



## ANNUAL REPORT 2004

## CONTENTS

---

CORPORATE INFORMATION	3
BOARD OF DIRECTORS	4
CHAIRMAN'S STATEMENT	6
AUDIT COMMITTEE REPORTS	8
STATEMENT ON CORPORATE GOVERNANCE	11
STATEMENT OF INTERNAL CONTROL	14

### **REPORTS & FINANCIAL STATEMENTS**

DIRECTORS' REPORT	15
STATEMENT BY DIRECTORS	20
STATUTORY DECLARATION	21
REPORT OF THE AUDITORS' TO THE MEMBERS	22
INCOME STATEMENTS	23
BALANCE SHEETS	24
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	25
COMPANY STATEMENT OF CHANGES IN EQUITY	26
CASH FLOW STATEMENTS	27
NOTES TO THE FINANCIAL STATEMENTS	28
SHAREHOLDING STATISTICS	45
NOTICE OF FIRST ANNUAL GENERAL MEETING	47
FORM OF PROXY	50

## CORPORATE INFORMATION

### Board of Directors

Lim Thean Keong

*Chairman / Managing Director*

Tung Wai Fun

*Executive Director*

Aminuddin Yusof Lana

*Executive Director*

Fam Lee Ee

*Independent Non-Executive Director*

Mohd Zaini Bin Noordin

*Independent Non-Executive Director*

### Audit Committee

Fam Lee Ee

*Chairman / Independent*

*Non-Executive Director*

Mohd Zaini Bin Noordin

*Independent Non-Executive Director*

Aminuddin Yusof Lana

*Executive Director*

### Company Secretaries

Lee Pau Meng (MAICSA 7000595)

Ng Yen Hoong (LS 008016)

### Registered and Corporate Office

B-3-13, Block B 3rd Floor, Unit 13

Megan Avenue II,

12, Jalan Yap Kwan Seng,

50450 Kuala Lumpur.

Tel : 03-2713 2998

Fax : 03-2175 2578

### Principal Banker

RHB Bank Berhad

### Share Registrar

PFA Registration Services Sdn Bhd

(Co. No. 19234-W)

Level 13, Uptown 1,

No. 1, Jalan SS21/58,

Damansara Uptown,

47400 Petaling Jaya

Selangor Darul Ehsan

Tel : 03-7725 4888

Fax : 03-7722 2311

### Listing Sponsor

Affin Merchant Bank Berhad

(Co. No. 9999-V)

27<sup>th</sup> Floor, Menara Boustead

69, Jalan Raja Chulan,

50200 Kuala Lumpur.

Tel : 03-2142 3700

Fax : 03-2141 7701

### Stock Exchange Listing

Bursa Malaysia Securities Berhad

(MESDAQ Market)

Stock Name : MMODE (0059)

### Auditor

Chanthiran & Co.

Suite EFGH, 11 Floor,

Bangunan Angkasa Raya,

Jalan Ampang, 50450 Kuala Lumpur.

Tel : 03-2715 5678

### Corporate Website

[www.mmode.com.my](http://www.mmode.com.my)

## BOARD OF DIRECTORS

---

**Lim Thean Keong**, age 42, Malaysian citizen, is the Chairman/Managing Director of M-Mode Berhad and the founder/director of eCentury Sdn Bhd and Mobile Multimedia Sdn Bhd, both are wholly owned subsidiaries of M-Mode Berhad. He was appointed to the Board on 31 March 2004. As the founder of the M-Mode Group since its inception, he is responsible for charting the strategic directions and growth of the M-Mode Group. Mr Lim earned his Bachelor of Arts (Honours) degree from University of Malaya, Malaysia in 1987 and received several awards in inter-university and nationwide creative writing competitions, including two (2) 1<sup>st</sup> prizes in poem and essay writing competitions. He has around twenty (20) years of experience in the publishing industry. He started his career as a part-time journalist for China Press and New Life Post from 1984 to 1988 before managing his own school text book publishing house called Agents' Digest (M) Sdn Bhd from 1988 to 1993. He established his own publishing house called Cede Communications Sdn Bhd in 1993 which publishes Chinese magazines such as Apple Magazine, the One Weekly, Traveller's Digest and Fun Magazine. He was a director of the Chinese Assembly Hall from 1995 to 1999 and is currently the secretary of Persatuan Siswazah Jabatan Pengajian Tionghua, University of Malaya.

**Tung Wai Fun**, age 35, Malaysian citizen, is the Executive Director of M-Mode. She was appointed to the Board on 31 March 2004. She graduated from Universiti Kebangsaan Malaysia, Malaysia in 1993 with a Bachelor of Business Administration (Honours), major in Marketing and minor in Management. She began her career with AC Nielsen Sdn Bhd (formerly known as Survey Research Malaysia), Botly Securities Sdn Bhd and Bolton Properties Bhd, holding various posts from 1993 to 1996 before moving on to Miller Freeman Sdn Bhd for three (3) years as an Account Manager. She spent a year with Trans Info Communications Sdn Bhd as an Account Manager cum Director before settling down with Electronic Commerce Technology Sdn Bhd, the program manager for Real Rewards, as an Advertising and Promotions Manager in July 2000. She then served a short stint with Hong Leong Bank Card Centre in April 2002 as a Marketing Manager before joining eCentury in September 2002 as its General Manager. She is responsible for a broad spectrum of tasks ranging from marketing, customer service, accounting to administration. She provides financial and commercial input and is involved in business development activities with Mobile Network Operators locally and overseas.

**Aminuddin Yusof Lana**, age 56, New Zealand citizen holding a Malaysian permanent resident status, is Executive Director of M-Mode. He was appointed to the Board on 28 March 2005. He holds a Bachelor of Commerce & Business Administration, double majors in Business Administration and Accounting degree from Victoria University of Wellington, New Zealand in 1974. He is a Chartered Accountant and also currently an associate member of The Institute of Chartered Secretaries and Administrators of London and Wales (ACIS). He had previously served as Director and later Managing Director of Renong Berhad from May 1990 to February 1994. After 4 years with Renong, he left and joined as Managing Director of Metacorp Berhad from January 1995 to December 1996. He is currently sit on the board of Malaysia Aica Berhad as Independent Non-Executive Director.

**Fam Lee Ee**, age 44, Malaysian citizen, is the Independent Non-Executive Director of M-Mode. He was appointed to the Board on 13 September 2004. He graduated from University of Malaya, Malaysia with a Bachelor of Arts (Hons) in 1986. He obtained his LLB (Hons) from the University of Liverpool, England in 1989 and chambered at Messrs. Nordin Torji & Yussoff Ahmad in 1991 before being called to the Bar in the same year. He then became a Legal Assistant with Messrs. Majid & Chen in Klang before starting his own sole proprietor practice, Messrs. Fam & Co in 1992. He is currently a practising partner in Messrs. YF Chun, Fam & Yeo, which he started in 2002. He is an independent non-executive director of Tiong Nam Transport Trading Bhd and AirAsia Berhad. He served as a municipal councillor for Majlis Perbandaran Petaling Jaya in 1994 and 1995.

