

PAYMENT OF JPJ
/ PDRM SUMMONS

RENEWAL OF FOREIGN
WORKERS INSURANCE

PUBLIC AUTOMOTIVE
SAFETY TRACKING
IMPLEMENTATION SYSTEM

ONLINE APPLICATION
FOR MYKAD REPLACEMENT

ISSUANCE
OF LEARNERS'
DRIVING LICENCE

RENEWAL OF
FOREIGN WORKER
/ MAID PERMIT

TRANSFER
OF VEHICLE
OWNERSHIP

BANKRUPTCY
ENQUIRY

DRIVING LICENSE
RENEWAL

RENEWAL
OF AUTO
INSURANCE

PAYMENT
OF ZAKAT

RENEWAL OF
ROAD TAX



www.myeg.com.my

MY E.G. SERVICES BERHAD
(COMPANY No. 505639-K)

ANNUAL REPORT

2018



What's Inside



OVERVIEW

Corporate Structure	02
Corporate Information	04
About This Report	05
Company Vision and Mission	07
Company Highlights	07
Key Milestones	08

PERFORMANCE

Financial Highlights	09
Share Price Performance	11
Management Discussion and Analysis	12

LEADERSHIP

Board of Directors' Profiles	19
Key Senior Management's Profiles	24

OUR BUSINESS

About MYEG	28
Awards and Accolades	31
Our Value Creation Process and Business Model	32

SUSTAINABILITY STATEMENT

Overview	36
Governance	36
Stakeholder Engagement	37
Materiality	38

GOVERNANCE

Corporate Governance Overview	53
Corporate Governance Statement	57
Audit and Risk Management Committee Report	72
Risk Management and Internal Control Statement	78

FINANCIAL STATEMENTS


Directors' Report	80
Statement by Directors	86
Statutory Declaration	86
Independent Auditors' Report	87
Statements of Financial Position	90
Statements of Profit or Loss and Other Comprehensive Income	92
Statements of Changes in Equity	94
Statements of Cash Flows	97
Notes to the Financial Statements	100

ADDITIONAL INFORMATION

Additional Compliance Information	170
Directors' Responsibility Statement	170
Analysis of Shareholdings	171
List of Properties	174

