m-mode

M-MODE BERHAD

(Company No.635759-U)

ANNUAL 2017 REPORT

DEVELOPING A NEW FUTURE

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Lim Thean Keong
Chairman/Managing Director
Ong Chee Koen
Executive Director
Thong Kooi Pin
Non-Independent Non-Executive Director
Abdul Razak Bin Dato' Haji Ipap
Independent Non-Executive Director
Mohd Zaini Bin Noordin
Independent Non-Executive Director
Nirmala A/P Doraisamy
Independent Non-Executive Director

AUDIT COMMITTEE

Abdul Razak Bin Dato' Haji Ipap
Chairman/Independent
Non-Executive Director
Thong Kooi Pin
Non-Independent Non-Executive Director
Nirmala A/P Doraisamy
Independent Non-Executive Director

NOMINATION COMMITTEE

Abdul Razak Bin Dato' Haji Ipap
Chairman/Independent
Non-Executive Director
Thong Kooi Pin
Non-Independent Non-Executive Director
Mohd Zaini Bin Noordin
Independent Non-Executive Director

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

Joanne Toh Joo Ann (LS 0008574)
Sia Ee Chin (MAICSA 7062413)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A,
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Tel : 03-2783 9191
Fax : 03-2783 9111

SHARE REGISTRAR

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

PRINCIPAL BANKER

Public Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

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

AUDITOR

Morison Anuarul Azizan Chew
18, Jalan Pinggir 1/64, Jalan Kolam Air
Off Jalan Sultan Azlan Shah (Jalan Ipoh)
51200 Kuala Lumpur, Malaysia
Tel. 03-4048 2888

CORPORATE WEBSITE

www.mmode.com.my

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES

GROUP'S BUSINESS AND OPERATIONS OVERVIEW

What We Do

Established since 2004, M-Mode Berhad (M-Mode) has been principally involved in development and distribution of mobile value-added contents and its related services which include digital applications, mobile games, video contents, SMS/MMS and mobile payment platforms. Recently, the Group has also diversified into the property construction sector through its incorporation of E&J Builders Sdn. Bhd. ("E&J"). Throughout the course of the Group's journey up till now, we view our diversification into the construction industry as a timely decision since the mobile contents industry has become increasingly saturated. Furthermore, the Group will also continue to explore and seek for more viable opportunities within or beyond our core industries.

Our principal activities include research and development, sales and marketing of digital contents, mobile payment capability, digital application, and its related services in provision of implementation, technical services and maintenance related to the digital contents solution, property construction and investment holding. Our products are offered in subscription and one-time purchase model via collaboration with Mobile Operators.

The Group aims to be the digital content and application provider and property contractor of choice with a stellar range of high quality offerings and services which are highly sought after by consumers.

M-Mode plans to boost our digital content and application offerings and services by developing engaging, educational, entertaining and trending contents that are available globally. Besides that, we will also increase our property construction portfolio by actively pursuing new projects and opportunities that are promising. We are determined to create a valuable brand name for ourselves through our stakeholder's recognition of our work.

FINANCIAL RESULTS AND FINANCIAL CONDITION REVIEW

The Group wishes to highlight that the current financial period ended May 2017 involved the results over a 17-months period which is comparably much longer than the usual 12-months financial period. Therefore, in a way, the current and previous financial results could not be studied directly.

Over the 17-months financial period, the Group posted a revenue of RM20.01 million. The revenue was mainly derived from the sales of our digital contents and value-added services through various Mobile Operators. There was a decline compared to RM37.25 million revenue recorded in the financial year ended December 2015. It was mainly due to the migration of the new Celcom Content Management platform (namely "EMOMI365") to all its content partners in Malaysia resulting in suspension of the existing Content Management Platform ("CMP") between Celcom Mobile Sdn. Bhd. (Celcom) and Tameko Sdn. Bhd. (Tameko), a wholly owned subsidiary of the Company, which used to contribute approximately RM2.60 million per month to the Group's revenue.

On the other hand, the Group recorded a loss before taxation ("LBT") of RM1.72 million compared to a profit before tax ("PBT") of RM7.99 million achieved in the previous financial year ended December 2015. This was primarily due to the loss of sales resulting from the migration to the new CMP by Celcom which was announced in April last year and as explained above.

Going further, operating expenses increased by 15.6% to RM14.00 million in comparison with RM12.11 million recorded in the previous financial period. This was simply due to the longer financial period (17 months instead of 12 months when we changed our financial year end) to which the expenses was recorded.

The Group's trade receivables dropped significantly to RM1.74 million from RM15.0 million in the last financial year due to the migration to the new CMP by Celcom.

As for the Group's trade it decreased by 75.5% to RM0.80 million from RM3.26 million recorded previously. This was attributed to a termination of rental payment for the connectivity to the CMP owned by Celcom following the said migration.

The Group currently has no long-term borrowings and has healthy and sufficient funds for working capital needs.

As it is evident, M-Mode has been facing a major setback during this financial period as a result of Celcom's, who was our key client during that period, decision to migrate to EMOMI365 by suspending the existing CMP. Our subscription volumes were greatly affected, and EMOMI365 did not manage to recover users' acquisition and subscription as expected. In May, Celcom had also made an announcement to the industry that EMOMI365 will be temporary shut down until further notice.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES
(CONTINUED)

In addition to that, we also faced challenges such as changes and uncertainties in terms of technology applied, mobile devices and mobile user needs as well as consumers need on Over-The-Top (OTT) applications. According to an article published by Gartner on 1st January 2017, the competition for consumers is high amid the millions of options offered in digital App Stores and apps are expensive to support. M-Mode has foreseen this issue of high risk in continuous investment while slow return-on-investment in digital application capacity. Hence, we took the cost-reduction approach by disposing our non-profitable digital application related businesses.

In order to break our reliance on a single industry, the Group has decided to venture into the construction industry to create another source of income and to prevent over-reliance on a single stream of income. While the Group is conscious and aware that each industry comes with its potential and challenges, the Group still believes that the construction industry is still promising especially if one possesses the right resources and know-how.

On a positive note, the Board has declared a First and Final Tax Exempt Dividend of 6% per ordinary share in respect of the financial year ended 31 December 2015 as profits were made. The said dividend was paid on 23 June 2016.

OPERATIONS REVIEW

The Company's content and value-added services segment recorded a decrease of revenue of RM20.0 million in this financial period compared to RM37.2 million in the previous financial year. Primarily, it was due to the substantial decline in sales following the said migration by Celcom.

Below are the key events which happened on a corporate level:-

- On 3 February 2016 acquired two (2) ordinary shares of RM1.00 each representing 100% equity interest in One Seed Sdn. Bhd. ("OSS") (Formerly known as Next Dynasty Sdn. Bhd.), a company incorporated in Malaysia for a total consideration of RM50,000. Subsequent to the acquisition, OSS has become a wholly-owned subsidiary of the Company. The principal activities are engaged in the provision of mobile games publishing platform and related services.

- A wholly-owned subsidiary of the Company, Tameko Sdn. Bhd. ("Tameko") (Formerly known as M-Mode Systems Sdn. Bhd.) has on 6 June 2016, incorporated a wholly-owned subsidiary Restro Digital Pte. Ltd. ("Restro") in Singapore. The issued and paid up share capital of Restro is SGD2.00 comprising 2 ordinary shares. The intended principal activities are engaged in mobile cellular, radio paging, other wireless telecommunications activities, other information technology and computer service activities.

- On 22 November 2016, the Company entered into a Sale and Purchase Agreement with Leopard Venture Sdn. Bhd. ("LVSB")to dispose its entire 3,000,000 ordinary shares of RM1.00 each, representing 100% of equity interest in NovelPlus Sdn. Bhd. ("NovelPlus") to LVSB for a total cash consideration of RM1,540,000. NovelPlus is principally engaged in providing mobile multimedia contents and related multimedia telecommunication services, in particular, mobile social reading platform. The share disposal was completed on 20 January 2017.

- On 20 December 2016, the Company announced that Cede Communications Sdn. Bhd. ("Cede"), a wholly-owned subsidiary of the Company, had on 5 December 2016 convened a final meeting to conclude the Member's Voluntary Winding-up. Cede has been dormant for two years and the winding up has no financial impact to the Group.

- On 19 April 2017 incorporated a 100 % owned subsidiary known as E&J Builders Sdn. Bhd. E&J was incorporated as a private limited company by shares. The share capital of E&J is RM2.00. The intended principal activities are to carry on the business as general contractors for construction work of any kind and to deal in building material and hardware merchandise of all kinds and descriptions, or as engineering, contractors, general engineers, site information and plan layout advisers and consultants whether civil, mechanical, electrical, structural, geotechnical, chemical, aeronautical, marine or otherwise.

The above mentioned exercises were done to consolidate and restructure the Group's overall operations to reduce unnecessary operational expenses and to increase optimisation in the Group's resources as part of its plan in recouping losses.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES (CONTINUED)

Bearing in mind that the Group was over-reliant on a single major customer, we had been aggressively expanding and strengthening our products distribution platforms to collaborate with Mobile operators in overseas market. As part of the strategic review on our operations, several initiatives and partnerships were secured during the financial period, which encompassed a deal with Axiata Group, the parent company of Celcom to broaden our reach in the Asian region among other nationwide Mobile Operators.

At management level, the Group has appointed Mr. Ong Chee Koen ("Mr Ong") as an Executive Director effective 20 March 2017. He has more than 38 years of experience in both public and private companies with a solid track record in the construction industry. With Mr. Ong on board, the Group has been strategising and implementing certain plans with the overall objectives to turnaround our financial position. As a result M-Mode decided to tap this opportunity and Mr. Ong's experience and network and venture into the construction business through the establishment of E&J.

We are pleased to say that there has already been revenue contribution from our construction business for this period and we are proud to have kicked off a joint-venture agreement sealed on 26 May 2017 with Rexallent Construction Sdn. Bhd. ("Rexallent") which is worth RM180 million for undertaking and completing the remaining construction works of a proposed mixed-development project consisting serviced apartments, soho units, shoplots, club house and other facilities named "Mizu" (previously known as H2O) in Ara Damansara.

RISK MANAGEMENT

The Group's businesses in the mobile value-added contents and digital services and construction sectors are very diluted and competitive with multiple market players and ever-changing consumers demand.

According to an article by PwCon 2017 telecommunication trends, players such as WhatsApp, WeChat, and Apple's iMessage already represent more than 80 percent of all messaging traffic, and Skype alone accounts for more than a third of all international voice traffic minutes. As a result, many telecom carriers are facing significant decreases in their basic communication service revenues: drop-offs of as much as 30 percent in SMS messaging, 20 percent in international voice, and 15 percent in roaming. Combined with intense competition due to lagging industry consolidation, this pattern has led to steep declines in average revenue per user; at best, minimal revenue growth; and tightening margins. In addition, there are also millions of digital applications offered by over-the-top (OTT) players on a daily basis.

Consequently, this has brought about a paradigm shift in consumer behavior to stick with digital apps and its usage. Hence, to remain competitive, the Group will reinforce its positioning on mobile internet-related contents and services through relevant R&D initiatives, adoption of cloud technology, continued investment in talent development and learning, widening the range of our content offerings and product services to cater to and attract more customers.

Also, the Group will remain cautious and prudent in every step we take to ensure our performance recovery and up holding our promises to protect each shareholder's interest.

MOVING FORWARD

The mobile Internet access market has grown rapidly through widespread deployment of 3G and (since 2013) LTE networks, and rapid adoption of smartphones. These trends will help the number of mobile internet subscribers to increase to 25.1 million in 2019, from 16.3 million in 2014 (Source: Malaysia Entertainment and Media Outlook 2015-2019 by PwC). With higher mobile internet penetration and adoption among consumers, the usage of SMS and MMS will continue to decline and this will have a direct and indirect influence on the mobile contents industry.

Therefore, it is important for the Group to predict consumer behaviour, adopt the latest trends and evolve ourselves to be at the forefront of the market. While maintaining our existing market share in subscription-based contents, we also aim to invest into mobile internet business services.

The Group is confident that the construction business will bring about encouraging revenue for the Company in the coming financial year since E&J has a lined up a strategy and started pursuing order books. Some of the notable works of the team heading our construction division include the Calvary Convention Centre in Bukit Jalil, The Parc Tower in Sri Rampai, Casa Green in Bukit Jalil, and Octagon in Ipoh to mention a few. Thus, the management believes that we will be able to make an impact soon.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES
(CONTINUED)

This is also in line with the report by Construction Industry Development Board (CIDB) stating that the construction sector is expected to grow by eight per cent to RM170 billion this year, boosted by the numerous mega infrastructure projects in the country. The construction industry's growth last year was very much driven by infrastructure projects, which accounted for 49.7 per cent (RM82.7 billion) of the total. The second highest contributor was residential projects, which accounted for 23 per cent (RM38.3 billion), followed by non-residential construction at 22.5 per cent (RM37.4 billion). These statistics help to indicate that the construction sector is indeed resilient and robust.

However, our team does not rest on our laurels, we are also in the midst of actively tendering other projects and a few are currently in negotiations. The Group looks forward to share some good news with our shareholders in the coming months.

Notwithstanding the volatile economic conditions, the Group will remain prudent with our financial management and expenditures. The management will continue our commitment to create value for our shareholders.

The Board does not recommend a dividend for financial period ended 31 May 2017 as we see a need in consolidating our cash flow and balances for our new business expansion and as working capital.

BOARD OF DIRECTORS

Dato' Lim Thean Keong, Male, aged 54, Malaysian citizen, is the founder and Chairman/ Managing Director of M-Mode Berhad ("M-Mode" or "Company"). He was appointed to the Board on 31 March 2004. With the experience, expertise and technical know-how, Dato' Lim has successfully charted the strategic directions and growth of the M-Mode Group ever since its inception in the year 2002. He has successfully led M-Mode Group to become a leading mobile content publisher that provides variety of mobile contents to the telco carriers and mobile phone users.

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

He has no family relationship with any other Directors and/ or substantial shareholders of M-Mode. He has no conflict of interest with M-Mode and has no convictions for any offences within the past 5 years other than traffic offences or any public sanction or penalty imposed by the regulatory bodies during the financial year.

Thong Kooi Pin, Male, aged 44, 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 Master is degree in business administration majoring in finance in 2005 from Universiti Putra Malaysia, Malaysia. He is the Chairman of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and Option Committee.

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

He has no family relationship with any other Directors and/ or substantial shareholders of M-Mode. He has no conflict of interest with M-Mode and has no convictions for any offences within the past 5 years other than traffic offences or any public sanction or penalty imposed by the regulatory bodies during the financial year.

Abdul Razak Bin Dato' Hj. Ipap, Male, aged 57, Malaysian citizen, is an Independent Non-Executive Director of M-Mode Berhad. He was appointed to the Board on 19 June 2012. He graduated with Bachelor of Science in Agribusiness from Universiti Pertanian Malaysia (currently known as Universiti Putra Malaysia) in 1988. He started his career by joining Shell Chemical Sdn. Bhd. as Trainee Executive in Year 1986, responsible for sales development for the Company. In 1988, he joined United Engineers (M) Berhad as Business Development Executive where he was responsible for developing new sales and managing the existing project portfolio. From 1993 to 1995, he was attached to Sime Logistics Sdn. Bhd. as Manager in Operations and Marketing. In 1995, he joined Celcom (M) Sdn. Bhd. as Senior Manager (Logistics) responsible for the smooth flowing of the entire company's logistics and was subsequently promoted as the Vice President Logistics. He left Celcom in Year 2000 to start off his own career in IT business.

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

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

He has no family relationship with any other Directors and/ or substantial shareholders of M-Mode. He has no conflict of interest with M-Mode and has no convictions for any offences within the past 5 years other than traffic offences or any public sanction or penalty imposed by the regulatory bodies during the financial year.

BOARD OF DIRECTORS
(CONTINUED)

Nirmala A/P Doraisamy, Female, aged 50, Malaysian citizen, is an Independent Non-Executive Director of M-Mode Berhad. She was appointed to the Board on 19 August 2013. She graduated with Bachelor Degree in Economics (Hons) from University Malaya and an MBA from International Islamic University. She is a Chartered Global Management Accountant and a member of the Malaysian Institute of Accountants (MIA) and Fellow, Chartered Institute of Management Accountants. She is also a Certified Risk Professional (CRP), Certified Credit Professional (CCP) and Certified Enterprise Risk Manager.

