www.myeg.com.my

MY E.G. SERVICES BERHAD

(Company No. 505639-K)

MAKING LIFE EFFORTLESS

ANNUAL REPORT 2017

CONTENTS

CORPORATE STRUCTURE

www.myeg.com.my

Development and implementation of the Electronic Government Services project and the provision of other related services for the Electronic Government Services project and investment holding.

- **100% | MY EG SDN. BHD.**
  Development and implementation of the Electronic Government Services project and provision of other related services.
  - **100% | MYEG TRADE SDN. BHD.**
    Trading of motor vehicles and provision of ancillary services.
  - **55% | MY EG LODGING SDN. BHD.**
    Build, own and operate hostels for foreign workers.
    - 100% | *Mydigitalcoin Sdn. Bhd.*
      Investment holding.
- **100% | GALE VECTOR SDN. BHD.**
  Provision of software solutions and maintenance service and other related ancillary services.
- **100% | MY E.G. COMMERCE SDN. BHD.**
  Provision of auto insurance intermediary services.
- **100% | MY E.G. Capital Sdn. Bhd.**
  Investment holding.
  - **100% | MY E.G. AD NETWORKS SDN. BHD.**
    Provision of online advertisement.
  - **100% | MY E.G. ALTERNATIVE PAYMENT SERVICES SDN. BHD.**
    Operation and management of electronic platforms for investment and financing arrangements and other related value added services.
  - **100% | MY E.G. CREDIT SDN. BHD.**
    Provision of financial lease activities and other credit granting activities.
  - **100% | IPIDATO DOT COM SDN. BHD.**
    Administering and organising online debate networks and other related activities.
  - **67% | ESSENTIAL REVIEWS SDN. BHD.**
    Provision of digital platform for reviews and news on restaurants and food and beverage businesses, with advertising or marketing possibilities for related brands.
  - **60% | PICASSO MEDIA SDN. BHD.**
    Provision of diversified media solutions and related professional services.
  - **60% | HURR TV SDN. BHD.**
    Build, own and operate an online TV channel.
    - 100% | *MUCA Wellness Sdn. Bhd.*
      Electronic commerce.
  - **55% | CAR X SERVICES SDN. BHD.**
    Operation and management of automotive classifieds web portal and other value added services for the automotive classifieds web portal.
  - **55% | CARDBIZ HOLDING SDN. BHD.**
    Investment holding.
    - **100% | *CardBiz Solutions Sdn. Bhd.***
      Provision of computers software and hardware.
    - 100% | *CardBiz Payment Services Sdn. Bhd.*
      Provision of all kind of information technology, credit card terminal rental and other related activities.
    - 100% | *CardBiz Technologies Sdn. Bhd.*
      Trading of computer hardware, accessories and related products.
    - **100% | *Buy Now Asia Sdn. Bhd.***
      E-Commerce service provider, provision of online purchase and redemption and other related activities.
    - **100% | *CardBiz eServices Sdn. Bhd.***
      Software customisation and development.
- **100% | MY EG Management Services Sdn. Bhd.**
  Provision of management and consultancy services.
- **40% | MY E.G. Integrated Networks Sdn. Bhd.**
  Provision of software and hardware solutions and related services.
- **40% | I-Pay MYEG Philippines Inc.**
  Development and implementation of Electronic Government Services projects and provision of other related services including payment services in the Republic of the Philippines.

DIRECTORS

DATO' DR NORRAESAH BINTI HAJI MOHAMAD
(Executive Chairman)

WONG THEAN SOON
(Managing Director)

DATO' RAJA HAJI MUNIR SHAH BIN RAJA MUSTAPHA
(Executive Director)

TAN SRI DATO' DR MUHAMMAD RAIS BIN ABDUL KARIM
(Independent Non-Executive Director)

DATUK MOHD JIMMY WONG BIN ABDULLAH
(Independent Non-Executive Director)

NG FOOK AI, VICTOR
(Independent Non-Executive Director)

DATO' SHAMSUL ANUAR BIN HAJI NASARAH
(Independent Non-Executive Director)

COMPANY SECRETARIES
Tai Yit Chan (MAICSA 7009143)
Tan Ai Ning (MAICSA 7015852)

REGISTERED OFFICE
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7720 1188
Fax : 03-7720 1111

CORPORATE HEAD OFFICE
Level 43A, MYEG Tower
No. 8, Jalan Damansara
Empire City, PJU 8
47820 Petaling Jaya, Selangor
Tel : 03-7664 8000
Fax : 03-7664 8008
Email : investors@myeg.com.my
Website : www.myeg.com.my

AUDITORS
Crowe Horwath (AF 1018)
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03-2788 9999
Fax : 03-2788 9998

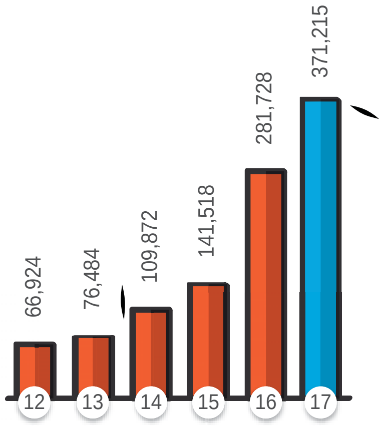
SHARE REGISTRAR
Boardroom Corporate Services (KL) Sdn. Bhd.
(3775-X)
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7720 1188
Fax : 03-7720 1111

PRINCIPAL BANKERS
CIMB Bank Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia
Securities Berhad
Stock Code: 0138

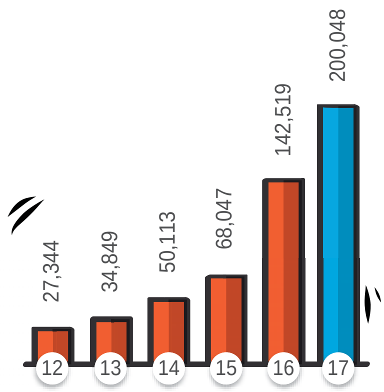
FINANCIAL HIGHLIGHTS

REVENUE
RM'000



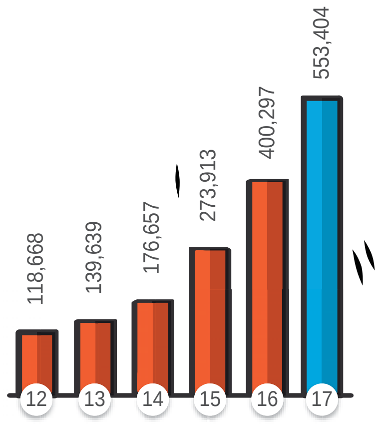
5-year CAGR# 40.9%

NET PROFIT
RM'000



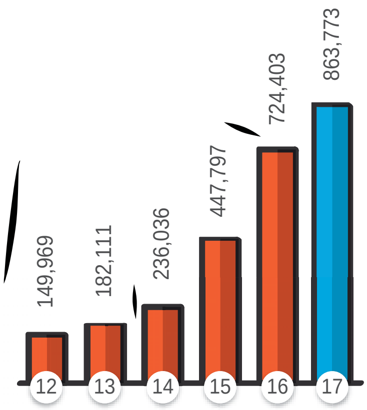
5-year CAGR# 48.9%

SHAREHOLDERS' EQUITY
RM'000



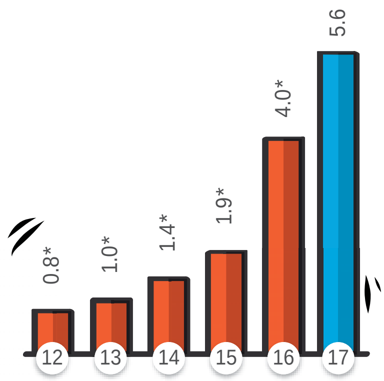
5-year CAGR# 36.1%

TOTAL ASSETS
RM'000

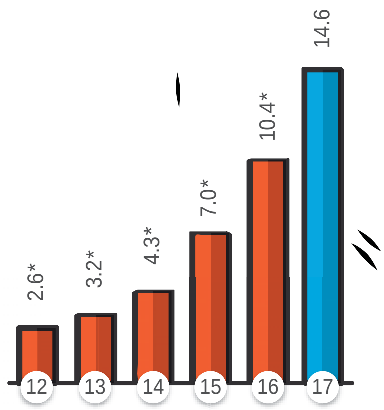


5-year CAGR# 41.9%

NET EARNINGS PER SHARE
SEN



NET TANGIBLE ASSETS PER SHARE
SEN



CAGR: Compounded Annual Growth Rate

* *The comparative figures for Net Tangible Assets Per Share & Net Earnings Per Share have been restated to reflect the adjustment arising from the bonus issue completed during the financial year ended 30 June 2017.*

Summarised Group Income Statements Year Ended 30 June (RM'000)	2012	2013	2014	2015	2016	2017
Revenue	66,924	76,484	109,872	141,518	281,728	371,215
EBITDA [1]	37,168	46,390	64,833	84,554	164,405	226,431
Profit Before Tax	27,610	34,391	50,710	68,213	143,226	201,478
Net Profit	27,344	34,849	50,113	68,047	142,519	200,048
Total Comprehensive Income	27,344	34,849	50,113	74,747	142,519	200,048

Summarised Group Balance Sheets As At 30 June (RM'000)	2012	2013	2014	2015	2016	2017
Total Non-Current Assets	98,157	102,665	101,328	140,118	286,541	414,616
Total Current Assets	51,812	79,446	134,708	307,679	437,862	449,157
TOTAL ASSETS	**149,969**	**182,111**	**236,036**	**447,797**	**724,403**	**863,773**
Financed By:						
Share Capital	60,105	60,105	60,105	120,210	240,420	360,630
Treasury Shares	(2,206)	(7,766)	(10,237)	(6,783)	(2)	-
Reserves	-	-	-	43,709	6,700	192,774
Retained Profits	60,769	87,300	126,789	116,777	153,179	186,074
Shareholders' Equity	118,668	139,639	176,657	273,913	400,297	553,404
Minority Interests	-	3	2	(20)	(161)	(1,463)
Total Equity	118,668	139,642	176,659	273,893	400,136	551,941
Total Non-Current Liabilities	8,272	8,833	8,971	7,514	84,681	116,262
Total Current Liabilities	23,029	33,636	50,406	166,390	239,586	195,570
TOTAL EQUITY AND LIABILITIES	**149,969**	**182,111**	**236,036**	**447,797**	**724,403**	**863,773**

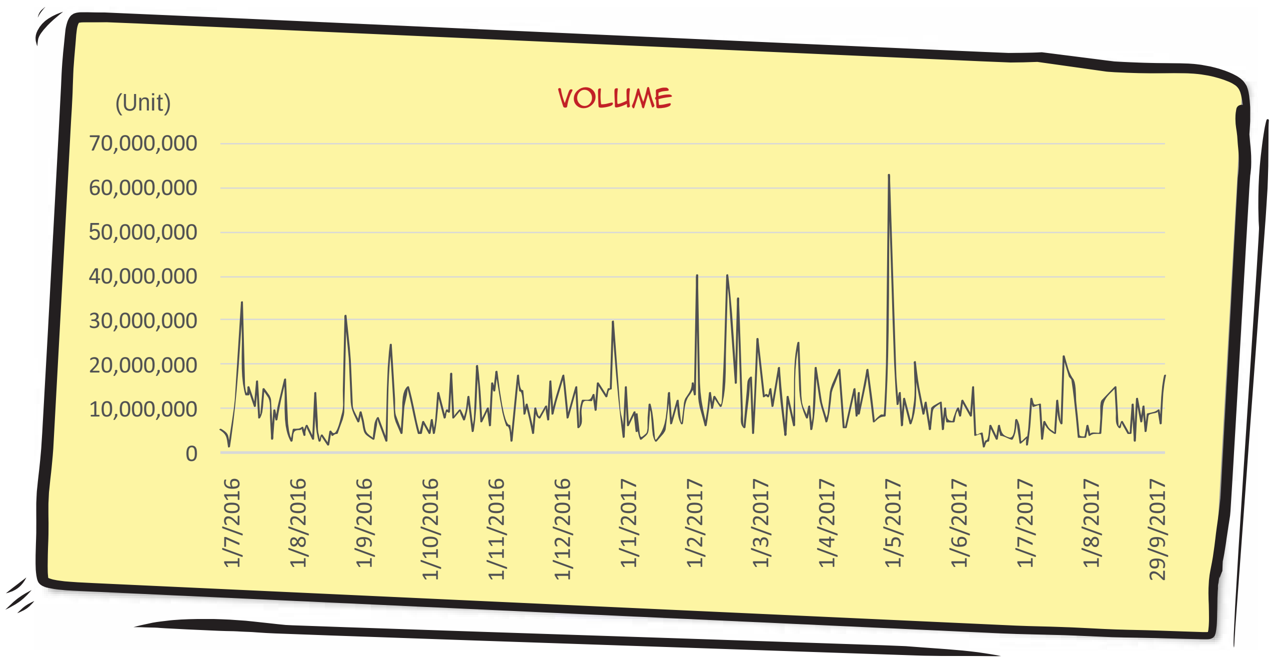
Financial Analysis	2012	2013	2014	2015	2016	2017
Revenue Growth	13.8%	14.3%	43.7%	28.8%	99.1%	31.8%
Profit Before Tax Growth	20.3%	24.6%	47.5%	34.5%	110.0%	40.7%
Net Profit Growth	23.6%	27.4%	43.8%	35.8%	109.4%	40.4%
EBITDA Margin	55.5%	60.7%	59.0%	59.7%	58.4%	61.0%
Pre-tax Profit Margin	41.3%	45.0%	46.2%	48.2%	50.8%	54.3%
Net Profit Margin	40.9%	45.6%	45.6%	48.1%	50.6%	53.9%
Return on Average Equity	25.0%	27.0%	31.7%	30.2%	42.3%	42.0%
Return on Average Total Assets	20.1%	21.0%	24.0%	19.9%	24.3%	25.2%
Net Tangible Assets Per Share (Sen)	2.6*	3.2*	4.3*	7.0*	10.4*	14.6
Net Earnings Per Share (Sen)	0.8*	1.0*	1.4*	1.9*	4.0*	5.6

[1] *EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization*

* *The comparative figures for Net Tangible Assets Per Share & Net Earnings Per Share have been restated to reflect the adjustment arising from the bonus issue completed during the financial year 2017.*

SHARE PRICE PERFORMANCE

FOR THE PERIOD 1 JULY 2016 TO 29 SEPTEMBER 2017



Share Price Performance

Record High	RM2.37 (9 May 2017)
Closing Price as at 29 September 2017	RM2.05

Market Value Ratios as at 29 September 2017

Market Capitalization	RM7,393 mil
Historical PE Multiple	37.0x
Price/Book Ratio	14.0x

CORPORATE OVERVIEW

MY E.G. Services Berhad ("MYEG" or "the Group"), which was established on 17 February 2000, is today one of the leading providers of Electronic Government Services ("eGovernment services") in Malaysia.

MYEG was first listed on MESDAQ (now ACE Market) on 16 January 2007 before successfully transferring to the Main Market of Bursa Malaysia on 7 January 2009. MYEG's primary business activities are the development and implementation of eGovernment services and the provision of services and solutions that are related to the eGovernment Initiative.

eGovernment services that are currently provided by MYEG include:

- Renewal of foreign workers' insurance and work permit
- Foreign workers rehiring programme
- Renewal of motor vehicle insurance and road tax
- Testing, issuance and renewal of drivers' licences
- Vehicle ownership transfer
- Bankruptcy and liquidation status searches
- Application for replacement of Malaysian Identification Card (MYKAD)
- Collection of zakat
- Checking and payment of traffic offence Summons
- Assessment, compound, licence payment and information services for Kuala Lumpur City Hall

The eGovernment services are available through www.myeg.com.my. The Group has also setup 101 e-service centres with 8 regional offices and 897 kiosks throughout the country. MYEG's operations are currently centered within its new headquarters, MYEG Tower, which is located in Empire City, Petaling Jaya, Selangor. As at 30 June 2017, the Group's staff strength totals more than 2,700 individuals.

In addition to being the concessionaire for various eGovernment applications, MYEG has successfully expanded its expertise and experience into commercial based solutions and services (concession and non-concession). These include auto insurance, auto financing, e-fulfilment services, online and offline vehicle trading, advanced credit and debit payment solutions, road safety diagnostic services, sale of telecommunications services and provision of hostel accommodations and insurance for foreign workers, amongst others. MYEG's commercial based solutions and services (concession and non-concession) encompasses approximately 79% of the Group's revenue.

ANALYSIS OF FINANCIAL RESULTS

For the financial year ended 30 June 2017 ("FYE 2017"), MYEG registered a notable 31.8% increase in revenue to RM371.22 million from RM281.73 million last year. This contributed to a significant 40.4% jump in profit after tax ("PAT") to RM200.05 million from RM142.52 million a year ago.

The Group's commendable increase in both revenue and PAT year-on-year was the result of higher contribution from across its core business streams. The year under review saw increased transaction volume for foreign workers permit renewal, foreign workers rehiring programme and foreign workers insurance scheme. Concurrently, the Group also registered increased revenue contribution from the Jabatan Pengangkutan Jalan ("JPJ") related services that include renewal of driver's license, renewal of auto insurance and road tax, and vehicle ownership transfer. MYEG also saw an uptick in revenue contribution from its motor vehicle trading related services, which is spearheaded by www.mymotor.my, a dedicated automotive portal to penetrate motor vehicle trading industry.

In FYE 2017, MYEG's operating expenses were slightly higher at RM147.80 million as compared with RM119.78 million in financial year ended 30 June 2016 ("FYE 2016"). The increase in operating expenses were incurred to support the growth of MYEG's transaction volume. The Group's depreciation and amortisation was also higher at RM19.71 million compared with RM17.71 million a year ago as a result of the Group's acquisition of its new headquarters, MYEG Tower. On the same note, interest cost was also higher at RM5.24 million compared with RM3.47 million last year, reflecting the higher interest cost arising from the term loan obtained to finance the acquisition of MYEG Tower.

As at 30 June 2017, MYEG's cash and bank balances (including fixed deposits with licenced banks) stood at RM137.57 million compared with RM209.72 million a year ago. The decrease in cash and bank balances is mainly due to the purchase of additional office space in MYEG Tower, capital expenditure, repayment of loan facilities as well as dividend payment to an enlarged share capital base.

The Group's capital expenditure for FYE 2017 amounted to RM134.58 million in total. Out of this, RM64.29 million or 48% was spent on the acquisition of the new headquarters; RM41.75 million on purchasing IT hardware including devices for the Electronic Information System ("EIS"), computers and office communications equipment; and RM28.02 million was spent on office furniture and renovations.

Underlining the Group's positive growth trajectory, MYEG's total number of employees rose to approximately 2,700 individuals for FYE 2017 from 2,500 individuals a year ago. The Group also increased its reach by expanding its e-service centres to 101 (FYE 2016: 92).

The financial highlights of the Group are shown on pages 4 to 5.

Asset quality & financial position

MYEG's total assets grew to RM863.77 million as at 30 June 2017. This marked a 19.2% increase compared with RM724.40 million recorded in the corresponding period last year. The growth in total assets was due to, among others, a reflection of the overall strong growth in transaction volume contributing to higher PAT and the acquisition of new offices.

MYEG is in a net cash position with the Group's debt-to-equity ratio at 0.27 for FYE 2017 compared with 0.23 in FYE 2016.

MYEG's net assets per share as at 30 June 2017 rose to 15.31 sen from 11.10 sen, after adjustment of the Bonus Issue exercise that was completed during the year under review. Earnings per share was registered at 5.6 sen in FYE2017 compared with 4.0 sen in FYE 2016.

Dividend

The Group has had a dividend payout of 30% of its net profits since its Initial Public Offering ("IPO"). Factors that are taken into consideration before declaring a dividend include future capital commitment, distributable reserves and cash balances.

On 9 December 2016, the Directors declared a final tax-exempt dividend of 1.3 sen per ordinary share (FYE 2015 – 1.4 sen was based on the share capital of 1,202,102,000 ordinary shares) amounting to RM31,254,652 for FYE 2016. This was paid on 25 January 2017. The final dividend paid was based on the previous share capital of 2,404,204,000 ordinary shares.

On 27 February 2017, the Directors declared a first interim single tier dividend of 0.5 sen per ordinary share (FYE 2016 – 0.5 sen) amounting to RM18,031,530 (FYE 2016 – RM12,021,015) for the current financial year ended 30 June 2017 and it was paid on 24 May 2017 to shareholders registered at the close of business on 26 April 2017. The first interim dividend paid was based on an enlarged share capital of 3,606,305,993 ordinary shares arising from the completion of the bonus issue in January 2017.

On 29 August 2017, the Directors proposed the declaration of a final single tier dividend of 1.2 sen per ordinary share (FYE 2016 – 1.3 sen based on the share capital of 2,404,204,000 ordinary shares) for the shareholders' approval at the forthcoming Annual General Meeting to be held on 7 December 2017. The proposed final dividend is based on an enlarged share capital of 3,606,305,993 ordinary shares arising from the completion of the bonus issue in January 2017.

REVIEW OF OPERATIONS

Concession Based Services

On 5 January 2017, MYEG received a Letter of Acceptance from the Ministry of Home Affairs in relation to the provision of online renewal of temporary employment pass for foreign workers or "*Pas Lawatan Kerja Sementara*" ("PLKS") for the Immigration Department of Malaysia. Subsequently, a concession agreement was formalised between the Ministry of Home Affairs and MYEG on 1 March 2017. The tenure of the concession is five years, from 23 May 2015 till 22 May 2020. MYEG is confident that this project will contribute positively to the earnings of the Group from FYE 2018 onwards.

On 23 January 2017, MYEG received a notification letter from the Ministry of Home Affairs to extend MYEG's role in the management of illegal foreign workers for the existing rehiring programme. MYEG will continue to undertake the initiative until 31 December 2017. This extension is expected to contribute positively to the earnings until FYE 2018.

The year under review saw the Group's online portal continuing to gain popularity as the preferred channel amongst Malaysians to transact with the government. Accordingly, higher transaction volumes were recorded by the Group, especially within the Immigration and JPJ-related service segments.

Commercial Based Services (Concession and Non-Concession)

MY E.G. Credit Sdn Bhd, a wholly-owned subsidiary of the Group, started operations by offering hire purchase solutions for motor vehicles in FYE 2016 and has expanded its reach to include a vehicle leasing scheme, namely '*MyMotor SmartLease by MYEG*' in FYE 2017. The scheme provides an alternative for Malaysians to eventually own a motor vehicle which is a necessity in modern times.

MY EG Lodging Sdn Bhd, which was incorporated on 20 July 2016, oversees MYEG's foreign workers accommodation programme, namely '*MyHom*'. The programme, which kicked off with 3 hostels in Melaka in FYE 2017, is to improve the welfare of foreign workers, targeted towards the labour force across industrial areas nationwide. On 21 June 2017, MYEG announced the leasing of an 8.89 acre of land in Johor from the state's investment arm, Johor Corporation. The 30-year lease, at a cost of RM10.76 million, will come with an option for an additional 30-year extension. The land will be utilised for the construction of new hostels under the *MyHom* programme.

MY E.G. Capital Sdn Bhd ("MYEG Capital"), a wholly owned subsidiary of the Company had on 20 July 2016, incorporated a subsidiary known as Hurr TV Sdn. Bhd. ("Hurr TV"). The intended principal activities are to build, own and operate an online television channel. The online television channel started broadcasting in FYE 2017 and acts as a contemporary lifestyle digital hub. Hurr TV addresses the need for a portal that provides hip, urban, relevant and 'real' content.

On 19 May 2017, MYEG Capital acquired a 67% stake in Essential Reviews Sdn Bhd, which owns the popular food review website "Eat Drink KL". The investment in Essential Reviews Sdn Bhd will allow MYEG to expand its online presence and complement the Group's other existing commercial services.

In further enhancing MYEG's presence in the commercial solutions segment, MYEG and Hong Leong Assurance, have teamed up to offer life insurance products via MYEG's website in order to capitalise on the latter's high-traffic digital platform. This will be one of many smart partnerships between MYEG and leading brands aimed at effectively tapping the vast opportunities the digital economy presents.

Overseas Expansion

On 15 March 2017, MYEG entered into a joint venture agreement with I-Pay Commerce Ventures Inc. to establish a joint venture ("JV") company that will develop and implement eGovernment services in the Philippines. The JV company will also provide other eGovernment related services such as electronic payment services in the Philippines. The JV company, I-Pay MYEG Philippines Inc., was successfully incorporated on 11 August 2017. This significant milestone, which marks the Group's inaugural overseas expansion, will be integral towards enhancing the Group's size, presence and reach outside of the country.

KNOWN TRENDS AND EVENT

MYEG is cognisant of the potential impact of the expiry of service concessions and as such places utmost priority on ensuring that the Group maintains its competitive advantage in securing long term renewals of relevant concessions.

MANAGING RISKS

MYEG's concession based services remains an important income generator for the Group. In this regard, unexpected public policy changes or sudden shifts in direction within public sector agencies in relation to the digital economy may pose a strategic, financial and compliance risk to MYEG. The Group manages these risks by paying very close attention to any foreseeable policy changes that can impact the Group's business. The Group also emphasises on maintaining consistent engagement with public sector agencies in order to keep abreast of new developments.

As a Group that embraces digital technology, MYEG is at risk from digital threats including virus and malware attacks and unauthorised access to data for mischievous or illegal purposes, amongst others. To manage and mitigate such risks, the Group is consistently monitoring, updating and improving its talent and systems against these threats. Additionally, the Group also invests in state-of-the-art cyber-security while putting in place robust monitoring and review mechanisms to protect its data and information.