Annual General Meeting

Notice of the Eighteenth Annual General Meeting	175
Proxy Form	



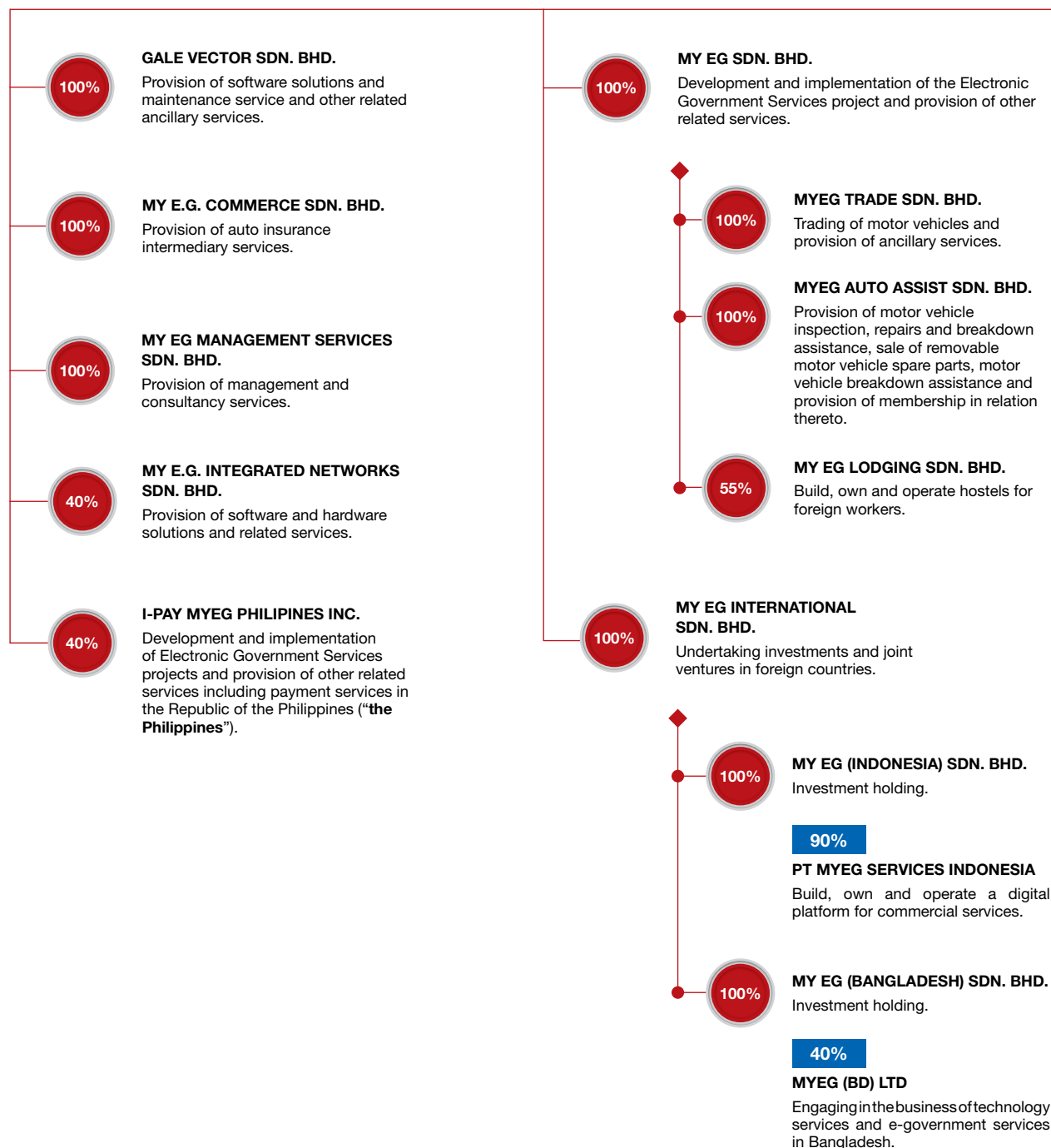
CORPORATE STRUCTURE



www.myeg.com.my

MY E.G. SERVICES BERHAD

Development and implementation of the Electronic Government ("e-government") Services project and the provision of other related services for the Electronic Government Services project and investment holding.



CORPORATE STRUCTURE

(CONT'D)

100%

MY E.G. CAPITAL SDN. BHD.

Investment holding.

100%

MY EG AD NETWORKS SDN. BHD.

Provision of advertising and marketing services.

100%

MY E.G. ALTERNATIVE PAYMENT SERVICES SDN. BHD.

Providing and operating an electronic payment and remittance platform for the issuance, transfer, clearance and settlement of electronic money and all ancillary products and services related to it.

100%

**MY EG FINANCE TECHNOLOGIES SDN.BHD.
(f.k.a. MY E.G. CREDIT SDN. BHD.)**

Provision of financial lease activities and other credit granting activities.

100%

**AGENSI PEKERJAAN MY EG JOBS SDN. BHD.
(f.k.a. MY EG JOBS SDN. BHD.)**

Recruitment activities for job seeker within and outside Malaysia and a non-citizen employee within Malaysia.

100%

MY EG E-SETTLEMENT SDN. BHD.

Provision of multi-currency remittance services, payment settlement services and systems.

100%

PAYME SDN. BHD.

Provision of human resource management and payroll solutions.

100%

MYDIGITALCOIN SDN. BHD.

Investment holding.

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 of related brands.

60%

PICASSO MEDIA SDN. BHD.

Provision of diversified media solution 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.

40%

MY ADMARKET SDN. BHD.

Investment holding.

CORPORATE INFORMATION

BOARD OF DIRECTORS



Dato' Dr Norraesah Binti Haji Mohamad
Executive Chairman

Wong Thean Soon
Group Managing Director

Dato' Raja Haji Munir Shah Bin Raja Mustapha
Executive Director
(resigned on 29 January 2019)

Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim
Independent Non-Executive Director

Datuk Mohd Jimmy Wong Bin Abdullah
Independent Non-Executive Director

Wong Kok Chau
Independent Non-Executive Director

REMUNERATION COMMITTEE

Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim
Chairman

Datuk Mohd Jimmy Wong Bin Abdullah
Member

Wong Thean Soon
Member

NOMINATION COMMITTEE

Datuk Mohd Jimmy Wong Bin Abdullah
Chairman

Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim
Member

AUDIT AND RISK MANAGEMENT COMMITTEE

Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim
Chairman

Datuk Mohd Jimmy Wong Bin Abdullah
Member

Wong Kok Chau
Member

COMPANY SECRETARIES

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

CORPORATE HEAD OFFICE

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

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

AUDITORS

Crowe Malaysia PLT (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

Symphony Share Registrars Sdn.
Bhd (378993-D)
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel : 03-7841 8088/8089
Fax : 03-7841 8100

PRINCIPAL BANKERS

Ambank (M) Berhad
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

ABOUT THIS REPORT

In preparing this Financial Period 2018 (“**FP2018**”) annual report (“**Annual Report**”), MY E.G. Services Berhad (“**MYEG**” or “**Company**”) has referred to the integrated reporting framework based on the guiding principles and the content elements prescribed by the International Integrated Reporting Council (“**IIRC**”).