She has 27 years experience in banking, risk management and project management. She started her career with an established local bank. Her vast experience encompasses various aspects of banking such as branch banking, SME, corporate and commercial lending. She has substantial experience in restructuring of corporate and commercial loans and portfolio risk management. After 17 years of experience with local banks, she joined Credit Guarantee Corporation Berhad (subsidiary of Central Bank of Malaysia) where she headed the Risk Management Department and was responsible for setting up the department and the Enterprise Risk Management framework. She spearheaded the credit, investment and operational risk management units and ensured effective execution of the responsibilities. Currently Nirmala is a Director of Credience Malaysia Sdn. Bhd. Essential Corporation Resources Sdn. Bhd. and advisor of CN Associates (a registered audit firm).

She is also a member of the Audit Committee of the Company. She has no family relationship with any other Directors and/ or substantial shareholders of M-Mode. She has no conflict of interest with M-Mode and has no convictions for any offences within the past 5 years other than traffic offences or any public sanction or penalty imposed by the regulatory bodies during the financial year.

Mohd Zaini bin Noordin, Male, aged 54, Malaysian citizen, is an Independent Non-Executive Director of M-Mode Berhad. He was first appointed to the Board on 13 September 2004. He resigned as a Director on 22 October 2012 and was re-appointed on 25 August 2016. He completed courses in Insurance and Actuarial Science from Indiana University in United States of America. He is the founder of MOL AccessPortal Berhad 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 Berhad. 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 also a member of the Nomination Committee of the Company. He has no family relationship with any other Directors and/ or substantial shareholders of M-Mode. He has no conflict of interest with M-Mode and has no convictions for any offences within the past 5 years other than traffic offences or any public sanction or penalty imposed by the regulatory bodies during the financial year.

Ong Chee Koen, Male, aged 60, Malaysian citizen, is an Executive Director of M-Mode Berhad. He was appointed to the Board on 20 March 2017. He is an experienced construction and property development professional who is also a graduate in Civil Engineering. He has more than 38 years' experience in both public and private company. He started his career in construction in late 70's as a Site Engineer, has both supervision and management experience inseveral public and private projects namely development for UKM University in Bangi, USM in Penang, Price Hotel in Kuala Lumpurand several public buildings in peninsular Malaysia in the 80's and 90's.His strength in construction and project management has him being entrusted by public work department to recovery and turnaround 3 abandoned public project during the late year 80's financial crisis. On completion, together with his partner, the project management company were rewarded as PKK class (A) registered construction company. He is also highly valued for his business acumen, having hand on experience and involvement in IPOs, acquisition and merger scheme.

He has no family relationship with any other Directors and/ or substantial shareholders of M-Mode. He has no conflict of interest with M-Mode and has no convictions for any offences within the past 5 years other than traffic offences or any public sanction or penalty imposed by the regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT

Nga Li Fang, Female, aged 38, Malaysian citizen, she was appointed as Group Chief Operating Officer of M-Mode Berhad ("M-Mode" or "Company") on 1 March 2015. She graduated with a Bachelor in Business Administration from the University of Abertay Dundee, UK, in 2000, and Master in Business Administration from University of Sunshine Coast, Australia, in 2008.

Ms Nga has been with M-Mode for 9 years, she is responsible for strategic and tactical matters in the areas of business and product developments, talent development and developing business strategies and framework to support the Group's overall goal and direction. Ms Nga began her career on e-Commerce and e-Enablement development in local insurance industry. In 2006, she joined Multimedia Development Corporation ("MDEC"), a government-linked agency ("GLC"), in promoting the development of Information, Communication, Technology ("ICT") industry in Malaysia and facilitating marketing and export collaboration opportunities with the related foreign GLCs and private entities.

She does not hold any directorship in public listed companies.

She has no family relationship with any other Directors and/or substantial shareholders of M-Mode. She has no conflict of interest with M-Mode and has no convictions for any offences within the past 5 years other than traffic offences or any public sanction or penalty imposed by the regulatory bodies during the financial year.

AUDIT COMMITTEE REPORT

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

1. COMPOSITION OF AUDIT COMMITTEE

The present members of the Audit Committee comprise of:-

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

Members
Thong Kooi Pin (Non-Independent Non-Executive Director)
Nirmala A/P Dorasaimy (Independent Non-Executive Director)

2. TERMS OF REFERENCE

(A) Composition

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

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

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

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

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

(B) Authority

The Audit Committee is empowered by the Board to investigate any activity within its terms of reference and access to any resources within the Company which are required to perform its duties without any restriction.

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

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

AUDIT COMMITTEE REPORT
(CONTINUED)

2. TERMS OF REFERENCE (CONTINUED)

(C) Functions and Duties

The functions of the Audit Committee are as follows:-

(i) To review and report the same to the board of directors of the Company:-

(a) with the external auditor, the audit plan;

(b) with the external auditor, his evaluation of the system of internal controls;

(c) with the external auditor, his audit report;

(d) the assistance given by the employees of the listed company to the external auditor;

(e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(g) the quarterly results and year-end financial statements, prior to the approval by the board of directors, focusing particularly on:-

- Changes in or implementation of major accounting policy changes;
- Significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed; and
- Compliance with accounting standards and other legal requirements;

(h) any related party transaction and conflict of interest situation that may arise within the listed company or group including any transaction, procedure or course of conduct that arise questions of management integrity;

(i) any letter of resignation from the external auditors of the listed company; and

(j) whether there is reason (supported by grounds) to believe that the listed company's external auditor is not suitable for re-appointment; and

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

(D) Retirement and Resignation

In the event of any vacancy in the Audit Committee, the Company shall fill in the vacancy within three (3) months.

AUDIT COMMITTEE REPORT
(CONTINUED)

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.

The term of Reference of Audit Committee is available at the Company's website at www.mmode.com.my.

4. SUMMARY OF ACTIVITIES UNDERTAKEN

The Audit Committee held eight (8) meetings during the financial period ended 31 May 2017. The details of attendance of the Audit Committee members are as below:-

From Jan 2016 to May 2017

Name	**Reflects the number of meetings scheduled during the time the Committee held office**
Abdul Razak Bin Dato' Hj. Ipap	8/8
Thong Kooi Pin	6/8
Encik Ahmad Shukri Bin Abdullah (retired on 2 June 2016)	4/4
Nirmala A/P Dorasaimy (appointed as member on 23 June 2016)	4/4

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

- reviewed the financial statements before the quarterly announcement to Bursa Malaysia Securities Berhad in February 2016, May 2016, August 2016, November 2016, February 2017 and May 2017.
- reviewed the year-end financial statements together with the external auditors' management letter and the management's response in April 2016.
- reviewed the reports of the external auditors in May 2017.
- reviewed the risk management framework report in February 2016.
- reviewed the internal audit plan for the financial period ended 31 May 2017, in February 2017, to ensure adequate scope and comprehensive coverage over the activities of the Group and ensure that all high risk areas are audited;
- reviewed the Internal Audit Reports on Payroll and Human Resource Functions, Taxation and GST Accounting, Treasury and Account Receivables as presented by Internal Auditors togther with their recommendations.

5. INTERNAL AUDIT FUNCTION

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

The Internal Auditor is required to conduct regular and systematic reviews on all operating units and submit an independent report to the Audit Committee for review and approval. The cost incurred for the internal audit functions for the financial period ended 31 May 2017 was RM23,000.

STATEMENT ON CORPORATE GOVERNANCE

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

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

1. ESTABLISHMENT OF CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Function of the Board and Management

The Board is responsible for the oversight and overall management of the Company while delegated specific authorities to the Audit Committee, Nomination Committee, Remuneration Committee and Option Committee "the Board Committees" and the Group Managing Director in ensuring its responsibilities and function been discharged effectively. The Board reserves for its consideration significant matters such as the following:

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

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

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

The day-to-day management of M-Mode's business is under the supervision of the Group Chief Operating Officer.

The responsibilities and functions delegated to the Chief Operating Officer includes the following:-

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

The Board Committees are entrusted with specific responsibilities to oversee the Group's affairs with power to act on behalf of the Board in accordance with the respective Terms of Reference. Even though specific authorities are delegated to the Board Committees, the Board keeps itself abreast of the significant decisions made by each Board Committee through the reports or briefings by the Chairman of the respective Board Committees and the tabling of minutes of the Board Committee meetings at Board meetings on quarterly basis.

STATEMENT ON CORPORATE GOVERNANCE
(CONTINUED)

1. ESTABLISHMENT OF CLEAR ROLES AND RESPONSIBILITIES (CONTINUED)

1.1 Clear Function of the Board and Management (Continued)

The respective Board committees Terms of Reference is disclosed in the Board Charter.

1.2 Clear Roles and Responsibilities

The Board assumes the following responsibilities:-

- Reviewing, adopting and monitoring strategic plans for the Group;
- overseeing the conduct of the Company's business by receiving updates and sharing by the Group Managing Director during the quarterly Board meeting;
- identifying risks and assume active role in ensuring the implementation of appropriate systems to manage or mitigate these risks;
- delegating responsibility to the Nomination Committee on succession planning, including appointing, training, fixing the compensation of the key managements and the adoption of succession policy;
- ensuring measures are in place to assess and oversee Management's performance;
- developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines. The details on the internal control systems are stated in the Statement of Risk Management and Internal Control.

1.3 Code of Conduct and Ethics for Directors

The Code of Conduct adopted had been prepared based on the following principles:-

- Conflicts of interest;
- Corporate opportunities;
- Protection of confidential information;
- Compliance with laws, rules and regulations;
- Trading on inside information;
- Compliance with this Code and reporting of any illegal or unethical behavior; and
- Waivers and amendments.

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

1. ESTABLISHMENT OF CLEAR ROLES AND RESPONSIBILITIES (CONTINUED)

1.3 Code of Conduct and Ethics for Directors

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

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

1.4 Access to Information and Advice

All Directors, including Independent Non-Executive Directors, have full and timely access to information concerning the Company or other external information as they may feel necessary. Board papers and reports which include the Group's performance and major operational, financial and corporate information are distributed to the Directors with sufficient time prior to Board meetings to enable Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting. However, in the event of urgent and confidential matters, the relevant meeting materials will only be distributed during the Board meeting.

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

1.5 Qualified and Competent Company Secretary

Directors have direct access to the advice and services of the Group's Company Secretary. The Company Secretaries are qualified to act in accordance with the requirements of the Companies Act, 2016. The Board is advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities as well as appropriate procedures for management of meetings. The Board is supported to ensure adherence to board policies and procedures, rules, relevant laws and best practices on Corporate Governance. In addition, the Company Secretary also ensure the meeting minutes are properly documented and maintain a secured retrieval systems which stores the meeting papers and minutes of board and board committees.

The Company Secretaries also undertake the following functions, amongst others:-

(i) advise and remind the Directors of their obligations to disclose their interest in securities, any conflict of interest and related party transactions;
(ii) advise the Directors of their duties and responsibilities;
(iii) advise and remind the Directors on the prohibition on dealing in securities during closed period and the restriction on disclosure of price sensitive information;
(iv) prepare agenda items of meetings for Board and Board Committees and send to the respective Board and Board Committees; and
(v) attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are made and maintained accordingly.

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

STATEMENT ON CORPORATE GOVERNANCE
(CONTINUED)

1. ESTABLISHMENT OF CLEAR ROLES AND RESPONSIBILITIES (CONTINUED)

1.6 Board Charter

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

The Board Charter was reviewed and approved for adoption in 2014. The Board Charter was last reviewed on 14 September 2017 and would be reviewed and updated periodically in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.

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

2. STRENGTHEN COMPOSITION

2.1 Nomination Committee

The Nomination Committee was established on 23 November 2007. The primary function of the Nomination Committee is to recommend to the board, candidates for all directorships to be filled by the shareholders or the board after taking into consideration the following criteria:-

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

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

(a) Consider, in making its recommendations, candidates for directorships;
(b) Assess and recommend to the Board, directors to fill the seats on Board Committees;
(c) Undertake an annual review of the required mix of skills, experience and diversity (including gender diversity) and other qualities of Directors, including core competencies which Non-Executive Directors should bring to the Board and to disclose this forthwith in every Annual Report;
(d) Assist the Board to introduce a criteria and to formulate and implement a procedure to be carried out by the Nomination Committee annually for assessing the effectiveness of the Board as a whole, the Board Committees and for assessing the contributions of each individual Director;
(e) To ensure that the Directors to retire by rotation to be in accordance with the Articles of Association of the Company;
(f) To ensure that the process carried out in the evaluation and assessment be properly documented;
(g) To conduct assessment of the independent directors who have served the Board for a period of nine (9) years and above and to recommend to the Board whether the independent director should remain independent or be re-designated;
(h) To review the induction and training needs of Directors; and
(i) To report to the Board on Board and key management succession planning.

2. STRENGTHEN COMPOSITION (CONTINUED)

2.1 Nomination Committee (Continued)

The Nomination Committee comprised three Non-Executive Directors of whom, two are Independent. The present members of the Nomination Committee are as follows:-

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

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

There had been two (2) Nomination Committee Meetings held during the financial period ended 31 May 2017. The details of the members' attendance at the meeting are set out as follows:-

Name	Reflects the number of meetings scheduled during the time the Committee held office
Abdul Razak Bin Dato' Hj. Ipap (Chairman)	2/2
Thong Kooi Pin	2/2
Encik Ahmad Shukri Bin Abdullah (Retired on 2 June 2016)	1/1
Mohd Zaini Bin Noordin (appointed as member on 25 August 2016)	Nil

The terms of reference of the Nomination Committee is available at the Company's website at www.mmode.com.my.

Summary of Activities Undertaken

During the financial period ended 31 May 2017, matters discussed and deliberated during the Nomination Committee meetings include:-

(i) assessed the effectiveness and required mis of skills and experience of the Board as a whole;
(ii) assess the independence of Independent Directors;
(iii) reviewed and recommended to the Board on the re-election of Directors;
(iv) reviewed and recommended the appointment of Mohd Zaini Bin Noordin and Ong Chee Koen as Directors of the Company;
(v) reviewed and recommended the retention of Mohd Zaini Bin Noordin, the Independent Director, who had served for a cumulative term of more than nine (9) years, to continue in office as Independent Non-Executive Director; and
(vi) reviewed the training needs for Directors.

STATEMENT ON CORPORATE GOVERNANCE
(CONTINUED)

2. STRENGTHEN COMPOSITION (CONTINUED)

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

Recruitment or Appointment of New Directors

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

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

During the financial period ended 31 May 2017, the Nomination Committee had discussed and reviewed related documents pertaining to the suitability of appointment of Mohd Zaini Bin Noordin as the Independent Non-Executive Director of the Company and Ong Chee Koen as the Executive Director of the Company.

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

Annual Assessment

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

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

The above review and assessments had been conducted by the Nomination Committee and tabled to the Board for discussion on 26 February 2016 and 20 July 2017. The Nomination Committee, through the assessment conducted, is satisfied that each of the Director has the character, experience, integrity, competence and time to effectively discharge their duties.

The Nomination Committee also had on 20 July 2017, assessed the training needs of the Directors to ensure that the Directors keep abreast of regulatory charges, other developments and broad business trend.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

2. STRENGTHEN COMPOSITION (CONTINUED)

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

Re-election or Re-appointment of Director

In accordance with the Company's Articles of Association, Directors appointed during the year is required to retire and seek election by shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Articles also require one-third (1/3) of the Directors to retire by rotation and seek re-election at each AGM and that each Director shall submit himself for re-election every three (3) years.

The Nomination Committee had on 20 July 2017 conducted assessment on Nirmala A/P Doraisamy, Mohd Zaini Bin Noordin and Ong Chee Koen who would be subject to retirement in accordance with the Company's Articles of Associationat the forthcoming Annual General Meeting and had recommended their re-election.

Boardroom Gender Diversity

The Board is supportive of gender diversity recommendation made in the Code and the Board currently has one (1) female Director out of six (6) Directors which is in line with the Company's gender diversity target.

