m-mode
Annual Report 2015

Contents

Reports & Financial Statements

Corporate Information

BOARD OF DIRECTORS

Dato' Lim Thean Keong
Chairman/Managing Director

Thong Kooi Pin
Non-Independent Non-Executive Director

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

Ahmad Shukri Bin Abdullah
Independent Non-Executive Director

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

Unit 30-01, Level 30, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : 03-2783 9191
Fax : 03-2783 9111

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
(Company No. 11324-H)
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : 03-2783 9299
Fax : 03-2783 9222

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. 902, 9th Floor, Block A
Damansara Intan
No. 1, Jalan SS 20/27
47400 Petaling Jaya
Tel : 03-7724 2128

CORPORATE WEBSITE

www.mmode.com.my

Chairman's Statement

Dear Shareholders,

2015 was a challenging year for mobile telecommunication industry as mobile value added industry continued to come under pressure from the increasing uptake of over-the-top (OTT) applications, combined with more intense competition among existing players. Mobile data traffic in Malaysia recorded 1.38GB/ month with 19.6% year-on-year growth across all networks from 2014, according to CIMB Research 2015. The rising demand of mobile data has been driven by the adoption of entry-level smart phones, leading to the penetration rate of 66% to total of 42.5 million Mobile Users in Malaysia (Source: GSM Intelligence, Q4 2015).

In a recent announcement from Malaysian Communications and Multimedia Commission (" MCMC") on the reallocation of spectrum for the frequencies in the 900MHz and 1800MHz bands among major four mobile operators, namely Celcom, Maxis, DiGi and UMobile by this August has indicated the government's decision in developing the sector nationwide, specifically on communication coverage, quality of service and affordability of services to the community.

The expansion of coverage to rural development bridges the gap to untapped markets. We can extensively fulfill more local mobile users' needs by providing more enriching mobile value added contents and services.

GROUP PERFORMANCE

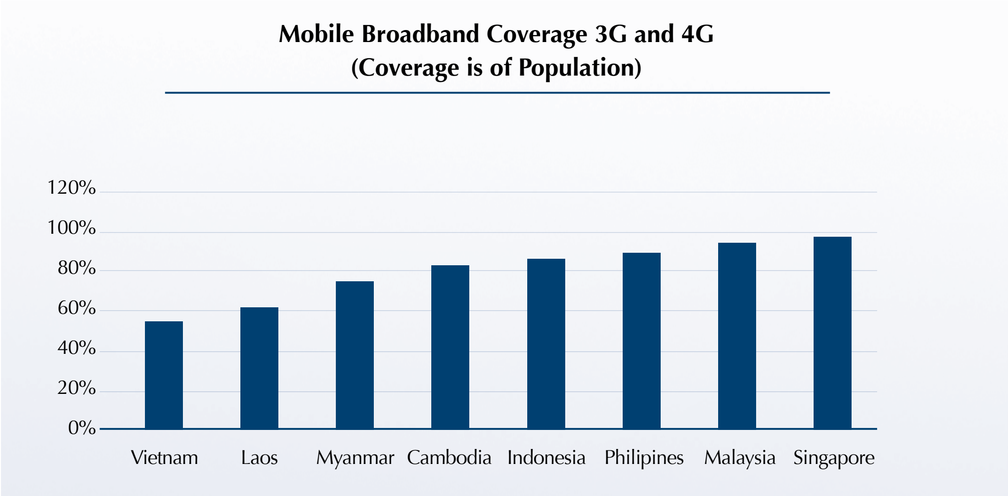
For the financial year ended 31 December 2015, the total registered revenue was RM37.2m as compared to RM40.4m recorded in the previous year's restated accounts. Despite of the lower cost of sales attributed by improved cost efficiencies, the profit before tax of RM8.0m was lower as compared with RM9.9m recorded in the previous year resulted by impairment loss on investment in associate and development costs written off in 2015. Nevertheless, the profit after tax of RM8.8m was higher as compared to RM8.5m due to adjustment on deferred tax and over provision of income tax in 2015.

The management is aware of the reduced operating profit hence will continue to be prudent in its financial management and always look out to invest the shareholders' funds effectively and efficiently. Meanwhile, the Company is still committed to enhance shareholders' value and the Board has proposed a 6% first and final dividend for the approval of the shareholders at the Twelfth Annual General Meeting. This is after taking into consideration the capital and operational expenditure needs of the Company in the new financial year and beyond.

MOVING ON

In response to the opportunities in Southeast Asia (see diagram below), we have begun the strategic move in extending offering the mobile value added contents to this region through local collaborations. The implementation of services roll-out will also extensively require a secured yet dynamic payment connectivity and data hosting to prevent from the interruptions of contents browsing experiences. Hence, we will continue to invest to ensure the up-time of connectivity with Internet Service Provider (ISP) and minimize the interference of connections with local mobile operators.

Chairman's Statement (continued)



Source: Extract from GSMA Intelligence, Closing the Coverage gap – a view from Asia (2014)

TOWARDS MEDIUM AND LONG TERM GROWTH

New technologies are constantly evolving and reshaping our daily life as well as the business. On a more positive note and in tandem with global trends, it enriches the users' experience in contents and media digitally in terms of accessibility and usability. To revitalize the business overall, we embarked on major course in 2015, emphasizing the release of new applications and user experiences for smart phone users to capture their interests as the data demand market expanded while working together with mobile operators to spread our reach. In the meantime, we will continuously explore into new venture in business and products for the Group. The Group had launched 'Gamesterz', a mobile social games publishing platform for native games and application via Apple App Store and Google Play Store and 'Novelplus', a mobile social reading platform.

Nothing is permanent except change. To be a true player in the digital economy, we recognize the importance of right talents in driving the innovation and constant changes resiliently. We aim to attract, retain and maximize talents to help in sustaining growth and competitive edge in the market as well as overseas market expansion.

APPRECIATION

Our achievements are a testament to the commitment and tireless work of our incredibly talented team members. On behalf of the Board of Directors, I would like to take this opportunity to thank our users, business partners, associates and our shareholders for their supports and confidence.

We will reinvent a new arena of exciting digital applications services and experiences to wow our subscribers and continue to lead the industry forward while creating shareholders value.

Dato' Lim Thean Keong
Chairman

Chairman's Statement (continued)

GAMESTERZ

Mobile Games Publishing

2015 was the eventful year for us. We have successful acquired and launched 35 Mobile Web Games (HTML5) and 3 In-App Purchase (IAP) Game titles.

MAR 2015

Web Mobile Games
Launch of web mobile games portal with telco (Maxis, Celcom, UMobile) with a total of 35 HTML5 games.

AUG 2015

Running Chef
Gamesterz first IAP running game. Chinese version was launched Aug & subsequently English in Nov.

DEC 2015

Stargazer
Match-of-3 puzzle games from Russia.

JAN 2016

Era Saga
Fantasy MMORPG (Massively Multiplayer Online role-playing game) in Bahasa Melayu.

Response to our initiatives has been encouraging, and we have seen growth in user acquisition and revenue from our IAP titles.

With robust economic fueled by huge population, rapid urbanization and fast-rising mobile internet connectivity, Southeast Asia is set to be the fastest growing games region in the world. Revenues of the market is expected to reach USD2.2 billion by 2017 (source: Newzoo 2014 Southeast Asia Games Market Report)

Moving ahead, we must take advantage of Southeast Asia mobile gaming prospect by establishing localization strategy, distribution, monetization catering to diverse cultural background in each country. To further facilitate our network, we will be connecting with mobile operators through marketing of our MOMOKO platform.

For the coming financial year, we will be focusing on the following:

1. Engagement, Retention and Monetization
2. Acquisition of interesting and quality game titles

Chairman's Statement (continued)

NovelPlus

Mobile Social Reading

Malaysia consumers are fast growing accustomed to getting easy access to unlimited premium online content, for instance, video and music streaming, across multiple devices for a flat monthly fee. This advancement is changing the way people consume content, and we believe the time is ripe to bring this same convenience to Fiction fans, providing a timely boost to Malaysia's Mobile Reading scene.

The global Mobile Reading market is large and growing. We are investing in this market through our new company, NovelPlus. 2015 was a very exciting "coming out" year for NovelPlus. NovelPlus is a mobile reading application and creative publishing open platform that encourages writers to engage and delight their readers with a beautiful, connected experience. By creating an easy-to-use and inclusive publishing ecosystem, we have opened up the world of publishing to everyone who has access to the Internet and a passion to weave words together to form an engaging story. At NovelPlus, we believe that we can change the way people publish and read.

Some interesting NovelPlus stats:

- Top 1 ranking in Free Book App on Google play store
- Top 5 ranking in Free Book App on Apple app store
- 4.5 out of 5.0 Star rating in Google play store.
- User from over 85 countries enjoy reading in NovelPlus
- Average time user spend per session in NovelPlus is about 53 minutes
- Draw out more than 300 amateur writers from several countries

Over the course of the year, NovelPlus has launched localized instances of its application in several countries and offers its download service to users worldwide. The service can be accessed via the NovelPlus mobile application at Google play store and Apple app store. Available in more than 85 countries. For more information, visit novelplus.co or follow @NovelPlus.

