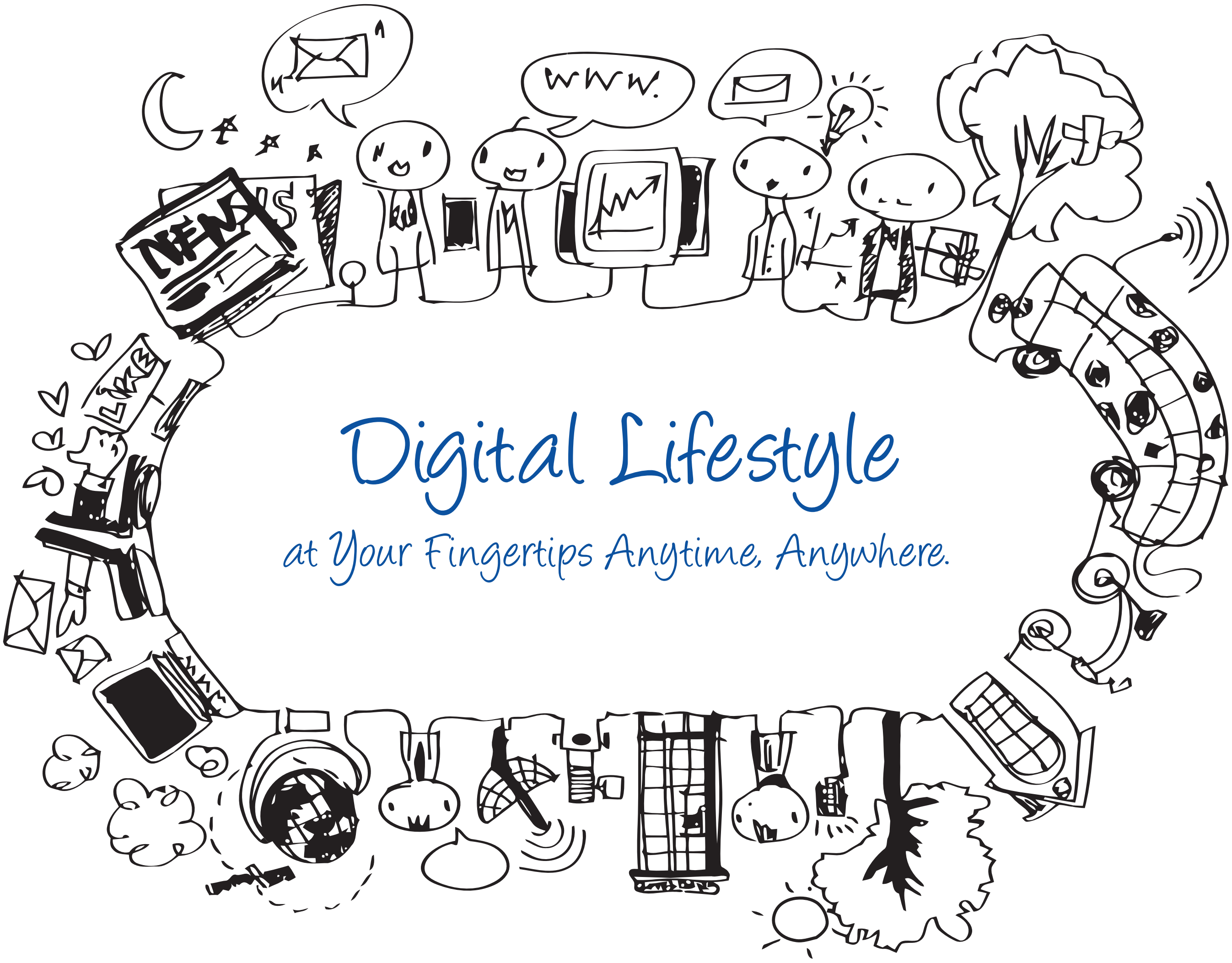
m-mode®



Digital Lifestyle

at Your Fingertips Anytime, Anywhere.

ANNUAL REPORT **2012**

MSC MALAYSIA Status Company

Contents

Reports & Financial Statements

Corporate Information

BOARD OF DIRECTORS

Dato' Lim Thean Keong
Chairman/Managing Director

Thong Kooi Pin
Non-Independent Non-Executive Director

Abdul Razak Bin Dato' Haji Ipap
Independent Non-Executive Director

Ahmad Shukri Bin Abdullah
Independent Non-Executive Director

AUDIT COMMITTEE

Abdul Razak Bin Dato' Haji Ipap
Chairman/Independent Non-Executive Director

Thong Kooi Pin
Non-Independent Non-Executive Director

Ahmad Shukri Bin Abdullah
Independent Non-Executive Director

NOMINATION COMMITTEE

Abdul Razak Bin Dato' Haji Ipap
Chairman/Independent Non-Executive Director

Thong Kooi Pin
Non-Independent Non-Executive Director

Ahmad Shukri Bin Abdullah
Independent Non-Executive Director

REMUNERATION COMMITTEE

Thong Kooi Pin
Chairman/Non-Independent Non-Executive Director

Abdul Razak Bin Dato' Haji Ipap
Independent Non-Executive Director

COMPANY SECRETARIES

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

REGISTERED OFFICE

Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : 03-2264 8888
Fax : 03-2282 2733

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd (Co. No. 118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : 03-2264 3883
Fax : 03-2282 1886

PRINCIPAL BANKER

RHB Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (ACE Market)
Stock Name : MMODE
Stock Code : 0059

AUDITOR

BC Teoh & Co.
No. 19-1A, Jalan Prima 7
Pusat Niaga Metro Prima, Kepong
52100 Kuala Lumpur
Tel : 03-6251 5690

CORPORATE WEBSITE

www.mmode.com.my

Board Of Directors

Dato' Lim Thean Keong, aged 49, Malaysian citizen, is the founder and Chairman/Managing Director of M-Mode Berhad ("M-Mode" or "Company"). He was appointed to the Board on 31 March 2004. With the experience, expertise and technical know-how, Dato' Lim has successfully charted the strategic directions and growth of the M-Mode Group ever since its inception in the year 2002. He has successfully led M-Mode Group to become a leading mobile content publisher that provides variety of mobile contents to the telco carriers and mobile phone users.

Dato' Lim graduated with a Bachelor of Art (Hons.) degree from University of Malaya, Malaysia in 1987. He is now the secretary of the alumni of Jabatan Pengajian Tionghua University Malaya, Malaysia (PEJATI).

Thong Kooi Pin, aged 40, Malaysian citizen. He was first appointed to the Board on 21 September 2005 as an Executive Director. He was subsequently re-designated to Non-Independent Non-Executive Director on 1 December 2008. 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 2005 from Universiti Putra Malaysia, Malaysia. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company.

He also sits on the Board of Directors of Palette Multimedia Berhad as an Independent Non-Executive Director since 18 December 2006 and holds the position as Financial Controller for Key ASIC Berhad.

Abdul Razak Bin Dato' Hj. Ipap, aged 52, Malaysian citizen, is an Independent Non-Executive Director of M-Mode Berhad. He was appointed to the Board on 19 June 2012. He graduated with Bachelor of Science in Agribusiness from Universiti Pertanian Malaysia (currently known as Universiti Putra Malaysia) in 1988. He started his career by joining Shell Chemical Sdn Bhd as Trainee Executive in year 1986, responsible for sales development for the Company. In 1988, he joined United Engineers (M) Bhd as Business Development Executive where he was responsible for developing new sales and managing the existing project portfolio. From 1993 to 1995, he was attached to Sime Logistics Sdn Bhd as Manager in Operations and Marketing. In 1995, he joined Celcom (M) Sdn Bhd as Senior Manager (Logistics) responsible for the smooth flowing of the entire company's logistic and was subsequently promoted as the Vice President Logistics. He left Celcom in Year 2000 to start off his own career in IT business.

He is the Chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee of the Company.

He also sits on the Board of Palette Multimedia Berhad as a Non-Independent Non-Executive Director since 25 August 2010.

Ahmad Shukri Bin Abdullah, aged 48, Malaysian citizen, is an Independent Non-Executive Director of M-Mode Berhad. He was appointed to the Board on 18 August 2012. He graduated with Master of Science in Quantitative Sciences (Majoring in Data Management) from University Technology Mara, Malaysia in 2009; and Bachelor of Business Administration (B.B.A.) in Accounting from Terry College of Business, University of Georgia, United States of America in 1987. He joined Northern Systems Global Sdn Bhd as Managing Director from 1990 to 2000. He was responsible for the entire management planning and expansion of the company with profit and loss responsibility. In late 2000, he joined Heitech Padu Berhad as a Business Consultant responsible for developing and maintaining executive relationship between Heitech Padu Berhad and selected new large and major customers. He was also responsible to identify and develop new business opportunities in those accounts. From 2004 to 2007, he joined Teraminda Sdn. Bhd as a freelance Consultant and was later reappointed as a Director at Northern Systems Global Sdn Bhd from 2006 till now.

He is also a member of the Audit Committee and Nomination Committee of the Company.

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

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 within the past 10 years.

Chairman's Statement

Dear Shareholders,

The fiscal year 2012 was another challenging year for M-Mode Berhad, coupled with the development of many exciting new media content with innovations and creativity to capture the imagination of millions mobile subscribers with digital experiences.

For the second year in a row, we had achieved record net profit and earnings per share. This is the result of our long-term strategy and the significant investment we had made in our content and technology platform development to continue moving forward to maximize revenue while minimizing on expenses.

FINANCIAL HIGHLIGHTS

Total revenue was RM62.13 million for the financial year ended 2012 compared to RM75.40 million in the previous year. Despite the challenges faced in changes of government regulations which curtail our ability to market third party services, which weighed down our total revenue by 17.6% drop, we had demonstrated subscribers' uptake in our multimedia 3G services in the format of Mobile Paper™ and Video. We believe the growing adoption of smartphones with internet-enabled functions will provide best use experience in services. It is estimated that 30% of Malaysians are now mobile internet users, by 2015 that figure is expected to grow to reach 44%. (Source: McKinsey & Company).

Net profit attributable to shareholders grew by 1.6% to RM13.08 million that translated to a improved earnings per share of 8.04 sen in 2012. We are pleased to note that our Virtualization Platform implementation had helped the Group to reduce capital expenses substantially through server consolidation and improved operating expenses through automation, while minimizing revenue loss. With effectiveness and efficiency in management, M-Mode had a strong cash and cash equivalents of RM33.58 million and trade receivables of RM6.06 million as at 31 December 2012.

DIVIDEND

In respect of financial year ended 31 December 2012, M-Mode had payout an Interim Tax Exempt Dividend of 10% per ordinary share amounting to RM1.63 million, of which this is already a double-up figure of First and Final dividend of 5% in year 2011.

Given the better performance of the Company in 2012, the Board is pleased to recommend a final Tax Exempt Dividend of 5% for the financial year ended 31 December 2012 for approval of the shareholders at the forthcoming 9th Annual General Meeting to be held on 13th June 2013. This would result in total dividend payout of 1.50 sen per ordinary share representing an increase of 200% from total dividends of 0.50 sen paid out for the previous financial year.

AWARDS AND RECOGNITION

M-Mode Berhad was conferred numerous awards and accolades in 2011/2012 for its outstanding financial performance, industry and branding excellence. Among them are:-

- Forbes Asia Pacific Best 200 Under A Billiion
- BrandFinance® Malaysia's Top 100 Most Valuable Brand
- SME Achievers Award
- StarBiz – The 4th Top Gainers Among All Public Listed Companies in Malaysia

These awards and accolades are the affirmation to the Group's management and employees' excellent performance in delivering exceptionally high quality product offerings to subscribers and distinctive value to our shareholders. We are motivated to doing what it takes to further deliver extraordinary experiences and value.

Chairman's Statement (continued)

BUSINESS REVIEW AND OUTLOOK

As we enter 2013, I am pleased with the on-going progress M-Mode had made since 2012 on few key strategic priorities that continue to offer quality experiences to mobile subscribers.

We are constantly diversifying from our existing distinctive contents to strong growth smartphones' contents and applications which are more engaging and accessible. 2012 and 2013 are transformative years in the mobile content industry as we moved into full 3G towards 4G technology adoption. The technology and mobile devices allow subscribers faster browsing ability, thus providing us opportunities to enrich our content in a more dynamic manner and improve our subscriber digital experiences. The fact that Malaysia's mobile network operators have entered this phase is very encouraging. We will aggressively collaborate with the operators to identify new services offerings to meet with subscribers' demand.

