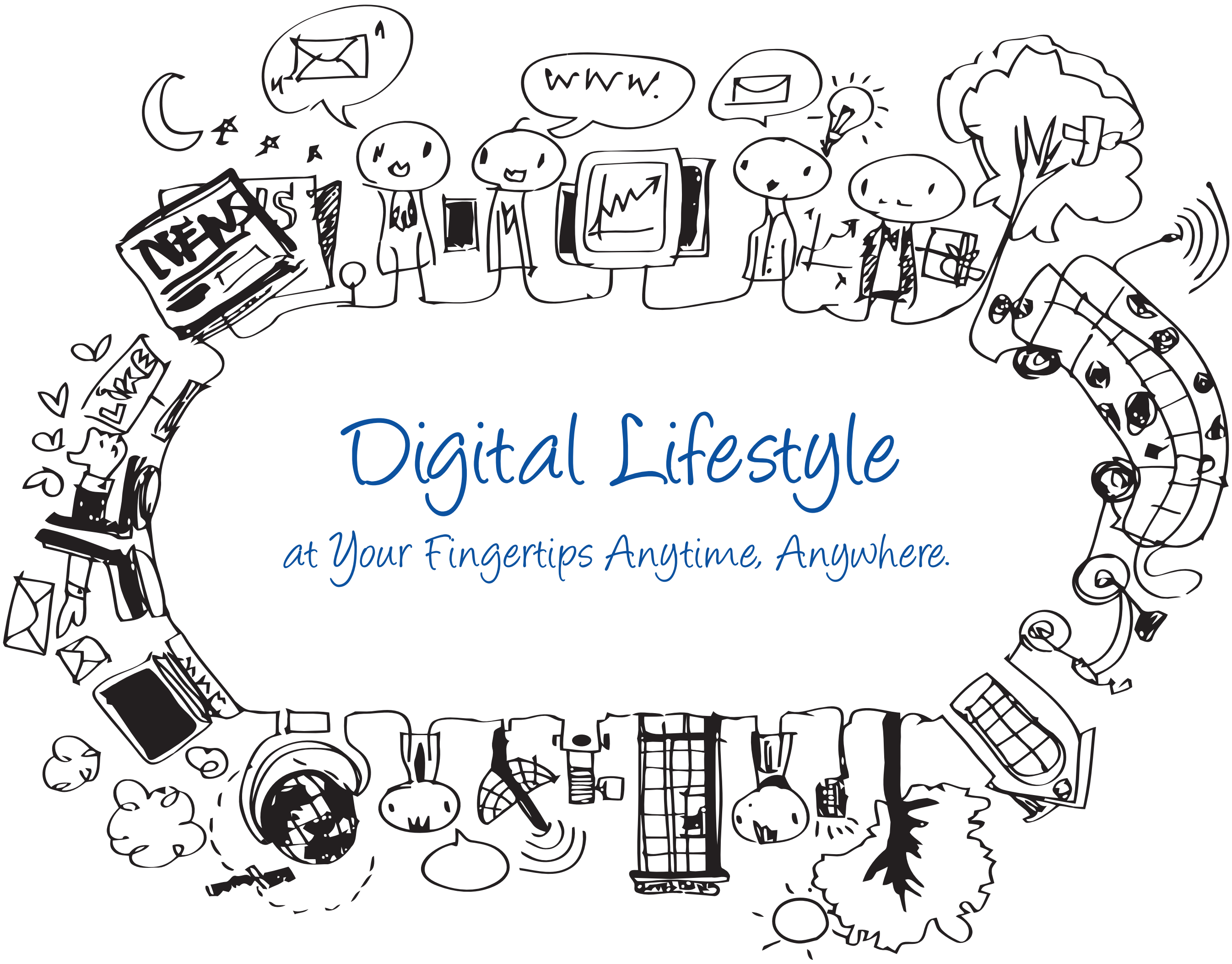
m-mode®



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ANNUAL REPORT **2014**

MSC MALAYSIA
Status Company

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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

Nirmala A/P Doraisamy
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

Joanne Toh Joo Ann (LS 0008574)
Chin Chooi Wei (MAICSA 7062555)

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

Public Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

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

AUDITOR

STYL Associates
No. 107B, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel : 03-7727 5573

CORPORATE WEBSITE

www.mmode.com.my

Board Of Directors

Dato' Lim Thean Keong, aged 51, 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 Pejabatan Pengajian Tionghua University Malaya, Malaysia (PEJATI). Dato' Lim is the Chairman of the Option Committee.

Thong Kooi Pin, aged 42, 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, Nomination Committee and Option Committee.

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 54, 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 sits on the Board of Palette Multimedia Berhad ("Palette") since 1 June 2001. He is currently a Non-Independent Non-Executive Director of Palette.

Board Of Directors (continued)

Ahmad Shukri Bin Abdullah, aged 50, 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.

Nirmala A/P Doraisamy, aged 48, Malaysian citizen, is an Independent Non-Executive Director of M-Mode Berhad. She was appointed to the Board on 19 August 2013. She graduated with Bachelor Degree in Economics (Hons) from University Malaya and an MBA from International Islamic University. She is also a Certified Risk Professional (CRP), Certified Credit Professional (CCP) and Certified Enterprise Risk Manager.

She has more than 20 years experience in banking, risk management and project management. She started her career with an established local bank. Her vast experience encompasses various aspects of banking such as branch banking, SME, corporate and commercial lending. She has substantial experience in restructuring of corporate and commercial loans and portfolio risk management. After 17 years of experience with local banks, she joined Credit Guarantee Corporation Berhad (subsidiary of Central Bank of Malaysia) where she headed the Risk Management Department and was responsible for setting up the department and the Enterprise Risk Management framework. She spearheaded the credit, investment and operational risk management units and ensured effective execution of the responsibilities. Currently Nirmala is a Director of Credience Malaysia Sdn Bhd, Essential Corporation Resources Sdn Bhd and advisor of CN Associates (a registered audit firm).

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,

I am pleased to inform you that we have a record year in terms of revenue achieved at RM84.0m compared to RM73.6m. At the same time, cost of sales and expenditures increased by RM14m, which resulted in overall lower profit after tax of RM8.5m compared with RM11.7m recorded in the previous year. The management is aware of the reduced operating profit due to the additional expenditures that would be beneficial to the Company in the medium term. The Company continues to be prudent in its financial management and will always look out to invest the shareholders' funds effectively and efficiently. In additional to the 5% interim dividend that was paid out on 12th January 2015, the Board has also proposed a 5% final dividend for the approval of the shareholders at the Eleventh Annual General Meeting.

As an organization since its inception, M-Mode has been built on the technological advancement of the world. What are the impacts on our daily life and economy from the introduction of the 3D printer? Drone? Driverless car? Virtual mask? Smartwatches? Robotic advancement? And smart mobile phone that becomes smarter each day?

"We spend too little time focusing on how technology is changing our everyday economy."

- Larry Fink

CEO, BlackRock.

We certainly agree wholeheartedly with the above statement and it has never been a day without the team thinking of how mobile technology should affect our consumers in every aspect, especially in the area of mobile games and mobile content publishing. Over the years, the Company has built up its technical knowhow in the mobile technology that has its base on the consumer platform. We have made the data flow very much faster and user friendly. We believe we have overcome the initial technological challenges and the team is now able to grasp the technology that builds around these areas, thus escalating to the level of core competence for the Company. Leading the pack in the mobile technology in the country especially in the areas of mobile content publishing and mobile games will further increase our confidence to focus on these two areas to be the current and future of our business. Publishing through mobile media has provided us great cost and time advantage over the traditional print media. The availability of news and articles always in one hand will be the future habit of the consumers instead of holding the newspapers, a book or a magazine.

Chairman's Statement (continued)

According to World Bank, Malaysia has achieved 140% mobile penetration rate with 3G (smartphone) subscribers reaching 10 million (35% of all mobile phone owners); or 15 million (50% of all mobile phone owners) according to MCMC (Malaysians Communication and Multimedia Commission). In a separate research by Google in 2014, it was reported that 50% of smartphone owners play online games using their mobile device and 35% of them rely exclusively on smartphone to get connected to the web. In addition, the mobile phone penetration in the country has reached the critical mass. The infrastructure facilitated by the telco companies has also been in place making connection more seamlessly compared to a few years ago.

The availability and increasing affordability of smart mobile phone have provided a strong foundation for our industry. More specifically, mobile games adoption depends greatly on the perceived ease of use, connection quality, content quality, and social influence. Among all, content quality and good data streaming (perceived ease of use) ranked among the top determining factors. It is therefore pertinent for the Company to develop the technology and strategy around these two major considerations. In the recent trends, there is a convergent of two activities where social media and games integration. We believe this is an important development that will power mobile behavior of our target users.

The Company depends greatly on our human capital to grapple with the latest technology. We have implemented talent programmes that reward based on performance and giving ample opportunities for young and new recruits to prove their worth. Performance based culture is the DNA of all successful technological led companies, we shall continue the practice of rewarding the best who has the proven results. Not forgetting the experienced M-Modish who are able to innovate and evolve together with the technological development as well as reinventing themselves, are true assets to the Company.

Apart from our valuable M-Modish, we would like to express our sincere thanks to our business partners, especially telcos that have worked closely with us for all the years and the team that jointly progress with us to bring better value services to our consumers.

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)

Members
Thong Kooi Pin (Non-Independent Non-Executive Director)
Ahmad Shukri Bin Abdullah (Independent Non-Executive Director)

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. All the Audit Committee members must be Non-Executive Directors. The majority of the members and the Chairman of the Audit Committee must be independent directors. The chief executive officer and the alternative director 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 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 (6) meetings during the financial year ended 31 December 2014. The details of attendance of the Audit Committee members are as below:-

Name	Attendance
Abdul Razak Bin Dato' Hj. Ipap	6/6
Thong Kooi Pin	6/6
Ahmad Shukri Bin Abdullah	6/6

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 2014 was RM25,710.

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 Main 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.