The Group's expansion into the business of providing hire purchase solutions for vehicles through its MyMotor online platform entails financial risk in the form of possible defaults and non-performing loans. These risks are being managed and mitigated through the establishment of a sound vetting process to ensure applicants are able to meet their commitments and a robust collection mechanism.

As with any business, there is always competition. In mitigating this, the Group protects its system, products, and intellectual properties with the appropriate patents.

MOVING FORWARD

Malaysia is on the cusp of possessing a viable and vibrant digital economy that can contribute towards achieving high-income-nation status. The Government's commitment and resolve towards enhancing its digital economy cannot be more evident than in its dedicating of 2017 as the Year of the Internet Economy.

In addition to investing to enhance access to high speed internet, the Government has also put forth strategic initiatives that can spur the expansion of the country's digital economy. As a result, the digitalisation of the Malaysian economy has become more and more apparent in the way we conduct business, how we interact with each other and how we live our lives.

Recent studies show that Malaysian consumers are digitally savvy and are spending more time online. This indicates a rapid shift from a digital-smart to a digital-savvy society, a trend that augurs well for MYEG given the Group's extensive expertise and experience in developing and providing Internet-based solutions for end-users.

MYEG is not only playing an important role in advancing Malaysia's digital economy vis-a-vis transitioning public services into online-based platforms or creating commercial digital platforms that are secure, efficient and convenient; the Group is also making a valuable contribution in developing talent with the right mindset and skills to power this next-generation economy forward.

Moving forward, MYEG aims to play a vital role in nation building by digitalising more public services to enhance public service delivery. In this regard, MYEG is, firstly, committed to strengthening its position in existing key services, particularly in the foreign worker and motor vehicle-related services. Leveraging on its proven track record and know-how attained in the last 17 years since commencing operations, the Group also intends to continue working closely with the Government to implement new services and projects that can enhance public sector service delivery, create added value for the Malaysian Government and economy as a whole and enrich the lives of all Malaysians.

At the same time, MYEG will also continue to invest in the expansion of commercial-oriented services in a significant way. In line with this, provision of insurance related products, motor trading and financing as well as provision of hostel accommodation to foreign workers are among the commercial services that are expected to contribute to the growth of MYEG in the financial year ending 30 June 2018 and beyond. Barring any unforeseen circumstances, the Directors of MYEG are cautiously optimistic that the results for the current financial year ending 30 June 2018 will continue to be satisfactory.

For the longer-term, the outlook for MYEG remains positive. With the development of new products and services targeted at the Malaysian market, alongside the Group's expansion into overseas markets, these catalysts are expected to drive continued robust and sustainable growth for all stakeholders.

EMBRACING SUSTAINABILITY IN MYEG

MY E.G. Services Berhad ("MYEG" or "the Group") firmly believes that adopting the principles of sustainability throughout our value chain will provide an impetus towards enhancing the value of our Group in a dynamic way.

Moreover, MYEG continues to play a vital part in nation building, especially in enhancing public service delivery and catalysing Malaysia's digital economy agenda. As such, it is important that MYEG consistently operates in a transparent and sustainable manner in line with our role in society.

During the year, MYEG continues to review and implement initiatives that are in accordance to the tenets of sustainability within our organisation. The Group has also been mindful of the way it engages with external parties and contribute positively to the lives of people in communities where it operates in. Komuniti MYEG has setup as an avenue to give back to society.

At MYEG, a *Sustainability Governance Structure* is in place to manage sustainability throughout the organisation, specifically in relation to the three sustainability pillars of economic, environmental and social ("EES"). At the top of this Structure is MYEG's Board of Directors, who are responsible for reviewing and approving the Group's sustainability strategy and initiatives. In implementation and execution, the Structure empowers the Managing Director to cascade responsibilities to the relevant Heads of Department.

IDENTIFYING MATERIAL SUSTAINABILITY MATTERS

MYEG's continued growth is based on several internal and external factors. Each material factor or material sustainability matter is highly integral to the Group's continued performance and comes with its own set of risks, variables and opportunities. By identifying and understanding these material factors, MYEG is then able to put in place effective sustainability strategies that will ultimately drive our organisation further forward.

In order to be able to pinpoint the material matters that are relevant and important to MYEG, the Group relies on information and feedback from internal and external parties through a materiality mapping process. This information gathering and assessment process is conducted via structured stakeholder engagement exercises, where relevant areas covering EES were discussed with each stakeholder segment, as illustrated below. Key sustainability matters were then identified and validated through our *Sustainability Governance Structure*.

Key Stakeholder Group	Engagement Objectives	Engagement Methods
Customers	• Maintain and sustain a high level of customer satisfaction	• Survey Programmes • Online feedback through www.myeg.com.my • *Live Chat*
Local communities	• Support local communities in economic and social development	• Employee volunteerism sessions and community engagement programmes
Employees	• Create a better workplace with workplace best practices and career advancement	• Feedback through relevant training courses & employee engagement sessions

MYEG has validated five Sustainability Matters, namely **Cyber Security, Customer Satisfaction, Community Investment, Employees** and **Intellectual Property**. These five areas will continue to be reviewed periodically to ascertain material relevancy vis-a-vis the organisation.

IDENTIFYING MATERIAL SUSTAINABILITY MATTERS *cont'd*

1. Cyber Security

As MYEG's core business relies heavily on online platforms, the Group has undertaken various measures in the area of cyber security in order to protect our data and systems from ever-evolving security threats.

MYEG implements Information Technology ("IT") policies based on best practices set by the National Institute of Standards and Technology ("NIST") and the International Standardisation Organisation ("ISO").

Our *IT Security Policy* allows us to focus on our efforts to manage cyber-security issues by formalising processes, training employees and implementing secure systems. The Policy also includes enforceable regulations related to the use of corporate systems, confidential data, email, mobile devices and passwords.

We also see through the execution processes to enable us to analyse security risks and manage compliance to IT security controls and at the same time, provide sufficient IT security training to all employees to ensure compliance to security controls and to be kept up-to-date on the latest cyber-security threats.

In addition, MYEG also deploys IT security technologies including firewalls, antivirus and antimalware systems, access management systems and vulnerability management systems throughout our IT infrastructure.

Safeguarding our IT Systems

MYEG maintains high standard of IT Control and Compliance with state-of-the-art technology to ensure that there are no breaches or intrusions to its data and systems.

IDENTIFYING MATERIAL SUSTAINABILITY MATTERS *cont'd*

2. Customer Satisfaction

MYEG recognises customer satisfaction as a significant element that drives growth and has invested its resources to enhance service quality in order to grow the number of recurring customers while attracting new ones.

In order to sustain high levels of customer satisfaction, we have to start by understanding our customers thoroughly. As such, FYE 2017 saw MYEG carrying out a number of customer research initiatives that include general customer satisfaction surveys, face-to-face interviews and emotion cards for targeted services such as foreign workers permit renewal. We have also increased our focus on web analytics to gain insights into unsupervised customer behaviors. By using this data-driven approach, MYEG was able to effectively focus our resources towards key areas that require improvement.

One of these focus area is the need to ensure that MYEG has adequate front-liners in order to increase our ability to attend to the ever-growing number of calls. We have set a benchmark of catering to at least 90% of all call-ins. The number of customer-facing teams was increased from 71 personnel in June 2016 to 82 personnel in June 2017. The percentage of complaints resolved in FYE 2017 was recorded at 96%. These improvements were also attributed to the setting up of customer service teams who are dedicated to specific service areas.

MYEG also introduced a non-call channel called *Live Chat* in October 2016. This platform is tailored to help customers who require quick resolution of simple issues. *Live Chat* allows customers to reach us and be provided with real-time assistance, via a messaging platform.

In response to the findings from our customer research, MYEG has embarked on a campaign to train its employees on techniques to improve customers' experience. This campaign also includes segregating the escalation channels (internal) to be able to improve number of complaints resolved within the stipulated timeframe.

All in all, our efforts to improve customer satisfaction based on clearly defined research and targeted improvements have yielded results. A recent follow-up customer service survey conducted by MYEG had found that more than 90% of our customers intend to use our services again in the future.

3. Community Investment

As a socially responsible organisation, MYEG continues to contribute positively to enrich the lives of people within the communities where we operate in.

MYEG's Board of Directors are highly focused on achieving the right balance between the needs of the wider community and the requirements of shareholders, stakeholders and business growth.

Throughout FYE 2017, *Komuniti MYEG* has carried out a total of 12 corporate social responsibility programmes.

No.	Description of social responsibility initiatives spearheaded by MYEG	Date
1.	Komuniti MYEG sponsored uniforms consisting of white long sleeved shirts, red polo tees and caps for the 32 MRSM Kuala Kubu Buru athletes competing in the event.	30-July - 2-August-2016
2.	Komuniti MYEG contributed towards the monthly rental and utilities bill of *Top Achievers Academy*, a school for refugee children in Malaysia from August 2016 to June 2017.	August 2016 - June 2017
3.	MYEG sponsored 50 staffs to participate in the *Anak-Anak Malaysia Walk* organised by The Star during the Merdeka month.	14-August-2016

IDENTIFYING MATERIAL SUSTAINABILITY MATTERS *cont'd*

3. Community Investment *cont'd*

No.	Description of social responsibility initiatives spearheaded by MYEG	Date
4.	MYEG together with JPJ distributed Malaysia flag to *Skuad Motosikal MYEG* and drivers passing-by Plaza Tol Jalan Duta to celebrate Merdeka Day.	30-August-2016
5.	Komuniti MYEG brought the teachers and refugee children of Achievers Academy for lunch and an outing to Trick Art Museum and SnoWalk at I-City, Shah Alam.	28-October-2016
6.	Komuniti MYEG sponsored 61 kids of Batu Grace Children Home in Kulim, Kedah, with school supplies for 2017 schooling year.	11-December-2016
7.	Komuniti MYEG brought Chinese New Year joy to Sanctuary Retiring Home. The elderly occupants witnessed lion dance performance, joined in the 'lou sang', received oranges, ang pows and food supplies.	24-January-2017
8.	40 kids at Ward KK3 Pediatric Institute, Hospital Kuala Lumpur, comprising children age from two-months to 17 years old, received toys and toiletries from Komuniti MYEG in conjunction with World Cancer Day Celebration.	18-February-2017
9.	Komuniti MYEG sponsored the supply of school material including calculators, geometry sets, paper, notebooks and more to help 97 refugee children in their education.	31-May-2017
10.	Komuniti MYEG donated grocery items such as cooking oil, rice, spices, flour, soap and more, and provided lunch to celebrate the birthday of one of the children in Pertubuhan Rumah Kebajikan Chrestus.	7-June-2017
11.	MYEG sponsored and distributed 500 food packs over 10 days for the residents of PPR Lembah Subang for breaking of fast during the fasting month.	14-June-2017
12.	MYEG organised the breaking of fast with the students of Sekolah Tahfiz dan Asrama Anak Yatim, Angkatan Tentera Malaysia, STAY-ATM. The students also received duit raya and sport equipment for their co-curriculum activities.	20-June-2017

4. Employees

When it comes to our employees, MYEG is focused on 'talent continuity', which is the ability to retain quality and dynamic talent for a longer period of time. This is important as it will facilitate the Group's growth while minimising operational disruptions due to talent turnovers.

In its efforts to keep its best talents, MYEG has put in place a conducive working environment aimed at improving operational effectiveness and efficiency.

MYEG also believes in developing and cultivating the right talent in order to meet the demands of an ever-evolving digital landscape. On this score, the company has and continues to invest in developing the skills-set and mindset of our employees at all levels.

IDENTIFYING MATERIAL SUSTAINABILITY MATTERS *cont'd*

4. Employees *cont'd*

MYEG has put in place a performance based rewards recognition programme called *The Abdullah Ahmad Awards*, which offers a reward on an annual basis in recognition of an individual's excellence in performance. The inaugural 2014 winner of *The Abdullah Ahmad Awards* was Cik Norazlina binti Addruss from our Foreign Worker Permit Renewal Services Department while the 2015 winner was Cik Fatimah Kanammah binti Abdullah from our Printing Department. The winners for 2016 were shared between Ms Serahvronica A/P Savarimuthu from Foreign Worker Permit Renewal Services Department and Ms Cheah Pui Yee from our Perak Regional Office.

MYEG also has an observed policy on diversity whereby the company aims to have an equal percentage of employees in accordance to gender. Under this policy, there is also the human rights agenda, which discloses the number of discrimination incidents reported in a given year and reports how incidents were managed.

On Occupational Safety and Health, the percentage of workers undergoing safety and health training in FYE 2017 is 70%. In addition, a total of 50 individuals from the Group's Safety and Health committee have been tasked to attend training on a regular basis.

For FYE 2017, the average hours of training per annum per employee is 16 hours (classroom training) excluding briefing and talks.

Employee morale is also important to an innovation-oriented organisation like MYEG. In order to nurture high employee morale and greater camaraderie within our MYEG family, the Group continues to invest in organising various sports and recreational activities for all our employees throughout the year.

5. Intellectual Property

There are no barriers of entry in MYEG's concession and non-concession based services. This means MYEG is competing on a level playing field with other companies. As such, the protection of our intellectual assets to prevent duplication of products and services by our competitors is a priority to MYEG.

In order to effectively manage the Intellectual Property rights of the Group, stringent policies have been put in place. These policies relate to the need to file for patent on any significant invention developed by the Group as well as underlining the organisation's procedures for applying for patent.

As at 30 June 2017, MYEG has applied for 12 patents where 2 patents have been successfully granted during the year under review.

MOVING FORWARD

MYEG intends to pay very close attention to the material sustainability matters highlighted above. Change is constant in the information, communications and technology industry and as such, the Group must continue to adapt its strategic sustainability priorities and initiatives accordingly.

Led by MYEG's Board of Directors, the Group will continue to review and develop new policies and procedures and implement various initiatives in a timely manner so as to facilitate MYEG's aim to become a recognised and respected sustainable organisation.

HIGHLIGHTS OF SIGNIFICANT EVENTS

SPONSORSHIP OF EVENTS

THE STAR'S ANAK-ANAK MALAYSIA WALK 2016

Anak-Anak Malaysia Walk was organised to celebrate Malaysia's diversity and promote unity and understanding among its people.

On 14th August 2016, MYEG sponsored 50 staffs to participate in the Anak-Anak Malaysia Walk to support this cause.

YOUTH EXPO 2017

This event was organised to encourage the youth to improve their lifestyle. Apart from job opportunities, it also provided a platform for the workforce to be equipped and be competitive on a global stage.

MYEG is the proud Silver sponsor for Youth Expo 2017.

AID AND DONATIONS

OUTING TO I-CITY WITH REFUGEE CHILDREN

Achievers Academy was established to solely focus on providing quality education to children residing in refugee camps in Malaysia.

MYEG, in October 2016, organised a trip for the young refugee children of the Achievers Academy to i-City Shah Alam where the children were treated to attractions such as visits to the Trick Art Museum and the freezing cold SnoWalk.

The outing was an avenue for the children to experience a different learning environment outside of a classroom.

MYEG BACK TO SCHOOL PROGRAMME

Batu Grace Children Home was established in December 2008 to look after the needs of orphan children, including their immediate shelter, food, education, therapy, medication and general well-being.

MYEG sponsored school supplies for 61 kids from Batu Grace Children Home in Kulim in December 2016.

CHINESE NEW YEAR VISITATION TO SANCTUARY RETIRING HOME

The Sanctuary Retiring Home is a home for senior citizens located in Kuala Lumpur, Malaysia that aims to care and grace the aged with loving kindness, dignity, honesty and respect.

During Chinese New Year 2017, MYEG brought some joyous Chinese New Year celebration to the Sanctuary Retiring Home. The elderly occupants witnessed a lion dance performance, joined in the "lou sang", and received oranges, ang pow and food supplies.

KOMUNITI MYEG SUPPORTS WORLD CANCER DAY

A truly global event taking place every year on 4 February, World Cancer Day unites the world's population in the fight against cancer. It aims to save millions of preventable deaths each year by raising awareness and education about the disease, pressing governments and individuals across the world to take action.

In conjunction with the World Cancer Day 2017, MYEG visited 40 kids at KK3 Paediatric Institute, Hospital Kuala Lumpur where they were given toys and toiletries.

SPONSORSHIP OF ITEMS TO PERTUBUHAN RUMAH CHRESTUS

Pertubuhan Rumah Chrestus is a home for children from underprivileged, broken families and poor family backgrounds.

MYEG brought some joy to the children of Rumah Chrestus in Cheras by sponsoring some daily necessities, lunch and goodie bags. MYEG also celebrated the birthday of a resident boy who turned 12 in June 2017 with a special birthday cake.

SPONSORSHIP OF FOOD PACKS FOR THE UNDERPRIVILEGED COMMUNITY AT PROJECT PERUMAHAN RAKYAT MISKIN TEGAR ("PPRT") LEMBAH SUBANG

During the fasting month in 2017, MYEG sponsored ten days' worth of food packs which were distributed to approximately 500 families at PPRT Lembah Subang consisting of senior citizens, the disabled, single mothers and poor families.

Komuniti MYEG volunteered their time to cook, pack and distribute the food packs to the families.

PROGRAM IHYA RAMADAN WITH STUDENTS FROM SEKOLAH TAHFIZ DAN ASRAMA ANAK YATIM, ANGKATAN TENTERA MALAYSIA, STAY-ATM

During the fasting month in 2017, MYEG also organised the breaking of fast with the students of Sekolah Tahfiz dan Asrama Anak Yatim, Angkatan Tentera Malaysia, STAY-ATM. The students received duit raya and sports equipment for their co-curriculum activities.

MYEG BLOOD DONATION CAMPAIGN 2017

In support of the National Blood Centre Malaysia's Blood Donation Campaign - #jomdermadarah, MYEG organised a blood donation drive for all staffs who wished to donate blood and play a part in helping the National Blood Centre in increasing the blood supply for patients in Malaysia.

AWARDS AND RECOGNITIONS

FORBES ASIA'S 200 BEST UNDER A BILLION 2017

The "Best Under a Billion" list honours 200 leading public companies in the Asia Pacific region with annual revenue between US$5mil and US$1bil, have positive net income and have been publicly traded for at least a year. Forbes said from a universe of 17,000 companies, the candidates were screened on sales growth and earnings growth in the past 12 months and over three years, and for the strongest five-year return on equity.

In July 2017, MYEG was once again recognised by Forbes as one of Asia's 200 "Best Under a Billion" companies. MYEG is one of the five Malaysian companies that made it into the list.

THE EDGE BILLION RINGGIT CLUB AWARDS 2017

In August 2017, MYEG was recognised at The Edge Billion Ringgit Club Corporate Awards 2017 in the category of "Highest Returns to Shareholders Over Three Years" under the Trading/Services, Hotels, IPC & Technology sector.

DATO' DR NORRAESAH BINTI HAJI MOHAMAD, a Malaysian female aged 69, was appointed to the Board on 18 August 2006. She is a graduate with a Bachelor of Arts (Hons) Economics from University of Malaya, a Masters in International Economics Relations from International Institute of Public Administration, France and Masters in International Economics and Finance from University of Paris I, Pantheon-Sorbonne, France. She further obtained a PhD (Economics Science) International Economics and International Finance from University of Paris I, Pantheon-Sorbonne, France. She has over fourty three (43) years of working experience in the field of banking, consultancy, telecommunication, international trade and commerce.

She served the Government of Malaysia from 1972 to 1988 for a total of 16 years before leaving the public sector to join the private sector.

In the private sector, she assumed diverse roles between 1989 – 2003. She was a Managing Director with a consulting firm, appointed as the Chief Representative of Credit Lyonnais Bank in Malaysia and later was appointed as the Chairman of Bank Kerjasama Rakyat Malaysia.

She was appointed as a Senator from October 2005 to February 2008. She is a recipient of several state awards and was conferred the Chevalier de La Legion d'Honneur from the French Government in 2004.

She is currently the Chairman of the World Islamic Businesswomen Network of the World Islamic Economic Forum ("WIEF") and sits on its Board of Trustees and is a member of the International Advisory Panel. In addition, she sits on the Board of Directors of Adventa Berhad, Malaysian Genomics Resource Centre Berhad, Excel Force MSC Berhad and Pecca Group Berhad all of which are public companies. She also sits on the Board of Directors of several private limited companies.

She does not have any family relationship with any Director and/or major shareholder of the Company or any conflict of interest with the Company nor does she have any convictions for offences within the past 5 years, except for traffic offences, if any.

She has attended all six (6) Board meetings held in the financial year ended 30 June 2017. She holds 26,460,000 ordinary shares directly in the Company as at 29 September 2017.

DATO' DR NORRAESAH BINTI HAJI MOHAMAD
Executive Chairman

WONG THEAN SOON

Managing Director

WONG THEAN SOON, a Malaysian male aged 46, was appointed to the Board on 6 March 2000. He is a member of the Remuneration Committee.

He is a graduate from the National University of Singapore with a Bachelor Degree in Electrical Engineering and has accumulated more than 20 years of experience in the ICT industry with his involvement in designing, implementing and maintenance of communication applications on the Internet in various technology companies, both local and abroad. He commenced his career in the ICT industry in 1995 with Cybersource Pte Ltd, Singapore as co-founder and Executive Director of the company. During his tenure there, he oversaw the development of PictureMail, an integrated graphical e-mail package, which was licenced to Sony, among others. He was also in charge of developing and marketing an additional product, the Global Messaging System, which was licenced to paging operators in the Asian region including EasyCall International of Australia and Lenso Paging of Thailand.

He subsequently founded Tecnochannel Technologies Sdn Bhd in 1997 and formed marketing and manufacturing partnerships with a range of MNCs to develop and market Internet devices, where such devices were successfully marketed in China. He successfully listed Tecnochannel Technologies Sdn Bhd on the American Exchange via the holding company known as MyWeb Inc.com in 1999.

He resigned from the Chief Executive Officer position at Tecnochannel Technologies Sdn Bhd in 2000 and co-founded MYEG in the same year. He was one of the pioneering members of MYEG Group and has been instrumental in establishing and managing the operations of MYEG Group. He is responsible for formulating and implementing business policies and corporate strategies of MYEG Group as well as prominently spearheading the progress and development of MYEG Group. He also sits on the board of several private limited companies. He does not hold any directorships in any other public or public listed company.

He does not have any family relationship with any Director and/or major shareholder of the Company or any conflict of interest with the Company nor does he have any convictions for offences within the past 5 years, except for traffic offences, if any.

He has attended all six (6) Board meetings held in the financial year ended 30 June 2017. He holds 260,656,036 ordinary shares directly in the Company and 1,153,459,538 ordinary shares indirectly in the Company as at 29 September 2017.

TAN SRI DATO' DR MUHAMMAD RAIS BIN ABDUL KARIM

Independent Non-Executive Director

TAN SRI DATO' DR MUHAMMAD RAIS BIN ABDUL KARIM, a Malaysian male aged 71, was appointed to the Board on 31 December 2008. He is the Chairman of the Audit & Risk Management and Remuneration Committees and a member of the Nomination Committee.

He had served in the Government of Malaysia for 38 years from 1969 to 2007. During his career with the public service of the Government of Malaysia, he held various distinguished positions, among them are Vice Chancellor, Universiti Pendidikan Sultan Idris, Tanjung Malim, Perak (11 February 2004 – 31 August 2007), Director General, Malaysian Administrative Modernisation and Management Planning Unit ("MAMPU"), Prime Minister's Department, Kuala Lumpur (16 July 1996 – 13 March 2003), Deputy Director General, Public Service Department, Kuala Lumpur, Malaysia (16 May 1994 – 15 July 1996) and Director, National Institute of Public Administration ("INTAN"), Bukit Kiara, Kuala Lumpur, Malaysia (16 June 1991 – 15 May 1994).

He was also appointed by His Majesty The Yang di-Pertuan Agong to the Royal Commission to enhance the Operations and Management of the Royal Malaysian Police Force ("PDRM") between 11 February 2004 to 10 May 2005.

Currently, he is the Non-Executive Chairman of Goodyear Malaysia Berhad, a Director of Malaysian Director's Academy ("MINDA"), and also an Independent Non-Executive Director in both Felda Plantation Sdn Bhd and Felda Global Ventures Downstream Sdn Bhd. He is also the Honorary Treasurer of Muslim Welfare Organisation Malaysia ("PERKIM") and the Chairman of PERKIM's National Cooperative Society ("KOPERKIM").

He does not have any family relationship with any Director and/or major shareholder of the Company or any conflict of interest with the Company nor does he have any convictions for offences within the past 5 years, except for traffic offences, if any.

He has attended all six (6) Board meetings held in the financial year ended 30 June 2017. He holds 12,018,000 ordinary shares directly in the Company and 5,600,000 ordinary shares indirectly in the Company as at 29 September 2017.

DATO' RAJA HAJI MUNIR SHAH BIN RAJA MUSTAPHA, a Malaysian male aged 54, was appointed to the Board on 20 May 2004.

He started his career as an Operations Executive between 1985 and 1987 in Wagon Engineering Sdn Bhd where he was involved in the daily administrations of the company. He resigned in 1987 to join Bumi Kekal Bekal Sdn Bhd as the Branch Manager and subsequently left in 1988. In the course of his career there, he further obtained a Diploma in Business Studies from Peterborough Regional College, United Kingdom and later served as a Director in SP Maju Sdn Bhd between 1992 till 1998. During his tenure in SP Maju Sdn Bhd, he oversaw the business operations, finance and day-to-day management functions of the company.