Riding on the success of M-Mode's informational, news, entertainment and social media content since it's inception, the Group had launched many video and MMS services offerings in 2012 to create dynamic reading experiences to its subscribers. With Mobile Paper™, we have gained strong subscribers and branding among telcos services.

To continue giving better enhanced value to our existing subscribers while growing on new subscribers' accessibility, we are adding new innovative technology to support cross platforms integration – expanded 3G platform to support more smartphones model and internet browsing.

As for content partners, aside from the Group's in-house development, we have established strong collaborations with international and local creative writers, brand owners and media publishers in offering superior quality content and applications across different platforms and technology. This will always put us in the forefront to deliver best of the best content to our subscribers to meet their anytime anywhere fueling browsing needs.

At M-Mode, we believe in talent and human capital as most important asset. Learning is never ended at M-Mode. We never want to forego the training and learning opportunities which will sharpen the skills of our employees. We provide Dual Development System to our employees. Our employees are given opportunities to develop themselves either in Managerial Development System or Professional Development System. We are fully committed to reward our performers and loyal employees to grow with the Group.

With the strength of our entire portfolio from our distinctive dynamic content and application services to technology advances in cross-platform mobile phones support and talented employees, we expect to deliver best quality products and services experience to our customers.

APPRECIATION

Our achievements are a testament to the commitment and tireless work of our incredibly talented employees. On behalf of the Board of Directors, I would like to take this opportunity to thank you all M-Modish for your dedication and supports. Also, my sincerest appreciation to the indispensable business partners for your contribution to our business. Together with them, M-Mode will reinvent a new arena of exciting digital content and applications services to wow our subscribers and continue to lead the industry forward while creating shareholders value.

Thank you.

Dato' 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
Abdul Razak Bin Dato' Hj. Ipap (Independent Non-Executive Director; w.e.f.19 June 2012)

Members
Thong Kooi Pin (Non-Independent Non-Executive Director)
Ahmad Shukri Bin Abdullah (Independent Non-Executive Director; w.e.f. 18 August 2012)

2. TERMS OF REFERENCE

A. Composition

The Audit Committee shall be appointed by the directors from among themselves and shall not be fewer than three (3) members. The majority of the members and the Chairman of the Audit Committee must be independent directors. The chief executive officer shall not be a member of the Audit Committee. At least one member of the Audit Committee:-

(i) must be a member of Malaysian Institute of Accountants; or
(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-

- he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
- he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

(iii) fulfils such other requirements as prescribed or approved by the Exchange.

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 Committee is authorised to have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity or convene meetings with the external auditors, internal auditors or both excluding the attendance of other directors and employees of the Company whenever it deemed necessary.

The 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 this necessary.

Audit Committee Report (continued)

C. Functions and Duties

The functions of the Audit Committee are as follows:-

(i) To review and report the same to the board of directors of the Company:-
  a) with the external auditor, the audit plan;
  b) with the external auditor, his evaluation of the system of internal controls;
  c) with the external auditor, his audit report;
  d) the assistance given by the employees of the listed company to the external auditor;
  e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  g) the quarterly results and year-end financial statements, prior to the approval by the board of directors, focusing particularly on:-
    · Changes in or implementation of major accounting policy changes;
    · Significant and unusual events; and
    · Compliance with accounting standards and other legal requirements;
  h) any related party transaction and conflict of interest situation that may arise within the listed company or group including any transaction, procedure or course of conduct that arise questions of management integrity;
  i) any letter of resignation from the external auditors of the listed company; and
  j) whether there is reason (supported by grounds) to believe that the listed company's external auditor is not suitable for re-appointment; and

(ii) Recommend the nomination of a person or persons as external auditors.

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 Committee's or Chairman's discretion.

The 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 Committee shall meet with the external auditors and/or internal auditors without the presence of any Executive Director.

Audit Committee Report (continued)

4. SUMMARY OF ACTIVITIES UNDERTAKEN

The Audit Committee held five (5) meetings during the financial year ended 31 December 2012. The details of attendance of the Audit Committee members are as below:-

Name	Attendance
Abdul Razak Bin Dato' Hj. Ipap (Chairman; appointed on 19 June 2012)	2/5
Thong Kooi Pin	5/5
Ahmad Shukri Bin Abdullah (appointed on 18 August 2012)	1/5
Dato' Fam Lee Ee (retired on 7 June 2012)	3/5
Mohd Zaini Bin Noordin (resigned on 22 October 2012)	4/5
Chin Chee Seong (retired on 7 June 2012)	1/5

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

- reviewed the financial statements before the quarterly announcement to Bursa Malaysia Securities Berhad.
- 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. INTERNAL AUDIT FUNCTION

The Board has outsourced its internal audit function to a professional service firm. The internal auditor reports 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.

The Internal Auditor is required to conduct regular and systematic reviews on all operating units and submit an independent report to the Audit Committee for review and approval. The cost incurred for the internal audit functions for the FYE 31 December 2012 was RM28,460.

Statement On Corporate Governance

The Board recognizes the importance of good corporate governance in discharging its responsibilities, protecting and enhancing shareholders' value through promoting and practicing 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 the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and Malaysian Code on Corporate Governance 2012 ("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 five (5) meetings during the year 2012. The details of the Directors' attendance at the Board meetings are set out as follows:-

Directors	Meeting Attendance
Dato' Lim Thean Keong (Chairman)	5/5
Thong Kooi Pin	5/5
Abdul Razak Bin Dato' Hj. Ipap (appointed on 19 June 2012)	2/5
Ahmad Shukri Bin Abdullah (appointed on 18 August 2012)	1/5
Dato' Fam Lee Ee (retired on 7 June 2012)	3/5
Mohd Zaini Bin Noordin (resigned on 22 October 2012)	4/5
Chin Chee Seong (retired on 7 June 2012)	1/5

(ii) Board Balance & Composition

The current Board has four (4) members comprising one (1) Executive Director, one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. Abdul Razak bin Dato' Hj Ipap had been appointed as the Senior Independent Non-Executive Director of the Company.

The Board having reviewed its size and composition is satisfied that the current composition fairly reflects the investment of shareholders and is optimum and well balanced in view of the Group's business. The mix of skills and experience, including core competencies with diverse professional background ranging from business, marketing and technical knowledge; the Board is capable to discharge its responsibilities and manage the Company effectively. A brief description of the background of each Director is presented on page 3 of this Annual Report.

At the moment, the Company has yet to formalize the Board Charter as the Board is in the opinion that the current practice is sufficient to effectively govern the business conduct.

Currently, the Chairman of the Board is headed by the Executive Director, Dato' Lim Thean Keong, who is also the single largest shareholder of the Company. The new Code on Corporate Governance recommends that the Chairman's position be filled by an Independent Non-Executive director, however, it is the collective view of the Board that at the current state of affair of the Company, Dato' Lim's expertise is highly needed to continue the growth momentum that has been enjoyed by the Group for the last couple of years. The Board is confident that the Company's strategies and good performance in delivering long-term sustainability would create economic value for the shareholders as well as protect other stakeholders' interest.

Statement On Corporate Governance (continued)

(ii) Board Balance & Composition (continued)

The independent directors play a crucial supervisory function. Their presence is essential in providing unbiased views and impartiality to the Board's deliberation and decision-making process. In addition, the non-executive directors ensure that matters and issues brought to the Board are fully discussed and examined, taking into account the interest of all stakeholders in the Group. In order to ensure the effectiveness of the Independent Directors, the Board undertakes an assessment of its Independent Directors on annual basis. Since the Independent Directors have be appointed during the financial year, no assessment of the effectiveness of the Independent Directors have been performed. The assessment would be conducted during the next financial year.

Currently there is no formal gender preference policy being established on the boardroom. However the Nomination Committee will review the suitability of women candidates based on vacancy arises and recommendation from fellow board member from time to time in order to promote a better gender diversity.

(iii) Board Responsibilities

The Board assumes the following responsibilities:-

- Reviewing,adopting and monitoring strategic plans for the Group;
- overseeing the conduct of the Company's business;
- identifying risks and assume active role in ensuring the implementation of appropriate systems to manage or mitigate these risks;
- succession planning, including appointing, training, fixing the compensation of the key managements;
- ensuring measures are in place to assess and oversee Management's performance;
- developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

(iv) Supply of Information

All Directors, including Independent Non-Executive Directors, have full and timely access to information concerning the Company or other 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 with sufficient time prior to Board meetings to enable Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

The Directors may obtain independent professional advice in furtherance of their duties, at the Company's expense, if necessary.

Directors also have direct access to the advice and 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 management of meetings.

(v) Appointment to the Board and Re-election

In accordance with the Company's Articles of Association, Directors appointed during the year is 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 (1/3) 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.

Statement On Corporate Governance (continued)

(vi) Directors' Training

The Board will identify the training needs amongst the Directors and enroll the Directors for the relevant training programme. All Directors are provided with the opportunity, and are encouraged to attend any relevant training programme, seminars and conferences to keep them updated on relevant new legislations, best practices, financial reporting requirements and/or other relevant courses to further enhance their skills and knowledge to enable them to discharge their responsibilities more effectively.

Amongst the trainings/seminars attended by the Directors during the financial year were:

Seminar Title	Attendee(s)	Date Attended
Bursa Malaysia's Half Day Governance Programme	Mr. Thong Kooi Pin Encik Razak bin Dato' Haji Ipap	8 August
POSTAM TehTarik Session	Dato' Lim Thean Keong	3 October
8th Tricor Tax & Corporate Seminar	Mr. Thong Kooi Pin	9 October
Mandatory Accreditation Programme ("MAP")	Encik Ahmad Shukri bin Abdullah	10 to 11 October
MSC Malaysia InnoTech @ Creative Multimedia 2012	Dato' Lim Thean Keong	16 October
ICT China High Level Forum	Dato' Lim Thean Keong	18 to 19 October
PT/ Expo Comm China 2012	Dato' Lim Thean Keong	18 to 22 October
China Mobile Global Developers Conference 2012	Dato' Lim Thean Keong	5 December

(vii) Code of Conduct and Ethics for Directors

The Code of Conduct adopted had been prepared based on the following principles:-
- Conflicts of interest;
- Corporate opportunities;
- Protection of confidential information;
- Compliance with laws, rules and regulations;
- Trading on inside information
- Compliance with this Code and reporting of any illegal or unethical behaviour; and
- Waivers and amendments.

(viii) Option Committee

The Employees' Share Option Scheme ("ESOS") Committee was established on 19 September 2005 following the implementation of ESOS. The members of the Option Committee are as follows:-

Chairman
Dato' Lim Thean Keong (Chairman/Managing Director)

Members
Thong Kooi Pin (Non-Independent Non-Executive Director)

The objectives of the Option Committee are to:-

- assist the Board of Directors 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 Scheme assigned by the Board of the Company.

Statement On Corporate Governance (continued)

(viii) Option Committee (continued)

The ESOS Committee held one (1) meeting during the financial year ended 31 December 2012. The details of attendance of the ESOS Committee members are as below:-

Name	Attendance
Dato' Lim Thean Keong	1/1
Thong Kooi Pin	1/1

The Company did not offer ESOS options to director and employees of the Group for the financial year ended 31 December 2012.

(ix) Nomination Committee

The Board has adopted the best practice and the Nomination Committee, which was established on 23 November 2007, has been tasked with the responsibilities to recommend new appointment to the Board.

The present members of the Nomination Committee are as follows:-

Chairman
Abdul Razak Bin Dato' Hj. Ipap (Independent Non-Executive Director; w.e.f.19 June 2012)

Member
Thong Kooi Pin (Non-Independent Non-Executive Director)
Ahmad Shukri bin Abdullah (Independent Non-Executive Director, w.e.f 18 April 2013)

There had been two (2) Nomination Committee Meeting convened during the year 2012. The details of the members' attendance at the meeting are set out as follows:-

Directors	Meeting Attendance
Abdul Razak Bin Dato' Hj. Ipap (Chairman)	2/2
Thong Kooi Pin	2/2
Mohd Zaini bin Nordin (resigned w.e.f 22 October 2012)	1/2
Ahmad Shukri bin Abdullah	N/A

The primary function of the Nomination Committee is to recommend to the board, candidates for all directorships to be filled by the shareholders or the board after taking into consideration the following criteria:-

- skills, knowledge, expertise and experience;
- professionalism;
- integrity;
- in the case of candidates for the position of independent non-executive directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors;

In addition, the Nomination Committee has established performance criteria and assesses the effectiveness of the Board as a whole, Board Committees and contributions of each individual Director on an annual basis. The Nomination Committee reviews annually the required mix of skills and experience including core competencies which Non-Executive Directors should bring to the Board and other qualities for the Board to function effectively and efficiently.