**Mohd Zaini bin Noordin**, age 43, Malaysian citizen, is the Independent Non-Executive Director of M-Mode. He was appointed to the Board on 13 September 2004. He completed courses in Insurance and Actuarial Science from Indiana University in United States of America. He is the co-founder and currently a non-independent non-executive director of MOLAccess Portal Bhd ("MOLAccess"). He has more than twenty (20) years of experience in the IT industry and marketing profession. He has entrepreneurial experience with his own companies and corporate experience in both local and foreign multinational companies including NEC Sales Sdn Bhd, Uniphone Sdn Bhd and Mesiniaga Bhd. Prior to joining MOLAccess in June 2000, he was the General Manager of Special Projects at YPJ Holdings Sdn Bhd (a Johor State Investment company) and directly managed Perbadanan Usahawan Johor Sdn Bhd, Johor Incubation Centre and CyberWarung – a cybercafe franchise – from November 1997 to March 2000.

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

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

Dear Shareholders,

It gives me a great pleasure as the Chairman of M-Mode Berhad to present the Annual Report and the Audited Financial Statements of the Group and the Company for the year ended 31 December 2004.

During the year under review, the mobile data industry continues to register a strong growth and we saw the 2.5G services starting to kick off with the launched and aggressive promotion of GPRS services nationwide by all the network mobile operators in Malaysia. We have been aggressively increasing our subscriber base through the introduction of new product services and launching of our WAP services. Year 2004 has been a very challenging year for us as we have to prepare the ground work for our listing exercise and at the same to grow our business.

### ***Financial Performance***

I am pleased to announce that the Group has increased its turnover by approximately RM6 million to RM11 million as compared to fiscal year of 2003. The increase is mainly contributed by the increase in the demand of mobile data services compounded with the positive growth in the mobile telecommunication industry.

The Group has posted a total of RM1.3 million pre-tax profits, representing an increase of 61% over last year. The increase of profit is largely attributable to the introduction of subscription based services under the Information, Database and Entertainment (IDE) category. Although the pre-tax profits of the Group is satisfactory, the Board is in the opinion that the Group has not reach its full potential largely because the accelerated increase in the overheads due to expansion is not fully match with the increase in the revenue within the year. Most of the overheads increase were mainly recruiting and building solid R&D team in ensuring the continuity and diversity of contents to be offered through the WAP over GPRS services.

### ***Industry Trends and Development***

The local mobile data industry development for the year under review has gone through a significant change fueling by the tremendous growth in the mobile phone users to more than 13 million users representing above 50% penetration rate. This healthy growth in numbers of mobile users has attracted intense competition both from local and overseas players fighting to capture their own market shares.

The mobile industry is poised to enter a new and exciting paradigm in the development of the mobile entertainment market driven by advances in technology at the network, hardware and software level. New technologies such as MMS, MPEG4, MP3 and advances like GPRS in the migration of 2.5G to 3G networks will accelerate the quality of the end-user experience of mobile entertainment services. The massive potential of this market will be characterized by the breadth of parties involved and the complexity of relationships across the mobile value chain and beyond. This revolutionary period will create immense challenges as well as great opportunities for consumer growth and revenue creation.

With the rally among the phone manufacturers and introduction of MMS and GPRS services, the industry trend is gradually shifting from traditionally text based SMS to a more rich based contents including animations, 3D pictures and possibility of video streaming in year 2005 once 3G services fully take off.

***Utilisation of Proceeds***

As at 31 December 2004, M-Mode had utilised approximately 15.5% of the proceeds raised from its initial public offering in December 2004. The remaining 84.5% will be utilised in due course for the intended purposes as disclosed in M-Mode's prospectus dated 9 November 2004.

***Prospects***

Whilst the Group recognizes the important of creating more innovative rich based content, the Group strategies remain focus on promoting IDE services through MMS and WAP. On 8 January 2005, M-Mode has created another milestone by launching its eight (8) new WAP and Web sites to promote its products and services.

M-Mode service has been nothing less than a phenomenon. Looking at the launch of 3G in Malaysia elevates the country's mobile landscape to the ranks of Singapore, Japan, Hong Kong, South Korea and Taiwan. It also marks the emergence of a new market in Asia for 3G handsets, infrastructure, data platforms and broadband mobile content. Hence, the Group would like to take part in leading over its competitors in building, operating, and monetizing a wireless information service. Nevertheless, Given that the Group is operating under such favorably industry, barring unforeseen circumstances, the Group is aiming to perform better in next year and continue to plot next moves by planning to expand into regional market, ASEAN and especially China which in a few years will likely be the world's largest mobile phone market.

***Research and Development***

The Group constantly keeps abreast with the latest technology update of the mobile network operators and focusing its development activities into refining the core engine of content delivery gateways and applications module to accomodate higher data traffics and reducing data losses. The Company has spent RM0.54 million in development activities during the financial period.

***Appreciation***

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

Thank you,

LIM THEAN KEONG  
Chairman

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 comprising:-

#### **Chairman**

Fam Lee Ee – Independent Non-Executive Director

#### **Members**

Mohd. Zaini Bin Noordin – Independent Non-Executive Director

Lim Bee Tat – Executive Director (resigned on 28 March 2005)

Aminuddin Yusof Lana – Executive Director (appointed on 28 March 2005)

### **2. Term of Reference**

#### **A. Composition**

The Audit Committee shall be appointed by the directors from among themselves and shall be no fewer than three (3) members. The majority of the members and the Chairman of the Audit Committee must be independent directors. The chief executive officer shall not be a member of the Audit Committee.

#### **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 convene meetings with them excluding the attendance of the executive members of the Company whenever is 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.

#### **C. Functions and Duties**

The functions of the Audit Committee are as follows :-

##### **1. To review :**

- (a) the nomination of external auditors;
- (b) the adequacy of existing external auditors' audit arrangements, with particular emphasis on the scope and quality of the audit;



- (c) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (d) the effectiveness of the internal control and management information systems;
  - (e) the financial statements of the Company with both the external auditors and the management;
  - (f) the external auditors' audit report;
  - (g) any management letter sent by the external auditors to the Company and the management's response to such letter;
  - (h) any letter of resignation from the Company's external auditors;
  - (i) the assistance given by employees of the Company to the external auditors;
  - (j) all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
  - (k) all related-party transactions and potential conflict of interests situations that may arise within the Company/Group.
2. To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal and on whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.
  3. To discuss with the external auditor before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved.
  4. To carry out any other function that may be mutually agreed upon by the Committee and the Board that would be beneficial to the Company and improve effectiveness of the Committee in discharging its duties and responsibilities.
  5. The Committee actions shall be reported to the Board of Directors with such recommendations as the Committee deemed appropriate.
  6. To report to Bursa Malaysia Securities Berhad ("Bursa Securities") on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of MESDAQ Market.