In 1997, he was elected to head the Tanjong UMNO Youth Division and was subsequently appointed as the State UMNO Youth Information Chief until his tenure ended in 2004. He was appointed as a City Councilor in 1997, 1998, 2003 and 2004. During his tenure as a Councilor in Penang Island Municipal Council ("MPPP"), he served as Chairman and Committee Member in various standing committees overseeing legislatives and policy matters within the jurisdiction of MPPP which covers the island of Penang.

In 2008, he was elected as Deputy Head of the UMNO Tanjung Division, a position he held until early 2014.

He is currently a Director of Longstore Logistics (M) Sdn Bhd and sits on the board of several private limited companies. He does not hold any directorships in any other public or public listed company.

He does not have any family relationship with any Director and/or major shareholder of the Company or any conflict of interest with the Company nor does he have any convictions for offences within the past 5 years, except for traffic offences, if any.

He has attended six (6) Board meetings held in the financial year ended 30 June 2017. He holds 2,159,400 ordinary shares directly in the Company and 1,093,459,538 ordinary shares indirectly in the Company as at 29 September 2017.

DATO' RAJA HAJI MUNIR SHAH BIN RAJA MUSTAPHA

Executive Director

NG FOOK AI, VICTOR

Independent Non-Executive Director

NG FOOK AI, VICTOR, a Singaporean male aged 69, was appointed to the Board on 2 January 2008. He is also a member of the Audit & Risk Management Committee.

He holds a B.Sc (Econs)(Hons) and a M.Sc (Econs) from the University of London, where he was awarded the University's Convocation Book Prize (First) and the Lord Hailsham Scholarship. He is currently a Visiting Professor (Energy Economics) at China Academy of Sciences, New Energy Institute (Guangzhou), People's Republic of China.

He was awarded the PBM (Community Services) for his social contributions by the President of the Republic of Singapore in 1992. He also sponsors the Victor Ng Fund, a bursary scheme for graduate students at Birkbeck College, University of London.

Victor has been investing in Asia for over 20 years and in China since 1996. With experience across a range of industry sectors, he has particular expertise in the energy, water and clean technology fields.

He is the founder and Executive Chairman of New Asia Assets, an Asian headquartered investment company focused on investing in Greater China. Victor has also founded and managed a number of funds focused on China, including China Growth Opportunities, a £50 million UK listed fund that focuses on private equity investment in China, and Changjiang Investment, a US$100 million fund. He is also the Chairman of Rockstead Capital Fund Ltd, a regulated fund management.

He has over 40 years of experience in financial advisory services and he was a former Principal/ Consulting Partner of KPMG Singapore. He is a Non-Executive Director and Audit Committee Chairman of Singapore listed SHC Capital Asia Ltd, an investment holding company. He is also a Non-Executive Director of Hong Kong listed Sunshine 100 Property Group Ltd, a commercial and residential real estate developer in Hong Kong. He does not hold any directorships in any other public or public listed company.

He does not have any family relationship with any Director and/or major shareholder of the Company or any conflict of interest with the Company nor does he have any convictions for offences within the past 5 years, except for traffic offences, if any.

He has attended six (6) Board meetings held in the financial year ended 30 June 2017. He does not hold any shares in the Company as at 29 September 2017.

DATUK MOHD JIMMY WONG BIN ABDULLAH, a Malaysian male aged 55, was appointed to the Board on 18 August 2006. He is the Chairman of the Nomination Committee and member of the Audit & Risk Management and Remuneration Committees.

Upon completing his secondary education in 1981, he began his career with the Royal Malaysian Police starting off as a new recruit. In 1994, he was stationed on a 2-year Diplomatic Mission in Wisma Putra in Guangzhou, China until 1996. In that same year, he completed his Diploma in Business Studies from Jinan University, Guangzhou, China.

During his service with the Royal Malaysian Police, he was promoted several times and had risen from the ranks before retiring in 2002. He does not hold any directorships in any other public or public listed company.

He does not have any family relationship with any Director and/or major shareholder of the Company or any conflict of interest with the Company nor does he have any convictions for offences within the past 5 years, except for traffic offences, if any.

He has attended all six (6) Board meetings held in the financial year ended 30 June 2017. He holds 3,312,000 ordinary shares directly in the Company as at 29 September 2017.

DATUK MOHD JIMMY WONG BIN ABDULLAH

Independent Non-Executive Director

DATO' SHAMSUL ANUAR BIN HAJI NASARAH

Independent Non-Executive Director

DATO' SHAMSUL ANUAR BIN HAJI NASARAH, a Malaysian male aged 50, was appointed to the Board on 1 November 2013.

He graduated with an Executive Diploma in Counseling from University of Malaya ("UM") and obtained his Master in Public Administration at the College of Law, Government and International Studies of University Utara Malaysia ("UUM").

He has very extensive experience in youth movement. Since his young age, he had joined and led several youth movements in Malaysia as well as internationally. He had held various positions and had risen among the ranks to be the Deputy President of the Perak State Youth Council (2004-2005) and President of the Malaysian Youth Council (2006-2009). Internationally, he was involved and held several positions in the ASEAN Youth Organisation ("CAYC"), Asian Youth Association ("AYC") and the World Assembly of Youth ("WAY"). He was also involved in numerous policies formulation of the Ministry of Youth and Sports, namely the National Youth Policy, the National Master Plan for Youth Development and the National Youth Development Act, 2006.

He was formerly the Chairman of the Youth Development and Research Institute of Malaysia (IPPBN) of the Ministry of Youth and Sports Malaysia (2007-2009) and a former board member of the Federal Agricultural Marketing Authority ("FAMA") of the Ministry of Agriculture and Agro-Based Industry Malaysia (2009 – 2013). He is currently the Chairman of the National Higher Education Fund Corporation ("PTPTN") and a Member of Parliament for the constituency of Lenggong, Perak. He does not hold any directorship in any other public or public listed company.

He does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company nor does he have any convictions for offences within the past 5 years, except for traffic offences, if any.

He has attended four (4) Board Meetings held in the financial year ended 30 June 2017. He does not hold any shares in the Company as at 29 September 2017.

JASON CHAN LING KHEE a Malaysian male aged 46, was appointed as our Chief Technology Officer ("CTO") in March 2008.

He is a graduate with a Bachelor of Electrical and Electronic Engineering from National University of Singapore in 1994.

Mr Jason Chan started his career in 1995 as a Research Engineer for the Center for Wireless Communication in Singapore. A year on, he resigned and joined CyberSource Pte Ltd where he assumed the position of Technical Director until 1997. In 1997, he joined Tecnochannel Technologies Sdn Bhd where he was appointed Chief Technical Officer, a position he held until 1999. During his tenure there, he was responsible for streamlining product development processes, technical team build out and new product development initiatives. Mr Jason is also a key technology member of the pioneering group of MyWeb Inc.com, which brought the Internet Set Top Box/Internet TV to Malaysia in the effort to bring Internet to the masses.

He subsequently left in 1999 and joined MYEG as Chief Technical Officer. In March 2008, he assumed the role of CTO in MYEG. As MYEG CTO, Mr Jason drives the implementation of the various e-services offered by MYEG, including Electronic Monitoring Services, Logistic Management System and Payment Services. He is also in-charge of the roll out of content provider's management system to companies involved in the telecommunication and digital news industry, solution architect and project management of implementing a mobile portal for an Asean country local telecommunication company that caters for various device platforms.

He does not have any family relationship with any director and/or major shareholder of the Company or any conflict of interest with the Company nor does he have any convictions for offences within the past 10 years, except for traffic offences, if any.

CHONG CHIEN MING a Malaysian male aged 43, was appointed as our Chief Financial Officer since 2015.

He is a graduate with a Bachelor Degree in Accounting from University Putra Malaysia in 1998. He is also a member of the Malaysian Institute of Accountants.

Mr Chong Chien Ming, began his career in MBF Management Services Sdn Bhd as an internal audit executive in 1998 reporting to the company's internal audit division and responsible for the internal audit planning, internal auditing and reporting to the internal audit committee. He subsequently joined Peremba Development Sdn Bhd in 2000 as a finance executive. He left in 2002 and moved on to join Aeon Credit Service (M) Sdn Bhd where he was appointed assistant finance manager and was in charge of the financial accounting, budget planning and management reporting in the company.

Subsequently, Mr Chong joined MYEG in 2003 and is currently the Chief Financial Officer responsible for the financial and management accounting, and general administrative functions of MYEG and its group of companies.

He does not have any family relationship with any director and/or major shareholder of the Company or any conflict of interest with the Company nor does he have any convictions for offences within the past 10 years, except for traffic offences, if any.

DATUK NOR ADNAN BIN ZAINAL ABIDIN a Malaysian male aged 59, was appointed as our Project Director in September 2013.

He is a graduate with a Bachelor Degree of Business Administration (Hons) from Universiti Kebangsaan Malaysia in 1984. He also holds Certificate of Teaching (Teaching English as Second Language) from Sultan Idris Teachers Training College.

Mr Adnan began his career teaching English as Second Language for a government school from 1978 to 1984. He subsequently joined Mesiniaga Berhad in 1985 as a Plans and Control Analyst and he was promoted to Business Planning Manager at the end of his tenure in Mesiniaga Berhad. Mr Adnan had accumulated a total of 22 years of Business Development (Project Management) experience in various multinational companies, e.g. Mesiniaga Berhad, Gopeng Berhad, Maximal Technology Sdn Bhd, Datapower Sdn Bhd and Ministry of Education Project Team – MSCTC Sdn Bhd.

Mr Adnan resigned from MSCTC Sdn Bhd in 2007 and moved to MSC Technology Centre Sdn Bhd as Business Development Director where his responsibilities include developing and formulating business development and marketing activities. In 2009, Mr Adnan joined DELL Asia Pacific as Director of Government Communication Affairs in leading and managing government communications projects. He was also appointed as the Head of Sales and Marketing for Datasonic Group Berhad in 2010, where he played a key role in developing, formulating and implementing sales strategies for both domestic and international market.

In September 2013, Mr Adnan joined MYEG as Project Director. His responsibilities in MYEG include managing and implementing of PASTI (Public Automative Safety Tracking Implementation) system, GST Accounting Tools (GAT) and the Electronic Information System (EIS). Currently he is also in-charge of MyEG MyHOM project, a centralised hostel for foreign workers.

He does not have any family relationship with any director and/or major shareholder of the Company or any conflict of interest with the Company nor does he have any convictions for offences within the past 10 years, except for traffic offences, if any.

MOHD RUSHDAN KHAIRUL ANUAR a Malaysian male aged 32, was appointed as our Information Technology ("IT") Director on 1st January 2016.

He is a graduate with MSc Electronic Systems Engineering in ESIEE Paris, France. He is also equipped with the knowledge in Information Technology Infrastructure Library ("ITIL") and Control Objectives for Information and Related Technology ("COBIT"), which specializes in IT governance and management practices.

Mr Mohd Rushdan began his career in 2010 as an Electronics System Engineer at Texas Instruments and subsequently joined Deloitte Consulting as a Business Analyst from 2011 to 2013. He then took on the role of consultant at HeiTech Padu Berhad in 2013 where he oversaw both internal and external consultancy services focusing on IT/Business Strategy as well as Business Continuity Management.

In 2014, Mr Mohd Rushdan left HeiTech Padu Berhad and joined MYEG as IT Risk Manager. After two years, he was promoted to IT Director. His responsibilities in MYEG include planning, staffing, directing, evaluating and implementing IT development projects. He is also responsible for ensuring that MYEG IT projects are continuously improved and adapted to evolving business requirements.

He does not have any family relationship with any director and/or major shareholder of the Company or any conflict of interest with the Company nor does he have any convictions for offences within the past 10 years, except for traffic offences, if any.

NGEOW KIAN MOON a Malaysian male aged 39, was appointed as our Operations Director in October 2015.

He graduated with Bachelor of Computer Science from Universiti Putra Malaysia in 2001.

He commenced his career in 2002 as Technical Support Specialist. Mr Ngeow had accumulated about 4 years of technical support experience in various multinational companies, e.g. Hewlett Packard, Nakamichi Malaysia Sdn Bhd, and Dell Asia Pacific Sdn Bhd. In 2006, he joined Atos Origin (M) Sdn Bhd as Incident Manager, and also served as Service Desk Team Leader and Technical Manager. Mr Ngeow resigned in 2008 and moved to Measat Broadcast Network Systems Sdn Bhd (Astro) as Assistant Vice President, Service Desk. In Astro, he then moved on as Senior Operations Manager, Infrastructure Managed Services and was responsible to oversee infrastructure managed services, spanning across 40 offices nationwide. He was also the Head of Service Engagement & Assurance in Astro, leading a team on successful implementation of several key operational improvement and service assurance in audit requirement such as PCI DSS, ISO 27001, PDPA and internal audits. He is also a Microsoft certified professional, with certification in ITIL and COBIT.

In October 2015, Mr Ngeow joined MYEG as Operations Director. His responsibilities in MYEG include managing business operations of the foreign worker & maid permit renewal services and the illegal workers rehiring and relocation programme.

He does not have any family relationship with any director and/or major shareholder of the Company or any conflict of interest with the Company nor does he have any convictions for offences within the past 10 years, except for traffic offences, if any.

HASYYATI BINTI SHUKRI a Malaysian female aged 34, was appointed as our Deputy Project General Manager in January 2015.

She holds a Degree in Management and Conservation of Biodiversity from Kolej Universiti Sains dan Teknologi Malaysia.

Ms Hasyyati started her career in July 2005 as an Administrative Officer in MYEG and was then transferred to Project Department as a Project Executive in December 2005. In January 2012, she was promoted to Senior Project Manager, and responsible among others for project management in new launching of eGovernment services, planning and implementing related development and marketing strategies for MYEG services.

In January 2015, Ms Hasyyati was appointed as Deputy Project General Manager in MYEG where she is responsible specifically in managing MYEG immigration services related project department, leading and held responsible directly for foreign worker permit renewal and Rehiring Programme related services.

She does not have any family relationship with any director and/or major shareholder of the Company or any conflict of interest with the Company nor does she have any convictions for offences within the past 10 years, except for traffic offences, if any.

The Board of Directors ("the Board") of MYEG recognises the importance of corporate governance and is committed to ensure that the principles and best practices in corporate governance as set out in the Malaysian Code on Corporate Governance 2012 ("the Code") are observed and practised throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders' value.

The Board is pleased to provide the following statement on how the Group has adopted and applied the principles and complied with the best practices outlined in the Code and Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board Roles and Responsibilities

The Group is led by an effective and experienced Board with members from diverse backgrounds and specialisations possessing a wide range of expertise in areas such as finance, corporate affairs, accounting and marketing. Collectively, they bring a broad range of skills, experience and knowledge which gives added strength to the leadership in managing and directing the Group's operations.

The Board has on 24 October 2013, adopted a Board Charter that sets out its roles, functions, responsibilities, composition, operation and processes, that are in line with the principles of good corporate governance and requirements of the MMLR of Bursa Securities. The Board Charter further defines the roles and responsibilities of the Chairman and the Managing Director to provide guidance and clarity with regard to their respective roles and responsibilities.

The Board Charter is available on MYEG's website (www.myeg.com.my).

As set out in the Board Charter, the Board is responsible for:

- reviewing and adopting a strategic plan for the Group;
  - The Board plays an active role in the development of the Group's business strategy. It has in place an annual strategy planning process, whereby the Management presents to the Board its recommended strategy and proposed business plans for the following years. The Board reviews and deliberates upon both Management's and its own perspectives, as well as challenges the Management's views and assumptions, to deliver the best outcomes.

- overseeing the conduct of our Group's businesses to evaluate whether our businesses are being properly managed;
  - The MD is responsible for the day-to-day management of the business and operations of the Group.
  - The Board has established and delegated certain responsibilities to Board Committees and each committee operates its function within its reviewed and approved Terms of Reference. The Board Committees which have been set up are the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee.
  - These Board Committees were established to enhance the efficiency and productivity of the business while the Board holds the ultimate control and responsibilities on the direction of the Company.
  - The Board Committees are entrusted with responsibilities to report to the Board on their findings and deliberations during the meeting of the Board and these reports are incorporated into the Board Papers.
  - The Board has also delegated the day-to-day management of the business of the Group to Executive Directors and Management subject to an agreed authority limit.

- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
  - The Executive Directors are primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group's operations as well as co-ordinating the development and implementation of business and corporate strategies.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

Board Roles and Responsibilities *cont'd*

As set out in the Board Charter, the Board is responsible for: *cont'd*

- succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing key management;
  - A primary responsibility of the Board is planning for MD succession and overseeing the identification and development of executive talent.
  - The Board, with the assistance of the Nominating Committee, oversees executive officer development and corporate succession plans for the MD and other executive officers to provide for continuity in senior management.

- developing and implementing a Corporate Disclosure Policy (including an investor relations programme) for the Group;
  - The Company has established an Investor Relations ("IR") structure and responsibility for the implementation of IR programme and strategy.
  - The Company makes use of a broad range of communication channels to disseminate information regarding the Company. These would include:
    (i) Electronic facilities provided by Bursa Malaysia Securities Berhad
    (ii) Corporate website
    (iii) Annual General Meetings/Extraordinary General Meetings
    (iv) Press releases

- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
  - The internal audit function of the Group which has been outsourced, reports directly to the Audit and Risk Management Committee. The role of the internal auditor is to review the adequacy, integrity and effectiveness of the Group's system of risk management and internal controls to mitigate the risks of the Group including financial, operational and compliance risks;
  - The internal auditor performs regular and systematic review of the internal controls to assess the effectiveness of the systems of internal control and to highlight significant risks impacting the Group and makes recommendations for improvement;
  - The Audit and Risk Management Committee regularly reviews and scrutinises the audit report by the internal auditor and conducts annual assessment on the adequacy of the internal auditor's scope of work and resources;
  - The Audit and Risk Management Committee discusses the summary of internal auditor's findings together with the Management's responses to ensure that Management undertakes the agreed remedial actions recommended by the internal auditor within the agreed timelines; and
  - The Board meets at least quarterly and has set a schedule of matters which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. In addition, the Board is kept updated on the Group's activities and its operations on a regular basis.

- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
  - The integrity of the Company's financial statements is safeguarded through the established processes governed by the Audit and Risk Management Committee as well as internal controls as reported in the Statement on Risk Management and Internal Control.

- ensuring that the Company's financial statements are true and fair and conform with the accounting standards; and
  - The Board is also kept informed of key strategic initiatives, significant operational issues and the Company's performance ensuring that the Company's financial statements are true and fair and conform to the accounting standards.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

Board Roles and Responsibilities *cont'd*

As set out in the Board Charter, the Board is responsible for: *cont'd*

- ensuring that the Company adheres to high standards of ethics and corporate behaviour.
  - The Company has adopted a Code of Ethics, Code of Conduct and Whistle-Blowing Policy to promote the corporate culture which engenders ethical conduct that permeates throughout the Group.

The following diagram shows a brief overview on the responsibilities of the Board Committees of the Company:

BOARD OF DIRECTORS

Audit and Risk Management Committee	Nomination Committee	Remuneration Committee
RESPONSIBILITIES	RESPONSIBILITIES	RESPONSIBILITIES
• Oversight on the Group's financial reporting • Review quarterly financial results, unaudited and audited financial statements • Monitoring of risk management and internal control systems	• Nomination of new Directors • Annual assessment of the Board, the Board Committees and the contribution of each individual Director	• Recommending to the Board of remuneration of Executive Directors and Non-Executive Directors

The Board has a formal schedule of matters reserved for the deliberation as set out below, to ensure good governance is in place for the Company and its subsidiaries:-

- Oversee the Company and its subsidiaries' overall strategies and directions
- Review, approve and adopt the Company's strategic plan
- Declaration of dividends, approval of quarterly financial results and financial statements
- Establishment or acquisition of new subsidiaries
- Review, approve and enter into agreements which benefit the Company
- Review and approve the Terms of Reference of the Board of Directors, Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.

Code of Conduct and Whistle-Blowing Policy

The Board acknowledges and emphasises the importance for all Directors and employees to embrace the highest standards of corporate governance practices and ethical standards.

In this respect, the Board has formalised a Code of Ethics and Code of Conduct since October 2013. These codes are aimed at emphasising the Company's commitment to ethics and compliance with applicable laws and regulations, setting forth basic standards of ethical behaviour within the Group.

The Board has also established a Whistle-Blowing Policy, which is available on the Company's website, so that any officer/employee or stakeholder of the Group may report genuine concerns relating to any malpractice or improper conduct related to the Group's businesses. Disclosure can be made in writing to the Chairman of the Audit and Risk Management Committee. Any whistle blowing officer or employee acting in good faith is protected from retaliation for raising such allegations. Procedures are in place for investigations and appropriate follow-up actions.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

Sustainability

The Board is mindful of the importance of sustainability that creates long-term Shareholder value by embracing opportunities and managing risks derived from the environment, social developments and governance. The Board is committed towards implementing sustainable practices in order to achieve the right balance between the needs of the wider community and the requirements of shareholders, stakeholders and business growth.

Since October 2013, the Board has adopted the Sustainability Policy which aims to integrate the principles of sustainability into the Group's strategies, policies and procedures. It also ensures that the Board and senior management are directly involved in the implementation of sustainability practices and the monitoring of sustainability performance. This Policy also aims to create a culture of sustainability within the Group, and the community, with an emphasis on integrating the environmental, social and governance considerations into the decision making process. We conduct our business ethically, maintain good corporate governance and promote responsible business practices.

The Board is committed to provide fair and equal opportunities within the Group and acknowledges the importance of boardroom and workplace diversity. The Company is committed to promote workforce diversity in terms of gender, ethnicity, age, cultural background or other personal factors to ensure the workplace is fair, accessible, flexible and free from discrimination.

Details of the Group's Sustainability practices are presented on pages 11 to 15 of this Annual Report.

Supply and Access to Information

All Directors are provided with an agenda and a set of Board papers prior to the Board meetings. Sufficient notice is given to the Directors to review the said documents.

Generally, the Board papers circulated include minutes of the previous meeting, quarterly and annual financial statements, corporate developments, minutes of Board Committees' meetings, acquisition and disposal proposals, updates from the Bursa Securities, list of directors' circular resolutions passed and report on the Directors dealings in securities, if any. In addition, the Management is often invited to present and provide detailed explanation on any agenda at Board meetings.

The Directors, whether as a full Board or in their individual capacity, have unrestricted access to all information pertaining to the Group's businesses and affairs. This is to enable them to carry out their duties effectively and diligently. As and when necessary, the Board may obtain independent professional advice, at the Company's expense, in the furtherance of their duties.

The External Auditors also briefed the Board members on the Financial Reporting Standards that would affect the Group's financial statements during the year.

Company Secretaries

Every Director has unhindered access to the advice and services of the Company Secretaries. The Board believes that the current Company Secretaries are capable of carrying out their duties efficiently to ensure the effective functioning of the Board. In the event that the Company Secretaries fail to fulfil their functions effectively, the terms of their appointment permit their removal and appointment of a successor by the Board.

The Company Secretaries circulate relevant guidelines and updates on statutory and regulatory requirements from time to time for the Directors' reference and brief the Board members on the updates quarterly. They also oversee adherence to the Board policies and procedures and brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committee meetings to ensure that these meetings are properly convened and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and maintained in the statutory register at the registered office of the Company.

STRENGTHEN COMPOSITION

The Board comprises seven (7) members, of whom three (3) are Executive Directors (including the Chairman) and four (4) are Independent Non-Executive Directors. The Board has complied with the requirement for one third (1/3) of its members to be independent as stated in Paragraph 15.02(1) of the MMLR of Bursa Securities. There is no individual Director or group of Directors who dominates the Board's decision making.

The Independent Directors play a key role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders of the Group.

With this composition of members, the Board is satisfied that it fairly reflects the investment of the minority shareholders and represents the required mix of gender, skills and experience required for the effective discharge of the Board's duties and responsibilities.

A brief profile of each Director is presented on pages 20 to 26 of the Annual Report.

Nomination Committee

The Nomination Committee ("NC") comprises two (2) members, all of whom are Independent Non-Executive Directors:

- Datuk Mohd Jimmy Wong Bin Abdullah (Chairman, Independent and Non-Executive Director)
- Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim (Member, Independent and Non-Executive Director)

The NC is empowered by the Board and its Terms of Reference. The Terms of Reference of NC is available on MYEG's website (www.myeg.com.my).

The roles and responsibilities of the NC includes the nomination and screening of board member candidates; the recommendation to the Board of the candidates to fill the seats on the various Board Committees; the annual assessment of the effectiveness of the Board as a whole, the committees of the Board and the contributions of each individual Directors; and the annual review of the required mix of skills and experience, including core competencies which Non-Executive Directors should bring in to the Board.

The Board is of the opinion that the appointment of a Senior Independent Non-Executive Director is not necessary at this stage as the Chairman fully encourages active participation of each and every Board member during Board meetings.

The Board has no specific policy on setting targets on female candidates to be appointed to the Board. The Board currently has one (1) female Director. With the current composition, the Board feels that its members have the necessary knowledge, experience, diverse range of skills and competence to enable them to discharge their duties and responsibilities effectively. The NC will however continue to take steps to ensure suitable female candidates are sought as part of its recruitment exercise.

Summary of Activities Undertaken by the NC

During the financial year ended 30 June 2017, the activities of the NC included the following:

- Reviewed the composition of the Board and Board Committees with regards to the mix of skills, independence and diversity in accordance with its policy as stated in the Company's Corporate Governance Statement to ensure compliance.
- Assessed and reviewed the independence and continuing independence of Independent Directors.
- Assessment of the effectiveness and performance of the Board, Directors and Board Committees for the financial year ended 30 June 2017.