Statement On Corporate Governance (continued)

B. DIRECTOR REMUNERATION

Following the Code, the Remuneration Committee was established on 23 November 2007 and is responsible to recommend the remuneration packages for Executive Directors taking into consideration the individual performance, seniority, experience and scope of responsibility that is sufficient to attract and retain the Directors needed to run the Company successfully. The present members of the Remuneration Committee are as follows:-

Chairman
Thong Kooi Pin (Non-Independent Non-Executive Director)

Members
Abdul Razak Bin Dato' Haji Ipap - Independent Non-Executive Director

The Remuneration Committee had convened one (1) meeting during the year 2012. The details of the members' attendance at the meeting are set out as follows:-

Members	Meeting Attendance
Thong Kooi Pin (Chairman)	1/1
Abdul Razak Bin Dato' Haji Ipap (appointed w.e.f 19 June 2012)	N/A
Dato' Fam Lee Ee (retired on 7 June 2012)	1/1
Mohd Zaini bin Nordin (resigned w.e.f. 22 October 2012)	1/1

The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman, should be a matter for the Board as a whole. The individuals concerned should abstain from discussing their own remuneration.

The aggregate Directors' remuneration paid or payable to all Directors of the Company categorized into appropriate components for the financial year ended 31 December 2012 are as follows:-

Remuneration packages	Executive Directors RM'000	Non-Executive Directors RM'000
Salaries and other emoluments	1,412	–
Fees	–	55
Benefit in kind	–	–
Band of remuneration	**Executive Directors**	**Non-Executive Directors**
RM50,001 – RM100,000	–	3
RM500,001 – RM1,500,000	1	–

Statement On Corporate Governance (continued)

C. RELATIONSHIP WITH SHAREHOLDERS

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 to all shareholders in line with Bursa Malaysia objectives of ensuring transparency and good corporate governance. Additional information is available from the Company's website [www.mmode.com.my]. In addition, product information also available on the Company's various websites.

The Company's AGM also provides an effective mean of face to face communication with the shareholders where they are encouraged to participate in the open question and answer 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 financial and non-financial performance before the actual event takes place.

D. ACCOUNTABILITY AND AUDIT

(i) 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 Malaysian Accounting Standard Board so as to present a balanced and fair assessment of the Group's financial position and prospects. 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.

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

- selecting suitable accounting policies and then applying them consistently;
- stating whether applicable accounting standards have been followed;
- making judgments and estimates that are reasonable and prudent; and
- 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 foreseeable future.

(ii) Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment and 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 Risk Management and Internal Controls is set out in pages 17 to 18 of the Annual Report providing an overview of the state of internal controls within the Group.

(iii) Relationship 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 which require the attention of the Board effectively to the Audit Committee in terms of compliance with the accounting standards and other related regulatory requirements.

Statement On Corporate Governance (continued)

E. CORPORATE SOCIAL RESPONSIBILITIES

The Company seeks to commit towards good corporate social responsibility participation especially the areas on the workplace, the community and the marketplace.

The workplace

The Company believes employees are the critical assets and cornerstones for the Group's success. It is the Company's policy and priority to ensure continuous investment in people. As part of the human capital development, the employees are given opportunities to attend external training to sharpen the skills. The Company had also conducted various in-house training programme focusing on quality leadership, productivity and job related training as we believe we are only able to fulfill our strategic initiates with a highly skilled and dedicated work force that is willing to go the extra mile for our digital content users.

The Community

As part of our social responsibility, the Company is aspired to commit time and effort in educating and developing the next working generation. The M-Mode Internship Program is ideal for under-graduates to test their abilities on business challenges and to be exposed to real work responsibilities. The Company also contributed funds to university and charity activities during the financial year under review.

The marketplace

The Company will continue to enhance value for its shareholders and this can be evidenced through the Group's uninterrupted profit track record for the last few years. The Company places importance on innovation to enrich the quality of content libraries and its media-related services in order to meet its subscribers' increased demand and to increase its market share in the industry. Besides that, the Group will continue to monitor closely its business development plan and revise accordingly to adapt to the constant changes of the industry, and continue to invest in the R&D for new products & services in ensuring customer satisfaction.

Additional Compliance Information

1. Share Buy-backs

The Company did not carry out any share buy-backs for the financial year under review.

2. Options, Warrants or Convertibles Securities

During the financial year, the Company did not issue any options, warrants or convertible securities.

3. Depository Receipt Programme ("DRP")

The Company did not sponsor any DRP during the financial year ended 31 December 2012.

4. 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 ended 31December 2012.

5. Non-Statutory Audit Fees

There was no non-statutory audit fees incurred for services rendered by the external auditors or company affiliated to the auditors' firm for the financial year ended 31 December 2012.

6. 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 2012 announced on 21 February 2013 and the audited financial statements of the Group for the financial year ended 31 December 2012.

7. Profit Forecast / Profit Guarantee

During the year under review, the Company did not provide any profit forecast / guarantee in any public documents.

8. Material Contract

There was no material contract entered into by the Company and its subsidiaries involving Directors and major shareholders' interest which was still subsisting at the end of the financial year ended 31 December 2012.

9. Recurrent Related Party Transaction Statement

There was no significant recurrent related party transaction of revenue or trading nature during the financial year under review.

Statement On Risk Management And Internal Control

1. INTRODUCTION

The Board is committed to maintaining a sound system of internal control of the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group 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 including constantly reviewing the process in identifying, evaluating and putting up necessary action to assess and monitor the impacts of the risk on the operation and business. The process requires management to comprehensively identify and assess all types of risks in terms of likelihood and magnitude of impact as well as to address the adequacy and application of mechanisms in place to manage, mitigate, avoid or eliminate these risks.

The process encompasses assessments and evaluations at business unit process level before being examined on a Group perspective.

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 department 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 material impact against the operations of the Group for the financial year ended 31 December 2012.

Statement On Risk Management And Internal Control (continued)

4. OUTSOURCED INTERNAL AUDIT FUNCTION

The Board is of the view that by outsourcing the internal audit function, it provides the Group a professional, independent and more objective review on the overall adequacy of the Group's internal control system and environment.

During the financial year under review, the internal audit function conducted internal audit in accordance with the approved internal audit plan for the purposes of assessing the adequacy and effectiveness of the internal control systems. The results of the audit and recommendations for improvement were presented at the Audit Committee Meetings.

Based on the report of the appointed firm, the Board is satisfied 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 2012.

5. CONCLUSION

The Board recognizes the necessity to monitor closely the adequacy and effectiveness of the Group's system of internal controls, taking into consideration the fast-changing business environment. The Board shall continuously put in place appropriate actions to further enhance the Group's system of internal controls where necessary.

Although the Board is of the view that the present internal control is adequately in placed to safeguard the Group'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 from time to time.

Directors' Report

The Directors hereby submit their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are as set out in Note 7 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit after taxation	13,077,638	7,677,514

DIVIDENDS

The dividends paid or declared by the Company since the end of the previous financial year were as follows:

	RM
In respect of the financial year ended 31 December 2011:	
A first and final tax exempt dividend of 0.50 sen per ordinary share, on 162,709,500 ordinary shares, paid on 7 June 2012	813,548
In respect of the financial year ended 31 December 2012:	
A first interim tax exempt dividend of 1.00 sen per ordinary share, on 162,709,500 ordinary shares, paid on 15 January 2013	1,627,095

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 December 2012, of 5% on 162,709,500 ordinary shares, amounting to a dividend payable of RM813,548 (0.50 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

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.

SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

Directors' Report (continued)

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. At the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

The Directors in office since the date of the last report are as follows:

Dato' Lim Thean Keong	
Thong Kooi Pin	
Abdul Razak Bin Dato' Haji Ipap	(Appointed on 19.06.2012)
Ahmad Shukri Bin Abdullah	(Appointed on 18.08.2012)
Mohd Zaini Bin Noordin	(Resigned on 22.10.2012)
Dato' Fam Lee Ee	(Retired on 07.06.2012)
Chin Chee Seong	(Retired on 07.06.2012)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, the interests of Directors in office at the end of the financial year in the shares in the Company and its related companies during the financial year are as follows:

	----------Number of ordinary shares of RM0.10 each ----------			
The Company	**At**			**At**
Direct interest:	**01.01.2012**	**Bought**	**Sold**	**31.12.2012**
Dato' Lim Thean Keong	56,997,000	–	–	56,997,000
Ahmad Shukri Bin Abdullah	120,000	–	–	120,000
Indirect interest:				
Dato' Lim Thean Keong	3,651,000	–	–	3,651,000*

* Interest by virtue of shares held by spouse

By virtue of Dato' Lim Thean Keong's interest in the shares of the Company, he is also deemed interested in the shares of its subsidiary companies during the financial year to the extent that the Company has an interest.

None of the other Directors held any shares or had any beneficial interest in the shares in the Company or its related companies 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 directors' 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 the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' BENEFITS (continued)

Neither during nor at the end of the financial year was the Company a party to any arrangement which had the object of enabling 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

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(a) 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 there were no known bad debts and that no allowance for doubtful debts was necessary; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

(a) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Group and of the Company; or

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

(c) 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; or

(d) 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.

At the date of this report, there does not exist:

(a) 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

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

In the opinion of the Directors:

(a) the results of the operations of the Group and of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report; and

(b) 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 will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

Directors' Report (continued)

AUDITORS

The auditors, Messrs BC Teoh & Co., Chartered Accountants, have expressed their intention not to seek for re-appointment.

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

DATO' LIM THEAN KEONG **THONG KOOI PIN**

Kuala Lumpur,
Date: 18 April 2013

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

We, **DATO' LIM THEAN KEONG** and **THONG KOOI PIN**, being two of the directors of **M-MODE BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 26 to 69 are drawn up in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the supplementary information set out in Note 31 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

DATO' LIM THEAN KEONG **THONG KOOI PIN**

Kuala Lumpur,
Date: 18 April 2013

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

I, **HOOI SOOK KUAN**, being the officer 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 69 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.

Subscribed and solemnly declared by
the abovenamed,
HOOI SOOK KUAN
at Kuala Lumpur on 18 April 2013

HOOI SOOK KUAN

Before me,

Abd Rahman Bin Zahari (W599)
Commissioner for Oaths

Independent Auditors' Report
to the members of M-MODE BERHAD

Report on the Financial Statements

We have audited the financial statements of **M-MODE BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 69.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report
To The Members Of M-Mode Berhad (continued)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.

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 auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any adverse comment required to be made under Section 174(3) of the Act.

Other Matters

This Report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this Report.

Other Reporting Responsibilities

The supplementary information set out in Note 31 to the financial statements is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

BC TEOH & CO.
Firm No. AF: 1541
Chartered Accountants

TEOH BOON CHUAN
Treasury Licence No. 2524/05/14(J)
Chartered Accountant

Kuala Lumpur,
Date: 18 April 2013

Statements Of Financial Position
as at 31 December 2012

	Note	Group 31.12.2012 RM	Group 31.12.2011 RM	Group 01.01.2011 RM	Company 31.12.2012 RM	Company 31.12.2011 RM	Company 01.01.2011 RM
ASSETS							
Non-current assets							
Property, plant and equipment	5	**7,655,166**	7,050,682	4,861,938	**1,828,016**	1,604,665	288,273
Intangible assets	6	**10,832,454**	9,975,615	9,778,667	**–**	–	–
Investment in subsidiaries	7	**–**	–	–	**6,759,093**	6,759,091	6,756,593
Deferred tax assets	8	**409,615**	434,534	477,534	**219,680**	219,680	219,680
		18,897,235	17,460,831	15,118,139	**8,806,789**	8,583,436	7,264,546
Current assets							
Inventories	9	**–**	167,348	282,391	**–**	–	–
Trade receivables	10	**6,056,505**	6,809,408	4,610,262	**–**	–	–
Other receivables, deposits and prepayments	11	**337,981**	715,400	1,545,735	**38,836**	28,383	53,768
Amount due from subsidiaries	12	**–**	–	–	**3,999,812**	3,687,877	5,177,036
Cash and cash equivalents	13	**33,577,228**	23,160,530	11,738,508	**17,452,415**	11,488,560	6,263,880
		39,971,714	30,852,686	18,176,896	**21,491,063**	15,204,820	11,494,684
TOTAL ASSETS		**58,868,949**	48,313,517	33,295,035	**30,297,852**	23,788,256	18,759,230

Statements Of Financial Position as at 31 December 2012 (continued)

	Note	Group 31.12.2012 RM	Group 31.12.2011 RM	Group 01.01.2011 RM	Company 31.12.2012 RM	Company 31.12.2011 RM	Company 01.01.2011 RM
EQUITY AND LIABILITIES							
Current liabilities							
Trade payables	14	**1,933,027**	2,063,648	1,302,514	**–**	–	–
Other payables and accruals	15	**3,462,389**	3,002,965	2,111,608	**2,418,326**	1,019,149	177,340
Term loans	16	**380,779**	362,956	259,285	**89,484**	83,515	–
Tax liability		**–**	–	4	**–**	–	–
		5,776,195	5,429,569	3,673,411	**2,507,810**	1,102,664	177,340
Net current assets		**34,195,519**	25,423,117	14,503,485	**18,983,253**	14,102,156	11,317,344
Non-current liabilities							
Term loans	16	**2,324,672**	2,754,300	2,115,516	**806,319**	938,740	–
Net assets		**50,768,082**	40,129,648	27,506,108	**26,983,723**	21,746,852	18,581,890
Equity							
Share capital	17	**16,270,950**	16,270,950	15,884,050	**16,270,950**	16,270,950	15,884,050
Retained earnings	18	**33,238,274**	22,601,279	10,369,282	**9,458,465**	4,221,594	1,450,972
Other reserves	19	**1,258,858**	1,257,419	1,252,776	**1,254,308**	1,254,308	1,246,868
		50,768,082	40,129,648	27,506,108	**26,983,723**	21,746,852	18,581,890
TOTAL EQUITY AND LIABILITIES		**58,868,949**	48,313,517	33,295,035	**30,297,852**	23,788,256	18,759,230

The accompanying notes set out on pages 33 - 69 form an integral part of, and, should be read in conjunction with, the financial statements.