We continually invest in improvements to our services in an effort to deepen our subscriber relationship as well as further distinguish our service from that of our competitors. By continuously improving the user experience, we believe we drive additional subscriber growth in the following ways:

- Additional subscriber growth enables us to obtain more content, which in turn drives more subscriber growth.
- Additional subscriber growth leads to greater word-of-mouth promotion of our service, which in turn leads to more subscriber growth at an increasingly cost-effective marketing spend.
- Additional subscriber growth enables us to invest in further improvements to our service offering, which in turn leads to more subscriber growth.

Board Of Directors

Dato' Lim Thean Keong, aged 52, 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 43, 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 55, 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 51, 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 49, 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.

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 (5) meetings during the financial year ended 31 December 2015. The details of attendance of the Audit Committee members are as below:-

Name	Attendance
Abdul Razak Bin Dato' Hj. Ipap	5/5
Thong Kooi Pin	4/5
Ahmad Shukri Bin Abdullah	5/5

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

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

5. INTERNAL AUDIT FUNCTION

The Board has outsourced its internal audit function to a professional service firm. The internal auditor reports directly to the Audit Committee. The internal audit function is to ensure a regular review of the adequacy and integrity of its internal control system. They will also be required to assist the Group in enhancing its existing risk management framework and adopting a risk based approach.

The Internal Auditor is required to conduct regular and systematic reviews on all operating units and submit an independent report to the Audit Committee for review and approval. The cost incurred for the internal audit functions for the financial year ended 31 December 2015 was RM24,390.

Statement On Corporate Governance

The Board recognises 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 Audit Committee, Nomination Committee, Remuneration Committee and Option Committee "the Board Committees" and the Group Managing Director in ensuring its responsibilities and function been discharged effectively. The Board reserves for its consideration significant matters such as the following:

- Approval of financial results;
- Declaration of dividends;
- Business acquisition; and
- Corporate proposal

The day-to-day management of M-Mode's business is delegated to the Group Managing Director. Amongst others, the responsibilities of the Group Managing Director shall include the following:-

- Developing the business direction and strategies of the Company;
- Providing the direction for the implementation of short and long term business plans;
- Providing strong leadership ie. Effectively communicating a vision, management philosophy and business strategy to employees;
- Keeping the Board well informed of salient aspects and issues concerning the Company operations and ensuring that adequate management reports are submitted to Board members;
- Responsible for the effective management of the Company's day-to-day operations;
- Ensuring that there are adequate systems and controls to safeguard the interests of the Company and all stakeholders.

The day-to-day management of M-Mode's business is under the supervision of the Chief Operating Officer. The responsibilities and functions delegated to the Chief Operating Officer includes the following:

- Supervising head of divisions and departments who are responsible for all functions contributing to the success of the Company;
- Ensuring efficiency and effectiveness of the operation for the Company; and
- Providing information on relevant industry matters and updates to the Group Managing Director and Board of Directors at Board meetings on quarterly basis

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 with the respective Terms of Reference. Even though specific authorities are delegated to the Board Committees, the Board keeps itself abreast of the significant decisions made by each Board Committee through the reports or briefings by the Chairman of the respective Board Committees and the tabling of minutes of the Board Committee meetings at Board meetings on quarterly basis.

Statement On Corporate Governance (continued)

1.1 Clear Function of the Board and Management (continued)

The respective Board committees Terms of Reference is disclosed in the Board Charter and the Board Charter is available at the Company's website at *www.mmode.com.my*.

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 by receiving updates and sharing by the Group Managing Director during the quarterly Board meeting;
- identifying risks and assume active role in ensuring the implementation of appropriate systems to manage or mitigate these risks;
- delegating responsibility to the Nomination Committee on succession planning, including appointing, training, fixing the compensation of the key managements and the adoption of succession policy;
- 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. The details on the internal control systems are stated in the Statement of Risk Management and Internal Control.

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 recognises the importance of whistle-blowing and is committed to maintain the standards of ethical conduct within the Group. In line with this commitment, a duly reviewed and approved Whistle-blowing Policy has been implemented to provide an avenue for all employees to disclose any improper conduct within the Company. If an employee has a reasonable belief that an employee or the Company has engaged in any action that violates any applicable law, or regulation, including those concerning accounting and auditing, or constitutes a fraudulent practice, the employee is expected to immediately report such information to the Executive Chairman ("Chairman"). If the employee does not feel comfortable reporting the information to the Chairman, he or she is expected to report the information to the Non-Independent Non-Executive Director.

The summary of the Code of Conduct, Ethics for Directors and Whistle-blowing policy are available at the Company's website at www.mmode.com.my.

Both the Code of Conduct and Whistle-blowing Policy are subject to review periodically and updated in accordance with the needs of the Company.

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. However, in the event of urgent and confidential matters, the relevant meeting materials will only be distributed during the Board meeting.

The Directors may obtain independent professional advice in furtherance of their duties, at the Company's expense, if necessary; with prior approval obtained from the Chairman. The requisition shall include an indication of fee that will be spent on the professional advice.

1.5 Qualified and Competent Company Secretary

Directors have direct access to the advice and services of the Group's Company Secretary. The Company Secretaries are qualified to act in accordance with the requirements of the Companies Act, 1965. 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. The Board is supported to ensure adherence to board policies and procedures, rules, relevant laws and best practices on Corporate Governance. In addition, the Company Secretary also ensure the meeting minutes are properly documented and maintain a secured retrieval systems which stores the meeting papers and minutes of board and board committees.

The Company Secretaries are suitably qualified and have attended relevant trainings and seminars to keep abreast with the statutory and regulatory requirements' updates.

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 was reviewed and approved for adoption in 2014 and 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 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.

Statement On Corporate Governance (continued)

2.1 Nomination Committee (continued)

Besides, the functions of Nomination Committee included the following:-

a. Consider, in making its recommendations, candidates for directorships;

b. Assess and recommend to the Board, directors to fill the seats on Board Committees;

c. Undertake an annual review of the required mix of skills, experience and diversity (including gender diversity) and other qualities of Directors, including core competencies which Non-Executive Directors should bring to the Board and to disclose this forthwith in every Annual Report;

d. Assist the Board to introduce a criteria and to formulate and implement a procedure to be carried out by the Nomination Committee annually for assessing the effectiveness of the Board as a whole, the Board Committees and for assessing the contributions of each individual Director;

e. To ensure that the Directors to retire by rotation to be in accordance with the Articles of Association of the Company;

f. To ensure that the process carried out in the evaluation and assessment be properly documented.

g. To conduct assessment of the independent directors who have served the Board for a period of nine (9) years and above and to recommend to the Board whether the independent director should remain independent or be re-designated.

h. To review the induction and training needs of Directors.

i. To report to the Board on Board and key management succession planning.

The Nomination Committee comprised three Non-Executive Directors of whom, two are Independent. 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)

There had been two (2) Nomination Committee Meetings held during the year 2015. 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	1/2
Ahmad Shukri Bin Abdullah	2/2

Statement On Corporate Governance (continued)

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 Articles of Association to appoint a person who is willing to act as 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 the candidates' abilities in terms of their skills, knowledge, experience, expertise and integrity to discharge their responsibilities would be evaluated and considered. 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 Company adopted the following customised evaluation form for assessment:

- Individual Director Self Evaluation Sheet
- Independent Directors' Self-Assessment Checklist
- Board and Board Committee Evaluation Self-Assessment

The above review and assessments had been conducted by the Nomination Committee and tabled to the Board for discussion on 12 November 2015 and 26 February 2016. The Nomination Committee, through the assessment conducted, is satisfied that each of the Director has the character, experience, integrity, competence and time to effectively discharge their duties.

The Nomination Committee also had on 12 November 2015, assessed 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 also require one-third (1/3) of the Directors to retire by rotation and seek re-election at each AGM and that each Director shall submit himself for re-election every three (3) years.

The Nomination Committee had on 26 February 2016 conducted assessment on Thong Kooi Pin who would be subject to retirement by rotation at the forthcoming Annual General Meeting and had recommended his re-election. The Board had on 14 April 2016 received a letter from Ahmad Shukri Bin Abdullah indicating his intention to retire and not seek for re-election as Director at the forthcoming Annual General Meeting.

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 which is in line with the Company's gender diversity target.

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 Remuneration Committee reports to the Board. 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 two (2) meetings during the year 2015. The details of the members' attendance at the meeting are set out as follows:-

Members	Meeting Attendance
Thong Kooi Pin (Chairman)	2/2
Abdul Razak Bin Dato' Haji Ipap	2/2

The determination of remuneration packages of Non-Executive Directors, 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 categorised into appropriate components for the financial year ended 31 December 2015 are as follows:-

Remuneration packages	Executive Director RM'000	Non-Executive Director RM'000
Salaries and other emoluments	1,781	–
Fees	–	60
Benefit in kind	–	–
Band of remuneration	**Executive Director**	**Non-Executive Director**
RM50,001 – RM100,000	–	4
RM500,001 – RM2,000,000	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.