Our intention is to progressively transition to an integrated reporting approach so as to better reflect the strategies of MYEG and its subsidiaries (“**Group**”), its business model and operations. It will also mirror the unique and distinct means through which MYEG, as an industry leader for digital services, creates value for all stakeholders within the short, medium and long-term time frames.

As such, the Group has chosen to go beyond financial disclosure and highlight its overall progress as a company towards delivering business sustainability.

The Group believes that integrated reporting is a progressive journey and we look to continue enhancing our disclosure going forward in line with the best reporting practices as recommended by the IIRC.

Applied Frameworks

- Main Market Listing Requirements (“**MMLR**”) of Bursa Securities Malaysia Berhad (“**Bursa Securities**”) and Sustainability Guidelines
- Malaysian Code on Corporate Governance (“**MCCG**”)
- Compliance with Malaysian legal requirements under the Companies Act 2016 (“**Act**”)
- ISO 31000 Risk Management Standard implemented in 2013

Material Scope and Boundary

The scope of our FP2018 with the material scope and boundary set around MYEG’s business operations, activities, processes and employees.

Data quality is essential to ensure good reporting and therefore we have defined the reporting boundary and scope based on our present capacity to collect reliable, meaningful and accurate information. Given that our overseas operations are still at a relatively early stage of growth, the scope of our data mainly highlights our domestic operations.

Going forward, we will look to improve our data-gathering methods, by including information on the business activities and value creation impacts of our suppliers, vendors and our business value chain. As our overseas operations expand and mature, we will include data from these parts of the MYEG business in future reports.

Related Information

This report is supplemented with additional online disclosures for our stakeholders. These include consolidated and separate financial statements, policies and structures of governance, organisational policies and other pertinent information.

The Group’s business model and operations are based on a robust framework of corporate governance and the various policies we have established since our inception.

Both the Group’s latest corporate announcements and our corporate policies, as listed below, are available for viewing on our website: https://www.myeg.com.my/investor_relations (within the “Corporate Governance” tab):

- Anti-Corruption Policy
- Code Of Conduct
- Board Charter and Terms Of Reference
- Whistle Blowing Policy
- Safety And Health Policy
- Risk Management Policy
- Human Rights Policy
- Code of Ethics

ABOUT THIS REPORT (CONT'D)

- Non - Discrimination and Equal Employment Opportunity Policy
- Environmental Policy

News and media clippings on the Group are available at: https://www.myeg.com.my/investor_relations (within the “News Centre” tab).

Forward Looking Statements

This report contains statements that relate to future operations and performance of the Group. These statements are not guarantees of future operational, financial or any other results as they rely on future circumstances and developments – some of which may be beyond our control. Therefore, ultimate results and outcomes may differ.

This report is available for download from our corporate website at https://www.myeg.com.my/investor_relations (within the “Report & Presentations” tab) and Bursa Securities website.

Assurance

Financial data presented in this report have been externally audited by Crowe Malaysia PLT and based on their report, the financial data represent a true and fair view of the Group’s position for FP2018 .

Feedback

We welcome feedback in the effort to allow for more inclusive dialogue in our reporting and on MYEG as a whole. Feedback on our report can be channelled to our Investor Relations unit at (Tel) +603 - 7664 8000 or via e-mail: investors@myeg.com.my.

COMPANY VISION AND MISSION

VISION

To be a high value-added provider of globally competitive IT services

MISSION

To realise our vision, we strive to optimise our current technological capabilities, develop employee potential, enhance stakeholders' confidence and increase our revenue growth through market expansion, product expansion and continuous innovation.

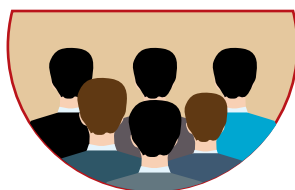
COMPANY HIGHLIGHTS

Presence in **4 countries**

(Malaysia, Republic of the Philippines, Bangladesh, and Indonesia)