#### **D. Retirement and Resignation**

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

### **3. Meetings**

A minimum of four (4) meetings per year are planned and additional meetings may be called at the Committee's or Chairman's discretion. However, during the year of 2004, there was no meeting called and held by the Committee as the Committee was only established in September 2004.

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 without the presence of any Executive Director.

**4. Summary of Activities Undertaken**

The Audit Committee did not hold any meeting during the financial period ended 31 December 2004. However, the Committee had on 17 February 2005 held a meeting for matters related to financial period 2004:

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

**5. Internal Audit Function**

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

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

## STATEMENT ON CORPORATE GOVERNANCE

---

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

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

### **A. Directors**

#### **(i) The Board**

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

The Company was listed on 6 December 2004 and there were no Board Meetings held during the financial period ended 31 December 2004. However, all the Board's decision are documented through the Directors' Circular Resolution in writing pursuant to authority conferred by Article 149 of the Company's Articles of Association. All Board decisions were agreed unanimously.

#### **(ii) Board Balance & Composition**

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

The current Board has five (5) members comprising three (3) Executive Directors and two (2) Independent Non-Executive Directors which have complied with paragraph 13.2 of the Listing Requirements of Bursa Securities for the MESDAQ Market. The Board satisfies that the current composition fairly reflects the investment of shareholders and balance view of the Group's business.

#### **(iii) Supply of Information**

The Board assumes the following responsibilities:-

- reviewing and adopting a strategic plan for the Group;
- identifying risks and assume active role in ensuring the implementation of appropriate systems to manage or mitigate these risks;
- succession planning, including appointing, training, fixing the compensation of and where appropriate;
- developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

All Directors including Independent Non-Executive Directors have full and timely access to information concerning the Company or others external information as they may feel necessary. Board papers and

reports which include the Group's performance and major operational, financial and corporate information are distributed to the Directors in sufficient time prior to Board Meetings to enable Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

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

**(iv) Appointment to the Board and Re-election**

In accordance to the Company's Articles of Association, Directors appointed during the year 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 of the Directors to retire by rotation and seek re-election at each AGM and that each Director shall submit himself for re-election every three (3) years.

**(v) Directors' Training**

All members of the Board have attended the Mandatory Accreditation Programme (MAP) as prescribed by the Listing Requirements. Directors are also encouraged to attend any relevant training programme to further enhance their knowledge to enable them to discharge their responsibilities more effectively.

**B. Director Remuneration**

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

The aggregate Directors' remuneration paid or payable to all Directors of the Company categorised into appropriate components for the financial period ended 31 December 2004 are as follows:-

<b>Band of remuneration</b>	<b>Executive Directors</b>	<b>Non Executive Directors</b>
RM 50,000 and below	1	2
RM 50,001 – RM100,000	2	—

**C. Relation with Shareholders**

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

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

**D. Accountability and Audit****(i) Financial Reporting**

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

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

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

**(ii) Internal Control**

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

The Statement on Internal Controls is set out on page 14 of the Annual Report providing an overview of the state of internal controls within the Group.

**(iii) Relationships With Auditors**

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

**1. Introduction**

Pursuant to the Listing Requirements of Bursa Securities for the MESDAQ Market, the Board is required to include in its Annual Report, a statement on the effectiveness of the Company's system of internal controls. The Board is committed to maintaining a sound system of internal control of the Company and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Company during the year.

**2. Board Responsibilities**

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

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

**3. Internal Control Framework**

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

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

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

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

The Board is of the view that there is no significant breakdown or weaknesses in the system of internal control of the Group that may have material impact against the operations of the Group for the financial period ended 31 December 2004.

**4. Conclusion**

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

The Directors are pleased to submit their annual report to the members together with the audited financial statements of the Group and of the Company for the financial period ended 31 December 2004.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are the provision of mobile contents and data application services.

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

**CHANGE OF NAME**

The Company was incorporated on 2 December 2003 as Middle Elegance (M) Sdn. Bhd. and changed its name to M-Mode Sdn. Bhd. on 18 March 2004. The status of the company was converted to M-Mode Berhad on 7 April 2004.

**FINANCIAL RESULTS**

	<b>GROUP RM</b>	<b>COMPANY RM</b>
Net profit / (loss) attributable to shareholders	<u>1,326,194</u>	<u>(59,430)</u>

**DIVIDEND**

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

**RESERVES AND PROVISIONS**

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

**SHARE CAPITAL**

The Company was incorporated with an issued and paid-up share capital of RM2 comprising of 2 ordinary shares of RM1.00 each.

On 22 March 2004, the Company allotted and issued 6,050,000 new ordinary shares of RM1.00 each for acquisition of shares in its subsidiaries.

On 30 March 2004, the Company allotted and issued 79,998 new ordinary shares of RM1.00 each to a Director, for cash.

The authorised share capital of the Company of RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each were altered by subdividing the 10,000,000 ordinary shares of RM1.00 each into 100,000,000 ordinary shares of RM0.10 each on 6 September 2004.

The total issued and paid-up share capital of the Company comprising of 6,130,000 ordinary shares of RM1.00 each were subdivided into 61,300,000 ordinary shares of RM0.10 each on 6 September 2004.

On 29 November 2004, the Company allotted and issued 20,433,000 new ordinary shares of RM0.10 each at an issue price of RM0.45 per ordinary share.

The proceeds from the issue of shares were utilised to finance the additional working capital requirements of the Company. The newly issued shares rank pari passu in all respects with the existing issued shares of the Company.

**DIRECTORS**

The Directors who have held office during the period since the date of incorporation are as follows:

Lim Thean Keong	(appointed on 31 March 2004)
Tung Wai Fun	(appointed on 31 March 2004)
Lim Bee Tat	(appointed on 31 March 2004)
Fam Lee Ee	(appointed on 13 September 2004)
Mohd Zaini Bin Noordin	(appointed on 13 September 2004)
Noor Asimah Binti Hazis	(at date of incorporation, resigned on 30 December 2003)
Nooraishah Binti Hazis	(at date of incorporation, resigned on 30 December 2003)
Rasid Bin Mat	(appointed on 30 December 2003, resigned on 31 March 2004)
Nurulhuda Binti Noordin	(appointed on 30 December 2003, resigned on 31 March 2004)



***DIRECTORS' INTERESTS IN SHARES***

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

<b>Number of ordinary shares of RM0.10 each</b>				
	<b>At date of incorporation</b>	<b>Bought</b>	<b>Sold</b>	<b>At 31.12.2004</b>
<b>The Company</b>				
<b>Direct interest</b>				
Lim Thean Keong	—	45,908,000	—	45,908,000
Tung Wai Fun	—	3,200,000	30,000	3,170,000
Lim Bee Tat	—	750,000	—	750,000

<b>Number of ordinary shares of RM1.00 each</b>				
	<b>At date of acquisition</b>	<b>Bought</b>	<b>Sold</b>	<b>At 31.12.2004</b>
<b>Subsidiary – eCentury Sdn. Bhd.</b>				
<b>Direct interest</b>				
Lim Thean Keong	235,000	—	235,000	—
<b>Subsidiary – Mobile Multimedia Sdn. Bhd.</b>				
<b>Direct interest</b>				
Lim Thean Keong	42,500	—	42,500	—
Tung Wai Fun	7,500	—	7,500	—

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

***DIRECTORS' BENEFITS***

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

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

**OTHER STATUTORY INFORMATION**

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps: -
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading, or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.
- (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 period, which in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements misleading.