The Board through the Nomination Committee undertakes assessment of the independence of its Independent Directors on an annual basis to examine the level of independence of the Independent Directors and to ensure the Independent Director can continue to bring independent and objective judgment to Board deliberations. The Nomination Committee had conducted assessment on the Independent Directors. The Nomination Committee is satisfied that the Independent Directors had been objective and independent in expressing their views and in participating in deliberations and decision making of the Board.

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.

The Company does not have terms limits for the Independent Directors as the Board believes that the Independent Directors' experience accumulated with the Company's business operation bring benefits to the Board.

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

Currently, none of the Independent Directors 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.

Statement On Corporate Governance (continued)

3.5 Composition of the Board (continued)

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 7 to 8 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.

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 five (5) meetings during the year 2015. The details of the Directors' attendance at the Board meetings are set out as follows:-

Directors	Meeting Attendance
Dato' Lim Thean Keong (Chairman)	5/5
Thong Kooi Pin	4/5
Abdul Razak Bin Dato' Hj. Ipap	5/5
Ahmad Shukri Bin Abdullah	4/5
Nirmala A/P Doraisamy	5/5

In order to facilitate the Directors in planning the attendance at the Board and Board Committee meetings, an annual meeting calendar is prepared and provided to the Directors at the last Board Meeting of the calendar year.

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.

All the directors are holding not more than 5 directorships in listed corporations.

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.

Statement On Corporate Governance (continued)

4.2 Director's Training (continued)

The Nomination Committee assessed the training requirement of the Directors annually and each of the Director is advised to attend at least one (1) workshop or seminar during a financial year. Amongst the trainings/seminars attended by the Directors during the financial year were:

Seminar Title	Attendee(s)	Date Attended
Evolving Investor Relations Best Practices for Targetting, Attracting and Retaining Global Investors	Abdul Razak Bin Dato' Hj. Ipap Nirmala A/P Doraisamy	19 March
IFRS/MFRS Technics Update For Management Accountants	Nirmala A/P Doraisamy	20 March
Mobile Game Forum Asia 2015 (MGF)	Dato' Lim Thean Keong	8 to 9 April
Cornerstone Global Leadership Summit : From Local to International	Dato' Lim Thean Keong	3 June
Knowledge Sharing On Key Emerging IR Trends and Identifying New Investor Segments	Ahmad Shukri Bin Abdullah	13 August
The Gateway to South East Asia's Game Industry Conference 2015	Dato' Lim Thean Keong	18 to 19 November
ACCCIM ICT Committee Merger And Acquisition Seminar	Dato' Lim Thean Keong	21 November
Corporate Disclosure Policy Under The Listing Requirement	Thong Kooi Pin	25 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.

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.

Statement On Corporate Governance (continued)

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 been accorded the authority to communicate directly with the external auditors. The external auditors in turn are able to highlight matters related to compliance with the accounting standard and other related regulatory requirements which require the Board attention effectively.

The Audit Committee has reviewed and assessed the suitability and independence of the External Auditors before they are appointed as the External Auditors of the Company. In addition, the Audit Committee also reviewed the audit fee in consideration of their competence and scope of works for the audits.

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 recognises 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 25 to 26 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 Securities' objectives of ensuring transparency and good corporate governance. Additional information is available at the Company's website [www.mmode.com.my]. In addition, product information is also available at the Company's website.

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.

Statement On Corporate Governance (continued)

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 Eleventh (11th) AGM held on 28 May 2015, 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 in the Articles of Association of the Company is met. All resolutions put forth for shareholders' approval at the 11th 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 recognises the importance of the life-supporting ecosystems and takes a proactive approach in minimising 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.

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 not having a Formal Diversity Policy for its workforce in terms of gender, age and ethnicity as at the year ended 31 December 2015, the Company recognise diversity and change to 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.

Statement On Corporate Governance (continued)

Workplace (continued)

Company	**Gender**						**Ethnicity**							
Age Group	**Male**	**%**	**Female**	**%**	**Total**	**%**	**Malay**	**%**	**Chinese**	**%**	**Others**	**%**	**Total**	**%**
20 - 29 years	10	40	28	49	38	46	19	45	19	49	–	0	38	46
30 - 39 years	13	52	25	44	38	46	19	45	18	45	1	100	38	46
40 - 49 years	1	4	3	5	4	6	3	8	1	3	–	0	4	6
50 - 59 years	0	0	1	2	1	1		0	1	3	–	0	1	1
60 years and above	1	4	0	0	1	1	1	2	–	0	–	0	1	1
Grand Total	25	100	57	100	82	100	42	100	39	100	1	100	82	100

Board of Directors	**Gender**						**Ethnicity**							
Age Group	**Male**	**%**	**Female**	**%**	**Total**	**%**	**Malay**	**%**	**Chinese**	**%**	**Others**	**%**	**Total**	**%**
20 - 29 years	–	0	–	0	0	0	–	0	–	0	–	0	0	0
30 - 39 years	–	0	–	0	0	0	–	0	–	0	–	0	0	0
40 - 49 years	1	25	1	100	2	40	–	0	1	50	1	100	2	40
50 - 59 years	3	75	–	0	3	60	2	100	1	50	–	0	3	60
60 years and above	–	0	–	0	0	0	–	0	–	0	–	0	0	0
Grand Total	4	100	1	100	5	100	2	100	2	100	1	100	5	100

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 2015.

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 2015.

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 2015.

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 2015 announced on 26 February 2016 and the audited financial statements of the Group for the financial year ended 31 December 2015.

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 2015.

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 maintain 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 recognises 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 organisation 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 2015 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>IT risk</u>

The businesses of the Group are reliant on telecommunication and internet network that links to computer systems such as mobile devices and computer. The Group has taken precautionary security measures to monitor the up-time of the connection and to avert improper external access of its computer systems to prevent from virus attack to the systems.

<u>Talent management risk</u>

The Group commenced several initiatives to ensure accelerated growth in behavioural, 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.

Statement On Risk Management And Internal Control (continued)

Competition risk

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 2015, the Group had launched 'Novelplus', a creative and independent publishing and reading smartphone application and native mobile games for smartphone devices via App Store and Google.

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.

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 2015.

6. REVIEW BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the 2015 Annual Report and 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 26 February 2016.

7. CONCLUSION

The Board recognises 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 Managing Director and Head of Finance 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 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities 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.

RESULTS OF OPERATIONS

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	7,985,524	4,485,841
Income tax credit	778,356	–
Profit for the year	8,763,880	4,485,841
Attributable to:		
Owners of the Company	8,763,880	4,485,841

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 Company paid a final dividend of 0.50 sen per ordinary share, tax exempt, amounting to RM813,548 proposed and declared in respect of the financial year ended 31st December 2014, on 19th June 2015.

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31st December 2015 of 0.60 sen per ordinary share, amounting to a dividend payable of RM976,257 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 next financial year end.

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.

Directors' Report (continued)

SHARE OPTIONS

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

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. 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 and as at the date of this report are:

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' INTERESTS

The shareholdings in the Company and in related companies 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 1.1.2015	**Bought**	**Sold**	**Balance as at 31.12.2015**
Shares in the Company				
Direct interests				
Dato' Lim Thean Keong	56,997,000	–	–	56,997,000
Ahmad Shukri Bin Abdullah	130,000	9,000	–	139,000
Indirect interests				
Dato' Lim Thean Keong	3,651,000	–	–	3,651,000
Ahmad Shukri Bin Abdullah	40,000	–	–	40,000

Directors' Report (continued)

DIRECTORS' INTERESTS (continued)

By virtue of the above directors' interests in the shares of the Company, the abovementioned directors are also deemed to have an interest in the shares of the subsidiaries to the extent that the Company has an interest.

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 profit or loss and other 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 need to be 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.

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.

Directors' Report (continued)

AUDITORS

The auditors, STYL Associates, do not wish to seek for re-appointment.

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: 14 April 2016

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 2015 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 31 to the Financial Statements 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: 14 April 2016

Statutory Declaration

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, HOOI SOOK KUAN, being the officer primarily responsible for the financial management of M-Mode Berhad, do solemnly and sincerely declare that the 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 14 April 2016

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 2015 of the Group and of the Company, and the statements of profit or loss and other 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 34 to 73.