2,750

employed in
our workforce



907 Kiosks

to assist citizens and businesses

18-year

track record in
e-government services



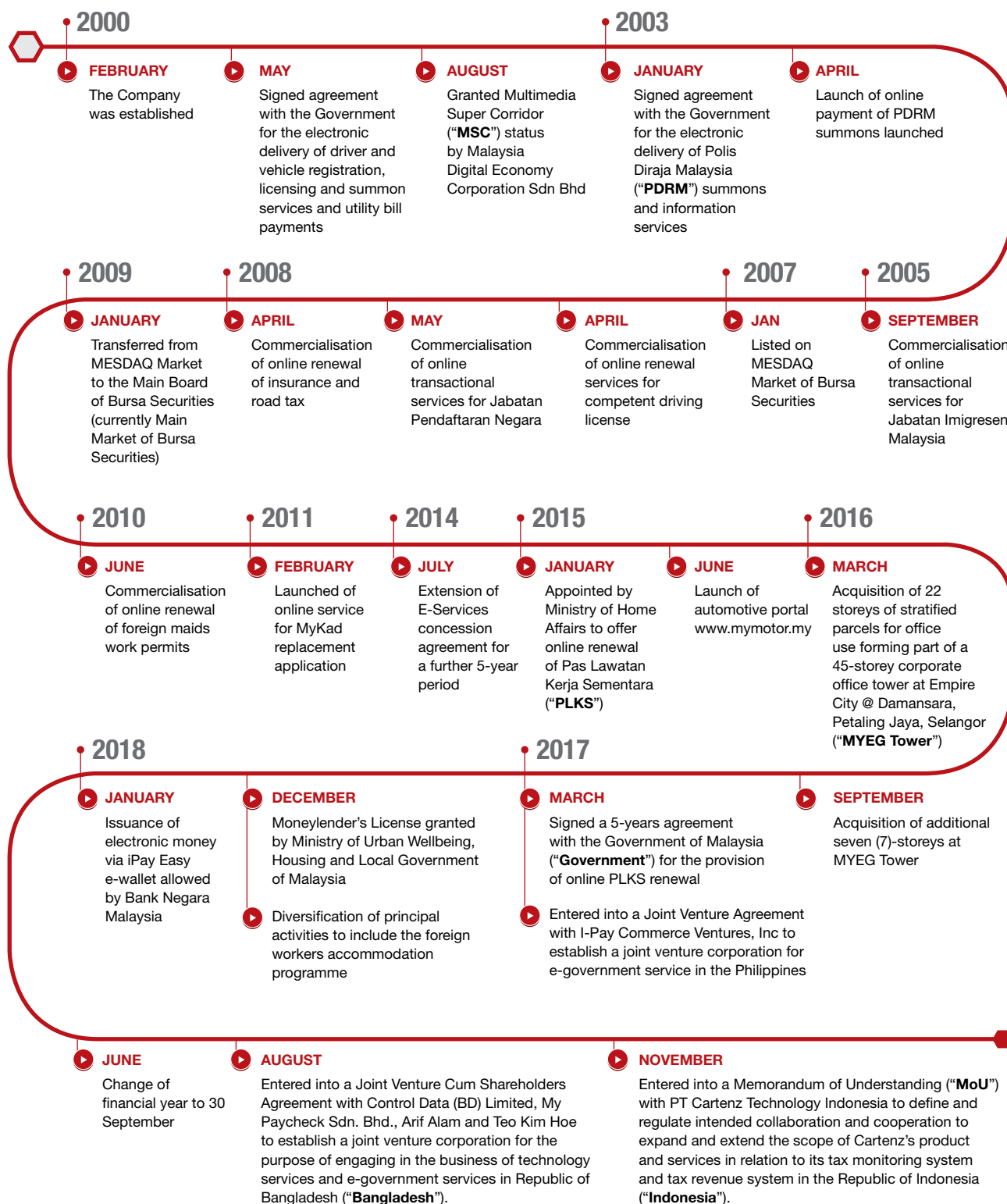
101 E-service centres

to assist citizens and businesses

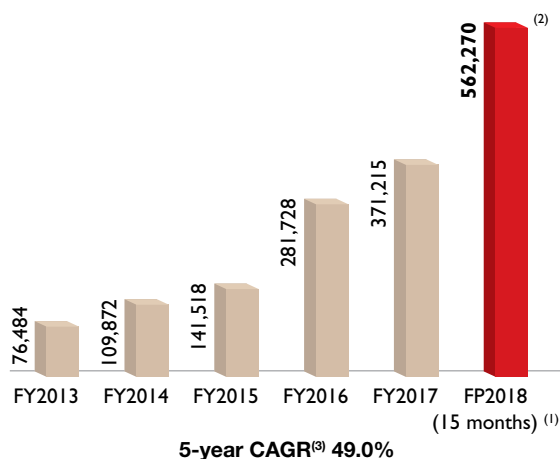
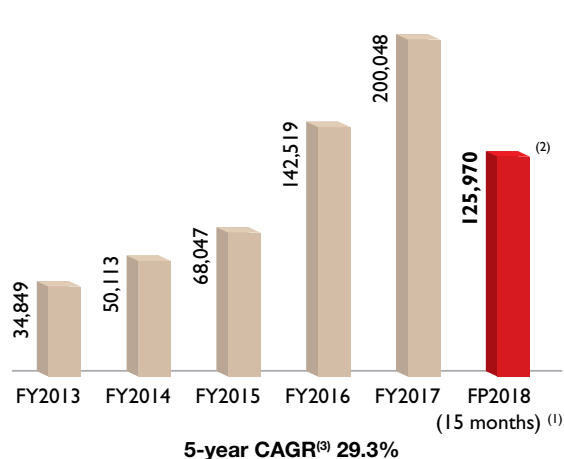
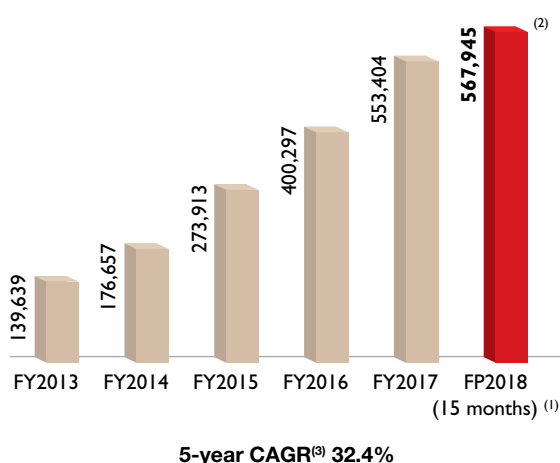
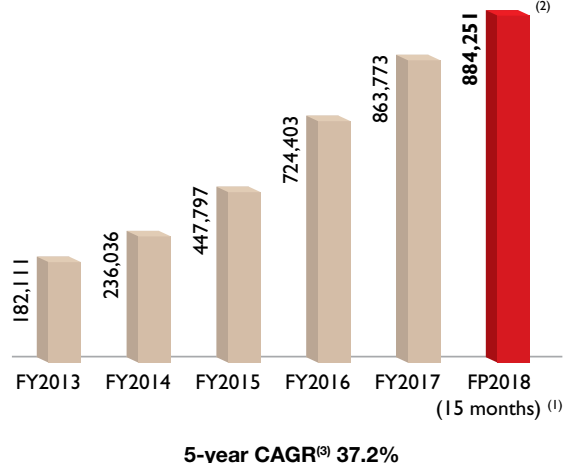
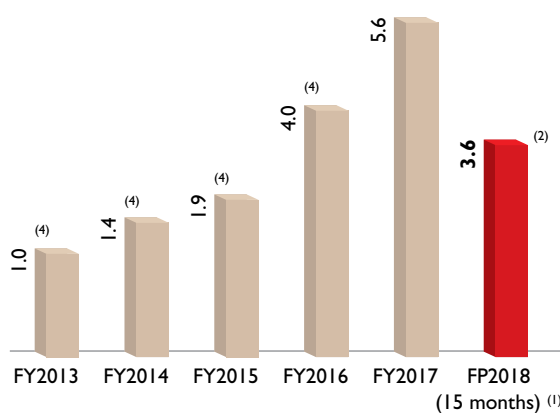
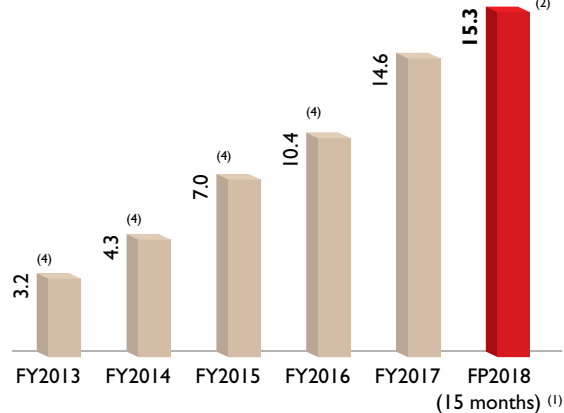
KEY MILESTONES

Since our inception in the year 2000, MYEG has continued to grow from strength to strength, redefining the landscape for e-government services in Malaysia. For almost two (2) decades, we have trail-blazed a path that has seen the Group not only effectively deliver a convenient and cost-effective channel to access vital services, but also promote the development of the local industry to its present position today.

The following are highlights of the Group's major milestones. A more extensive list of milestones is available on our website at https://www.myeg.com.my/investor_relations (under the "Corporate Info" tab).



FINANCIAL HIGHLIGHTS

REVENUE
(RM'000)**NET PROFIT**
(RM'000)**SHAREHOLDERS' EQUITY**
(RM'000)**TOTAL ASSETS**
(RM'000)**NET EARNINGS PER SHARE**
(SEN)**NET TANGIBLE ASSETS PER SHARE**
(SEN)

Notes:-

- (1) MYEG had on 13 June 2018 changed its financial year end from 30 June to 30 September. The FP2018 was made up of results for 15 months covering the period from 1 July 2017 to September 2018
- (2) Net of impairment in relation to impairments made for capital expenditure ("CAPEX") and receivables related to the abolishment of the Goods and Services Tax ("GST") regime.
- (3) CAGR: Compounded Annual Growth Rate ("CAGR")
- (4) The comparative figures for net tangible assets per share and net earnings per share have been restated to reflect the adjustment arising from the bonus issue completed during the financial year 2017.