STRENGTHEN COMPOSITION *cont'd*

Summary of Activities Undertaken by the NC *cont'd*

This is carried out through a self-assessment document that is completed by each director and reviewed by the NC. Assessment criteria include the following:

- Board Structure
- Board Operation
- Management Relationship
- Board Roles and Responsibilities
- Board Chairman's Role and Responsibilities
- Performance of Board Committee
- Integrity and ethics, contribution of each individual director including Managing Director/Group Executive Officer
- The mix of skills and experience of each individual Director including the core competencies of the Non-Executive Directors
- Reviewed and assessed the training needs of each Director.
- Determined the Directors to stand for re-election at the 2017 Annual General Meeting.
- Reviewed the character, experience, integrity and competence of Financial Controller to ensure that he has the time to discharge his duties.
- Reviewed the terms of office of the ARMC and performance of each member

Nomination and Appointment of Directors

The NC is responsible for determining the appropriate characteristics, skills, and experience of the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experiences relevant to the business. All Directors are expected to be individuals with integrity, high personal and professional ethics, sound business judgment, and who are willing to commit sufficient time to the Board.

The process for the nomination and appointment of directors is a crucial process as it affects the composition of the Board and its core competencies for the Board to discharge their duties effectively.

The appointment of new potential directors is conducted by formal and transparent procedures. The NC will identify if the Board is deficit of any skills and experiences which will enhance the Board as a whole. New candidates will be evaluated on their suitability by the NC before they are approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly made in accordance with the relevant regulatory obligations.

In evaluating the suitability of individual Board members, the NC takes into account several factors, including skills, knowledge, expertise, experience, professionalism and time commitment to effectively discharge his or her role as a Director, contribution, background, character, integrity and competence.

In the case of candidates for the position of Independent Non-Executive Directors, the NC will evaluate the candidates' ability to discharge such responsibilities and functions as expected from Independent Non-Executive Directors.

The Board evaluates each individual in the context of the Board as a whole. The ultimate objective is to recommend a team which can best perpetuate the success of the Company's businesses and represent shareholders' interests through the exercise of sound judgment.

The Board has no specific policy on setting targets on female candidates to be appointed to the Board. The Board currently has one (1) female Director. With the current composition, the Board feels that its members have the necessary knowledge, experience, diverse range of skills and competence to enable them to discharge their duties and responsibilities effectively. The NC will however continue to take steps to ensure suitable female candidates are sought as part of its recruitment exercise.

STRENGTHEN COMPOSITION *cont'd*

Re-election of Directors

In accordance with the Company's Articles of Association, at least one third (1/3) or the number nearest to one third (1/3) of the Directors, including the Managing Director, shall be subject to retirement by rotation once in every three (3) years. All retiring Directors shall be eligible for re-election or re-appointment.

Names of Directors who are seeking re-election at the coming Annual General Meeting ("AGM") are shown in the notice of the AGM on page 146.

Board Evaluation

The NC is responsible for conducting an annual evaluation of the performance of the Board and Board Committees. The annual evaluation includes the assessment of independence of Independent Directors.

The NC had performed the annual evaluation for financial year ended 30 June 2017 on 13 October 2017. The NC had reviewed and assessed the mix of skills and experience of the Board including the core competencies of both Executive and Non-Executive Directors, size of the Board, contribution of each director and effectiveness of the Board, including Independent Non-executive Directors, and Board Committees.

Based on the assessment, the NC was satisfied with the existing Board composition and was of the view that all Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and had performed competently and effectively. All assessments and evaluations carried out by the NC in discharging all of its functions were properly documented.

Remuneration Committee

The Remuneration Committee ("RC") consists of two (2) Non-Executive Directors, all of whom are Independent Director and the Managing Director. The members of the RC are as follows:

- Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim (Chairman, Independent and Non-Executive Director)
- Datuk Mohd Jimmy Wong Bin Abdullah (Member, Independent and Non-Executive Director)
- Wong Thean Soon (Member, Managing Director)

The Board believes in a remuneration policy that fairly supports the Directors' ability to carry out his or her responsibilities and fiduciary duties in steering and growing the Group with a view to enhance shareholders' value in a sustainable manner.

The RC is responsible for evaluating, deliberating and recommending to the Board the compensation and benefits and are guided by market norms and best industry practices. The RC is also responsible for evaluating the Executive Directors' remuneration which is linked to the performance of the Executive Director and performance of the Group. Executive Directors shall abstain from the deliberation and voting on decisions in respect of their own remuneration package.

The RC recommends the Directors' fees payable to Non-Executive Directors of the Board and are deliberated and decided at the Board before it is presented at the AGM for shareholders' approval. The respective Director will play no part in the decisions concerning his or her own remuneration.

STRENGTHEN COMPOSITION *cont'd*

Remuneration Committee *cont'd*

The aggregate remuneration of the Executive Directors and Non-Executive Directors for the financial year ended 30 June 2017 is as follows:

	Fees RM'000	Salaries RM'000	Other Emoluments RM'000	Benefits In Kind RM'000	Total RM'000
Executive Directors	622	-	53	-	675
Non-Executive Directors	251	-	-	-	251
Total	873	-	53	-	926

Details of the number of Directors whose remuneration fall into each successive bands of RM50,000 are as follows:

Remuneration Bands	Executive Directors	Non-Executive Directors	Total
Below RM50,000	-	-	-
RM50,001 - RM100,000	-	3	3
RM100,001 - RM150,000	-	-	-
RM150,001 - RM200,000	1	-	1
RM200,001 - RM250,000	1	-	1
RM250,001 - RM300,000	1	-	1

For security and confidential reasons, the details of individual Directors' remuneration are not shown. The Board is of the opinion that the transparency and accountability aspects of corporate governance as applicable to Director's remuneration are appropriately served by the disclosure made above.

REINFORCE INDEPENDENCE

The Board recognises the importance of independence and objectivity in its decision making process which is in line with the Code.

Annual Assessment of Independence

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in paragraph 1.01 of the MMLR of Bursa Securities. The key element for fulfilling the criteria is the appointment of an Independent Director who is not a member of management and who is free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

The Board, via the NC, assesses the Independent Directors' independence to ensure on-going compliance with this requirement annually.

For the financial year ended 30 June 2017, the Board assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the MMLR of Bursa Securities. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

REINFORCE INDEPENDENCE *cont'd*

Tenure of Independent Directors

The Board is mindful of the recommendation of the Code on limiting the tenure of Independent Directors to nine (9) years of service. However, the Board may, in appropriate cases and subject to the assessment of the NC on an annual basis, retain the Independent Director who has served a consecutive or cumulative term of nine (9) years to continue to serve as Independent Director subject to shareholders' approval.

Currently, Datuk Mohd Jimmy Wong Bin Abdullah has served the Company as Independent Director for a cumulative term of more than 9 years, the NC and the Board have assessed and determined that he remains objective and independent in expressing his view and are satisfied with the skills, contributions and independent judgement he brings to the Board.

In view of that, the Board will be seeking shareholders' approval at the forthcoming 17th AGM of the Company for Datuk Mohd Jimmy Wong Bin Abdullah to continue as Independent Director of the Company.

Chairman and Managing Director

The Board recognises the importance of having a clear division of power and responsibilities between the roles of the Chairman and Managing Director to ensure that there is equilibrium of power and authority in managing and directing the Group. The role of the Chairman and the Managing Director are distinct and separate to engender accountability and facilitate a clear division of responsibilities to ensure there is a balance of power and authority in the Company. The Chairman is primarily responsible for the effective and efficient conduct and working of the Board whilst the Managing Director oversees the day-to-day management of Group's business operations and implementation of policies and strategies adopted by the Board.

Dato' Dr Norraesah Binti Haji Mohamad is the Chairman of the Board whilst the Group Managing Director is Mr. Wong Thean Soon.

Although the Chairman is not an Independent Executive Director, the Board comprises of majority of Independent Directors with mixed skills and experiences who function adequately and effectively. The Independent Non-Executive Directors fairly represent the interest of public shareholders.

The Board delegates to the Group Managing Director (supported by the Executive Directors and the Management) the implementation of the Company's strategic plan, policies and decision adopted by the Board to achieve the Company's objective of creating long term value for its shareholders.

FOSTER COMMITMENT

Time Commitment

The Board meets at least three (3) times a year or more when circumstances arise. Where appropriate decisions are also made by way of circular resolutions in between scheduled meetings during the financial year.

Senior management and/or external advisors may be invited to attend Board meetings to advise and/or furnish the Board with information and clarifications needed on relevant items on the agenda to enable the Directors to arrive at a considered decision.

All Board meetings are furnished with proper agendas with due notice issued and Board papers and reports are prepared by the Management and circulated prior to the meetings to all Directors with sufficient time to review them for effective discussions and decision making during the meetings.

FOSTER COMMITMENT *cont'd*

Time Commitment *cont'd*

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary.

The Board met 6 times during the financial year under review. The details of Directors' attendance are set out as follows:

Name of Directors	Total Meetings Attended	%
Dato' Dr Norraesah Binti Haji Mohamad (Executive Chairman)	6/6	100
Wong Thean Soon (Managing Director)	6/6	100
Dato' Raja Haji Munir Shah Bin Raja Mustapha (Executive Director)	6/6	100
Datuk Mohd Jimmy Wong Bin Abdullah (Independent Non-Executive Director)	6/6	100
Ng Fook Ai, Victor (Independent Non-Executive Director)	6/6	100
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim (Independent Non-Executive Director)	6/6	100
Dato' Shamsul Anuar Bin Haji Nasarah (Independent Non-Executive Director)	4/6	67

It is the Board's policy for Directors to notify the Chairman before accepting any new directorship notwithstanding that the MMLR of Bursa Securities allows a Director to sit on the boards of five (5) listed issuers.

Directors' Training

The Board acknowledges the importance of constantly updating itself on the industry's direction and development. They are provided with the opportunity for training in areas such as new laws and regulations, financial reporting, risk management and investor relations in order to equip themselves with the knowledge to effectively discharge their duties.

All Directors have completed the Mandatory Accreditation Programme. The Directors are mindful that they shall continue to enhance their skills and knowledge to maximise their effectiveness as Directors during their tenure. During the financial year under review, the Board have attended individually or collectively seminar(s), conference(s) and/or training(s) to continuously upgrade their skills and to keep abreast with current developments.

In addition, the Directors receive regular briefings and updates on the Group's businesses, operations, risk management activities, MMLR and relevant law updates.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Composition of Audit and Risk Management Committee

The ARMC comprises three (3) members, all of whom are Independent Non-executive Directors. The composition of the ARMC, including its roles and responsibilities are set out on pages 43 to 48 under ARMC Report of this Annual Report.

UPHOLD INTEGRITY IN FINANCIAL REPORTING *cont'd*

Financial Reporting

In presenting the annual audited financial statements and interim financial statements on a quarterly basis to the shareholders, the Board is also responsible to present a clear, balanced and understandable assessment of the Group's performance and position.

The Audit and Risk Management Committee ("ARMC") is entrusted to provide assistance to the Board in reviewing the Group's financial reporting process and accuracy of its financial results, and scrutinising information for disclosure to ensure accuracy, adequacy, completeness and compliance with the accounting standards.

The Board recognizes the value of an effective ARMC in ensuring that the Company's financial statements are a reliable source of financial information by establishing procedures, via the ARMC, in assessing the suitability and independence of the External Auditors.

The ARMC meet the External Auditors two (2) times a year without the presence of the Management to ensure that the External Auditors are able to express their honest opinion to the ARMC.

Timely release of quarterly results announcements, annual financial statements and annual reports reflects the Board's commitment to provide transparent and up-to-date disclosures to the public.

Suitability and Independence of Internal and External Auditors

The ARMC and Board place great emphasis on the objectivity and independence of the external auditors in providing true and fair report to the shareholders. Through the ARMC, the Board maintains a transparent relationship with the Internal and External Auditors in seeking professional advice on internal controls and ensuring compliance with the appropriate accounting standards. The ARMC is empowered to communicate directly with the external and internal auditors and vice versa to highlight any issues of concern at any point of time.

The Internal Auditors meet the ARMC at least 2 times a year. During such meeting, the auditors highlight and discuss the nature, scope of the audit, audit programme, internal controls and issues that may require the attention of the ARMC or the Board.

The ARMC ensures the external audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by the External Auditors in order to make sure that it does not give rise to conflict of interests. The excluded contracts would include management consulting, strategic decision, internal audit and standard operating policies and procedures documentation.

During the financial year under review, the total fees paid to the Group's External Auditors are as follows:-

	Audit Fee	Non-Audit Fee
Company	RM48,000	RM5,000
Group	RM194,000	RM5,000

The External Auditors have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The ARMC and the Board are also of the opinion that the current External Auditors are suitable and have the necessary experience and independence in providing both audit and non-audit services.

UPHOLD INTEGRITY IN FINANCIAL REPORTING *cont'd*

Suitability and Independence of Internal and External Auditors *cont'd*

In compliance with MMLR of Bursa Securities and the Code, the ARMC within its duties reviews the scope of work, independence, objectivity and findings and recommendations of the audits conducted by both the Internal and External Auditors.

The ARMC also makes arrangements to meet and discuss with the Internal and External Auditors separately without the presence of Management on any matters relating to the Group and its audit activities.

DIRECTORS RESPONSIBILITY STATEMENT

The Board is required by the Companies Act 2016 to present the financial statements for each financial year which have been made out in accordance with the applicable approve accounting standards and give a true and fair view of the state of affairs, the results and cash flows of the Group and the Company.

The Board is satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 30 June 2017, the appropriate accounting policies were used and applied consistently, and adopted to include new and revised Malaysian Financial Reporting Standards ("MFRS") where applicable. The Board is also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Directors are responsible for ensuring that the Company keeps proper accounting records which enable the financial position of the Group and the Company to be disclosed with reasonable accuracy which enables them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and irregularities.

RECOGNISE AND MANAGE RISKS

The Board is ultimately responsible for the establishment of a sound framework to oversee the Company's strategic risk management and internal control framework. The ARMC is responsible to formulate and implement risk management policies and strategies. The ARMC also monitors and manages principal risks exposure by ensuring Management has taken necessary steps to mitigate such risks and recommends actions, where necessary.

The Statement on Risk Management and Internal Control are set out on pages 49 to 50 of this Annual Report provides an overview of the state of risk management activities within the Group.

Internal Audit Function

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments. The ARMC is assigned by the Board with the duty to review the adequacy and effectiveness of the internal control procedures and report to the Board on major findings for deliberation.

The membership, terms of reference and activities of ARMC as well as the activities of the internal audit function are detailed in the ARMC Report of this Annual Report.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies and Procedures

Since October 2013, the Board has formalised a Corporate Disclosure Policies and Procedures which aims at developing an effective Investor Relations programme and strategy to communicate fairly and accurately, the corporate vision, strategies, developments, financial results and prospects to investors, financial community and other stakeholders and to obtain feedback from the stakeholders. In formulating these policies and procedures, the Board is also guided by the best policies and practices adopted by the market.

This policy also serves as a guide to promote and demonstrate a high standard of integrity and transparency through timely, accurate, quality and full disclosure. The Board has identified spokespersons in the handling and disclosure of material information.

Leverage on Information Technology for Effective Dissemination of Information

The Group maintains a corporate website at www.myeg.com.my which provides information relating to corporate information, financial information, stock information, announcement, and media releases. Public can also direct queries through the dedicated email contact provided in the said website.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board recognises the importance of effective communication with shareholders and the investment community, and adheres strictly to the disclosure requirements of Bursa Securities.

The Annual General Meeting ("AGM") is the principal forum for dialogue with the shareholders. At the AGM, the Board provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. All Directors are available to respond to questions from the shareholders at the AGM. The External Auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders.

Notices of AGM and annual reports will be sent to the shareholders at least 21 days ahead of the meeting date to enable shareholders to have sufficient time to peruse the annual report and papers supporting the resolutions proposed.

The Board encourages participation at general meetings and encourages poll voting by informing the shareholders of their right to demand for poll.

To keep the shareholders and investors informed on the Group's latest business and corporate development, information is disseminated via Annual Report, circular to shareholders, press releases, quarterly financial results and various announcements made from time to time to Bursa Securities.

COMPLIANCE STATEMENT

The Board confirms that the Group has made significant effort to maintain high standards of corporate governance throughout the year under review. The Board acknowledges that achieving excellence in corporate governance is a continuous process and is committed to play a pro-active role in steering the Group towards the highest level of integrity and ethical standards. This statement is made in accordance with the resolution of the Board of Directors dated 23 October 2017.

The Board of Directors of MYEG is pleased to present the ARMC Report for the financial year ended 30 June 2017.

MEMBERSHIP

As at the date of this Annual Report, the members of the ARMC comprise the following:-

Name of Committee Members	Position
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	Chairman, Independent Non-Executive Director
Datuk Mohd Jimmy Wong Bin Abdullah	Independent Non-Executive Director
Ng Fook Ai, Victor	Independent Non-Executive Director

All members of the ARMC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the ARMC.

ARMC MEETINGS

The ARMC convened five (5) meetings during the financial year ended 30 June 2017. The meeting was appropriately structured through the use of agendas, which were distributed to members with sufficient notification and attached with comprehensive information on matters to be discussed. The details of attendance of the ARMC member during the financial year ended 30 June 2017 are as follows:

ARMC Members	Meetings Attended
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim (Chairman)	5/5
Datuk Mohd Jimmy Wong Bin Abdullah	5/5
Ng Fook Ai, Victor	5/5

Details of the members of the ARMC are contained in the Profile of Directors as set out on pages 20 to 26 of this Annual Report.

The Company Secretary or her representative was present at all the meetings. Upon invitation, representatives of the External Auditors and the Senior Management Staff also attended specific meetings to facilitate direct communication and to provide clarifications on audit issues and the operations of the Group.

The Chairman of the ARMC reported to the Board of Directors on matters deliberated during the ARMC Meetings and minutes of ARMC Meetings were circulated to all the members of the Board.

For the financial year under review, the ARMC held two (2) meetings with the Internal Auditors and two (2) meetings with the External Auditors without the presence of the Management to discuss any issues or significant matters, which the Internal and External Auditors wished to raise.

COMPOSITION AND TERMS OF REFERENCE

The Terms of Reference of the ARMC, which is available on MYEG's website (www.myeg.com.my), are as follows:

1. Composition

The Audit and Risk Management Committee ("Committee") shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, a majority of whom shall be independent directors and all shall be non-executive directors, and at least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by the Bursa Securities. No alternate director shall be appointed as a member of the Committee.

In the event of any vacancy with the result that the number of members (including Chairman) is reduced to below three, the Board shall upon the recommendation of the Nomination Committee fill the vacancy within two (2) months,but in any case not later than three (3) months. Therefore, a member of the Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

The Board must via the Nomination Committee review the terms of office and performance of Committee members annually to determine whether the Committee members have carried out their duties in accordance with its terms of reference.

2. Chairman

The Chairman, who shall be elected by the Committee, shall be an independent director. In event of the Chairman's absence, the meeting shall be chaired by another independent director.

3. Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to the meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Committee at the Registered Office or such other place may be determined by the Committee.

4. Meetings

The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit. The Committee Members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

By invitation of the Committee, the Group Chief Executive Officer/Managing Director and other appropriate officers may be invited to attend the Committee Meeting, where their presence are considered appropriate as determined by the Committee's Chairman.

All decisions at such meeting shall be decided on a show of hands on a majority of votes.

COMPOSITION AND TERMS OF REFERENCE *cont'd*

4. Meetings *cont'd*

The Committee may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

The Committee shall meet at least two (2) times a year with the external and internal auditors to discuss any matters without the presence of the management and any executive members of the Board.

5. Rights

The Committee shall:-

a) have authority to investigate any matter within its terms of reference;
b) have the resources which are required to perform its duties;
c) have full and unrestricted access to any information pertaining to the Group which is required for the purpose of discharging its functions and responsibilities;
d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity and senior management of the Company;
e) have the right to obtain independent professional or other advice at the Company's expense;
f) have the right to convene meetings with the external auditors and the persons carrying out the internal audit function, excluding the attendance of the executive members of the audit committee, whenever deemed necessary;
g) promptly report to the Bursa Securities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
i) meet as and when required on a reasonable notice;
j) the Chairman shall call for a meeting upon the request of the external auditors or internal auditors.

6. Duties

a) To review with the external auditors on:-
   - the audit plan, its scope and nature;
   - the audit report;
   - the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group;
   - the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit; and
   - Any other matters the external auditors may wish to discuss in the absence of the management, if necessary

b) To review the adequacy of the scope, functions, competency and resources of the internal audit function.

c) To do the following, in relation to the internal audit function:-
   - Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
   - Review the internal audit programme, processes, the results of the internal audit programme and process where necessary to ensure that appropriate actions are taken on the recommendations of the internal audit function;

COMPOSITION AND TERMS OF REFERENCE *cont'd*

6. Duties *cont'd*

c) To do the following, in relation to the internal audit function:- *cont'd*
- Review any appraisal or assessment of the performance of members of the internal audit function;
- Approve any appointment or termination of the internal auditors;
- Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- Investigate or cause to be investigated any activity within its Terms of Reference; and
- To have explicit authority over the resources such as professional advice and full access to information to investigate certain matters.

d) To review with management:-
- audit reports and management letters issued by the External Auditors and the implementation of audit recommendations;
- interim financial information; and
- the assistance given by the officers of the Company to External Auditors.

e) To review and monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis, normal commercial terms, on terms not more favourable to the related parties than those generally available to the public, to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

f) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board, focusing particularly on:-
- changes in or implementation of major accounting policy and practices;
- significant and/or unusual matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are being addressed;
- the going concern assumption;
- compliance with accounting standards and other legal requirements; and
- major areas.

g) To consider the appointment and/or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors. In considering the appointment and/or re-appointment of the auditors, to consider among others:-
(i) The adequacy of the experience and resources of the accounting firm;
(ii) The persons assigned to the audit;
(iii) The accounting firm's audit engagements;
(iv) The size and complexity of the Company's group being audited; and
(v) The number and experience of supervisory and professional staff assigned to the particular audit.

The Committee shall also consider the performance of the external auditor and its independence as below:-
(i) The external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
(ii) The nature of the non-audit services provided by the external auditor and fees paid for such services relative to the audit fee; and
(iii) Whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditor.

COMPOSITION AND TERMS OF REFERENCE *cont'd*

6. Duties *cont'd*

g) To consider the appointment and/or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors. In considering the appointment and/or re-appointment of the auditors, to consider among others:- *cont'd*

To review and approve the non-audit services provided by the external auditors and/or its network firms to the Company for the financial year, including the nature of the non-audit services, fees for the non-audit services relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided.

In the event that the non-audit fees paid to the Company's External Auditors, or a firm or corporation affiliated to the External Auditors' firm are significant (e.g. constitute 50% of the total amount of audit fees paid to the Company's external auditors) the Company is required to state the details on the nature of non-audit services-rendered in the Audit Committee Report.

h) To verify any allocation of options in accordance with the employees share scheme of the Company, at the end of the financial year.

i) To review the adequacy of Company's risk management framework, monitor principal risks that affect the Company and evaluate risk management and mitigation measures in place.

j) To assess the adequacy and effectiveness of the risk management process, system of internal controls and accounting control procedures of the Company.

k) To review the statement with regard to the state of risk management and internal controls of the Company for inclusion in the Annual Report and report the same to the Board.

l) Communication and monitoring of risk management results to the Board.

m) To consider other areas as defined by the Board or as may be prescribed by Bursa Malaysia Securities Berhad or any other relevant authority from time to time.

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE ARMC

During the financial year under review, the ARMC carried out the following activities in discharging its functions and duties, including the deliberation on and review of:-

(a) the unaudited quarterly financial statements of the Group to ensure that they are in compliance with the requirements of relevant authorities, prior to the submission to the Board for their approval and release of the Group's results to Bursa Securities.

(b) the annual report and annual audited financial statements of the Group and of the Company prior to submission to the Board of Directors for their consideration and approvals.

(c) the audit plan of the External Auditors in terms of their scope of audit prior to their commencement of the annual audit.

(d) the External Auditors' report in relation to audit and accounting issues arising from the audit; matters arising from the audit of the Group in meetings with the External Auditors without the presence of the executive Board members and management.

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE ARMC *cont'd*

During the financial year under review, the ARMC carried out the following activities in discharging its functions and duties, including the deliberation on and review of:- *cont'd*

(e) the re-appointment of External Auditors and their audit fees, after taking into consideration the independence and objectivity of the External Auditors and the cost effectiveness of their audit, before the recommendation to the Board for approval.

(f) the internal audit reports which outlined the recommendations towards correcting areas of weaknesses and ensure that there were management action plans established for the implementation of the internal auditors' recommendation.

(g) the effectiveness of the internal auditors and the re-appointment of Internal Auditors and made the appropriate recommendation to the Board.

(h) the ARMC Report and Statement on Risk Management & Internal Control before recommending the same to the Board for approval.

(i) the related party transactions entered into by the Group to ensure that they were not detrimental to the interests of minority shareholders.

(j) the report on the risk management of the Group presented by the management.

(k) the extent of the Group and of the Company's compliance with the provisions set out under the Code for the purpose of preparing the Corporate Governance Statement and Statement of Internal Control pursuant to Listing Requirements of Bursa Securities and the Code.

TRAINING AND EDUCATION

During the financial year, the ARMC members attended individually or collectively seminar(s), conference(s) and/ or training(s) to continously upgrade their skills and to keep abreast with current developments to enhance their knowledge and enable them to discharge their duties more effectively.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to an independent professional firm, which reports directly to the ARMC and assists the Board in monitoring and managing risks and internal controls. The function is designed to evaluate and enhance risk management, control and governance processes to assist the Management in achieving its corporate goals.

