m-mode®

ANNUAL REPORT 2011

MSC MALAYSIA Status Company

M-MODE BERHAD ANNUAL REPORT 2011

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Dato' Lim Thean Keong
Chairman/Managing Director

Thong Kooi Pin
Non-Independent Non-Executive Director

Dato' Fam Lee Ee
Independent Non-Executive Director

Mohd Zaini Bin Noordin
Independent Non-Executive Director

Chin Chee Seong
Independent Non-Executive Director

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

Thong Kooi Pin
Non-Independent Non-Executive Director

Mohd Zaini Bin Noordin
Independent Non-Executive Director

Chin Chee Seong
Independent Non-Executive Director

Nomination Committee
Mohd Zaini Bin Noordin
Chairman/Independent Non-Executive Director

Dato' Fam Lee Ee
Independent Non-Executive Director

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Remuneration Committee
Dato' Fam Lee Ee
Chairman/Independent Non-Executive Director

Mohd Zaini Bin Noordin
Independent Non-Executive Director

Thong Kooi Pin
Non-Independent Non-Executive Director

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

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Level 18, The Gardens North Tower,
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Share Registrar
Tricor Investor Services Sdn Bhd
(Co. No. 118401-V)
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Mid Valley City,
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Fax : 03-2282 1886

Principal Banker
RHB Bank Berhad

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

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

Corporate Website
www.mmode.com.my

BOARD OF DIRECTORS

Dato' Lim Thean Keong, aged 48, Malaysian citizen, is the founder and Chairman/Managing Director of M-Mode Berhad ("M-Mode" or "Company"), a member of Malaysian ACE Market. He was appointed to the Board on 31 March 2004. With the experience, expertise and technical know-how, Dato' Lim has successfully charted the strategic directions and growth of the M-Mode Group ever since its inception in the year 2002. He has successfully led M-Mode Group to become a leading mobile content publisher that provides variety of mobile contents to the telco carriers and mobile phone users.

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

Thong Kooi Pin, aged 39, 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 a member of the Audit Committee, Nomination Committee and Remuneration 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.

Dato' Fam Lee Ee, aged 51, Malaysian citizen, is an Independent Non-Executive Director of M-Mode. He was appointed to the Board on 13 September 2004. He graduated from University of Malaya, Malaysia with a Bachelor of Arts (Hons) degree in 1986. He obtained his LLB (Hons) degree from the University of Liverpool, England in 1989. He has also obtained the Certificate of Legal Practice (CLP) in 1990 and has been practising law since 1991.

He is currently a managing partner in Messrs. YF Chun, Fam & Yeo.

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

He is also an Independent Non-Executive Director of AirAsia Berhad.

Mohd Zaini bin Noordin, aged 49, Malaysian citizen, is an Independent Non-Executive Director of M-Mode. He was appointed to the Board on 13 September 2004. He completed courses in Insurance and Actuarial Science from Indiana University in United States of America. He is the founder of MOL AccessPortal Bhd and has more than twenty six (26) years of experience in the IT industry and marketing profession. He has entrepreneurial experience with his own companies and corporate experience in both local and foreign multinational companies including NEC Sales (M) Sdn Bhd, Uniphone Sdn Bhd and Mesiniaga Bhd. He was also previously the General Manager of Special Projects at YPJ Holdings Sdn Bhd (a Johor State Investment company) and directly managed Perbadanan Usahawan Johor Sdn Bhd and set-up the Johor Incubation Centre.

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

BOARD OF DIRECTORS CONTINUED

Chin Chee Seong, aged 51, Malaysian citizen, is an Independent Non-Executive Director of M-Mode. He was appointed to the Board on 14 August 2009. He graduated with a Honours degree in Electrical, Electronic and Communication Engineering from National University of Malaysia (UKM) in 1985. With more than twenty six (26) years in the ICT industry and eleven (11) years of experience in Online Games Business, he has vast experience in Information Technology, Telecommunication and Online Gaming Industry especially in Malaysia, China and South East Asia.

He is currently the Chief Executive Officer of Gamonster Sdn Bhd. He is also the Secretary/councilor of PIKOM, The National ICT Association of Malaysia.

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

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

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board of Directors of M-Mode Berhad ("M-Mode"), I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2011.

I am happy to announce that we have a record performance for the financial year ended 31 December 2011. Our continued extensive collaboration with the mobile network operators and consistent execution of our business strategies, coupled with a good reception to some of the new products that we launched in 2011; the results and achievements for 2011 is well above target.

Financial Performance

For the financial year ended ('FYE') 31 December 2011, the Group recorded revenue of RM75.40 million, compared to RM29.21 million in the previous financial year. The increase in revenue represents a positive growth of 158%. Similarly, our net profit after taxation attributable to shareholders has also increased to RM12.86 million compared to RM3.43 million in the previous financial year, representing a growth of 276%.

The Group's profit after tax attributable to shareholders for FYE 2011 increased by approximately RM9.43 million as compared to the FYE 2010.

Business Review and Outlook

In a highly competitive market, 2011 was a challenging year for M-Mode. This is due to a number of factors affecting the market such as a competitive and dynamic market demands coupled with prevailing regulatory compliances. Nevertheless, M-Mode saw a robust increase in demands and growth from the Mobile Media and the development of mobile value added services.

The Malaysian mobile environment is expected to continue its growth and vibrancy. The technology, media, telecommunication (TMT) industry growth is due to greater usage of voice, data and multimedia services spurred by the increase in smart phones usage as well as the enhanced service quality and improved infrastructure from Mobile Operators. This leads to the creation of the Social, Localised and Mobile market (SoLoMo) on Mobile Internet which combines the best of all worlds to deliver an experience that's as natural to do on a mobile device as it is in real life.

However, as the market grows and attracts more players in the industry, we expect some tightening on the regulatory front and the impact of regulatory policy to linger and dampen revenue growth in the industry.

Business sustainability

At M-Mode, we are committed to our objective of ensuring business sustainability and profitability. In order to achieve these aims, we focuses on:

Innovation

Innovation is one of our Group's success factors. To prosper in today's highly competitive and dynamic market, M-Mode must not only keep abreast of the new development and technology in the market but to try and ensure that our products are always ahead of the curve. Our Group places importance on innovation in delivering content and products that meets the market demand.

User-centric

M-Mode is driven to develop products that meet the demands of the mobile users.

Business sustainability *continued*

Our People

They are the critical assets and cornerstones for the Group's success. It is the Group's policy and priority to ensure continuous investment in our people. We are only able to fulfill our strategic initiatives with a highly skilled and dedicated work force that is willing to go the extra mile for our Mobile Users. The Group believes in training our people to ensure that their skills can meet these challenges.

Research & Development

In line with the strategic and innovative direction of the Group, the R&D plays a vital role in ensuring that M-Mode continues to be at the forefront in the market. The R&D efforts are geared towards the development of new and innovative services and offerings by applying the latest mobile and lifestyle technology. In addition, the Group also focused on ensuring synergistic and seamless integration with the technologies of its partner mobile network operators. This is critical to maintain an efficient mobile gateway connection and reporting, which is essential to the Group's continuous success.

One recent success of our R&D efforts will be the launch of M-Mode's Mobile Paper™ in the first quarter of 2012. The Mobile Paper™ is our latest value-added service that disseminates rich, multiple platforms (Audio, text and graphic) infotainment from the traditional and digital media.

Hence, to strengthen our pursuit in developing future growth, the Group will continue to invest in R&D. For the financial year ended 31 December 2011, the total R&D investment was approximately RM7.0 million, representing about 9% of the Group's total revenue.

Dividend

Given the better performance of the Company in 2011, the Board is pleased to recommend a first and final Tax Exempt Dividend of 5.0% for the financial year ended 31 December 2011 (2010: First and Final dividend of 4.0%) for the approval of shareholders at the forthcoming 8th Annual General Meeting to be held on 7th June 2012.

Appreciation

On behalf of the Board of Directors, I would like to record my sincerest appreciation and thank the management, valuable employees and our indispensable business partners and associates, for their commitment, dedication, contribution and continuous support towards the Group.

Thank you,

DATO' LIM THEAN KEONG
CHAIRMAN

AUDIT COMMITTEE REPORT

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

1. Composition of Audit Committee

The present members of the Audit Committee comprise of:-

Chairman
Dato' Fam Lee Ee (Independent Non-Executive Director)

Members
Mohd Zaini Bin Noordin (Independent Non-Executive Director)
Thong Kooi Pin (Non-Independent Non-Executive Director)
Chin Chee Seong (Independent Non-Executive Director; w.e.f. 6 May 2011)

2. Terms of Reference

A. Composition

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

(i) must be a member of Malaysian Institute of Accountants; or

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

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

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

B. Authority

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

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

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.