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 2015 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 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 31 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
No. AF 1929
Chartered Accountants

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

Date: 14 April 2016
Kuala Lumpur

Statements Of Financial Position
as at 31st December 2015

	Note	GROUP 2015 RM	GROUP 2014 RM	COMPANY 2015 RM	COMPANY 2014 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	6	**8,018,494**	8,367,619	**1,637,321**	1,723,459
Intangible assets	7	**10,592,126**	10,921,129	**–**	–
Investment in subsidiaries	8	**–**	–	**6,631,874**	6,531,874
Investment in associate	9	**38,199**	758,114	**194,341**	830,000
Deferred tax assets	10	**249,022**	5,385	**–**	–
Total Non-current Assets		**18,897,841**	20,052,247	**8,463,536**	9,085,333
Current Assets					
Trade receivables	11	**15,006,455**	10,778,897	**–**	–
Other receivables, deposits and prepaid expenses	12	**758,802**	923,641	**157,406**	76,511
Amount owing by subsidiaries	8	**–**	–	**4,099,569**	2,860,909
Tax recoverable		**838,449**	147,733	**–**	–
Cash and cash equivalents	13	**46,813,500**	44,211,088	**21,841,397**	20,184,023
Total Current Assets		**63,417,206**	56,061,359	**26,098,372**	23,121,443
Total Assets		**82,315,047**	76,113,606	**34,561,908**	32,206,776
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	14	**16,270,950**	16,270,950	**16,270,950**	16,270,950
Reserves	15	**57,760,332**	49,810,000	**16,960,857**	13,288,564
Total Equity		**74,031,282**	66,080,950	**33,231,807**	29,559,514
Non-current Liabilities					
Term loans	16	**1,010,167**	1,476,605	**408,449**	543,356
Deferred tax liabilities	10	**1,851,125**	2,077,385	**–**	–
Total Non-current Liabilities		**2,861,292**	3,553,990	**408,449**	543,356
Current Liabilities					
Trade payables	17	**3,259,026**	2,878,532	**–**	–
Other payables and accrued expenses	18	**1,757,077**	3,219,806	**775,328**	1,600,273
Amount owing to subsidiaries	8	**–**	–	**40,124**	403,808
Term loans	16	**406,370**	380,328	**106,200**	99,825
Total Current Liabilities		**5,422,473**	6,478,666	**921,652**	2,103,906
Total Liabilities		**8,283,765**	10,032,656	**1,330,101**	2,647,262
Total Equity and Liabilities		**82,315,047**	76,113,606	**34,561,908**	32,206,776

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

Statements Of Profit Or Loss And Other Comprehensive Income
for the year ended 31st December 2015

		GROUP		COMPANY	
	Note	2015 RM	2014 RM (Restated)	2015 RM	2014 RM
Revenue	19	**37,247,740**	40,374,399	**8,832,422**	7,250,055
Other operating income	20	**1,563,757**	1,110,799	**757,400**	473,965
Purchases and other direct costs		**(15,804,701)**	(17,960,053)	**–**	–
Employee benefits expense	21	**(4,686,667)**	(4,152,299)	**(1,355,755)**	(1,290,962)
Amortisation of intangible assets		**(952,865)**	(787,266)	**–**	–
Depreciation of property, plant and equipment		**(1,840,321)**	(1,543,590)	**(109,360)**	(112,671)
Directors' remuneration	22	**(2,304,758)**	(2,409,034)	**(1,840,945)**	(1,819,646)
Other operating expenses	20	**(5,118,973)**	(4,635,773)	**(1,797,695)**	(1,232,084)
Profit from operations		**8,103,212**	9,997,183	**4,486,067**	3,268,657
Share of results of associate		**(84,256)**	(71,886)	**–**	–
Finance cost - Interest on term loans		**(33,432)**	(42,126)	**(226)**	(248)
Profit before tax		**7,985,524**	9,883,171	**4,485,841**	3,268,409
Income tax credit/(expense)	23	**778,356**	(1,387,825)	**–**	(219,680)
Profit for the year representing total comprehensive income for the year		**8,763,880**	8,495,346	**4,485,841**	3,048,729
Profit attributable to:					
Owners of the Company		**8,763,880**	8,495,346	**4,485,841**	3,048,729
Total comprehensive income attributable to:					
Owners of the Company		**8,763,880**	8,495,346	**4,485,841**	3,048,729

Earnings per share attributable to owners of the Company:

	Note	2015	2014
Basic (sen)	24	**5.39**	5.22
Diluted (sen)	24	**5.39**	5.22

Statements Of Changes In Equity
for the year ended 31st December 2015

GROUP	Issued capital RM	Non distributable reserve - Share premium RM	Distributable reserve - Retained earnings RM	Total equity RM
	← Attributable to Owners of the Company →			
Balance as at 1st January 2014	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 25)	–	–	(1,627,096)	(1,627,096)
Balance as at 31st December 2014	16,270,950	1,254,308	48,555,692	66,080,950
Total comprehensive income for the financial year	–	–	8,763,880	8,763,880
Transaction with owners of the Company:				
Dividends (Note 25)	–	–	(813,548)	(813,548)
Balance as at 31st December 2015	**16,270,950**	**1,254,308**	**56,506,024**	**74,031,282**

COMPANY	Issued capital RM	Non distributable reserve - Share premium RM	Distributable reserve - Retained earnings RM	Total equity RM
As at 1st January 2014	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 25)	–	–	(1,627,096)	(1,627,096)
Balance as at 31st December 2014	16,270,950	1,254,308	12,034,256	29,559,514
Total comprehensive income for the financial year	–	–	4,485,841	4,485,841
Transaction with owners of the Company:				
Dividends (Note 25)	–	–	(813,548)	(813,548)
Balance as at 31st December 2015	**16,270,950**	**1,254,308**	**15,706,549**	**33,231,807**

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

Statements Of Cash Flows
for the year ended 31st December 2015

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**7,985,524**	9,883,171	**4,485,841**	3,268,409
Adjustments for:				
Amortisation of intangible assets	**952,865**	787,266	**–**	–
Bad debts written off	**–**	5,802	**–**	–
Deposits written off	**1,226**	–	**–**	–
Development costs written off	**820,348**	–	**–**	–
Depreciation of property, plant and equipment	**1,840,321**	1,543,590	**109,360**	112,671
Property, plant and equipment written off	**16,058**	235,416	**1,456**	87
Impairment loss on investment in associate	**766,909**	–	**766,909**	–
Finance cost	**33,432**	42,126	**226**	248
Share of results of associate	**84,256**	71,886	**–**	–
Gain on disposal of property, plant and equipment	**(87,841)**	(36,800)	**–**	–
Interest income	**(1,408,115)**	(976,961)	**(757,400)**	(462,957)
Waiver of amount due from former director	**(45,989)**	–	**–**	–
Operating Profit Before Working Capital Changes	**10,958,994**	11,555,496	**4,606,392**	2,918,458
Changes in working capital:				
Increase in trade receivables	**(4,226,066)**	(2,154,648)	**–**	–
(Increase)/Decrease in other receivables, deposits and prepaid expenses	**176,729**	1,215,487	**(80,895)**	(60,095)
(Increase)/Decrease in amount owing by subsidiaries	**–**	–	**(1,238,660)**	1,005,362
Increase in trade payables	**380,494**	257,189	**–**	–
Decrease in other payables and accrued expenses	**(1,462,729)**	(1,017,516)	**(824,945)**	(140,712)
Increase/(Decrease) in amount owing to subsidiaries	**–**	–	**(363,684)**	375,923
Cash Generated From Operations	**5,827,422**	9,856,008	**2,098,208**	4,098,936
Tax refund	**102,879**	–	**–**	–
Tax paid	**(485,136)**	(843,400)	**–**	–
Net Cash From Operating Activities	**5,445,165**	9,012,608	**2,098,208**	4,098,936

Statements Of Cash Flows
for the year ended 31st December 2015 (continued)

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(1,644,808)**	(2,090,948)	**(24,678)**	–
Additions in intangible assets	**(1,319,690)**	(1,927,140)	**–**	–
Proceeds from disposal of property, plant and equipment	**225,395**	174,000	**–**	–
Purchase of investment in associate	**(131,250)**	(830,000)	**(131,250)**	(830,000)
Net cash outflow arising on acquisition of subsidiary (Note 8)	**(93,139)**	–	**(100,000)**	–
Interest received	**1,408,115**	976,961	**757,400**	462,957
Net Cash From/(Used In) Investing Activities	**(1,555,377)**	(3,697,127)	**501,472**	(367,043)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of term loans	**(440,396)**	(428,200)	**(128,532)**	(126,251)
Finance cost paid	**(33,432)**	(42,126)	**(226)**	(248)
Dividends paid	**(813,548)**	(813,548)	**(813,548)**	(813,548)
Net Cash Used In Financing Activities	**(1,287,376)**	(1,283,874)	**(942,306)**	(940,047)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,602,412**	4,031,607	**1,657,374**	2,791,846
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**44,211,088**	40,179,481	**20,184,023**	17,392,177
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 13)	**46,813,500**	44,211,088	**21,841,397**	20,184,023

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

Notes To The Financial Statements
31st December 2015

1) GENERAL INFORMATION

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

The Company is principally engaged in investment holding activities 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 Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No: 8, Jalan Kerinchi, 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 of the Group and of the Company have been authorised by the Board of Directors for issuance on 14th April 2016.

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.