1. ESTABLISHMENT OF CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Function of the Board and Management

The Board is responsible for the oversight and overall management of the Company while delegated specific authorities to the relevant Board Committees and the Group Managing Director in ensuring its responsibilities and function been discharged effectively. The Board delegated the day-to-day management of M-Mode's business to the Group Managing Director and the Board Committees are entrusted with specific responsibilities to oversee the Group's affairs with power to act on behalf of the Board in accordance to the respective Term of References. Even though specific authorities are delegated to the Board Committees, the Board reserves itself abreast of the significant decisions made by each Board Committee through the reports by the Chairman of the Board Committees and the tabling of minutes of the Board Committee meetings at Board meetings.

1.2 Clear Roles and 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.

1.3 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 behavior; and
- Waivers and amendments.

The Board recognizes the importance of whistle-blowing and is committed to maintain the standards of ethical conduct within the Group.

The summary of the Code of Conduct and Ethics for Directors is available at the Company's website at www.mmode.com.my.

Statement On Corporate Governance (continued)

1.4 Access to Information and Advice

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.

1.5 Qualified and Competent Company Secretary

Directors 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.

1.6 Board Charter

The Board has adopted a Board Charter to promote the standards of corporate governance and clarifies, amongst others, the role and responsibilities of the Board.

The Board Charter is subject to review periodically and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is available at the Company's website at www.mmode.com.my.

2. STRENGTHEN COMPOSITION

2.1 Nomination Committee

The Board has adopted the best practice and the Nomination Committee was established on 23 November 2007.

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; and
- 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.

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

Chairman
Abdul Razak Bin Dato' Hj. Ipap (Senior Independent Non-Executive Director)

Member
Thong Kooi Pin (Non-Independent Non-Executive Director)
Ahmad Shukri bin Abdullah (Independent Non-Executive Director)

Statement On Corporate Governance (continued)

2.1 Nomination Committee (continued)

There had been two (2) Nomination Committee Meetings convened during the year 2014. 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
Ahmad Shukri Bin Abdullah	2/2

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

Recruitment or Appointment of New Directors

As documented in the approved Board Charter, the Board may exercise the power pursuant to the Article of Association to appoint a person who is willing to act to be a Director either to fill a casual vacancy or as an additional Director upon appropriate recommendation by the Nomination Committee.

The appointment of new directorship would be through a formal and transparent selection process and would take into consideration the evaluation of the candidates' abilities in terms of their skills, knowledge, experience, expertise and integrity to discharge their responsibilities. In the case of a candidate for Independent Non-Executive Director, the Nomination Committee also evaluates the candidate's ability to discharge such functions and responsibilities as expected of an Independent Non-Executive Director.

The Company Secretary will ensure that all appointments are properly made and that legal and regulatory obligations are met. New Directors are expected to have such expertise in order to make positive contribution to the Board, performance of its duties and to give sufficient commitment, time and attention to the affairs of the Company.

Annual Assessment

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. The Nomination Committee also assesses the training needs of the Directors to ensure that the Directors keep abreast of regulatory charges, other developments and broad business trend.

Re-election or Re-appointment of Director

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 of Association also require one-third (1/3) of the Directors to retire by rotation and seek re-election at each Annual General Meeting and that each Director shall submit himself for re-election every three (3) years.

The Nomination Committee conducts assessments on Directors who would be subject to retirement by rotation at the forthcoming Annual General Meeting and recommend to the Board those Directors who are eligible to stand for re-election / re-appointment.

Statement On Corporate Governance (continued)

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors (continued)

Boardroom Gender Diversity

The Board is supportive of gender diversity recommendation made in the Code and the Board currently has one (1) female Director out of five (5) Directors.

The Board having reviewed its gender mix with diverse professional background ranging from financial, technical and business experience, is satisfied with the current composition of the Board.

2.3 Remuneration policies

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 2014. 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	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 2014 are as follows:-

Remuneration packages	Executive Director RM'000	Non-Executive Directors RM'000
Salaries and other emoluments	2,349	–
Fees	–	60
Benefit in kind	–	–
Band of remuneration	**Executive Director**	**Non-Executive Directors**
RM50,001 – RM100,000	–	4
RM500,001 – RM2,500,000	1	–

Statement On Corporate Governance (continued)

3. REINFORCE INDEPENDENCE

3.1 Assessment of Independence

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 developed the criteria to assess the independence and undertakes the assessment of its Independent Directors on annual basis.

3.2 Tenure of an Independent Director

The tenure of an Independent Director shall not exceed a cumulative term of nine years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. The Board would provide justification and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine (9) years.

3.3 Shareholders' approval for re-appointment as Independent Non-Executive Director after a tenure of nine years

Currently, none of the Independent Director of the Company has served the Board for nine (9) years.

3.4 Positions of the Chairman and Chief Executive Officer ("CEO") / Managing Director

Even though the Chairman of the Board is headed by the Executive Director, Dato' Lim Thean Keong, who is also Managing Director and the single largest shareholder of the Company, the Board consists of a majority of independent Directors.

The Board collectively views that 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.

3.5 Composition of the Board

The current Board has five (5) members comprising one (1) Executive Director, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

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 pages 3 to 4 of this Annual Report.

The Independent Directors account for more than 50% of the Board, where the Chairman of the Board is not an independent director pursuant to Recommendation 3.5 of the Code. The Directors play an active role in the Board's decision-making process, offering vast experience and knowledge as well as independence and objectivity, acting in the best interests of the Company.

Statement On Corporate Governance (continued)

4. FOSTER COMMITMENT

4.1 Time commitment

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 six (6) meetings during the year 2014. The details of the Directors' attendance at the Board meetings are set out as follows:-

Directors	Meeting Attendance
Dato' Lim Thean Keong (Chairman)	6/6
Thong Kooi Pin	6/6
Abdul Razak Bin Dato' Hj. Ipap	6/6
Ahmad Shukri Bin Abdullah	6/6
Nirmala A/P Doraisamy	6/6

All the Directors had attended all the Board of Directors and Board Committee meetings held in 2014.

The Chairman of the Board and the Company Secretary shall be notified of any new directorship by any Board members. The notification shall include an indication of time that will be spent on the new appointment.

4.2 Director's Training

The Board ensures compliance of Bursa Malaysia Mandatory Accredited Programme ("MAP") for newly appointed Directors and will also 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
Understanding GST, organized by RichMark Training	Thong Kooi Pin	19 to 20 February
GSMA Mobile World Congress 2014	Dato' Lim Thean Keong	24 to 27 February
Advocacy Session on Corporate Disclosure for Directors of Listing Issuers	Nirmala A/P Doraisamy Ahmad Shukri bin Abdullah	18 March
2014 Global Mobile Internet Conference - Beijing	Dato' Lim Thean Keong	5 to 6 May
Advocacy Session on Corporate Disclosure for Directors of Listing Issuers	Abdul Razak Bin Dato' Hj. Ipap	6 May

Statement On Corporate Governance (continued)

4.2 Director's Training (continued)

Seminar Title	Attendee(s)	Date Attended
Patent Mapping & Analytic Seminar: Learn From Experts On Google Case Study, by PINTAS IP Group	Ahmad Shukri bin Abdullah	20 May
Successful Cloud Business Model with Exabytes, by Exabytes Cloud	Ahmad Shukri bin Abdullah	21 May
2014 China Digital Entertainment Congress	Dato' Lim Thean Keong	1 to 2 August
2014TFC Global Mobile Game Developers Conference	Dato' Lim Thean Keong	17 to 18 September
Risk Management & Internal Control Workshop, conducted by CG Board Asia Pacific & Bursa Malaysia	Nirmala A/P Doraisamy	13 October
Building A Stronger Organization Through Talent & Culture, by Prof. David Ulrich, Asian Institute of Finance	Nirmala A/P Doraisamy	15 October
Great Companies Deserve Great Boards by Beverly Behan, organized by Malaysian Directors Academy	Nirmala A/P Doraisamy	17 October
Tax seminar, organized by Tricor	Thong Kooi Pin	29 October
Forbes Global CEO Conference 2014	Dato' Lim Thean Keong	29 to 30 October
Risk Management Conference, conducted by Asian Institute of Chartered Bankers	Nirmala A/P Doraisamy	26 November
EQ and People skills for leaders, conducted by Cleverbridge	Thong Kooi Pin	26 to 27 November

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standard

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.

Statement On Corporate Governance (continued)

5.2 Accountability and Audit

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.

5.3 Assessment of suitability and independence of external auditors

The Board has established an appropriate and transparent relationship with the external auditors through the Audit Committee. The Audit Committee has received the Annual Planning Memorandum and the external auditor has confirmed their independence in accordance with the relevant professional and regulatory requirements. The Audit Committee is confident that the auditors' performance has been satisfactory and supports the resolution for their re-appointment at the forthcoming annual general meeting.

6. RECOGNISE AND MANAGE RISK

6.1 Sound Framework to Manage Risk

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 21 to 22 of the Annual Report providing an overview of the state of internal controls within the Group.

6.2 Internal Audit Function

The Company has outsourced its internal audit function to an Independent internal audit services provider for the financial year, which reports directly to the Audit Committee on the results of audit reviews on a quarterly basis. Internal Auditors conducts regular reviews and appraisals of the effectiveness of the governance, risk management and internal controls processes within the Company.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policies

The Board does not have a Corporate Disclosure Policy. However, the Company ensures disclosure are in compliance with the disclosure requirements as set out in Bursa Malaysia Securities Berhad's Listing Requirements.

7.2 Leverage on Information Technology for Effective Dissemination of Information

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.

Statement On Corporate Governance (continued)

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

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.

8.2 Encourage poll voting

The Board encourages poll voting at the general meetings in case of substantive resolutions which require shareholders' approval. At the Tenth (10th) AGM held on 29 May 2014, the Chairman had notified the shareholders at the commencement of the AGM of their right to demand for poll, provided that the minimum requirement for demanding a poll as set out the Articles of Association of the Company is met. All resolutions put forth for shareholders' approval at the 10th AGM were voted by show of hands.