The internal audit function is established based on a risk based approach to evaluate and enhance the Group's risk management, controls and governance processes. For the financial year under review, internal audit reviews were carried out in accordance with the approved internal audit plan which covered the adequacy and effectiveness of the operational controls in mitigating risks, compliance with established policies and procedures, authority limits and applicable laws.

The results of the reviews were formally reported to the ARMC. The internal audit reviews conducted did not reveal any significant weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the annual report.

Senior Management has taken note of the findings and duly acted upon the recommendations made by the internal audit function. The total cost incurred for the internal audit function for the financial year under review was approximately RM45,000.

Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control on pages 49 to 50.

INTRODUCTION

The Board of MY E.G. Services Berhad is pleased to present its Statement on Risk Management and Internal Control ("Statement") for the financial year ended 30 June 2017, which has been prepared pursuant to paragraph 15.26(b) of the Bursa Securities MMLR and as guided by Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Issuers ("the Guidelines"). This statement outlines the nature and state of the internal controls of the Group.

BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and effectiveness to ensure shareholders' interest and the Group's assets are safeguarded.

Given the inherent limitations in the risk management and internal control system, such a system put into effect by Management is designed to manage rather than eliminate risks that may impede the achievement the Group's corporate objectives. Therefore, such a system can only provide reasonable and not absolute assurance against any material misstatement or loss, contingencies, fraud or irregularities.

RISK MANAGEMENT FRAMEWORK

The Board recognises that risk management should be an integral part of the business operation. On a day-to-day basis, respective Heads of Departments are responsible for managing risks related to their functions or departments. Weekly management meetings are held to ensure that the risks faced by the Group are monitored and properly addressed. It is at these meetings that key risks and corresponding controls implemented are communicated amongst the senior management team.

The Board, through the ARMC, provides oversight of the entire risk management framework of the Group. The Risk Management Working Group ("RMWG"), comprising of key management staff and an Independent Non-Executive Director that carries out the risk management activities. Significant risks identified by the RMWG are subsequently brought to the attention of the ARMC and the Board at their scheduled meetings.

During the financial year under review, the RMWG met 3 times to identify and review key risk areas affecting the Group and derive risk management strategies to manage and mitigate the risks identified. The activities of the RMWG undertaken were reported to the ARMC at the quarterly meetings.

The Group Risk Management Policy established in October 2013 was reviewed by the Board at their scheduled meeting held on 23 October 2017 where it was assessed to be adequate and no further amendments were required by the Board.

The abovementioned risk management practices of the Group are the on-going process of identifying, evaluating and managing significant risks that may affect the Group's achievement of its corporate objectives for the year under review and up to the date of approval of this statement by the Board.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional firm which reports directly to the ARMC. The internal audit function assists the Board and ARMC in providing independent assessment of the effectiveness and adequacy of the Group's system of internal controls.

The assessment of the adequacy and effectiveness of the internal controls established by Management in mitigating risks is carried out through interviews and discussions with key management staffs, review of the relevant established policies and procedures, and authority limits and observing and testing of the internal controls on a sample basis. The results of the internal audit reviews including action plans to be taken by management to address the weaknesses noted and identified enhancement opportunities are then reported to the ARMC, who in turn reports these matters to the Board.

INTERNAL AUDIT FUNCTION *cont'd*

During the financial year ended 30 June 2017, internal audits were carried out in accordance with the risk based internal audit plan which has been reviewed and approved by the ARMC. The business processes reviewed were Management Information System and E-Service Centre operations processes of the Group. The results of the audit reviews were discussed with Senior Management and subsequently, the audit findings, including the recommendations for improvement were reported to the ARMC at the quarterly meetings.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report. The total costs incurred for the internal audit function for the financial year ended 30 June 2017 was approximately RM45,000.

In addition, the external auditors met with the ARMC on 29 August 2016 and 30 May 2017 and internal auditors met with ARMC on 29 August 2016, 29 November 2016 and 30 May 2017, without the presence of Executive Board Members and Management team to discuss audit related matters.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

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

i. Quarterly review of the financial performance of the Group by the ARMC and the Board.
ii. Clearly defined and structured lines of reporting and responsibility.
iii. Operations review meetings are held to monitor the progress of business operations, deliberate significant issues and formulate corrective measures.
iv. Documented internal policies as set out in a series of memorandums to various departments within the Group.
v. Whistle Blowing Policy which provides an avenue for employees to report suspected malpractices, misconduct or violations of the Company's policies and regulations in a secured and confidential manner.

ASSURANCE

The Managing Director and Chief Financial Officer have provided assurance to the Board on the adequacy and effectiveness of the Group's risk management and internal controls, in all material aspects.

CONCLUSION

The Board is of the view that the Group's system of risk management and internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognisant of the fact that the Group's system of internal controls and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's system of risk management and internal controls. The Group's risk management and internal controls systems do not apply to the associate companies. The Group's interest in the associate companies is served through Board representation and periodic review of the associate companies' management accounts by Executive Management and the Board.

REVIEW BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities Berhad, 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): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

1. STATUTORY AUDIT AND NON-STATUTORY AUDIT FEES

The amount of Statutory Audit and Non-Statutory Audit Fees incurred for services rendered by the External Auditors of the Group for the financial year ended 30 June 2017 are a follows:

	Company	Group
Statutory Audit Fees	RM48,000	RM194,000
Non-Statutory Audit Fees	RM5,000	RM5,000

2. MATERIAL CONTRACTS

There were no material contracts subsisting at the end of financial year ended 30 June 2017 entered into by the Company and its subsidiaries involving the interests of the Directors and major shareholders.

3. CONTRACTS RELATING TO LOANS

There were no contracts relating to loans by the Company involved Directors' and Major Shareholders' interests.

4. UTILISATION OF PROCEEDS

The Company did not implement any fund raising exercise during the financial year.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of development and implementation of the Electronic Government Services project and the provision of other related services for the Electronic Government Services project, as well as investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	200,048	205,276
Attributable to:-		
Owners of the Company	201,511	205,276
Non-controlling interests	(1,463)	-
	200,048	205,276

DIVIDENDS

Dividends declared and paid by the Company during the financial year are as follows:

	RM'000
In respect of the financial year ended 30 June 2016:-	
Paid a final tax-exempt dividend of 1.30 sen per ordinary share on 25 January 2017	31,255
In respect of the financial year ended 30 June 2017:-	
Paid a first interim single tier dividend of 0.50 sen per ordinary share on 24 May 2017	18,031

At the forthcoming Annual General Meeting, a final dividend of 1.20 sen per ordinary share in respect of the current financial year will be proposed for approval by the shareholders. The financial statements for the current financial year do not reflect this proposed dividend. This dividend will be accounted for as an appropriation of retained profits in the period when it is approved by the shareholders.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company had on 3 January 2017, increased its issued and paid-up share capital from RM240,420,400 to RM360,630,599 by a bonus issue of 1,202,101,993 new ordinary shares of RM0.10 each credited as fully paid-up on the basis of 1 bonus share for every 2 existing ordinary shares held. The new shares issued rank pari passu in all respects with the existing shares of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company purchased 3,876,000 of its issued ordinary shares from the open market at an average price of RM2.05 per share. The total consideration paid for the shares purchased was RM7,954,000 including transaction costs. The ordinary shares purchased were being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and were presented as a deduction from equity.

During the financial year, the Company resold 3,877,000 of its treasury shares to the open market at RM2.32 per share. The total consideration received for the resale amounted to RM8,961,000 net of transaction costs.

As at 30 June 2017, the Company does not hold any treasury shares. The details on the treasury shares are disclosed in Note 22 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 45 to the financial statements. At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

The names of directors of the Company who served during the financial year until the date of this report are as follows:-

Dato' Dr Norraesah Binti Haji Mohamad
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim
Wong Thean Soon
Dato' Raja Haji Munir Shah Bin Raja Mustapha
Datuk Mohd Jimmy Wong Bin Abdullah
Ng Fook Ai, Victor
Dato' Shamsul Anuar Bin Haji Nasarah

DIRECTORS *cont'd*

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report, not including those directors mentioned above, are as follows:-

Dato' Tengku Zainuddin Bin Tengku Zahid
Datuk Nor Adnan Bin Zainal Abidin
Wong Thean Chye
Chong Chien Ming
Chong Mei Yee
Cheong Kok Leong
Khow Siong Long
Leon Loo Ee Han
Liew Jee Fan (Resigned on 30 May 2017)
Lim Gian Huang
Malcolm Caesar Leong Sze Kwong
Sean Cornelius Yoong Wan Yen
Tan Seong Yeau

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares				
	At 1.7.2016	**Bonus Issue**	**Bought**	**Sold**	**At 30.6.2017**
Direct Interests in the Company					
Dato' Dr Norraesah Binti Haji Mohamad	17,640,000	8,820,000	-	-	26,460,000
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	8,012,000	4,006,000	-	-	12,018,000
Wong Thean Soon	170,904,024	88,152,012	5,400,000	(3,800,000)	260,656,036
Dato' Raja Haji Munir Shah Bin Raja Mustapha	1,339,600	719,800	100,000	-	2,159,400
Datuk Mohd Jimmy Wong Bin Abdullah	2,208,000	1,104,000	-	-	3,312,000
Indirect Interests in the Company					
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim (1)	4,880,000	2,445,000	10,000	(1,505,000)	5,830,000
Wong Thean Soon (2)	769,604,892	383,219,846	5,634,800	(5,000,000)	1,153,459,538
Dato' Raja Haji Munir Shah Bin Raja Mustapha (3)	729,604,892	363,219,846	5,634,800	(5,000,000)	1,093,459,538

(1) *Indirect interest through his wife's and son's shareholdings by virtue of Section 59(11)(c) of the Companies Act 2016 in Malaysia.*

(2) *Indirect interests through his interests in Asia Internet Holdings Sdn. Bhd. ("AIH"), Asia Internet E-Services Holdings Sdn. Bhd. ("AIEH") and Radio Port Limited ("RPL").*

(3) *Indirect interests through his interests in Asia Internet Holdings Sdn. Bhd. ("AIH") and Asia Internet E-Services Holdings Sdn. Bhd. ("AIEH").*

DIRECTORS' INTERESTS *cont'd*

By virtue of their shareholdings in the Company, Wong Thean Soon and Dato' Raja Haji Munir Shah Bin Raja Mustapha are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with related parties as disclosed in Note 42 to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 41 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 47 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 48 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 33 to the financial statements.

Signed In accordance with a resolution of the directors dated 23 October 2017

Wong Thean Soon

Dato' Raja Haji Munir Shah Bin Raja Mustapha

STATEMENT BY DIRECTORS

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

We, Wong Thean Soon and Dato' Raja Haji Munir Shah Bin Raja Mustapha, being two of the directors of My E.G. Services Berhad, state that, in the opinion of the directors, the financial statements set out on pages 65 to 140 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2017 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 49, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 23 October 2017

Wong Thean Soon **Dato' Raja Haji Munir Shah Bin Raja Mustapha**

STATUTORY DECLARATION

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

I, Wong Thean Soon, being the director primarily responsible for the financial management of My E.G. Services Berhad, do solemnly and sincerely declare that the financial statements set out on pages 65 to 140 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
Wong Thean Soon,
at Kuala Lumpur in the Federal Territory
on this 23 October 2017

Wong Thean Soon

Before me

Lai Din
No.: W 668
Commissioner for Oaths

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of My E.G. Services Berhad, which comprise the statements of financial position as at 30 June 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 140.

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 30 June 2017, and of their financial performance and their cash flows for the financial year 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 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 year. 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.

Key Audit Matters *cont'd*

We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of Amount Owing by an Associate Refer to Note 18 in the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
As disclosed in Note 18 to the financial statements, amount owing by an associate as at the reporting date amounted to RM85.5 million. The management assessed the level of allowance for impairment losses on the amount due from an associate based on the following assumptions:- ● specific known facts or circumstances on the associate's ability to pay; and/or ● by reference to the status of the online tax monitoring project. The impairment assessment involves significant judgement and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance. We determined this to be a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to credit risk exposures to assess the recoverability of the amount owing by the associate.	Our audit procedures included, amongst others:- ● reviewed recoverability of amount owing by the associate; ● enquired management on status of the online tax monitoring project; ● reviewed the movement of the amount owing by associate during the financial year; ● reviewed management's basis of estimation on impairment loss on amount owing by the associate; and ● considered the adequacy of the Group's disclosures in this area.

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.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the 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 a 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 skepticism 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.

- 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.

***Auditors' Responsibilities for the Audit of the Financial Statements** cont'd*

- 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 financial 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.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 49 on page 141 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Lee Kok Wai
Approval No: 02760/06/2018 J
Chartered Accountant

Kuala Lumpur
23 October 2017

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	14,895	14,895
Investment in an associate	6	-	-	400	400
Property and equipment	7	349,451	250,801	219,010	190,051
Investment properties	8	17,809	-	94,500	-
Other investments	9	9,818	9,593	-	-
Development costs	10	5,390	7,119	3,172	4,272
Goodwill on consolidation	11	18,549	17,800	-	-
Deferred tax asset	12	710	710	-	-
Hire purchase and finance lease receivables	13	12,889	518	-	-
		414,616	286,541	331,977	209,618
CURRENT ASSETS					
Inventories	14	1,810	3,025	-	-
Hire purchase and finance lease receivables	13	1,302	58	-	-
Trade receivables	15	100,728	101,681	11,428	25,546
Other receivables, deposits and prepayments	16	121,300	45,929	40,273	16,836
Amount owing by subsidiaries	17	-	-	213,291	102,541
Amount owing by an associate	18	85,529	77,083	62,827	54,383
Current tax assets		915	371	180	-
Fixed deposits with licensed banks	19	15,763	9,216	13,065	7,069
Cash and bank balances	20	121,810	200,499	25,880	99,405
		449,157	437,862	366,944	305,780
TOTAL ASSETS		863,773	724,403	698,921	515,398

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017
CONT'D

	Note	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	21	360,630	240,420	360,630	240,420
Treasury shares	22	-	(2)	-	(2)
Reserves	23	192,774	159,879	205,699	169,039
Equity attributable to owners of the Company		553,404	400,297	566,329	409,457
Non-controlling interests		(1,463)	(161)	-	-
TOTAL EQUITY		551,941	400,136	566,329	409,457
NON-CURRENT LIABILITIES					
Long-term borrowings	24	114,160	83,600	110,960	77,200
Deferred tax liabilities	27	2,102	1,081	1,800	878
		116,262	84,681	112,760	78,078
CURRENT LIABILITIES					
Trade payables	28	130,774	173,910	377	366
Other payables and accruals	29	21,644	22,046	4,488	8,372
Deferred revenue	30	19,940	19,940	-	-
Current tax liabilities		57	24	-	17
Short-term borrowings	31	23,155	23,666	14,967	19,108
		195,570	239,586	19,832	27,863
TOTAL LIABILITIES		311,832	324,267	132,592	105,941
TOTAL EQUITY AND LIABILITIES		863,773	724,403	698,921	515,398

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
REVENUE	32	371,215	281,728	246,771	215,991
COST OF SALES		(87,256)	(58,547)	(6,371)	(5,898)
GROSS PROFIT		283,959	223,181	240,400	210,093
OTHER INCOME		4,434	2,307	3,784	1,205
		288,393	225,488	244,184	211,298
ADMINISTRATIVE EXPENSES		(60,547)	(61,232)	(28,511)	(33,395)
OTHER EXPENSES		(21,127)	(17,556)	(4,938)	(3,987)
FINANCE COSTS		(5,241)	(3,474)	(4,565)	(2,795)
PROFIT BEFORE TAXATION	33	201,478	143,226	206,170	171,121
INCOME TAX EXPENSE	34	(1,430)	(707)	(894)	(89)
PROFIT AFTER TAXATION		200,048	142,519	205,276	171,032
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		200,048	142,519	205,276	171,032
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		201,511	142,872	205,276	171,032
Non-controlling interests		(1,463)	(353)	-	-
		200,048	142,519	205,276	171,032
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		201,511	142,872	205,276	171,032
Non-controlling interests		(1,463)	(353)	-	-
		200,048	142,519	205,276	171,032
EARNINGS PER SHARE (SEN)					
- Basic	35	5.6	4.0		
- Diluted	35	5.6	4.0		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Share Capital RM'000	Treasury Shares RM'000	Fair Value Reserve RM'000	Other Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
The Group									
Balance at 1.7.2015		120,210	(6,783)	6,700	37,009	116,777	273,913	(20)	273,893
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	142,872	142,872	(353)	142,519
Contributions by and distributions to owners of the Company:									
- Bonus issue		120,210	-	-	(42,553)	(77,657)	-	-	-
- Expenses related to bonus issue		-	-	-	-	(116)	(116)	-	(116)
- Acquisition of subsidiaries	36.1(a)	-	-	-	-	-	-	368	368
- Purchase of treasury shares	22	-	(4,041)	-	-	-	(4,041)	-	(4,041)
- Resale of treasury shares	22	-	10,822	-	5,544	-	16,366	-	16,366
- Dividends:									
- by the Company	38	-	-	-	-	(28,850)	(28,850)	-	(28,850)
		120,210	6,781	-	(37,009)	(106,623)	(16,641)	368	(16,273)
Changes in subsidiaries' ownership interests that do not result in a loss of control		-	-	-	-	153	153	(156)	(3)
Total transactions with owners		120,210	6,781	-	(37,009)	(106,470)	(16,488)	212	(16,276)
Balance at 30.6.2016/1.7.2016		240,420	(2)	6,700	-	153,179	400,297	(161)	400,136

The annexed notes form an integral part of these financial statements.

	Note	Share Capital RM'000	Treasury Shares RM'000	Fair Value Reserve RM'000	Other Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
The Group									
Balance at 30.6.2016/1.7.2016		240,420	(2)	6,700	-	153,179	400,297	(161)	400,136
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	201,511	201,511	(1,463)	200,048
Contributions by and distributions to owners of the Company:									
- Bonus issue		120,210	-	-	(1,005)	(119,205)	-	-	-
- Expenses related to bonus issue		-	-	-	-	(125)	(125)	-	(125)
- Acquisition of subsidiaries	36.1(b)	-	-	-	-	-	-	1	1
- Additional subscription of shares by non-controlling interest		-	-	-	-	-	-	160	160
- Purchase of treasury shares	22	-	(7,954)	-	-	-	(7,954)	-	(7,954)
- Resale of treasury shares	22	-	7,956	-	1,005	-	8,961	-	8,961
- Dividends:									
- by the Company	38	-	-	-	-	(49,286)	(49,286)	-	(49,286)
Total transactions with owners		120,210	2	-	-	(168,616)	(48,404)	161	(48,243)
Balance at 30.6.2017		360,630	-	6,700	-	186,074	553,404	(1,463)	551,941

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
CONT'D

	Note	Share Capital RM'000	Treasury Shares RM'000	Other Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
The Company						
Balance at 1.7.2015		120,210	(6,783)	37,009	104,630	255,066
Profit after taxation/Total comprehensive income for the financial year		-	-	-	171,032	171,032
Contributions by and distributions to owners of the Company:						
- Bonus issue		120,210	-	(42,553)	(77,657)	-
- Expenses related to bonus issue		-	-	-	(116)	(116)
- Purchase of treasury shares	22	-	(4,041)	-	-	(4,041)
- Resale of treasury shares	22	-	10,822	5,544	-	16,366
- Dividends	38	-	-	-	(28,850)	(28,850)
Total transactions with owners		120,210	6,781	(37,009)	(106,623)	(16,641)
Balance at 30.6.2016/1.7.2016		240,420	(2)	-	169,039	409,457
Profit after taxation/Total comprehensive income for the financial year		-	-	-	205,276	205,276
Contributions by and distributions to owners of the Company:						
- Bonus issue		120,210	-	(1,005)	(119,205)	-
- Expenses related to bonus issue		-	-	-	(125)	(125)
- Purchase of treasury shares	22	-	(7,954)	-	-	(7,954)
- Resale of treasury shares	22	-	7,956	1,005	-	8,961
- Dividends	38	-	-	-	(49,286)	(49,286)
Total transactions with owners		120,210	2	-	(168,616)	(48,404)
Balance at 30.6.2017		360,630	-	-	205,699	566,329

The annexed notes form an integral part of these financial statements.

	Note	The Group		The Company	
		2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		201,478	143,226	206,170	171,121
Adjustments for:-					
Amortisation of development costs		1,836	1,836	1,100	1,100
Bad debts written off		-	40	-	-
Depreciation of equipment		17,846	15,869	3,475	3,035
Depreciation of investment properties		30	-	158	-
Equipment written off		1	3	#	-
Impairment loss:					
- trade receivables		15	58	-	-
- other receivables		20	-	-	-
- other investments		870	-	-	-
Interest expense		5,241	3,474	4,565	2,795
(Gain)/Loss on disposal of equipment		(45)	(222)	84	(1)
Interest income		(3,515)	(1,993)	(995)	(1,203)
Reversal of impairment loss on trade receivables		(58)	(70)	-	-
Unrealised gain on foreign exchange		(21)	(175)	(38)	-
Waiver of debts		-	(60)	-	-
Operating profit before working capital changes		223,698	161,986	214,519	176,847
Decrease/(Increase) in inventories		1,215	(2,560)	-	-
Increase in hire purchase and finance lease receivables		(13,615)	(576)	-	-
Increase in trade and other receivables		(74,395)	(41,846)	(9,319)	(10,340)
(Decrease)/Increase in trade and other payables		(43,394)	52,006	(3,873)	4,493
Increase in amount owing by an associate		(2,544)	(2,544)	(2,544)	(2,544)
CASH FLOWS FROM OPERATIONS/BALANCE CARRIED FORWARD		90,965	166,466	198,783	168,456

 # - represents an amount less than RM1,000.

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
CONT'D

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
BALANCE CARRIED FORWARD		90,965	166,466	198,783	168,456
Interest paid		(5,241)	(3,474)	(4,565)	(2,795)
Income tax (paid)/refunded		(920)	(583)	(169)	27
NET CASH FROM OPERATING ACTIVITIES		84,804	162,409	194,049	165,688
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of non-controlling interests	36.2	-	(3)	-	-
Advances to an associate		(5,902)	(3,319)	(5,900)	(3,319)
Development costs paid		(107)	-	-	-
Interest received		3,515	1,993	995	1,203
Advances to subsidiaries		-	-	(110,750)	(53,816)
Increase in pledged deposits with licensed banks		(6,674)	(445)	(6,058)	-
Proceeds from disposal of equipment		287	235	107	1
Purchase of property and equipment	39	(134,578)	(151,074)	(127,283)	(137,364)
Proceeds from disposal of other investment		150	-	-	-
Purchase of investment:					
- other investments		(1,245)	(1,290)	-	-
- a subsidiary		-	-	#	-
Net cash outflow from acquisition of subsidiaries	36.1(a) and 36.1(b)	(749)	(4,686)	-	-
Subscription of shares in a subsidiary by non-controlling interest		-	#	-	-
NET CASH FOR INVESTING ACTIVITIES		(145,303)	(158,589)	(248,889)	(193,295)

 # - represents an amount less than RM1,000.

The annexed notes form an integral part of these financial statements.

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividends paid	38	(49,286)	(28,850)	(49,286)	(28,850)
Drawdown of term loans		48,224	86,308	48,224	86,308
Drawdown of revolving credit		5,000	10,000	-	10,000
Purchase of treasury shares	22	(7,954)	(4,041)	(7,954)	(4,041)
Resale of treasury shares	22	8,961	16,366	8,961	16,366
Bonus issue expenses		(125)	(116)	(125)	(116)
Proceeds from disposal of partial interest in a subsidiary that do not result in loss of control	37.1	-	#	-	-
Repayment of hire purchase and finance lease obligations		(3,528)	(4,190)	-	-
Repayment of term loans		(9,647)	(2,076)	(8,605)	(1,057)
Repayment of revolving credit		(10,000)	-	(10,000)	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(18,355)	73,401	(18,785)	78,610
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(78,854)	77,221	(73,625)	51,003
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		38	-	38	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		200,702	123,481	99,467	48,464
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	40	121,886	200,702	25,880	99,467

 # - represents an amount less than RM1,000.

The annexed notes form an integral part of these financial statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated, domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business are as follows:-

Registered office	:	Lot 6.05, Level 6, KPMG Tower, No. 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	Level 43A, MYEG Tower, No. 8 Jalan Damansara, Empire City, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 23 October 2017.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of development and implementation of the Electronic Government Services project and the provision of other related services for the Electronic Government Services project, as well as investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 14 Regulatory Deferral Accounts

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

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

3. BASIS OF PREPARATION *cont'd*

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of the Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

3. BASIS OF PREPARATION *cont'd*

3.2 The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:- *cont'd*

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *cont'd*

(b) Classification between Investment Properties and Owner-occupied Properties *cont'd*

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(c) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(d) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.2 BASIS OF CONSOLIDATION *cont'd*

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.5 FINANCIAL INSTRUMENTS *cont'd*

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

As at the end of the reporting period, there were no financial assets classified under this category.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.5 FINANCIAL INSTRUMENTS *cont'd*

(a) Financial Assets *cont'd*

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

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

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.5 FINANCIAL INSTRUMENTS *cont'd*

(b) Financial Liabilities *cont'd*

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are sold, the difference between the sales consideration and the carrying amount of the treasury shares are shown as a movement in equity. When the consideration received is more than the carrying amount, the credit difference arising is taken to the share premium account. Where the consideration received is less than the carrying amount, the debit difference is offset against reserves.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.5 FINANCIAL INSTRUMENTS *cont'd*

(d) Derecognition *cont'd*

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries and related as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the associate made up to the end of the reporting period. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.7 INVESTMENTS IN ASSOCIATES *cont'd*

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4.8 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2%
IT Terminals	20%
Motor vehicles	16 - 20%
Office and communication equipment	10 - 12%
Office furniture and renovation	10%
Computers	20%
Software	20%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment. Any changes are accounted for as a change in estimate.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.8 PROPERTY AND EQUIPMENT *cont'd*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

4.9 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

4.10 DEVELOPMENT EXPENDITURE

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

(a) its ability to measure reliably the expenditure attributable to the asset under development;
(b) the product or process is technically and commercially feasible;
(c) its future economic benefits are probable;
(d) its intention to complete and the ability to use or sell the developed asset; and
(e) the availability of adequate technical, financial and other resources to complete the asset under development.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.10 DEVELOPMENT EXPENDITURE *cont'd*

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of their expected benefits but not exceeding 20 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

4.11 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss, investments in subsidiaries and investments in associates), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets 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 financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

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. Such impairment losses are not reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.11 IMPAIRMENT *cont'd*

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.12 LEASED ASSETS

(a) Finance Assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.12 LEASED ASSETS *cont'd*

(b) Operating Lease *cont'd*

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4.13 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.14 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.15 INCOME TAXES *cont'd*

(b) Deferred Tax *cont'd*

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

4.16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity period of three months or less.