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

2.3 Remuneration policies

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

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

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

The Remuneration Committee had convened two (2) meetings during thefinancial periodf ended 31 May 2017 . The details of the members' attendance at the meeting are set out as follows:-

Name	Reflects the number of meetings scheduled during the time the Committee held office
Thong Kooi Pin (Chairman)	2/2
Abdul Razak Bin Dato' Haji Ipap	2/2

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

STATEMENT ON CORPORATE GOVERNANCE
(CONTINUED)

2. STRENGTHEN COMPOSITION (CONTINUED)

2.3 Remuneration policies

The aggregate directors' remuneration paid or payable to all Directors of the Company categorised into appropriate components for the financial period ended 31 May 2017 are as follow:-

Company

	Non Excutive Directors (RM'000)	Excutive Directors (RM'000)
Salaries and other emoluments	–	1,362
Fees	91	–
Benefit in kind	–	–
Total	91	1,362

Group

	Non Excutive Directors (RM'000)	Excutive Directors (RM'000)
Salaries and other emoluments	–	1,893
Fees	91	–
Benefit in kind	–	–
Total	91	1,893

Band of remuneration	Executive Director	Non-Executive Director
RM50,000 – below	1	4
RM500,001 – RM2,000,000	1	–

STATEMENT ON CORPORATE GOVERNANCE
(CONTINUED)

3. REINFORCE INDEPENDENCE

3.1 Assessment of Independence

The independent directors play a crucial supervisory function. Their presence is essential in providing unbiased views and impartiality to the Board's deliberation and decision-making process. In addition, the non-executive directors ensure that matters and issues brought to the Board are fully discussed and examined, taking into account the interest of all stakeholders in the Group.

In order to ensure the effectiveness of the Independent Directors, the Board developed the criteria to assess the independence and undertakes the assessment of its Independent Directors on annual basis.

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

3.2 Tenure of an Independent Director

The tenure of an Independent Director does not exceed a cumulative term of nine years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board as a non-independent director. If the Board intends to retain an Independent Director beyond nine years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth year, the Board shall seek annual shareholders' approval through a two-tier voting process.

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

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

Pursuant to the Malaysian Code on Corporate Governance, the Board has undertaken independence assessment on Mohd Zaini Bin Noordin who had served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years at the forthcoming Thirteenth Annual General Meeting and recommended him to continue act as Independent Non-Executive Director of the Company.

Mohd Zaini Bin Noordin fulfills the criteria of Independent Non-Executive Director pursuant to the Main Market Listing Requirements of Bursa Securities. Although having served the Company for a cumulative term of more than nine (9) years, he has remained objective and independent in expressing his views and in participating in deliberations and decision making of the Board and Board Committees. The length of his services on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.

STATEMENT ON CORPORATE GOVERNANCE
(CONTINUED)

3. REINFORCE INDEPENDENCE (CONTINUED)

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

Pursuant to the Malaysian Code on Corporate Governance, the positions of Chairman and CEO are held by different individuals.

Currently, Dato' Lim Thean Keong an Executive Director, is the Managing Director and Chariman of the Comapny. The Board is comfortable that there is no undue risk involved since all major and significant matters were referred to the Board for consideration and approval. Moreover, the independent Directors are able to provide an element of objectivity, independent judgement and check and balance on the Board.

The Code states that the Board must comprise a majority of indepenedent directors where the chairman is not an independent director. Although the Chairman of the Company is not an independent Director, the 3 Independent Non-executive Directors fairly protects the investment in the Comapny by shareholders other than the major shareholder.

3.5 Composition of the Board

The current Board has six (6) members comprising two (2) Executive Director, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

The Board having reviewed its size and composition is satisfied that the current composition fairly reflects the investment of shareholders and is optimum and well balanced in view of the Group's business. The mix of skills and experience, including core competencies with diverse professional background ranging from business, marketing and technical knowledge; the Board is capable to discharge its responsibilities and manage the Company effectively. A brief description of the background of each Director is presented on pages 7 to 8 of this Annual Report.

The Directors play an active role in the Board's decision-making process, offering vast experience and knowledge as well as independence and objectivity, acting in the best interests of the Company.

STATEMENT ON CORPORATE GOVERNANCE
(CONTINUED)

4. FOSTER COMMITMENT

4.1 Time commitment

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

The Board had convened nine (9) meetings during the financial period ended 31 May 2017. The details of the Directors' attendance at the Board meetings are set out as follows:-

Name	Reflects the number of meetings scheduled during the time the Director held office
Dato' Lim Thean Keong (Chairman)	9/9
Thong Kooi Pin	7/9
Abdul Razak Bin Dato' Hj. Ipap	9/9
Encik Ahmad Shukri Bin Abdullah (retired on 2 June 2016)	4/4
Nirmala A/P Doraisamy	8/9
Mohd Zaini Bin Noordin (appointed on 25 August 2016)	4/4
Ong Chee Koen (appointed on 20 March 2017)	1/1

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

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

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

4.2 Director's Training

The Board ensures compliance of Bursa Malaysia Mandatory Accredited Programme ("MAP") for newly appointed Directors and will also identify the training needs amongst the Directors and enroll the Directors for the relevant training programme.

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

STATEMENT ON CORPORATE GOVERNANCE
(CONTINUED)

4. FOSTER COMMITMENT (CONTINUED)

4.2 Director's Training (continued)

The Nomination Committee assessed the training requirement of the Directors annually and each of the Director is advised to attend at least one (1) workshop or seminar during a financial year. All directors have successfully attended the Mandatory Accreditation Programme prescribed by the Bursa Malaysia Securities Berhad. Amongst the trainings/seminars attended by the Directors during the financial periodwere:

Seminar Title	Attendee(s)	Date Attended
Launch of the Islamic Crowdfunding Alliance	Mohd Zaini Bin Noordin	1 April 2016
Global Islamic Finance Forum 5.0	Mohd Zaini Bin Noordin	10 to 12 May 2016
MVCA Southeast Asia VC & PE conference	Dato' Lim Thean Keong	12 May 2016
Leadership Excellence From The Chair	Abdul Razak Bin Dato' Haji Ipap	11 August 2016
Global Entrepreneurship Community 2016	Mohd Zaini Bin Noordin	19 August 2016
MFRS 9 - Implementation & Challenges for Financial Institutions	Nirmala A/P Doraisamy	24 August 2016
RAVE Demo Day Batch 4/2016	Mohd Zaini Bin Noordin	5 September 2016
Corporate Taxation for Bankers	Nirmala A/P Doraisamy	19 September 2016
Bridging the gap via stakeholders engagement	Nirmala A/P Doraisamy	18 October 2016
GBC Disclosure Series & 3 lines of defence workshop	Nirmala A/P Doraisamy	19 October 2016
Compliance Workshop	Nirmala A/P Doraisamy	20 October 2016
12th Tricor Tax & Corporate Seminar 2016	Thong Kooi Pin	2 November 2016
Singapore Fintech Festival 2016	Mohd Zaini Bin Noordin	14 to 18 November 2016
MA Scale Up Talks : Selling Your Products	Mohd Zaini Bin Noordin	17 January 2017
Corporate Governance Watch 2016 - Ecosystems Matter	Nirmala A/P Doraisamy	7 March 2017
The Companies Act 2016 - Key Changes & implications to directors & management	Nirmala A/P Doraisamy	11 April 2017
How do you organize a financial services firm to manage risk effectively	Nirmala A/P Doraisamy	13 April 2017
1st Distinguished Board Leadership Series : "Efficient Inefficiency: Making Boards Effective in a Changing World by Prof Jeffrey Sampler	Nirmala A/P Doraisamy	4 May 2017
Sun Tzu Applied - People	Thong Kooi Pin	23 to 24 May 2017
Mandatory Accreditation Programme	Ong Chee Koen	10 to 11 August 2017

STATEMENT ON CORPORATE GOVERNANCE
(CONTINUED)

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standard

It is the Board's responsibility to ensure that the financial statements are prepared in accordance with the Companies Act, 2016 and the applicable approved accounting standards set by Malaysian Accounting Standard Board so as to present a balanced and fair assessment of the Group's financial position and prospects. The Directors are also responsible for keeping proper accounting records, safeguarding the assets of the Company and taking reasonable steps to prevent and enable detection of fraud and other irregularities.

5.2 Accountability and Audit

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

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

5.3 Assessment of suitability and independence of external auditors

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

The Audit Committee assisted by the management, undertakes annual assessment of the suitability and independence of the External Auditors. The assessment of the External Auditor was conducted by completing personalised evaluation form. The factors considered by the Audit Committee in its assessment include, adequacy of professionalism and experience of the staff, the resources of the external auditors, the fees and the independence of and the level of non-audit services rendered to the Group. The Audit Committee has assess and is satisfied with the suitability and the confirmation provided by the external auditors that they have complied with the ethical requirements regarding independence with respect to the audit of the Group in accordance with all relevant professional and regulatory requirements. The Audit Committee has recommended to the Board the re-appointment of Messrs Morison Anuarul Azizan Chew as the External Auditors.

The amounts of audit and non-audit fees paid to the External Auditors or a firm affiliated to the External Auditors by the Company and the Group for the financial period ended 31 May 2017 are as follows:-

	Group (RM)	**Company (RM)**
Audit Fees	88,198	22,000
Non-Audit Fees	3,000	3,000

STATEMENT ON CORPORATE GOVERNANCE
(CONTINUED)

6. RECOGNISE AND MANAGE RISK

6.1 Sound Framework to Manage Risk

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

The Statement on Risk Management and Internal Controls is set out in pages 30 to 32 of the Annual Report providing an overview of the state of internal controls within the Group.

6.2 Internal Audit Function

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

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policies

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

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Company maintains various methods of dissemination of information important to shareholders, stakeholders and the public at large through timely announcement of events, quarterly announcement of financial results to all shareholders in line with Bursa Securities' objectives of ensuring transparency and good corporate governance. Additional information is available at the Company's website [www.mmode. com.my]. In addition, product information is also available at the Company's website.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report at least 21 days before the meeting in order for them to have sufficient time to read and understand about the Company financial and non-financial performance before the actual event takes place.

8.2 Encourage poll voting

At the Twelfth (12th) Annual Gneral Meeting ("AGM") held on 2 June 2016, the Chairman had notified the shareholders at the commencement of the AGM of their right to demand for poll, provided that the minimum requirement for demanding a poll as set out in the Articles of Association of the Company is met. All resolutions put forth for shareholders' approval at the 12th AGM were voted by show of hands.

STATEMENT ON CORPORATE GOVERNANCE
(CONTINUED)

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (CONTINUED)

8.2 Encourage poll voting (Continued)

Pursuant to the Main Market Listing Requirements of Bursa Securities, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. Hence, voting for all resolutions as set out in the Notice of the Thirteenth AGM and future general meetings will be conducted by poll. An independent scrutineer will be appointed to validate the votes cast at the general meetings.

8.3 Effective communication and proactive engagements

The Company's Annual General Meeting ("AGM") provides an effective mean of face to face communication with the shareholders where they are encouraged to participate in the open question and answer session during the AGM. All the Directors were present in person to engage directly with the shareholders and the Directors, management and External Auditors were in attendance to respond to the shareholders' queries.

SUSTAINABILITY STATEMENT

Corporate Social Responsibilities

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

Environment

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

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

Workplace

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

STATEMENT ON CORPORATE GOVERNANCE
(CONTINUED)

SUSTAINABILITY STATEMENT (CONTINUED)

Workplace (Continued)

Despite the Company not having a Formal Diversity Policy for its workforce in terms of gender, age and ethnicity as at the period ended 31 May 2017, the Company recognise diversity and change to provide a broader range of skill and competence that enhance our capabilities in achieving accelerate growth to the business. The Company moves forward with a gender balance with multi-racial and multi-generation workforce with ages of employees ranging from 21 to 60 and tap on them for experience and creativity to achieve the business results.

Company			**Gender**							**Ethnicity**					
Age Group	**Male**	**%**	**Female**	**%**	**Total**	**%**	**Malay**	**%**	**Chinese**	**%**	**Others**	**%**	**Total**	**%**
20 - 29 years	7	54	4	18	11	31	3	27	7	32	1	50	11	31
30 - 39 years	5	38	16	73	21	60	7	64	13	59	1	50	21	60
40 - 49 years	0	0	1	5	1	3	1	9	0	0	–	0	1	3
50 - 59 years	1	8	1	5	2	6	0	0	2	9	–	0	2	6
Grand Total	13	100	22	100	35	100	11	100	22	100	2	100	35	100

Board of Directors			**Gender**							**Ethnicity**				
Age Group	**Male**	**%**	**Female**	**%**	**Total**	**%**	**Malay**	**%**	**Chinese**	**%**	**Others**	**%**	**Total**	**%**
20 - 29 years	–	0	–	0	0	0	–	0	–	0	–	0	0	0
30 - 39 years	–	0	–	0	0	0	–	0	–	0	–	0	0	0
40 - 49 years	1	20	–	0	1	16.67	–	0	1	33.33	1	100	2	33.33
50 - 59 years	3	60	1	100	4	66.67	2	100	1	33.33	–	0	3	50
60 years and above	1	20	–	0	1	16.66	–	0	1	33.34	–	0	1	16.67
Grand Total	5	100	1	100	6	100	2	100	3	100	1	100	6	100

Community

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

Marketplace

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

ADDITIONAL COMPLIANCE INFORMATION

1. VARIATION IN RESULTS

There were no deviation of 10% or more between the profit after taxation stated in the unaudited fourth quarter ended 31 May 2017 announced on 20 July 2017 and the audited financial statements of the Group for the financial period ended 31 May 2017.

2. PROFIT FORECAST / PROFIT GUARANTEE

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

3. 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 period ended 31 May 2017.

4. RECURRENT RELATED PARTY TRANSACTION STATEMENT

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

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

2. BOARD RESPONSIBILITIES

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

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

3. RISK MANAGEMENT FRAMEWORK

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

A risk analysis of the Group is conducted on a regular basis including constantly reviewing the process in identifying, evaluating and putting up necessary action to assess and monitor the impacts of the risk on the operation and business. The process requires management to comprehensively identify and assess all types of risks in terms of likelihood and magnitude of impact as well as to address the adequacy and application of mechanisms in place to manage, mitigate, avoid or eliminate these risks.

The process encompasses assessments and evaluations at business unit process level before being examined on a Group perspective. The management of key risks in 2016 and 2017 is outlined below:

Business interruption risk

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

Business concentration risk

The Group is principally engaged in the provision of mobile value-added contents and services. Any regulatory changes imposed by Malaysian Communications and Multimedia Commission may have significant impact to the telecommunication industry. Hence, the Group will continue to look forward for more opportunities and when appropriate, implement the necessary changes to diversify its income stream. The incorporation of E&J Builders Sdn. Bhd. marks another milestone of the Group to explore into property construction and its related business which will be beneficial to the Group in terms of revenue and profit contributions to prevent over reliance on a single stream of income.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

3. RISK MANAGEMENT FRAMEWORK (CONTINUED)

IT risk

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

Talent management risk

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

(1) Implementation of Key Performance Evaluation System and Performance Linked Reward System such as Bonus Scheme and On-Target-Earning Scheme to link the performance directly to the monetary rewards.

(2) Enhancement of functional and technical competencies for M-Modish via workshops and trainings to increase the productivity and capability of the talent within the Group.

(3) Implementation of various Talent Engagement Programs such as encouraging open communication through personal coaching and continuously providing conducive working environment to improve the bondage between our talents and the company.

Competition risk

The Group continued to offer better enhanced value and variety of contents and applications across different platforms and technology in order to continue competitive in the industry. In 2016 and 2017, the Group had focus on working together with Mobile Operators to expand, while continuously investing into Mobile Internet business services.

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

4. INTERNAL CONTROL FRAMEWORK

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONTINUED)

5. OUTSOURCED INTERNAL AUDIT FUNCTION

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

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

Based on the report of the appointed firm, the Board is satisfied that there is no significant breakdown or weaknesses in the system of internal control of the Group that may have a material impact against the operations of the Group for the financial period ended 31 May 2017.

6. REVIEW BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised 2015) issued by the Malaysian Institute of Accountants. RPG 5 (Revised 2015) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. This statement was approved by the Board on 14 September 2017.

7. CONCLUSION

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

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial period ended 31 May 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management service to its subsidiaries.

The principal activities of its subsidiary companies are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial period.

FINANCIAL RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial period	(1,944,237)	3,013,682

DIVIDEND

Since the end of the previous financial year, the Company paid a first and final single tier tax exempt dividend of 0.60 sen per ordinary share of RM0.10 each amounting to RM976,257 in respect of the financial period ended 31 December 2015 on 23 June 2016.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial period under review other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no issuances of shares or debentures during the financial period.