- (f) In the opinion of the Directors,
- (i) the results of the Group's and Company's operations during the financial period were not substantially affected by any items, transactions or events of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial period and the date of this report any items, transactions or events of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

***SIGNIFICANT EVENT***

The Company was listed on the Mesdaq Market of Bursa Malaysia Securities Berhad on 6 December 2004.

***AUDITORS***

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

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

**LIM THEAN KEONG**  
**DIRECTOR**

Kuala Lumpur  
Date: 21 March 2005

**TUNG WAI FUN**  
**DIRECTOR**

We, **LIM THEAN KEONG** and **TUNG WAI FUN**, two of the Directors of **M-MODE BERHAD**, state that, in the opinion of the Directors, the financial statements set out on pages 23 to 44 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the financial period ended on that date in accordance with the applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

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

**LIM THEAN KEONG**  
**DIRECTOR**

Kuala Lumpur  
Date: 21 March 2005

**TUNG WAI FUN**  
**DIRECTOR**

I, **LIM THEAN KEONG**, being the Director primarily responsible for the financial management of **M-MODE BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 23 to 44 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.

**LIM THEAN KEONG**  
**DIRECTOR**

Subscribed and solemnly declared at Kuala Lumpur on 21 March 2005 before me.

**JAYAM GNANAPRAGASAM (No. W278)**

Commissioner for Oaths  
Kuala Lumpur

We have audited the financial statements set out on pages 23 to 44. These financial statements are the responsibility of the Company's Directors.

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

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

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia so as to give a true and fair view of:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
  - (ii) the state of affairs of the Group and of the Company at 31 December 2004 and of the results and cash flows of the Group and of the Company for the financial period ended on that date;
- and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 17 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' report thereon.

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

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

**CHANTHIRAN & CO**  
**AF 1385**  
**Chartered Accountants (M)**

**RAJA MANICKAM GANAPATHY CA (M), ACA**  
**1804/04/05 (J)**  
**Chartered Accountant**

Kuala Lumpur  
Date: 21 March 2005

# INCOME STATEMENTS

FOR THE FINANCIAL PERIOD  
ENDED 31 DECEMBER 2004

	Note	Group 13 months ended 31.12.2004 RM	Company 13 months ended 31.12.2004 RM
Revenue	7	11,148,290	170,154
Direct costs	8	(5,196,227)	—
Gross profit		5,952,063	170,154
Other operating income		4,304	3,055
Administrative expenses		(1,070,627)	(251,619)
Research and development expenses		(489,740)	—
Selling and distribution expenses		(3,076,411)	—
Profit / (Loss) from operations	9	1,319,589	(78,410)
Finance costs	12	(13,415)	—
Profit / (Loss) from ordinary activities before tax		1,306,174	(78,410)
Taxation	13	20,020	18,980
Net profit / (loss) for the period		1,326,194	(59,430)
Earnings per share			
- basic (sen)	14	2.28	—

## BALANCE SHEETS

AS AT 31 DECEMBER 2004

	Note	Group 2004 RM	Company 2004 RM
<b>NON-CURRENT ASSETS</b>			
PROPERTY, PLANT & EQUIPMENT	15	1,400,679	—
INTANGIBLE ASSETS	16	5,407,069	—
INVESTMENT IN SUBSIDIARIES	17	—	6,050,000
DEFERRED TAX ASSET	18	18,980	18,980
		<u>6,826,728</u>	<u>6,068,980</u>
<b>CURRENT ASSETS</b>			
Trade receivables	19	1,929,072	—
Non-trade receivables, deposits and prepayments	20	299,501	1,000
Amount owing by subsidiaries	17	—	2,404,446
Deposits, bank and cash balances	21	7,945,042	5,859,146
		<u>10,173,615</u>	<u>8,264,592</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	22	270,842	—
Non-trade payables and accrued liabilities	23	1,002,011	221,286
Amount owing to a related company	24	2,000	—
Hire purchase payables	25	92,940	—
		<u>1,367,793</u>	<u>221,286</u>
<b>NET CURRENT ASSETS</b>		8,805,822	8,043,306
		<u>15,632,550</u>	<u>14,112,286</u>
<b>Financed by:</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	26	8,173,300	8,173,300
Reserves	27	7,324,610	5,938,986
		<u>15,497,910</u>	<u>14,112,286</u>
<b>NON-CURRENT LIABILITY</b>			
Hire purchase payables	25	134,640	—
		<u>15,632,550</u>	<u>14,112,286</u>

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



**CONSOLIDATED STATEMENT  
OF CHANGES IN EQUITY**
**FOR THE FINANCIAL PERIOD  
ENDED 31 DECEMBER 2004**

	Note	Non-distributable		Distributable	Total
		Share capital	Share premium (Note 27)	Retained earnings	
		RM	RM	RM	RM
At 2 December 2003 (Date of incorporation)		2	—	—	2
Net profit for the period		—	—	1,326,194	1,326,194
Issue of shares					
– acquisition of subsidiaries	6	6,050,000	—	—	6,050,000
– to Director		79,998	—	—	79,998
– public issue		2,043,300	7,151,550	—	9,194,850
– share issue costs		—	(1,153,134)	—	(1,153,134)
At 31 December 2004		<u>8,173,300</u>	<u>5,998,416</u>	<u>1,326,194</u>	<u>15,497,910</u>

**COMPANY STATEMENT  
OF CHANGES IN EQUITY**

**FOR THE FINANCIAL PERIOD  
ENDED 31 DECEMBER 2004**

			Non- distributable	Distributable	
	Note	Share capital	Share premium (Note 27)	Retained earnings	Total
		RM	RM	RM	RM
At 2 December 2003 (Date of incorporation)		2	–	–	2
Net loss for the period		–	–	(59,430)	(59,430)
Issue of shares					
- acquisition of subsidiaries	6	6,050,000	–	–	6,050,000
- to Director		79,998	–	–	79,998
- public issue		2,043,300	7,151,550	–	9,194,850
- share issue costs		–	(1,153,134)	–	(1,153,134)
At 31 December 2004		8,173,300	5,998,416	(59,430)	14,112,286