8.3 Effective communication and proactive engagements

The Company's AGM 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. All the Directors were present in person to engage directly with the shareholders and the Directors, management and External Auditors were in attendance to respond to the shareholders' queries.

SUSTAINABILITY STATEMENT

Corporate Social Responsibilities

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

Environment

The Company recognizes the importance of the life-supporting ecosystems and takes a proactive approach in minimizing the Group's carbon footprints. The Group encourages its employees and service providers to support the measures implemented which includes:

a) Diligent reporting and promoting paperless transactions through electronic documents to reduce duplication of hard copy documents;
b) Promoting the use of electronic payment system whereby payments are made directly to service providers accounts;
c) Reducing environmental degradation through recycling waste paper and paper products;
d) Recycling and reuse of swapped equipment; and
e) Reducing energy consumption through proper maintenance and create awareness of reducing air-conditioning operating hours.

Statement On Corporate Governance (continued)

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 has 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.

Despite the Company does not have a Formal Diversity Policy for its workforce in terms of gender, age and ethnicity as at the year ended 31 December 2014, the company recognize diversity and change provide a broader range of skill and competence that enhance our capabilities in achieving accelerate growth to the business. The company moves forward with a gender balance with multi-racial and multi-generation workforce with ages of employees ranging from 21 to 60 and tap on them for experience and creativity to achieve the business results.

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 school and charity activities during the financial year under review.

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 the 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 2014.

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 31 December 2014.

5. Non-Statutory Audit Fees

There are 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 2014.

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 2014 announced on 25 February 2015 and the audited financial statements of the Group for the financial year ended 31 December 2014.

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 2014.

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 Company and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Company during the year.

2. BOARD RESPONSIBILITIES

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

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

3. RISK MANAGEMENT FRAMEWORK

The Board has established an organization with clearly defined lines of accountability and delegated authority. The management initiates to create a risk awareness cultures where the employees understand the important of risk management and that its principles are embedded in the key operational procedures.

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 management of key risks in 2014 is outlined below:

<u>Business interruption risk</u>

A comprehension and effective data management and maintenance system is in place to ensure appropriate controls to all systems developments and amendments that fully take into account the implications for the database structure and systems.

<u>Talent management risk</u>

The Group commenced several initiatives to ensure accelerated growth in behavioral, functional and technical competencies with focus to improve our talent value proposition and to motivate our M-Modish. The initiatives included:

1) Implementation of Key Performance Evaluation System and Performance Linked Reward System such as Bonus Scheme and On-Target-Earning Scheme to link the performance directly to the monetary rewards.
2) Enhancement of functional and technical competencies for M-Modish via workshops and trainings to increase the productivity and capability of the talent within the Group.
3) Implementation of various Talent Engagement Programs such as encouraging open communication through personal coaching and continuously providing conducive working environment to improve the bondage between our talents and the company.

<u>Competition risk</u>

The Group continued to offer better enhanced value and variety of contents and applications across different platforms and technology in order to continue competitive in the industry. In 2014, the Group had launched more digital contents to its subscribers.

The Group will continue to focus on the key risks and corresponding controls to enable effective response to the rapid changing business and competitive environment.

Statement On Risk Management And Internal Control (continued)

4. INTERNAL CONTROL FRAMEWORK

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

- monthly monitoring of operational results 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.

5. 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 2014.

6. REVIEW BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Listing Requirement, the External Auditors have reviewed this Statement for inclusion in the 2014 Annual Report and the reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control and risk management. This statement was approved by the Board on 25 February 2015.

7. CONCLUSION

The Board recognizes the necessity to monitor closely the adequacy and effectiveness of the Group's system of internal controls and risk management, taking into consideration the fast-changing business environment. Although the Board is of the view that the present internal control and risk management is adequately in placed to safeguard the Company's assets and sufficient to detect any fraud or irregularities, the Board is on a constant watch for any improvement that may strengthen its current system. The Board also received the same assurance from the Group MD and Finance Manager to continuously put in place appropriate actions to further enhance the Group's system of internal controls and risk management where necessary.

Directors' Report

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2014.

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 disclosed in Note 8 to the Financial Statements. There have been no significant changes in the nature of these principal activities during the financial year.

FINANCIAL RESULTS

The results of the operations of the Group and of the Company for the financial year are as follows:

	Group RM	Company RM
Profit before tax	9,883,171	3,268,409
Income tax expense	(1,387,825)	(219,680)
Net profit for the financial year	8,495,346	3,048,729
Attributable to:		
Owners of the Company	8,495,346	3,048,729

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Since the end of the previous financial year, the dividends paid by the Company are in respect of the following:

- a final dividend of 5% per ordinary share, tax exempt, amounting to RM813,548 proposed and declared in respect of the financial year ended 31st December 2013 and dealt with in the previous directors' report was paid on 25th July 2014; and

- a first interim dividend of 5% per ordinary share, tax exempt, amounting to RM813,548 proposed and declared in respect of the financial year ended 31st December 2014 was paid on 12th January 2015.

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31st December 2014 of 5% per ordinary share, amounting to a dividend payable of RM813,548 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 31st December 2015.

Directors' Report (continued)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in the Financial Statements.

ISSUE OF SHARES

There were no changes in the authorised, issued and paid up capital of the Company during the financial year.

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. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

The names of 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
Ahmad Shukri Bin Abdullah
Nirmala A/P Doraisamy

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors in the financial statements or the fixed salary of full-time employee of the Company or a related corporation) 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.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report (continued)

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.10 each			
	Balance as at 1.1.2014	Bought	Sold	Balance as at 31.12.2014
Shares in the Company				
Direct interests				
Dato' Lim Thean Keong	56,997,000	–	–	56,997,000
Ahmad Shukri Bin Abdullah	120,000	10,000	–	130,000
Indirect interests				
Dato' Lim Thean Keong	3,651,000	–	–	3,651,000
Ahmad Shukri Bin Abdullah	10,000	30,000	–	40,000

None of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company during and at the end of the financial year.

OTHER STATUTORY INFORMATION

a) 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:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that no known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the financial statements of the Group and of the Company had been written down to an amount which they might be expected to realise.

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

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

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

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

Directors' Report (continued)

OTHER STATUTORY INFORMATION (continued)

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

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

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

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

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

f) In the opinion of the directors, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, STYL Associates, have indicated their willingness to continue in office.

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

DATO' LIM THEAN KEONG
Director

THONG KOOI PIN
Director

Kuala Lumpur
Date: 3rd April 2015

Statement By Directors

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 accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31st December 2014 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

The supplementary information set out in Note 27 on page 67 have been prepared in all material respects, in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants.

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

DATO' LIM THEAN KEONG
Director

THONG KOOI PIN
Director

Kuala Lumpur
Date: 3rd April 2015

Statutory Declaration

I, HOOI SOOK KUAN, being the officer primarily responsible for the financial management of M-Mode Berhad, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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.

HOOI SOOK KUAN

Subscribed and solemnly declared by the
abovenamed HOOI SOOK KUAN
at Petaling Jaya, on 3rd April 2015

Before me:

S. AROKIADASS A.M.N (No. B 460)
Commissioner for Oaths

Independent Auditors' Report
to the members of M-MODE BERHAD (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of M-Mode Berhad, which comprise the statements of financial position as at 31st December 2014 of the Group and of the Company, 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 30 to 67.

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material mistatement, 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 control relevant to the entity's preparation of the 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 control. 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements 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 at 31st December 2014 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 the following:

(a) 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.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, as mentioned in Note 8 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.

(c) 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.

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 27 to the Financial Statements is disclosed to meet the requirement 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 Guidance on 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, as 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.

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.

STYL ASSOCIATES
Firm No. AF 1929
Chartered Accountants

TAN CHIN HUAT
Approval No: 2037/06/16(J)
Chartered Accountant

Date: 3rd April 2015
Kuala Lumpur

Statements Of Financial Position
as at 31st December 2014

	Note	GROUP 2014 RM	GROUP 2013 RM	COMPANY 2014 RM	COMPANY 2013 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	6	**8,367,619**	8,192,877	**1,723,459**	1,836,217
Intangible assets	7	**10,921,129**	9,781,255	**–**	–
Investment in subsidiaries	8	**–**	–	**6,531,874**	6,531,874
Investment in associate	9	**758,114**	–	**830,000**	–
Deferred tax assets	10	**5,385**	362,285	**–**	219,680
Total Non-Current Assets		**20,052,247**	18,336,417	**9,085,333**	8,587,771
Current Assets					
Trade receivables	11	**10,778,897**	8,630,051	**–**	–
Other receivables and prepaid expenses	11	**923,641**	2,139,128	**76,511**	16,416
Amount owing by subsidiaries	8	**–**	–	**2,860,909**	3,866,271
Tax recoverable		**147,733**	66,105	**–**	–
Cash and cash equivalents	12	**44,211,088**	40,179,481	**20,184,023**	17,392,177
Total Current Assets		**56,061,359**	51,014,765	**23,121,443**	21,274,864
Total Assets		**76,113,606**	69,351,182	**32,206,776**	29,862,635
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	13	**16,270,950**	16,270,950	**16,270,950**	16,270,950
Reserves	14	**49,810,000**	42,941,750	**13,288,564**	11,866,931
Total Equity		**66,080,950**	59,212,700	**29,559,514**	28,137,881
Non-Current Liabilities					
Term loans	15	**1,476,605**	1,924,717	**543,356**	674,011
Deferred tax liabilities	10	**2,077,385**	1,808,231	**–**	–
Total Non-Current Liabilities		**3,553,990**	3,732,948	**543,356**	674,011
Current Liabilities					
Trade payables	16	**2,878,532**	2,621,343	**–**	–
Other payables and accrued expenses	16	**3,219,806**	3,423,774	**1,600,273**	927,437
Amount owing to subsidiaries	8	**–**	–	**403,808**	27,885
Term loans	15	**380,328**	360,417	**99,825**	95,421
Total Current Liabilities		**6,478,666**	6,405,534	**2,103,906**	1,050,743
Total Liabilities		**10,032,656**	10,138,482	**2,647,262**	1,724,754
Total Equity and Liabilities		**76,113,606**	69,351,182	**32,206,776**	29,862,635

The accompanying Notes form an integral part of the Financial Statements.