4.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and recognised in profit or loss and included in the development costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the development costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.18 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a company of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

4.19 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition and construction of property and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

4.20 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.20 CONTINGENT LIABILITIES *cont'd*

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.21 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

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

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

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.22 REVENUE AND OTHER INCOME

(a) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns, cash and trade discounts.

(b) Services

Revenue is recognised upon the rendering of services when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred.

(c) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.22 REVENUE AND OTHER INCOME *cont'd*

(e) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

4.23 DEFERRED REVENUE

The portion of the unrealised gain from the sale of enterprise solutions, which is deferred and disclosed as deferred revenue, is recognised on a straight-line basis over the period of their expected benefits.

4.24 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.25 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2017	2016
	RM'000	RM'000
Unquoted shares in Malaysia, at cost	14,895	14,895

5. INVESTMENTS IN SUBSIDIARIES *cont'd*

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2017	2016	
		%	%	
Gale Vector Sdn. Bhd. ("GVSB")	Malaysia	100	100	Provision of software solutions and maintenance services.
My EG Sdn. Bhd. ("EGSB")	Malaysia	100	100	Development and implementation of the Electronic Government services project and provision of other related services.
MY E.G. Commerce Sdn. Bhd. ("MECSB")	Malaysia	100	100	Provision of auto insurance intermediary services and other related ancillary services.
MY E.G. Capital Sdn. Bhd. ("MYEGC")	Malaysia	100	100	Investment holding.
MY EG Management Services Sdn. Bhd. ("MYEGMS")	Malaysia	100	-	Provision of management and consultancy services.
Subsidiaries of MYEGC				
MY EG Ad Networks Sdn. Bhd. ("MYEGAD")	Malaysia	100	100	Provision of online advertisement.
Ipidato Dot Com Sdn. Bhd. ("Ipidato DC")	Malaysia	100	100	Dormant.
Car X Services Sdn. Bhd. ("CarX")	Malaysia	55	55	To operate and manage automotive classified web portal and other value added services for the automotive classified web portal.
MY E.G. Credit Sdn. Bhd. ("MYEGCDT")	Malaysia	100	100	Provision of financial lease activities and other credit granting activities.
MY E.G. Alternative Payment Services Sdn. Bhd. ("MYEG ALT")	Malaysia	100	100	Dormant.
Picasso Media Sdn. Bhd. ("Picasso Media")	Malaysia	60	60	Provision of diversified media solutions and related professional services.
CardBiz Holding Sdn. Bhd. ("CardBiz")	Malaysia	55	55	Investment holding.

5. INVESTMENTS IN SUBSIDIARIES *cont'd*

The details of the subsidiaries are as follows:- *cont'd*

Name of Subsidiary	Principal Place of Business	Percentage of Issued Share Capital Held by Parent 2017 %	2016 %	Principal Activities
Subsidiaries of MYEGC *cont'd*				
Hurr Tv Sdn. Bhd. ("Hurr Tv")	Malaysia	60	-	Build, own and operate an online TV channel.
Essential Reviews Sdn. Bhd. ("ERSB")	Malaysia	67	-	Provision of digital platform for reviews and news on restaurant and food and beverage business, with advertising or marketing possibilities for related brands.
Subsidiaries of CardBiz				
CardBiz Solutions Sdn. Bhd. ("CSSB")	Malaysia	55	55	Computer software and hardware.
CardBiz Payment Services Sdn. Bhd. ("CPSSB")	Malaysia	55	55	Information technology and credit card terminal rental and other related activities.
CardBiz Technologies Sdn. Bhd. ("CTSB")	Malaysia	55	55	Trading of computer hardware, accessories and related products.
Buy Now Asia Sdn. Bhd. ("BNASB")	Malaysia	55	55	E-Commerce service provider, online purchase and redemption and other related activities.
CardBiz eServices Sdn. Bhd. ("CESB")	Malaysia	55	55	Dormant.
Subsidiaries of EGSB				
MyEG Trade Sdn. Bhd. ("MTSB")	Malaysia	100	100	Trading of motor vehicles and provision of ancillary services.
MY EG Lodging Sdn. Bhd. ("MLSB")	Malaysia	55	-	Build, own and operate hostels for foreign workers.
Subsidiary of Hurr Tv				
Muca Wellness Sdn. Bhd. ("MUCA")	Malaysia	60	-	Electronic commerce.

5. INVESTMENTS IN SUBSIDIARIES *cont'd*

The details of the subsidiaries are as follows:- *cont'd*

Name of Subsidiary	Principal Place of Business	Percentage of Issued Share Capital Held by Parent 2017 %	2016 %	Principal Activities
Subsidiary of MLSB				
Mydigitalcoin Sdn. Bhd. ("MYDC")	Malaysia	55	-	Investment holding.

(a) During the financial year:-

(i) On 20 July 2016, MYEGC acquired 2 ordinary shares of RM1 each, representing 100% equity interests in Hurr Tv for a total cash consideration of RM2. Subsequently, Hurr Tv increased its issued and paid up capital for which MYEGC subscribed for 4 ordinary shares of RM1 each in Hurr Tv for a total cash consideration of RM4. Consequently, MYEGC diluted its equity interest in Hurr Tv to 60%.

(ii) On 20 July 2016, EGSB acquired 55 ordinary shares of RM1 each, representing 55% equity interests in MLSB for a total cash consideration of RM55. Upon completion of the subscription, MLSB became a 55% owned subsidiary of EGSB.

(iii) On 25 January 2017, the Company acquired 2 ordinary shares of RM1 each representing 100% equity interests in MYEGMS for a total cash consideration of RM2.

(iv) On 25 January 2017, Hurr Tv acquired 2 ordinary shares of RM1 each representing 100% equity interests in MUCA for a total cash consideration of RM2.

(v) On 19 May 2017, MYEGC entered into a Shareholders Agreement to subscribe for 50,000 shares and further purchase 75,000 shares, collectively representing approximately 67% equity interests in ERSB for a total consideration of RM1,250,000.

(vi) On 28 June 2017, MLSB acquired 1 ordinary share representing 100% equity interests in MYDC for a total cash consideration of RM1.

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests is not presented as the non-controlling interests are not material to the Group.

6. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares in Malaysia, at cost	400	400	400	400
Share of post-acquisition losses	(400)	(400)	-	-
	-	-	400	400

6. INVESTMENT IN AN ASSOCIATE *cont'd*

The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Percentage of Issued Share Capital Held by Parent		Principal Activity
		2017	2016	
		%	%	
MY E.G. Integrated Networks Sdn. Bhd. ("MINT")*	Malaysia	40%	40%	Provision of software and hardware solutions and related services.

** - This associate was audited by other firm of chartered accountants.*

The summarised financial information of the associate is as follows:-

	MINT	
	2017	2016
	RM'000	RM'000
At 30 June		
Non-current assets	52,641	52,079
Current assets	790	881
Non-current liabilities	(287)	(21)
Current liabilities	(122,769)	(108,122)
Net liabilities	(69,625)	(55,183)
Financial Year Ended 30 June		
Revenue	-	-
Loss during the financial year/ Total comprehensive expenses	(14,442)	(13,595)
Group's share of losses for the financial year/ Total comprehensive expense	-	-
Reconciliation of Net Liabilities to Carrying Amount		
Group's share of net liabilities *	(27,850)	(22,073)
Share of losses recognised	400	400
Share of losses in excess of the interest in the associate not recognised	27,450	21,673
Carrying amount of the Group's interest in this associate	-	-

** - limited to cost of investment in the associate.*

7. PROPERTY AND EQUIPMENT

	At 1.7.2016	Additions	Reclassification*	Transfer to investment properties (Note 8)	Disposals	Written off	Depreciation Charges	At 30.6.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group								
Net Book Value								
IT Terminals	1,025	2,685	-	-	(51)	(1)	(601)	3,057
Motor vehicles	2,885	519	-	-	(#)	-	(798)	2,606
Office and communication equipment	50,728	1,820	-	-	(191)	(#)	(10,875)	41,482
Office furniture and renovation	6,580	3,435	-	-	-	(#)	(1,360)	8,655
Computers	9,962	4,993	-	-	-	(#)	(3,510)	11,445
Software	1,114	593	-	-	-	(#)	(421)	1,286
Buildings	-	-	186,356	(17,839)	-	-	(281)	168,236
Capital work-in-progress	178,507	120,533	(186,356)	-	-	-	-	112,684
	250,801	134,578	-	(17,839)	(242)	(1)	(17,846)	349,451

	At 1.7.2015	Additions	Acquisition of A Subsidiary (Note 36.1(a))	Disposal	Written off	Depreciation Charges	At 30.6.2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group							
Net Book Value							
IT Terminals	-	567	675	(13)	(2)	(202)	1,025
Motor vehicles	1,610	1,873	106	-	-	(704)	2,885
Office and communication equipment	49,081	12,460	53	-	-	(10,866)	50,728
Office furniture and renovation	5,135	2,431	27	-	-	(1,013)	6,580
Computers	7,327	5,305	75	-	(1)	(2,744)	9,962
Software	879	563	12	-	-	(340)	1,114
Capital work-in-progress	46,102	132,405	-	-	-	-	178,507
	110,134	155,604	948	(13)	(3)	(15,869)	250,801

 # - represents an amount less than RM1,000.
** - relates to the office building which was completed during the current financial year.*

7. PROPERTY AND EQUIPMENT *cont'd*

	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
The Group			
2017			
IT Terminals	4,606	(1,549)	3,057
Motor vehicles	6,076	(3,470)	2,606
Office and communication equipment	95,135	(53,653)	41,482
Office furniture and renovation	15,224	(6,569)	8,655
Computers	23,349	(11,904)	11,445
Software	2,576	(1,290)	1,286
Buildings	168,517	(281)	168,236
Capital work-in-progress	112,684	-	112,684
	428,167	(78,716)	349,451
2016			
IT Terminals	2,016	(991)	1,025
Motor vehicles	5,968	(3,083)	2,885
Office and communication equipment	94,095	(43,367)	50,728
Office furniture and renovation	11,874	(5,294)	6,580
Computers	19,429	(9,467)	9,962
Software	2,004	(890)	1,114
Capital work-in-progress	178,507	-	178,507
	313,893	(63,092)	250,801

7. PROPERTY AND EQUIPMENT *cont'd*

	At 1.7.2016 RM'000	Additions RM'000	Reclassification* RM'000	Transfer to investment properties (Note 8) RM'000	Disposal RM'000	Written off RM'000	Depreciation Charges RM'000	At 30.6.2017 RM'000
The Company								
Net Book Value								
Motor vehicles	4	-	-	-	-	-	(1)	3
Office and communication equipment	3,294	1,374	-	-	(191)	-	(924)	3,553
Office furniture and renovation	4,177	2,375	-	-	-	-	(862)	5,690
Computers	3,374	3,006	-	-	-	-	(1,324)	5,056
Software	695	290	-	-	-	(#)	(211)	774
Buildings	-	-	186,356	(94,658)	-	-	(153)	91,545
Capital work-in-progress	178,507	120,238	(186,356)	-	-	-	-	112,389
	190,051	127,283	-	(94,658)	(191)	(#)	(3,475)	219,010

	At 1.7.2015 RM'000	Additions RM'000	Disposal RM'000	Depreciation Charges RM'000	At 30.6.2016 RM'000
The Company					
Net Book Value					
Motor vehicles	#	5	(#)	(1)	4
Office and communication equipment	3,377	1,101	-	(1,184)	3,294
Office furniture and renovation	2,808	1,979	-	(610)	4,177
Computers	2,919	1,536	-	(1,081)	3,374
Software	516	338	-	(159)	695
Capital work-in-progress	46,102	132,405	-	-	178,507
	55,722	137,364	(#)	(3,035)	190,051

 # - represents an amount less than RM1,000.
** - relates to the office building which was completed during the current financial year.*

7. PROPERTY AND EQUIPMENT *cont'd*

	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
The Company			
2017			
Motor vehicles	540	(537)	3
Office and communication equipment	16,223	(12,670)	3,553
Office furniture and renovation	9,767	(4,077)	5,690
Computers	10,648	(5,592)	5,056
Software	1,273	(499)	774
Buildings	91,698	(153)	91,545
Capital work-in-progress	112,389	-	112,389
	242,538	(23,528)	219,010
2016			
Motor vehicles	540	(536)	4
Office and communication equipment	15,060	(11,766)	3,294
Office furniture and renovation	7,392	(3,215)	4,177
Computers	7,642	(4,268)	3,374
Software	1,003	(308)	695
Capital work-in-progress	178,507	-	178,507
	210,144	(20,093)	190,051

At the end of the reporting period, the net book value of the assets acquired under hire purchase and finance lease terms were as follows:-

	The Group	
	2017 RM'000	2016 RM'000
Motor vehicles	1,990	2,700
Office and communication equipment	5,442	12,292
	7,432	14,992

7. PROPERTY AND EQUIPMENT *cont'd*

At the end of the reporting period, the net book value of the following assets have been pledged to licensed banks as security for banking facilities granted to the Group:-

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Buildings	168,236	-	91,545	-
Capital work-in-progress	9,998	132,405	9,998	132,405
	178,234	132,405	101,543	132,405

8. INVESTMENT PROPERTIES

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cost:-				
At 1 July 2016/2015	-	-	-	-
Transfer from property and equipment (Note 7)	17,839	-	94,658	-
At 30 June 2017/2016	17,839	-	94,658	-
Accumulated depreciation:-				
At 1 July 2016/2015	-	-	-	-
Depreciation during the financial year	(30)	-	(158)	-
At 30 June 2017/2016	(30)	-	(158)	-
	17,809	-	94,500	-
Represented by:-				
Buildings	17,809	-	94,500	-
Fair value	17,841	-	96,270	-

(a) The buildings have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 26 to the financial statements.

(b) The fair values of the investment properties are within level 2 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties.

9. OTHER INVESTMENTS

	The Group	
	2017	2016
	RM'000	RM'000
Unquoted shares in Malaysia:-	9,818	9,593
Represented by:-		
At fair value	9,818	9,593

These are designated as available-for-sale financial assets and are stated at fair value.

Other investments stated at fair value are analysed into level 3 fair value measurement.

The level 3 fair value of other investments have been determined using discounted cash flow approach performed by management based on the following significant unobservable inputs:-

Investment engaged in online fashion boutique business

Unobservable Inputs			Relationship of Unobservable Inputs to Fair Value	Sensitivity Analysis (Assume All Other Variables Held Constant)
(aa)	Revenue growth rates of 22% (2016 - 38%)	Based on management's experience and knowledge of market conditions of the specific industries.	The higher the revenue growth rate, the higher the fair value.	A 1% change in revenue growth rate would result in an increase/decrease in the fair value by RM1,950,000.
(bb)	Pre-tax operating profit margins of 30% (2016 - 11%)	Taking into account management's experience and knowledge of market conditions of the specific industries.	The higher the pre-tax operating margins, the higher the fair value.	A 1% change in pre-tax operating profit margin would result in an increase/ decrease in the fair value by RM1,594,000.
(cc)	Discount rate of 8% (2016 - 8%)	Reflects current market assessments of the uncertainty in the amount and timing of cash flows.	The higher the discount rate, the lower the fair value.	A 1% change in discount rate would result in a decrease/increase in the fair value by RM1,446,000.

9. OTHER INVESTMENTS *cont'd*

Investment engaged in providing computer and mobile software service and include related information technology services

Unobservable Inputs			Relationship of Unobservable Inputs to Fair Value	Sensitivity Analysis (Assume All Other Variables Held Constant)
(aa)	Revenue growth rates of 7% (2016 - 5%)	Based on management's experience and knowledge of market conditions of the specific industries.	The higher the revenue growth rate, the higher the fair value.	A 1% change in revenue growth rate would result in an increase/decrease in the fair value by RM27,000.
(bb)	Pre-tax operating profit margins of 36% (2016 - 31%)	Taking into account management's experience and knowledge of market conditions of the specific industries.	The higher the pre-tax operating margins, the higher the fair value.	A 1% in pre-tax operating profit margin would result in an increase/decrease in the fair value by RM48,000.
(cc)	Discount rate of 8% (2016 - 8%)	Reflects current market assessments of the uncertainty in the amount and timing of cash flows.	The higher the discount rate, the lower the fair value.	A 1% change in discount rate would result in a decrease/increase in the fair value by RM52,000.

Management believes that no reasonable change in the above key assumptions would cause the carrying amount of other investments to exceed its recoverable amounts.

During the financial year, the Group carried out a review of the recoverable amount of some of its other investments because of their deteriorating financial performance. A total impairment loss of RM870,000 was recognised in "Other expenses" line item of the statements of profit or loss and other comprehensive income.

10. DEVELOPMENT COSTS

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
At cost:-				
At 1 July 2016/2015	20,623	20,623	10,267	10,267
Addition during the financial year	107	-	-	-
At 30 June 2017/2016	20,730	20,623	10,267	10,267
Accumulated amortisation:-				
At 1 July 2016/2015	(13,504)	(11,668)	(5,995)	(4,895)
Amortisation during the financial year	(1,836)	(1,836)	(1,100)	(1,100)
At 30 June 2017/2016	(15,340)	(13,504)	(7,095)	(5,995)
	5,390	7,119	3,172	4,272

Development costs were incurred for the software development of the Electronic Government Services project and other related services.

11. GOODWILL ON CONSOLIDATION

	The Group	
	2017	2016
	RM'000	RM'000
At 1 July 2016/2015	17,800	12,016
Acquisition of subsidiaries (Note 36.1)	749	5,784
At 30 June 2017/2016	18,549	17,800

Goodwill on consolidation is stated at cost and arose from the acquisition of the subsidiaries.

The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group	
	2017	2016
	RM'000	RM'000
E-business activities	9,422	9,422
Provision of credit card terminal, hardware, solutions and other related services	5,594	5,784
Other cash-generating units without significant goodwill	3,533	2,594
	18,549	17,800

11. GOODWILL ON CONSOLIDATION *cont'd*

The Group has assessed the recoverable amount of goodwill allocated and determined that no impairment is required. The recoverable amounts of cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts value-in-use are as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2017	2016	2017	2016	2017	2016
E-business activities	83% - 86%	79% - 84%	5%	6%	9.6%	8.2%
Provision of credit card terminal, hardware, solutions and other related services	22% - 39%	30% - 36%	35% - 39%	18% - 30%	9.6%	8.2%

(a) Budgeted gross margin — Average gross margins achieved in the year immediately before the budgeted year.

(b) Growth rate — The growth rates used are based on the expected projection of e-business and provision of credit card terminal, hardware, solutions and other related services. There is no growth rate in perpetuity to arrive at terminal value.

(c) Discount rate (pre-tax) — Reflect specific risk relating to the relevant cash generating unit.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

The director believes that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the respective cash generating unit carrying amount of the goodwill to exceed its recoverable amounts.

12. DEFERRED TAX ASSET

The deferred tax asset is in respect of the unrealised gains arising from the sales between the Group and an associate.

13. HIRE PURCHASE AND FINANCE LEASE RECEIVABLES

	The Group	
	2017	2016
	RM'000	RM'000
Minimum hire purchase and finance lease collections:		
- not later than 1 year	2,039	94
- later than 1 year and not later than 5 years	12,931	388
- later than 5 years	2,657	235
	17,627	717
Less: Unearned finance income	(3,436)	(141)
Present value of hire purchase and finance lease receivables	14,191	576
Non-current		
Later than 1 year and not later than 5 years	10,366	302
Later than 5 years	2,523	216
	12,889	518
Current		
Not later than 1 year	1,302	58
	14,191	576

14. INVENTORIES

	The Group	
	2017	2016
	RM'000	RM'000
Used motor vehicles	37	465
Finished goods	1,773	2,560
	1,810	3,025
Recognised in profit or loss:-		
Amount written down to net realisable value	39	-
Inventories recognised as cost of sales	16,226	4,731

15. TRADE RECEIVABLES

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Trade receivables	100,305	101,649	11,428	25,546
Allowance for impairment losses	(15)	(58)	-	-
	100,290	101,591	11,428	25,546
Accrued income	438	90	-	-
	100,728	101,681	11,428	25,546
Allowance for impairment losses:-				
At 1 July 2016/2015	(58)	(313)	-	-
Acquisition of subsidiaries	-	(70)	-	-
Addition during the financial year	(15)	(58)	-	-
Reversal during the financial year	58	70	-	-
Written off during the financial year	-	313	-	-
At 30 June 2017/2016	(15)	(58)	-	-

The Group's normal trade credit terms range from cash terms to 180 (2016 - cash term to 180) days. Other credit terms are assessed and approved on a case-by-case basis.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Other receivables	78,818	21,942	5,837	5,397
Allowance for impairment losses	(20)	-	-	-
	78,798	21,942	5,837	5,397
Deposits	3,316	2,835	2,089	1,967
Prepayments	39,186	21,152	32,347	9,472
	121,300	45,929	40,273	16,836
Allowance for impairment losses:-				
At 1 July 2016/2015	-	-	-	-
Addition during the financial year	(20)	-	-	-
At 30 June 2017/2016	(20)	-	-	-

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *cont'd*

Included in the other receivables, deposits and prepayments are the following items:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Advance payments for:-				
Insurance premium to a designated insurance agent*	65,260	13,054	-	-
Purchase of equipment	34,058	10,481	28,500	-
Performance bond placed with gateway provider	10,478	6,777	3,230	4,366
Performance bond placed with government agency	99	99	-	-
Renovation work	1,165	8,166	258	7,999

** - The advance payment is in relation to the insurance premium collected on behalf by a subsidiary in connection with the Foreign Workers Rehiring Programme.*

17. AMOUNT OWING BY SUBSIDIARIES

The amounts owing by subsidiaries is non-trade in nature, unsecured, interest-free and receivable on demand. The amounts owing is to be settled in cash.

18. AMOUNT OWING BY AN ASSOCIATE

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Amount owing by:				
- trade	63,374	60,830	40,674	38,130
- non-trade	22,155	16,253	22,153	16,253
	85,529	77,083	62,827	54,383

The trade balance relates to the development work for the online tax monitoring project ("the Project") and is repayable upon the commencement of the said project. On 3 December 2014, the Company received a revised letter of award under the service tax regime to develop the Project. Nevertheless, the Goods and Services Tax ("GST") was implemented on 1 April 2015 and the service tax regime was replaced by the GST regime whereby the Project has been varied. Accordingly, the Project is currently being reviewed to cater for certain requirements and enhancements following the implementation of GST. A technical committee together with a steering committee have been established by the relevant authorities for this purpose.

18. AMOUNT OWING BY AN ASSOCIATE *cont'd*

The amendments to the relevant Act for the purpose of the implementation of the Project have been completed and came into effect from 1 January 2017. An internal trial run is currently being carried out to ensure any further technical issues in relation to the Project are resolved prior to commercialisation in the near future.

Based on the current state of affairs and other available information on the Project, the directors are confident that the Project will be completed and implemented in the near future. Accordingly, the directors are of the opinion that the amount owing by the associate will be recovered in full.

The non-trade amount owing is unsecured, interest-free and is to be settled in cash.

19. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group and the Company at the end of the reporting period bore a weighted average effective interest rate of 4.73% (2016 - 3.17%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 (2016 - 1 to 12) months.

(b) Included in the fixed deposits with licensed banks of the Group and the Company at the end of the reporting period were amounts of RM15,197,000 and RM13,035,000 (2016 - RM9,013,000 and RM7,007,000) respectively which have been pledged to licensed banks as security for banking facilities granted to the Group and the Company.

(c) At the end of the reporting period, the fixed deposits of the Group and the Company amounting to RM216,000 and RM33,000 (2016 - RM66,000 and RM33,000) respectively were held in trust by a director of the Company and a director of subsidiary, respectively.

20. CASH AND BANK BALANCES

Included in the cash and bank balances is the following:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short-term cash investments	64,038	137,846	18,055	74,797

The short-term cash investments at the end of the reporting period bore effective interest rates ranging from 1.25% to 3.60% (2016 - 2.75% to 4.76%) per annum. The short-term cash investments have maturity periods ranging from 1 to 30 (2016 - 1 to 30) days.