**CASH FLOW STATEMENTS****FOR THE FINANCIAL PERIOD  
ENDED 31 DECEMBER 2004**

	<b>Note</b>	<b>Group 13 months ended 31.12.2004 RM</b>	<b>Company 13 months ended 31.12.2004 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit / (loss) attributable to shareholders		1,326,194	(59,430)
Adjustments for:			
Depreciation of property, plant & equipment		385,936	–
Amortisation of intangible assets		264,407	–
Hire purchase interests		10,813	–
Taxation		(20,020)	(18,980)
Operating profit / (loss) before working capital changes		1,967,330	(78,410)
Trade receivables		(860,112)	–
Non-trade receivables, deposits and prepayments		(100,926)	(1,000)
Inter-company balances		–	(2,404,446)
Trade payables		102,946	–
Non-trade payables and accrued liabilities		650,639	221,286
Amount due to Directors		(299,317)	–
Cash generated from / (used in) operations		1,460,560	(2,262,570)
Taxation paid		(18,960)	–
Net cash generated from / (used in) operating activities		1,441,600	(2,262,570)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries	6	201,164	–
Purchase of property, plant and equipment		(1,188,868)	–
Development costs incurred		(535,622)	–
Net cash used in investing activities		(1,523,326)	–
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		9,274,850	9,274,850
Share issue costs		(1,153,134)	(1,153,134)
Repayment of hire-purchase payables		(84,135)	–
Hire purchase interest paid		(10,813)	–
Net cash generated from financing activities		8,026,768	8,121,716
Net increase in cash and cash equivalents		7,945,042	5,859,146
Cash and cash equivalents at end of period		7,945,042	5,859,146

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

**1. General information**

The principal activity of the Company is investment holding. The principal activities of the Group are the provision of mobile contents and data application services.

The number of employees at the end of the financial period is 42 in the Group and 9 in the Company.

**2. Basis of preparation of the financial statements**

The financial statements of the Group and of the Company comply with the applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on the Directors' best knowledge and of current events and actions, actual results could differ from those estimates.

**3. Summary of significant accounting policies****(a) Group accounting**

Subsidiaries are those corporations in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

The subsidiary companies are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, subsidiaries are consolidated from the date on which control is transferred to the Group and no longer consolidated from the date that control ceases. The cost of an acquisition is the amount of cash paid and the fair value at the date of acquisition of other purchase consideration given by the acquirer, together with directly attributable expenses of the acquisition (other than costs of issuing shares and other capital instruments). At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill or negative goodwill.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

Intragroup transactions, balances and unrealised gains on transactions are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

**(b) Goodwill on consolidation**

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the subsidiary at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(f). Goodwill arising on acquisition of subsidiaries is included under intangible assets in the balance sheet.

Goodwill is amortised on a straight line basis over its estimated useful life of 20 years.

**(c) Investments**

Investments in subsidiaries are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Investments in other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment such a decline is recognised as an expense in the period in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

**(d) Property, plant and equipment**

Property, plant and equipment comprise their purchase cost and any incidental cost of acquisition less accumulated depreciation and impairment losses.

Depreciation on property, plant and equipment is calculated on a straight line basis to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

	%
Computer equipment	20
Renovation	10
Motor vehicles	20
Office equipment	10
Research and development equipment	10 - 20

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the income statement. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to the income statement.

**(e) Development costs**

Development costs comprise internally generated expenditure on development of mobile contents where it is reasonably anticipated that the cost will be recovered through future commercial activity.

Development costs that have been capitalised are amortised using the straight line method over the period of their expected benefit, not exceeding a period of 10 years.

**(f) Impairment of assets**

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

**(g) Receivables**

Receivables are carried at anticipated realisable values. Known bad debts are written off and specific allowance is made for any considered to be doubtful of collection.

**(h) Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents consist of cash on hand, bank balances and short term fixed deposits, which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

**(i) Income taxes**

Current tax expense is determined according to the tax laws in the jurisdiction in which the Group operates and include taxes based upon the taxable profits.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

**(j) Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or any equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

**(i) Financial instruments recognised on the balance sheet**

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statement associated with each item.

**(ii) Fair value estimation for disclosure purposes**

The face values, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The face value of financial liabilities with a maturity of more than one year is estimated by discounting the future contracting cash flows at the current market interest rate available to the Group for similar financial instruments.

**(k) Employee benefits**

**(i) Short term employee benefits**

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by the employees of the Group.

**(ii) Post-employment benefits**

The benefit plan is the defined contribution plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and previous financial year.

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

(iii) **Termination benefits**

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

**(I) Revenue recognition**

Revenue comprises the invoiced value for the sale of goods and services, net of discounts, and after eliminating sales within the Group.

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.

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

**4. Financial risk management objectives and policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the growth of the Group's business activities. Financial risk management is carried out through risk reviews, internal control systems, standard operating procedures, investment strategies and adherence to the rules and regulations as stipulated by the Board of Directors. The Group regularly reviews these risks and approves policies for managing each of these risks.

The Group does not trade in derivative financial instruments.

**(a) Market risk**

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

**(b) Credit risk**

Credit risk arises when sales are made on deferred credit terms. The Group seeks to control credit risk by application of the credit control procedures that ensure sales are made to customers with



an appropriate credit history, credit approvals and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an on-going basis via the Group's management reporting procedures.

**(c) Liquidity and cash flow risks**

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

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

**(d) Interest rate risk**

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

**(e) Foreign currency risk**

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

**5. Segmental information**

Segmental information is not presented as the Group is involved in the provision of mobile contents and data application services and all its activities are carried out in Malaysia.

**6. Significant acquisitions**

Following shareholders approval on 22 March 2004 and subject to the terms and conditions of the share sale agreements dated 31 December 2003, the Company acquired the entire issued and paid-up share capital of eCentury Sdn. Bhd. and Mobile Multimedia Sdn. Bhd.

The purchase consideration for the acquisition of 100% equity interest consists of:

- 6,000,000 new ordinary shares of RM1.00 each of the Company at an issue price of RM1.00 each for the entire paid-up share capital in issue of eCentury Sdn. Bhd.

- 50,000 new ordinary shares of RM1.00 each of the Company at an issue price of RM1.00 each for the entire paid-up share capital in issue of Mobile Multimedia Sdn. Bhd.