Adoption of Amendments to MFRSs and Annual Improvements

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 119	Employee Benefits - Defined Benefit Plans: Employee Contributions
Annual improvements to MFRSs 2010 - 2012 Cycle	
Annual improvements to MFRSs 2011 - 2013 Cycle	

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

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
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 101	Presentation of Financial Statements - Disclosure Initiative	1st January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1st January 2016

Notes To The Financial Statements (continued)

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

		Effective for annual period beginning on or after
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
MFRS 15	Revenue from Contracts with Customers	1st January 2018
MFRS 9	Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)	1st January 2018

* The effective date of these Standards have been deferred, and yet to be announced by MASB.

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 material effect to the financial statements of the Group and the Company upon their initial application other than the two standards described below, for which the effects of adoption of the above pronouncements are still being assessed by the directors:

(a) MFRS 15 Revenue from Contracts with Customers

MFRS 15 Revenue from Contracts with Customers was issued in September 2014 and established a five-step model that will apply to revenue recognition arising from contracts with customers as follows:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

(b) MFRS 9 Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard makes changes to the requirements for classification and measurement, impairment and hedge accounting. 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 new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically

Notes To The Financial Statements (continued)

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

broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about any entity's risk management activities have also been introduced.

This Standard will come into effect on or after 1st January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory.

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 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

Foreign currency risk management

As at 31st December 2015, the Group and the Company are not exposed to any material foreign currency risk as the transactions and balances are mainly denominated in Ringgit Malaysia.

Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

Interest rate risk sensitivity analysis for variable rate instruments

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

	GROUP	
	2015 RM	**2014 RM**
Decrease in profit before tax	**9,207**	12,458

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.

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.

Notes To The Financial Statements (continued)

3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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	
	2015 RM	**2014 RM**
Not past due	**5,981,777**	10,616,397
Past due 0 - 90 days not impaired	**6,519,299**	84,825
Past due 91 - 180 days not impaired	**2,446,052**	18,797
Past due more than 180 days not impaired	**59,327**	58,878
	9,024,678	162,500
	15,006,455	10,778,897

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 RM9,024,678 (2014: RM162,500) that are 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.

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.

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, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Notes To The Financial Statements (continued)

3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. No changes were made in the Group's approach to capital management during the financial year.

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

The gearing ratio at the end of the reporting period is as follows:

	GROUP	
	2015	**2014**
	RM	**RM**
Debts (i)	**1,416,537**	1,856,933
Cash and bank balances	**(46,813,500)**	(44,211,088)
Net cash position	**(45,396,963)**	(42,354,155)
Total equity (ii)	**74,031,282**	66,080,950
Debt to equity ratio	**–**	–

(i) Debt is defined as term loans as disclosed in Note 16.
(ii) Equity includes issued capital, reserves and non-controlling interests.
(iii) The Group is not subject to any externally imposed capital requirement as at the reporting date.
(iv) The debt to equity ratio of the Group is nil in 2015 and 2014 as the Group is in a net cash position of RM45,396,963 and RM42,354,155 respectively.

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;

(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

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of Accounting (continued)

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

The Group recognises transfers between levels of the fair value hierarchy as at the date of the event or change in circumstances that caused the transfers.

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 loses 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) Investment in Subsidiaries

In the Company's separate financial statements, investment in subsidiaries is stated at cost less accumulated impairment losses. On disposal of such investment, the difference between disposal proceed and its carrying amount is 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) Other Intangible Assets

Other intangibles assets which represent licences, copyrights and other incidental costs incurred, are stated at cost less accumulated amortisation and impairment losses, are amortised over a period of two (2) years.

iii) 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 statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instruments.

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

a) Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets at FVTPL 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 FVTPL are recognised separately in profit or loss as part of other income or other losses.

Financial assets at FVTPL 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.

The Group and the Company do not have any financial assets at FVTPL at the current and previous financial year ends.

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, with revenue recognised on an effective yield basis.

The Group and the Company do not have any held-to-maturity investments at the current and previous financial year ends.

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

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.

d) AFS financial assets

AFS financial assets are non-derivatives that are either designated in this category or are not classified in any of the three preceding categories. After initial recognition, AFS 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 AFS equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

AFS financial assets which are not expected to be realised within 12 months after the financial year end are classified as non-current assets.

The Group and the Company do not have any AFS financial assets at the current and previous financial year ends.

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group and the Company.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a parties to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

a) Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL when the financial liability is either held for trading or it is designated as FVTPL.

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

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 and the Company manage 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 liability at FVTPL 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

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 FVTPL.

Financial liabilities at FVTPL 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 rate that 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.

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 assets, the estimated future cash flows of the investment have been affected.

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

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, 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 and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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.

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.

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.

Notes To The Financial Statements (continued)

4) SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Impairment of Non Financial Assets (continued)

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.

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 financial year end 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 them ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The amount of borrowing costs eligible for capitalisation is determined based on actual interest incurred on borrowings made specifically for the purpose of obtaining a qualifying asset and less any investment income on the temporary investment of that borrowing.

All other borrrowing costs are recognised as finance costs in profit or loss in the financial year in which they are incurred.

k) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

l) 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)

m) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events, and the existence of which 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.

n) 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. Operating segment's 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.

o) 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.

p) 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)

q) 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

The Group and its eligible employees are required by law to make monthly contributions to Employees Provident Fund ("EPF"), a statutory defined contribution plan, at certain prescribed rates based on the employees' salaries. The Group's and the Company's contributions to EPF are charged to profit or loss. Once the contributions have been paid, there are no further payment obligations.

r) 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, unutilised 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, unutilised 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.

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 software 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 receivable 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. The Group has trade receivables amounting to RM15,006,455 (2014: RM10,778,897) as at the reporting date.

(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. As at 31st December 2015, the Group and the Company have property, plant and equipment with net carrying amount of RM8,018,494 (2014: RM8,367,619) and RM1,637,321 (2014: RM1,732,459) respectively.

Notes To The Financial Statements (continued)

6) PROPERTY, PLANT AND EQUIPMENT

GROUP

2015	Freehold building RM	Furniture, fittings and equipment RM	Renovation RM	Motor vehicles RM	Research and development equipment RM	Content library RM	Total RM
Cost							
As at 1st January 2015	4,637,325	1,639,425	1,058,087	1,281,491	3,844,897	4,346,196	16,807,421
Additions	–	518,497	7,494	362,957	179,556	576,304	1,644,808
Disposals	–	(34,128)	–	(597,663)	(4,129)	–	(635,920)
Written off	–	(172,849)	–	–	(1,134,092)	–	(1,306,941)
As at 31st December 2015	**4,637,325**	**1,950,945**	**1,065,581**	**1,046,785**	**2,886,232**	**4,922,500**	**16,509,368**
Accumulated depreciation							
As at 1st January 2015	474,524	627,846	188,037	950,758	2,491,704	3,706,933	8,439,802
Charge for the year	92,746	260,408	106,371	235,366	518,811	626,619	1,840,321
Disposals	–	(9,893)	–	(487,391)	(1,082)	–	(498,366)
Written off	–	(164,230)	–	–	(1,126,653)	–	(1,290,883)
As at 31st December 2015	**567,270**	**714,131**	**294,408**	**698,733**	**1,882,780**	**4,333,552**	**8,490,874**
Net carrying amount							
As at 31st December 2015	**4,070,055**	**1,236,814**	**771,173**	**348,052**	**1,003,452**	**588,948**	**8,018,494**

Notes To The Financial Statements (continued)

6) **PROPERTY, PLANT AND EQUIPMENT (continued)**

GROUP

2014	**Freehold building RM**	**Furniture, fittings and equipment RM**	**Renovation RM**	**Motor vehicles RM**	**Research and development equipment RM**	**Content library RM**	**Total RM**
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 carrying amount							
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)

COMPANY

2015	Freehold building RM	Furniture, fittings and equipment RM	Renovation RM	Total RM
Cost				
As at 1st January 2015	1,288,960	316,331	477,038	2,082,329
Additions	–	24,678	–	24,678
Written off	–	(42,191)	–	(42,191)
As at 31st December 2015	**1,288,960**	**298,818**	**477,038**	**2,064,816**
Accumulated depreciation				
As at 1st January 2015	81,634	115,238	161,998	358,870
Charge for the year	25,779	35,877	47,704	109,360
Written off	–	(40,735)	–	(40,735)
As at 31st December 2015	**107,413**	**110,380**	**209,702**	**427,495**
Net carrying amount				
As at 31st December 2015	**1,181,547**	**188,438**	**267,336**	**1,637,321**
2014				
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 carrying amount				
As at 31st December 2014	1,207,326	201,093	315,040	1,723,459

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 RM4,002,972 (2014: RM4,094,317) and RM1,181,547 (2014: RM1,207,326) 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 RM1,946,331 (2014: RM3,178,978) and RMNil (2014: RM6,975) respectively.