At the end of the reporting period, the bank balance of the Group and the Company amounting to RM1,136,000 (2016 - RM18,000) was held in trust by a director of the Company and a director of a subsidiary.

21. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

	The Company			
	2017		2016	
	Number Of Shares	Share Capital	Number Of Shares	Share Capital
	'000	RM'000	'000	RM'000
Authorised				
Ordinary shares of RM0.10 each	N/A	N/A	5,000,000	500,000
Issued and Fully Paid-Up				
Ordinary shares (2016 - Par Value of RM0.10 Each)				
At 1 July 2016/2015	2,404,204	240,420	1,202,102	120,210
Bonus issue	1,202,102	120,210	1,202,102	120,210
At 30 June 2017/2016	3,606,306	360,630	2,404,204	240,420

N/A – Not applicable pursuant to Companies Act 2016 which came into operation on 31 January 2017 as disclosed in item (iii) below.

(i) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

(ii) The Company had on 3 January 2017, increased its issued and paid-up share capital from RM240,420,400 to RM360,630,599 by a bonus issue of 1,202,101,993 new ordinary shares of RM0.10 each credited as fully paid-up on the basis of 1 bonus share for every 2 existing ordinary shares held. The new shares issued rank pari passu in all respects with the existing shares of the Company.

(iii) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares and redeemable convertible preference shares in issue or the relative entitlement of any of the members as a result of this transition.

22. TREASURY SHARES

	The Company			
	2017		2016	
	Number Of Shares	Treasury Share	Number Of Shares	Treasury Shares
	''000	RM'000	''000	RM'000
At 1 July 2016/2015	1	2	2,760	6,783
Buy back	3,876	7,954	1,573	4,041
Sold	(3,877)	(7,956)	(4,332)	(10,822)
At 30 June 2017/2016	-	-	1	2

During the financial year, the Company purchased 3,876,000 of its issued ordinary shares from the open market at an average price of RM2.05 per share. The total consideration paid for the shares purchased was RM7,954,000 including transaction costs. The ordinary shares purchased were held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

During the financial year, the Company resold 3,877,000 of its treasury shares to the open market at RM2.32 per share. The total consideration received for the resale amounted to RM8,961,000 net of transaction costs.

At the end of the reporting period, none of the ordinary shares were held as treasury shares by the Company.

23. RESERVES

FAIR VALUE RESERVES

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of available-for-sale financial assets until they are disposed of or impaired.

24. LONG-TERM BORROWINGS

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Hire purchase and finance lease payables (Note 25)	3,187	5,445	-	-
Term loans (Note 26)	110,973	78,155	110,960	77,200
	114,160	83,600	110,960	77,200

25. HIRE PURCHASE AND FINANCE LEASE PAYABLES (SECURED)

	The Group	
	2017	2016
	RM'000	RM'000
Minimum hire purchase and finance lease payments:		
- not later than 1 year	2,488	3,933
- later than 1 year and not later than 5 years	3,378	5,792
- later than 5 years	-	86
	5,866	9,811
Less: Future finance charges	(433)	(850)
Present value of hire purchase and finance lease payables	5,433	8,961
Non-current portion (Note 24):		
- later than 1 year and not later than 5 years	3,187	5,359
- later than 5 years	-	86
	3,187	5,445
Current portion (Note 31):		
- not later than 1 year	2,246	3,516
	5,433	8,961

The hire purchase and finance lease payables of the Group are secured by the Group's motor vehicles, office and communication equipment under hire purchase and finance lease.

The hire purchase and finance lease of the Group at the end of the reporting period bore an effective interest rate of 5.69% (2016 - 5.81%) per annum. The interest rates are fixed at the inception of hire purchase and finance lease arrangements.

26. TERM LOANS (SECURED)

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Non-current portion (Note 24):				
- later than 1 year and not later than 2 years	15,120	13,086	15,107	12,144
- later than 2 years and not later than 5 years	46,231	36,445	46,231	36,432
- later than 5 years	49,622	28,624	49,622	28,624
	110,973	78,155	110,960	77,200
Current portion (Note 31):				
- not later than 1 year	15,909	10,150	14,967	9,108
	126,882	88,305	125,927	86,308

26. TERM LOANS (SECURED) *cont'd*

Details of the term loans are as follows:-

	Number of Monthly Instalments	Monthly Instalment RM'000	Date of Commencement of Repayment
Term loan 1	108	509	October 2016
Term loan 2	108	503	October 2016
Term loan 3	48	79	July 2014
Term loan 4	60	4	December 2012
Term loan 5	60	4	October 2013
Term loan 6	120	373	July 2017

The term loans bore a weighted average effective floating interest rate of 4.74% (2016 - 4.86%) per annum at the end of the reporting and are secured by:-

(i) a pledge of certain fixed deposits of the Group and the Company;
(ii) a joint and several guarantee of certain directors of the subsidiaries;
(iii) a specific charge over the buildings, investment properties and communication equipment of the Group and the Company; and
(iv) a corporate guarantee of the Company and a subsidiary.

27. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 July 2016/2015	1,081	937	878	878
Recognised in profit or loss (Note 34)	1,021	144	922	-
At 30 June 2017/2016	2,102	1,081	1,800	878

The deferred tax liabilities are attributable to the following:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Accelerated capital allowances	1,543	522	1,241	319
Development costs	559	559	559	559
	2,102	1,081	1,800	878

27. DEFERRED TAX LIABILITIES *cont'd*

The Group has not recognised the deferred tax liabilities of the following items as the directors are of the opinion that the deferred tax liabilities will not crystalise in the foreseeable future as the business operations of which the deferred tax liabilities arose are operated by a subsidiary of which MSC status has been granted.

	The Group	
	2017	2016
	RM'000	RM'000
Accelerated capital allowances	7,622	10,210
Development costs	990	1,381
Others	1,044	914
	9,656	12,505

28. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from cash terms to 90 (2016 - cash term to 90) days.

29. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Other payables	12,577	10,697	3,020	5,157
Accruals	7,984	10,287	1,468	3,215
Deposits	1,083	1,062	-	-
	21,644	22,046	4,488	8,372

Included in the other payables is an amount of RM483,000 (2016 - RM465,000) in respect of the upfront payments received from customers for the rental of devices and maintenance services.

30. DEFERRED REVENUE

Deferred revenue represents the unrealised gains arising from the sales between the Group and an associate.

31. SHORT-TERM BORROWINGS

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Hire purchase and finance lease payables (Note 25)	2,246	3,516	-	-
Term loans (Note 26)	15,909	10,150	14,967	9,108
Revolving credit (unsecured)	5,000	10,000	-	10,000
	23,155	23,666	14,967	19,108

The revolving credit of the Group at the end of the reporting period bore a floating interest rate of 5.68% (2016 - 5.60%) per annum.

32. REVENUE

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Concession Based Services	76,425	79,436	8,229	6,835
Commercial Based Services and Products (Concession and Non-Concession Related):				
- sales of goods	19,196	8,465	-	-
- services rendered	275,594	193,827	5,042	5,156
Dividend income	-	-	233,500	204,000
	371,215	281,728	246,771	215,991

33. PROFIT BEFORE TAXATION

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Amortisation of development costs	1,836	1,836	1,100	1,100
Audit fee:				
- current financial year	194	165	48	44
- underprovision in the previous financial year	43	11	8	5
Bad debts written off	-	40	-	-
Directors' fee	873	716	873	716
Directors' non-fee emoluments	53	-	53	-

33. PROFIT BEFORE TAXATION *cont'd*

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before taxation is arrived at after charging/(crediting):- *cont'd*				
Depreciation of equipment	17,846	15,869	3,475	3,035
Depreciation of investment properties	30	-	158	-
Equipment written off	1	3	#	-
Impairment loss:				
- trade receivables	15	58	-	-
- other receivables	20	-	-	-
- other investments	870	-	-	-
Interest expense on financial liabilities not at fair value through profit or loss:				
- hire purchase and finance lease	417	475	-	-
- revolving credit	137	-	-	-
- term loans	4,687	2,999	4,565	2,795
Loss/(Gain) on foreign exchange:				
- realised	306	90	-	-
- unrealised	(21)	(175)	(38)	-
Preliminary expenses	1	6	-	-
Rental expense:				
- equipment	213	197	2	-
- parking	71	99	57	67
- premises	5,150	4,175	1,149	1,281
- others	35	11	-	-
Staff costs:				
- salaries and other benefits	67,159	53,938	9,286	9,212
- defined contribution plan	7,620	6,080	880	969
Dividend income from a subsidiary	-	-	(233,500)	(204,000)
(Gain)/Loss on disposal of equipment	(45)	(222)	84	(1)
Interest income from financial assets not at fair value through profit or loss derived from fixed deposits with licensed banks and cash and bank balances	(3,515)	(1,993)	(995)	(1,203)
Rental income	(3,612)	(901)	(2,422)	-
Reversal of impairment loss on trade receivables	(58)	(70)	-	-
Waiver of debts	-	(60)	-	-

 # - represents an amount less than RM1,000.

34. INCOME TAX EXPENSE

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- for the current financial year	592	656	140	169
- overprovision in the previous financial year	(183)	(93)	(168)	(80)
	409	563	(28)	89
Deferred tax (Note 27):				
- for the current financial year	1,131	144	922	-
- overprovision in the previous financial year	(110)	-	-	-
	1,021	144	922	-
	1,430	707	894	89

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016 - 24%) of the estimated assessable profit for the financial year.

On 10 August 2016, a subsidiary with MSC Malaysia status, was granted an extension of the Pioneer Status incentive under the Promotion of Investments Act, 1986. The subsidiary will enjoy full exemption from income tax on its statutory income from pioneer activities for five (5) years, from 27 April 2016 to 26 April 2021.

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company is as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	201,478	143,226	206,170	171,121
Tax at the applicable statutory tax rate of 24% (2016 - 24%)	48,355	34,374	49,481	41,069
Tax effects of:-				
Non-taxable income	-	(71)	(56,040)	(49,031)
Tax exempted income	(57,873)	(43,067)	(96)	(196)
Non-deductible expenses	4,994	3,543	2,424	2,887
Deferred tax assets not recognised for the financial year	6,348	6,021	5,293	5,440
Utilisation of deferred tax assets previously not recognised	(101)	-	-	-
Overprovision in the previous financial year:				
- current taxation	(183)	(93)	(168)	(80)
- deferred taxation	(110)	-	-	-
	1,430	707	894	89

34. INCOME TAX EXPENSE *cont'd*

No deferred tax assets are recognised in respect of the following items:-

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	54,902	33,314	48,236	30,695
Unabsorbed capital allowances	21,251	15,602	20,583	15,374
Accelerated capital allowances	(19,647)	(18,423)	(19,076)	(18,364)
Other provisions	(195)	(212)	(196)	(212)
	56,311	30,281	49,547	27,493

35. EARNINGS PER SHARE

	The Group	
	2017	2016
Profit attributable to owners of the Company (RM'000)	201,511	142,872
Weighted average number of shares at 1 July 2016/2015 ('000):		
- issued ordinary shares	2,404,204	2,404,204
- treasury shares held	(1)	(2,760)
	2,404,203	2,401,444
Effect of treasury share buy-back and resale	(1,330)	949
Effect of bonus issue	1,202,102	1,202,102
Weighted average number of shares at 30 June 2017/2016	3,604,975	3,604,495
Basic earnings per share (Sen)	5.6	4.0

The diluted earnings per share is equal to the basic earnings per share as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

36. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

36.1 ACQUISITION OF SUBSIDIARIES

(a) On 28 August 2015, MYEGC acquired 55% equity interests in CardBiz. The acquisition of the subsidiaries was to enable the Group to expand its business into providing marketing and trading of manufactured technology products and credit card terminals and other related activities.

The following summarised the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2016 RM'000
Equipment	948
Inventories	465
Trade receivables	1,409
Other receivables, deposits and prepayments	219
Current tax assets	45
Cash and bank balances	1,548
Trade payables	(1,424)
Other payables and accruals	(2,114)
Hire purchase and finance lease payables	(33)
Term loans	(245)
Fair value of net identifiable assets and liabilities	818
Less: Non-controlling interest's proportionate share of the acquiree's net identifiable assets	(368)
Add: Goodwill on acquisition (Note 11)	5,784
Total purchase consideration, to be settled by cash	6,234
Less: Cash and bank balances of subsidiaries acquired	(1,548)
Net cash outflow from the acquisition of subsidiaries	4,686

The goodwill is attributable mainly to the control premium paid. In addition, the purchase consideration also included benefits derived from the expected revenue growth of the subsidiaries, its future market development as well as a customer list. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for tax purposes.

36. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS *cont'd*

36.1 ACQUISITION OF SUBSIDIARIES *cont'd*

(a) The subsidiaries have contributed revenue of RM7,848,000 and profit after taxation of RM792,000 to the Group since the date of acquisition.

If the acquisition was effective at the beginning of the previous financial year, the Group's revenue and profit after taxation for the previous financial year would have been RM283,356,000 and RM142,501,000 respectively.

(b) On 19 May 2017, MYEGC subscribed for 50,000 shares and further purchased 75,000 shares, collectively representing approximately 67% equity interests in ERSB for a total consideration of RM1,250,000. The principal activity of ERSB is to provide a digital platform for reviews and news on restaurants and food and beverage business, with advertising or marketing possibilities for related brands.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2017 RM'000
Cash and bank balances	502
Fair value of net identifiable assets and liabilities	502
Less: Non-controlling interest's proportionate share of the acquiree's net identifiable assets	(1)
Add: Goodwill on acquisition (Note 11)	749
Total purchase consideration, to be settled by cash	1,250
Less: Cash and bank balances of subsidiaries acquired	(501)
Net cash outflow from the acquisition of a subsidiary	749

(c) MYEGC paid a total cash consideration of RM1,250,000 to subscribe for a 67% equity interest in ERSB.

The effect of the acquisition on cash flows is as follows:-

	The Group 2017 RM'000
Purchase consideration settled in cash and cash equivalents	1,250
Less: Cash and cash equivalents of subsidiary acquired	(501)
Net cash outflow on acquisition of a subsidiary	749

The goodwill is attributable mainly to the control premium paid. In addition, the purchase consideration also included benefits derived from the expected revenue growth of the subsidiaries, its future market development as well as a customer list. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for tax purposes.

36. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS *cont'd*

36.2 ACQUISITION OF NON-CONTROLLING INTERESTS

On 19 April 2016, MYEGAD acquired an additional 30% equity interests in Ipidato DC for RM3,000 in cash, increasing its ownership from 70% to 100%. The carrying amount of Ipidato DC's net liabilities in the Group's financial statements on the date of the acquisition was RM3,000. The Group recognised an increase in non-controlling interests of RM1,000 and a decrease in retained profits of RM4,000.

The following summarises the effect of changes in the equity interests in Ipidato DC that is attributable to the owners of the Company:-

	The Group 2016 RM'000
Equity interest at 1 July 2015	(9)
Effect of increase in the Company's ownership interest	(4)
Share of post acquisition profits/other comprehensive income	(4)
Equity interest at 30 June 2016	(17)

37. DISPOSAL OF SUBSIDIARIES

37.1 DISPOSAL OF A SUBSIDIARY THAT DO NOT RESULT IN A LOSS OF CONTROL

In the previous financial year, MYEGC disposed of 25% equity interests in CarX for RM250 in cash, decreasing its ownership from 80% to 55%. The carrying amount of CarX's net liabilities in the Group's financial statements on the date of the acquisition was RM628,000. The Group recognised a decrease in non-controlling interests of RM157,000 and an increase in retained profits of RM157,000.

The following summarises the effect of changes in the equity interests in CarX that is attributable to the owners of the Company:-

	The Group 2016 RM'000
Equity interest at 1 July 2015	(81)
Effect of increase in the Company's ownership interest	157
Share of post acquisition profits/other comprehensive income	(1,051)
Equity interest at 30 June 2016	(975)

38. DIVIDENDS

	The Company	
	2017	2016
	RM'000	RM'000
In respect of the financial year ended 30 June 2015:		
- a final tax-exempt dividend of 1.40 sen per ordinary share	-	16,829
In respect of the financial year ended 30 June 2016:		
- a first interim single tier dividend of 0.50 sen per ordinary share	-	12,021
- a final tax-exempt dividend of 1.30 sen per ordinary share	31,255	-
In respect of the financial year ended 30 June 2017:		
- a first interim single tier dividend of 0.50 sen per ordinary share	18,031	-
	49,286	28,850

At the forthcoming Annual General Meeting, a final dividend of 1.20 sen per ordinary share in respect of the current financial year will be proposed for approval by the shareholders. The financial statements for the current financial year do not reflect this proposed dividend. This dividend will be accounted for as an appropriation of retained profits in the period when it is approved by the shareholders.

39. PURCHASE OF PROPERTY AND EQUIPMENT

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cost of property and equipment purchased	134,578	155,604	127,283	137,364
Amount financed through hire purchase and finance lease	-	(4,530)	-	-
Cash disbursed for purchase of property and equipment	134,578	151,074	127,283	137,364

40. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	15,763	9,216	13,065	7,069
Cash and bank balances	121,810	200,499	25,880	99,405
	137,573	209,715	38,945	106,474
Less: Deposits pledged to licensed banks (Note 19 (b))	(15,197)	(9,013)	(13,035)	(7,007)
Less: Deposits with original maturity of more than 3 months	(490)	-	(30)	-
	121,886	200,702	25,880	99,467

41. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

(a) The key management personnel compensation during the financial year is as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Directors				
Directors of the Company				
Executive Directors				
Short-term employee benefits:				
- fees	622	488	622	488
- other benefits	53	-	53	-
	675	488	675	488
Non-executive Directors				
Short-term employee benefits:				
- fees	251	228	251	228
	926	716	926	716

41. KEY MANAGEMENT PERSONNEL COMPENSATION *cont'd*

(a) The key management personnel compensation during the financial year is as follows:- *cont'd*

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Directors *cont'd*				
<u>Directors of the Subsidiaries</u>				
Executive Director				
Short-term employee benefits:				
- salaries, bonuses and other benefits	528	441	-	-
Non-executive Directors				
Short-term employee benefits:				
- other benefits	186	265	-	-
	714	706	-	-
Other Key Management Personnel				
Short-term employee benefits	609	571	609	571

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Company	
	2017	2016
	Number of Directors	
Executive Directors		
RM100,001 – RM150,000	-	1
RM150,001 – RM200,000	1	2
RM200,001 – RM250,000	1	-
RM250,001 – RM300,000	1	-
Non-executive Directors		
RM50,001 – RM100,000	3	3
	6	6

42. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associate, key management personnel and entities within the same group of companies.

(b) Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Sales to:				
A subsidiary				
MECSB	-	-	960	960
An associate				
MINT	2,400	2,400	2,400	2,400
Dividend income from subsidiaries				
EGSB	-	-	233,500	203,500
GVSB	-	-	-	500
Management fees charged by a subsidiary:				
MYEGMS	-	-	850	-
Rental from subsidiaries	-	-	1,938	-
Professional fees charged by a related party:				
Embunaz Ventures Sdn. Bhd.*	250	250	250	250

* *a company in which Dato' Dr Norraesah Binti Haji Mohamad has a substantial financial interest.*

The significant outstanding balances of the related parties together, if any, together with their terms are disclosed in the respective notes to the financial statements.

43. OPERATING SEGMENTS

Segmental reporting is not presented as the Group is principally engaged in the development and implementation of the Electronic Government Services project and the provision of other related services for the Electronic Government Services project, which is substantially within a single business segment and operates wholly in Malaysia.

Major customers

There is no revenue from any major customers, with revenue equal to or more than 10% of Group revenue in this financial year (2016 - Nil).

44. COMMITMENTS

(a) Capital Commitments

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Purchase of property and equipment:				
- contracted but not provided for	5,015	24,962	5,015	24,962
- authorised but not contracted for	13,921	12,015	12,000	4,094

(b) Operating Lease Commitments

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	13,109	2,584	1,587	2,386
Later than 1 year and not later than 5 years	2,315	1,305	466	1,166
	15,424	3,889	2,053	3,552

45. CONTINGENT LIABILITIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Company	
	2017	2016
	RM'000	RM'000
Unsecured		
Corporate guarantees given to licensed banks for credit facilities granted to:		
- subsidiaries	12,721	8,356
- an associate	4,000	4,000
	16,721	12,356

46. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

46.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currency giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

46. FINANCIAL INSTRUMENTS *cont'd*

46.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(a) Market Risk *cont'd*

(i) Foreign Currency Risk *cont'd*

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	United States Dollar RM'000	Singapore Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group				
2017				
Financial Assets				
Other investments	-	-	9,818	9,818
Hire purchase and finance lease receivables	-	-	14,191	14,191
Trade receivables *	-	-	100,290	100,290
Other receivables and deposits	-	-	79,763	79,763
Amount owing by an associate	-	-	85,529	85,529
Fixed deposits with licensed banks	-	-	15,763	15,763
Cash and bank balances	17	1,111	120,682	121,810
	17	1,111	426,036	427,164
Financial Liabilities				
Trade payables	241	-	130,533	130,774
Other payables and accruals	-	-	17,984	17,984
Hire purchase and finance lease payables	-	-	5,433	5,433
Term loans	-	-	126,882	126,882
Revolving credit	-	-	5,000	5,000
	241	-	285,832	286,073
Net financial (liabilities)/assets	(224)	1,111	140,204	141,091
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(140,204)	(140,204)
Currency Exposure	(224)	1,111	-	887

** - The trade receivables exclude accrued income.*

46. FINANCIAL INSTRUMENTS *cont'd*

46.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(a) Market Risk *cont'd*

(i) Foreign Currency Risk *cont'd*

Foreign Currency Exposure cont'd

	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group			
2016			
Financial Assets			
Other investments	-	9,593	9,593
Hire purchase and finance lease receivables	-	576	576
Trade receivables *	-	101,591	101,591
Other receivables and deposits	-	23,892	23,892
Amount owing by an associate	-	77,083	77,083
Fixed deposits with licensed banks	-	9,216	9,216
Cash and bank balances	30	200,469	200,499
	30	422,420	422,450
Financial Liabilities			
Trade payables	2,646	171,264	173,910
Other payables and accruals	-	19,114	19,114
Hire purchase and finance lease payables	-	8,961	8,961
Term loans	-	88,305	88,305
Revolving credit	-	10,000	10,000
	2,646	297,644	300,290
Net financial (liabilities)/assets	(2,616)	124,776	122,160
Less: Net financial assets denominated in the respective entities' functional currencies	-	(124,776)	(124,776)
Currency Exposure	(2,616)	-	(2,616)

** - The trade receivables exclude accrued income.*

46. FINANCIAL INSTRUMENTS *cont'd*

46.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(a) Market Risk *cont'd*

(i) Foreign Currency Risk *cont'd*

Foreign Currency Exposure cont'd

	Singapore Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
The Company			
2017			
Financial Assets			
Trade receivables*	-	11,428	11,428
Other receivables and deposits	-	5,709	5,709
Amount owing by subsidiaries	-	213,291	213,291
Amount owing by an associate	-	62,827	62,827
Fixed deposits with licensed banks	-	13,065	13,065
Cash and bank balances	1,111	24,769	25,880
	1,111	331,089	332,200
Financial Liabilities			
Trade payables	-	377	377
Other payables and accruals	-	4,488	4,488
Term loans	-	125,927	125,927
	-	130,792	130,792
Net financial assets	1,111	200,297	201,408
Less: Net financial assets denominated in the respective entities' functional currencies	-	(200,297)	(200,297)
Currency Exposure	1,111	-	1,111

** - The trade receivables exclude accrued income.*

Foreign Currency Risk Sensitivity Analysis

The Company does not have any transactions or balances denominated in foreign currencies in the previous financial year and hence, was not exposed to foreign currency risk.

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group and the Company does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

46. FINANCIAL INSTRUMENTS *cont'd*

46.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(a) Market Risk *cont'd*

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables, fixed deposits with licensed banks and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined under MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 26 and 31 to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group does not have any quoted investment and hence, is not exposed to any equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and short-term cash investments), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

46. FINANCIAL INSTRUMENTS *cont'd*

46.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(b) Credit Risk *cont'd*

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by a trade receivable which constituted approximately 18% of its trade receivables (including hire purchase and finance lease receivables) at the end of the reporting period.