Statements Of Comprehensive Income
for the year ended 31 December 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Continuing operations					
Revenue	20	**62,133,977**	75,395,433	**10,416,519**	7,027,696
Cost of sales	21	**(36,959,087)**	(45,719,446)	**–**	–
Gross profit		**25,174,890**	29,675,987	**10,416,519**	7,027,696
Other operating income		**868,836**	315,572	**356,354**	189,877
Marketing and distribution costs		**(4,246,694)**	(8,098,460)	**(228,801)**	(342,053)
Administrative and general expenses		**(8,567,418)**	(8,905,237)	**(2,866,440)**	(3,469,536)
Profit from operations		**13,229,614**	12,987,862	**7,677,632**	3,405,984
Finance costs		**(58,963)**	(64,829)	**(118)**	–
Profit before taxation	22	**13,170,651**	12,923,033	**7,677,514**	3,405,984
Taxation	23	**(93,013)**	(55,674)	**–**	–
Net profit after taxation		**13,077,638**	12,867,359	**7,677,514**	3,405,984
Other comprehensive income					
Currency translation differences		**1,439**	(2,797)	**–**	–
Total comprehensive income		**13,079,077**	12,864,562	**7,677,514**	3,405,984
Profit attributable to:					
Owners of the parent		**13,077,638**	12,867,359	**7,677,514**	3,405,984
Minority interests		**–**	–	**–**	–
		13,077,638	12,867,359	**7,677,514**	3,405,984
Total comprehensive income attributable to:					
Owners of the parent		**13,079,077**	12,864,562	**7,677,514**	3,405,984
Minority interests		**–**	–	**–**	–
		13,079,077	12,864,562	**7,677,514**	3,405,984
Earnings per share attributable to owners of the parent (sen per share)					
Basic	24	**8.04**	8.09		
Diluted	24	**N/A**	N/A		

The accompanying notes set out on pages 33 - 69 form an integral part of, and, should be read in conjunction with, the financial statements.

Statement Of Changes In Equity
for the year ended 31 December 2012

		Attributable to owners of the parent							
		← Non-distributable			→ Distributable				
	Note	Share capital RM	Share premium RM	Translation reserve RM	Share option reserve RM	Retained earnings RM	Total RM	Minority interest RM	Total equity RM
Group									
At 1 January 2011		15,884,050	1,045,796	5,908	201,072	10,369,282	27,506,108	–	27,506,108
Total comprehensive income		–	–	(2,797)	–	12,867,359	12,864,562	–	12,864,562
Transactions with owners									
Exercise of ESOS		386,900	208,512	–	(201,072)	–	394,340	–	394,340
Dividends on ordinary shares	25	–	–	–	–	(635,362)	(635,362)	–	(635,362)
At 31 December 2011		16,270,950	1,254,308	3,111	–	22,601,279	40,129,648	–	40,129,648
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2012		16,270,950	1,254,308	3,111	–	22,601,279	40,129,648	–	40,129,648
Total comprehensive income		–	–	1,439	–	13,077,638	13,079,077	–	13,079,077
Transactions with owners									
Dividends on ordinary shares	25	–	–	–	–	(2,440,643)	(2,440,643)	–	(2,440,643)
At 31 December 2012		**16,270,950**	**1,254,308**	**4,550**	**–**	**33,238,274**	**50,768,082**	**–**	**50,768,082**

Statement Of Changes In Equity
for the year ended 31 December 2012 (continued)

		Attributable to owners of the parent							
		Non-distributable				Distributable			
	Note	Share capital RM	Share premium RM	Translation reserve RM	Share option reserve RM	Retained earnings RM	Total RM	Minority interest RM	Total equity RM
Company									
At 1 January 2011		15,884,050	1,045,796	–	201,072	1,450,972	18,581,890	–	18,581,890
Total comprehensive income		–	–	–	–	3,405,984	3,405,984	–	3,405,984
Transactions with owners									
Exercise of ESOS		386,900	208,512	–	(201,072)	–	394,340	–	394,340
Dividends on ordinary shares	25	–	–	–	–	(635,362)	(635,362)	–	(635,362)
At 31 December 2011		16,270,950	1,254,308	–	–	4,221,594	21,746,852	–	21,746,852
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2012		16,270,950	1,254,308	–	–	4,221,594	21,746,852	–	21,746,852
Total comprehensive income		–	–	–	–	7,677,514	7,677,514	–	7,677,514
Transactions with owners									
Dividends on ordinary shares	25	–	–	–	–	(2,440,643)	(2,440,643)	–	(2,440,643)
At 31 December 2012		**16,270,950**	**1,254,308**	**–**	**–**	**9,458,465**	**26,983,723**	**–**	**26,983,723**

The accompanying notes set out on pages 33 - 69 form an integral part of, and, should be read in conjunction with, the financial statements.

Statements Of Cash Flows
for the year ended 31 December 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Cash flows from operating activities					
Profit before taxation		**13,170,651**	12,923,033	**7,677,514**	3,405,984
Adjustments for:					
Amortisation of intangible assets		**540,546**	297,427	**–**	–
Depreciation		**922,391**	767,739	**85,126**	47,212
Currency translation differences		**–**	(2,797)	**–**	–
Interest income		**(715,520)**	(267,813)	**(356,354)**	(189,877)
Interest expenses		**58,963**	64,829	**118**	–
Impairment loss on trade and other receivables		**–**	22,180	**–**	–
Inventories written down		**–**	274,907	**–**	–
Gain on disposal of property, plant and equipment		**(885)**	(47,759)	**–**	–
Property, plant and equipment written off		**166,326**	–	**9,426**	–
Reversal of inventories written down		**(31,494)**	–	**–**	–
Operating profit before working capital changes		**14,110,978**	14,031,746	**7,415,830**	3,263,319
Decrease/(Increase) in inventories		**198,842**	(159,864)	**–**	–
Decrease/(Increase) in receivables		**1,126,831**	(1,391,202)	**(10,453)**	25,385
(Increase)/Decrease in inter-company balances		**–**	–	**(311,935)**	1,489,159
(Decrease)/Increase in payables		**(1,296,209)**	1,652,491	**(227,918)**	841,809
Cash generated from operations		**14,140,442**	14,133,171	**6,865,524**	5,619,672
Interest received		**715,520**	267,813	**356,354**	189,877
Interest paid		**(58,963)**	(64,829)	**(118)**	–
Tax paid		**(64,438)**	(12,467)	**–**	–
Net cash generated from operating activities		**14,732,561**	14,323,688	**7,221,760**	5,809,549

Statement Of Cash Flows
for the year ended 31 December 2012 (continued)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Cash flows from investing activities					
Investment in subsidiaries		**–**	–	**(2)**	(2,498)
Purchase of property, plant and equipment		**(1,704,416)**	(2,959,024)	**(317,903)**	(1,363,604)
Purchase of intangible assets		**(1,397,385)**	(494,375)	**–**	–
Proceeds from disposal of property, plant and equipment		**12,100**	50,300	**–**	–
Net cash used in investing activities		**(3,089,701)**	(3,403,099)	**(317,905)**	(1,366,102)
Cash flows from financing activities					
Payment of dividends		**(813,548)**	(635,362)	**(813,548)**	(635,362)
Proceeds from issuance of share capital		**–**	394,340	**–**	394,340
Proceeds from drawdown of term loan		**17,823**	1,031,000	**–**	1,031,000
Repayment of term loans		**(429,628)**	(288,545)	**(126,452)**	(8,745)
Net cash (used in)/generated from financing activities		**(1,225,353)**	501,433	**(940,000)**	781,233
Net increase in cash and cash equivalents		**10,417,507**	11,422,022	**5,963,855**	5,224,680
Cash and cash equivalents at beginning of year		**23,160,530**	11,738,508	**11,488,560**	6,263,880
Effect of exchange rate changes		**(809)**	–	**–**	–
Cash and cash equivalents at end of year	13	**33,577,228**	23,160,530	**17,452,415**	11,488,560

The accompanying notes set out on pages 33 - 69 form an integral part of, and, should be read in conjunction with, the financial statements.

Notes To The Financial Statements
31 December 2012

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad.

The Company is principally engaged in investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are as set out in Note 7 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

The registered office is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business is located at B-19-7, Block B, 19th Floor, Unit 7, Megan Avenue II, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a directors' resolution on 18 April 2013.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the ACE Market of Bursa Malaysia Securities Berhad and are presented in Ringgit Malaysia (RM), which is the Group's and the Company's functional currency.

(b) Adoption of new and revised Malaysian Financial Reporting Standards (MFRSs)

The following new and revised MFRSs issued by the MASB, effective for annual financial periods beginning on or after 1 January 2012, have been adopted:

MFRS 2	Shared-based Payment
MFRS 3	Business Combinations
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events after the Reporting Period

Notes to the Financial Statements (continued)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(b) Adoption of new and revised Malaysian Financial Reporting Standards (MFRSs) (continued)

MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing costs
MFRS 124	Related Party Disclosures
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investment in Associates
MFRS 131	Interest in Joint Ventures
MFRS 132	Financial Instruments: Presentation
MFRS 133	Earnings per Share
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible assets
MFRS 139	Financial Instruments: Recognition and Measurement
MFRS 140	Investment Property

Adoption of the above MFRSs do not have any significant impact on the financial statements of the Group and of the Company.

(c) MFRSs that have been issued but not yet effective

The Group and the Company have not adopted the following MFRSs that have been issued by the MASB but are not yet effective:

MFRS 10, 'Consolidated Financial Statements' (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127, 'Consolidated and Separate Financial Statements' and IC Interpretation 112, 'Consolidation - Special Purpose Entities'.

MFRS 12, 'Disclosures of Interests in Other Entities' (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128, 'Investments in Associates'. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

MFRS 13, 'Fair Value Measurement' (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7, 'Financial Instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial ones.

Notes to the Financial Statements (continued)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(c) MFRSs that have been issued but not yet effective (continued)

The revised MFRS 127, 'Separate Financial Statements' (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

The revised MFRS 128, 'Investments in Associates and Joint Ventures' (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

Amendment to MFRS 101, 'Presentation of Items of Other Comprehensive Income' (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' ('OCI') in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

Amendment to MFRS 7, 'Financial Instruments: Disclosures' (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

Amendment to MFRS 119, 'Employee benefits' (effective from 1 January 2013) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.

Amendment to MFRS 132, 'Financial Instruments: Presentation' (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

MFRS 9, 'Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities' (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ('FVTPL'). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in OCI. There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

The Directors anticipate that the adoption of the above MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

Notes to the Financial Statements (continued)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

(d) Transition to the Malaysian Financial Reporting Standards (MFRS framework)

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS Framework. The financial statements of the Group and of the Company for the year ended 31 December 2012 are the first financial statements prepared in accordance with the MFRS Framework. Previously, the Group and the Company prepared their financial statements in accordance with the Financial Reporting Standards in Malaysia.