Statements Of Comprehensive Income
for the year ended 31st December 2014

	Note	GROUP 2014 RM	GROUP 2013 RM	COMPANY 2014 RM	COMPANY 2013 RM
Continuing Operations					
Revenue	17	**84,030,300**	73,572,273	**7,250,055**	8,341,799
Other operating income	18	**1,110,799**	2,746,276	**473,965**	450,605
Purchases and other direct costs		**(61,615,954)**	(47,331,063)	**–**	–
Staff costs	19	**(4,152,299)**	(4,825,309)	**(1,290,962)**	(1,499,812)
Amortisation of intangible assets		**(787,266)**	(681,617)	**–**	–
Goodwill on consolidation written off		**–**	(1,573,138)	**–**	–
Depreciation of property, plant and equipment		**(1,543,590)**	(1,112,444)	**(112,671)**	(103,615)
Directors' remuneration	20	**(2,409,034)**	(2,181,629)	**(1,819,646)**	(1,693,139)
Other operating expenses	18	**(4,635,773)**	(4,780,066)	**(1,232,084)**	(1,087,265)
Profit from operations		**9,997,183**	13,833,283	**3,268,657**	4,408,573
Share of results of associate	9	**(71,886)**	–	**–**	–
Finance cost - Interest on term loans		**(42,126)**	(50,106)	**(248)**	(225)
Profit before tax		**9,883,171**	13,783,177	**3,268,409**	4,408,348
Income tax expense	21	**(1,387,825)**	(2,016,847)	**(219,680)**	–
Profit after tax from continuing operations		**8,495,346**	11,766,330	**3,048,729**	4,408,348
Discontinued Operations					
Loss for the year from discontinued operations	8	**–**	(62,972)	**–**	–
Profit for the year		**8,495,346**	11,703,358	**3,048,729**	4,408,348
Other comprehensive loss:					
Item that may be subsequently reclassified to profit or loss					
Foreign exchange translation		**–**	(4,550)	**–**	–
Total comprehensive income for the year		**8,495,346**	11,698,808	**3,048,729**	4,408,348
Profit attributable to:					
Owners of the Company		**8,495,346**	11,703,358	**3,048,729**	4,408,348
Total comprehensive income attributable to:					
Owners of the Company		**8,495,346**	11,698,808	**3,048,729**	4,408,348
Earnings/(Loss) per share attributable to owners of the Company:					
Basic (sen)					
Continuing operations	22	**5.22**	7.23		
Discontinued operations	22	**–**	(0.04)		
		5.22	7.19		
Diluted (sen)	22	**N/A**	N/A		

The accompanying Notes form an integral part of the Financial Statements.

Statement Of Changes In Equity
for the year ended 31st December 2014

GROUP	Attributable to Owners of the Company → Issued capital RM	Non distributable reserve - Share premium RM	Non distributable reserve - Exchange fluctuation RM	Distributable reserve - Retained earnings RM	Total equity RM
Balance as at 1st January 2013	16,270,950	1,254,308	4,550	33,238,274	50,768,082
Total comprehensive income/(loss) for the financial year	–	–	(4,550)	11,703,358	11,698,808
Transaction with owners of the Company: Dividends (Note 23)	–	–	–	(3,254,190)	(3,254,190)
Balance as at 31st December 2013	16,270,950	1,254,308	–	41,687,442	59,212,700
Total comprehensive income for the financial year	–	–	–	8,495,346	8,495,346
Transaction with owners of the Company: Dividends (Note 23)	–	–	–	(1,627,096)	(1,627,096)
Balance as at 31st December 2014	**16,270,950**	**1,254,308**	**–**	**48,555,692**	**66,080,950**

COMPANY	Issued capital RM	Non distributable reserve - Share premium RM	Distributable reserve - Retained earnings RM	Total equity RM
As at 1st January 2013	16,270,950	1,254,308	9,458,465	26,983,723
Total comprehensive income for the financial year	–	–	4,408,348	4,408,348
Transaction with owners of the Company: Dividends (Note 23)	–	–	(3,254,190)	(3,254,190)
Balance as at 31st December 2013	16,270,950	1,254,308	10,612,623	28,137,881
Total comprehensive income for the financial year	–	–	3,048,729	3,048,729
Transaction with owners of the Company: Dividends (Note 23)	–	–	(1,627,096)	(1,627,096)
Balance as at 31st December 2014	**16,270,950**	**1,254,308**	**12,034,256**	**29,559,514**

The accompanying Notes form an integral part of the Financial Statements.

Statements Of Cash Flows
for the year ended 31st December 2014

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax from				
- Continuing operations	**9,883,171**	13,783,177	**3,268,409**	4,408,348
- Discontinued operations	**–**	(62,972)	**–**	–
Adjustments for:				
Amortisation of intangible assets	**787,266**	681,617	**–**	–
Amount owing by subsidiary written off	**–**	–	**–**	187,944
Bad debts written off	**5,802**	73,007	**–**	–
Deposit written off	**–**	800	**–**	–
Depreciation of property, plant and equipment	**1,543,590**	1,112,444	**112,671**	103,615
Goodwill on consolidation written off	**–**	1,573,138	**–**	–
(Gain)/Loss on liquidation of subsidiary	**–**	(147,221)	**–**	229,717
Impairment loss on other receivables	**–**	7,260	**–**	–
Property, plant and equipment written off	**235,416**	115,548	**87**	–
Finance cost	**42,126**	50,106	**248**	225
Share of results of associate	**71,886**	–	**–**	–
Deposit written back	**–**	(4,589)	**–**	–
Gain on disposal of property, plant and equipment	**(36,800)**	(79,088)	**–**	–
Interest income	**(976,961)**	(910,713)	**(462,957)**	(450,605)
Operating profit before working capital changes	**11,555,496**	16,192,514	**2,918,458**	4,479,244
Changes in working capital:				
Increase in trade receivables	**(2,154,648)**	(2,646,553)	**–**	–
(Increase)/Decrease in other receivables and prepaid expenses	**1,215,487**	(1,827,734)	**(60,095)**	22,420
(Increase)/Decrease in amount owing by subsidiaries	**–**	–	**1,005,362**	(54,403)
Increase in trade payables	**257,189**	688,316	**–**	–
Increase/(Decrease) in other payables and accrued expenses	**(1,017,516)**	144,897	**(140,712)**	(1,490,889)
Increase in amount owing to subsidiaries	**–**	–	**375,923**	27,885
Cash Generated From Operations	**9,856,008**	12,551,440	**4,098,936**	2,984,257
Finance cost paid	**(42,126)**	(50,106)	**(248)**	(225)
Interest received	**976,961**	910,713	**462,957**	450,605
Tax paid	**(843,400)**	(216,790)	**–**	–
Net Cash From Operating Activities	**9,947,443**	13,195,257	**4,561,645**	3,434,637

Statement Of Cash Flows
for the year ended 31st December 2014 (continued)

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(2,090,948)**	(1,940,716)	**–**	(111,816)
Additions in intangible assets	**(1,927,140)**	(1,203,556)	**–**	–
Proceeds from disposal of property, plant and equipment	**174,000**	254,101	**–**	–
Purchase of investment in associate	**(830,000)**	–	**(830,000)**	–
Acquisition of additional investment in subsidiaries	**–**	–	**–**	(2,498)
Net cash outflow arising on liquidation of subsidiary (Note 8)	**–**	(23,776)	–	–
Net Cash Used In Investing Activities	**(4,674,088)**	(2,913,947)	**(830,000)**	(114,314)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of term loans	**(428,200)**	(420,317)	**(126,251)**	(126,371)
Dividends paid	**(813,548)**	(3,254,190)	**(813,548)**	(3,254,190)
Net Cash Used In Financing Activities	**(1,241,748)**	(3,674,507)	**(939,799)**	(3,380,561)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**4,031,607**	6,606,803	**2,791,846**	(60,238)
EFFECT OF EXCHANGE RATE CHANGES	**–**	(4,550)	**–**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**40,179,481**	33,577,228	**17,392,177**	17,452,415
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 12)	**44,211,088**	40,179,481	**20,184,023**	17,392,177

The accompanying Notes form an integral part of the Financial Statements.

Notes To The Financial Statements
31st December 2014

1) GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The Company transferred its listing status from ACE Market to Main Market of Bursa Malaysia Securities Berhad during the financial year.

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 disclosed in Note 8 to the Financial Statements. There have been no significant changes in the nature of these principal activities during the financial year.

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

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

The financial statements are presented in Ringgit Malaysia (RM).

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 3rd April 2015.

2) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Group and the Company adopted the new and revised MFRSs which are mandatory for financial period beginning on or after 1st January 2014.

Adoption of Amendments to MFRSs and Issues Committee ("IC") Interpretations

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year, except as follows:

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interest in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The adoption of the above standards and interpretations did not have any significant impact on the financial statements of the Group and of the Company.

Notes To The Financial Statements (continued)

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

Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following Standards, Amendments and Annual Improvements have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company:

		Effective for annual period beginning on or after
Amendments to MFRS 119	Defined Benefit Plans: Employee Contribution	1st July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle		1st July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle		1st July 2014
MFRS 14	Regulatory Deferral Accounts	1st January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1st January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1st January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1st January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1st January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle		1st January 2016
Amendments to MFRS 101	Disclosure Initiatives	1st January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1st January 2016
MFRS 15	Revenue from Contracts with Customers	1st January 2017
MFRS 9	Financial Instruments	1st January 2018

The Group and the Company will adopt the above pronouncements where applicable when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application, except as described below:

MFRS 9 Financial Instruments

In November 2014, MASB issued the complete version of MFRS 9 replacing MFRS 139. MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

Notes To The Financial Statements (continued)

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

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group and the Company are currently assessing the impact of the adoption of this standards in relation to the new requirements for classification, measurement and impairment.