FINANCIAL HIGHLIGHTS (CONT'D)

	Financial year/ period ended 30 June/ 30 September (RM'000)					
Summarised Group Income Statements	2013	2014	2015	2016	2017	2018 ⁽¹⁾
Revenue	76,484	109,872	141,518	281,728	371,215	562,270
EBITDA ⁽²⁾	46,390	64,833	84,554	164,405	226,431	168,599
Profit Before Tax	34,391	50,710	68,213	143,226	201,478	128,473
Net Profit	34,849	50,113	68,047	142,519	200,048	125,970
Total Comprehensive Income	34,849	50,113	74,747	142,519	200,048	125,671
Summarised Group Balance Sheets As At 30 June / 30 September (RM'000)	2013	2014	2015	2016	2017	2018
Total Non-Current Assets	102,665	101,328	140,118	286,541	414,616	526,109
Total Current Assets	79,446	134,708	307,679	437,862	449,157	358,142
TOTAL ASSETS	182,111	236,036	447,797	724,403	863,773	884,251
Financed By:						
Share Capital	60,105	60,105	120,210	240,420	360,630	360,630
Treasury Shares	(7,766)	(10,237)	(6,783)	(2)	-	(52,804)
Reserves	-	-	43,709	6,700	192,774	260,119
Retained Profits	87,300	126,789	116,777	153,179	186,074	253,718
Shareholders' Equity	139,639	176,657	273,913	400,297	553,404	567,945
Minority Interests	3	2	(20)	(161)	(1,463)	(4,043)
Total Equity	139,642	176,659	273,893	400,136	551,941	563,902
Total Non-Current Liabilities	8,833	8,971	7,514	84,681	116,262	96,960
Total Current Liabilities	33,636	50,406	166,390	239,586	195,570	223,389
TOTAL EQUITY AND LIABILITIES	182,111	236,036	447,797	724,403	863,773	884,251
Financial Analysis	2013	2014	2015	2016	2017	2018
Revenue Growth	14.3%	43.7%	28.8%	99.1%	31.8%	51.5%
Profit Before Tax Growth	24.6%	47.5%	34.5%	110.0%	40.7%	-36.2%
Net Profit Growth	27.4%	43.8%	35.8%	109.4%	40.4%	-37.0%
EBITDA Margin	60.7%	59.0%	59.7%	58.4%	61.0%	30.0%
Pre-tax Profit Margin	45.0%	46.2%	48.2%	50.8%	54.3%	22.8%
Net Profit Margin	45.6%	45.6%	48.1%	50.6%	53.8%	22.4%
Return on Average Equity	27.0%	31.7%	30.2%	42.3%	42.0%	22.6%
Return of Average Total Assets	21.0%	24.0%	19.9%	24.3%	25.2%	14.4%
Net Tangible Assets Per Share (Sen)	3.2 ⁽³⁾	4.3 ⁽³⁾	7.0 ⁽³⁾	10.4 ⁽³⁾	14.6	15.3
Net Earnings Per Share (Sen)	1.0 ⁽³⁾	1.4 ⁽³⁾	1.9 ⁽³⁾	4.0 ⁽³⁾	5.6	3.6

Notes:-

- (1) MYEG had on 13 June 2018 changed its financial year end from 30 June to 30 September. The FP2018 was made up of results for 15 months covering the period from 1 July 2017 to September 2018
- (2) EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization
- (3) The comparative figures for net tangible assets per share and net earnings per share have been restated to reflect the adjustment arising from the bonus issue completed during the financial year 2017.