Accordingly, the Group and the Company have prepared financial statements which comply with the MFRS for periods beginning on or after 31 December 2012, together with the comparatives period data as at and for the year ended 31 December 2011, as described in the accounting policies. The Group's transition date is 1 January 2011. The Group and the Company prepared their opening MFRS statements of financial position at that date.

In presenting their first MFRS financial statements, the Group and the Company are required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The Group and the Company have applied all the mandatory exceptions and some of the exemptions from full retrospective application of the MFRSs.

(e) Significant accounting estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, accounting 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.

In the process of applying the accounting policies, which are described in Note 4 below, management is of the opinion that there are no instances of judgements made that are expected to have any significant effect on the amounts recognised in the financial statements.

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.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment

The depreciable costs of property, plant and equipment are allocated on the straight line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 2 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets.

Impairment of property, plant and equipment

Management performs an impairment review as and when there are impairment indicators to ensure that the carrying value of property, plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.

Notes to the Financial Statements (continued)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

Impairment of goodwill

Goodwill is tested for impairment annually. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of loans and receivables

Management assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, management considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Capitalisation and impairment of development expenditure

At each reporting date, management reassesses the capitalisation policy and recoverability of the Group's internally generated intangible assets, arising from its software application solutions development, which is included in the statements of financial position.

During the financial year, the development project continues to progress in a very satisfactory manner, and customer reaction has reconfirmed management's previous estimates of anticipated revenues from the project. However, increased competition has caused management to reconsider their assumptions regarding future market share and anticipated margins on these products. Detailed sensitivity analysis has been carried out and management are confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments would be made in future periods if future market activity indicates that such adjustments are appropriate.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has formulated a financial risk management framework whose principal objective is to minimise potential adverse effects on the Group's financial performance.

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 whilst managing its risks.

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.

Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to transactional currency risk arises from commercial transactions and net investments in foreign operations, which are denominated in a currency that is not the functional currency of the Group.

Notes to the Financial Statements (continued)

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency exchange risk (continued)

However, as at 31 December 2012, the Group's exposure to foreign currency risk is not significant and the Group has not entered into any forward foreign exchange contracts as of that date.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Loans and borrowings at floating rates expose the Group to cash flow interest rate risk. Loans and borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings and changes in interest rates are not expected to have a significant impact on the Group's financial performance.

Interest rate risk sensitivity analysis

An increase of 100 basis points at the reporting date would have decreased the Group's and the Company's profit before taxation by the amount shown below and a decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group RM	**Company RM**
Decrease in profit before taxation	12,878	641

Market price risk

Market price risk consists of equity price risk and commodity price risk, and is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices other than interest or exchange rates.

As at 31 December 2012, the Group's exposure to market price risk is minimal.

Credit risk

Credit risk is the risk of a financial loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables.

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

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Notes to the Financial Statements (continued)

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The Group has taken reasonable steps to ensure that receivables, which are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group for many years. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables, including advances to subsidiaries, which having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group practises prudent liquidity risk management to minimise the mismatch of the maturities of financial assets and liabilities and maintains sufficient funds to meet the Group's working capital requirements.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to support the Group's stability and growth so as to maximise shareholders' returns and other stakeholders' benefits.

To achieve its objectives, the Group ensures an optimal capital structure is maintained. The Group actively and regularly reviews its capital structure by taking into consideration the future capital requirements of the Group, capital efficiency, prevailing and projected profitability, projected operating cash flows, projected expenditures and projected strategic investment opportunities. As part of managing the capital structure, the Group may adjust the amount of dividend payment.

The gearing ratios were as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Total borrowings	**2,705,451**	3,117,256	**895,803**	1,022,255
Total equity	**50,768,082**	40,129,648	**26,983,723**	21,746,852
Gearing ratio	**5.33%**	7.77%	**3.32%**	4.70%

Fair values of financial instruments

The fair value of financial instruments is the amount at which the instrument could be exchanged for or settled between knowledgeable parties at an arm's length transaction, other than a forced or liquidation sale.

As at 31 December 2012, the carrying amounts of cash and cash equivalents, receivables, payables and borrowings are approximated their fair values, either due to their short-term nature or they are floating rate instruments that have re-priced to market interest rates on or near the reporting date.

Notes to the Financial Statements (continued)

4. 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.

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies stated below.

4.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Consistent accounting policies are applied to like transactions and events in similar circumstances.

4.2.1 Subsidiaries

Subsidiaries are entitles, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its 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.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 4.6.1. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

4.2.2 Minority interests

Minority interest represents 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 and, is presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group is presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss for the year between minority interest 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 for such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Notes to the Financial Statements (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2.3 Transactions eliminated on consolidation

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

4.3 Foreign currency

4.3.1 Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

4.3.2 Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and, income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

4.4 Property, plant and equipment

4.4.1 Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use.

Notes to the Financial Statements (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4.1 Recognition and measurement (continued)

Subsequent to recognition, the assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is set out in Note 4.12.2.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

4.4.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is recognised in profit or loss as incurred.

All other repairs and maintenance costs are recognised in profit or loss as incurred.

4.4.3 Depreciation

All property, plant and equipment are depreciated on the straight line method so as to write down the cost of assets to their residual values over their estimated economic useful lives at the following annual rates:

	%
Freehold office suites	2
Motor vehicles	20
Furniture, fittings and equipment	10 – 20
Research and development equipment	10 – 20
Content library	50
Renovation	10

The residual value, useful life and depreciation method are reviewed at each reporting date, and adjusted prospectively, if appropriate.

4.5 Leased assets

4.5.1 Finance lease

Leases of property, plant and equipment where the Group or the Company 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.

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.

Notes to the Financial Statements (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5.2 Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised on the Group's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4.6 Intangible assets

4.6.1 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ('CGUs'), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. The policy for the recognition and measurement of impairment losses is set out in Note 4.12.2.

4.6.2 Development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised 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 products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is set out in Note 4.12.2.

4.6.3 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.

Notes to the Financial Statements (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6.4 Amortisation

Amortisation is charged to profit or loss on a straight line basis over the estimated economic 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 expenditure is 10 years.

4.7 Investment in subsidiaries

Investment in subsidiaries is stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy for the recognition and measurement of impairment losses is set out in Note 4.12.2.

4.8 Inventories

Inventories are measured at the lower of cost and net realisable value with weighted average cost being the main basis for cost. Cost comprises the original purchase price plus incidentals in bringing the inventories to their present locations and conditions. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In arriving at net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

4.9 Receivables

Receivables were 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 were measured at amortised cost using the effective interest method, less allowance for impairment.

Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired, and through the amortisation process.

Receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

4.10 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments that are readily convertible to known amounts of cash, which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

4.11 Financial instruments

4.11.1 Initial recognition and measurement

Financial instruments are recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instruments.

Notes to the Financial Statements (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11.1 Initial recognition and measurement (continued)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4.11.2 Financial instrument categories and subsequent measurement

The Group categories financial instruments as follows:

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, held-to-maturity, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. The Group determines the classification at initial recognition.

a) ***Financial assets at fair value through profit or loss***

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

b) ***Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

c) ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless they mature or the Group intends to dispose them of within 12 months of the end of the reporting period.

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as financial liabilities at fair value through profit or loss when the financial liability is either held for trading or it is designated as financial liabilities at fair value through profit or loss.

A financial liability is classified as held for trading if:

i. it has been acquired principally for the purpose of repurchasing it in the near term; or
ii. on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
iii. it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as financial liabilities at fair value through profit or loss upon initial recognition if:

i. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii. the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii. it forms part of a contract containing one or more embedded derivatives, and MFRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as financial liabilities at fair value through profit or loss.

Notes to the Financial Statements (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) ***Financial liabilities at fair value through profit or loss (continued)***

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statements of comprehensive income.

b) ***Other financial liabilities***

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

4.12 Impairment

4.12.1 Financial assets

All the Group's financial assets (except for investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the assets. Losses expected as a result of future events that cannot be reasonably estimated, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Notes to the Financial Statements (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12.1 Financial assets (continued)

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

4.12.2 Non-financial assets

The carrying amounts of the Group's non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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 is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. 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 units (groups of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of the other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period 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 since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that have been determined, net of depreciation or amortization, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Notes to the Financial Statements (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

When shares of the Company, which have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised directly in equity.

4.14 Payables

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

4.15 Loans and borrowings

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

4.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4.17 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

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.

Notes to the Financial Statements (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

4.18.1 Sale of goods and services

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from rendering of services is recognised upon performance of services.

4.18.2 Provision of mobile contents and data application services

Revenue from the provision of mobile contents and data application services is recognised in profit or loss upon access of the mobile users to their mobile content through telcos' confirmation report.

4.18.3 Dividend income

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

4.18.4 Management fees

Management fees are recognised when services are rendered.

4.19 Interest income and borrowing costs

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

All borrowing costs are recognised in profit or loss using the effective interest method, in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

4.20 Employee benefits

4.20.1 Short-term benefits

Salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when absences occur.

A liability 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.

Notes to the Financial Statements (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20.2 Post-employment benefits

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred.

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF").

4.20.3 Share-based payment transactions

The share option programme allows the employees to acquire shares of the Company.

The fair value of the share options at the date on which the options are granted to employees is recognised as an expense, with a corresponding increase in the share option reserve within equity, over the period in which the employees become unconditionally entitled to the options. When the options are exercised, the Company issues new shares and the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

4.20.4 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.

4.21 Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss 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 substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Tax expense (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.22 Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

4.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer of the Group.

Notes to the Financial Statements (continued)

5. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

	Freehold office suites RM	Motor vehicles RM	Furniture, fittings and equipment RM	Research and development equipment RM	Content library RM	Renovation RM	Total RM
Group							
Cost							
At 1 January 2011	3,471,639	485,322	929,897	2,136,005	2,950,515	551,654	10,525,032
Additions	1,288,960	744,731	320,698	294,765	177,315	132,555	2,959,024
Disposals	–	–	(5,499)	–	–	–	(5,499)
At 31 December 2011	4,760,599	1,230,053	1,245,096	2,430,770	3,127,830	684,209	13,478,557
Additions	–	242,879	450,466	531,040	183,096	296,935	1,704,416
Disposals	–	(141,703)	(28,296)	–	–	–	(169,999)
Write-off	–	–	(610,505)	(533,027)	–	(110,466)	(1,253,998)
At 31 December 2012	**4,760,599**	**1,331,229**	**1,056,761**	**2,428,783**	**3,310,926**	**870,678**	**13,758,976**
Accumulated depreciation							
At 1 January 2011	173,878	221,880	528,565	1,855,446	2,780,276	103,049	5,663,094
Charge for the year	73,728	172,081	123,072	156,191	176,039	66,628	767,739
Disposals	–	–	(2,958)	–	–	–	(2,958)
At 31 December 2011	247,606	393,961	648,679	2,011,637	2,956,315	169,677	6,427,875
Charge for the year	95,212	221,718	124,867	217,881	178,452	84,261	922,391
Disposals	–	(141,703)	(17,081)	–	–	–	(158,784)
Write-off	–	–	(469,470)	(556,530)	–	(61,672)	(1,087,672)
At 31 December 2012	**342,818**	**473,976**	**286,995**	**1,672,988**	**3,134,767**	**192,266**	**6,103,810**
Net carrying amount							
At 31 December 2011	4,512,993	836,092	596,417	419,133	171,515	514,532	7,050,682
At 31 December 2012	**4,417,781**	**857,253**	**769,766**	**755,795**	**176,159**	**678,412**	**7,655,166**

Notes to the Financial Statements (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Freehold office suite RM	Furniture, fittings and equipment RM	Renovation RM	Total RM
Cost				
At 1 January 2011	–	98,523	235,000	333,523
Additions	1,288,960	18,739	55,905	1,363,604
At 31 December 2011	1,288,960	117,262	290,905	1,697,127
Additions	–	172,970	144,933	317,903
Write-off	–	(44,082)	–	(44,082)
At 31 December 2012	**1,288,960**	**246,150**	**435,838**	**1,970,948**
Accumulated depreciation				
At 1 January 2011	–	43,292	1,958	45,250
Charge for the year	4,297	13,359	29,556	47,212
At 31 December 2011	4,297	56,651	31,514	92,462
Charge for the year	25,779	20,837	38,510	85,126
Write-off	–	(34,656)	–	(34,656)
At 31 December 2012	**30,076**	**42,832**	**70,024**	**142,932**
Net carrying amount				
At 31 December 2011	1,284,663	60,611	259,391	1,604,665
At 31 December 2012	**1,258,884**	**203,318**	**365,814**	**1,828,016**

The Group's freehold office suites with a net carrying amount of RM4,277,010 (2011: RM4,368,355) are mortgaged to secure the Group's term loan borrowings.