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

D. Retirement and Resignation

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

3. Meetings

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

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

4. Summary of Activities Undertaken

The Audit Committee held four (4) meetings during the financial year ended 31 December 2011. The details of attendance of the Audit Committee members are as below:-

4. ***Summary of Activities Undertaken*** *continued*

Name	Attendance
Dato' Fam Lee Ee (Chairman)	3/4
Mohd Zaini Bin Noordin	4/4
Thong Kooi Pin	3/4
Chin Chee Seong (appointed on 6 May 2011)	2/4

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. ***Employees' Share Option Scheme (ESOS)***

The ESOS or Option Committee was established on 19 September 2005 following the implementation of ESOS. The members of the Option Committee are as follows:-

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

Members
Dato' Fam Lee Ee (Independent Non-Executive Director)
Thong Kooi Pin (Non-Independent Non-Executive Director)

The objectives of the Option Committee are to:-

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

No meeting was held and the Company did not offer ESOS options to director and employees of the Group for the financial year ended 31 December 2011.

6. ***Internal Audit Function***

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

The Internal Auditor is required to conduct regular and systematic reviews on all operating units and submit an independent report to the Audit Committee for review and approval. The cost incurred for the internal audit functions for the FYE 31 December 2011 was RM21,810.

STATEMENT ON CORPORATE GOVERNANCE

The Board recognizes the importance of 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 Requirement for the ACE Market of Bursa Malaysia Securities Berhad ("ACE Market Listing Requirements") 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 Board had convened five (5) meetings during the year 2011. 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
Dato' Fam Lee Ee	3/5
Mohd Zaini Bin Noordin	5/5
Chin Chee Seong	4/5

(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 one (1) Executive Director, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. The Board balance and composition complied with Rule 15.02 of the ACE Market Listing Requirements. The Board is satisfied that the current composition fairly reflects the investment of shareholders and a balanced view of the Group's business.

(iii) Supply of Information

The Board assumes the following responsibilities:-

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

***A. Directors** continued*

(iii) Supply of Information continued

- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

All Directors including the Non-Independent Non-Executive and 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.

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

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

Chairman
Mohd Zaini Bin Noordin (Independent Non-Executive Director)

Member
Dato' Fam Lee Ee (Independent Non-Executive Director)
Thong Kooi Pin (Non-Independent Non-Executive Director)

There had been one (1) Nomination Committee Meeting convened during the year 2011. The details of the members' attendance at the meeting are set out as follows:-

Members	Meeting Attendance
Mohd Zaini bin Noordin (Chairman)	1/1
Dato' Fam Lee Ee	1/1
Thong Kooi Pin	1/1

***A. Directors** continued*

The primary function of the Nomination Committee is to recommend to the board, candidates for all directorship to be filled by the shareholders or the board and key management positions 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.

In addition, the Nomination Committee has established performance criteria and assesses the effectiveness of the Board, 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.

(v) Directors' Training

The Directors of the Company have attended conferences, seminar and training during the financial year ended 31 December 2011 in the area of financials, industry and technical update. For the year under review, the Board was also briefed on all relevant updates to the ACE Market Listing Requirements.

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

1. The Securities Commission's New Corporate Governance Blueprint;
2. Power Up Your Corporate Connections with Etiquette & Communications;
3. Opportunities for all in Broadband ICT Conference 2011
4. Mobile Applications Development Forum;
5. Investment Strategy 'Where to Put Your Money'; and
6. 7th Tricor Tax & Corporate Seminar

The Directors are encouraged to attend any relevant seminars and courses to further enhance their skills and knowledge to enable them to discharge their responsibilities more effectively.

B. Director Remuneration

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

Chairman
Dato' Fam Lee Ee - Independent Non-Executive Director

B. ***Director Remuneration*** *continued*

Members

Mohd Zaini Bin Noordin	- Independent Non-Executive Director
Thong Kooi Pin	- Non-Independent Non-Executive Director

The Remuneration Committee had convened one (1) meeting during the year 2011. The details of the members' attendance at the meeting are set out as follows:-

Members	Meeting Attendance
Dato' Fam Lee Ee (Chairman)	1/1
Mohd Zaini bin Noordin	1/1
Thong Kooi Pin	1/1

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

The aggregate Directors' remuneration paid or payable to all Directors of the Company categorized into appropriate components for the financial year ended 31 December 2011 are as follows:-

	Executive Directors	Non-Executive Directors
Remuneration packages	**RM'000**	**RM'000**
Salaries and other emoluments	1,758	-
Fees	-	60
Benefit in kind	-	-

	Executive Directors	Non-Executive Directors
Band of remuneration		
RM50,001 – RM100,000	-	4
RM500,001 – RM1,800,000	1	-

C. ***Relationship with Shareholders***

The Company maintains various methods of dissemination of information important to shareholders, stakeholders and the public at large through timely announcement of events, quarterly announcement of financial results 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:-

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

(ii) Internal Control

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

The Statement on Internal Controls is set out in page 16 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 which require the attention of the Board effectively to the Audit Committee in terms of compliance with the accounting standards and other related regulatory requirements.

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 ended 31 December 2011, 3,869,000 options in relation to the Employees' Share Option Scheme were exercised.

Other than the exercise of options, there were no options, warrants and convertible securities issued during the financial year ended 31 December 2011.

3. ***Depository Receipt Programme ("DRP")***
The Company did not sponsor any DRP during the financial year ended 31 December 2011.

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 2011.

5. ***Non-Audit Fees***
There were no non-audit fees incurred for services rendered by the external auditors or company affiliated to the auditors' firm for the financial year ended 31 December 2011.

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 2011 announced on 23 February 2012 and the audited financial statements of the Group for the financial year ended 31 December 2011.

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 2011.

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.

10. ***Corporate Social Responsibility Activities or Practices***
Whilst the Group strives towards business excellence, it also views Corporate Social Responsibility as a continuing commitment to behave ethically and contribute to economic and social development. The Group has demonstrated responsibility in the workplace through instituted various in-house and external training programs to enhance its employees' career and personal development.

STATEMENT OF INTERNAL CONTROL

1. *Introduction*

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

2. *Board Responsibilities*

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

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

3. *Internal Control Framework*

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

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

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

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

4. *Outsourced Internal Audit Function*

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

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 2011.

5. *Conclusion*

No major weaknesses in the system of internal controls were identified during the year, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Group's Annual Report. Those areas of non-compliance with the control procedures and policies and those that require improvements as highlighted by the internal auditors during the year have been addressed. The Board confirms that its system of internal control were operational throughout the financial year and up to the date of approval of the Annual Report.

Although the Board is of the view that the present internal control 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 through a special task team appointed within the organization that report on a monthly basis on all angle of the Group's operations.

DIRECTORS' REPORT

The Directors hereby submit their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

	Group	Company
	RM	RM
Net profit after taxation	12,867,359	3,405,984

DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final dividend of 0.40 sen per ordinary share, tax exempt, totalling RM635,362 in respect of the financial year ended 31 December 2010 on 15 July 2011.

At the forthcoming Annual General Meeting, a first and final tax exempt dividend in respect of the financial year ended 31 December 2011, of 5% on 162,709,500 ordinary shares, amounting to a dividend payable of RM813,548 (0.50 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

RESERVES AND PROVISIONS

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

SHARES AND DEBENTURES

During the financial year, the Company increased its issued and fully paid-up share capital from RM15,884,050 to RM16,270,950 by the issuance of 3,869,000 ordinary shares of RM0.10 each pursuant to the exercise of the Company's Employee Share Option Scheme ("ESOS") at exercise prices of RM0.10, RM0.13 and RM0.26 per option. The premium arising from the exercise of ESOS of RM7,440 has been credited to the Share Premium reserve.

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

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

EMPLOYEE SHARE OPTION SCHEME

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

The salient features and other terms of the ESOS are disclosed in Note 17 to the financial statements.