The effect of the acquisition on the Group's financial position at the period end was as follows:

	<b>RM</b>
Non-current assets (including goodwill on acquisition)	6,815,297
Current assets	4,313,469
Current liabilities	(1,146,507)
Non-current liabilities	(134,640)
Increase in Group's net assets	<u>9,847,619</u>

Details of assets acquired, goodwill and cash flow arising from the acquisitions were as follows:

	<b>At date of acquisition RM</b>
Property, plant and equipment	512,947
Intangible assets	124,586
Receivable, deposits and prepayments	1,660,113
Deposits, bank and cash balances	201,164
Payables and accrued liabilities	(1,347,555)
Current tax liabilities	(20,000)
Hire-purchase payables	(92,523)
Fair value of net assets acquired at 31.12.2003	<u>1,038,732</u>
Goodwill (Note 16)	5,011,268
Cost of acquisition	<u>6,050,000</u>
 Total purchase consideration	 6,050,000
Purchase consideration discharged by shares issued (Note 26(a))	<u>(6,050,000)</u>
Purchase consideration discharged by cash	—
Add: Cash and cash equivalents of subsidiaries acquired	<u>201,164</u>
Cash inflow of the Group on acquisition	<u>201,164</u>

Goodwill arising on these acquisition is amortised on a straight line basis over its estimated useful life of 20 years.

## **7. Revenue**

**13 months ended  
31.12.2004  
RM**

<b>Group</b>	
Rendering of services	<u>11,148,250</u>

**Company**

Management fees	94,663
Technical advisory fees	75,491
	<hr/>
	170,154
	<hr/>

**8. Direct costs**

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

**9. Profit / (Loss) from operations**

		<b>Group</b>	<b>Company</b>
		<b>13 months ended</b>	<b>13 months ended</b>
		<b>31.12.2004</b>	<b>31.12.2004</b>
	<b>Note</b>	<b>RM</b>	<b>RM</b>
Profit / (Loss) from operations is stated after charging:			
Depreciation		388,235	—
Directors' remuneration	10	105,727	69,579
Auditors' remuneration		26,000	5,000
Preliminary expenses written-off		9,000	9,000
Rental of premises		146,720	—
Staff costs	11	551,295	123,020
Amortisation of development costs and crediting:		13,843	—
Interest income		4,304	3,055

**10. Directors' remuneration**

The Directors of the Company holding office at the end of the financial period were as follows:

Independent Non-executive Directors

Fam Lee Ee	(appointed on 13 September 2004)
Mohd Zaini Bin Noordin	(appointed on 13 September 2004)

Executive Directors

Lim Thean Keong	(appointed on 31 March 2004)
Tung Wai Fun	(appointed on 31 March 2004)
Lim Bee Tat	(appointed on 31 March 2004)

The aggregate amount of emoluments received and receivable by Directors of the Group and of the Company during the period were as follows:

	<b>Group 13 months ended 31.12.2004 RM</b>	<b>Company 13 months ended 31.12.2004 RM</b>
Executive Directors:		
– salaries	91,000	59,000
– estimated money value of benefits-in-kind	3,150	3,150
– defined contribution plan	10,928	7,088
– other employee benefits	649	341
	<hr/> 105,727	<hr/> 69,579

**11. Staff costs**

	<b>Group 13 months ended 31.12.2004 RM</b>	<b>Company 13 months ended 31.12.2004 RM</b>
Salaries and wages	474,417	109,539
Defined contribution plan	50,471	12,448
Other employee benefits	26,407	1,033
	<hr/> 551,295	<hr/> 123,020

**12. Finance costs**

	<b>Group 13 months ended 31.12.2004 RM</b>	<b>Company 13 months ended 31.12.2004 RM</b>
Hire purchase interests	10,813	—
Bank interest	1,746	—
Bank charges	856	—
	<hr/> 13,415	<hr/> —

**13. Taxation**

	<b>Group 13 months ended 31.12.2004 RM</b>	<b>Company 13 months ended 31.12.2004 RM</b>
Current tax	1,040	-
Deferred tax	18,980	18,980
	<hr/> 20,020	<hr/> 18,980

**Current tax**

Prior year	1,040	—
------------	-------	---

**Deferred tax**

Origination and reversal of temporary differences	18,980	18,980
	20,020	18,980

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

	<b>Group 13 months ended 31.12.2004 RM</b>	<b>Company 13 months ended 31.12.2004 RM</b>
Profit / (Loss) before tax	1,306,174	(78,410)
Tax calculated at the Malaysian tax rate of 28%	365,729	(21,955)
Tax effects of:		
– expenses not deductible for tax purposes	72,093	2,975
– income not subject to tax	(576,926)	—
– temporary differences not recognised	120,124	—
– over accrual in prior year	(1,040)	—
	(20,020)	(18,980)

**14. Earnings per share – basic**

Basic earnings per share of the Group is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	<b>13 months ended 31.12.2004</b>
Net profit for the period	RM1,326,194
Weighted average number of ordinary shares in issue	58,179,019
Basic earnings per share	2.28 sen

### 15. Property, plant and equipment

#### Group 2004

	Computer equipment RM	Renovation RM	Motor vehicles RM	Office equipment RM	Research & development equipment RM	Total RM
<b>Cost</b>						
At 2.12.2003	—	—	—	—	—	—
Acquisition of subsidiaries (Note 6)	29,296	11,290	563,463	40,512	68,047	712,608
Additions	3,750	7,450	96,884	23,082	1,142,502	1,273,668
At 31.12.2004	33,046	18,740	660,347	63,594	1,210,549	1,986,276
<b>Accumulated depreciation</b>						
At 2.12.2003	—	—	—	—	—	—
Acquisition of subsidiaries (Note 6)	9,947	2,258	168,293	6,244	12,919	199,661
Depreciation	6,610	1,874	132,069	6,359	239,024	385,936
At 31.12.2004	16,557	4,132	300,362	12,603	251,943	585,597
<b>Net book value</b>						
At 31.12.2004	16,489	14,608	359,985	50,991	958,606	1,400,679

The Company did not own any property, plant and equipment during the current financial period.

**16. Intangible assets**

	<b>Goodwill RM</b>	<b>Development costs RM</b>	<b>Total RM</b>
<b>Group</b>			
At 2 December 2003	–	–	–
Acquisition of subsidiaries (Note 6)	5,011,268	124,586	5,135,854
Additions	–	535,622	535,622
Amortisation charges	(250,564)	(13,843)	(264,407)
At 31 December 2004	4,760,704	646,365	5,407,069
Cost	5,011,268	660,208	5,671,476
Accumulated amortisation	(250,564)	(13,843)	(264,407)
Net book value	4,760,704	646,365	5,407,069

Development costs principally comprise internally generated expenditure on development of mobile contents where it is reasonably anticipated that the costs will be recovered through future commercial activity.

Intangible assets are amortised on the straight line basis over their estimated useful lives, summarised as follows:

- Goodwill — 20 years
- Development costs — 10 years

**17. Interest in subsidiaries**

	<b>Company RM</b>
<b>Non-current assets</b>	
Unquoted shares, at cost	6,050,000
<b>Current assets</b>	
Amount owing by subsidiaries	2,404,446

Amount owing by subsidiaries is denominated in Ringgit Malaysia, unsecured and interest free with no fixed terms of repayment.