Notes To The Financial Statements (continued)

7) INTANGIBLE ASSETS

	Goodwill on consolidation RM	Licence RM	Development costs RM	Total RM
GROUP				
2015				
Cost				
As at 1st January 2015	4,458,272	–	9,793,604	14,251,876
Additions	124,520	121,318	1,198,372	1,444,210
Written off	–	–	(845,496)	(845,496)
As at 31st December 2015	**4,582,792**	**121,318**	**10,146,480**	**14,850,590**
Accumulated amortisation				
As at 1st January 2015	–	–	3,330,747	3,330,747
Amortisation for the year	–	23,374	929,491	952,865
Written off	–	–	(25,148)	(25,148)
As at 31st December 2015	**–**	**23,374**	**4,235,090**	**4,258,464**
Net carrying amount				
As at 31st December 2015	**4,582,792**	**97,944**	**5,911,390**	**10,592,126**

	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

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 9.4% 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.

Notes To The Financial Statements (continued)

7) INTANGIBLE ASSETS (continued)

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.

8) INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2015 RM	2014 RM
Unquoted shares - At cost	**6,631,874**	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	Proportion of Ownership Interest 2015 %	2014 %	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
Tameko Sdn. Bhd. (formerly known as M-Mode Systems Sdn. Bhd.	Malaysia	**100**	100	Provision of mobile contents and data application services
Cypress Valley Sdn. Bhd. *	Malaysia	**100**	100	Dormant
Novelplus Sdn. Bhd. * (formerly known as Fringe Media Sdn. Bhd.)	Malaysia	**100**	–	Provision of mobile contents and data application services

The financial statements of all the above subsidiaries were examined by another firm of auditors.

* The auditors' reports 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.

During the financial year, the Group acquired 100% equity interest in Novelplus Sdn. Bhd. (formerly known as Fringe Media Sdn. Bhd.), a company incorporated in Malaysia, for a total consideration of RM100,000.

Notes To The Financial Statements (continued)

8) INVESTMENT IN SUBSIDIARIES (continued)

The fair value of net assets acquired, goodwill and cash flow arising from the acquisition is as follows:

	2015 RM
Intangible assets	**124,520**
Trade receivables	**1,492**
Other receivables	**13,116**
Cash and bank balances	**6,861**
Other payables and accrued expenses	**(45,989)**
Purchase consideration	**100,000**
Less: Cash and cash equivalents of subsidiary acquired	**(6,861)**
Cash flow on acquisition, net of cash and cash equivalents acquired	**93,139**

9) INVESTMENT IN ASSOCIATE

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Unquoted shares - At cost	**961,250**	830,000	**961,250**	830,000
Impairment loss	**(766,909)**	–	**(766,909)**	–
Share of post acquisition reserves	**(156,142)**	(71,886)	**–**	–
	38,199	758,114	**194,341**	830,000

The carrying value of the associate is analysed as follow:

	GROUP	
	2015 RM	2014 RM
Share of net assets	**38,199**	70,466
Goodwill on acquisition	**–**	687,648
	38,199	758,114

The associate is Say Me Commerce Sdn. Bhd., a company incorporated in Malaysia, in which the Group holds 38.75% (2014: 35.74%) equity interest. The associate is principally engaged in e-commerce businesses. During the financial year, the Company subscribed for additional 37,500 ordinary shares of RM1.00 each in Say Me Commerce Sdn. Bhd. for a total consideration of RM131,250.

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

	GROUP	
	2015 RM	2014 RM
Assets and Liabilities		
Non-current Assets	**64,092**	85,896
Current Assets	**42,015**	157,635
Total Assets	**106,107**	243,531
Total Liabilities	**7,530**	46,397

Notes To The Financial Statements (continued)

9) INVESTMENT IN ASSOCIATE (continued)

	GROUP	
	2015 RM	2014 RM
Results		
Revenue	**201,339**	416,092
Loss for the year	**(229,808)**	(702,866)

10) DEFERRED TAXATION

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Deferred tax assets				
Balance as at beginning of the year	**5,385**	362,285	**–**	219,680
Recognised in profit or loss (Note 23)	**243,637**	(356,900)	**–**	(219,680)
Balance as at end of the year	**249,022**	5,385	**–**	–
Deferred tax liabilities				
Balance as at beginning of the year	**2,077,385**	1,808,231	**–**	–
Recognised in profit or loss (Note 23)	**(226,260)**	269,154	**–**	–
Balance as at end of the year	**1,851,125**	2,077,385	**–**	–

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.

Details of unutilised tax losses and unabsorbed capital allowances which have not been recognised in the financial statements due to uncertainty of realisation are as follows.

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Unutilised tax losses	**1,952,327**	1,469,279	**1,097,450**	768,632
Unabsorbed capital allowances	**130,753**	112,242	**93,604**	82,458
	2,083,080	1,581,521	**1,191,054**	851,090

The unutilised tax losses and unabsorbed capital allowances are available for offset against future taxable profits, subject to the agreement by the tax authorities.

11) TRADE RECEIVABLES

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.

The trade receivables are all denominated in Ringgit Malaysia.

Notes To The Financial Statements (continued)

12) OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

Other receivables, deposits and prepaid expenses consist of:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Other receivables	**237,370**	683,342	**165,751**	84,669
Less: Allowance for doubtful debts	**(21,949)**	(21,949)	**(21,949)**	(21,949)
	215,421	661,393	**143,802**	62,720
Prepaid expenses	**316,581**	79,003	**4,149**	4,336
Refundable deposits	**226,800**	183,245	**9,455**	9,455
	758,802	923,641	**157,406**	76,511

The other receivables are all denominated in Ringgit Malaysia.

13) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	GROUP		COMPANY	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	**6,562,459**	4,939,287	**1,291,397**	1,884,023
Short term deposit with fund management company	**7,501,041**	7,271,801	**–**	–
Short-term deposits with licensed banks	**32,750,000**	32,000,000	**20,550,000**	18,300,000
	46,813,500	44,211,088	**21,841,397**	20,184,023

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

	2015	**2014**
	%	**%**
Short-term deposits with licensed banks	**3.20 - 3.95**	3.25 - 3.90
Short-term deposits with fund management company	**2.58 - 2.86**	2.58 - 2.90

Deposits of the Group and 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.

14) SHARE CAPITAL

	GROUP AND COMPANY	
	2015	**2014**
	RM	**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

Notes To The Financial Statements (continued)

15) RESERVES

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Non Distributable Reserve:				
Share premium	**1,254,308**	1,254,308	**1,254,308**	1,254,308
Distributable Reserve:				
Retained earnings	**56,506,024**	48,555,692	**15,706,549**	12,034,256
	57,760,332	49,810,000	**16,960,857**	13,288,564

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 2015 under the single-tier system.

16) TERM LOANS

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Secured term loans	**1,416,537**	1,856,933	**514,649**	643,181
Less: Portion due within the next 12 months	**(406,370)**	(380,328)	**(106,200)**	(99,825)
Portion payable after the next 12 months	**1,010,167**	1,476,605	**408,449**	543,356
Maturity of the term loans:				
More than 1 year and less than 2 years	**430,354**	402,743	**111,466**	104,776
More than 2 years and less than 5 years	**579,813**	981,830	**296,983**	346,548
5 years or more	**–**	92,032	**–**	92,032

The term loans of the Group and of the Company bear interest at rates ranging from 1.25% to 2.00% (2014: 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 RM901,888 (2014: RM1,213,752) are additionally guaranteed by the Company.

17) TRADE PAYABLES

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.

The trade payables are all denominated in Ringgit Malaysia.

Notes To The Financial Statements (continued)

18) OTHER PAYABLES AND ACCRUED EXPENSES

Other payables and accrued expenses consist of:

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Other payables	**29,964**	406,141	**369**	–
Accrued expenses	**1,527,447**	1,924,295	**746,019**	786,725
Goods and service tax payable	**173,865**	–	**28,940**	–
Deferred income	**–**	60,522	**–**	–
Deposit received	**25,801**	15,300	**–**	–
Interim dividend	**–**	813,548	**–**	813,548
	1,757,077	3,219,806	**775,328**	1,600,273

The other payables are all denominated in Ringgit Malaysia.