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

		-------Number of options over ordinary shares of RM0.10 each-----				
Date of offer	Option price	At 01.01.2011	Granted	Exercised	Forfeited	At 31.12.2011
21.09.2005	RM0.10	3,816,000	-	3,816,000	-	-
24.01.2006	RM0.26	45,000	-	45,000	-	-
21.08.2006	RM0.13	8,000	-	8,000	-	-

The names of option holders granted options to subscribe for 1,000,000 or more ordinary shares of RM0.10 each during the financial year are as follows:

			-------------------Number of options---------------------			
Name	Grant date	Exercise Price (RM)	At 01.01.2011	Granted	Exercised	At 31.12.2011
Dato' Lim Thean Keong	21.09.2005	0.10	1,225,500	-	1,225,500	-
Datin Ching Wai Teng	21.09.2005	0.10	1,225,500	-	1,225,500	-
Hew Yoon Hsia	21.09.2005	0.10	1,365,000	-	1,365,000	-

DIRECTORS

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

Dato' Lim Thean Keong
Dato' Fam Lee Ee
Thong Kooi Pin
Mohd Zaini Bin Noordin
Chin Chee Seong

DIRECTORS' INTERESTS

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

	------------Number of ordinary shares of RM0.10 each -----------			
The Company	**At 01.01.2011**	**Bought**	**Sold**	**At 31.12.2011**
Direct interest:				
Dato' Lim Thean Keong	55,771,500	1,225,500	-	56,997,000
Thong Kooi Pin	130,500	-	130,500	-
Indirect interest:				
Dato' Lim Thean Keong	2,425,500	1,225,500	-	3,651,000*

* Interest by virtue of shares held by spouse

			--Number of options over ordinary shares of RM0.10 each--			
Name	**Grant date**	**Exercise Price (RM)**	**At 01.01.2011**	**Granted**	**Exercised**	**At 31.12.2011**
Dato' Lim Thean Keong	21.09.2005	0.10	1,225,500	-	1,225,500	-

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

None of the other Directors held any shares or had any beneficial interest in the shares in the Company or its related companies during the financial year.

DIRECTORS' BENEFITS

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

Neither during nor at the end of the financial year was the Company a party to any arrangement which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the share options granted under the Company's ESOS.

OTHER STATUTORY INFORMATION

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

OTHER STATUTORY INFORMATION *continued*

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

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

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

(a) which would render 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
(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
(d) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
(b) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:

(a) the results of the operations of the Group and of the Company for the financial year ended 31 December 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report; and
(b) no contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

AUDITORS

The auditors, Messrs BC Teoh & Co., Chartered Accountants, have expressed their willingness to accept re-appointment.

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

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

Kuala Lumpur,
Date: 19 April 2012

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

We, DATO' LIM THEAN KEONG and THONG KOOI PIN, being two of the directors of M-MODE BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 25 to 74 are drawn up in accordance with applicable Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the supplementary information set out in Note 32 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

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

Kuala Lumpur,
Date: 19 April 2012

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

I, **DATO' 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 25 to 74 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed

DATO' LIM THEAN KEONG

Before me,
G. Paramaswary (No. W436)
No.2A, Jalan 53,
Desa Jaya, Kepong,
52100 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
to the members of **M-MODE BERHAD**

Report on the Financial Statements

We have audited the financial statements of **M-MODE BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 25 to 74.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

Report on Other Legal and Regulatory Requirements *continued*

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

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

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

Other Matters

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

Other Reporting Responsibilities

The supplementary information set out in Note 32 to the financial statements is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

TEOH BOON CHUAN
Treasury Licence No. 2524/05/12(J)
Chartered Accountant

Kuala Lumpur,
Date: 19 April 2012

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	*5*	7,050,682	4,861,938	1,604,665	288,273
Intangible assets	*6*	9,975,615	9,778,667	-	-
Investment in subsidiaries	*7*	-	-	6,759,091	6,756,593
Deferred tax assets	*8*	434,534	477,534	219,680	219,680
		17,460,831	15,118,139	8,583,436	7,264,546
Current assets					
Inventories	*9*	167,348	282,391	-	-
Trade receivables	*10*	6,809,408	4,610,262	-	-
Other receivables, deposits and prepayments	*11*	715,400	1,545,735	28,383	53,768
Amount due from subsidiaries	*12*	-	-	3,687,877	5,177,036
Cash and cash equivalents	*13*	23,160,530	11,738,508	11,488,560	6,263,880
		30,852,686	18,176,896	15,204,820	11,494,684
TOTAL ASSETS		48,313,517	33,295,035	23,788,256	18,759,230
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	*14*	2,063,648	1,302,514	-	-
Other payables and accruals	*15*	3,002,965	2,111,608	1,019,149	177,340
Term loans	*16*	362,956	259,285	83,515	-
Tax liability		-	4	-	-
		5,429,569	3,673,411	1,102,664	177,340
Net current assets		25,423,117	14,503,485	14,102,156	11,317,344
Non-current liabilities					
Term loans	*16*	2,754,300	2,115,516	938,740	-
Net assets		40,129,648	27,506,108	21,746,852	18,581,890
Equity					
Share capital	*17*	16,270,950	15,884,050	16,270,950	15,884,050
Retained earnings	*18*	22,601,279	10,369,282	4,221,594	1,450,972
Other reserves	*19*	1,257,419	1,252,776	1,254,308	1,246,868
		40,129,648	27,506,108	21,746,852	18,581,890
TOTAL EQUITY AND LIABILITIES		48,313,517	33,295,035	23,788,256	18,759,230

The accompanying notes set out on pages 31 to 74 form an integral part of, and, should be read in conjunction with, the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

	Note	Group		Company	
		2011	2010	2011	2010
		RM	RM	RM	RM
Continuing operations					
Revenue	*20*	75,395,433	29,207,417	7,027,696	3,004,828
Cost of sales	*21*	(45,719,446)	(16,300,340)	-	-
Gross profit		29,675,987	12,907,077	7,027,696	3,004,828
Other operating income		315,572	219,052	189,877	157,391
Marketing and distribution costs		(8,098,460)	(3,542,212)	(342,053)	(251,268)
Administrative and general expenses		(8,905,237)	(5,870,725)	(3,469,536)	(1,946,273)
Profit from operations		12,987,862	3,713,192	3,405,984	964,678
Finance costs		(64,829)	(80,465)	-	-
Profit before taxation	*22*	12,923,033	3,632,727	3,405,984	964,678
Taxation	*23*	(55,674)	(17,921)	-	-
Profit from continuing operations, net of tax		12,867,359	3,614,806	3,405,984	964,678
Discontinued operations					
Loss on discontinued operations, net of tax	*24*	-	(189,648)	-	-
Net profit after taxation		12,867,359	3,425,158	3,405,984	964,678
Other comprehensive income					
Foreign currency translation		(2,797)	(762)	-	-
Total comprehensive income		12,864,562	3,424,396	3,405,984	964,678
Profit attributable to:					
Owners of the parent		12,867,359	3,425,158	3,405,984	964,678
Minority interests		-	-	-	-
		12,867,359	3,425,158	3,405,984	964,678
Total comprehensive income attributable to:					
Owners of the parent		12,864,562	3,424,396	3,405,984	964,678
Minority interests		-	-	-	-
		12,864,562	3,424,396	3,405,984	964,678

Earnings per share attributable to owners of the parent (sen per share)

	Note	2011	2010
Continuing operations:			
Basic	*25(a)*	8.09	2.28
Diluted	*25(a)*	N/A	2.27
Discontinued operations:			
Basic	*25(b)*	N/A	(0.12)
Diluted	*25(b)*	N/A	(0.12)
Total:			
Basic	*25*	8.09	2.16
Diluted	*25*	N/A	2.15

The accompanying notes set out on pages 31 to 74 form an integral part of, and, should be read in conjunction with, the financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2011

	Note	Share capital	Share premium	Translation reserve	Share option reserve	Retained earnings	Total	Minority interests	Total equity
		Attributable to owners of the parent							
		Non-distributable				*Distributable*			
		RM	RM	RM	RM	RM	RM	RM	RM
Group									
At 1 January 2010		15,884,050	1,046,281	(7,704)	201,072	7,500,066	24,623,765	-	24,623,765
Total comprehensive income		-	-	(762)	-	3,425,158	3,424,396	-	3,424,396
Transactions with owners									
Write off of an investment in subsidiary	*24*	-	(485)	14,374	-	-	13,889	-	13,889
Dividends on ordinary shares	*26*	-	-	-	-	(555,942)	(555,942)	-	(555,942)
At 31 December 2010		15,884,050	1,045,796	5,908	201,072	10,369,282	27,506,108	-	27,506,108
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2011		15,884,050	1,045,796	5,908	201,072	10,369,282	27,506,108	-	27,506,108
Total comprehensive income		-	-	(2,797)	-	12,867,359	12,864,562	-	12,864,562
Transactions with owners									
Exercise of ESOS		386,900	208,512	-	(201,072)	-	394,340	-	394,340
Dividends on ordinary shares	*26*	-	-	-	-	(635,362)	(635,362)	-	(635,362)
At 31 December 2011		16,270,950	1,254,308	3,111	-	22,601,279	40,129,648	-	40,129,648

The accompanying notes set out on pages 31 -74 form an integral part of, and, should be read in conjunction with, the financial statements.