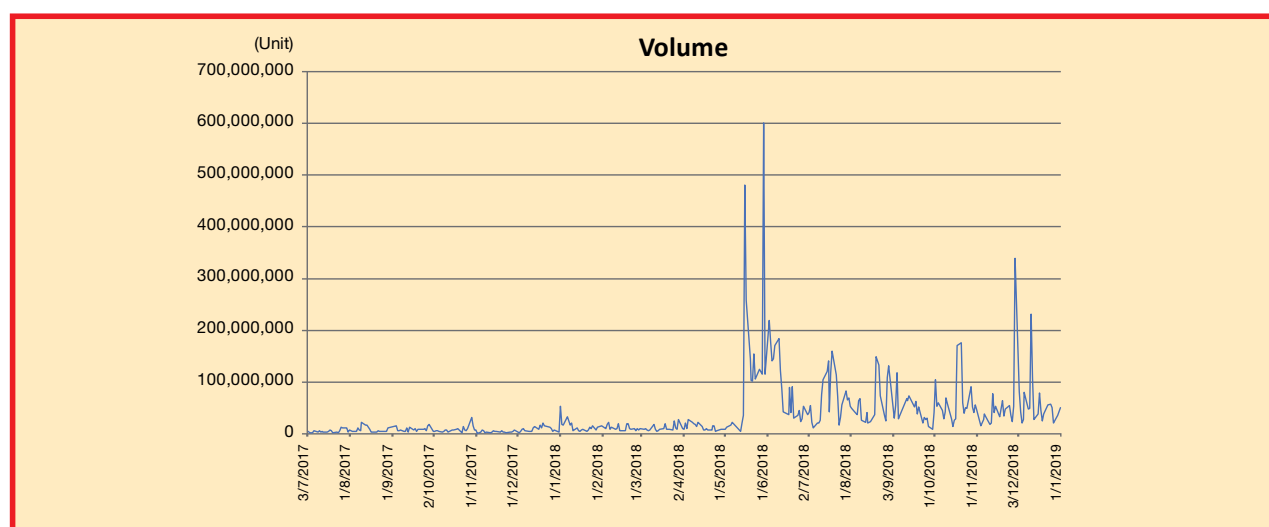
SHARE PRICE PERFORMANCE

Share Price Performance for the period 3 July 2017 to 2 January 2019

- High (30 March 2018) : RM 3.03
- Low (4 June 2018) : RM 0.66
- Closing Price as at 2 January 2019 : RM 0.95

Market Value Ratios as at 2 January 2019

- Market capitalisation : RM 3.43 billion



KEY DATES FOR INVESTORS

7 December 2017	FY2017 final dividend declaration
6 February 2018	FY2017 final dividend payment
27 February 2018	FP2018 first interim dividend declaration
25 May 2018	FP2018 first interim dividend payment

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of MYEG, the management is pleased to present the Group's performance and key achievements and highlights for FP2018. The extended financial period is due to the change in the Group's financial year end from 30th June previously to 30th September.

MYEG performed satisfactorily overall in FP2018, notwithstanding the onset of uncertainties and unforeseen changes in the country's policy direction, including the abolishment of the GST, in the wake of the historic outcome of the General Election.

In better capturing our value creation process, our management has referenced the Integrated Reporting Framework for our annual report. The integrated reporting approach allows us to better assess and share our non-financial performance highlights as well as our value creation process that take into account all capitals or resources that we have used via our business model.

Given the complexities and dynamism of the fast-changing marketplace that we operate in, a conscious look at value creation is essential to ensure that MYEG retains its market leadership position and remains robust to changes. A more detailed account of our Value Creation Process is provided on page 32 of this annual report.

In FP2018, MYEG continued to register strong transaction volumes overall, buoyed by the firm uptake for the Group's services, ranging from concession services – principally in the Immigration Department (“**IMMI**”) and Road Transport Department (“**JPJ**”) segments such as online foreign workers work permit renewal, foreign worker rehiring programme and online road tax renewal -- to related ancillary and commercial services like online auto insurance renewal, foreign worker insurance renewal and job placement services. Our motor vehicle trading business, and the Cardbiz group of companies, which is principally involved in payment solutions services, also contributed to the Group's performance. Further, new services introduced over the course of the last financial year and in more recent times, such as auto financing, among others, have been well-received and gaining favourable traction.

All in all, commercial services accounted for over 80% of revenue in FP 2018 with the remaining coming from e-government services.

In creating value for the Company and our stakeholders, we recognise that financial performance is a key aspect of this process. In this regard, we remain committed to maintaining the Group's growth track record and are pleased to note that MYEG achieved another year of strong revenue and core earnings performance in FP2018.

FINANCIAL PERFORMANCE

MYEG recorded revenue of RM562.27 million (financial year ended 30 June 2017 (“**FY2017**”): RM371.22 million) and profit after taxation (“**PAT**”) of RM125.97 million (FY2017: RM200.05 million), primarily attributable to the aforementioned robust demand for both the Group's concession and commercial services.

We wish to highlight that with the removal of the GST regime in June 2018, MYEG had made the necessary impairments on the investments as well as CAPEX incurred on the tax monitoring system which was intended to be rolled out under the previous GST regime.

Consequently, PAT was moderated by an impairment of RM95.45 million due from an associate company and an impairment of equipment amounting to RM76.29 million in relation to the abolishment of the GST regime. At the same time, the Group recognised deferred revenue of RM19.94 million arising from the sale of solutions to the associate company in previous financial years. Excluding these one-off factors, the Group would have recorded profit of RM277.77 million in FP2018 as the underlying businesses continued to perform well.