(ii) Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Ageing analysis

The ageing analysis of the trade receivables (including hire purchase and finance lease receivables and exclude accrued income) is as follows:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
2017				
Not past due	83,959	-	-	83,959
Past due:				
- less than 3 months	4,506	(1)	-	4,505
- 3 to 6 months	6,793	-	(14)	6,779
- over 6 months	19,238	-	-	19,238
	114,496	(1)	(14)	114,481
2016				
Not past due	75,677	-	-	75,677
Past due:				
- less than 3 months	7,679	-	-	7,679
- 3 to 6 months	5,708	(58)	-	5,650
- over 6 months	13,161	-	-	13,161
	102,225	(58)	-	102,167

46. FINANCIAL INSTRUMENTS *cont'd*

46.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(b) Credit Risk *cont'd*

(iii) Ageing analysis *cont'd*

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates, if floating, based on the rates at the end of the reporting period):-

	Contractual Interest Rate	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1 - 5 Years	Over 5 Years
	%	RM'000	RM'000	RM'000	RM'000	RM'000
The Group						
2017						
Non-derivative Financial Liabilities						
Hire purchase and finance lease payables	5.69	5,433	5,866	2,488	3,378	-
Term loans	4.74	126,882	162,795	21,629	76,842	64,324
Revolving credit	5.68	5,000	5,093	5,093	-	-
Trade payables	-	130,774	130,774	130,774	-	-
Other payables and accruals	-	17,984	17,984	17,984	-	-
		286,073	322,512	177,968	80,220	64,324

46. FINANCIAL INSTRUMENTS *cont'd*

46.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(c) Liquidity Risk *cont'd*

Maturity analysis cont'd

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates, if floating, based on the rates at the end of the reporting period):-*cont'd*

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
The Group *cont'd*						
2016						
Non-derivative Financial Liabilities						
Hire purchase and finance lease payables	5.81	8,961	9,811	3,933	5,792	86
Term loans	4.86	88,305	127,246	14,222	59,699	53,325
Revolving credit	5.60	10,000	10,279	10,279	-	-
Trade payables	-	173,910	173,910	173,910	-	-
Other payables and accruals	-	19,114	19,114	19,114	-	-
		300,290	340,360	221,458	65,491	53,411
The Company						
2017						
Non-derivative Financial Liabilities						
Term loans	4.72	125,927	161,801	20,649	76,828	64,324
Trade payables	-	377	377	377	-	-
Other payables and accruals	-	4,488	4,488	4,488	-	-
		130,792	166,666	25,514	76,828	64,324
2016						
Non-derivative Financial Liabilities						
Term loans	4.79	86,308	125,089	13,058	58,706	53,325
Revolving credit	5.60	10,000	10,279	10,279	-	-
Trade payables	-	366	366	366	-	-
Other payables and accruals	-	8,372	8,372	8,372	-	-
		105,046	144,106	32,075	58,706	53,325

46. FINANCIAL INSTRUMENTS *cont'd*

46.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2017	2016
	RM'000	RM'000
Hire purchase and finance lease payables	5,433	8,961
Term loans	126,882	88,305
Revolving credit	5,000	10,000
Trade payables	130,774	173,910
Other payables and accruals	17,984	19,114
	286,073	300,290
Less: Fixed deposits with licensed banks	(15,763)	(9,216)
Less: Cash and bank balances	(121,810)	(200,499)
Net debt	148,500	90,575
Total equity	551,941	400,136
Debt-to-equity ratio	0.27	0.23

There was no change in the Group's approach to capital management during the financial year.

46. FINANCIAL INSTRUMENTS *cont'd*

46.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
Available-for-sale Financial Asset				
Other investments	9,818	9,593	-	-
Loan and Receivables Financial Assets				
Hire purchase and finance lease receivables	14,191	576	-	-
Trade receivables *	100,290	101,591	11,428	25,546
Other receivables and deposits	79,763	23,892	5,709	6,528
Amount owing by subsidiaries	-	-	213,291	102,541
Amount owing by an associate	85,529	77,083	62,827	54,383
Fixed deposits with licensed banks	15,763	9,216	13,065	7,069
Cash and bank balances	121,810	200,499	25,880	99,405
	417,346	412,857	332,200	295,472
Financial Liabilities				
Other Financial Liabilities				
Hire purchase and finance lease payables	5,433	8,961	-	-
Term loans	126,882	88,305	125,927	86,308
Revolving credit	5,000	10,000	-	10,000
Trade payables	130,774	173,910	377	366
Other payables and accruals	17,984	19,114	4,488	8,372
	286,073	300,290	130,792	105,046

** - The trade receivables exclude accrued income.*

46. FINANCIAL INSTRUMENTS *cont'd*

46.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group								
2017								
Financial Assets								
Other investments:								
- unquoted shares	-	-	9,818	-	-	-	9,818	9,818
Hire purchase and finance lease receivables	-	-	-	-	14,191	-	14,191	14,191
Financial Liabilities								
Hire purchase and finance lease payables	-	-	-	-	5,421	-	5,421	5,433
Term loans	-	-	-	-	126,882	-	126,882	126,882
The Group								
2016								
Financial Assets								
Other investments:								
- unquoted shares	-	-	9,593	-	-	-	9,593	9,593
Hire purchase and finance lease receivables	-	-	-	-	578	-	578	576
Financial Liabilities								
Hire purchase and finance lease payables	-	-	-	-	9,068	-	9,068	8,961
Term loans	-	-	-	-	88,305	-	88,305	88,305

46. FINANCIAL INSTRUMENTS *cont'd*

46.4 FAIR VALUE INFORMATION *cont'd*

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Company								
2017								
Financial Liability								
Term loans	-	-	-	-	125,927	-	125,927	125,927
2016								
Financial Liability								
Term loans	-	-	-	-	86,308	-	86,308	86,308

(a) Fair Value of Financial Instruments Carried at Fair Value

The level 3 fair value of the other investments is determined using discounted cash flow approach based on pre-tax cash flow projections performed by management based on the significant unobservable inputs as disclosed in Note 9 to the financial statements.

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair values of hire purchase and finance lease receivables, hire purchase and finance lease payables and term loans are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The effective interest rates used to discount the estimated cash flows are as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	%	%	%	%
Hire purchase and finance lease receivables	5.19	5.72	-	-
Hire purchase and finance lease payables	5.57	4.83	-	-
Term loans	4.74	4.86	4.72	4.79

47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 16 August 2016, MLSB entered into three tenancy agreements with Melaka State Development Corporation for the rental of 512 accommodation units to serve as hostels to foreign workers, subject to the terms and conditions as stated in the Agreements.

(b) On 25 August 2016, the Company proposed to implement a bonus issue of up to 1,202,102,000 new ordinary shares of RM0.10 each on the basis of 1 bonus share for every 2 existing Company's shares held by the Company's shareholders.

On 3 January 2017, the Company increased its issued and paid-up share capital from RM240,420,400 to RM360,630,599 by a bonus issue of 1,202,101,990 new ordinary shares of RM0.10 each credited as fully paid-up on the basis of 1 bonus share for every 2 existing ordinary shares held. The new shares issued rank pari passu in all respects with the existing shares of the Company.

(c) On 13 September 2016, the acquisition by the Company of 22 storeys of stratified parcels at Iconic Office (Block N) at Empire City @ Damansara for an aggregate purchase consideration of RM155,346,600 has been completed following the delivery of vacant possession of the property together with the Certificate of Completion and Compliance ("CCC") to the Company.

(d) On 15 September 2016, the Company entered into seven (7) Sale and Purchase Agreements with Cheerful Effect Sdn. Bhd. and Lee Hong Poh & Lim Wan Lee for the acquisition of 7 storeys of stratified parcels designated for office use within a 45 storey corporate office tower identified as Iconic Office (Block N) at Empire City @ Damansara for an aggregate cash consideration of RM44,293,852.

(e) On 29 November 2016, the Company and Cradle Fund Sdn Bhd ("CFSB") had mutually agreed to terminate the Memorandum of Understanding ("MOU") entered on October 2013 with immediate effect as there were no further development in the areas of collaboration.

The MOU was to establish a proposed fund of RM60 million for the purpose of providing funding services for the early stage technology companies and other entities, whereby CFSB shall invest RM40 million while MYEG shall invest the remaining RM20 million.

(f) On 29 November 2016, the Company and National Information Technologies JSC ("NIT") of the Republic of Kazakhstan had mutually agreed to terminate the Memorandum of Understanding ("MOU") entered on 8 June 2011 with immediate effect as there were no further development in the areas of collaboration.

The MOU was to jointly introduce e-Government services in the Republic of Kazakhstan.

(g) On 5 January 2017, the Company received a Letter of Acceptance from the Ministry of Home Affairs in relation to the provision of online renewal of temporary employment pass for foreign workers or Pas Lawatan Kerja Sementara ("PLKS") for the Immigration Department of Malaysia.

On 2 March 2017, the Company entered into a concession agreement dated 1 March 2017 with the Government of Malaysia in relation to the provision of online renewal of temporary employment pass for foreign workers or PLKS for the Immigration Department of Malaysia.

(h) On 23 January 2017, the Company received a notification letter from the Ministry of Home Affairs in relation to the extension of the management of foreign workers for the rehiring programme.

47. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR *cont'd*

(i) The Companies Act 2016 came into operation on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaced Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that have affected the financial statements of the Group and of the Company upon its initial implementation are:-

(i) Removal of the authorised share capital;
(ii) Ordinary shares ceased to have par value; and
(iii) Share premium account transferred to share capital account.

The Companies Act 2016 was applied prospectively and the impacts on implementation are disclosed in the respective note(s) to the financial statements.

(j) On 15 March 2017, the Company entered into a Joint Venture Agreement with I-Pay Commerce Ventures, Inc to establish a Joint Venture Corporation ("JVC") for the purpose of engaging in the business of development and implementation of Electronic Government Services projects in the Philippines and the provision of other Electronic Government related services.

On 11 August 2017, the Joint Venture Company, I-Pay MYEG Philippines Inc. was incorporated.

(k) The Company had on 24 February 2015 been served a Writ of Summons dated 20 January 2015 and a Statement of Claim dated 16 January 2015 against the Company, Jason Chan Ling Khee and Wong Thean Soon (collectively referred to as "the Defendants") by the solicitors of GST Smart Solution Sdn Bhd ("the Plaintiff").

On 13 June 2017, the High Court had dismissed the Plaintiff's claim and the Defendants' counterclaim for cost of RM100,000 was allowed.

On 13 July 2017, the Company received notice of appeal dated 6 July 2017 from the Plaintiff's solicitors.

(l) On 20 June 2017, the Company accepted the offer from Johor Corporation for the leasing of a piece of land situated at PLO 69, Tanjung Langsat Industrial Complex, Johor Bahru ("the Land") for a total lease consideration amounting to RM10,763,589 subject to the terms and conditions set out in the letters of offer dated 22 March 2017 and 15 May 2017.

48. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) On 16 October 2017, the Company received a Letter of Appointment dated 10 October 2017 from the Ministry of Home Affairs to undertake the voluntary repatriation of foreign workers for the Immigration Department of Malaysia.

(b) On 23 October 2017, the Company proposed to seek shareholders' approval for the proposed renewal of authority for the Company to purchase its own ordinary shares up to 10% of the issued and paid-up share capital at the forthcoming Annual General Meeting of the Company.

49. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of the retained profits of the Group and the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared 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, as follows:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total retained profits of the Company and its subsidiaries:				
- realised	197,662	163,835	207,461	169,917
- unrealised	(1,371)	(196)	(1,762)	(878)
	196,291	163,639	205,699	169,039
Total share of accumulated losses of an associate:				
- realised	(400)	(400)	-	-
- unrealised	-	-	-	-
	195,891	163,239	205,699	169,039
Less: Consolidation adjustments	(9,817)	(10,060)	-	-
At 30 June 2017/2016	186,074	153,179	205,699	169,039

LIST OF PROPERTIES
AS AT 30 JUNE 2017

The Company owns the following property as at 30 June 2017:

Location	Description/ Existing Use	Land Area/ Built-up Area (sq ft)	Tenure	Approximate Age of Buildings	Net book Value (RM)	Year of Acquisition
MYEG Tower, No 8, Jalan Damansara, Empire City, PJU 8, 47820 Petaling Jaya, Selangor.	22 Storeys of Stratified Parcels Designated for Office Use Forming Part of a 45 Storey Corporate Office Tower at Empire City @ Damansara, Petaling Jaya, Selangor	1,012,939/ 238,932	Leasehold, expiring on 8th June 2104	2 years	150,538,735	2015
MYEG Tower, No 8, Jalan Damansara, Empire City, PJU 8, 47820 Petaling Jaya, Selangor.	7 Storeys of Stratified Parcels Designated for Office Use Forming Part of a 45 Storey Corporate Office Tower at Empire City @ Damansara, Petaling Jaya, Selangor	1,012,939/ 79,284	Leasehold, expiring on 8th June 2104	2 years	45,504,917	2016

Total number of issued shares	:	3,606,305,993
Class of Shares	:	Ordinary Shares
Voting Right	:	One Vote per Ordinary Share
Number of Shareholders	:	12,492

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	263	2.11	11,039	0.00
100 to 1,000	1,530	12.25	1,035,503	0.03
1,001 to 10,000	6,728	53.86	30,269,211	0.84
10,001 to 100,000	3,148	25.20	98,825,488	2.74
100,001 – less than 5% of issued shares	821	6.57	2,957,788,758	82.02
5% and above issued shares	2	0.02	518,375,994	14.37
Total	12,492	100.00	3,606,305,993	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

	No. of Shares Held			
Names of Substantial Shareholders	Direct Interest	%	Indirect Interest	%
Wong Thean Soon	260,656,036	7.228	1,153,459,538[1]	31.985
Dato' Raja Haji Munir Shah Bin Raja Mustapha	2,159,400	0.060	1,093,459,538[2]	30.321
Asia Internet Holdings Sdn Bhd	1,070,107,544	29.673	-	-
Kumpulan Wang Persaraan (Diperbadankan)	191,344,450	5.306	5,065,000[3]	0.140

Notes:

(1) Deemed interested by virtue of his substantial shareholdings in Asia Internet Holdings Sdn Bhd, Asia Internet E-Services Holdings Sdn Bhd and Radio Port Limited pursuant to Section 8 of the Companies Act 2016.

(2) Deemed interested by virtue of his substantial shareholdings in Asia Internet Holdings Sdn Bhd and Asia Internet E-Services Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

(3) Deemed interested via KWAP's Fund Managers.

DIRECTORS' SHAREHOLDINGS

	No. of Shares Held			
Name of Directors	Direct Interest	%	Indirect Interest	%
Dato' Dr Norraesah Binti Haji Mohamad	26,460,000	0.734	-	-
Wong Thean Soon	260,656,036	7.228	1,153,459,538(1)	31.985
Dato' Raja Haji Munir Shah Bin Raja Mustapha	2,159,400	0.060	1,093,459,538(2)	30.321
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	12,018,000	0.333	5,600,000(3)	0.155
Datuk Mohd Jimmy Wong Bin Abdullah	3,312,000	0.092	-	-
Ng Fook Ai, Victor	-	-	-	-
Dato' Shamsul Anuar Bin Haji Nasarah	-	-	-	-

Notes:
(1) Deemed interested by virtue of his substantial shareholdings in Asia Internet Holdings Sdn Bhd, Asia Internet E-Services Holdings Sdn Bhd and Radio Port Limited pursuant to Section 8 of the Companies Act 2016.
(2) Deemed interested by virtue of his substantial shareholdings in Asia Internet Holdings Sdn Bhd and Asia Internet E-Services Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
(3) Deemed interested by virtue of his wife's and son's shareholding pursuant to Section 59 (11)(c) of the Companies Act 2016.

TOP THIRTY (30) SHAREHOLDERS

No.	Names	No. of Shares	%
1.	CitiGroup Nominees (Tempatan) Sdn Bhd *UBS AG Singapore for Asia Internet Holdings Sdn. Bhd.*	327,827,994	9.090
2.	Asia Internet Holdings Sdn. Bhd.	190,548,000	5.284
3.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Asia Internet Holdings Sdn Bhd (512754515120)*	180,000,000	4.991
4.	Kumpulan Wang Persaraan (Diperbadankan)	173,522,150	4.812
5.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Asia Internet Holdings Sdn Bhd (001-Account 2)*	119,500,000	3.314
6.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	106,059,200	2.941
7.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account – AmBank (M) Berhad for Asia Internet Holdings Sdn Bhd*	95,550,000	2.650
8.	Edisi Firma Sdn. Bhd.	81,439,290	2.258
9.	DB (Malaysia) Nominee (Asing) Sdn Bhd *SSBT Fund FBC1 for Baron Emerging Markets Fund*	80,834,691	2.241
10.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Thean Soon*	78,288,000	2.171
11.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Wong Thean Soon*	75,000,000	2.080
12.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Bank Berhad (EDP 2)*	73,037,600	2.025

TOP THIRTY (30) SHAREHOLDERS *cont'd*

No.	Names	No. of Shares	%
13.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities *Account for Asia Internet Holdings Sdn Bhd (MGN-AIH0002M)*	65,000,000	1.802
14.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An For UBS AG Hong Kong (Foreign)*	60,000,000	1.664
15.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Asia Internet Holdings Sdn Bhd (MY2599)*	47,681,550	1.322
16.	AMSEC Nominees (Tempatan) Sdn Bhd *MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)*	43,437,250	1.204
17.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Stichting Depositary APG Emerging Markets Equity Pool*	42,817,375	1.187
18.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Asia Internet Holdings Sdn. Bhd.*	39,600,000	1.098
19.	Amanahraya Trustees Berhad *Public Islamic Opportunities Fund*	39,318,600	1.090
20.	HSBC Nominees Asing Sdn Bhd *BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund*	38,363,150	1.064
21.	Cartaban Nominees (Tempatan) Sdn Bhd *PAMB for Prulink Equity Fund*	35,721,400	0.991
22.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Nomura)*	35,000,000	0.971
23.	Jason Chan Ling Khee	34,738,494	0.963
24.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Utilico Emerging Markets Limited*	34,530,600	0.958
25.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Wong Thean Soon (PB)*	31,500,000	0.873
26.	Amanahraya Trustees Berhad *Public Islamic Select Treasures Fund*	31,283,700	0.867
27.	DB (Malaysia) Nominee (Asing) Sdn Bhd *BNYM SA/NV for Rochdale Emerging Markets Portfolio*	29,721,900	0.824
28.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An For Citibank New York (Norges Bank 9)*	28,659,466	0.795
29.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Vanguard Total International Stock Index Fund*	28,127,550	0.780
30.	DB (Malaysia) Nominee (Asing) Sdn Bhd *SSBT Fund JNA3 for JNL/Oppenheimer Emerging Markets Innovator Fund*	27,357,550	0.759

NOTICE OF THE SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of MY E.G. SERVICES BERHAD will be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 7 December 2017 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To lay the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon. *Please refer to Note A*

2. To approve a final single-tier dividend of 1.2 sen per ordinary share in respect of the financial year ended 30 June 2017. ***Ordinary Resolution 1***

3. To approve the payment of Directors' Fees and Benefits Payable to the Non-Executive Directors of the Company and its subsidiaries for the financial year ended 30 June 2017. ***Ordinary Resolution 2***

4. To re-elect the following Directors retiring pursuant to Article 69 of the Articles of Association of the Company:

   4.1 Dato' Shamsul Anuar Bin Haji Nasarah ***Ordinary Resolution 3***

   4.2 Mr Wong Thean Soon ***Ordinary Resolution 4***

5. To re-appoint Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim as the Director of the Company. ***Ordinary Resolution 5***

6. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 6***

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

7. **APPROVAL FOR DATUK MOHD JIMMY WONG BIN ABDULLAH TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** ***Ordinary Resolution 7***

   "THAT approval be and is hereby given to Datuk Mohd Jimmy Wong Bin Abdullah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance."

8. **AUTHORITY TO ALLOT AND ISSUE SHARES BY DIRECTORS PURSUANT TO SECTION 76 OF THE COMPANIES ACT 2016** *Ordinary Resolution 8*

"THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) at the time of issue and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

9. **PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY** *Ordinary Resolution 9*

"THAT, subject to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares comprised in the Company's total number of issued shares, such purchases to be made through the Bursa Securities subject further to the following:

(i) the aggregate number of shares which may be purchased and/or held by the Company shall be equivalent to ten per-centum (10%) of the total number of issued shares of the Company ("Shares") for the time being;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the total retained profits of the Company. As at 30 June 2017, the audited retained profits of the Company were approximately RM205.70 million;

(iii) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

    (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which this resolution was passed at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

    (b) the expiration of the period within which the next AGM after that date is required by law to be held; or

    (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority; and

(iv) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the shares in the following manner:

(a) cancel the Shares so purchased; or
(b) retain the Shares so purchased as treasury shares; or
(c) retain part of the Shares so purchased as treasury shares and cancel the remainder; or
(d) distribute the treasury shares as dividends to shareholders and/or resell on the Bursa Securities and/or cancel all or part of them; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendments as may be imposed by the relevant authorities and to take all such step as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

10. To transact any other business that may be transacted at the AGM of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

By Order of the Board

TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
Company Secretaries

Selangor Darul Ehsan
31 October 2017

EXPLANATORY NOTES:

(A) Audited Financial Statements

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

(B) Ordinary Resolution 5 - To Re-appoint Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim as a Director of the Company

Subsequent to the enforcement of the Companies Act 2016 on 31 January 2017, the restriction of maximum age of Directors of a public company pursuant to Section 129 of the Companies Act, 1965 has been abolished. Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim, a Director above 70 had been re-appointed pursuant to Section 129(6) of the Companies Act, 1965 to hold the office until the conclusion of this forthcoming Seventeenth AGM.

The proposed Ordinary Resolution 5, if passed, will enable Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim, who had offered himself for re-appointment to continue to act as Director of the Company and he shall subject to retirement by rotation at a later date.

(C) Ordinary Resolution 7 - Approval for Datuk Mohd Jimmy Wong Bin Abdullah to continue in office as Independent Non-Executive Director

The Board has via the Nominating Committee assessed and endorsed Datuk Mohd Jimmy Wong Bin Abdullah, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

a. he fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements, and therefore was able to bring independent and objective judgment to the Board;

b. his experience enable him to provide the Board with a diverse set of experience, expertise, skills and competence;

c. he has been with the Company for long and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee and Board meetings;

d. he has contributed sufficient time and efforts and attended all the Nominating Committee, Remuneration Committee, Audit Committee and Board meetings for informed and balanced decision making; and

e. he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

(D) Ordinary Resolution 8 - Authority to Allot and Issue Shares by Directors pursuant to Section 76 of the Companies Act 2016

The proposed Ordinary Resolution 8, if passed, will give flexibility to the Directors of the Company to issue shares and allot up to a maximum of ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) at the time of such allotment and issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The rationale for this resolution is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new shares for future business opportunities for the purpose of funding investment project(s), working capital and/or acquisitions and thereby reducing administrative time and cost associated with the convening of such meeting(s). No shares had been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 9 December 2016 and hence no proceeds were raised therefrom.

(E) Ordinary Resolution 9 - Proposed Renewal of Authority for Purchase of Own Shares by the Company

The proposed Ordinary Resolution 9 if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the total number of issued shares of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting.

Please refer to the Share Buy-Back Statement dated 31 October 2017 for further information.

VOTING PROCEDURES:

Pursuant to Paragraph 8.29A of the listing requirements, voting at the Seventeenth AGM will be conducted by poll rather than a show of hands. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

1. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. If the proxy is not a member of the Company, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies and there shall be no restriction as to qualification of the proxy.*

2. *A member shall be entitled to appoint up to two (2) proxies or attorneys or authorised representatives to vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

3. *Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

4. *If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.*

5. *An instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised and in the case of corporation shall be either under its common seal or under the hand of an officer or attorney duly authorised.*

6. *The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.*

7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 30 November 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.*

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

CDS ACCOUNT NO. OF AUTHORISED NOMINEE

NUMBER OF SHARES HELD

MY E.G. SERVICES BERHAD
(505639-K)
(Incorporated in Malaysia)

I/We, ______________________________ NRIC/Company No. ______________
(Full name in block letters)

of ____
(Full Address)

being a member/members of **MY E.G. SERVICES BERHAD**, hereby appoint ______________________

______________________ of ______________________
(Full name in block letters) (Full Address)

______________________ or failing him/her, ______________________
(Full name in block letters)

of ____
(Full Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Seventeenth Annual General Meeting of MY E.G. Services Berhad to be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 7 December 2017 at 10.00 a.m. and at any adjournment thereof.

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently this should be specified.

My/our proxy/proxies is/are to vote as indicated below:

NO.	RESOLUTION	FOR	AGAINST
	Ordinary Business		
Ordinary Resolution 1	To approve the Final Single-Tier Dividend		
Ordinary Resolution 2	To approve the payment of Directors' Fees and Benefits Payable to the Non-Executive Directors of the Company and its subsidiaries for the financial year ended 30 June 2017.		
Ordinary Resolution 3	To re-elect Dato' Shamsul Anuar Bin Haji Nasarah		
Ordinary Resolution 4	To re-elect Mr Wong Thean Soon		
Ordinary Resolution 5	To re-appoint Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim		
Ordinary Resolution 6	To re-appoint Messrs Crowe Horwath as Auditors of the Company		
	Special Business		
Ordinary Resolution 7	To approve Datuk Mohd Jimmy Wong Bin Abdullah to continue in office as Independent Non-Executive Director		
Ordinary Resolution 8	To approve the Authority to Directors to allot and issue shares pursuant to Section 76 of the Companies Act 2016		
Ordinary Resolution 9	To approve the Proposed Renewal of Authority for Purchase of Own Shares by the Company		

Dated this ______________ day of ______________ 2017

____
Signature/Common Seal of Shareholder

Contact No.: ______________________

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
MY E.G. SERVICES BERHAD
(505639-K)
Lot 6.05, Level 6, KPMG Tower,
8 First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan.

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NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. If the proxy is not a member of the Company, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies and there shall be no restriction as to qualification of the proxy.
2. A member shall be entitled to appoint up to two (2) proxies or attorneys or authorised representatives to vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
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6. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote, and in default, the instrument of proxy shall not be treated as valid.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 30 November 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 October 2017.

www.myeg.com.my

Corporate Head Office:
Level 43A, MYEG Tower,
No. 8, Jalan Damansara,
Empire City, PJU 8,
47820 Petaling Jaya, Selangor.
Tel: 03-7664 8000 Fax: 03-7664 8008
Email: investors@myeg.com.my

Customer Service Centre:
Level 21 (CN), IBM Tower,
Persiaran Bandar Utama,
Bandar Utama,
47800 Petaling Jaya, Selangor.
Tel: 03-7801 8888 Fax: 03-7801 8889
Email: help@myeg.com.my