OPTIONS GRANTED OVER UNISSUED SHARES

No option were granted to any person to take up unissued shares of the Company during the financial period under review.

DIRECTORS' REPORT
(CONTINUED)

DIRECTORS

The Directors in office during the financial period and during the period from the end of the financial period to the date of this report are:-

Dato' Lim Thean Keong	
Thong Kooi Pin	
Abdul Razak Bin Dato' Haji Ipap	
Nirmala A/P Doraisamy	
Mohd Zaini Bin Noordin	(Appointed on 25 August 2016)
Ong Chee Koen	(Appointed on 20 March 2017)
Ahmad Shukri Bin Abdullah	(Retired on 2 June 2016)

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Number of ordinary shares			
	At 1.1.2016	**Acquired**	**Disposed**	**At 31.5.2017**
Interest in the Company:-				
M-Mode Berhad				
Direct interest				
Dato' Lim Thean Keong	56,997,000	–	(56,997,000)	–
Indirect interest				
Dato' Lim Thean Keong	3,651,000	50,885,000	(3,651,000)	50,885,000 [1]
Ong Chee Koen	–	9,763,000	–	9,763,000 [2]

Notes:

[1] Deemed interested through his direct interest in Corvina Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

[2] Deemed interested through his direct interest in E&J Venture Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

By virtue of their interests in the shares of the Company, Dato' Lim Thean Keong deemed to have interests in the shares of all its subsidiary companies to the extent the Company has an interest.

Thong Kooi Pin, Abdul Razak Bin Dato' Haji Ipap, Nirmala A/P Doraisamy and Mohd Zaini Bin Noordin who hold office at the end of the financial period do not have any interest in shares or debentures in the Company or its subsidiaries during the financial period under review.

DIRECTORS' REPORT
(CONTINUED)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown 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 period, was the Company or its subsidiary companies a party to any arrangement the object of which is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are disclosed in Note 21 to the financial statements

SUBSIDIARY COMPANIES

Details of the subsidiary companies are disclosed in Note 5 to the financial statements.

AUDITORS REMUNERATION

Details of auditors' remuneration are disclosed in Note 19 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:-

    (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for impairment losses on receivables; and

    (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:-

    (i) the amount written off for bad debts or the provision for impairment losses on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; or

    (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

DIRECTORS' REPORT
(CONTINUED)

OTHER STATUTORY INFORMATION (CONTINUED)

(b) At the date of this report, the Directors are not aware of any circumstances which would render:- (Continued)

(iii) any amount stated in the financial statements of the Group and of the Company misleading; or

(iv) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

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

(e) In the opinion of the Directors,

(i) the results of the operations of the Group and of the Company for the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

SIGNIFICANT EVENT

The significant event is disclosed in Note 30 to the financial statements.

AUDITORS

The auditors, Messrs. Morison Anuarul Azizan Chew, 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 **ONG CHEE KOEN**

KUALA LUMPUR
14 September 2017

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, **DATO' LIM THEAN KEONG** and **ONG CHEE KOEN**, 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 43 to 98 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 2016 in Malaysia so as to give true and fair view of the financial position of the Group and of the Company as at 31 May 2017 and of their financial performance and cash flows for the financial period then ended.

The supplementary information set out on page 99 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

DATO' LIM THEAN KEONG | **ONG CHEE KOEN**

KUALA LUMPUR
14 September 2017

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

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 and information set out on pages 43 to 98 and the supplementary information set out on page 99 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)
above named DATO' LIM THEAN KEONG)
at Kuala Lumpur)
on this date of 14 September 2017)

DATO' LIM THEAN KEONG

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF M-MODE BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of M-Mode Berhad, which comprise the statements of financial position as at 31 May 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 98.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 May 2017, and of their financial performance and their cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF M-MODE BERHAD
(CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill **(Refer to Note 2.2(ii), Note 2.4(d) and Note 4 to the financial statements)**	
As at 31 May 2017, the Group has significant goodwill with a carrying amount of RM4,542,836. There is a risk that the carrying value of the goodwill and its relevant cash generating unit ("CGU") is not supported by the generation of future economic benefits and performance by the Group. We have focused on this area due to the significant degree of judgement and estimates over the impairment assessment of goodwill and its CGU.	We evaluated management's impairment assessment and the process by which they were developed, including its oversight of the impairment assessment by the Board of Directors. We challenged assumptions used in the impairment model which, amongst others, include:- • forecast revenue; • forecast other operating and administrative costs; • forecast capital expenditure; and • discount rates. Sensitivity analysis was performed on key assumptions used by management and we assessed the impact on the recoverable amount of the goodwill and its CGU within a reasonable foreseeable range. We found that the forecast assumptions were consistent with historical results adjusted for contract renewals and new secured customers.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF M-MODE BERHAD
(CONTINUED)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF M-MODE BERHAD
(CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 99 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF M-MODE BERHAD
(CONTINUED)

OTHER MATTERS

The financial statements of the Company as at and for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 14 April 2016.

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume any responsibility to any other person for the content of this report.

MORISON ANUARUL AZIZAN CHEW
Firm Number: AF 001977
Chartered Accountants

SATHIEA SEELEAN A/L MANICKAM
Approved Number: 1729/05/18 (J/PH)
Chartered Accountant

KUALA LUMPUR
14 September 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MAY 2017

	Note	Group		Company	
		31.5.2017	**31.12.2015**	**31.5.2017**	**31.12.2015**
		RM	**RM**	**RM**	**RM**
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	**6,007,088**	8,018,494	**1,392,567**	1,637,321
Intangible assets	4	**9,823,762**	10,592,126	**–**	–
Investment in subsidiary companies	5	**–**	–	**7,931,006**	6,631,874
Investment in an associate	6	**23,534**	38,199	**194,341**	194,341
Other investments	7	**3,503,842**	–	**766,104**	–
Deferred tax assets	8	**5,385**	249,022	**–**	–
Total non–current assets		**19,363,611**	18,897,841	**10,284,018**	8,463,536
Current Assets					
Trade receivables	9	**1,739,542**	15,006,455	**–**	–
Other receivables	10	**9,560,058**	758,802	**270,340**	157,406
Amount owing by subsidiary companies	11	**–**	–	**15,014,718**	4,099,569
Tax recoverable		**977,178**	838,449	**–**	–
Cash and cash equivalents	12	**42,197,164**	46,813,500	**9,713,321**	21,841,397
Total current assets		**54,473,942**	63,417,206	**24,998,379**	26,098,372
TOTAL ASSETS		**73,837,553**	82,315,047	**35,282,397**	34,561,908
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	13	**17,525,258**	16,270,950	**17,525,258**	16,270,950
Reserves	14	**53,559,851**	57,760,332	**17,693,635**	16,960,857
Total equity		**71,085,109**	74,031,282	**35,218,893**	33,231,807
Non-current Liabilities					
Term loans	15	**–**	1,010,167	**–**	408,449
Deferred tax liabilities	8	**1,434,435**	1,851,125	**–**	–
Total non-current liabilities		**1,434,435**	2,861,292	**–**	408,449
Current Liabilities					
Trade payables	16	**799,300**	3,259,026	**–**	–
Other payables	17	**488,966**	1,757,077	**33,761**	775,328
Amount owing to subsidiary companies	11	**–**	–	**–**	40,124
Tax payable		**29,743**	–	**29,743**	–
Term loans	15	**–**	406,370	**–**	106,200
Total current liabilities		**1,318,009**	5,422,473	**63,504**	921,652
TOTAL LIABILITIES		**2,752,444**	8,283,765	**63,504**	1,330,101
TOTAL EQUITY AND LIABILITIES		**73,837,553**	82,315,047	**35,282,397**	34,561,908

The accompanying notes form an integral part of the financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MAY 2017

	Note	Group 1.1.2016 to 31.5.2017 RM	Group 1.1.2015 to 31.12.2015 RM	Company 1.1.2016 to 31.5.2017 RM	Company 1.1.2015 to 31.12.2015 RM
Revenue	18	**20,012,231**	37,247,740	**8,397,898**	8,832,422
Other operating income	19	**2,192,127**	1,563,757	**1,102,017**	757,400
Purchases and other direct costs		**(6,210,076)**	(15,804,701)	**–**	–
Employee benefits expense	20	**(5,300,670)**	(4,686,667)	**(1,298,499)**	(1,355,755)
Amortisation of intangible assets		**(1,686,442)**	(952,865)	**–**	–
Depreciation of property, plant and equipment		**(2,002,602)**	(1,840,321)	**(131,868)**	(109,360)
Directors' remuneration	21	**(1,984,731)**	(2,304,758)	**(1,453,528)**	(1,840,945)
Other operating expenses	19	**(6,706,202)**	(5,118,973)	**(3,570,038)**	(1,797,695)
(Loss)/Profit from operations		**(1,686,365)**	8,103,212	**3,045,982**	4,486,067
Share of results of an associate		**(14,665)**	(84,256)	**–**	–
Finance cost		**(22,417)**	(33,432)	**(2,557)**	(226)
(Loss)/Profit before taxation		**(1,723,447)**	7,985,524	**3,043,425**	4,485,841
Taxation	22	**(220,790)**	778,356	**(29,743)**	–
(Loss)/Profit for the financial period/year		**(1,944,237)**	8,763,880	**3,013,682**	4,485,841
Other comprehensive expense:-					
Items that may be reclassified subsequently to profit or loss					
- Exchange differences arising from translation of foreign operations		**(95)**	–	**–**	–
- Fair value changes on available for sale financial assets		**(25,584)**	–	**(50,339)**	–
		(25,679)	–	**(50,339)**	–
Total comprehensive (expense)/income for the financial period/year		**(1,969,916)**	8,763,880	**2,963,343**	4,485,841
(Loss)/Profit attributable to owners of the Company		**(1,944,237)**	8,763,880	**3,013,682**	4,485,841
Total comprehensive (expense)/income attributable to the owners of the Company		**(1,969,916)**	8,763,880	**2,963,343**	4,485,841
(Loss)/Earnings per share attributable to owners of the Company					
Basic and diluted (sen)	23	**(1.19)**	5.39		

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MAY 2017

		Attributable to owners of the Company					
			Non-distributable			Distributable	
Group	**Note**	**Share Capital RM**	**Share Premium RM**	**Available for Sale Reserve RM**	**Translation Reserve RM**	**Retained Profits RM**	**Total RM**
31.12.2015							
At 1 January 2015		16,270,950	1,254,308	–	–	48,555,692	66,080,950
Profit/Total comprehensive income for the financial year		–	–	–	–	8,763,880	8,763,880
Dividend	24	–	–	–	–	(813,548)	(813,548)
At 31 December 2015		16,270,950	1,254,308	–	–	56,506,024	74,031,282
31.05.2017							
At 1 January 2016		16,270,950	1,254,308	–	–	56,506,024	74,031,282
Loss for the financial period		–	–	–	–	(1,944,237)	(1,944,237)
Other comprehensive expense:							
Fair value changes of available for sale financial assets		–	–	(25,584)	–	–	(25,584)
Exchange differences arising from translation of foreign operations		–	–	–	(95)	–	(95)
Total comprehensive expense for the financial period		–	–	(25,584)	(95)	(1,944,237)	(1,969,916)
Dividend	24	–	–	–	–	(976,257)	(976,257)
Transition to no-par value regime	13	1,254,308	(1,254,308)	–	–	–	–
At 31 May 2017		**17,525,258**	**–**	**(25,584)**	**(95)**	**53,585,530**	**71,085,109**

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MAY 2017 (CONTINUED)

			Non-distributable		Distributable	
Company	**Note**	**Share Capital RM**	**Share Premium RM**	**Available for Sale Reserve RM**	**Retained Profits RM**	**Total RM**
31.12.2015						
At 1 January 2015		16,270,950	1,254,308	–	12,034,256	29,559,514
Profit/Total comprehensive income for the financial year		–	–	–	4,485,841	4,485,841
Dividend	24	–	–	–	(813,548)	(813,548)
At 31 December 2015		16,270,950	1,254,308	–	15,706,549	33,231,807
31.5.2017						
At 1 January 2016		16,270,950	1,254,308	–	15,706,549	33,231,807
Profit for the financial period		–	–	–	3,013,682	3,013,682
Other comprehensive expense:						
Fair value changes of available for sale financial assets		–	–	(50,339)	–	(50,339)
Total comprehensive income for the financial period		–	–	(50,339)	3,013,682	2,963,343
Dividend	24	–	–	–	(976,257)	(976,257)
Transition to no–par value regime	13	1,254,308	(1,254,308)	–	–	–
		17,525,258	**–**	**(50,339)**	**17,743,974**	**35,218,893**

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MAY 2017

	Group		Company	
	1.1.2016 to 31.5.2017 RM	1.1.2015 to 31.12.2015 RM	1.1.2016 to 31.5.2017 RM	1.1.2015 to 31.12.2015 RM
Cash Flows from Operating Activities				
(Loss)/Profit before taxation	(1,723,447)	7,985,524	3,043,425	4,485,841
Adjustments for:				
Amortisation of intangible assets	1,686,442	952,865	–	–
Bad debts written off	62,643	–	–	–
Deposits written off	478,108	1,226	–	–
Development costs written off	–	820,348	–	–
Depreciation of property, plant and equipment	2,002,602	1,840,321	131,868	109,360
Property, plant and equipment written off	179,435	16,058	111,976	1,456
Impairment loss on investment in an associate	–	766,909	–	766,909
Impairment loss on investment in subsidiary companies	–	–	1,223,996	–
Impairment loss on property, plant and equipment	102,069	–	–	–
Impairment loss on intangible assets	187,758	–	–	–
Finance cost	22,417	33,432	2,557	226
Share of results of an associate	14,665	84,256	–	–
Loss/(Gain) on disposal of property, plant and equipment	27,070	(87,841)	–	–
Loss on disposal of subsidiary	125,639	–	1,559,998	–
Dividend Income	(42,120)	–	(42,120)	–
Interest income	(2,082,835)	(1,408,115)	(1,046,479)	(757,400)
Gain on winding up of a subsidiary company	–	–	(12,498)	–
Unrealised gain on foreign exchange	(199)	–	–	–
Waiver of amount due from former directors	(43,969)	(45,989)	–	–
Operating profit before working capital changes	996,278	10,958,994	4,972,723	4,606,392

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MAY 2017 (CONTINUED)

	Group		Company	
	1.1.2016 to 31.5.2017 RM	**1.1.2015 to 31.12.2015 RM**	**1.1.2016 to 31.5.2017 RM**	**1.1.2015 to 31.12.2015 RM**
Cash Flows from Operating Activities (Continued)				
Changes in working capital:				
Trade receivables	**13,203,902**	(4,226,066)	**–**	–
Other receivables	**(9,290,717)**	176,729	**(112,934)**	(80,895)
Amount owing by subsidiary companies	**–**	–	**(10,915,149)**	(1,238,660)
Trade payables	**(2,442,702)**	380,494	**–**	–
Other payables	**(1,272,090)**	(1,462,729)	**(741,567)**	(824,945)
Amount owing to subsidiary companies	**–**	–	**(40,124)**	(363,684)
	198,393	(5,131,572)	**(11,809,774)**	(2,508,184)
Cash generated from/(used in) operations	**1,194,671**	5,827,422	**(6,837,051)**	2,098,208
Tax refund	**40,626**	102,879	**–**	–
Tax paid	**(543,455)**	(485,136)	**–**	–
	(502,829)	(382,257)	–	–
Net cash generated from/(used in) operating activities	**691,842**	5,445,165	**(6,837,051)**	2,098,208
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	**(633,636)**	(1,644,808)	**(1,100)**	(24,678)
Additions in intangible assets	**(1,145,792)**	(1,319,690)	**–**	–
Dividend Income	**42,120**	–	**42,120**	–
Proceeds from disposal of property, plant and equipment	**39,639**	225,395	**2,010**	–
Purchase of investment in an associate	**–**	(131,250)	**–**	(131,250)
Purchase of other investments	**(3,529,426)**	–	**(816,443)**	–
Net cash outflow arising on acquisition of subsidiary companies	**(47,178)**	(93,139)	**(50,002)**	(100,000)
Net cash outflow arising on increased share capital in subsidiary companies	**–**	–	**(5,999,996)**	–
Net cash inflow arising on disposal of subsidiary	**298,367**	–	**1,540,000**	–
Net cash inflow arising on winding up of subsidiary	**–**	–	**439,370**	–
Interest received	**2,082,835**	1,408,115	**1,046,479**	757,400
Net cash (used in)/generated from investing activities	**(2,893,071)**	(1,555,377)	**(3,797,562)**	501,472

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2016 TO 31 MAY 2017 (CONTINUED)

	Group		Company	
	1.1.2016 to 31.5.2017 RM	**1.1.2015 to 31.12.2015 RM**	**1.1.2016 to 31.5.2017 RM**	**1.1.2015 to 31.12.2015 RM**
Cash Flows from Financing Activities				
Repayment of term loans	**(1,416,537)**	(440,396)	**(514,649)**	(128,532)
Interest paid	**(22,417)**	(33,432)	**(2,557)**	(226)
Dividend paid	**(976,257)**	(813,548)	**(976,257)**	(813,548)
Net cash used in financing activities	**(2,415,211)**	(1,287,376)	**(1,493,463)**	(942,306)
Net (decrease)/increase in cash and cash equivalents	**(4,616,440)**	2,602,412	**(12,128,076)**	1,657,374
Effect of exchange rate changes	**104**	–	**–**	–
Cash and cash equivalents at beginning of the financial period/year	**46,813,500**	44,211,088	**21,841,397**	20,184,023
Cash and cash equivalents at end of the financial period/year	**42,197,164**	46,813,500	**9,713,321**	21,841,397
Cash and cash equivalents at end of the financial period/year comprises:				
Deposits with licensed banks	**10,500,000**	32,750,000	**8,000,000**	20,550,000
Short term deposit with fund management companies	**26,364,952**	7,501,041	**1,564,371**	–
Cash and bank balances	**5,332,212**	6,562,459	**148,950**	1,291,397
	42,197,164	46,813,500	**9,713,321**	21,841,397

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services to subsidiaries.