The subsidiaries are incorporated in Malaysia. The shares of the subsidiaries are held directly by the Company. Details of the subsidiaries are as follows:

<b>Name</b>	<b>Group's effective interest %</b>	<b>Principal activities</b>
eCentury Sdn. Bhd.*	100	Provision of mobile contents and data application services
Mobile Multimedia Sdn. Bhd.*	100	Provision of mobile contents and data application services

\* Audited by firm other than Chanthiran & Co.

### 18. *Deferred tax*

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

	<b>Group RM</b>	<b>Company RM</b>
Deferred tax asset	18,980	18,980

	<b>Group 13 months ended 31.12.2004 RM</b>	<b>Company 13 months ended 31.12.2004 RM</b>
At start of period		
Credited to income statement (Note 13):		
- tax losses	18,980	18,980
At end of period	18,980	18,980

The amount of unused tax losses (which has no expiry date) for which no deferred tax asset is recognised in the balance sheet is as follows:

	<b>Group RM</b>	<b>Company RM</b>
Tax losses	429,014	–

The potential deferred tax asset has not been recognised in the financial statements as realisation of the related tax benefits through future taxable profits is not probable.



**19. Trade receivables**

Trade receivables are denominated in Ringgit Malaysia. Credit terms of trade receivables range from 30 days to 60 days.

**20. Non-trade receivables, deposits and prepayments**

	<b>Group RM</b>	<b>Company RM</b>
Non-trade receivables	1,226	–
Deposits	47,197	1,000
Prepayments	251,078	–
	<u>299,501</u>	<u>1,000</u>

Non-trade receivables, deposits and prepayments are denominated in Ringgit Malaysia.

**21. Deposits, bank and cash balances**

	<b>Group RM</b>	<b>Company RM</b>
Deposits with licensed banks	6,003,682	4,002,433
Bank and cash balances	1,941,360	1,856,713
	<u>7,945,042</u>	<u>5,859,146</u>

Cash and cash equivalents are denominated in Ringgit Malaysia.

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

	<b>Group %</b>	<b>Company %</b>
Deposits with licensed banks	<u>2.85</u>	<u>2.70</u>

Deposits of the Group and of the Company have an average maturity period of 30 days.

Bank balances are deposits held at call with banks and are non-interest bearing.

**22. Trade payables**

Trade payables are denominated in Ringgit Malaysia. Credit terms of trade payables range from 30 days to 60 days.

**23. Non-trade payables and accrued liabilities**

	<b>Group RM</b>	<b>Company RM</b>
Non-trade payables	735,587	-
Accrued liabilities	266,424	221,286
	<u>1,002,011</u>	<u>221,286</u>

Non-trade payables and accrued liabilities are denominated in Ringgit Malaysia.

**24. Amount owing to a related company**

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

**25. Hire purchase payables**

The minimum lease payments of the Group are as follows:

	<b>Group RM</b>
Not later than 1 year	103,788
Later than 1 year and not later than 5 years	150,446
	<u>254,234</u>
Future finance charges	(26,654)
Present value	<u>227,580</u>
Disclosed as:	
Current	92,940
Non-current	134,640
	<u>227,580</u>

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

## **26. Share capital**

Ordinary shares of RM0.10 each

**RM**

### **Authorised:**

At 2 December 2003 (date of incorporation) 100,000

Created during the financial period 9,900,000

At 31 December 2004 10,000,000

### **Issued and paid up:**

At 2 December 2003 (date of incorporation) 2

Issued during the financial period 8,173,298

At 31 December 2004 8,173,300

- a) The Company was incorporated with an issued and paid-up share capital of RM2 comprising of 2 ordinary shares of RM1.00 each.
- b) On 22 March 2004, the Company increased its issued and paid up share capital from RM2 to RM6,050,002 by the issue of additional 6,050,000 new ordinary shares of RM1.00 each for acquisition of shares in its subsidiaries.
- c) On 30 March 2004, the Company increased its issued and paid up share capital from RM6,050,002 to RM6,130,000 by the issue of additional 79,998 shares of RM1.00 each for cash.
- d) The authorised share capital of the Company of RM10,000,000 comprising of 10,000,000 ordinary shares of RM1.00 each were altered by subdividing the 10,000,000 ordinary shares of RM1.00 each into 100,000,000 ordinary shares of RM0.10 each on 6 September 2004.
- e) The total issued and paid up share capital of the Company comprising of 6,130,000 ordinary shares of RM1.00 each were subdivided into 61,300,000 ordinary shares of RM0.10 each on 6 September 2004.
- f) On 29 November 2004, the Company allotted and issued 20,433,000 new ordinary shares of RM0.10 each at an issue price of RM0.45 per ordinary share for cash, for working capital requirements. The share premium arising, after deducting the transaction costs of RM1,153,134 amounted to RM5,998,416 and this has been credited to the share premium account.
- g) The newly issued shares rank pari passu in all respects with the existing issued shares of the Company.

**27. Share premium**

	<b>Group and Company RM</b>
Relating to ordinary shares	<u>5,998,416</u>

**28. Significant related party disclosures**

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

**29. Comparatives**

There are no comparative figures as this is the first set of financial statements prepared by the Group since the date of incorporation.

**30. Approval of financial statements**

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 21 March 2005.

## SHAREHOLDING STATISTICS AS AT 25 MARCH 2005

### Analysis of Shareholders by Range Group

Size Holding	No. of Holder	%	No. of Shares	%
1 - 99	1	0.11	50	0.00
100 - 999	71	7.68	8,600	0.01
1,000 - 4,999	488	52.76	951,450	1.16
5,000 - 10,000	212	22.92	1,578,200	1.93
10,001 - 100,000	118	12.76	3,582,400	4.38
100,001 - 1,000,000	26	2.81	9,116,200	11.15
Above 1,000,000	9	0.97	66,496,100	81.36
	925	100.00	81,733,000	100.00

### Twenty Largest Shareholders

No.	Name of Investors	No. of Shares	%
1	Lim Thean Keong	42,154,200	51.58
2	Rhino Solutions Sdn Bhd	6,240,000	7.63
3	Chan Yook Chan	3,100,000	3.79
4	Tung Wai Fun	2,990,000	3.66
5	Rhb Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Poon Yin Hoong)	2,804,800	3.43
6	Rhb Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chu Pau Lian)	2,720,600	3.33
7	Rhb Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Hew Yoon Hsia)	2,720,500	3.33
8	Ching Wai Teng	1,956,000	2.39
9	Shuit Wai Yee	1,810,000	2.21
10	Chan Yoke Peng	1,000,000	1.22
11	Mohd Azahari Bin Abu Kassim	994,300	1.22
12	Eg Kaa Chee	856,900	1.05
13	Chan Yee May	808,800	0.99
14	Lim Bee Tat	750,000	0.92
15	Syed Sirajuddin Putra Jamalullail	560,000	0.69
16	Variable Trend Sdn Bhd	500,000	0.61
17	Chang Mun Lin	400,000	0.49
18	Cheong Chee Chung	343,200	0.42
19	Nik Imran Bin Nik Rithauddeen	330,000	0.40
20	Perbadanan Nasional Berhad	275,000	0.34
		73,314,300	89.70