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use with a cost of RM1,180,595 (2011: RM2,076,661).

6. INTANGIBLE ASSETS

Group	Goodwill RM	Development expenditure RM	Total RM
At 1 January 2012	6,031,410	3,944,205	9,975,615
Additions	–	1,397,385	1,397,385
Amortisation	–	(540,546)	(540,546)
At 31 December 2012	**6,031,410**	**4,801,044**	**10,832,454**
Represented by:			
Cost	6,031,410	6,473,716	12,505,126
Accumulated amortisation	–	(1,672,672)	(1,672,672)
Net carrying amount	**6,031,410**	**4,801,044**	**10,832,454**

Notes to the Financial Statements (continued)

6. INTANGIBLE ASSETS (continued)

Group	Goodwill RM	Development expenditure RM	Total RM
At 1 January 2011	6,031,410	3,747,257	9,778,667
Additions	–	494,375	494,375
Amortisation	–	(297,427)	(297,427)
At 31 December 2011	6,031,410	3,944,205	9,975,615
Represented by:			
Cost	6,725,759	5,076,331	11,802,090
Accumulated amortisation	–	(1,132,126)	(1,132,126)
Accumulated impairment	(694,349)	–	(694,349)
Net carrying amount	6,031,410	3,944,205	9,975,615

Goodwill arises from acquisition of subsidiaries while development expenditure relates to software application solutions development costs capitalised.

7. INVESTMENT IN SUBSIDIARIES

	Company 31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
(a) Unquoted shares, at cost			
At 1 January	**6,759,091**	6,756,593	6,756,593
Acquisition of a new subsidiary	**2**	–	–
Additional investment in a subsidiary	**–**	2,498	–
	6,759,093	6,759,091	6,756,593
Less: Accumulated impairment losses	**–**	–	–
At 31 December	**6,759,093**	6,759,091	6,756,593

During the financial year, the Company subscribed for 2 new ordinary shares of RM1 each at par representing 100% of the total issued and paid-up share capital in Cypress Valley Sdn. Bhd.

(b) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held 2012 %	2011 %	Principal activities
M-Mode Mobile Sdn. Bhd.*	Malaysia	**100**	100	Provision of mobile contents and data application services
Mobile Multimedia Sdn. Bhd.*	Malaysia	**100**	100	Provision of mobile contents and data application services
Cede Communications Sdn. Bhd.	Malaysia	**100**	100	Production and distribution of magazines
M-Mode Media Sdn. Bhd.	Malaysia	**100**	100	Media advertisement agent, and production and distribution of magazines
M-Mode Systems Sdn. Bhd. *	Malaysia	**100**	100	Provision of mobile contents and data application services
Beijing M-Mode Digital Technology Co., Ltd. *	China	**100**	100	Provision of mobile contents and data application services
Cypress Valley Sdn. Bhd.	Malaysia	**100**	–	Dormant

Notes to the Financial Statements (continued)

7. INVESTMENT IN SUBSIDIARIES (continued)

* Audited by firms of auditors other than BC Teoh & Co.

The auditors' report on the financial statements of Mobile Multimedia Sdn. Bhd., Cede Communications Sdn. Bhd. and M-Mode Media Sdn. Bhd. included an emphasis of matter on going concern.

8. DEFERRED TAX ASSETS

Deferred tax assets/(liabilities) relate to the following:

Group	At 01.01.2011 RM	Recognised in profit or loss RM	At 31.12.2011 RM	Recognised in profit or loss RM	At 31.12.2012 RM
Deferred tax assets:					
Unutilised tax losses	451,700	(44,400)	407,300	(6,015)	**401,285**
Receivables	30,000	–	30,000	(21,000)	**9,000**
	481,700	(44,400)	437,300	(27,015)	**410,285**
Deferred tax liabilities:					
Property, plant and equipment	(4,166)	1,400	(2,766)	2,096	**(670)**
	477,534	(43,000)	434,534	(24,919)	**409,615**

Company	RM	RM	RM	RM	RM
Deferred tax assets:					
Unutilised tax losses	219,680	–	219,680	–	**219,680**

9. INVENTORIES

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
At cost:						
Merchandise held for resale	**–**	–	282,391	**–**	–	–
At net realisable value:						
Merchandise held for resale	**–**	167,348	–	**–**	–	–
	–	167,348	282,391	**–**	–	–

10. TRADE RECEIVABLES

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Trade receivables	**6,115,829**	6,957,432	4,736,106	**–**	–	–
Less: Allowance for impairment	**(59,324)**	(148,024)	(125,844)	**–**	–	–
Trade receivables, net	**6,056,505**	6,809,408	4,610,262	**–**	–	–

Notes to the Financial Statements (continued)

10. TRADE RECEIVABLES (continued)

Trade receivables are non-interest bearing and are generally on 60 to 90 day (2011: 60 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The ageing analysis of the Group's trade receivables is as follows:

	Group 31.12.2012 RM	Group 31.12.2011 RM	Group 01.01.2011 RM
Neither past due nor impaired	**5,004,943**	3,094,983	3,803,222
Past due but not impaired:			
1 to 90 days	**366,039**	3,402,819	639,452
91 to 180 days	**62,622**	116,415	78,827
More than 180 days	**622,901**	195,191	88,761
	1,051,562	3,714,425	807,040
Impaired	**59,324**	148,024	125,844
	6,115,829	6,957,432	4,736,106

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of them have been renegotiated during the financial year.

Trade receivables that are past due but not impaired are unsecured in nature.

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group								
	Collectively impaired			Individually impaired			Total		
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Trade receivables - nominal amounts	**37,144**	121,164	121,164	**22,180**	26,860	4,680	**59,324**	148,024	125,844
Allowance for impairment	**(37,144)**	(121,164)	(121,164)	**(22,180)**	(26,860)	(4,680)	**(59,324)**	(148,024)	(125,844)
	–	–	–	**–**	–	–	**–**	–	–

Movement in allowance accounts:

	Group 2012 RM	Group 2011 RM
At 1 January	**148,024**	125,844
Allowance for impairment	**–**	22,180
Allowance no longer required	**(88,700)**	–
At 31 December	**59,324**	148,024

Notes to the Financial Statements (continued)

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Non-trade receivables	**97,688**	77,020	132,130	**27,866**	27,382	69,963
Less: Allowance for impairment	**(40,816)**	(40,816)	(40,816)	**(21,949)**	(21,949)	(21,949)
	56,872	36,204	91,314	**5,917**	5,433	48,014
Deposits	**213,630**	122,738	105,362	**15,265**	15,165	5,298
Prepayments	**56,878**	542,201	1,334,591	**17,654**	7,785	456
Tax recoverable	**10,601**	14,257	14,468	**–**	–	–
	337,981	715,400	1,545,735	**38,836**	28,383	53,768

The currency exposure profile of non-trade receivables, deposits and prepayments is as follows:

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Currency						
- Ringgit Malaysia	**325,466**	707,582	1,540,495	**38,836**	28,383	53,768
- Renminbi	**12,515**	7,818	5,240	**–**	–	–
	337,981	715,400	1,545,735	**38,836**	28,383	53,768

12. AMOUNT DUE FROM SUBSIDIARIES

	Company		
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Amount due from subsidiaries	**3,999,812**	3,687,877	5,177,036

These are unsecured, interest-free and have no fixed terms of repayment.

The carrying amount of amount due from subsidiaries was not impaired as there is no expectation of default based on expected future operational cash flows of these subsidiaries.

13. CASH AND CASH EQUIVALENTS

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Short term deposit with fund management companies	**8,038,109**	–	–	**–**	–	–
Fixed deposits with licensed banks	**19,100,000**	20,267,584	9,000,000	**13,400,000**	10,200,000	6,000,000
Cash and bank balances	**6,439,119**	2,892,946	2,738,508	**4,052,415**	1,288,560	263,880
	33,577,228	23,160,530	11,738,508	**17,452,415**	11,488,560	6,263,880

Notes to the Financial Statements (continued)

13. CASH AND CASH EQUIVALENTS (continued)

The currency exposure profile of cash and cash equivalents is as follows:

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Currency						
- Ringgit Malaysia	**33,553,452**	23,120,412	11,659,480	**17,452,415**	11,488,560	6,263,880
- Renminbi	**23,776**	40,118	79,028	**–**	–	–
	33,577,228	23,160,530	11,738,508	**17,452,415**	11,488,560	6,263,880

14. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled on 60 days (2011: 60 days) term.

15. OTHER PAYABLES AND ACCRUALS

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Non-trade payables	**102,061**	105,251	222,836	**5,696**	11,295	73,142
Interim dividend payable (Note 25)	**1,627,095**	–	–	**1,627,095**	–	–
Deferred revenue*	**54,908**	95,903	–	**–**	–	–
Service tax payable	**30,823**	44,935	34,188	**–**	–	–
Accruals	**1,647,502**	2,756,876	1,854,584	**785,535**	1,007,854	104,198
	3,462,389	3,002,965	2,111,608	**2,418,326**	1,019,149	177,340

*Payments received for services occurring in future financial years are recorded as deferred revenue and are recognised as revenue when the services have been provided.

The currency exposure profile of other payables and accruals is as follows:

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM	31.12.2012 RM	31.12.2011 RM	01.01.2011 RM
Currency						
- Ringgit Malaysia	**3,457,678**	2,987,668	2,107,151	**2,418,326**	1,019,149	177,340
- Renminbi	**4,711**	15,297	4,457	**–**	–	–
	3,462,389	3,002,965	2,111,608	**2,418,326**	1,019,149	177,340

Notes to the Financial Statements (continued)

16. TERM LOANS

The term loans are repayable as follows:

	Group 31.12.2012 RM	Group 31.12.2011 RM	Group 01.01.2011 RM	Company 31.12.2012 RM	Company 31.12.2011 RM	Company 01.01.2011 RM
Shown under current liabilities						
On demand or within 1 year	**380,779**	362,956	259,285	**89,484**	83,515	–
Shown under non-current liabilities						
More than 1 year and less than 2 years	**391,064**	331,544	268,905	**91,729**	62,639	–
More than 2 years and less than 5 years	**1,265,437**	1,083,750	868,070	**301,291**	215,680	–
5 years or more	**668,171**	1,339,006	978,541	**413,299**	660,421	–
	2,324,672	2,754,300	2,115,516	**806,319**	938,740	–
	2,705,451	3,117,256	2,374,801	**895,803**	1,022,255	–

The term loans of the Group and of the Company are secured by legal charges over certain freehold office suites of the Group and are guaranteed by the Company.

The term loans of the Group and of the Company bear interest at 1.25% and 2.00% (2011: 1.25% and 2.00%) per annum below the banks' base lending rates respectively and are repayable in 120 and 300 (2011: 120 and 300) monthly instalments respectively.

17. SHARE CAPITAL

	Group and Company 31.12.2012 RM	Group and Company 31.12.2011 RM
Ordinary shares of RM0.10 each		
Authorised:	**25,000,000**	25,000,000
Issued and paid-up:		
At 1 January	**16,270,950**	15,884,050
Issuance of shares arising from exercise of ESOS	–	386,900
At 31 December	**16,270,950**	16,270,950

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

Notes to the Financial Statements (continued)

18. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividends paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

Since the Company has no Section 108 balance as at 31 December 2007, the Company is automatically moved to the single tier system. Accordingly, the Company may distribute dividends out of its entire retained earnings as at 31 December 2012 under the single tier system.