The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia, and is listed on the main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. It also requires Directors to exercise their judgements in the process of applying the Group's and Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.2.

Accounting standard and amendments to accounting standards that are effective for the Group's and the Company's financial period beginning on or after 1 January 2016 are as follows:-

- MFRS 14, "Regulatory Deferral Accounts"
- Amendment to MFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations" (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 7, "Financial Instruments: Disclosures" (Annual-Improvements 2012-2014 Cycle)
- Amendments to MFRS 10, MFRS 12 and MFRS 128, "Investment Entities: Applying the Consolidation Exception"
- Amendments to MFRS 11, "Accounting for Acquisitions of Interests in Joint Operations"
- Amendments to MFRS 101, "Disclosure Initiative"
- Amendments to MFRS 116 and MFRS 138, "Clarification of Acceptable Methods of Depreciation and Amortisation"

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Accounting standard and amendments to accounting standards that are effective for the Group's and the Company's financial period beginning on or after 1 January 2016 are as follows:- (Continued)

- Amendments to MFRS 116 and MFRS 141, "Agriculture: Bearer Plants"
- Amendment to MFRS 119, "Employee Benefits" (Annual-Improvements 2012-2014 Cycle)
- Amendments to MFRS 127, "Equity Method in Separate Financial Statements"
- Amendment to MFRS 134, "Interim Financial Reporting" (Annual Improvements 2012-2014 Cycle)

The above accounting standard and amendments to accounting standards effective during the financial period do not have any significant impact to the financial results and position of the Group and the Company.

Accounting standards, amendments to accounting standards and IC Interpretation that are for the Group and the Company in the following periods but are not yet effective:

Annual periods beginning on/after 1 January 2017

- Amendments to MFRS 12, "Disclosure of Interest in Other Entities" (Annual Improvements 2014-2016 cycle)
- Amendments to MFRS 107, "Disclosure Initiative"
- Amendments to MFRS 112, "Recognition of Deferred Tax Assets for Unrealised Losses"

Annual periods beginning on/after 1 January 2018

- Amendments to MFRS 1, "First-time Adoption of Malaysian Financial Reporting Standards" (Annual improvements 2014-2016 cycle)
- Amendments to MFRS 2, "Classification and Measurement of Share-Based Payment Transactions"
- Amendments to MFRS 4, "Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contract"
- MFRS 9, "Financial Instruments"
- MFRS 15, "Revenue from Contracts with Customers"
- Amendments to MFRS 140, "Transfer of investment property"
- IC Interpretation 22, "Foreign Currency Transaction and Advance Consideration"

Annual periods beginning on/after 1 January 2019

- MFRS 16, "Leases"

Existing date yet to be determined by the Malaysian Accounting Standards Board

- Amendments to MFRS 10, "Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures"

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

The above accounting standards, amendments to accounting standards and IC Interpretation which may have a significant impact to the financial statements are as follows:

MFRS 9 Financial Instruments

This Standard addresses the classification, measurement and recognition of financial assets and financial liabilities.

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The Standard introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements. If a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the balance sheet, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the balance sheet.

The Standard introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, it requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model is forward-looking and it eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

In addition, the Standard introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. As a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The Standard provides clarity on revenue recognition especially on areas where existing requirements unintentionally created diversity in practice. Under MFRS 15, an entity recognises revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Extensive disclosures are required to provide greater insight into both revenue that has been recognised, and revenue that is expected to be recognised in the future from existing contracts.

The other accounting standards, amendments to accounting standards and IC Interpretations are not expected to have a significant impact to the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting estimates and judgements

Accounting estimates and judgements, are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(i) Depreciation of property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of the property, plant and equipment as stated in Note 2.4(b). These are common life expectancies applied in the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iii) Impairment of software development costs

Software development costs comprise salaries of personnel involved in the development and design of products.

The Group reviews the carrying amounts of software development costs as at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value in use is estimated. Determining the value in use of software development costs requires the determination of future cash flows expected to be generated from the continued use, and ultimate disposition of such assets. Any resulting impairment loss could have a material adverse impact on the Group's financial position and results of operations.

Significant judgement in the estimation of the present value of future cash flows generated by the software development costs, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's assessment for impairment of software development costs.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting estimates and judgements (Continued)

(iv) Amortisation of intangible assets

The costs of intangible assets of the Group and of the Company are amortised on a straight-line basis over the useful life of the asset. Management estimates the useful life of the intangible assets as stated in Note 2.4(d). These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual value of this asset, therefore future amortisation charges could be revised.

(v) Impairment of financial assets

The impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. This is determined based on the ageing profile, expected collection patterns of individual receivable balances, credit quality and credit losses incurred. Management carefully monitors the credit quality of receivable balances and makes estimates about the amount of credit losses that have been incurred at each financial statement reporting date. Any changes to the ageing profile, collection patterns, credit quality and credit losses can have an impact on the impairment recorded.

(vi) Impairment of non financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. When such indicators exist, recoverable amounts of the cash-generating unit are determined based on the value-in-use calculation. These calculations require the estimation of the expected future cash flows from the cash generating unit and a suitable discount rate is applied in order to calculate the present value of those cash flows.

(vii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation

(i) Subsidiary companies

Subsidiaries are entities, including structured entities, controlled by the Group. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation (Continued)

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

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

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment if the carrying value exceeds the recoverable amount of the associate and recognises the difference as impairment losses in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Summary of significant accounting policies

(a) Investment in subsidiaries and associates

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(b) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised as net in the profit or loss.

(ii) Depreciation and impairment

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leasehold land and building are amortised over the period of the lease. The estimated useful lives are as follows:

Freehold building	50 years
Furniture, fittings and equipment	5 - 10 years
Renovation	10 years
Motor vehicles	5 years
Research and development equipment	2 - 10 years
Content library	2 years

Depreciation methods, useful lives and residual values are reviewed at end of each reporting period, and adjusted as appropriate.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(c) Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 cash-generating units.

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 or cash-generating unit.

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

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus.

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 that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(d) Intangible assets

(i) Goodwill

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

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(d) Intangible assets (Continued)

(i) Goodwill (Continued)

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

(ii) License

Acquired licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific license. These costs are amortised over their estimated useful lives of 2 years.

(iii) Development costs

Internally generated development costs incurred for softwares that are directly attributable to a plan or design for the production of new or substantially improved identifiable products and processes are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs recognised as assets are amortised over its estimated useful lives of 10 years.

(e) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, deposits and other short term highly liquid investments that are readily convertible to cash and are subject to insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(f) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- income and expenses for each statement of profit and loss and other comprehensive income presented are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken directly to other comprehensive income through the translation reserve.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or joint ventures that do not result in the group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(g) Financial assets

(i) Classification

The Group classifies its financial assets based on the purpose for which the financial assets were acquired at initial recognition in the following categories:

Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise, they are classified as non-current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

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

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(g) Financial assets (Continued)

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(iii) Subsequent measurement

Gains and losses

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. Impairment losses and exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in profit or loss. Dividend income on available-for-sale equity instruments are recognised in profit or loss when the Group’s right to receive payments is established.

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged declined in fair value below its cost is also considered 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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(g) Financial assets (Continued)

(iii) Subsequent measurement (continued)

Impairment of financial assets (continued)

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.

If, in a subsequent period, the fair value of a financial asset measured at amortised cost 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.

(iv) De-recognition

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

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(h) Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Finance liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(h) Financial liabilities (Continued)

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Fair value though profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(j) Operating leases accounting by lessee

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payment made under operating leases, net of any incentive received from the lessor, are charged to profit or loss on the straight-line basis over the lease period.

(k) Current and deferred income tax

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

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

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(l) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

When the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(m) Revenue recognition

(i) Sales of services

Revenue from services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided at the end of the reporting period.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's rights to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(n) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Company and its subsidiary companies. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the statement of financial position date.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

(n) Employee benefits (Continued)

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss in the period to which they relate. The Group's foreign subsidiary company makes contributions to its respective country's statutory pension scheme. Such contributions are recognised as an expense in the profit or loss as incurred.

(o) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(p) Operating segments

Operating segments are reported in a manner consistent with the internal reporting and are regularly reviewed by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold buildings RM	Furniture, fittings and equipment RM	Renovation RM	Motor vehicles RM	Research and development equipment RM	Content library RM	Total RM
31.5.2017							
Cost							
At 1.1.2016	4,637,325	1,950,945	1,065,581	1,046,785	2,886,232	4,922,500	16,509,368
Additions	–	131,192	222,222	–	3,105	277,117	633,636
Disposal	–	(110,426)	–	–	(7,728)	–	(118,154)
Written off	–	(131,915)	(238,968)	–	–	–	(370,883)
Disposal of subsidiary	–	(181,406)	(144,864)	–	–	(140,118)	(466,388)
At 31.5.2017	4,637,325	1,658,390	903,971	1,046,785	2,881,609	5,059,499	16,187,579
Accumulated depreciation							
At 1.1.2016	567,270	714,131	294,408	698,733	1,882,780	4,333,552	8,490,874
Charge for the financial period	131,391	367,777	143,270	148,424	547,636	664,104	2,002,602
Disposal	–	(44,178)	–	–	(7,267)	–	(51,445)
Written off	–	(104,782)	(86,666)	–	–	–	(191,448)
Disposal of subsidiary	–	(20,217)	(11,826)	–	–	(38,049)	(70,092)
At 31.5.2017	698,661	912,731	339,186	847,157	2,423,149	4,959,607	10,180,491
Accumulated impairment loss							
At 1.1.2016	–	–	–	–	–	–	–
Impairment for the financial period	–	–	–	–	–	102,069	102,069
Disposal of subsidiary	–	–	–	–	–	(102,069)	(102,069)
At 31.5.2017	–	–	–	–	–	–	–
Carrying amount							
At 31.5.2017	**3,938,664**	**745,659**	**564,785**	**199,628**	**458,460**	**99,892**	**6,007,088**

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold buildings RM	Furniture, fittings and equipment RM	Renovation RM	Motor vehicles RM	Research and development equipment RM	Content library RM	Total RM
31.12.2015							
Cost							
At 1.1.2015	4,637,325	1,639,425	1,058,087	1,281,491	3,844,897	4,346,196	16,807,421
Additions	–	518,497	7,494	362,957	179,556	576,304	1,644,808
Disposal	–	(34,128)	–	(597,663)	(4,129)	–	(635,920)
Written off	–	(172,849)	–	–	(1,134,092)	–	(1,306,941)
At 31.12.2015	4,637,325	1,950,945	1,065,581	1,046,785	2,886,232	4,922,500	16,509,368
Accumulated depreciation							
At 1.1.2015	474,524	627,846	188,037	950,758	2,491,704	3,706,933	8,439,802
Charge for the financial year	92,746	260,408	106,371	235,366	518,811	626,619	1,840,321
Disposal	–	(9,893)	–	(487,391)	(1,082)	–	(498,366)
Written off	–	(164,230)	–	–	(1,126,653)	–	(1,290,883)
At 31.12.2015	567,270	714,131	294,408	698,733	1,882,780	4,333,552	8,490,874
Carrying amount							
At 31.12.2015	4,070,055	1,236,814	771,173	348,052	1,003,452	588,948	8,018,494

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	**Freehold building RM**	**Furniture, fittings and equipment RM**	**Renovation RM**	**Total RM**
31.5.2017				
Cost				
At 1.1.2016	1,288,960	298,818	477,038	2,064,816
Additions	–	1,100	–	1,100
Disposal	–	(3,560)	–	(3,560)
Written off	–	(10,399)	(162,633)	(173,032)
At 31.5.2017	1,288,960	285,959	314,405	1,889,324
Accumulated depreciation				
At 1.1.2016	107,413	110,380	209,702	427,495
Charge for the financial period	36,521	50,806	44,541	131,868
Disposal	–	(1,550)	–	(1,550)
Written off	–	(4,322)	(56,734)	(61,056)
At 31.5.2017	143,934	155,314	197,509	496,757
Carrying amount				
At 31.5.2017	**1,145,026**	**130,645**	**116,896**	**1,392,567**
31.12.2015				
Cost				
At 1.1.2015	1,288,960	316,331	477,038	2,082,329
Additions	–	24,678	–	24,678
Written off	–	(42,191)	–	(42,191)
At 31.12.2015	1,288,960	298,818	477,038	2,064,816
Accumulated depreciation				
At 1.1.2015	81,634	115,238	161,998	358,870
Charge for the financial year	25,779	35,877	47,704	109,360
Written off	–	(40,735)	–	(40,735)
At 31.12.2015	107,413	110,380	209,702	427,495
Carrying amount				
At 31.12.2015	1,181,547	188,438	267,336	1,637,321

The freehold building of the Group and of the Company with a carrying amount of RM Nil (31.12.2015: RM4,002,972) and RM Nil (31.12.2015: RM1,181,547) respectively have been pledged to a licensed bank as security for credit facilities granted to the Group and the Company as disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

4. INTANGIBLE ASSETS

Group	Goodwill on consolidation RM	Licence RM	Development costs RM	Total RM
31.5.2017				
Cost				
At 1.1.2016	4,582,792	121,318	10,146,480	14,850,590
Additions	84,564	199,057	946,735	1,230,356
Disposal of subsidiary	(124,520)	–	(198,753)	(323,273)
At 31.5.2017	4,542,836	320,375	10,894,462	15,757,673
Accumulated amortisation				
At 1.1.2016	–	23,374	4,235,090	4,258,464
Amortisation for the financial period	–	235,219	1,451,223	1,686,442
Disposal of subsidiary	–	–	(10,995)	(10,995)
At 31.5.2017	–	258,593	5,675,318	5,933,911
Accumulated impairment loss				
At 1.1.2016	–	–	–	–
Impairment for the financial period	–	–	187,758	187,758
Disposal of subsidiary	–	–	(187,758)	(187,758)
At 31.5.2017	–	–	–	–
Carrying amount				
At 31.5.2017	**4,542,836**	**61,782**	**5,219,144**	**9,823,762**
31.12.2015				
Cost				
At 1.1.2015	4,458,272	–	9,793,604	14,251,876
Additions	124,520	121,318	1,198,372	1,444,210
Written off	–	–	(845,496)	(845,496)
At 31.12.2015	4,582,792	121,318	10,146,480	14,850,590
Accumulated amortisation				
At 1.1.2015	–	–	3,330,747	3,330,747
Amortisation for the financial year	–	23,374	929,491	952,865
Written off	–	–	(25,148)	(25,148)
At 31.12.2015	–	23,374	4,235,090	4,258,464
Carrying amount				
At 31.12.2015	4,582,792	97,944	5,911,390	10,592,126

4. INTANGIBLE ASSETS (CONTINUED)

The Group capitalised costs on development works relating to the enhancement of its existing software and development of new software packages which management expects will contribute to the generation of additional future economic benefits.

5. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company	
	31.5.2017	**31.12.2015**
	RM	**RM**
Unquoted shares, at cost	**9,155,002**	6,631,874
Less: Impairment loss	**(1,223,996)**	–
	7,931,006	6,631,874

Movement on the provision of impairment loss on investment in subsidiary companies as follows:-

	Company	
	31.5.2017	**31.12.2015**
	RM	**RM**
At beginning of the financial period/year	**–**	–
Add: Impairment loss during the financial period/year	**1,223,996**	–
At end of the financial period/year	**1,223,996**	–

(b) The subsidiary companies and shareholding therein are as follows:

Name of company	Country of incorporation and principal place of business	Effective Ownership and Voting interest (%)		Principal activities
		31.5.2017 %	**31.12.2015** %	
Direct holding:				
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

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(b) The subsidiary companies and shareholding therein are as follows (Continued):

Name of company	Country of incorporation and principal place of business	Effective Ownership and Voting interest (%) 31.5.2017 %	31.12.2015 %	Principal activities
Direct holding:				
M-Mode Media Sdn. Bhd.	Malaysia	**100**	100	Media advertisement agent, and production and distribution of magazines
Tameko Sdn. Bhd.	Malaysia	**100**	100	Provision of mobile contents and data application services
Cypress Valley Sdn. Bhd.	Malaysia	**100**	100	Dormant
Novelplus Sdn. Bhd.	Malaysia	**–**	100	Provision of mobile contents and data application services
One Seed Sdn. Bhd. (formerly known as Next Dynasty Sdn. Bhd.)	Malaysia	**100**	–	Provision of mobile games publishing platform and related services
*E&J Builders Sdn. Bhd. #	Malaysia	**100**	–	General contractors for construction work of a related activities
Indirect holding:				
Subsidiary of Tameko Sdn. Bhd.				
*Restro Digital Pte. Ltd.#	Singapore	**100**	–	Provision of mobile cellular, radio paging, other mobile telecommunication and related activities

* Subsidiary company not audited by Messrs. Morison Anuarul Azizan Chew.

\# The audited financial statements for the financial period ended 31 May 2017 of these subsidiary companies are not available at the date the financial statements of the Group as it is not required by the local legislations to have their financial statements audited. However, the Directors are of the opinion that the financial results of this subsidiary companies are not material to the Group as the said subsidiary companies are dormant. Hence, the management accounts of the said subsidiary companies for the financial period ended 31 May 2017 have been used for the consolidation purposes.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(c) Acquisition in equity interest in One Seed Sdn. Bhd. (formerly known as Next Dynasty Sdn. Bhd.).

During the financial period, the Company had acquired 100% of the issued and paid up shares capital in One Seed Sdn. Bhd. which comprising 2 ordinary shares of RM1.00 each fully paid up for total cash consideration of RM50,000.

Subsequent to the acquisition, One Seed Sdn. Bhd. had increased its issued and paid up share capital from 2 ordinary shares of RM1.00 each to 3,000,000 ordinary share each by way of issuance of RM2,999,998 new ordinary shares of RM1.00 each which were fully subscribed by the Group.

The acquisition has no significant financial impact to the group and the Company during the financial period.

(d) Incorporation of subsidiary companies

(i) E&J Builders Sdn. Bhd.

During the financial period, the company incorporated a wholly-owned subsidiary known as E&J Builders Sdn. Bhd. which comprising 2 ordinary shares of RM1.00 each fully paid up for total cash consideration of RM2.00.

(ii) Restro Digital Pte. Ltd.

During the financial period, a wholly-owned subsidiary of the Company, Tameko Sdn. Bhd. incorporated a wholly-owned subsidiary, Restro Digital Pte. Ltd. in Singapore which comprising 2 ordinary shares of SGD1.00 each fully paid up for total cash consideration of SGD2.00.

The above incorporation of new subsidiaries have no significant financial impact to the Group.

(e) Voluntary winding-up of Cede Communication Sdn. Bhd.

During the financial period, Cede Communications Sdn. Bhd. had convened a final meeting to conclude the member's voluntary winding-up. An amount of RM439,370 being recovered from the striking off of this subsidiary company. The strike off of this subsidiary company does not have any significant effect on the financial results of the Group.

(f) Disposal of Novelplus Sdn. Bhd.

During the financial year, Novelplus Sdn. Bhd. had increased its issued and paid up share capital from 2 ordinary share of RM1.00 each to 3,000,000 ordinary share each by way of issuance at RM2,999,998 new ordinary shares of RM1.00 each which were fully subscribed by the group.

On 22 November 2016, the Company entered into a Sale and Purchase Agreement with Leopard Venture Sdn. Bhd. to dispose 100% of the issued and paid up shares capital of Noveplus Sdn. Bhd., which comprising 3,000,000 ordinary shares of RM1.00 each for total consideration of RM1,540,000. The share disposal was completed on 20 January 2017.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(f) Disposal of Novelplus Sdn. Bhd. (Continued)

The effect of the disposal of Novelplus Sdn. Bhd. to the Group as follows:

	31.5.2017 RM
Net assets disposed	
Property, plant and equipment	294,227
Trade receivables	1,802
Other receivables	20,481
Other payables	(17,024)
Cash and bank balances	1,241,633
Goodwill on consolidation	124,520
Net assets disposed	1,665,639
Less: Loss on disposal of subsidiary	(125,639)
Net proceeds from disposal of subsidiary	1,540,000
Less: Cash and bank balances	(1,241,633)
Net cash inflow from disposal of subsidiary	298,367

6. INVESTMENT IN AN ASSOCIATE

	Group		**Company**	
	31.5.2017 RM	**31.12.2015 RM**	**31.05.2017 RM**	**31.12.2015 RM**
Unquoted shares, at cost	**961,250**	961,250	**961,250**	961,250
Share of post-acquisition reserves	**(170,807)**	(156,142)	**–**	–
	790,443	805,108	**961,250**	961,250
Less: Impairment loss	**(766,909)**	(766,909)	**(766,909)**	(766,909)
	23,534	38,199	**194,341**	194,341
Represented by:				
Share of net assets	**23,534**	38,199	**194,341**	194,341

The associate is Say Me Commerce Sdn. Bhd., a company incorporated in Malaysia, in which the Group holds 38.75% (31.12.2015: 38.75%) equity interest. The associate is principally engaged in e-commerce businesses. In previous financial year, the Company subscribed for additional 37,500 ordinary shares of RM1.00 each in Say Me Commerce Sdn. Bhd. for a total consideration of RM131,250.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

6. INVESTMENT IN AN ASSOCIATE (CONTINUED)

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

	Group	
	31.5.2017	**31.12.2015**
	RM	**RM**
Non-current assets	**33,203**	64,092
Current assets	**35,036**	42,015
Current liabilities	**(7,508)**	(7,530)
Net assets	**60,731**	98,577
Results		
Revenue	**182**	201,339
Loss/Total comprehensive expense for the financial period/year	**(37,846)**	(229,808)

7. OTHER INVESTMENTS

	Group		Company	
	31.5.2017	**31.12.2015**	**31.05.2017**	**31.12.2015**
	RM	**RM**	**RM**	**RM**
Available for sale financial assets				
Quoted shares in Malaysia	**766,104**	–	**766,104**	–
Quoted debt instruments in Malaysia	**2,737,738**	–	**–**	–
	3,503,842	–	**766,104**	–

8. DEFERRED TAXATION

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group	
	31.5.2017	**31.12.2015**
	RM	**RM**
Deferred tax assets	**5,385**	249,022
Deferred tax liabilities	**(1,434,435)**	(1,851,125)
	(1,429,050)	1,602,103

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

8. DEFERRED TAXATION (CONTINUED)

	Group	
	31.5.2017	**31.12.2015**
	RM	**RM**
At beginning of the period/year	**(1,602,103)**	(2,072,000)
Recognised in profit or loss:		
- property, plant and equipment	**416,690**	226,260
- unutilised tax losses	**(119,036)**	110,248
- unabsorbed capital allowance	**(124,601)**	133,389
	173,053	469,897
At end of the financial period/year	**(1,429,050)**	(1,602,103)

The components of deferred tax assets and liabilities of the Group during the financial period/year prior to offsetting are as follows:-

	Group	
	31.5.2017	**31.12.2015**
	RM	**RM**
Deferred tax assets:		
- unutilised tax losses	**–**	119,036
- unabsorbed capital allowances	**5,385**	129,986
	5,385	249,022
Offsetting	**–**	–
Net deferred tax assets	**5,385**	249,022
Deferred tax liabilities:		
- property, plant and equipment	**1,434,435**	1,851,125
Offsetting	**–**	–
Net deferred tax liabilities	**1,434,435**	1,851,125

8. DEFERRED TAXATION (CONTINUED)

The deductible temporary difference and unutilised tax losses of the Group and of the Company for which no deferred tax assets were recognised in the statements of financial position are as follow:

	Group		Company	
	31.5.2017	**31.12.2015**	**31.05.2017**	**31.12.2015**
	RM	**RM**	**RM**	**RM**
Unutilised tax losses	**8,837,917**	7,573,434	**4,134,532**	4,389,798
Unabsorbed capital allowance	**502,794**	456,603	**388,264**	342,073
	9,340,711	8,030,037	**4,522,796**	4,731,871
Deferred taxation not recognised at 24% (31.12.2015: 24%)	**2,241,771**	1,927,209	**1,085,471**	1,135,649

9. TRADE RECEIVABLES

The Group and the Company's normal trade credit terms range from 60 to 90 days (31.12.2015: 60 to 90 days).

The ageing analysis is as follows:

	Group		Company	
	31.5.2017	**31.12.2015**	**31.05.2017**	**31.12.2015**
	RM	**RM**	**RM**	**RM**
Neither past due nor impaired	**1,354,724**	5,981,777	**–**	–
Past due 1 - 90 days but not impaired	**384,431**	6,519,299	**–**	–
Past due 91 - 180 days but not impaired	**259**	2,446,052	**–**	–
Past due more than 180 days but not impaired	**128**	59,327	**–**	–
	384,818	9,024,678	**–**	–
	1,739,542	15,006,455	**–**	–

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. These debtors are mostly long term customers with no history of default in payments.

The Group's and the Company's trade receivables that are past due at the reporting date but not impaired relate mainly to customers who have never defaulted on payments but are slow paymasters and are periodically monitored.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

10. OTHER RECEIVABLES

	Group		Company	
	31.5.2017 RM	31.12.2015 RM	31.05.2017 RM	31.12.2015 RM
Other receivables	**327,430**	237,370	**270,073**	165,751
Less: Impairment loss	**(21,949)**	(21,949)	**(21,949)**	(21,949)
	305,481	215,421	**248,124**	143,802
Prepaid expenses	**85,989**	316,581	**12,761**	4,149
Refundable deposits	**9,168,588**	226,800	**9,455**	9,455
	9,560,058	758,802	**270,340**	157,406

Movement on the impairment loss during the financial period/year as follows:

	Group		Company	
	31.5.2017 RM	31.12.2015 RM	31.05.2017 RM	31.12.2015 RM
At beginning/end of the financial period/year	**21,949**	21,949	**21,949**	21,949

Included in deposits of the Group is an amount RM9,000,000 (31.12.2015: Nil) paid pursuant to the conditional Joint Venture Agreement as disclosed in Note 30 to the financial statements.

11. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

These amounts are non-trade in nature, unsecured, interest-free and are repayable on demand.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	31.5.2017 RM	31.12.2015 RM	31.05.2017 RM	31.12.2015 RM
Short-term deposits with licensed banks	**10,500,000**	32,750,000	**8,000,000**	20,550,000
Short term deposits with fund management companies	**26,364,952**	7,501,041	**1,564,371**	–
Cash and bank balances	**5,332,212**	6,562,459	**148,950**	1,291,397
	42,197,164	46,813,500	**9,713,321**	21,841,397

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

12. CASH AND CASH EQUIVALENTS (CONTINUED)

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

	Group		Company	
	31.5.2017 %	**31.12.2015 %**	**31.05.2017 %**	**31.12.2015 %**
Short-term deposits with licensed banks	**2.65 - 4.68**	3.20 - 3.95	**3.15 - 4.68**	3.20 - 3.95
Short-term deposits with fund management companies	**2.99 - 3.55**	2.58 - 2.86	**3.49 - 3.50**	–

Deposits of the Group and the Company have an average maturity period of 30 days (31.12.2015: 30 days). Bank balances and short term deposits with licensed banks are deposits held at call with banks.

13. SHARE CAPITAL

	Group/Company			
	31.5.2017	**31.12.2015**	**31.5.2017**	**31.12.2015**
	Number of ordinary shares		**RM**	**RM**
Authorised				
At beginning of the financial period/year	**250,000,000**	250,000,000	**25,000,000**	25,000,000
Abolishment of authorised share capital*	**(250,000,000)**	–	**(25,000,000)**	–
At end of the financial period/year	**–**	250,000,000	**–**	25,000,000
Issued and fully paid				
At beginning/end of the financial period/year	**162,709,500**	162,709,500	**16,270,950**	16,270,950
Transition to no per value regime	**–**	–	**1,254,308**	–
At the end of financial period/year	**162,709,500**	162,709,500	**17,525,258**	16,270,950

*The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transition set out in Section 618(2) of the Act. There is no impact on the numbers of the ordinary shares in issue or the relative entitlement of the members as a result of this transition.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

14. RESERVES

	Group		Company	
	31.5.2017 RM	**31.12.2015 RM**	**31.5.2017 RM**	**31.12.2015 RM**
Non-Distributable:				
Share Premium				
At the beginning of the financial period/year	**1,254,308**	1,254,308	**1,254,308**	1,254,308
Transition to no-par value regime	**(1,254,308)**	–	**(1,254,308)**	–
At the end of the financial period/year	**–**	1,254,308	**–**	1,254,308
Available for sale reserve	**(25,584)**	–	**(50,339)**	–
Translation reserve	**(95)**	–	**–**	–
	(25,679)	1,254,308	**(50,339)**	1,254,308
Distributable:				
Retained profits	**53,585,530**	56,506,024	**17,743,974**	15,706,549
	53,559,851	57,760,332	**17,693,635**	16,960,857

Pursuant to Section 618(2) of the new Companies Act 2016 (the "Act"), share premium account become part of the company's share capital as disclosed in Note 13 to the financial statements.

15. TERM LOANS

	Group		Company	
	31.5.2017 RM	**31.12.2015 RM**	**31.5.2017 RM**	**31.12.2015 RM**
Secured				
Term loans	**–**	1,416,537	**–**	514,649

The term loans of the Group and of the Company bear interest at rates ranging from 1.25% to 2.00% (2015: 1.25% to 2.00%) per annum below bank's base lending rate.

	Group		Company	
	31.5.2017 RM	**31.12.2015 RM**	**31.5.2017 RM**	**31.12.2015 RM**
Term Loans				
Repayable within twelve months	**–**	406,370	**–**	106,200
Repayable after twelve months	**–**	1,010,167	**–**	408,449
	–	1,416,537	**–**	514,649

In the previous financial year, the above credit facilities obtained from licensed bank are secured by a legal charge over the freehold building of the Group and of the Company as disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

15. TERM LOANS (CONTINUED)

Maturity of borrowings is as follows:

	Group		Company	
	31.5.2017 RM	**31.12.2015 RM**	**31.5.2017 RM**	**31.12.2015 RM**
Within one year	**–**	406,370	**–**	106,200
Between one and two years	**–**	430,354	**–**	111,466
Between two and five years	**–**	579,813	**–**	296,983
	–	1,416,537	**–**	514,649

16. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from 30 to 90 days (31.12.2015: 30 to 90 days).