19) REVENUE

	GROUP		COMPANY	
	2015 RM	2014 RM (Restated)	2015 RM	2014 RM
Mobile content and data application services	**36,363,722**	39,239,339	**–**	–
Distribution of magazine	**884,018**	1,135,060	**–**	–
Management fees	**–**	–	**2,482,422**	2,750,055
Dividend income	**–**	–	**6,350,000**	4,500,000
	37,247,740	40,374,399	**8,832,422**	7,250,055

20) OTHER OPERATING EXPENSES/(INCOME)

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

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Auditors' remuneration				
- Statutory audit				
- Auditors of the Company	**22,000**	20,000	**22,000**	20,000
- Other auditors				
- current year	**69,000**	69,500	**–**	–
- underprovision in prior year	**–**	2,200	**–**	–
- Non-audit services	**3,000**	–	**3,000**	–
Bad debts written off	**–**	5,802	**–**	–
Deposits written off	**1,226**	–	**–**	–
Development costs written off	**820,348**	–	**–**	–
Impairment loss on investment in associate	**766,909**	–	**766,909**	–
Property, plant and equipment written off	**16,058**	235,416	**1,456**	87
Management fee payable to subsidiary	**–**	–	**12,374**	–
Rental of equipment	**13,513**	15,637	**9,087**	13,117
Rental of storage space	**2,303**	–	**2,215**	–
Rental of premises	**182,529**	159,306	**–**	–

Notes To The Financial Statements (continued)

20) OTHER OPERATING EXPENSES/(INCOME) (continued)

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest income from fixed deposits	**(1,408,115)**	(976,961)	**(757,400)**	(462,957)
Gain on disposal of property, plant and equipment	**(87,841)**	(36,800)	**–**	–
(Gain)/Loss on foreign exchange	**(230)**	34	**–**	–
Rental income	**(5,745)**	(15,500)	**–**	–
Waiver of amount due from former director	**(45,989)**	–	**–**	–

21) EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries and allowances	**3,958,057**	3,633,879	**1,066,279**	1,040,283
Bonus	–			
- current year	**355,954**	445,671	**110,348**	157,380
- overprovision in prior year	**(127,331)**	(402,406)	**42,860**	(47,972)
Defined contribution plan - EPF	**461,477**	437,301	**128,311**	132,613
Social security contributions	**38,510**	37,854	**7,957**	8,658
	4,686,667	4,152,299	**1,355,755**	1,290,962

22) DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Executive directors:				
Salary and other emoluments	**2,021,085**	2,137,365	**1,588,625**	1,588,625
Defined contribution plan	**222,588**	211,049	**191,700**	170,401
Social security contributions	**1,085**	620	**620**	620
	2,244,758	2,349,034	**1,780,945**	1,759,646
Non-executive directors:				
Fees	**60,000**	60,000	**60,000**	60,000
	2,304,758	2,409,034	**1,840,945**	1,819,646

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	
	2015	2014
Executive Directors:		
Above RM1,000,000	**1**	1
Non-Executive Directors:		
Below RM50,000	**4**	4

Notes To The Financial Statements (continued)

23) INCOME TAX EXPENSE/(CREDIT)

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Estimated current tax payable				
current year	**67,036**	749,987	**–**	–
(over)/underprovision in prior year	**(375,495)**	1,584	**–**	–
	(308,459)	751,571	**–**	–
Real property gain tax	**–**	10,200	**–**	–
	(308,459)	761,771	**–**	–
Deferred tax in respect of:				
Tax assets (Note 10)	**(243,637)**	356,900	**–**	219,680
Tax liabilities (Note 10)	**(226,260)**	269,154	**–**	–
	(469,897)	626,054	**–**	219,680
	(778,356)	1,387,825	**–**	219,680

A numerical reconciliation of income tax expense/(credit) 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	
	2015 RM	2014 RM	2015 RM	2014 RM
Accounting profit	**7,985,524**	9,883,171	**4,485,841**	3,268,409
Tax at the applicable statutory income tax rate of 25%	**1,996,381**	2,470,793	**1,121,460**	817,102
Tax effects in respect of:				
Expenses that are not deductible for tax purposes	**423,923**	352,794	**286,694**	141,555
Effect of changes in tax rates	**(125)**	(20,874)	**–**	–
Income exempted from tax	**(3,125,907)**	(1,802,629)	**(1,587,500)**	(1,125,000)
Net deferred tax not recognised	**302,867**	20,115	**179,346**	166,343
Reversal of prior year deferred tax assets	**–**	356,900	**–**	219,680
Reversal of prior year deferred tax liabilities	**–**	(1,058)	**–**	–
(Over)/Underprovision of income tax in prior year	**(375,495)**	1,584	**–**	–
Real property gain tax	**–**	10,200	**–**	–
Income tax expense/(credit)	**(778,356)**	1,387,825	**–**	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.

Notes To The Financial Statements (continued)

24) EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the profit 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	
	2015	**2014**
Profit attributable to owners of the Company (RM)	**8,763,880**	8,495,346
Weighted average number of ordinary shares in issue	**162,709,500**	162,709,500
Basic earnings per share (sen)	**5.39**	5.22

Diluted earnings per share

The calculation of diluted earnings per share is the same with basic earnings per share as there are no dilutive potential ordinary shares.

25) DIVIDENDS

	GROUP AND COMPANY	
	2015	**2014**
	RM	**RM**
First and final dividend of 0.50 sen per ordinary share, tax exempt in 2013	**–**	813,548
First interim dividend of 0.50 sen per ordinary share, tax exempt in 2014	**–**	813,548
Final dividend of 0.50 sen per ordinary share, tax exempt in 2014	**813,548**	–
	813,548	1,627,096

A final dividend of 0.50 sen 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;

A first interim dividend of 0.50 sen 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;

A final dividend of 0.50 sen 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 19th June 2015; and

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31st December 2015 of 0.60 sen per ordinary share, amounting to a dividend payable of RM976,257 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 next financial year end.

Notes To The Financial Statements (continued)

26) SEGMENTAL INFORMATION

Primary Reporting Format - Business Segments

2015	Contents and value added services RM	Investment holding RM	Eliminations RM	Consolidated RM
REVENUE				
External revenue	37,247,740	–	–	37,247,740
Intersegment revenue	17,336,938	8,832,422	(26,169,360)	–
	54,584,678	8,832,422	(26,169,360)	37,247,740
RESULTS				
Profit from operations	9,960,081	4,486,067	(6,342,936)	8,103,212
Share of results of associate				(84,256)
Finance cost				(33,432)
Income tax expense				778,356
Profit for the year				8,763,880
OTHER INFORMATION				
Segment assets	57,953,658	34,561,908	(10,449,541)	82,066,025
Segment liabilities	13,346,856	1,330,101	(8,244,317)	6,432,640
Capital expenditure	2,939,820	24,678		2,964,498
Non-cash expenses				
Depreciation of property, plant and equipment	1,730,961	109,360	–	1,840,321
Amortisation of intangible assets	952,865	–	–	952,865
Development costs written off	820,348	–	–	820,348
Impairment loss on investment in associate	–	766,909	–	766,909
Other non-cash expenses	15,828	1,456	–	17,284
2014				
REVENUE (Restated)				
External revenue	40,374,399	–	–	40,374,399
Intersegment revenue	19,487,054	7,250,055	(26,737,109)	–
	59,861,453	7,250,055	(26,737,109)	40,374,399
RESULTS				
Profit from operations	11,228,527	3,268,656	(4,500,000)	9,997,183
Share of results of associate				(71,886)
Finance costs				(42,126)
Income tax expense				(1,387,825)
Profit for the year				8,495,346

Notes To The Financial Statements (continued)

26) SEGMENTAL INFORMATION (continued)

Primary Reporting Format - Business Segments (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 development costs	787,266	–	–	787,266
Non-cash expenses other than depreciation and amortisation	241,131	87	–	241,218

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.

Major customers

The following are the major customers individually accounting for 10% or more of group revenue for current and prior years:

	Revenue 2015 RM	Revenue 2014 RM
Customer A	**31,788,288**	25,744,891
Customer B	**3,170,654**	10,323,624
	34,958,942	36,068,515

The revenue from major customers above are from contents and value added services segment.

27) 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.

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.

Notes To The Financial Statements (continued)

27) SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

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	
	2015 RM	**2014 RM**
Management fees from subsidiaries	**2,482,422**	2,750,055
Dividend income from subsidiaries	**6,350,000**	4,500,000

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

	GROUP		COMPANY	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Executive directors:				
Salary and other emoluments	**2,021,085**	2,137,365	**1,588,625**	1,588,625
Defined contribution plan	**222,588**	211,049	**191,700**	170,401
Social security contributions	**1,085**	620	**620**	620
	2,244,758	2,349,034	**1,780,945**	1,759,646
Non-executive directors:				
Fees	**60,000**	60,000	**60,000**	60,000
	2,304,758	2,409,034	**1,840,945**	1,819,646

28) SUBSEQUENT EVENT

On 3rd February 2016, the Company acquired two (2) ordinary shares of RM1.00 each in One Seed Sdn. Bhd. (formerly known as Next Dynasty Sdn. Bhd.), representing 100% equity interest for a total consideration of RM50,000.

29) COMPARATIVE FIGURES

The following comparative amounts of the Group as at 31st December 2014 have been reclassified to conform with current year's presentation:

	As restated RM	Reclassi-fication RM	As previously stated RM
Revenue	40,374,399	(43,655,901)	84,030,300
Purchases and other direct costs	(17,960,053)	43,655,901	(61,615,954)

Notes To The Financial Statements (continued)

30) 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	12
Amount owing by subsidiaries	8
Trade payables	17
Other payables	18
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) Classification of financial instruments

	GROUP		COMPANY	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Financial assets				
Loans and receivables:				
Trade receivables	**15,006,455**	10,778,897	**–**	–
Other receivables and deposits	**442,221**	844,638	**153,257**	72,175
Amount owing by subsidiaries	**–**	–	**4,099,569**	2,860,909
Cash and bank balances	**46,813,500**	44,211,088	**21,841,397**	20,184,023
	62,262,176	55,834,623	**26,094,223**	23,117,107
Financial liabilities at amortised costs				
Trade payables	**3,259,026**	2,878,532	**–**	–
Other payables	**29,964**	406,141	**369**	–
Amount owing to subsidiaries	**–**	–	**40,124**	403,808
Term loans (Note 16)	**1,416,537**	1,856,933	**514,649**	643,181
	4,705,527	5,141,606	**555,142**	1,046,989

iv) Fair value hierarchy

As at 31st December 2015, there were no financial instruments carried at fair value.