3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks, including market risk (foreign currency exchange risk and interest rate risk), credit risk and liquidity risk. The Group has adopted a financial risk management framework with the principal objective of effectively managing these risks and minimising any potential adverse effects on the financial performance of the Group and of the Company.

Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange risk, and other prices will affect the Group's financial position and cash flows.

The Group has in place policies to manage its competitive risks from its competitors in providing better alternatives in terms of better services.

(i) Foreign currency exchange risk

Foreign currency risk is that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group has exposure to foreign currency fluctuation arising from revenue or expense that are denominated in currency other than the functional currency of the Group.

However as at 31st December 2014, the Group's exposure to foreign currency risk is not significant.

The Group has not entered into any forward foreign exchange contracts as at 31st December 2014.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The Group's investment in financial assets are mainly short term in nature and mostly placed in financial deposits.

Changes in interest rates are not expected to have a significant impact on the Group's profit or loss.

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from trade receivables.

Notes To The Financial Statements (continued)

3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. 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.

Management has taken reasonable steps to ensure that receivables that 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. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The ageing of trade receivables as at the end of the reporting period was:

	GROUP	
	2014 RM	**2013 RM**
Not past due	**10,616,397**	7,955,837
Past due 0 - 90 days not impaired	**84,825**	536,479
Past due 91 - 180 days not impaired	**18,797**	77,065
Past due more than 180 days not impaired	**58,878**	60,670
	10,778,897	8,630,051

i) Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

ii) Receivables that are past due but not impaired

The Group has trade receivables amounting to RM162,500 (2013: RM674,214) that is past due at the reporting date but not impaired.

These receivables are unsecured. Management is confident that these receivables are recoverable as these accounts are still active.

iii) Movements in the allowance accounts used to record impairment

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	GROUP	
	2014 RM	**2013 RM**
As at beginning of year	**–**	59,324
Impairment loss reversed	**–**	(59,324)
As at end of year	**–**	–

Notes To The Financial Statements (continued)

3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient funds for contingent funding requirement of working capital.

Fair values

The fair value of financial instruments refer to the amount at which the instrument could be exchanged for or settled between knowledgeable and willing parties in an arm's length transactions.

The carrying amounts of the financial assets and financial liabilities as reported in the statements of financial position as at 31st December 2014 approximate their fair values of these assets and liabilities because they are either within the normal credit terms or they have short-term maturity period.

Capital Risk Management Policies and Procedures

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, and to maintain an optimal capital structure so as to provide returns for shareholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made in the objectives, policies or processes compared to the previous financial year.

The Group is not subject to any externally imposed capital requirements.

4) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements are prepared under the historical cost convention unless otherwise indicated in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of Accounting (continued)

(ii) Level 2 are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

b) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent costs are 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 derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is calculated to write off the cost of the property, plant and equipment on a straight-line basis over the expected useful lives of the property, plant and equipment concerned. The annual depreciation rates used are as follows:

	%
Freehold building	2
Furniture, fittings and equipment	10 - 20
Renovation	10
Motor vehicles	20
Research and development equipment	10 - 50
Content library	50

The carrying values of property, plant and equipment are reviewed for impairment when events or change in circumstances indicate that the carrying value may not be recoverable. The residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceed and the carrying amount of the asset, and is recognised in profit or loss.

c) Subsidiaries and Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company. Control is achieved when the Group:

(i) has power over the investee;

(ii) is exposed, or has rights, to variable returns from its involvement with the investee; and

(iii) has the ability to use its power to affect its returns.

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Subsidiaries and Basis of Consolidation (continued)

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Disposal of Subsidiaries

When the Group losses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

d) Investments in Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between disposal proceeds and their carrying amounts are recognised in profit or loss.

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Investments in Associate

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investment in associate is accounted for using the equity method. Under the equity method, the investment in associate is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate are prepared as of the same reporting date as the Company unless it is impracticable to do so. When the financial statements of associate used in applying the equity method are prepared as of a different reporting date from that of the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investment in associate is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

f) Intangible Assets

i) Goodwill on Consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Intangible Assets (continued)

Where goodwill forms part of a cash-generating units and part of the operation within that cash-generating units is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstances is measured based on the relative fair values of the operations disposed of and portion of the cash-generating units retained.

ii) Research and Development Costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) the intention to complete the intangible asset and use or sell it;

(iii) the ability to use or sell the intangible asset;

(iv) how the intangible asset will generate probable future economic benefits;

(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. The average expected life of the development projects is ten (10) years.

g) Financial Instruments

i) 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.

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.

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

ii) 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. Management determines the classification at initial recognition.

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

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.

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

d) Available-for-sale financial assets ("AFS")

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Available-for-sale financial assets are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

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:

a) it has been acquired principally for the purpose of repurchasing it in the near term; or

b) 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

c) 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:

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

b) 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

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

c) 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.

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 profit or loss and other 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.

iii) Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable bonds classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

h) Impairment of Non Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. 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 risk specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

i) 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.

j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

k) Non-Current Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, term deposits and other short term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value against which bank overdraft, if any, are deducted.

m) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and 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.

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

n) 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 in the current and previous financial year ends.

o) Operating Segments

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 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 Managing Director 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.

p) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable, net of returns, allowances and trade discounts.

Revenue from services are recognised when services are rendered. Revenue represents the invoiced value of services rendered net of discounts and allowances. Interest income is recognised on accrual basis.

Dividend income is recognised when the Group's right to receive payment is established while management fee is recognised when services are rendered.

q) Foreign Currency Conversion

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which 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 the absences occur.

(ii) Defined contributions plans

As required by law, companies in Malaysia make contributions to the state pension scheme, Employees Provident Fund. Such contributions are recognised as an expense in profit or loss as incurred.

s) Income Taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the financial year end.

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

Notes To The Financial Statements (continued)

5) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported results during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the director's best knowledge of current events and actions, actual results may differ.

Critical Judgements in Applying the Group's and the Company's Accounting Policies

In the process of applying the Group's and the Company's accounting policies, the directors are of the opinion that there are no instances of application of judgement which are expected to have significant effect on the amounts recognised in the financial statements.

Key Sources of Estimation Uncertainty

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

(i) Capitalisation of Development Expenditure

During the year, the directors reconsidered the recoverability of the Group's internally generated intangible assets arising from its sofware application solutions development, which is included in the statements of financial position.

The project continues to progress in a very satisfactory manner, and customer reaction has reconfirmed the directors' previous estimates of anticipated revenues from the project. However, increased competitor activity has caused the directors to reconsider their assumptions regarding future market share and anticipated margins on these products. Detailed sensitivity analysis has been carried out and the directors 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 made in future periods if future market activity indicates that such adjustments are appropriate.

(ii) Impairment on Receivables

The Group 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, the Group 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.

(iii) Estimated Impairment of Property, Plant and Equipment

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the 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 is required to exercise judgement in estimating the expected future cash flows and also to choose a suitable discount rate.

Notes To The Financial Statements (continued)

6) PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold building RM	Furniture, fittings and equipment RM	Renovation RM	Motor vehicles RM	Research and development equipment RM	Content library RM	Total RM
2014							
Cost							
As at 1st January 2014	4,777,325	1,326,077	963,766	1,281,491	3,405,147	3,549,719	15,303,525
Additions	–	340,843	504,715	–	448,913	796,477	2,090,948
Disposals	(140,000)	–	–	–	–	–	(140,000)
Written off	–	(27,495)	(410,394)	–	(9,163)	–	(447,052)
As at 31st December 2014	**4,637,325**	**1,639,425**	**1,058,087**	**1,281,491**	**3,844,897**	**4,346,196**	**16,807,421**
Accumulated depreciation							
As at 1st January 2014	382,011	443,431	280,885	705,914	1,970,875	3,327,532	7,110,648
Charge for the year	95,313	201,588	94,529	244,844	527,915	379,401	1,543,590
Disposals	(2,800)	–	–	–	–	–	(2,800)
Written off	–	(17,173)	(187,377)	–	(7,086)	–	(211,636)
As at 31st December 2014	**474,524**	**627,846**	**188,037**	**950,758**	**2,491,704**	**3,706,933**	**8,439,802**
Net book value							
As at 31st December 2014	**4,162,801**	**1,011,579**	**870,050**	**330,733**	**1,353,193**	**639,263**	**8,367,619**

Notes To The Financial Statements (continued)

6) PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP

	Freehold building RM	Furniture, fittings and equipment RM	Renovation RM	Motor vehicles RM	Research and development equipment RM	Content library RM	Total RM
2013							
Cost							
As at 1st January 2013	4,760,599	1,056,761	870,678	1,331,229	2,428,783	3,310,926	13,758,976
Additions	210,000	381,831	93,088	11,165	1,005,839	238,793	1,940,716
Disposals	(193,274)	(2,041)	–	(60,903)	–	–	(256,218)
Written off	–	(110,474)	–	–	(29,475)	–	(139,949)
As at 31st December 2013	4,777,325	1,326,077	963,766	1,281,491	3,405,147	3,549,719	15,303,525
Accumulated depreciation							
As at 1st January 2013	342,818	286,995	192,266	473,976	1,672,988	3,134,767	6,103,810
Charge for the year	95,561	172,980	88,619	256,299	306,220	192,765	1,112,444
Disposals	(56,368)	(476)	–	(24,361)	–	–	(81,205)
Written off	–	(16,068)	–	–	(8,333)	–	(24,401)
As at 31st December 2013	382,011	443,431	280,885	705,914	1,970,875	3,327,532	7,110,648
Net book value							
As at 31st December 2013	4,395,314	882,646	682,881	575,577	1,434,272	222,187	8,192,877

Notes To The Financial Statements (continued)

6) PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY

2014	Freehold building RM	Furniture, fittings and equipment RM	Renovation RM	Total RM
Cost				
As at 1st January 2014	1,288,960	316,766	477,038	2,082,764
Written off	–	(435)	–	(435)
As at 31st December 2014	**1,288,960**	**316,331**	**477,038**	**2,082,329**
Accumulated depreciation				
As at 1st January 2014	55,855	76,398	114,294	246,547
Charge for the year	25,779	39,188	47,704	112,671
Written off	–	(348)	–	(348)
As at 31st December 2014	**81,634**	**115,238**	**161,998**	**358,870**
Net book value				
As at 31st December 2014	**1,207,326**	**201,093**	**315,040**	**1,723,459**
2013				
Cost				
As at 1st January 2013	1,288,960	246,150	435,838	1,970,948
Additions	–	70,616	41,200	111,816
As at 31st December 2013	1,288,960	316,766	477,038	2,082,764
Accumulated depreciation				
As at 1st January 2013	30,076	42,832	70,024	142,932
Charge for the year	25,779	33,566	44,270	103,615
As at 31st December 2013	55,855	76,398	114,294	246,547
Net book value				
As at 31st December 2013	1,233,105	240,368	362,744	1,836,217

The net book value of property, plant and equipment of the Group and of the Company charged for banking facilities granted to the Group and the Company amounted to RM4,094,317 (2013: RM4,185,663) and RM1,207,326 (2013: RM1,233,105) respectively.