**SHAREHOLDING STATISTICS  
AS AT 25 MARCH 2005**

CONTINUED

***Substantial Shareholders***

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1	Lim Thean Keong	42,154,200	51.58	0	0.00
2	Rhino Solutions Sdn Bhd	6,240,000	7.63	0	0.00

***Directors' Shareholding***

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1	Lim Thean Keong	42,154,200	51.58	0	0.00
2	Tung Wai Fun <sup>1</sup>	3,170,000	3.88	0	0.00
3	Lim Bee Tat <sup>2</sup>	750,000	0.92	0	0.00
4	Fam Lee Ee	0	0.00	0	0.00
5	Mohd Zaini Bin Noordin	0	0.00	0	0.00

Notes:

<sup>1</sup> Tung Wai Fun has direct interest of 180,000 shares held through EB Nominees (Tempatan) Sendirian Berhad pledged securities account for Tung Wai Fun.

<sup>2</sup> Mr. Lim Bee Tat resigned from the Board on 28 March 2005.

## NOTICE OF FIRST ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the First Annual General Meeting of the Company will be held at The Coronade Hotel, Jalan Walter Grenier, 55100 Kuala Lumpur, Malaysia on Wednesday, 18 May 2005 at 2.30 p.m. to transact the following business:-

### A G E N D A

#### Ordinary Business

1. To receive the Audited Financial Statements for the financial period ended 31 December 2004 together with the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To re-elect the following Directors of the Company who retire pursuant to Article 132 of the Company's Articles of Association.
  - (a) Ms Tung Wai Fun (Resolution 2)
  - (b) Mr Fam Lee Ee (Resolution 3)
  - (c) Encik Mohd Zaini Bin Noordin (Resolution 4)
  - (d) Encik Aminuddin Yusof Lana (Resolution 5)
3. To approve Directors' Remuneration for the financial period ended 31 December 2004. (Resolution 6)
4. To re-appoint Messrs Chanthiran & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)

#### Special Business

5. As Special Business, to consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolution: (Resolution 8)

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

By Order of the Board

**LEE PAU MENG [MAICSA 7000595]**

**NG YEN HOONG [LS 008016]**

Company Secretaries

Kuala Lumpur

Date : 25 April 2005

**NOTES:-**

- (i) *A member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies and vote in his/her stead. A proxy need not be a member of the Company.*
- (ii) *Where a member is an authorised nominee as defined under the Security Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- (iii) *Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.*
- (iv) *If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney duly authorized.*
- (v) *The Form of Proxy must be deposited at the Registered Office of the Company at B-3-13, Block B, 3<sup>rd</sup> Floor, Unit 13, Megan Avenue II, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.*

**EXPLANATORY NOTE ON SPECIAL BUSINESS****1. Ordinary Resolution 8: Authority to Directors to Allot and Issue Shares**

The Proposed Resolution 8, if passed, will give the Directors the authority to allot and issue new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

**STATEMENT ACCOMPANYING NOTICE OF THE FIRST ANNUAL GENERAL MEETING****(1) Details of the First Annual General Meeting**

Date	Time	Venue
18 May 2005	2.30 p.m.	The Coronade Hotel, Jalan Walter Grenier, 55100 Kuala Lumpur, Malaysia

**(2) Directors Standing for re-election pursuant to the Company's Articles of Association**

Re-election of the following Directors of the Company pursuant to Article 132 of the Company's Articles of Association:

- (i) Ms Tung Wai Fun
- (ii) Mr Fam Lee Ee
- (iii) Encik Mohd Zaini Bin Noordin
- (iv) Encik Aminuddin Yusof Lana

Further details of the Directors standing for re-election are set out in pages 4,5 and 46 of this Annual Report.



(3) **Attendance of Directors at Board Meetings**

The Company was listed on 6 December 2004 and there were no Board Meetings held during the financial period ended 31 December 2004. However, all the Board's decision are documented through the Directors' Circular Resolution in writing pursuant to authority conferred by Article 149 of the Company's Articles of Association. All Board decisions were agreed unanimously.



**M-MODE BERHAD**  
(Company No. 635759 U)  
(Incorporated in Malaysia)

**FORM OF PROXY**

No. of shares held

I/We ..... NRIC No./Co. No. ....  
(Full Name in Capital Letters)

of .....  
.....  
(Full Address)

being a member(s) of **M-MODE BERHAD** ("Company") hereby appoint the following persons(s):-

**Name of Proxy, NRIC No. & Address**

**No. of shares to be represented by proxy**

1. ....
2. ....

1. ....
2. ....

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 First Annual General Meeting of the Company to be held at The Coronade Hotel, Jalan Walter Grenier, 55100 Kuala Lumpur, Malaysia on Wednesday, 18 May 2005 at 2.30 p.m. and at any adjournment thereof.

		<b>FIRST PROXY</b>		<b>SECOND PROXY</b>	
		<b>FOR</b>	<b>AGAINST</b>	<b>FOR</b>	<b>AGAINST</b>
<b>ORDINARY BUSINESS</b>					
1.	To receive the Audited Financial Statement for the financial period ended 31 December 2004 together with the Reports of Directors and Auditors thereon.				
	To re-elect the following Directors who retire pursuant to Article 132 of the Company's Articles of Association				
2.	(a) Ms Tung Wai Fun				
3.	(b) Mr Fam Lee Ee				
4.	(c) Encik Mohd Zaini Bin Noordin				
5.	(d) Encik Aminuddin Yusof Lana				
6.	To approve the Directors' Remuneration for the financial period ended 31 December 2004.				
7.	To re-appoint Messrs Chanthiran & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration.				

		<b>FIRST PROXY</b>		<b>SECOND PROXY</b>	
		<b>FOR</b>	<b>AGAINST</b>	<b>FOR</b>	<b>AGAINST</b>
<b>SPECIAL BUSINESS</b>					
8.	To allot and issue shares pursuant to Section 132D of the Companies Act,1965.				

*(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 ..... 2005.

**NOTES:**

- (i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies and vote in his/her stead. A proxy need not be a member of the Company.
- (ii) Where a member is an authorised nominee as defined under the Security Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (iii) Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- (iv) If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its attorney duly authorised.
- (v) The Form of Proxy must be deposited at the Registered Office of the Company at B-3-13, Block B, 3<sup>rd</sup> Floor, Unit 13, Megan Avenue II, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.