STATEMENTS OF CHANGES IN EQUITY CONTINUED

for the year ended 31 December 2011

		Attributable to owners of the parent							
		Non-distributable				Distributable			
	Note	Share capital	Share premium	Translation reserve	Share option reserve	Retained earnings	Total	Minority interests	Total equity
		RM	RM	RM	RM	RM	RM	RM	RM
Company									
At 1 January 2010		15,884,050	1,045,796	-	201,072	1,042,236	18,173,154	-	18,173,154
Total comprehensive income		-	-	-	-	964,678	964,678	-	964,678
Transactions with owners									
Dividends on ordinary shares	*26*	-	-	-	-	(555,942)	(555,942)	-	(555,942)
At 31 December 2010		15,884,050	1,045,796	-	201,072	1,450,972	18,581,890	-	18,581,890
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2011		15,884,050	1,045,796	-	201,072	1,450,972	18,581,890	-	18,581,890
Total comprehensive income		-	-	-	-	3,405,984	3,405,984	-	3,405,984
Transactions with owners									
Exercise of ESOS		386,900	208,512	-	(201,072)	-	394,340	-	394,340
Dividends on ordinary shares	*26*	-	-	-	-	(635,362)	(635,362)	-	(635,362)
At 31 December 2011		16,270,950	1,254,308	-	-	4,221,594	21,746,852	-	21,746,852

The accompanying notes set out on pages 31 -74 form an integral part of, and, should be read in conjunction with, the financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Cash flows from operating activities					
Profit before taxation					
- Continuing operations		12,923,033	3,632,727	3,405,984	964,678
- Discontinued operations	*24*	-	-	-	-
		12,923,033	3,632,727	3,405,984	964,678
Adjustments for:					
Amortisation of intangible assets		297,427	127,693	-	-
Depreciation		767,739	573,904	47,212	14,798
Foreign currency translation		(2,797)	(762)	-	-
Interest income		(267,813)	(218,802)	(189,877)	(157,147)
Interest expenses		64,829	80,465	-	-
Impairment loss on trade and other receivables		22,180	161,980	-	21,949
Inventories written down		274,907	-	-	-
(Gain)/Loss on disposal of property, plant and equipment		(47,759)	825	-	-
Operating profit before working capital changes		14,031,746	4,358,030	3,263,319	844,278
Increase in inventories		(159,864)	(101,753)	-	-
(Increase)/Decrease in receivables		(1,391,202)	(3,110,281)	25,385	(40,296)
Decrease/(Increase) in inter-company balances		-	-	1,489,159	(174,788)
Increase in payables		1,652,491	1,869,682	841,809	45,469
Cash generated from operations		14,133,171	3,015,678	5,619,672	674,663
Interest received		267,813	218,802	189,877	157,147
Interest paid		(64,829)	(80,465)	-	-
Tax paid		(12,467)	(19,466)	-	-
Net cash generated from operating activities		14,323,688	3,134,549	5,809,549	831,810
Cash flows from investing activities					
Additional investment in a subsidiary		-	-	(2,498)	-
Written off of an investment in subsidiary	*24*	-	(3,682)	-	-
Purchase of property, plant and equipment		(2,959,024)	(1,888,614)	(1,363,604)	(271,222)
Purchase of intangible assets		(494,375)	(538,998)	-	-
Proceeds from disposal of property, plant and equipment		50,300	500	-	-
Net cash used in investing activities		(3,403,099)	(2,430,794)	(1,366,102)	(271,222)

The accompanying notes set out on pages 31 -74 form an integral part of, and, should be read in conjunction with, the financial statements.

STATEMENTS OF CASH FLOWS CONTINUED
for the year ended 31 December 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Cash flows from financing activities					
Payment of dividends		(635,362)	(555,942)	(635,362)	(555,942)
Proceeds from issuance of share capital		394,340	-	394,340	-
Proceeds from drawdown of term loan		1,031,000	1,077,300	1,031,000	-
Repayment of term loans		(288,545)	(355,329)	(8,745)	-
Net cash generated from/ (used in) financing activities		501,433	166,029	781,233	(555,942)
Net increase in cash and cash equivalents		11,422,022	869,784	5,224,680	4,646
Cash and cash equivalents at beginning of year		11,738,508	10,868,724	6,263,880	6,259,234
Cash and cash equivalents at end of year	*13*	23,160,530	11,738,508	11,488,560	6,263,880

The accompanying notes set out on pages 31 -74 form an integral part of, and, should be read in conjunction with, the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

1. GENERAL INFORMATION

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

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a directors' resolution on 19 April 2012.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Basis of preparation

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

On 1 January 2011, the Group and the Company adopted new and revised FRSs, and Issues Committee ("IC") Interpretations that are effective and applicable to the Group's and the Company's financial year beginning 1 January 2011, which are described in Note 2(b) below.

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

(b) Adoption of new and revised Financial Reporting Standards (FRSs)

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except for the adoption of the following new and revised FRSs, and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *continued*

(b) Adoption of new and revised Financial Reporting Standards (FRSs)

Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRS 1, FRS 3, FRS 7, FRS 101, FRS 121, FRS 128, FRS 131, FRS 132, FRS 134 and FRS 139	Improvements to FRSs (2010)
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to IC Interpretation 13	Customer Loyalty Programmes

IC Interpretation 12 Service Concession Arrangements will also be effective for annual periods beginning on or after 1 July 2010. The IC Interpretation is, however, not applicable to the Group and the Company.

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any significant impact on the financial statements of the Group and of the Company.

(c) Malaysian Financial Reporting Standards

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

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

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *continued*

(c) Malaysian Financial Reporting Standards *continued*

The Group and the Company have not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

(d) Significant accounting estimates and judgements

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

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

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

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

<u>Useful lives of property, plant and equipment</u>

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

<u>Impairment of property, plant and equipment</u>

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *continued*

(d) Significant accounting estimates and judgements *continued*

Impairment of goodwill

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

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

Impairment of loans and receivables

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

Capitalisation and impairment of development expenditure

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

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

The Group does not trade in derivative financial instruments.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

Foreign currency exchange risk

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

However, as at 31 December 2011, the Group's exposure to foreign currency risk is not significant and the Group has not entered into any forward foreign exchange contracts as of that date.

Interest rate risk

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

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

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

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

Sensitivity analysis for variable rate instruments

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

	Group	Company
	RM	RM
Decrease in profit before taxation	24,582	1,712

Market price risk

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

As at 31 December 2011, the Group's exposure to market price risk is minimal.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

Credit risk

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

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

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

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

Liquidity risk

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

Capital risk management

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

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

The gearing ratios were as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Total borrowings	3,117,256	2,374,801	1,022,255	-
Total equity	40,129,648	27,506,108	21,746,852	18,581,890
Gearing ratio	7.77%	8.63%	4.70%	N/A

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

Fair values of financial instruments

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

As at 31 December 2011, the carrying amounts of cash and cash equivalents, receivables, payables and borrowings are approximated their fair values, either due to their short-term nature or they are floating rate instruments that have re-priced to market interest rates on or near the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Basis of accounting

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

4.2 Basis of consolidation

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

4.2.1 Subsidiaries

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.2 Basis of consolidation *continued*

4.2.2 Minority interests

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

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

4.2.3 Transactions eliminated on consolidation

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

4.3 Foreign currency

4.3.1 Foreign currency transactions

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.3 Foreign currency *continued*

4.3.1 Foreign currency transactions *continued*

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

4.3.2 Foreign operations

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

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

4.4 Property, plant and equipment

4.4.1 Recognition and measurement

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

Subsequent to recognition, the assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is set out in Note 4.11.2.

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

4.4.2 Subsequent costs

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.4 Property, plant and equipment *continued*

4.4.3 Depreciation

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

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

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

4.5 Leased assets

4.5.1 Finance lease

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

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

4.5.2 Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for prepaid property interest held under operating lease, the leased assets are not recognised on the Group’s statement of financial position.

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

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.5 Leased assets *continued*

4.5.2 Operating lease *continued*

In the previous years, a leasehold land that normally has an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease term would be treated as an operating lease. The payments made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided, except for leasehold land classified as investment property.

The Group has adopted the amendment made to FRS 117, *Leases* in 2010 in relation to the classification of lease of land. Entities with existing leases of land and buildings are required to reassess the classification of land as finance or operating leases. Leasehold land that in substance is a finance lease is reclassified and measured as such retrospectively.

4.6 Intangible assets

4.6.1 Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

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

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

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

Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose, and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. The policy for the recognition and measurement of impairment losses is set out in Note 4.11.2.

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

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.6 Intangible assets *continued*

4.6.2 Development expenditure

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

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

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is set out in Note 4.11.2.

4.6.3 Subsequent expenditure

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

4.6.4 Amortisation

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

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

4.7 Investment in subsidiaries

Investment in subsidiaries is stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy for the recognition and measurement of impairment losses is set out in Note 4.11.2.

4.8 Inventories

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

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.9 Receivables

Receivables were initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established. Subsequent to initial recognition, receivables were measured at amortised cost using the effective interest method, less allowance for impairment.

