)

being a member(s) of **M-MODE BERHAD** ("Company") hereby appoint ....

....
(Full Name in Capital Letters)

of...

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Third Annual General Meeting of the Company to be held at Crystal Crown Hotel, 12 Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 20 June 2007 at 2.30 p.m. and at any adjournment thereof.

	RESOLUTIONS	*FOR*	*AGAINST*
ORDINARY BUSINESS			
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2006.		
2.	To re-elect Fam Lee Ee who retires pursuant to Article 127 of the Company's Articles of Association.		
3.	To re-elect Lee Kok Chiang who retires pursuant to Article 127 of the Company's Articles of Association.		
4.	To approve Directors' Remuneration for the financial year ended 31 December 2006.		
5.	To appoint Chanthiran & Co. as Auditor and to authorize the Directors to fix their remuneration.		
SPECIAL BUSINESS			
6.	Authority to the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
7.	Proposed Granting of Options to Thong Kooi Pin.		
8.	Proposed Amendments of Articles of Association.		

(Please indicate with an "X" in the space provided above how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

____
Signature of
Shareholder(s) or Common Seal

Signed this .... day of 2007

NOTES:-

(i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy/ proxies and vote in his/her stead. A proxy need not be a member of the Company.

(ii) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(iii) A member may appoint up to two (2) proxies to attend on the same occasion. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.

(iv) If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney duly authorised.

(v) The Form of Proxy must be deposited at the Registered Office of the Company at Level 14, Uptown 1, No. 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting.

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AFFIX
STAMP
HERE

The Company Secretary
M-MODE BERHAD
Level 14, Uptown 1,
No.1, Jalan SS21/58,
Damansara Uptown,
47400 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

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