19. OTHER RESERVES

	Share premium RM	Translation reserve RM	Share option reserve RM	Total RM
Group				
At 1 January 2011	1,045,796	5,908	201,072	1,252,776
Other comprehensive income:				
Currency translation differences	–	(2,797)	–	(2,797)
Transactions with owners				
Arising from exercise of ESOS	208,512	–	(201,072)	7,440
At 31 December 2011	1,254,308	3,111	–	1,257,419
Other comprehensive income:				
Currency translation differences	–	1,439	–	1,439
Transactions with owners	–	–	–	–
At 31 December 2012	**1,254,308**	**4,550**	**–**	**1,258,858**

	Share premium RM	Share option reserve RM	Total RM
Company			
At 1 January 2011	1,045,796	201,072	1,246,868
Other comprehensive income	–	–	–
Transactions with owners:			
Arising from exercise of ESOS	208,512	(201,072)	7,440
At 31 December 2011	1,254,308	–	1,254,308
Other comprehensive income	–	–	–
Transactions with owners	–	–	–
At 31 December 2012	**1,254,308**	**–**	**1,254,308**

Notes to the Financial Statements (continued)

20. REVENUE

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Sale of goods and services, net of discounts and returns	**62,133,977**	75,395,433	**–**	–
Management fees	**–**	–	**2,416,519**	3,227,696
Dividend income	**–**	–	**8,000,000**	3,800,000
	62,133,977	75,395,433	**10,416,519**	7,027,696

21. COST OF SALES

Group

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

22. PROFIT BEFORE TAXATION

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
This is arrived at after charging:				
Amortisation of intangible assets	**540,546**	297,427	**–**	–
Auditors' remuneration	**62,100**	53,300	**18,000**	12,000
Depreciation	**922,391**	767,739	**85,126**	47,212
Directors' remuneration				
- Fees	**55,318**	60,000	**55,318**	60,000
- Other emoluments	**1,412,428**	1,757,937	**1,314,683**	1,757,937
Impairment loss on trade and other receivables	**–**	22,180	**–**	–
Interest expenses	**58,963**	64,829	**118**	–
Inventories written down	**–**	274,907	**–**	–
Property, plant and equipment written off	**166,326**	–	**9,426**	–
Realised loss on foreign exchange	**–**	4,035	**–**	–
Rental of premises	**147,848**	119,425	**–**	–
and crediting :				
Doubtful debts recovered	**14,805**	–	**–**	–
Gain on disposal of property, plant and equipment	**885**	47,759	**–**	–
Interest income	**715,520**	267,813	**356,354**	189,877
Reversal of inventories written down	**31,494**	–	**–**	–

Notes to the Financial Statements (continued)

23. TAXATION

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Current tax				
Malaysian income tax				
- Current year's provision	**68,094**	12,674	**–**	–
	68,094	12,674	**–**	–
Deferred tax				
Origination and reversal of temporary differences	**13,519**	(1,400)	**–**	–
Benefits from utilisation of previously unrecognised tax losses	**11,400**	44,400	**–**	–
	24,919	43,000	**–**	–
	93,013	55,674	**–**	–

A reconciliation of tax expense at the statutory tax rate to tax expense at the effective tax rate is as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Profit before taxation	**13,170,651**	12,923,033	**7,677,514**	3,405,984
Tax at Malaysian statutory tax rate of 25%	**3,292,700**	3,230,800	**1,919,400**	851,500
Adjustments for the following tax effects:				
- Expenses not deductible for tax purposes	**67,813**	47,974	**58,600**	63,500
- Deferred tax assets not recognised	**223,500**	346,100	**22,000**	35,000
- Tax exempt income	**(3,396,500)**	(3,569,200)	**(2,000,000)**	(950,000)
- Utilisation of previously unabsorbed tax losses	**(94,500)**	–	**–**	–
	93,013	55,674	**–**	–

M-Mode Mobile Sdn. Bhd., a wholly owned subsidiary, has been awarded Multimedia Super Corridor Status by the Government of Malaysia in 2003. Accordingly, there is no tax charge on the business income of the subsidiary as it has been granted pioneer status under the Promotion of Investments Act, 1986.

M-Mode Systems Sdn. Bhd., a wholly owned subsidiary, has been awarded Multimedia Super Corridor Status by the Government of Malaysia in 2012. The subsidiary is in the process of applying pioneer status under the Promotion of Investments Act, 1986.

Notes to the Financial Statements (continued)

23. TAXATION (continued)

The amount of deductible temporary differences and unutilised tax losses for which no deferred tax asset is recognised in the statements of financial position are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Unutilised tax losses and unabsorbed capital allowances	**4,143,991**	4,287,428	**2,082,262**	2,869,366
Excess of capital allowances over corresponding depreciation charge	**(224,886)**	(239,914)	**(157,577)**	(133,989)
	3,919,105	4,047,514	**1,924,685**	2,735,377

Deferred tax assets have not been recognised in the financial statements in respect of these items as there is no assurance beyond any reasonable doubt that future taxable business income will be sufficient to allow the benefit to be realised.

24. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2012	**2011**
	RM	**RM**
Profit net of tax attributable to owners of the parent	**13,077,638**	12,867,359
Weighted average number of ordinary shares	**162,709,500**	159,020,700

25. DIVIDENDS ON ORDINARY SHARES

	Group and Company	
	2012	**2011**
Recognised during the financial year:	**RM**	**RM**
Dividends on ordianry shares:		
- First and final tax exempt dividend for 2011: 0.50 sen (2010: 0.40 sen) per share	**813,548**	635,362
- First interim tax exempt dividend for 2012: 1.00 sen per share	**1,627,095**	–
	2,440,643	635,362

Notes to the Financial Statements (continued)

25. DIVIDENDS ON ORDINARY SHARES (continued)

	Group and Company 2012 RM	2011 RM
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- First and final tax exempt dividend for 2011: 0.50 sen per share	–	813,548
- Final tax exempt dividend for 2012: 0.50 sen per share	**813,548**	–
	813,548	813,548

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 December 2012, of 5% on 162,709,500 ordinary shares, amounting to a dividend payable of RM813,548 (0.50 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

26. STAFF COSTS

The staff costs recognised in the statements of comprehensive income are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Salaries and other short-term benefits	**4,597,329**	5,266,877	**2,147,993**	2,832,495
Defined contribution plan - EPF	**529,851**	454,632	**275,218**	213,815
Other staff related expenses	**226,450**	180,798	**52,087**	50,215
	5,353,630	5,902,307	**2,475,298**	3,096,525

27. KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group and certain members of senior management of the Group.

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Directors				
Fees	**55,318**	60,000	**55,318**	60,000
Other emoluments	**1,243,428**	1,633,937	**1,154,683**	1,633,937
Defined contribution plan - EPF	**169,000**	124,000	**160,000**	124,000
	1,467,746	1,817,937	**1,370,001**	1,817,937

Other key management personnel comprise persons other than the directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

Notes to the Financial Statements (continued)

28. SEGMENTAL INFORMATION

Business segments

Group 2012	**Contents & value added services RM**	**Investment holding RM**	**Elimination RM**	**Total RM**
Total external revenue	62,133,977	–	–	62,133,977
Inter-segment revenue	8,743,928	10,416,519	(19,160,447)	–
Total segment revenue	70,877,905	10,416,519	(19,160,447)	62,133,977
Segment results	13,551,982	7,677,632	(8,000,000)	13,229,614
Finance costs				(58,963)
Profit before taxation				13,170,651
Taxation				(93,013)
Net profit after taxation				**13,077,638**

Group 2011	**Contents & value added services RM**	**Investment holding RM**	**Elimination RM**	**Total RM**
Total external revenue	75,395,433	–	–	75,395,433
Inter-segment revenue	9,453,880	7,027,696	(16,481,576)	–
Total segment revenue	84,849,313	7,027,696	(16,481,576)	75,395,433
Segment results	13,339,746	3,405,984	(3,757,868)	12,987,862
Finance costs				(64,829)
Profit before taxation				12,923,033
Taxation				(55,674)
Net profit after taxation				12,867,359

Finance costs and taxation have not been disclosed by segment as these items are managed on a group basis, and are not provided to chief operating decision maker at the operating segment level.

	Contents & value added services RM	**Investment holding RM**	**Elimination RM**	**Total RM**
2012				
Total segment assets	33,428,918	30,297,852	(4,857,821)	58,868,949
Total segment liabilities	8,894,569	3,314,129	(4,107,831)	8,100,867
Depreciation and amortisation	1,401,811	85,126	(24,000)	1,462,937
Non-cash expenses other than depreciation and amortisation	156,900	9,426	–	166,326

Notes to the Financial Statements (continued)

28. SEGMENTAL INFORMATION (continued)

	Contents & value added services RM	Investment holding RM	Elimination RM	Total RM
2011				
Total segment assets	28,964,168	23,788,256	(4,438,907)	48,313,517
Total segment liabilities	9,831,383	2,041,404	(3,688,918)	8,183,869
Depreciation and amortisation	1,156,086	47,212	(138,132)	1,065,166
Non-cash expenses other than depreciation and amortisation	297,087	–	–	297,087

Geographical segments

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

29. SIGNIFICANT RELATED PARTY DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group, and certain members of senior management of the Group.

In addition to related party disclosures elsewhere in the financial statements, set out below are significant related party transactions took place during the financial year:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Management fees earned from subsidiaries	**–**	–	**2,416,519**	3,227,696
Dividend income from a subsidiary	**–**	–	**8,000,000**	3,800,000

The directors of the Group and of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under negotiated terms.

Notes to the Financial Statements (continued)

30. FINANCIAL INSTRUMENTS

Effective interest rates and repricing analysis

In respect of interest-earnings financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the reporting date and the periods in which they mature, or if earlier, reprice.

Group 2012	Average effective interest rate	Total RM	Less than 1 year RM	1-2 years RM	2-3 years RM	3-4years RM	4-5years RM	More than 5 years RM
Financial assets								
Deposits placed with licensed banks	3.09%	**19,100,000**	**19,100,000**	**–**	**–**	**–**	**–**	**–**
Financial liabilities								
Term loans - secured	5.13%	**2,705,451**	**380,779**	**391,064**	**405,951**	**421,560**	**437,926**	**668,171**
2011								
Financial assets								
Deposits placed with licensed banks	3.03%	20,267,584	20,267,584	–	–	–	–	–
Financial liabilities								
Term loans - secured	4.91%	3,117,256	362,956	331,544	345,936	361,011	376,803	1,339,006

Company 2012	Average effective interest rate	Total RM	Less than 1 year RM	1-2 years RM	2-3 years RM	3-4years RM	4-5years RM	More than 5 years RM
Financial assets								
Deposits placed with licensed banks	3.15%	**13,400,000**	**13,400,000**	**–**	**–**	**–**	**–**	**–**
Financial liabilities								
Term loans - secured	4.66%	**895,803**	**89,484**	**91,729**	**95,949**	**100,363**	**104,979**	**413,299**
2011								
Financial assets								
Deposits placed with licensed banks	2.97%	10,200,000	10,200,000	–	–	–	–	–
Financial liabilities								
Term loans - secured	4.66%	1,022,255	83,515	62,639	67,055	71,782	76,843	660,421

Fair values

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, payables and accruals, and other short-term borrowings, approximated their fair values due to the relatively short-term nature of these financial instruments.

The Company provides financial guarantee to a bank for bank borrowings granted to a subsidiary. The fair value of such financial guarantee is not expected to be material as the probability of the subsidiary defaulting on the credit lines is remote.

Notes to the Financial Statements (continued)

30. FINANCIAL INSTRUMENTS (continued)

The fair values of other financial liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Group				Company			
	2012 Carrying amount RM	2012 Fair value RM	2011 Carrying amount RM	2011 Fair value RM	2012 Carrying amount RM	2012 Fair value RM	2011 Carrying amount RM	2011 Fair value RM
Financial liabilities								
Term loans - secured	**2,705,451**	**2,705,451**	3,117,256	3,117,256	**895,803**	**895,803**	1,022,255	1,022,255

The carrying amount of the secured term loans approximated its fair value as it is a floating rate instrument that re-priced to market interest rate at the reporting date.

31. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained earnings of the Group and of the Company as at 31 December 2012 are as follows:

	Group RM	Company RM
Total retained earnings of the Company and its subsidiaries:		
Realised	32,828,659	9,238,785
Unrealised	409,615	219,680
	33,238,274	9,458,465

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

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

List Of Properties
At 31 December 2012

No	Proprietor	Title/ Location	Description/ Existing Use	Tenure	Approximate Age of Offices	Built-Up Area (sq. ft.)	Net Book Value (RM)	Date of Acquisition
1	M-Mode Mobile Sdn Bhd	Geran 37731/M1B/19/307, No. Petak 307, Tingkat 19, Bangunan M1 for Lot No. 144, Seksyen 44, Bandar Kuala Lumpur, Daerah Wilayah Persekutuan.	A Parcel of Office/ Office	Freehold	18 Years	5,435	1,809,855	9-Aug-2007
2	M-Mode Mobile Sdn Bhd	Geran 37731/M1B/4/126, No. Petak 126, Tingkat 4, Bangunan M1B for Lot No. 144, Seksyen 44, Bandar Kuala Lumpur, Daerah Wilayah Persekutuan.	A Parcel of Office/ Office	Freehold	18 Years	2,422	1,208,269	17-Jun-2010
3	M-Mode Berhad	Geran 37731/M1B/13/260, No. Petak 260, Tingkat 13, Bangunan M1B for Lot No. 144, Seksyen 44, Bandar Kuala Lumpur, Daerah Wilayah Persekutuan.	A Parcel of Office/ Office	Freehold	18 Years	2,432	1,258,884	29-Jul-2011
4	Cede Communi-cations Sdn Bhd	H.S. (M) 12449, P.T. No. 26310 in the Mukim of Cheras, District of Hulu Langat, State of Selangor Darul Ehsan. Parcel No. 35-2-F	A Parcel of Office/ Vacant	Freehold	14 Years	783	53,205	22-May-1999
5	Cede Communi-cations Sdn Bhd	H.S. (M) 12449, P.T. No. 26310 in the Mukim of Cheras, District of Hulu Langat, State of Selangor Darul Ehsan. Parcel No. 35-2-B	A Parcel of Office/ Vacant	Freehold	14 Years	708	43,229	22-May-1999
6	Cede Communi-cations Sdn Bhd	H.S. (M) 12449, P.T. No. 26310 in the Mukim of Cheras, District of Hulu Langat, State of Selangor Darul Ehsan. Parcel No. 35-3-F	A Parcel of Office/ Vacant	Freehold	14 Years	783	44,338	13-Dec-1999

Shareholding Statistics
30 April 2013

Share Capital	
Authorised Share Capital	RM25,000,000.00
Issued and Fully Paid-Up Share Capital	RM16,270,950.00
Class of Shares	Ordinary Shares At RM0.10 Each
Voting Rights	One Vote Per Ordinary Share Held

ANALYSIS OF SHAREHOLDERS BY RANGE GROUP

Size Holding	No. of Holders	%	No.of Shares	%
1 – 99	45	4.065	2,155	0.001
100 – 1,000	96	8.672	27,345	0.016
1,001 – 10,000	418	37.759	2,439,700	1.499
10,001 – 100,000	419	37.850	15,487,350	9.518
100,001 – 8,135,474	128	11.562	87,755,950	53.934
8,135,475 And Above	1	0.090	56,997,000	35.029
Total	**1,107**	**100.000**	**162,709,500**	**100.000**

SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Indirect Interest	
No.	**Name of Shareholders**	**No. of Shares**	**%**	**No. of Shares**	**%**
1	Dato' Lim Thean Keong	56,997,000	35.029	3,651,000	2.243

DIRECTORS' SHAREHOLDING

		Direct Interest		Indirect Interest	
No.	**Name of Shareholders**	**No. of Shares**	**%**	**No. of Shares**	**%**
1	Dato' Lim Thean Keong	56,997,000	35.029	3,651,000	2.243
2	Ahmad Shukri bin Abdullah	120,000	0.073	0	0.000
3	Abdul Razak bin Dato' Haji Ipap	0	0.000	0	0.000
4	Thong Kooi Pin	0	0.000	0	0.000

Shareholding Statistics (continued)

THIRTY LARGEST SHAREHOLDERS

No.	Name of Investors	No. of Shares	%
1.	Lim Thean Keong	56,997,000	35.029
2.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Hew Yoon Hsia*	5,332,600	3.277
3.	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chin Siew Yoong (Margin)*	5,236,000	3.218
4.	Lim A Heng @ Lim Kok Cheong	5,010,200	3.079
5.	Chan Yook Chan	4,650,000	2.857
6.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank For Kuan Peng Ching @ Kuan Peng Soon (MM1076)*	3,721,900	2.287
7.	Ching Wai Teng	3,651,000	2.243
8.	Tan Sin Su	2,851,000	1.752
9.	Linda Teh Swee Lian Steiner	2,705,000	1.662
10.	Tung Wai Fun	2,430,600	1.493
11.	Chua Shok Tim @ Chua Siok Hoon	2,430,000	1.493
12.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ng Geok Kuan (E-SRB)*	2,357,800	1.449
13.	Ng Geok Hwa	2,239,000	1.376
14.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ng Faai @ Ng Yoke Pei (SRB/PMS)*	2,100,000	1.290
15.	Chan Bee Yoke	1,760,000	1.081
16.	Tan Foong Ling	1,600,900	0.983
17.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Fong Siling (CEB)*	1,600,000	0.983
18.	Chan Yoke Peng	1,500,000	0.921
19.	Ng Tiam Hee	1,476,400	0.907
20.	Lai Hong Mun	990,000	0.608
21.	Lim Mei Choo	900,000	0.553
22.	Yu Chok Tow	838,000	0.515
23.	Wong Fock Wah	831,100	0.510
24.	Cheok Hok	758,900	0.466
25.	Lai Hong Mun	750,000	0.460
26.	Maybank Nominees (Asing) Sdn Bhd *Pledged Securities Account For Rustom Framroze Chothia*	733,300	0.450
27.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chua Chin Chyang*	694,200	0.426
28.	Chia Peck Kee	670,000	0.411
29.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ng Geok Kuan (E-SRB)*	622,200	0.382
30.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Pau Kiew Hiong*	599,500	0.368

Notice Of Ninth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the Company will be held at Lily Room, The Zon All Suites Residences On The Park, 161-D Jalan Ampang, 50450 Kuala Lumpur on Thursday, 13 June 2013 at 2.30 p.m. to transact the following businesses:-

A G E N D A

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To approve the payment of a final tax exempt dividend of 0.50 Sen per ordinary share in respect of the financial year ended 31 December 2012. **(Resolution 1)**

3. To re-elect Dato' Lim Thean Keong who retire pursuant to Article 127 of the Company's Articles of Association. **(Resolution 2)**

4. To re-elect the following Directors who retire pursuant to Article 132 of the Company's Articles of Association:-

   i) Abdul Razak Bin Dato' Haji Ipap **(Resolution 3)**
   ii) Ahmad Shukri Bin Abdullah **(Resolution 4)**

5. To approve Directors' Remuneration for the financial year ended 31 December 2012. **(Resolution 5)**

6. To appoint Auditors and to authorize the Directors to fix their remuneration. **(Resolution 6)**

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A" in the annual report has been received by the Company for the nomination of Messrs. STYL Associates for appointment as Auditors of the Company in place of the retiring Auditors, Messrs. BC Teoh & Co. and the intention to move the following motion to be passed as an Ordinary Resolution:-

   "THAT Messrs. STYL Associates be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs. BC Teoh & Co. and to hold office until the conclusion of the next Annual General meeting AND THAT authority be and is hereby given for the Directors to fix their remuneration."

Special Business

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

7. **ORDINARY RESOLUTION I**
   Authority To Allot And Issue Shares **(Resolution 7)**

   "THAT subject always to the Companies Act 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act 1965, to issue shares in the Company from time to time and upon such terms and

Notice Of Ninth Annual General Meeting (continued)

conditions and 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 does not exceed 10% of the issued and paid-up share capital of the Company for the time being. THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

8. **ORDINARY RESOLUTION II**
Proposed Renewal of Authority for the Shares Buy-Back pursuant to Section 67A of the Companies Act, 1965 **(Resolution 8)**

"THAT, subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorized, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM0.10 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

(i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;

(ii) an amount not exceeding the Company's audited accumulated profits of RM9,458,465 and share premium account of RM1,254,308 for the financial year ended 31 December 2012 at the time of purchase(s) will be allocated by the Company for the purchase of own shares; and

(iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividend.

AND THAT the authority conferred by this resolution will commence immediately and will, subject to renewal thereat, expiry at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution (unless earlier revoked or varied by an Ordinary Resolution of the shareholders of the Company in a general meeting) but shall not prejudice the completion of purchase(s) by the Company or any person before that aforesaid expire date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities;

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalize and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including

Notice Of Ninth Annual General Meeting (continued)

without limitation, the cancellation or retention as treasury shares of all or any party of the purchased shares or to resell the shares or distribute the shares as dividends) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the requirements and/or guidelines of Bursa Securities for the ACE Market and all other relevant governmental and/or regulatory authorities."

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Ninth Annual General Meeting to be held on 13 June 2013, a final tax exempt dividend of 0.50 Sen per ordinary share in respect of the financial year ended 31 December 2012 will be paid on 12 July 2013 to Depositors whose names appear in the Record of Depositors on 27 June 2013.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

(a) Shares transferred into the Depositor's Securities Account before 4:00 p.m. on 27 June 2013 in respect of transfers; and
(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

NG YEN HOONG [LS 008016]
JOANNE TOH JOO ANN [LS 0008574]
Company Secretaries
Kuala Lumpur
22 May 2013

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) A member may appoint not more than two (2) proxies to attend on the same occasion.

(iii) Where a Member is a authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), 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.

(iv) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

Notice Of Ninth Annual General Meeting (continued)

(v) *If more than one (1) proxy is appointed, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.*

(vi) *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.*

(vii) *A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.*

(viii) *The Depositors whose name appear in the Record of Depositors as at 6 June 2013 shall be eligible to attend, vote and speak at the meeting or appoint proxies to attend, vote and speak on their behalf.*

(ix) *The Form of Proxy must be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.*

EXPLANATORY NOTE ON ORDINARY BUSINESS

1. *Audited Financial Statements For The Year Ended 31 December 2012*

   The item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. *Re-election of Directors*

   Further to the recent appointment, Abdul Razak bin Dato' Haji Ipap and Ahmad Shukri bin Abdullah are standing for re-election as Directors of the Company pursuant to Article 132 of the Articles of Association of the Company. The Board of Directors has assessed and agrees that they meet with the criteria stipulated under Paragraph 1.01 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. *Ordinary Resolution I : **Authority to Directors to Allot and Issue Shares***

   The proposed Ordinary Resolution I is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilised and accordingly no proceeds were raised.

   The proposed Ordinary Resolution I, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

2. *Ordinary Resolution II : **Proposed Renewal of Authority for the Shares Buy-Back***

   Please refer to the Statement to Shareholders dated 22 May 2013 for further information.

Annexure A

Date : 7 May 2013

The Board of Directors,
M-Mode Berhad,
B-19-7, Block B, 19th Floor,
Unit 7, Megan Avenue II,
No. 12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.

Dear Sirs,

NOTICE OF NOMINATION OF MESSRS. STYL ASSOCIATES AS AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, I, being a shareholder of M-Mode Berhad ("the Company"), hereby give notice of my intention to nominate Messrs. STYL Associates for appointment as auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company, to replace the retiring auditors, Messrs. BC Teoh & Co. :-

"THAT Messrs. STYL Associates be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs. BC Teoh & Co. to hold office until the conclusion of the next Annual General meeting AND THAT authority be and is hereby given for the Directors to fix their remuneration."

Yours faithfully,

Dato' Lim Thean Keong

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

M-Mode Berhad (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 on my/our behalf at the Ninth Annual General Meeting of the Company will be held at Lily Room, The Zon All Suites Residences On The Park, 161-D Jalan Ampang, 50450 Kuala Lumpur on Thursday, 13 June 2013 at 2.30 p.m. and at any adjournment thereof.

Ordinary Business	Resolutions	For	Against
1. To receive the Audited Financial Statements for the financial year ended 31 December 2012.			
2. To approve the payment of a final tax exempt dividend of 0.50 Sen per ordinary share in respect of the financial year ended 31 December 2012.	1		
3. To re-elect Dato' Lim Thean Keong who retire pursuant to Article 127 of the Company's Articles of Association.	2		
4. To re-elect the following Directors who retire pursuant to Article 132 of the Company's Articles of Association:- i) Abdul Razak Bin Dato' Haji Ipap	3		
ii) Ahmad Shukri Bin Abdullah	4		
5. To approve Directors' Remuneration for the financial year ended 31 December 2012.	5		
6. To appoint Auditors and to authorize the Directors to fix their remuneration.	6		
Special Business			
7. Authority To Allot And Issue Shares.	7		
8. Proposed Renewal of Authority for the Shares Buy-Back pursuant to Section 67A of the Companies Act, 1965.	8		

**(Please indicate with an "X" in the space provided above how you wish your vote to be cast. If no instructions 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 ______________2013

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) A member may appoint not more than two (2) proxies to attend on the same occasion.

(iii) Where a Member is a authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), 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.

(iv) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

(v) If more than one (1) proxy is appointed, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.

(vi) 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.

(vii) A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

(viii) The Depositors whose name appear in the Record of Depositors as at 6 June 2013 shall be eligible to attend, vote and speak at the meeting or appoint proxies to attend, vote and speak on their behalf.

(ix) The Form of Proxy must be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.

Fold here for sealing

Fold along this line (1)

Affix
Stamp
Here

The Company Secretaries

M-Mode Berhad (635759-U)

Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

Fold along this line (2)

M-MODE BERHAD

B-19-7, Block B
19th Floor, Unit 7
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur Malaysia

Tel: +603 2713 2997/2713 2998
Fax: +603 2175 2578
email: enquiry@mmode.com.my
http://www.mmode.com.my