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

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

4.10 Cash and cash equivalents

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

4.11 Impairment

4.11.1 Financial assets

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.11 Impairment *continued*

4.11.1 Financial assets *continued*

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

4.11.2 Non-financial assets

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

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

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

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the units (groups of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of the other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

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

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.12 Equity instruments

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

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

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

4.13 Payables

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

4.14 Loans and borrowings

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

4.15 Provisions

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

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

4.16 Contingencies

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

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.16 Contingencies *continued*

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

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

4.17 Revenue Recognition

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

4.17.1 Sale of goods and services

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

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

4.17.2 Provision of mobile contents and data application services

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

4.17.3 Dividend income

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

4.17.4 Management fees

Management fees are recognised when services are rendered.

4.18 Interest income and borrowing costs

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.19 Employee benefits

4.19.1 Short-term benefits

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

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

4.19.2 Post-employment benefits

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

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

4.19.3 Share-based payment transactions

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

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

4.19.4 Termination benefits

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

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.20 Tax expense

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.21 Earnings per share

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

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

4.22 Segment reporting

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

Following the adoption of FRS 8, 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 other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5. PROPERTY, PLANT AND EQUIPMENT

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

	Freehold office suites	Motor vehicles	Furniture, fittings and equipment	Research and development equipment	Content liabrary	Renovation	Total
Group	RM	RM	RM	RM	RM	RM	RM
Cost							
At 1 January 2010	2,204,224	485,322	869,954	2,161,882	2,772,603	284,814	8,778,799
Additions	1,267,415	-	121,279	55,168	177,912	266,840	1,888,614
Disposals	-	-	(20,968)	(81,045)	-	-	(102,013)
Write-off	-	-	(40,368)	-	-	-	(40,368)
At 31 December 2010	3,471,639	485,322	929,897	2,136,005	2,950,515	551,654	10,525,032
Additions	1,288,960	744,731	320,698	294,765	177,315	132,555	2,959,024
Disposals	-	-	(5,499)	-	-	-	(5,499)
At 31 December 2011	4,760,599	1,230,053	1,245,096	2,430,770	3,127,830	684,209	13,478,557
Accumulated depreciation							
At 1 January 2010	121,344	153,156	454,644	1,788,786	2,619,349	71,237	5,208,516
Charge for the year	52,534	68,724	112,216	147,691	160,927	31,812	573,904
Disposals	-	-	(19,657)	(81,031)	-	-	(100,688)
Write-off	-	-	(18,638)	-	-	-	(18,638)
At 31 December 2010	173,878	221,880	528,565	1,855,446	2,780,276	103,049	5,663,094
Charge for the year	73,728	172,081	123,072	156,191	176,039	66,628	767,739
Disposals	-	-	(2,958)	-	-	-	(2,958)
At 31 December 2011	247,606	393,961	648,679	2,011,637	2,956,315	169,677	6,427,875
Net carrying amount							
At 31 December 2010	3,297,761	263,442	401,332	280,559	170,239	448,605	4,861,938
At 31 December 2011	4,512,993	836,092	596,417	419,133	171,515	514,532	7,050,682

5. PROPERTY, PLANT AND EQUIPMENT *continued*

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

Company	Freehold office suites RM	Furniture, fittings and equipment RM	Renovation RM	Total RM
Cost				
At 1 January 2010	-	62,301	-	62,301
Additions	-	36,222	235,000	271,222
At 31 December 2010	-	98,523	235,000	333,523
Additions	1,288,960	18,739	55,905	1,363,604
At 31 December 2011	1,288,960	117,262	290,905	1,697,127
Accumulated depreciation				
At 1 January 2010	-	30,452	-	30,452
Charge for the year	-	12,840	1,958	14,798
At 31 December 2010	-	43,292	1,958	45,250
Charge for the year	4,297	13,359	29,556	47,212
At 31 December 2011	4,297	56,651	31,514	92,462
Net carrying amount				
At 31 December 2010	-	55,231	233,042	288,273
At 31 December 2011	1,284,663	60,611	259,391	1,604,665

The Group's freehold office suites with a net carrying amount of RM4,368,355 (2010: RM3,149,259) are mortgaged to secure the Group's term loan borrowings.

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 RM2,076,661 (2010: RM1,873,598) and RM29,887 (2010: RM23,255) respectively.

6. INTANGIBLE ASSETS

	Goodwill	Development expenditure	Total
	RM	RM	RM
Group			
At 1 January 2011	6,031,410	3,747,257	9,778,667
Additions	-	494,375	494,375
Amortisation	-	(297,427)	(297,427)
At 31 December 2011	6,031,410	3,944,205	9,975,615
Represented by:			
Cost	6,725,759	5,076,331	11,802,090
Accumulated amortisation	-	(1,132,126)	(1,132,126)
Accumulated impairment	(694,349)	-	(694,349)
Net carrying amount	6,031,410	3,944,205	9,975,615
	RM	RM	RM
Group			
At 1 January 2010	6,031,410	3,475,754	9,507,164
Additions	-	538,998	538,998
Write-off (Note 24)	-	(139,802)	(139,802)
Amortisation	-	(127,693)	(127,693)
At 31 December 2010	6,031,410	3,747,257	9,778,667
Represented by:			
Cost	6,725,759	4,581,956	11,307,715
Accumulated amortisation	-	(834,699)	(834,699)
Accumulated impairment	(694,349)	-	(694,349)
Net carrying amount	6,031,410	3,747,257	9,778,667

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

7. INVESTMENT IN SUBSIDIARIES

	Company 2011	Company 2010
	RM	RM
(a) Unquoted shares, at cost		
At 1 January	6,756,593	6,756,593
Additional investment in a subsidiary	2,498	-
	6,759,091	6,756,593
Less: Accumulated impairment losses	-	-
At 31 December	6,759,091	6,756,593

During the financial year, the Company subscribed for 2,498 new ordinary shares of RM1 each at par in M-Mode Media Sdn. Bhd. The Company's equity interest remained at 100% of the total enlarged issued and paid-up share capital in M-Mode Media Sdn. Bhd.

(b) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held 2011 %	Equity interest held 2010 %	Principal activities
M-Mode Mobile Sdn. Bhd.*	Malaysia	100	100	Provision of mobile contents and data application services
Mobile Multimedia Sdn. Bhd. *	Malaysia	100	100	Provision of mobile contents and data application services
Cede Communications Sdn. Bhd.	Malaysia	100	100	Production and distribution of magazines
M-Mode Media Sdn. Bhd.	Malaysia	100	100	Media advertisement agent, and production and distribution of magazines
M-Mode Systems Sdn. Bhd. *	Malaysia	100	100	Provision of mobile contents and data application services
Beijing M-Mode Digital Technology Co., Ltd. *	China	100	100	Provision of mobile contents and data application services

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

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

8. DEFERRED TAX ASSETS

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

	At 01.01.2010	Recognised in profit or loss	At 31.12.2010	Recognised in profit or loss	At 31.12.2011
Group	RM	RM	RM	RM	RM
Deferred tax assets:					
Unutilised tax losses	490,677	(38,977)	451,700	(44,400)	407,300
Receivables	-	30,000	30,000	-	30,000
	490,677	(8,977)	481,700	(44,400)	437,300
Deferred tax liabilities:					
Property, plant and equipment	(1,048)	(3,118)	(4,166)	1,400	(2,766)
	489,629	(12,095)	477,534	(43,000)	434,534
Company	RM	RM	RM	RM	RM
Deferred tax assets:					
Unutilised tax losses	219,680	-	219,680	-	219,680

9. INVENTORIES

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
At cost:				
Merchandise held for resale	-	282,391	-	-
At net realisable value:				
Merchandise held for resale	167,348	-	-	-
	167,348	282,391	-	-

10. TRADE RECEIVABLES

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Trade receivables	6,957,432	4,736,106	-	-
Less: Allowance for impairment	(148,024)	(125,844)	-	-
Trade receivables, net	6,809,408	4,610,262	-	-

10. TRADE RECEIVABLES *continued*

Trade receivables are non-interest bearing and are generally on 60 to 90 day (2010: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Group	
	2011	2010
	RM	RM
Neither past due nor impaired	3,094,983	3,803,222
Past due but not impaired:		
1 to 90 days	3,402,819	639,452
91 to 180 days	116,415	78,827
More than 180 days	195,191	88,761
	3,714,425	807,040
Impaired	148,024	125,844
	6,957,432	4,736,106

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

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

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

	Group					
	Collectively impaired		Individually impaired		Total	
	2011	2010	2011	2010	2011	2010
	RM	RM	RM	RM	RM	RM
Trade receivables						
- nominal amounts	121,164	121,164	26,860	4,680	148,024	125,844
Allowance for impairment	(121,164)	(121,164)	(26,860)	(4,680)	(148,024)	(125,844)
	-	-	-	-	-	-