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use with a cost of RM3,178,978 (2013: RM2,639,203) and RM6,975 (2013: RMNil) respectively.

Notes To The Financial Statements (continued)

7) INTANGIBLE ASSETS

GROUP	Goodwill on consolidation RM	Development costs RM	Total RM
2014			
Cost			
As at 1st January 2014	4,458,272	7,866,464	12,324,736
Additions	–	1,927,140	1,927,140
As at 31st December 2014	**4,458,272**	**9,793,604**	**14,251,876**
Accumulated amortisation			
As at 1st January 2014	–	2,543,481	2,543,481
Amortisation for the year	–	787,266	787,266
As at 31st December 2014	**–**	**3,330,747**	**3,330,747**
Net carrying amount			
As at 31st December 2014	**4,458,272**	**6,462,857**	**10,921,129**
2013			
Cost			
As at 1st January 2013	6,031,410	6,662,908	12,694,318
Additions	–	1,203,556	1,203,556
Written off	(1,573,138)	–	(1,573,138)
As at 31st December 2013	4 ,458,272	7,866,464	12,324,736
Accumulated amortisation			
As at 1st January 2013	–	1,861,864	1,861,864
Amortisation for the year	–	681,617	681,617
As at 31st December 2013	–	2,543,481	2,543,481
Net carrying amount			
As at 31st December 2013	4,458,272	5,322,983	9,781,255

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from the business combination. Before recognition of any impairment losses, the carrying amount of goodwill had been allocated to content and value added services segments as independent CGUs.

Key Assumptions Used in Value-In-Use Calculations

The recoverable amount of goodwill on consolidation and development costs have been determined based on value-in-use calculations using five year financial projections. Revenue growth for the next five years were based on average revenue for the past 5 years, while expenses have been assumed to grow in line with revenue. No revenue and expenses growth were projected from sixth year to perpetuity.

A discount rate of 10% was applied in determining the recoverable amount of the respective CGU. The discount rate was based on the Group's weighted average cost of capital.

Sensitivity to Change in Assumptions

Management believes that no reasonable possible changes in any of the key assumptions that would cause the carrying values of the cash-generating unit to materially exceed their recoverable amounts.

Notes To The Financial Statements (continued)

8) INVESTMENT IN SUBSIDIARIES

	COMPANY 2014 RM	COMPANY 2013 RM
Unquoted shares - At cost	**6,531,874**	6,531,874

The amount owing by/(to) subsidiaries arose mainly from trade transactions, advances given and payments made on behalf which are unsecured, interest-free and repayable on demand.

The details of the subsidiaries are as follows:

Name of Company	Place of Incorporation	Equity Interest 2014 %	Equity Interest 2013 %	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
Cypress Valley Sdn. Bhd. *	Malaysia	**100**	100	Dormant

All the above subsidiaries are audited by another firm of auditors other than auditors of the Company.

* The auditors' report of these subsidiaries contain an emphasis of matter relating to the appropriateness of the going concern basis of accounting used in the preparation of its financial statements

In 2013, the Group acquired additional 2,498 ordinary shares of RM1.00 each in Cypress Valley Sdn. Bhd., a company incorporated in Malaysia, for a total consideration of RM2,498. Also, Beijing M-Mode Digital Technology Co. Ltd., one of the subsidiary of the Group was placed under members' voluntary liquidation in 2013 and it was dissolved on 21st October 2013.

The results of the said subsidiary are as follows:

	GROUP 2013 RM
Other operating expenses	(62,972)
Loss before tax	(62,972)
Income tax expense	–
Loss for the year	(62,972)

Notes To The Financial Statements (continued)

8) INVESTMENT IN SUBSIDIARIES (continued)

The analysis of net cash outflow from the liquidation of a subsidiary:

	At the date of disposal
Other receivables	12,515
Cash and cash equivalents	23,776
Other payables	(183,512)
Net assets dissolved	(147,221)
Gain from disposal of discontinued operations	147,221
	–
Less: Cash and cash equivalents	(23,776)
Net cash outflow on liquidation	(23,776)

9) INVESTMENT IN ASSOCIATE

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Unquoted shares at cost,	**830,000**	–	**830,000**	–
Share of post acquisition reserves	**(71,886)**	–	**–**	–
	758,114	–	**830,000**	–

The carrying value of the associate is analysed as follow:

	GROUP	
	2014 RM	2013 RM
Share of net assets	**70,466**	–
Goodwill on acquisition	**687,648**	–
	758,114	–

During the financial year, the Group acquired 35.74% equity interest in Say Me Commerce Sdn. Bhd., a company incorporated in Malaysia, which principally engaged in e-commerce businesses.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follow:

	GROUP 2014 RM
Assets and Liabilities	
Non-Current Assets	**85,896**
Current Assets	**157,635**
Total Assets	**243,531**
Total Liabilities	**46,397**

Notes To The Financial Statements (continued)

9) INVESTMENT IN ASSOCIATE (continued)

	GROUP 2014 RM
Results	
Revenue	**416,092**
Loss for the year	**(702,866)**

10) DEFERRED TAXATION

	GROUP		COMPANY	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Deferred tax assets				
Balance as at beginning of the year	**362,285**	410,285	**219,680**	219,680
Recognised in profit or loss (Note 21)	**(356,900)**	(48,000)	**(219,680)**	–
Balance as at end of the year	**5,385**	362,285	**–**	219,680
Deferred tax liabilities				
Balance as at beginning of the year	**1,808,231**	670	**–**	–
Recognised in profit or loss (Note 21)	**269,154**	1,807,561	**–**	–
Balance as at end of the year	**2,077,385**	1,808,231	**–**	–

The recognised deferred tax assets are made up of unutilised tax losses while the recognised deferred tax liabilities are made up of temporary difference between tax capital allowances and book depreciation of property, plant and equipment.

11) TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Trade receivables comprise amounts receivable for services rendered. The credit period granted on services rendered is 60 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Other receivables and prepaid expenses consist of:

	GROUP		COMPANY	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Other receivables	**683,342**	1,649,571	**84,669**	23,108
Less: Allowance for doubtful debts	**(21,949)**	(21,949)	**(21,949)**	(21,949)
	661,393	1,627,622	**62,720**	1,159
Deferred costs	**–**	4,524	**–**	–
Prepaid expenses	**79,003**	315,810	**4,336**	3,802
Refundable deposits	**183,245**	191,172	**9,455**	11,455
	923,641	2,139,128	**76,511**	16,416

The trade and other receivables are all denominated in Ringgit Malaysia.

Notes To The Financial Statements (continued)

12) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	**4,939,287**	5,708,339	**1,884,023**	1,592,177
Short term deposit with fund management companies	**7,271,801**	8,261,142	**–**	–
Short-term deposits with licensed banks	**32,000,000**	26,210,000	**18,300,000**	15,800,000
	44,211,088	40,179,481	**20,184,023**	17,392,177

The interest rates per annum of the short-term deposits that were effective as at the reporting date are as follows:

	2014 %	2013 %
Short-term deposits with licensed banks	**3.25 - 3.90**	3.15 - 3.78
Short-term deposits with fund management company	**2.58 - 2.90**	2.58 - 2.86

Deposits of the Company have an average maturity period of 30 days. Bank balances are deposits held at call with banks.

The cash and cash equivalents are all denominated in Ringgit Malaysia.

13) SHARE CAPITAL

	GROUP AND COMPANY	
	2014 RM	2013 RM
Authorised		
250,000,000 ordinary shares of RM0.10 each	**25,000,000**	25,000,000
Issued and fully paid		
162,709,500 ordinary shares of RM0.10 each	**16,270,950**	16,270,950

14) RESERVES

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Non Distributable Reserve:				
Share premium	**1,254,308**	1,254,308	**1,254,308**	1,254,308
Distributable Reserve:				
Retained earnings	**48,555,692**	41,687,442	**12,034,256**	10,612,623
	49,810,000	42,941,750	**13,288,564**	11,866,931

Notes To The Financial Statements (continued)

14) RESERVES (continued)

Share premium

The reserve comprises the premium paid on subscription of shares in the Company over and above the par value of the shares net of share issue expenses.

Retained earnings

The Company is able to distribute dividends out of its entire retained earnings as at 31st December 2014 under the single-tier system.