Notes To The Financial Statements (continued)

31) 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	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Retained earnings carried forward are analysed as follows:				
Unrealised	**(1,602,103)**	(2,072,000)	**–**	–
Realised	**59,452,501**	51,989,614	**15,706,549**	12,034,256
	57,850,398	49,917,614	**15,706,549**	12,034,256
Add: Consolidation adjustments	**(1,344,374)**	(1,361,922)	**–**	–
Total retained earnings	**56,506,024**	48,555,692	**15,706,549**	12,034,256

List Of Properties
At 31 December 2015

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	21 Years	5,435	1,689,198	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	21 Years	2,422	1,132,224	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	21 Years	2,432	1,181,547	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/ Office	Freehold	17 Years	783	67,083	13-Dec-1999

Shareholding Statistics
15 April 2016

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	1.921	2,070	0.001
100 – 1,000	157	6.703	72,830	0.044
1,001 – 10,000	985	42.058	6,411,950	3.940
10,001 – 100,000	994	42.442	33,772,000	20.756
100,001 – 8,135,474	160	6.831	65,453,650	40.227
8,135,475 And Above	1	0.042	56,997,000	35.029
Total	**2,342**	**100.000**	**162,709,500**	**100.000**

SUBSTANTIAL SHAREHOLDERS

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

DIRECTORS’ SHAREHOLDING

		Direct Interest		Indirect Interest	
No.	**Name of Shareholders**	**No. of Shares**	**%**	**No. of Shares**	**%**
1	Dato’ Lim Thean Keong	56,997,000	35.029	3,651,000	2.243
2	Ahmad Shukri bin Abdullah	139,000	0.085	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	2,596,500	1.595
6.	Chua Shok Tim @ Chua Siok Hoon	2,430,000	1.493
7.	HSBC Nominees (Asing) Sdn Bhd *Exempt An For Morgan Stanley & Co. LLC (Client)*	1,914,600	1.176
8.	Tung Wai Fun	1,869,600	1.149
9.	Cimsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chan Kok Keong (BDR Utama-CL)*	1,260,000	0.774
10.	Lee Ah Han	1,000,000	0.614
11.	Lim Shen Maw	1,000,000	0.614
12.	Maybank Nominees (Tempatan) Sdn Bhd *Alex Chan Yee Lup*	830,100	0.510
13.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Solomon Tan Yiin Yuh*	820,000	0.503
14.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ting Hua See*	800,000	0.491
15.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yee Wai Chow*	726,000	0.446
16.	Maybank Nominees (Asing) Sdn Bhd *Pledged Securities Account For Rustom Framroze Chothia*	724,000	0.444
17.	Chong Kim Hon	676,100	0.415
18.	Xie Xin Poultry Merchant Sdn Bhd	630,000	0.387
19.	Lee Yuet Chin	620,000	0.381
20.	Liew Sin Keat	617,400	0.379
21.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kong Kok Choy*	600,000	0.368
22.	Lee Cheow Sin	573,100	0.352
23.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yap Kok Keong (E-TSA)*	533,900	0.328
24.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ooi Thean Hin (E-SJA)*	510,000	0.313
25.	HLIB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Gan Siong Tien*	501,000	0.307
26.	Cimsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Eng Huat (Penang-CL)*	500,000	0.307
27.	Lim Boon Hing	500,000	0.307
28.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Leong Soon Heng*	500,000	0.307
29.	Syed Sirajuddin Putra Jamalullail	500,000	0.307
30.	Tee Kim Gek	500,000	0.307

Notice Of Twelfth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth 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, 2 June 2016 at 2.30 p.m. to transact the following businesses:-

A G E N D A

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 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 first and final tax exempt dividend of 6.0% per ordinary share in respect of the financial year ended 31 December 2015. **(Resolution 1)**

3. To re-elect Thong Kooi Pin who retires pursuant to Article 127 of the Company's Articles of Association. **(Resolution 2)**

4. To approve Directors' Remuneration for the financial year ended 31 December 2015. **(Resolution 3)**

5. To appoint Auditors and to authorise the Directors to fix their remuneration. **(Resolution 4)**

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

   "THAT Messrs Morison Anuarul Azizan Chew, having consented to act, be and are hereby appointed as Auditors of the Company in place of the retiring auditors, Messrs STYL Associates, and to hold office until the conclusion of the next Annual General Meeting AND THAT the Directors be authorised to fix their remuneration."

Special Business

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

6. **ORDINARY RESOLUTION I**
   Authority To Allot And Issue Shares **(Resolution 5)**

   "THAT subject always to the Companies Act 1965, the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 at such price, 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 nominal value of the issued and paid-up share capital of the Company for the time being. AND 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 Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Notice Of Twelfth Annual General Meeting (continued)

7. **ORDINARY RESOLUTION II**
Proposed Renewal of Authority for the Shares Buy-Back pursuant to Section 67A of the Companies Act, 1965 **(Resolution 6)**

"THAT, subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 RM15,706,549 and share premium account of RM1,254,308 for the financial year ended 31 December 2015 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."

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

Notice Of Twelfth Annual General Meeting (continued)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Twelfth Annual General Meeting to be held on 2 June 2016, a first and final tax exempt dividend of 6.0% per ordinary share in respect of the financial year ended 31 December 2015 will be paid on 23 June 2016 to Depositors whose names appear in the Record of Depositors on 9 June 2016.

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 9 June 2016 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
29 April 2016

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.

(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.

Notice Of Twelfth Annual General Meeting (continued)

(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 26 May 2016 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 Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 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 2015*

   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*

   Encik Ahmad Shukri Bin Abdullah is retiring by rotation in accordance with Article 127 of the Company's Articles of Association as Director of the Company at the Twelfth Annual General Meeting and he had indicated to the Company that he would not be seeking for re-election at the Twelfth Annual General Meeting. Therefore, Encik Ahmad Shukri Bin Abdullah shall retire as Director at the conclusion of the Twelfth Annual General Meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

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

   The Ordinary Resolution proposed under Resolution 5 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 Ordinary Resolution proposed under Resolution 5, 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 29 April 2016 for further information.

Annexure A

Dato' Lim Thean Keong
No.13, Jalan Maran
Off Jalan Kuantan
53200 Kuala Lumpur

Date: 5 April 2016

The Directors
M-Mode Berhad
Unit 30-01, Level 30, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

Dear Sirs

RE: NOTICE OF NOMINATION OF MESSRS MORISON ANUARUL AZIZAN CHEW AS AUDITORS IN PLACE OF THE RETIRING AUDITORS, MESSRS STYL ASSOCIATES

Pursuant to Section 172(11) of the Companies Act 1965, I, being a shareholder of M-Mode Berhad ("the Company"), hereby give notice of my intention to nominate Messrs Morison Anuarul Azizan Chew for appointment as Auditors of the Company in place of the retiring auditors, Messrs STYL Associates and propose the following Ordinary Resolution for tabling at the forthcoming Annual General Meeting of the Company:

"THAT Messrs Morison Anuarul Azizan Chew, having consented to act, be and are hereby appointed as Auditors of the Company in place of the retiring auditors, Messrs STYL Associates, and to hold office until the conclusion of the next Annual General Meeting AND THAT the Directors be authorised to fix their remuneration."

Yours faithfully

DATO' LIM THEAN KEONG

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK m-mode

Form of Proxy

No. of shares held	

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

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 Twelfth 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, 2 June 2016 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 2015.			
	Resolutions	**For**	**Against**
2. To approve the payment of a first and final tax exempt dividend of 6.0% per ordinary share in respect of the financial year ended 31 December 2015.	1		
3. To re-elect Thong Kooi Pin who retires pursuant to Article 127 of the Company's Articles of Association.	2		
4. To approve Directors' Remuneration for the financial year ended 31 December 2015.	3		
5. To appoint Auditors and to authorise the Directors to fix their remuneration.	4		
Special Business			
6. Authority to the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965	5		
7. Proposed Renewal of Authority for the Shares Buy-Back of the Company pursuant to Section 67A of the Companies Act, 1965.	6		

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

____
Signature of Shareholder(s) or Common Seal

Signed this______day of _____________2016

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.

(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.

(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 26 May 2016 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 Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.

Fold here for sealing

Fold along this line (1)

Affix
Stamp
Here

The Company Secretaries
M-Mode Berhad (635759-U)

Unit 30-01, Level 30, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

Fold along this line (2)

M-MODE BERHAD

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

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

MSC MALAYSIA
Status Company

Scan to install:

Scan to install:

Scan to install:

English Ver.

Chinese Ver.