Movement in allowance accounts:

	Group	
	2011	2010
	RM	RM
At 1 January	125,844	4,680
Charge for the year	22,180	121,164
At 31 December	148,024	125,844

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Non-trade receivables	77,020	132,130	27,382	69,963
Less: Allowance for impairment	(40,816)	(40,816)	(21,949)	(21,949)
	36,204	91,314	5,433	48,014
Deposits	122,738	105,362	15,165	5,298
Prepayments	542,201	1,334,591	7,785	456
Tax recoverable	14,257	14,468	-	-
	715,400	1,545,735	28,383	53,768

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Currency				
- Ringgit Malaysia	707,582	1,540,495	28,383	53,768
- Renminbi	7,818	5,240	-	-
	715,400	1,545,735	28,383	53,768

12. AMOUNT DUE FROM SUBSIDIARIES

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

The carrying amount of RM3,687,877 (2010: RM5,177,036) was not impaired as there is no expectation of default based on expected future operational cash flows of these subsidiaries.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Fixed deposits with licensed banks	20,267,584	9,000,000	10,200,000	6,000,000
Cash and bank balances	2,892,946	2,738,508	1,288,560	263,880
	23,160,530	11,738,508	11,488,560	6,263,880

13. CASH AND CASH EQUIVALENTS *continued*

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Currency				
- Ringgit Malaysia	23,120,412	11,659,480	11,488,560	6,263,880
- Renminbi	40,118	79,028	-	-
	23,160,530	11,738,508	11,488,560	6,263,880

14. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled on 60 day (2010: 60 day) term.

15. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Non-trade payables	105,251	222,836	11,295	73,142
Deferred revenue	95,903	-	-	-
Service tax payable	44,935	34,188	-	-
Accruals	2,756,876	1,854,584	1,007,854	104,198
	3,002,965	2,111,608	1,019,149	177,340

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

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Currency				
- Ringgit Malaysia	2,987,668	2,107,151	1,019,149	177,340
- Renminbi	15,297	4,457	-	-
	3,002,965	2,111,608	1,019,149	177,340

16. TERM LOANS

The term loans are repayable as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Shown under current liabilities				
On demand or within 1 year	362,956	259,285	83,515	-
Shown under non-current liabilities				
More than 1 year and less than 2 years	331,544	268,905	62,639	-
More than 2 years and less than 5 years	1,083,750	868,070	215,680	-
5 years or more	1,339,006	978,541	660,421	-
	2,754,300	2,115,516	938,740	-
	3,117,256	2,374,801	1,022,255	-

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

The term loans of the Group and of the Company bear interest at 1.25% and 2.00% (2010: 1.25% and Nil) per annum below the banks' base lending rates respectively and are repayable in 120 (2010: 120) monthly instalments.

17. SHARE CAPITAL

	Group and Company	
	2011	2010
	RM	RM
Ordinary shares of RM0.10 each		
Authorised:	25,000,000	25,000,000
Issued and paid-up:		
At 1 January	15,884,050	15,884,050
Issuance of shares arising from exercise of ESOS	386,900	-
At 31 December	16,270,950	15,884,050

During the financial year, the Company increased its issued and fully paid-up share capital from RM15,884,050 to RM16,270,950 by the issuance of 3,869,000 ordinary shares of RM0.10 each pursuant to the exercise of the Company’s Employee Share Option Scheme (“ESOS”) at exercise prices of RM0.10, RM0.13 and RM0.26 per option. The premium arising from the exercise of ESOS of RM7,440 has been credited to the Share Premium reserve. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

17. SHARE CAPITAL *continued*

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

Employee Share Option Scheme ("ESOS")

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

The salient features of the ESOS are as follows:

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

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

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

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

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

18. RETAINED EARNINGS

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

18. RETAINED EARNINGS *continued*

Since the Company has no Section 108 balance as at 31 December 2007, the Company is automatically moved to the single tier system. Accordingly, the Company may distribute dividends out of its entire retained earnings as at 31 December 2011 under the single tier system.

19. OTHER RESERVES

	Share premium	Translation reserve	Share option reserve	Total
	RM	RM	RM	RM
Group				
At 1 January 2010	1,046,281	(7,704)	201,072	1,239,649
Other comprehensive income:				
Foreign currency translation	-	(762)	-	(762)
Transactions with owners:				
Write off of an investment in subsidiary	(485)	14,374	-	13,889
At 31 December 2010	1,045,796	5,908	201,072	1,252,776
Other comprehensive income:				
Foreign currency translation	-	(2,797)	-	(2,797)
Transactions with owners:				
Arising from exercise of ESOS	208,512	-	(201,072)	7,440
At 31 December 2011	1,254,308	3,111	-	1,257,419

	Share premium	Translation reserve	Share option reserve	Total
	RM	RM	RM	RM
Company				
At 1 January 2010	1,045,796	-	201,072	1,246,868
Other comprehensive income	-	-	-	-
Transactions with owners	-	-	-	-
At 31 December 2010	1,045,796	-	201,072	1,246,868
Other comprehensive income	-	-	-	-
Transactions with owners:				
Arising from exercise of ESOS	208,512	-	(201,072)	7,440
At 31 December 2011	1,254,308	-	-	1,254,308

19. OTHER RESERVES *continued*

Share Option Reserve

The share option reserve is in regard to the ESOS as mentioned in Note 17 to the financial statements.

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

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

The number and weighted average exercise price per share of the share options outstanding at end of year are as follows:

	Number of options	Weighted average exercise price per share (sen)
Outstanding at beginning of year	3,869,000	11.16
Granted during the year	-	-
Forfeited/(Resigned) during the year	-	-
Exercised during the year	(3,869,000)	10.19
Expired during the year	-	-
Outstanding at end of year	-	-
Exercisable at end of year	-	-

The fair value of employee services received as consideration for the share options of the Company was determined indirectly by reference to the fair value of the share options granted.

20. REVENUE

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Sale of goods and services, net of discounts and returns	75,395,433	29,207,417	-	-
Management fees	-	-	3,227,696	1,304,828
Dividend income	-	-	3,800,000	1,700,000
	75,395,433	29,207,417	7,027,696	3,004,828

21. COST OF SALES

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

22. PROFIT BEFORE TAXATION

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
This is arrived at after charging:				
Auditors' remuneration	53,300	35,100	12,000	9,000
Depreciation	767,739	573,904	47,212	14,798
Directors' remuneration				
- Fees	60,000	62,000	60,000	62,000
- Other emoluments	1,757,937	1,087,639	1,757,937	1,008,616
Rental of premises	119,425	90,559	-	-
Loss on foreign exchange	4,035	-	-	-
Impairment loss on trade and other receivables	22,180	161,980	-	21,949
Loss on disposal of property, plant and equipment	-	825	-	-
Interest expenses	64,829	80,465	-	-
Amortisation of intangible assets	297,427	127,693	-	-
Inventories written down	274,907	-	-	-
and crediting :				
Interest income	267,813	218,802	189,877	157,147
Gain on foreign exchange	-	250	-	244
Gain on disposal of property, plant and equipment	47,759	-	-	-

23. TAXATION

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Current tax				
Malaysian income tax				
- Current year's provision	12,674	-	-	-
- Under provision in prior year	-	5,826	-	-
	12,674	5,826	-	-
Deferred tax				
Origination and reversal of temporary differences	(1,400)	(26,882)	-	-
Benefits from utilisation of previously unrecognised tax losses	44,400	38,977	-	-
	43,000	12,095	-	-
	55,674	17,921	-	-

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Profit before taxation	12,923,033	3,632,727	3,405,984	964,678
Tax at Malaysian statutory tax rate of 25%	3,230,800	908,200	851,500	241,200
Adjustments for the following tax effects:				
- Expenses not deductible for tax purposes	47,974	59,105	63,500	34,100
- Deferred tax assets not recognised	346,100	163,700	35,000	149,700
- Income not subject to income tax	(3,569,200)	(1,118,910)	(950,000)	(425,000)
	55,674	12,095	-	-
Under provision of current tax in respect of prior year	-	5,826	-	-
	55,674	17,921	-	-

23. TAXATION *continued*

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

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Unutilised tax losses and unabsorbed capital allowances	4,287,428	2,828,870	2,869,366	2,738,823
Excess of capital allowances over depreciation charge	(239,914)	(122,416)	(133,989)	(100,324)
	4,047,514	2,706,454	2,735,377	2,638,499

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

24. LOSS ON DISCONTINUED OPERATIONS, NET OF TAX

During the previous financial year, the investment in Dalian M-Mode Dreamfun Technology Ltd. had been fully written off as it has been liquidated in China. Accordingly, the financial results are presented separately in the consolidated statement of comprehensive income as discontinued operations.