15) TERM LOANS

	GROUP		COMPANY	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Secured term loans	**1,856,933**	2,285,134	**643,181**	769,432
Less: Portion due within the next 12 months	**(380,328)**	(360,417)	**(99,825)**	(95,421)
Portion payable after the next 12 months	**1,476,605**	1,924,717	**543,356**	674,011
Maturity of the term loans:				
More than 1 year and less than 2 years	**402,743**	380,671	**104,776**	99,904
More than 2 years and less than 5 years	**981,830**	1,298,707	**346,548**	328,768
5 years or more	**92,032**	245,339	**92,032**	245,339

The term loans of the Group and of the Company bear interest at rates ranging from 1.25% to 2.00% (2013: 1.25% to 2.00%) per annum below the bank's base lending rate. The term loans are secured by a legal charge over the freehold building of the Company. The term loans of the subsidiary amounting to RM1,213,752 (2013: RM1,515,702) is additionally guaranteed by the Company.

16) TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade and ongoing costs. The average credit period granted to the Group for trade purchases ranges from 30 to 90 days.

Other payables and accrued expenses consist of:

	GROUP		COMPANY	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Other payables	**406,141**	82,016	**–**	400
Accrued expenses	**1,924,295**	3,225,751	**786,725**	927,037
Deferred income	**60,522**	87,207	**–**	–
Deposit received	**15,300**	28,800	**–**	–
Interim dividend	**813,548**	–	**813,548**	–
	3,219,806	3,423,774	**1,600,273**	927,437

The trade and other payables are all denominated in Ringgit Malaysia.

Notes To The Financial Statements (continued)

17) REVENUE

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Mobile content and data application services	**82,895,240**	72,326,652	**–**	–
Distribution of magazine	**1,135,060**	1,245,621	**–**	–
Management fees	**–**	–	**2,750,055**	2,841,799
Dividend income	**–**	–	**4,500,000**	5,500,000
	84,030,300	73,572,273	**7,250,055**	8,341,799

18) OTHER OPERATING EXPENSES/(INCOME)

Included in other operating expenses/(income) are the following charges/(credits):

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Auditors' remuneration				
- current year	**89,500**	80,300	**20,000**	18,000
- underprovision in prior year	**2,200**	1,200	**–**	–
Amount owing by subsidiary written off	**–**	–	**–**	187,944
Bad debts written off	**5,802**	73,007	**–**	–
Deposit written off	**–**	800	**–**	–
Impairment loss on other receivables	**–**	7,260	**–**	–
(Gain)/Loss on liquidation of subsidiary	**–**	(147,221)	**–**	229,717
Property, plant and equipment written off	**235,416**	115,548	**87**	–
Rental of equipment	**15,637**	–	**13,117**	–
Rental of premises	**159,306**	155,984	**–**	–
Deposit written back	**–**	(4,589)	**–**	–
Doubtful debts recovered	**–**	(4,025)	**–**	–
Interest income from fixed deposits	**(976,961)**	(910,713)	**(462,957)**	(450,605)
Gain on disposal of property, plant and equipment	**(36,800)**	(79,088)	**–**	–
(Gain)/Loss on foreign exchange	**34**	(640)	**–**	–
Rental income	**(15,500)**	–	**–**	–

19) STAFF COSTS

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Salaries and allowance	**3,633,879**	3,295,962	**1,040,283**	991,573
Bonus				
- current year	**445,671**	1,103,929	**157,380**	376,944
- overprovision in prior year	**(402,406)**	(1,254)	**(47,972)**	223
Defined contribution plan - EPF	**437,301**	390,923	**132,613**	122,094
Social security contributions	**37,854**	35,749	**8,658**	8,978
	4,152,299	4,825,309	**1,290,962**	1,499,812

Notes To The Financial Statements (continued)

20) DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Executive directors:				
Salary and other emoluments	**2,137,365**	1,961,070	**1,588,625**	1,512,300
Defined contribution plan	**211,049**	167,520	**170,401**	127,800
Social security contributions	**620**	620	**620**	620
	2,349,034	2,129,210	**1,759,646**	1,640,720
Non-executive directors:				
Fees	**60,000**	52,419	**60,000**	52,419
	2,409,034	2,181,629	**1,819,646**	1,693,139

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2014	**2013**
Executive Directors:		
Above RM1,000,000	**1**	1
Non-Executive Directors:		
Below RM50,000	**4**	4

21) INCOME TAX EXPENSE

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Estimated current tax payable				
current year	**749,987**	161,286	**–**	–
underprovision in prior year	**1,584**	–	**–**	–
	751,571	161,286	**–**	–
Real property gain tax	**10,200**	–	**–**	–
	761,771	161,286	**–**	–
Deferred tax in respect of:				
Tax assets (Note 10)	**356,900**	48,000	**219,680**	–
Tax liabilities (Note 10)	**269,154**	1,807,561	**–**	–
	626,054	1,855,561	**219,680**	–
	1,387,825	2,016,847	**219,680**	–

A numerical reconciliation of income tax expense and the product of the accounting profit multiplied by the applicable statutory income tax rate of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Accounting profit	**9,883,171**	13,783,177	**3,268,409**	4,408,348

Notes To The Financial Statements (continued)

21) INCOME TAX EXPENSE (continued)

	GROUP		COMPANY	
	2014 RM	2013 RM	2014 RM	2013 RM
Tax at the applicable statutory income tax rate of 25%	**2,470,793**	3,445,794	**817,102**	1,102,087
Tax effects in respect of:				
Expenses that are not deductible for tax purposes	**352,794**	269,308	**141,555**	162,798
Effect of changes in tax rates	**(20,874)**	(46,051)	**–**	–
Income exempted from tax	**(1,802,629)**	(3,489,004)	**(1,125,000)**	(1,375,000)
Net deferred tax not recognised	**20,115**	262,773	**166,343**	110,115
Other items	**–**	(5,480)	**–**	–
Reversal of prior year deferred tax assets	**356,900**	48,000	**219,680**	–
Reversal of prior year deferred tax liabilities	**(1,058)**	–	**–**	–
Utilisation of deferred tax assets not recognised previously	**–**	(300)	**–**	–
Underprovision of income tax in prior year	**1,584**	–	**–**	–
Real property gain tax	**10,200**	–	**–**	–
Recognition of deferred tax during pioneer status period	**–**	1,531,807	**–**	–
Income tax expense	**1,387,825**	2,016,847	**219,680**	–

The Malaysian statutory tax rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016.

22) EARNINGS PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share

Basic earnings/(loss) per ordinary share is calculated by dividing the profit/(loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	GROUP	
	2014	2013
Profit attributable to owners of the Company (RM)		
Profit from continuing operations	**8,495,346**	11,766,330
Loss from discontinued operations	**–**	(62,972)
	8,495,346	11,703,358
Weighted average number of ordinary shares in issue	**162,709,500**	162,709,500
Basic earnings/(loss) per share (sen)		
Continuing operations	**5.22**	7.23
Discontinued operations	**–**	(0.04)
	5.22	7.19

Diluted

The diluted earnings per share of the Group has not been presented as there are no dilutive potential ordinary shares.

Notes To The Financial Statements (continued)

23) DIVIDENDS

	GROUP AND COMPANY 2014 RM	2013 RM
First and final dividend of 5% per ordinary share, tax exempt in 2013	**813,548**	–
First interim dividend of 5% per ordinary share, tax exempt in 2014	**813,548**	–
First and final dividend of 5% per ordinary share, tax exempt in 2012	**–**	813,548
Special dividend - 15% per ordinary share, tax exempt	**–**	2,440,642
	1,627,096	3,254,190

A final dividend of 5% per ordinary share, tax exempt, amounting to RM813,548 proposed and declared in respect of the financial year ended 31st December 2012 was paid on 12th July 2013;

A special dividend of 15% per ordinary share, tax exempt, amounting to RM2,440,642 proposed and declared in respect of the financial year ended 31st December 2013 was paid on 27th December 2013;

A final dividend of 5% per ordinary share, tax exempt, amounting to RM813,548 proposed and declared in respect of the financial year ended 31st December 2013 was paid on 25th July 2014; and

A first interim dividend of 5% per ordinary share, tax exempt, amounting to RM813,548 proposed and declared in respect of the financial year ended 31st December 2014 was paid on 12th January 2015.

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31st December 2014 of 5% per ordinary share, amounting to a dividend payable of RM813,548 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 31st December 2015.

24) SEGMENTAL INFORMATION

Primary Reporting Format - Business Segments

2014	Contents and value added services RM	Investment holding RM	Eliminations RM	Consolidated RM
REVENUE				
External revenue	84,030,300	–	–	84,030,300
Intersegment revenue	19,487,054	7,250,055	(26,737,109)	–
	103,517,354	7,250,055	(26,737,109)	84,030,300
RESULTS				
Profit from operations	11,228,527	3,268,656	(4,500,000)	9,997,183
Share of results of associate				(71,886)
Finance cost				(42,126)
Profit before tax				9,883,171
Income tax expense				(1,387,825)
Profit after tax				**8,495,346**

Notes To The Financial Statements (continued)

24) SEGMENTAL INFORMATION (continued)

2014	Contents and value added services RM	Investment holding RM	Eliminations RM	Consolidated RM
OTHER INFORMATION				
Segment assets	56,630,293	32,206,776	(12,728,848)	76,108,221
Segment liabilities	15,901,980	2,647,262	(10,593,971)	7,955,271
Capital expenditure	4,018,088	–	–	4,018,088
Non-cash expenses				
Depreciation of property, plant and equipment	1,430,919	112,671	–	1,543,590
Amortisation of intangible assets	787,266	–	–	787,266
Non-cash expenses other than depreciation and amortisation	204,331	87	–	204,418
2013				
REVENUE				
External revenue	73,572,273	–	–	73,572,273
Intersegment revenue	10,986,672	8,341,799	(19,328,471)	–
	84,558,945	8,341,799	(19,328,471)	73,572,273
RESULTS				
Profit from operations	16,497,848	4,408,573	(7,073,138)	13,833,283
Finance costs				(50,106)
Profit before tax				13,783,177
Income tax expense				(2,016,847)
Profit after tax				11,766,330
OTHER INFORMATION				
Segment assets	51,335,405	29,642,955	(11,989,463)	68,988,897
Segment liabilities	16,521,359	1,724,754	(9,915,862)	8,330,251
Capital expenditure	3,032,456	111,816	–	3,144,272
Non-cash expenses				
Depreciation of property, plant and equipment	1,008,829	103,615	–	1,112,444
Amortisation of intangible assets	681,617	–	–	681,617
Goodwill on consolidation written off	–	–	1,573,138	1,573,138
Non-cash expenses other than depreciation and amortisation	108,913	417,661	(564,882)	(38,308)

Secondary Reporting Format - Geographical Segments

The Group has no secondary reporting format as the contribution from foreign operation is not significant compared to the Group's operations.

25) SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Company if 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, vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Notes To The Financial Statements (continued)

25) SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

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

a) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions listed below were carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

	COMPANY	
	2014 RM	**2013 RM**
Management fees from subsidiaries	**2,750,055**	2,841,799
Dividend income from subsidiaries	**4,500,000**	5,500,000

b) The remuneration of directors and other members of key management during the year is as follows:

	GROUP		COMPANY	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Executive directors:				
Salary and other emoluments	**2,137,365**	1,961,070	**1,588,625**	1,512,300
Defined contribution plan	**211,049**	167,520	**170,401**	127,800
Social security contributions	**620**	620	**620**	620
	2,349,034	2,129,210	**1,759,646**	1,640,720
Non-executive directors:				
Fees	**60,000**	52,419	**60,000**	52,419
	2,409,034	2,181,629	**1,819,646**	1,693,139

26) FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of Fair Value:

i) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade receivables	11
Other receivables	11
Amount owing by subsidiaries	8
Trade payables	16
Other payables	16
Amount owing to subsidiaries	8

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their relatively short-term nature.

ii) Unquoted Equity Instruments
It is not practical to estimate the fair value of the Group's investment in unquoted shares because of the lack of quoted market prices and the variability to estimate fair value. However, the management believes that the carrying amount represents the recoverable value.

iii) Fair Value Hierarchy
As at 31st December 2014, there were no financial instruments carried at fair value.

Notes To The Financial Statements (continued)

27) SUPPLEMENTARY INFORMATION

Supplementary information in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad are as follow:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Retained earnings carried forward are analysed as follows:				
Unrealised	**(2,072,000)**	(1,445,946)	**–**	219,680
Realised	**51,989,614**	44,423,424	**12,034,256**	10,392,943
	49,917,614	42,977,478	**12,034,256**	10,612,623
Add: Consolidation adjustments	**(1,361,922)**	(1,290,036)	**–**	–
Total retained earnings	**48,555,692**	41,687,442	**12,034,256**	10,612,623

List Of Properties
At 31 December 2014

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	20 Years	5,435	1,729,417	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	20 Years	2,422	1,157,572	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	20 Years	2,432	1,207,326	29-Jul-2011
4	M-Mode Systems Sdn Bhd	Strata Title GM 1889/ M1/4/14, Lot No. 30996, No. Bangunan M1, No. Tingkat 4, No. Petak 14, Pekan Cheras, District of Hulu Langat and State of Negeri Selangor. Parcel No. 35-3-F	A Parcel of Office/ Vacant	Freehold	16 Years	783	68,483	13-Dec-1999

Shareholding Statistics
15 April 2015

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 of Holdings	No. of Holders	%	No.of Shares	%
1 – 99	45	1.764	2,031	0.001
100 – 1,000	141	5.527	64,869	0.040
1,001 – 10,000	1,132	44.375	7,323,300	4.501
10,001 – 100,000	1,078	42.258	36,517,300	22.443
100,001 – 8,135,474	154	6.037	61,805,000	37.985
8,135,475 And Above	1	0.039	56,997,000	35.030
Total	**2,551**	**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 Directors	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	130,000	0.079	40,000	0.024
3	Abdul Razak bin Dato' Haji Ipap	0	0.000	0	0.000
4	Thong Kooi Pin	0	0.000	0	0.000
5	Nirmala A/P Doraisamy	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.	Lim A Heng @ Lim Kok Cheong	5,010,200	3.079
3.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Hew Yoon Hsia*	4,532,600	2.785
4.	Ching Wai Teng	3,651,000	2.243
5.	Tan Sin Su	3,296,500	2.026
6.	Chua Shok Tim @ Chua Siok Hoon	2,430,000	1.493
7.	Tung Wai Fun	2,005,600	1.232
8.	HSBC Nominees (Asing) Sdn Bhd *Exempt An For Morgan Stanley & Co. LLC (Client)*	1,601,400	0.984
9.	Lim Shen Maw	1,000,000	0.614
10.	HLIB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yee Wai Chow (M)*	876,000	0.538
11.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Solomon Tan Yiin Yuh*	820,000	0.503
12.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Fong Siling (CEB)*	800,000	0.491
13.	Maybank Nominees (Asing) Sdn Bhd *Pledged Securities Account For Rustom Framroze Chothia*	748,000	0.459
14.	Tay Koo Hui	693,000	0.425
15.	Ng Tiam Hee	677,000	0.416
16.	Low Pang Hoi	673,000	0.413
17.	Xie Xin Poultry Merchant Sdn Bhd	630,000	0.387
18.	Chan Bee Yoke	610,000	0.374
19.	Koo Siew Keng	610,000	0.374
20.	Chan Weng Keng	600,000	0.368
21.	Maybank Nominee (Tempatan) Sdn Bhd *Pledged Securities Account For Yee Wai Chow*	560,000	0.344
22.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yap Kok Keong*	533,900	0.328
23.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Eg Kaa Chee (STC)*	506,000	0.310
24.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Leong Soon Heng*	500,000	0.307
25.	Syed Sirajuddin Putra Jamalullail	500,000	0.307
26.	Tee Yoke Seng	470,000	0.288
27.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ng Siau Men (8080599)*	460,600	0.283
28.	Tan Kim Hock	450,000	0.276
29.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Exempt An For Phillip Capital Management Sdn Bhd*	444,350	0.273
30.	Cimsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chan Kok Keong (BDR Utama-CL)*	420,000	0.258

Notice Of
Eleventh Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh 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, 28 May 2015 at 2.30 p.m. to transact the following businesses:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1 on Ordinary Business)**

2. To approve the payment of a final tax exempt dividend of 0.5 Sen per ordinary share in respect of the financial year ended 31 December 2014. **(Resolution 1)**

3. To re-elect Abdul Razak Bin Dato' Hj. Ipap who retires pursuant to Article 127 of the Company's Articles of Association. **(Resolution 2) (Please refer to Explanatory Note 2 on Ordinary Business)**

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

5. To approve Directors' Remuneration for the financial year ended 31 December 2014. **(Resolution 4)**

6. To re-appoint Messrs STYL Associates as Auditors of the Company and authorise the Directors to fix their remuneration. **(Resolution 5)**

Special Business

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

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

   "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 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."

Notice Of Eleventh Annual General Meeting (continued)

8. **ORDINARY RESOLUTION II**
Proposed Renewal of Authority for the Shares Buy-Back pursuant to Section 67A of the Companies Act, 1965 **(Resolution 7)**

"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 Main 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 RM12,034,256 and share premium account of RM1,254,308 for the financial year ended 31 December 2014 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 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 Main 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 Eleventh Annual General Meeting (continued)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Eleventh Annual General Meeting to be held on 28 May 2015, a final tax exempt dividend of 0.5 Sen per ordinary share in respect of the financial year ended 31 December 2014 will be paid on 19 June 2015 to Depositors whose names appear in the Record of Depositors on 3 June 2015.

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 3 June 2015 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

JOANNE TOH JOO ANN [LS 0008574]
CHIN CHOOI WEI [MAICSA 7062555]
Company Secretaries
Kuala Lumpur
6 May 2015

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 up to 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 holdings to be represented by each proxy.

Notice Of Eleventh Annual General Meeting (continued)

(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 21 May 2015 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 2014*

   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 Director*

   The Board has undertaken an annual assessment on the independence of Encik Abdul Razak Bin Dato' Hj. Ipap who is seeking for re-election for the forthcoming Annual General Meeting. The annual assessment had been disclosed in the Corporate Governance Statement of the Company's 2014 Annual Report.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. *Ordinary Resolution I :* **Authority 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 6 May 2015 for further information.

M-Mode Berhad (635759-U)
(Incorporated in Malaysia)

Form of Proxy

No. of shares held	

I/We,_______________________________________NRIC/ Company No____________________
(Full Name In Capital Letters)

of____
(Full Address)

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

_______________________________________NRIC No____________________
(Full Name In Capital Letters)

of____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Lily Room, The Zon All Suites Residences On The Park, 161-D Jalan Ampang, 50450 Kuala Lumpur on Thursday, 28 May 2015 at 2.30 p.m. and at any adjournment thereof.

AGENDA			
Ordinary Business			
1. To receive the Audited Financial Statements for the financial year ended 31 December 2014.			
	Resolutions	**For**	**Against**
2. To approve the payment of final tax exempt dividend of 0.50 Sen per ordinary share in respect of the financial year ended 31 December 2014.	1		
3. To re-elect Abdul Razak Bin Dato' Hj. Ipap who retires pursuant to Article 127 of the Company's Articles of Association.	2		
4. To re-elect Dato' Lim Thean Keong who retires pursuant to Article 127 of the Company's Articles of Association.	3		
5. To approve Directors' Remuneration for the financial year ended 31 December 2014.	4		
6. To re-appoint Messrs STYL Associates as Auditors of the Company and authorise the Directors to fix their remuneration.	5		
Special Business			
7. Authority to the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.	6		
8. Proposed Renewal of Authority for the Shares Buy-Back of the Company pursuant to Section 67A of the Companies Act, 1965.	7		

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

Signed this______day of ______________2015

____
Signature of Shareholder(s) or Common Seal

Contact No. ___________________________

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 up to two (2) proxies to attend on the same occasion.

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

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(viii) The Depositors whose name appear in the Record of Depositors as at 21 May 2015 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.

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Affix
Stamp
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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)

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50450 Kuala Lumpur Malaysia

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