17. OTHER PAYABLES

	Group		Company	
	31.5.2017 RM	**31.12.2015 RM**	**31.5.2017 RM**	**31.12.2015 RM**
Other payables	**225,914**	203,829	**8,511**	29,309
Accrued expenses	**263,052**	1,527,447	**25,250**	746,019
Deposit received	**–**	25,801	**–**	–
	488,966	1,757,077	**33,761**	775,328

18. REVENUE

	Group		Company	
	1.1.2016 to 31.5.2017 RM	**1.1.2015 to 31.12.2015 RM**	**1.1.2016 to 31.5.2017 RM**	**1.1.2015 to 31.12.2015 RM**
Mobile content and data application services	**19,966,428**	36,363,722	**–**	–
Distribution of magazine	**45,803**	884,018	**–**	–
Management fees received from subsidiary companies	**–**	–	**2,397,898**	2,482,422
Dividend income received from subsidiary companies	**–**	–	**6,000,000**	6,350,000
	20,012,231	37,247,740	**8,397,898**	8,832,422

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

19. OTHER OPERATING (INCOME)/EXPENSES

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

	Group		Company	
	1.1.2016 to 31.5.2017 RM	**1.1.2015 to 31.12.2015 RM**	**1.1.2016 to 31.5.2017 RM**	**1.1.2015 to 31.12.2015 RM**
Auditors' remuneration				
- current year	**88,198**	91,000	**22,000**	22,000
- prior year	**(4,730)**	–	**(3,000)**	–
- non-audit services	**3,000**	3,000	**3,000**	3,000
Bad debts written off	**62,643**	–	**–**	–
Deposits written off	**478,108**	1,226	**–**	–
Development costs written off	**–**	820,348	**–**	–
Impairment loss on investment in an associate	**–**	766,909	**–**	766,909
Impairment loss on investment in subsidiary companies	**–**	–	**1,223,996**	–
Impairment loss on property, plant and equipment	**102,069**	–	**–**	–
Impairment loss on intangible assets	**187,758**	–	**–**	–
Property, plant and equipment written off	**179,435**	16,058	**111,976**	1,456
Loss/(Gain) on disposal of property, plant and equipment	**27,070**	(87,841)	**–**	–
Loss on disposal of subsidiary	**125,639**	–	**1,559,998**	–
Management fee payable to subsidiary	**–**	–	**57,363**	12,374
Rental of equipment	**13,581**	13,513	**4,746**	9,087
Rental of storage space	**4,007**	2,303	**659**	2,215
Rental of premises	**280,995**	182,529	**–**	–
Dividend Income	**(42,120)**	–	**(42,120)**	–
Interest income	**(2,082,835)**	(1,408,115)	**(1,046,479)**	(757,400)
Foreign exchange loss/(gain)				
- Realised	**9,001**	(230)	**–**	–
- Unrealised	**(199)**	–	**–**	–
Rental income	**(3,717)**	(5,745)	**–**	–
Gain on winding up of subsidiary	**–**	–	**(12,498)**	–
Waiver of amount due to former directors	**(43,969)**	(45,989)	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

20. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	1.1.2016 to 31.5.2017 RM	**1.1.2015 to 31.12.2015 RM**	**1.1.2016 to 31.5.2017 RM**	**1.1.2015 to 31.12.2015 RM**
Staff costs (excluding Directors) comprise:				
Charged to profit or loss	**5,300,670**	4,686,667	**1,298,499**	1,355,755
Capitalised as intangible assets	**676,811**	1,000,825	**–**	–
Total staff costs for the financial period/year	**5,977,481**	5,687,492	**1,298,499**	1,355,755

Included in the total staff costs above are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and for the Company amounting to RM633,716 and RM142,354 (31.12.2015: RM570,665 and RM128,311) respectively.

21. DIRECTORS' REMUNERATION

	Group		Company	
	1.1.2016 to 31.5.2017 RM	**1.1.2015 to 31.12.2015 RM**	**1.1.2016 to 31.5.2017 RM**	**1.1.2015 to 31.12.2015 RM**
Executive Directors:				
- Salary and other emoluments	**1,608,750**	2,021,085	**1,153,750**	1,588,625
- Defined contribution plan	**283,575**	222,588	**207,675**	191,700
- Social security contributions	**1,114**	1,085	**811**	620
	1,893,439	2,244,758	**1,362,236**	1,780,945
Non-executive directors:				
Fees	**91,292**	60,000	**91,292**	60,000
	1,984,731	2,304,758	**1,453,528**	1,840,945

	Number of Directors	
	1.1.2016 to 31.5.2017 RM	**1.1.2015 to 31.12.2015 RM**
Executive Directors:		
Below RM50,000	**1**	–
Between RM50,001 to RM2,000,000	**1**	1
Non-executive Directors:		
Below RM50,000	**4**	4

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

22. TAXATION

	Group		Company	
	1.1.2016 to 31.5.2017 RM	**1.1.2015 to 31.12.2015 RM**	**1.1.2016 to 31.5.2017 RM**	**1.1.2015 to 31.12.2015 RM**
Current taxation:				
- Current period/year provision	**393,810**	67,036	**29,743**	–
- Under/(Over) provision in prior year	**33**	(375,495)	**–**	–
	393,843	(308,459)	**29,743**	–
Deferred taxation:				
- Original and reversal of temporary differences	**(173,053)**	(469,897)	**–**	–
Taxation for the financial period/year	**220,790**	(778,356)	**29,743**	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (31.12.2015: 25%) of the estimated assessable profit for the financial period/year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	1.1.2016 to 31.5.2017 RM	**1.1.2015 to 31.12.2015 RM**	**1.1.2016 to 31.5.2017 RM**	**1.1.2015 to 31.12.2015 RM**
(Loss)/Profit before taxation	**(1,723,447)**	7,985,524	**3,043,425**	4,485,841
Taxation at statutory tax rate of 24% (31.12.2015: 25%)	**(413,627)**	1,996,381	**730,422**	1,121,460
Effect of changes in tax rate	**–**	(125)	**–**	–
Expenses not deductible for tax purposes	**694,359**	423,923	**816,198**	286,694
Income not subject to tax	**(374,537)**	(3,125,907)	**(1,466,699)**	(1,587,500)
Deferred tax assets not recognised	**364,740**	302,867	**–**	179,346
Utilisation of deferred tax assets not recognised	**(50,178)**	–	**(50,178)**	–
Under/(Over) provision of current taxation in prior year	**33**	(375,495)	**–**	–
Taxation for the financial period/year	**220,790**	(778,356)	**29,743**	–

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

23. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share of the Group is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue during the financial period/year.

	Group	
	31.5.2017	**31.12.2015**
	RM	**RM**
(Loss)/Profit for the financial period/year attributable to the owners of the Company	**(1,944,237)**	8,763,880
Weighted number of ordinary shares issued	**162,709,500**	162,709,500
Basic (loss)/earnings per share (sen)	**(1.19)**	5.39

(b) Diluted (loss)/earnings per share

There is no diluted (loss)/earnings per share as the Group does not have any dilutive potential ordinary of shares during the financial period.

24. DIVIDEND

	Group/Company	
	1.1.2016 to 31.5.2017	**1.1.2015 to 31.12.2015**
	RM	**RM**
First and final single tier tax exempt dividend of 0.60 sen per ordinary share paid in respect of the financial year ended 31 December 2015	**976,257**	–
Final single tier tax exempt dividend of 0.50 sen per ordinary share paid in respect of the financial year ended 31 December 2014	**–**	813,548
	976,257	813,548

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

25. SEGMENTAL INFORMATION

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

The reportable business segments of the Group comprise the following:

Investment holding	:	Investment
Contents and value added services	:	Mobile content and data application services.

Segment revenue, results and assets include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenues are eliminated on consolidation.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total assets are used to measure the return of assets of each segment.

Segment liabilities information is neither included in the internal management report nor period regularly to the Group's Chief Executive Officer. Hence no disclosure is made on segment liability.

25. SEGMENTAL INFORMATION (CONTINUED)

(a) Business segments

	Contents and value added services RM	Investment holding RM	Elimination RM	Consolidated RM
31.5.2017				
REVENUE				
External revenue	20,012,231	–	–	20,012,231
Intersegment revenue	8,797,276	8,397,898	(17,195,174)	–
	28,809,507	8,397,898	(17,195,174)	20,012,231
RESULTS				
Loss from operations	(1,392,927)	3,045,962	(3,339,400)	(1,686,365)
Share of results of an associate				(14,665)
Finance cost				(22,417)
Taxation				(220,790)
Loss for the period				(1,944,237)
OTHER INFORMATION				
Segment assets	43,672,276	35,282,397	(5,117,120)	73,837,553
Segment liabilities	20,135,445	33,510	(17,416,511)	2,752,444
Capital expenditure	1,778,328	1,100	–	1,779,428
Depreciation of property, plant and equipment	1,870,734	131,868	–	2,002,602
Amortisation of intangible assets	1,686,442	–	–	1,686,442
Impairment loss on property, plant & equipment	102,069	–	–	102,069
Impairment loss on intangible assets	187,758	–	–	187,758
Deposits written off	478,108	–	–	478,108
Other non-cash expenses	113,203	1,671,974	(1,434,359)	350,818

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

25. SEGMENTAL INFORMATION (CONTINUED)

(a) Business segments (Continued)

	Contents and value added services RM	Investment holding RM	Elimination RM	Consolidated RM
31.12.2015				
REVENUE				
External revenue	37,247,740	–	–	37,247,740
Intersegment revenue	17,336,938	8,832,422	(26,169,360)	–
	54,584,678	8,832,422	(26,169,360)	37,247,740
RESULTS				
Profit from operations	9,960,081	4,486,067	(6,342,936)	8,103,212
Share of results of an associate				(84,256)
Finance cost				(33,432)
Taxation				778,356
Profit for the year				8,763,880
OTHER INFORMATION				
Segment assets	58,202,680	34,561,908	(10,449,541)	82,315,047
Segment liabilities	15,197,981	1,330,101	(8,244,317)	8,283,765
Capital expenditure	2,939,820	24,678	–	2,964,498
Depreciation of property, plant and equipment	1,730,961	109,360	–	1,840,321
Amortisation of intangible assets	952,865	–	–	952,865
Development costs written off	820,348	–	–	820,348
Impairment loss on investment in an associate	–	766,909	–	766,909
Other non-cash expenses	15,828	1,456	–	17,284

25. SEGMENTAL INFORMATION (CONTINUED)

(b) Geographical segments

Revenue by geographical location of customers

	Group	
	1.1.2016 to 31.5.2017 RM	**1.1.2015 to 31.12.2015 RM**
Malaysia	**19,481,963**	37,247,740
Others	**530,268**	–
	20,012,231	37,247,740

(c) Information about major customers

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

	Group	
	1.1.2016 to 31.5.2017 RM	**1.1.2015 to 31.12.2015 RM**
Customer A	**5,475,270**	31,788,288
Customer B	**8,230,046**	3,170,654
Customer C	**3,126,145**	–
	16,831,461	34,958,942

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

26. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. During the financial period, the Company is not subject to externally imposed capital management as it does not have any significant external borrowing.

The Group monitors capital using gearing ratio, which is total equity plus net debt. The Group's policy is to keep the lower gearing ratio. The Group includes within net debt, trade and other payables less cash and bank balances.

	Group		Company	
	31.5.2017 RM	**31.12.2015 RM**	**31.5.2017 RM**	**31.12.2015 RM**
Trade and other payables	**1,287,266**	5,016,103	**33,761**	775,328
Term loans	**–**	1,416,537	**–**	514,649
Less: cash and cash equivalents	**(42,197,164)**	(46,813,500)	**(9,713,321)**	(21,841,397)
Net liquidity	**(40,909,898)**	(40,380,860)	**(9,679,560)**	(20,551,420)
Total equity	**71,085,109**	74,031,282	**35,218,893**	33,231,807
Capital and net debt	**30,175,211**	33,650,422	**25,539,333**	12,680,387
Gearing ratio	**N/A**	N/A	**N/A**	N/A

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

27. FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments and their categories:

	Available for sale RM	Loans and receivables/ other financial liabilities RM	Total RM
31.5.2017			
Group			
Financial assets			
Trade receivables	–	1,739,542	1,739,542
Other receivables	–	9,474,069	9,474,069
Other Investments	3,503,842	–	3,503,842
Cash and cash equivalents	–	42,197,164	42,197,164
	3,503,842	53,410,775	56,914,617
Financial liabilities			
Trade payables	–	799,300	799,300
Other payables	–	488,996	488,996
	–	1,288,296	1,288,296
Company			
Financial assets			
Other receivables	–	257,579	257,579
Amount owing by subsidiary companies	–	15,014,718	15,014,718
Other Investments	766,104	–	766,104
Cash and cash equivalents	–	9,713,321	9,713,321
	766,104	24,985,618	25,751,722
Financial liabilities			
Other payables	–	33,761	33,761

27. FINANCIAL INSTRUMENTS (CONTINUED)

The table below provides an analysis of financial instruments and their categories (Continued):

	Loans and receivables/ other financial liabilities RM	Total RM
31.12.2015		
Group		
Financial assets		
Trade receivables	15,006,455	15,006,455
Other receivables	442,221	442,221
Cash and cash equivalents	46,813,500	46,813,500
	62,262,176	62,262,176
Financial liabilities		
Trade payables	3,259,026	3,259,026
Other payables	1,757,077	1,757,077
Term loans	1,416,537	1,416,537
	6,432,640	6,432,640
Company		
Financial assets		
Other receivables	153,257	153,257
Amount owing by subsidiary companies	4,099,569	4,099,569
Cash and cash equivalents	21,841,397	21,841,397
	26,094,223	26,094,223
Financial liabilities		
Other payables	775,328	775,328
Amount owing to subsidiary companies	40,124	40,124
Term loans	514,649	514,649
	1,330,101	1,330,101

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity risk and market risk.

27. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from trade and other receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of receivables ageing. At reporting date, there were no significant concentrations of credit risk other than disclosed in Note 9. The Group monitors the results of the related parties regularly to safeguard credit risk on balances from intercompany receivables.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from trade and other payables and borrowings.

Cash flow forecasting is performed by monitoring the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

The table below summarises the maturity profile of the Group and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted payments:

	Carrying amount RM	Contractual interest rate %	Contractual cash flow RM	On demand or within one year RM
31.5.2017				
Group				
Trade payables	799,300	–	799,300	799,300
Other payables	488,966	–	488,966	488,966
	1,288,266	–	1,288,266	1,288,266
Company				
Other payables	33,761	–	33,761	33,761

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

27. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (Continued)

	Carrying amount RM	Contractual interest rate %	Contractual cash flow RM	On demand or within one year RM	One to five years RM
31.12.2015					
Group					
Trade payables	3,259,026	–	3,259,026	3,259,026	–
Other payables	1,757,077	–	1,757,077	1,757,077	–
Term loans	1,416,537	4.95 - 5.70	1,560,297	476,112	1,084,185
	6,432,640		6,576,400	5,492,215	1,084,185
Company					
Other payables	775,328	–	775,328	775,328	–
Amount owing to subsidiary companies	40,124	–	40,124	40,124	–
Term loans	514,649	4.95 - 5.70	573,220	128,820	444,400
	1,330,101		1,388,672	944,272	444,400

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Group's financial position and cash flows.

(a) Foreign currency exchange risk

The Group and the Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily US Dollar. The Group and the Company monitors the foreign currency risks on an ongoing basis.

27. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (Continued)

(a) Foreign currency exchange risk (continued)

The net unhedged financial assets and financial liabilities of the Group and the Company that are not denominated in their functional currencies are as follows:

Functional Currency	Financial Assets Held in Non-Functional Currency US Dollar RM
Group	
31.5.2017	
Trade receivables	
Ringgit Malaysia	597,921
31.12.2015	
Trade receivables	
Ringgit Malaysia	–

The following table shows the sensitivity of the Group and the Company's equity and loss net of tax to a reasonably possible change in the US Dollar exchange rates against the functional currency of the Company, with all other variables remain constant.

		Group Profit net of tax	
		31.5.2017 RM	**31.12.2015 RM**
USD/RM	- strengthened 5%	**22,721**	–
	- weakened 5%	**(22,721)**	–

27. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (Continued)

(b) Interest rate risk

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's and the Company's deposits and borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the financial year are as follows:

	Group		Company	
	31.5.2017 RM	**31.12.2015 RM**	**31.5.2017 RM**	**31.12.2015 RM**
Fixed rate instruments				
Deposits with licensed banks	**10,500,000**	32,750,000	**8,000,000**	20,550,000
Deposits with licensed fund management companies	**26,364,952**	7,501,041	**1,564,371**	–
	36,864,952	40,251,041	**9,564,371**	20,550,000
Floating rate instruments				
Term loans	**–**	1,416,537	**–**	514,649

Interest rate risk sensitivity analysis

Since the Group and the Company's fixed rate financial assets and liabilities are measured at amortised cost, possible changes in interest rates are not expected to have a significant impact on the Group and the Company's profit or loss.