The financial results of the discontinued operations are as follows:

	Contents and value added services	
	2011	2010
	RM	RM
Loss on written off of discontinued operations	-	(189,648)

24. LOSS ON DISCONTINUED OPERATIONS, NET OF TAX *continued*

The assets and liabilities of the subsidiary written off are as follows:

	Group	
	2011	2010
	RM	RM
Property, plant and equipment	-	21,730
Intangible assets	-	139,802
Trade and other receivables	-	10,545
Cash and bank balances	-	3,682
Share premium reserve	-	(485)
Translation reserve	-	14,374
Net assets written off	-	189,648
Net cash outflows on cash and cash equivalents	-	(3,682)

25. EARNINGS PER SHARE

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

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

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

	Group	
	2011	2010
	RM	RM
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share:		
- Continuing operations	12,867,359	3,614,806
- Discontinued operations	-	(189,648)
	12,867,359	3,425,158
Weighted average number of ordinary shares for basic earnings per share computation	159,020,700	158,840,500
Effect of dilution from share options	-	336,284
	159,020,700	159,176,784

25. EARNINGS PER SHARE *continued*

a) Continuing operations

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

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

b) Discontinued operations

The basic and diluted loss per share from discontinued operations are calculated by dividing the loss from discontinued operations, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively.

26. DIVIDENDS ON ORDINARY SHARES

	Group and Company	
	2011	2010
	RM	RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- First and final tax exempt dividend for 2010: 0.40 sen (2009: 0.35 sen) per share	635,362	555,942
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- First and final tax exempt dividend for 2011: 0.50 sen (2010: 0.40 sen) per share	813,548	635,362

At the forthcoming Annual General Meeting, a first and final tax exempt dividend in respect of the financial year ended 31 December 2011, of 5% on 162,709,500 ordinary shares, amounting to a dividend payable of RM813,548 (0.50 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

27. STAFF COSTS

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Salaries and other short-term benefits	5,266,877	3,502,383	2,832,495	1,568,024
Defined contribution plan - EPF	454,632	337,593	213,815	150,840
Other staff related expenses	180,798	146,665	50,215	56,840
	5,902,307	3,986,641	3,096,525	1,775,704

28. KEY MANAGEMENT PERSONNEL REMUNERATION

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Directors				
Fees	60,000	62,000	60,000	62,000
Other emoluments	1,633,937	989,862	1,633,937	912,612
Defined contribution plan - EPF	124,000	97,777	124,000	96,004
	1,817,937	1,149,639	1,817,937	1,070,616

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

29. SEGMENTAL INFORMATION

Business segments

Group Only

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

	Contents & value added services	Investment holding	Elimination	Total
	RM	RM	RM	RM
2010				
Total external revenue	29,207,417	-	-	29,207,417
Inter-segment revenue	720,500	3,004,828	(3,725,328)	-
Total segment revenue	29,927,917	3,004,828	(3,725,328)	29,207,417
Segment results	4,448,514	964,678	(1,700,000)	3,713,192
Finance costs				(80,465)
Profit before taxation				3,632,727
Taxation				(17,921)
Loss on discontinued operations, net of tax				(189,648)
Net profit after taxation				3,425,158

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

29. SEGMENTAL INFORMATION *continued*

	Contents & value added services	Investment holding	Elimination	Total
	RM	RM	RM	RM
2011				
Total segment assets	28,964,168	23,788,256	(4,438,907)	48,313,517
Total segment liabilities	9,831,383	2,041,404	(3,688,918)	8,183,869
Depreciation and amortisation	1,156,086	47,212	(138,132)	1,065,166
Non-cash expenses other than depreciation and amortisation	297,087	-	-	297,087
	RM	RM	RM	RM
2010				
Total segment assets	20,678,223	18,759,230	(6,142,418)	33,295,035
Total segment liabilities	10,788,623	177,340	(5,177,036)	5,788,927
Depreciation and amortisation	686,799	14,798	-	701,597
Non-cash expenses other than depreciation and amortisation	140,856	21,949	-	162,805

Geographical segments

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

30. SIGNIFICANT RELATED PARTY DISCLOSURES

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

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

30. SIGNIFICANT RELATED PARTY DISCLOSURES *continued*

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Management fees earned from subsidiaries	-	-	3,227,696	1,304,828
Dividend income from a subsidiary	-	-	3,800,000	1,700,000

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

31. FINANCIAL INSTRUMENTS

Effective interest rates and repricing analysis

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

Group	Average effective interest rate	Total	Less than 1 year	1-2 years	2-3 years	3-4years	4-5years	More than 5 years
2011		RM	RM	RM	RM	RM	RM	RM
Financial assets								
Deposits placed with licensed banks	3.03%	20,267,584	20,267,584	-	-	-	-	-
Financial liabilities								
Term loans - secured	4.91%	3,117,256	362,956	331,544	345,936	361,011	376,803	1,339,006
2010								
Financial assets								
Deposits placed with licensed banks	2.40%	9,000,000	9,000,000	-	-	-	-	-
Financial liabilities								
Term loans - secured	4.75%	2,374,801	259,285	268,905	278,881	289,229	299,960	978,541

31. FINANCIAL INSTRUMENTS *continued*

Effective interest rates and repricing analysis *continued*

Company	Average effective interest rate	Total	Less than 1 year	1-2 years	2-3 years	3-4years	4-5years	More than 5 years
2011		RM	RM	RM	RM	RM	RM	RM
Financial assets								
Deposits placed with licensed banks	2.97%	10,200,000	10,200,000	-	-	-	-	-
Financial liabilities								
Term loans - secured	4.66%	1,022,255	83,515	62,639	67,055	71,782	76,843	660,421
2010								
Financial assets								
Deposits placed with licensed banks	2.40%	6,000,000	6,000,000	-	-	-	-	-
Financial liabilities								
Term loans - secured	-	-	-	-	-	-	-	-

31. FINANCIAL INSTRUMENTS *continued*

Fair values

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

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

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

	Group				Company			
	2011	2011	2010	2010	2011	2011	2010	2010
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	RM	RM	RM	RM	RM	RM	RM	RM
Financial liabilities								
Term loans - secured	3,117,256	3,117,256	2,374,801	2,374,801	1,022,255	1,022,255	-	-

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

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

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

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

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained earnings of the Group and of the Company as at 31 December 2011 are as follows:

	Group	Company
	RM	RM
Total retained earnings of the Company and its subsidiaries:		
Realised	22,166,745	4,001,914
Unrealised	434,534	219,680
	22,601,279	4,221,594

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

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

LIST OF PROPERTIES
31 DECEMBER 2011

1.	Proprietor	**M-Mode Mobile Sdn Bhd**
	Title/Location	Geran 37731/M1B/19/307 No. Petak 307, Tingkat 19, Bangunan M1 for Lot No. 144, Seksyen 44, Bandar Kuala Lumpur, Daerah Wilayah Persekutuan.
	Description/Existing Use	A Parcel of Office/Office
	Tenure	Freehold
	Approximate Age of Buildings	17 Years
	Built-Up Area (sq. ft.)	5,435
	Net Book Value (RM)	1,850,074
	Date of Acquisition	9-Aug-2007
2.	Proprietor	**M-Mode Mobile Sdn Bhd**
	Title/Location	Geran 37731/M1B/4/126, No. Petak 126, Tingkat 4, Bangunan M1B for Lot No. 144, Seksyen 44, Bandar Kuala Lumpur, Daerah Wilayah Persekutuan.
	Description/Existing Use	A Parcel of Office/Office
	Tenure	Freehold
	Approximate Age of Buildings	17 Years
	Built-Up Area (sq. ft.)	2,422
	Net Book Value (RM)	1,233,617
	Date of Acquisition	17-Jun-2010
3.	Proprietor	**M-Mode Bhd**
	Title/Location	Geran 37731/M1B/13/260, No. Petak 260, Tingkat 13, Bangunan M1B for Lot No. 144, Seksyen 44, Bandar Kuala Lumpur, Daerah Wilayah Persekutuan.
	Description/Existing Use	A Parcel of Office/Office
	Tenure	Freehold
	Approximate Age of Buildings	17 Years
	Built-Up Area (sq. ft.)	2,432
	Net Book Value (RM)	1,284,663
	Date of Acquisition	29-Jul-2011
4.	Proprietor	**Cede Communications Sdn Bhd**
	Title/Location	H.S. (M) 12449, P.T. No. 26310 in the Mukim of Cheras, District of Hulu Langat, State of Selangor Darul Ehsan. Parcel No. 35-2-F
	Description/Existing Use	A Parcel of Office/Vacant
	Tenure	Freehold
	Approximate Age of Buildings	13 Years
	Built-Up Area (sq. ft.)	783
	Net Book Value (RM)	56,666
	Date of Acquisition	22-May-1999