A change of 50 basis points ("bp") in floating interest rates at the end of the reporting period would have increase/(decrease) profit net of tax by the amounts shown below, assuming all other variables remain constant.

	Group		Company	
	31.5.2017 RM	**31.12.2015 RM**	**31.5.2017 RM**	**31.12.2015 RM**
Profit net of tax				
50 bp increase	**–**	5,383	**–**	1,956
50 bp decrease	**–**	(5,383)	**–**	(1,956)

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

27. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of long term borrowings carried on the statement of financial position reasonably approximate fair value as it is a floating rate instrument that is re-priced to market interest rates on or near the reporting date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair value hierarchy for financial instruments carried at fair value in the statement of financial position:

	31.5.2017 Level 1 Fair Value RM	**31.12.2015 Level 1 Fair Value RM**
Group		
Financial assets		
Available for sale	**3,503,842**	–
Company		
Financial assets		
Available for sale	**766,104**	–

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

28. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group 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 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.

(a) The significant related party transactions of the Company, other than key management personnel compensation, are as follows:

	Company	
	1.1.2016 to 31.5.2017 RM	**1.1.2015 to 31.12.2015 RM**
Management fees from subsidiary companies	**2,397,898**	2,482,422
Dividend income from subsidiary companies	**6,000,000**	6,350,000

(b) The remuneration of directors and other member of key management during the financial period is disclosed in Note 21 to the financial statements.

29. COMPARATIVE FIGURES

The previous financial year is from 1 January 2015 to 31 December 2015, compared to a seventeen months period for the current financial period ended 31 May 2017. Therefore, the comparative amounts are not in respect of a comparable period for the statement of profit or loss and other comprehensive income, changes in equity, cash flows and their related notes.

30. SIGNIFICANT EVENT

On 26 May 2017, the Group announced that E&J Builders Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a Joint Venture Agreement with Rexallent Construction Sdn. Bhd. to form an exclusive unincorporated joint-venture business relationship for the sole purpose of undertaking and completing the remaining of construction of a proposed development identified as “H20” for a contract sum of RM180,000,000.

31. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial period ended 31 May 2017 were authorised for issue in accordance with a resolution of the Board of Directors dated 14 September 2017.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

REALISED AND UNREALISED PROFITS/LOSSES (SUPPLEMENTARY INFORMATION)

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised amounts is as follows:

	Group		Company	
	31.5.2017 RM	**31.12.2015 RM**	**31.5.2017 RM**	**31.12.2015 RM**
Total retained profits:				
- Realised profits	**56,403,915**	59,452,501	**17,743,974**	15,706,549
- Unrealised losses	**(1,429,050)**	(1,602,103)	**–**	–
	54,974,865	57,850,398	**17,743,974**	15,706,549
Add: consolidation adjustments	**(1,389,335)**	(1,344,374)	**–**	–
	53,585,530	56,506,024	**17,743,974**	15,706,549

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

The above disclosure of realised and unrealised profits or losses is made solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

LIST OF PROPERTIES

AT 31 MAY 2017

No.	Proprietor	Title/ Location	Description/ Existing Use	Tenure	Approximate Age of Offices	Built-Up Area (sq. ft.)	Net Book Value (RM)	Date of Acquisition
1	M-Mode Mobile Sdn Bhd	Geran 37731/M1B/19/307, No. Petak 307, Tingkat 19, Bangunan M1 for Lot No. 144, Seksyen 44, Bandar Kuala Lumpur, Daerah Wilayah Persekutuan.	A Parcel of Office/ Office	Freehold	23 Years	5,435	1,632,224	9-Aug-2007
2	M-Mode Mobile Sdn Bhd	Geran 37731/M1B/4/126, No. Petak 126, Tingkat 4, Bangunan M1B for Lot No. 144, Seksyen 44, Bandar Kuala Lumpur, Daerah Wilayah Persekutuan.	A Parcel of Office/ Office	Freehold	23 Years	2,422	1,096,314	17-Jun-2010
3	M-Mode Berhad	Geran 37731/M1B/13/260, No. Petak 260, Tingkat 13, Bangunan M1B for Lot No. 144, Seksyen 44, Bandar Kuala Lumpur, Daerah Wilayah Persekutuan.	A Parcel of Office/ Office	Freehold	23 Years	2,432	1,145,026	29-Jul-2011
4	Tameko Sdn Bhd	Strata Title GM 1889/ M1/4/14, Lot No. 30996, No. Bangunan M1, No.Tingkat 4, No. Petak 14, Pekan Cheras, District of Hulu Langat and State of Negeri Selangor. Parcel No. 35-3-F	A Parcel of Office/ Office	Freehold	19 Years	783	65,100	13-Dec-1999

SHAREHOLDING STATISTICS

08 SEPTEMBER 2017

SHARE CAPITAL

Issued and Paid-Up Share Capital	:	RM16,270,950.00 comprising 162,709,500 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote per Ordinary Share

ANALYSIS OF SHAREHOLDERS BY RANGE GROUP

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	46	1.942	2,079	0.001
100 – 1,000	150	6.334	65,660	0.040
1,001 – 10,000	954	40.287	6,319,911	3.884
10,001 – 100,000	1,067	45.059	37,709,300	23.175
100,001 – 8,135,474	149	6.292	57,964,550	35.624
8,135,475 And Above	1	0.084	60,648,000	37.273
Total	2,368	100.000	162,709,500	100.000

SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

		direct Interest		Indirect Interest	
No.	**Name of Shareholders**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Corvina Sdn. Bhd.	50,885,000	31.273	0	0.000
2.	E&J Venture Sdn. Bhd.	9,763,000	6.000	0	0.000
3.	Dato' Lim Thean Keong	0	0.000	50,885,000 [(a)]	31.273
4.	Ong Chee Koen	0	0.000	9,763,000 [(b)]	6.000

DIRECTORS' SHAREHOLDING

		direct Interest		Indirect Interest	
No.	**Name of Directors**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Dato' Lim Thean Keong	0	0.000	50,885,000 [(a)]	31.270
2.	Abdul Razak bin Dato' Haji Ipap	0	0.000	0	0.000
3.	Thong Kooi Pin	0	0.000	0	0.000
4.	Nirmala A/P Doraisamy	0	0.000	0	0.000
5.	Mohd Zaini Bin Noordin	0	0.000	0	0.000
6.	Ong Chee Koen	0	0.000	9,763,000 [(b)]	6.000

Note:-

[(a)] Deemed interested through shares held by Corvina Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

[(b)] Deemed interested through shares held by E&J Venture Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

SHAREHOLDING STATISTICS
08 SEPTEMBER 2017
(CONTINUED)

THIRTY LARGEST SHAREHOLDERS

No.	Name of Investors	No. of Shares	%
1.	Corvina Sdn Bhd	50,885,000	31.273
2.	E&J Venture Sdn Bhd	9,763,000	6.000
3.	Lim A Heng @ Lim Kok Cheong	5,010,200	3.079
4.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hew Yoon Hsia	4,532,600	2.785
5.	Chua Shok Tim @ Chua Siok Hoon	2,430,000	1.493
6.	Tung Wai Fun	2,315,000	1.422
7.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Leong Khai Ric	1,400,000	0.860
8.	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Kok Keong (BDR Utama-CL)	1,280,000	0.786
9.	Tee Kok Chuan	1,277,000	0.784
10.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank For Kevin Tan Chee Ming (MY2091)	1,120,000	0.688
11.	Lee Ah Han	1,000,000	0.614
12.	Lim Shen Maw	1,000,000	0.614
13.	Tan Sin Su	926,500	0.569
14.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Solomon Tan Yiin Yuh	800,000	0.491
15.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Low Kheng Lun	795,000	0.488
16.	Ng Soo Chen	789,300	0.485
17.	Xie Xin Poultry Merchant Sdn Bhd	630,000	0.387
18.	Liew Sin Keat	617,400	0.379
19.	Datuk Tay Hock Tiam	600,000	0.368
20.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Rustom Framroze Chothia	570,300	0.350
21.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yap Kok Keong (E-TSA)	533,900	0.328
22.	Leong See Wah	520,500	0.319
23.	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Eng Huat (Penang-CL)	500,000	0.307
24.	Lee Yuet Chin	500,000	0.307
25.	Syed Sirajuddin Putra Jamalullail	500,000	0.307
26.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Siau Men (8080599)	490,600	0.301
27.	Hook King	490,000	0.301
28.	Yap Kheng Ming	490,000	0.301
29.	Kenanga Nominees (Tempatan) Sdn Bhd Exempt An For Phillip Securities Pte Ltd (Clinet Account)	487,000	0.299
30.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Vun Khai Yan (E-SS2)	464,000	0.285

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at Lily Room, The Zon All Suites Residences On The Park, 161-D Jalan Ampang, 50450 Kuala Lumpur on Thursday, 23 November 2017 at 2.00 p.m. to transact the following businesses:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial period ended 31 May 2017 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1 of Ordinary Business)**

2. To re-elect Nirmala A/P Doraisamy who retires pursuant to Article 127 of the Company's Articles of Association. **(Resolution 1)**

3. To re-elect Mohd Zaini Bin Noordin who retires pursuant to Article 132 of the Company's Articles of Association. **(Resolution 2)**

4. To re-elect Ong Chee Koen who retires pursuant to Article 132 of the Company's Articles of Association. **(Resolution 3)**

5. To approve the payment of Directors' fees of RM91,292.00 for the financial period ended 31 May 2017. **(Resolution 4)**

6. To approve the payment of Directors' fees of RM92,000.00 for the financial year ending 31 May 2018. **(Resolution 5)**

7. To re-appoint Messrs Morison Anuarul Azizan Chew as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

Special Business

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

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

   "THAT subject always to the Companies Act, 2016 ("the Act"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING (CONTINUED)

9. **ORDINARY RESOLUTION II** **(Resolution 8)**
Proposed Renewal of Authority for Share Buy-Back

"THAT subject always to the Companies Act, 2016 ("the Act"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares 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 number of issued shares of the Company as quoted on Bursa Securities as at point of purchase;

(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements available at the time of the purchase; and

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

AND THAT the authority conferred by this resolution will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

(i) the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by Ordinary Resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or

(iii) revoked or varied by Ordinary Resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities;

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING
(CONTINUED)

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalize and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any party of the purchased shares or to resell the shares or distribute the shares as dividends) in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company and the requirements and/or guidelines of the Main Market Listing Requirements of Bursa Securities and all other relevant governmental and/or regulatory authorities."

10. **ORDINARY RESOLUTION III** **(Resolution 9)**
    Continuing in Office as Independent Non-Executive Director

    "THAT subject to the passing of Resolution 2, approval be and is hereby given to Mohd Zaini Bin Noordin who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company."

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

JOANNE TOH JOO ANN [LS 0008574]
SIA EE CHIN [MAICSA 7062413]
Company Secretaries
Kuala Lumpur
29 September 2017

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING
(CONTINUED)

NOTES:-

(i) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies and vote in his/her stead. A proxy need not be a member of the Company.

(ii) 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 16 November 2017 shall be eligible to attend, vote and speak at the meeting or appoint proxies to attend, vote and speak on their behalf.

(ix) The Form of Proxy must be deposited at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.

EXPLANATORY NOTE ON ORDINARY BUSINESS

1. *Audited Financial Statements For The Period Ended 31 May 2017*

   The item is meant for discussion only as the provision of Section 340(1) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting

2. *Re-election of Directors*

   Nirmala A/P Doraisamy, Mohd Zaini Bin Noordin and Ong Chee Koen are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Annual General Meeting.

   The Board has through the Nomination Committee, considered the assessment of the Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

   The Board has also through the Nomination Committee conducted an assessment on Mohd Zaini Bin Noordin's independence and is satisfied that he has complied with the criteria prescribed under the Bursa Securities.

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING
(CONTINUED)

EXPLANATORY NOTE ON ORDINARY BUSINESS (CONTINUED)

3. *Payment of Directors' Fees and Benefits*

   Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

   The Proposed Resolution 5 is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current board size. In the event the Directors fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

EXPLANATORY NOTES ON SPECIAL BUSINESS

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

   The Ordinary Resolution proposed under Resolution 7 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilised and accordingly no proceeds were raised.

   The Ordinary Resolution proposed under Resolution 7, 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 total number of issued shares 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 Share Buy-Back**

   Please refer to the Statement to Shareholders dated 29 September 2017 for further information.

3. Ordinary Resolution III : **Continuing in Office as Independent Non-Executive Director**

   Pursuant to the Malaysian Code on Corporate Governance, the Board has undertaken independence assessment on Mohd Zaini Bin Noordn who had served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years at the forthcoming Thirteenth Annual General Meeting, and recommended him to continue act as Independent Non-Executive Director of the Company.

   Mohd Zaini Bin Noordin fulfils the criteria of Independent Non-Executive Director pursuant to the Main Market Listing Requirements of Bursa Securities. Although having served the Company for a cumulative term of more than nine (9) years, he has remained objective and independent in expressing his views and in participating in deliberations and decision making of the Board and Board Committees. The length of his services on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.

   The Ordinary Resolution proposed under Resolution 9 if passed, enable Mohd Zaini Bin Noordin to continue to act as Independent Non-Executive Director of the Company.

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

FORM OF PROXY

No. of shares held	

*I/We____ Tel:____________________
[Full name in block, NRIC/Company No.]
of ____

____

being member(s) of M-MODE BERHAD, hereby appoint:-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

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 Thirteenth Annual General Meeting of the Company to be held at Lily Room, The Zon All Suites Residences On The Park, 161-D Jalan Ampang, 50450 Kuala Lumpur on Thursday, 23 November 2017 at 2.00 p.m. and at any adjournment thereof, and to vote as indicated below:-

AGENDA				
		RESOLUTIONS	****FOR***	****AGAINST***
1.	Re-election of Nirmala A/P Doraisamy.	**1**		
2.	Re-election of Mohd Zaini Bin Noordin.	**2**		
3.	Re-election of Ong Chee Koen.	**3**		
4.	Payment of Directors' fees for the financial period ended 31 May 2017.	**4**		
5.	Payment of Directors' fees for the financial year ending 31 May 2018.	**5**		
6.	Re-appointment of Messrs Morison Anuarul Azizan Chew as Auditors.	**6**		
7.	Authority to the Directors to allot and issue share pursuant to Sections 75 & 76 of the Companies Act, 2016.	**7**		
8.	Proposed Renewal of Authority for the Shares Buy-Back	**8**		
9.	Authority for Mohd Zaini Bin Noordin to continue in office as Independent Non-Executive Director.	**9**		

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

_________________________________ Signed this __________day of____________________ 2017
Signature of Shareholder(s) or Common Seal
Contact number:

Fold this flap for sealing

NOTES:-

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AFFIX
STAMP

The Company Secretaries
M-Mode Berhad (635759-U)
Unit 30-01, Level 30, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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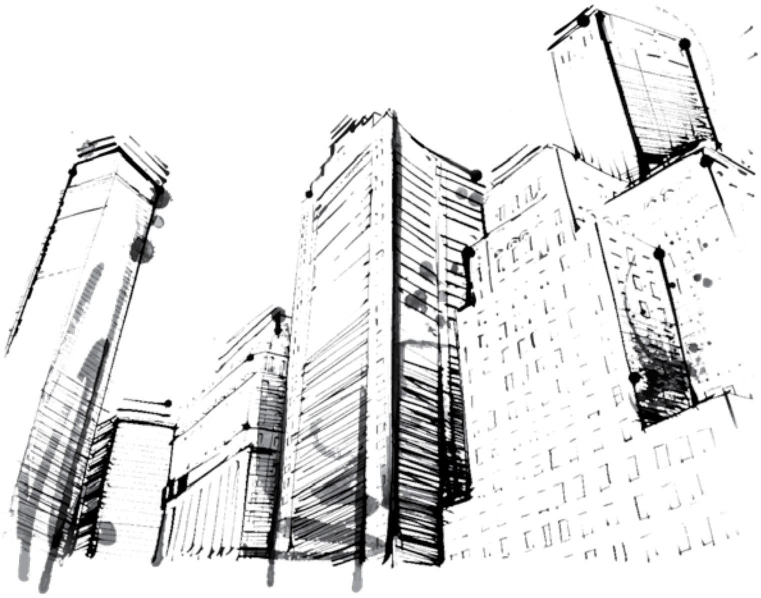

M-MODE BERHAD

(Company No.635759-U)

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