5.	Proprietor	**Cede Communications Sdn Bhd**
	Title/Location	H.S. (M) 12449, P.T. No. 26310 in the Mukim of Cheras, District of Hulu Langat, State of Selangor Darul Ehsan. Parcel No. 35-2-B
	Description/Existing Use	A Parcel of Office/Vacant
	Tenure	Freehold
	Approximate Age of Buildings	13 Years
	Built-Up Area (sq. ft.)	708
	Net Book Value (RM)	44,416
	Date of Acquisition	22-May-1999

6.	Proprietor	**Cede Communications Sdn Bhd**
	Title/Location	H.S. (M) 12449, P.T. No. 26310 in the Mukim of Cheras, District of Hulu Langat, State of Selangor Darul Ehsan. Parcel No. 35-3-F
	Description/Existing Use	A Parcel of Office/Vacant
	Tenure	Freehold
	Approximate Age of Buildings	13 Years
	Built-Up Area (sq. ft.)	783
	Net Book Value (RM)	45,555
	Date of Acquisition	13-Dec-1999

SHAREHOLDING STATISTICS

25 APRIL 2012

Share Capital

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

Analysis of Shareholders by Range Group

Size Holding	No. of Holders	%	No.of Shares	%
1 – 99	42	3.992	2,005	0.001
100 – 1,000	92	8.745	26,095	0.016
1,001 – 10,000	401	38.117	2,205,200	1.355
10,001 – 100,000	387	36.787	14,492,650	8.907
100,001 – 8,135,474	129	12.262	88,986,550	54.690
8,135,475 And Above	1	0.095	56,997,000	35.029
Total	**1,052**	**100.000**	**162,709,500**	**100.000**

Substantial Shareholders

No.	Name of Shareholders	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
1	Dato' Lim Thean Keong	56,997,000	35.029	3,651,000	2.244

Directors' Shareholding

No.	Name of Shareholders	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
1	Dato' Lim Thean Keong	56,997,000	35.029	3,651,000	2.244
2	Thong Kooi Pin	0	0.000	0	0.000
3	Dato' Fam Lee Ee	0	0.000	0	0.000
4	Mohd Zaini bin Noordin	0	0.000	0	0.000
5	Chin Chee Seong	0	0.000	0	0.000

SHAREHOLDING STATISTICS CONTINUED

25 APRIL 2012

Thirty Largest Shareholders

No.	Name of Investors	No. of Shares	%
1.	Dato' Lim Thean Keong	56,997,000	35.029
2.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Siew Yoong (Margin)	5,956,300	3.660
3.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hew Yoon Hsia (REM 612)	5,463,900	3.358
4.	Lim A Heng @ Lim Kok Cheong	5,010,200	3.079
5.	Chan Yook Chan	4,650,000	2.857
6.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Kuan Peng Ching @ Kuan Peng Soon (MM1076)	3,721,900	2.287
7.	Datin Ching Wai Teng	3,651,000	2.244
8.	Linda Teh Swee Lian Steiner	2,705,000	1.662
9.	Tan Sin Su	2,633,200	1.618
10.	Tung Wai Fun	2,630,600	1.616
11.	Chua Shok Tim @ Chua Siok Hoon	2,430,000	1.493
12.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Geok Kuan (E-SRB)	2,329,800	1.431
13.	Ng Geok Hwa	2,239,000	1.376
14.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Faai @ Ng Yoke Pei (SRB/PMS)	2,100,000	1.290
15.	Chan Bee Yoke	1,760,000	1.081
16.	Tan Foong Ling	1,686,300	1.036
17.	Chan Yoke Peng	1,500,000	0.921
18.	Ng Tiam Hee	1,426,400	0.876
19.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Fong Siling (CEB)	1,200,000	0.737
20.	Yu Chok Tow	1,138,000	0.699
21.	Lai Hong Mun	1,110,000	0.682
22.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Pau Kiew Hiong	1,000,000	0.614
23.	Wong Fock Wah	851,100	0.523
24.	Lai Hong Mun	750,000	0.460
25.	Chong Kah An	746,700	0.458
26.	Maybank Nominees (Asing) Sdn Bhd Pledged Securities Account For Rustom Framroze Chothia	683,300	0.419
27.	Chia Peck Kee	650,000	0.399
28.	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Siew Eng @ Ong Chai (8040800)	638,500	0.392
29.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Geok Kuan (E-SRB)	622,200	0.382
30.	Maybank Nominees (Tempatan) Sdn Bhd For Ng Kat Poo	610,000	0.374

NOTICE OF EIGHTH ANNUAL GENERAL MEETING

31 DECEMBER 2011

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of the Company will be held at Lavender Room, The Zon All Suites Residences On The Park, 161-D Jalan Ampang, 50450 Kuala Lumpur on Thursday, 7 June 2012 at 2.30 p.m. to transact the following business:-

A G E N D A

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)

2. To approve the payment of a first and final tax exempt dividend of 0.50 Sen per ordinary share in respect of the financial year ended 31 December 2011. (Resolution 1)

3. To re-elect the following Directors who retire pursuant to Article 127 of the Company's Articles of Association:-

   i) Dato' Fam Lee Ee (Resolution 2)
   ii) Chin Chee Seong (Resolution 3)

4. To approve Directors' Remuneration for the financial year ended 31 December 2011. (Resolution 4)

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

Special Business

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

6. **ORDINARY RESOLUTION I**

   Authority To Allot And Issue Shares (Resolution 6)

   "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."

AGENDA

<u>Special Business</u> *continued*

7. **ORDINARY RESOLUTION II**

Proposed Renewal of Authority for the Shares Buy-Back pursuant to Section 67A of the Companies Act, 1965 (Resolution 7)

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

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

(ii) an amount not exceeding the Company's audited accumulated profits of RM4,221,594 and share premium account of RM1,254,308 for the financial year ended 31 December 2011 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 purchases 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

A G E N D A

Special Business *continued*

7. **ORDINARY RESOLUTION II** *continued* (Resolution 7)

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 ACE Market and all other relevant governmental and/or regulatory authorities."

8. **SPECIAL RESOLUTION** (Resolution 8)

Proposed Amendments of Articles of Association of the Company

"THAT the proposed amendments to the Articles of Association of the Company as contained in the Appendix II which is attached in the Circular to Shareholders dated 16 May 2012 be approved.

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

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Eighth Annual General Meeting to be held on 7 June 2012, a first and final tax exempt dividend of 0.50 Sen per ordinary share in respect of the financial year ended 31 December 2011 will be paid on 6 July 2012 to Depositors whose names appear in the Record of Depositors on 21 June 2012.

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 21 June 2012 in respect of transfers; and

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

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

Kuala Lumpur
16 May 2012

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 30 May 2012 shall be eligible to attend the meeting or appoint proxy to attend and vote on their behalf.*

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

EXPLANATORY NOTE ON ORDINARY BUSINESS

1. *Audited Financial Statements For The Year Ended 31 December 2011*

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.

EXPLANATORY NOTES ON SPECIAL BUSINESS

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

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

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

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

Please refer to the Statement and Circular to Shareholders dated 16 May 2012 for further information.

3. *Special Resolution : **Proposed Amendments of Articles of Association***

Please refer to the Statement and Circular to Shareholders dated 16 May 2012 for further information.

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AFFIX STAMP HERE

The Company Secretary
M-MODE BERHAD
Level 18, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur,
Malaysia.

Please fold here

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

FORM OF PROXY

No. of shares held	

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

of ....
(Full Address)

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

....
(Full Name in Capital Letters)

of ....

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Eighth Annual General Meeting of the Company to be held at Lavender Room, The Zon All Suites Residences On The Park on Thursday, 7 June 2012 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 2011.			
		RESOLUTIONS	***FOR**	***AGAINST**
2.	To approve the payment of a first and final tax exempt dividend of 0.50 Sen per ordinary share in respect of the financial year ended 31 December 2011.	**1**		
3.	To re-elect the following Directors who retire pursuant to Article 127 of the Company's Articles of Association:- (i) Dato' Fam Lee Ee	**2**		
	(ii) Mr. Chin Chee Seong	**3**		
4.	To approve Directors' Remuneration for the financial year ended 31 December 2011.	**4**		
5.	To re-appoint Messrs BC Teoh & Co. as Auditors of the Company and authorise the Directors to fix their remuneration.	**5**		
SPECIAL BUSINESS				
6.	Authority to the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.	**6**		
7.	Proposed Renewal of Authority for the Shares Buy-Back of the Company pursuant to Section 67A of the Companies Act, 1965.	**7**		
8.	Proposed Amendments of Articles of Association of the Company.	**8**		

**(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 2012

NOTES:-

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M-MODE BERHAD
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