Notwithstanding the impairments recognised, the Group is confident there will be opportunities available to roll-out similar tax monitoring systems in other countries where we are present, and thus, to re-deploy the related solutions and assets in these markets. Net earnings per share after impairment for the financial period was at 3.6 sen. (FY2017: 5.6 sen)

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

CAPITAL AND OPERATIONAL EXPENDITURE

In tandem with the growth of our business, CAPEX and operational expenditure (“**OPEX**”) amounted to RM48.54 million (FY2017: RM134.58 mil) and RM227.12 million (FY2017: RM147.80 mil), respectively. Expenditures generally reflect the growing scale of the Group’s activities, both in terms of transaction volumes for our existing services as well as expansion into new business opportunities.

Key operating expenses for the Group in FP2018 were:

- Personnel related expenses and operating expenses;
- Interest expense arising from the term loan to finance the acquisition of MYEG Tower;
- Maintenance and operating expenses for MYEG Tower; and
- Depreciation and amortisation charges

As for capital expenditure incurred during the period under review, the major components were:

- One (1) - Storey of stratified parcels for office use in MYEG Tower
- One (1) Commercial space within the podium level below MYEG Tower
- IT hardware comprising servers and computers

ASSETS AND LIABILITIES CASH AND BANK BORROWINGS

As at 30 September 2018, total assets stood at RM884.25 million (end-June FY2017: RM863.77 million). The Group remained in a net cash position, with the debt-to-equity ratio at 0.36 (FY2017: 0.27). Cash and bank balances remain healthy at RM110.23 million (FY2017: RM137.57 million). Operating cash flow in FP2018 amounted to RM177.25 million (FY2017: RM90.97 million). The Group long-term borrowings stood at RM94.7 million as at the end of FP2018 (FY2017: RM114.16 million), with short-term borrowings at RM32.4 million (FY2017: RM23.16 million).

DIVIDEND

On 7 December 2017, MYEG’s Board of Directors (“**Board**”) declared a final single tier dividend of 1.2 sen per ordinary share amounting to RM43.28 million for FY2017 which was duly paid to shareholders in FP2018 on 6 February 2018.

On 27 February 2018, the Directors declared a first interim single tier dividend of 0.5 sen per ordinary share amounting to RM18.03 million for FP2018 and was paid to shareholders on 25 May 2018.

The Group will distribute a final dividend of 1.4 sen per share subject to shareholders’ approval at our forthcoming AGM to be held on 14 March 2019.

That would bring total dividends in respect of the FP2018 to 1.9 sen per ordinary share, representing a payout ratio of more than 30%.

PERFORMANCE REVIEW

FP2018 has seen the Group continuing to establish itself as a technology leader with a diverse geographical reach. More importantly, we are seeing market perceptions also shift accordingly. Increasingly, stakeholders, particularly the investment community, are beginning to appreciate the strength of MYEG’s business model, one that is not unduly tied to any singular product or market, but comprises a diversified mix of revenue sources spread across a broad range of products, services and geographies.

Our offerings are integrated and allow us to operate across the value chain in many sectors, be it automotive, immigration and many more.

We have indeed achieved much and have come far since our inception in 2000. Almost two decades ago, our journey began as a fledgling enterprise and trailblazer under the e-government MSC Flagship Application. Our role then was to provide the electronic link that enabled seamless transactions between the Government and citizens / businesses.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Today, we have expanded beyond this initial mandate to deliver a comprehensive service portfolio across multiple markets with the potential to serve more people in Asia. We have continued to strengthen our business model by innovating more services to deliver affordability, accessibility and convenience.

Our expansion into new overseas markets along with our ongoing vertical and horizontal diversification have enabled MYEG to participate in a more robust business model with a more balanced portfolio of products and services.

A good example of this is Agensi Pekerjaan MY EG Jobs Sdn Bhd, one of the new services launched in FP2018 that has paved the way for the Group to make meaningful inroads into the recruitment and employment market. On 12 September 2018, we received the licence from the Department of Labour Peninsular Malaysia, Ministry of Human Resources to undertake recruitment activities for job seekers within and outside Malaysia and for non-citizen employees within Malaysia.

The licence, which is valid for a period of 24 months from 1 September 2018 to 31 August 2020, enables MYEG to provide job matching and placement service to match Malaysian employers with foreign workers.

OVERSEAS OPERATIONS

Malaysia's successful track record in implementing e-government services based on the unique model of a partnership between the public and private sectors is increasingly being recognised by our neighbouring countries who are now seeking to replicate this success by adopting a similar approach.

The Philippines

In the Philippines, our joint venture I-Pay MYEG Philippines Inc. ("**MYEG Philippines**"), entered into a Memorandum of Agreement ("**MoA**") with CIMB Bank Philippines Inc. ("**CIMBPH**"). Under the arrangement, MYEG Philippines will market CIMBPH's financial products on the former's digital services platforms in the nation of over 100 million people. The MOA is effective for three (3) years from the date CIMBPH commences its banking operations.

MYEG Philippines also, on 2 May 2018, inked a service level agreement with the local government of Quezon City, Philippines to act as the electronic payment gateway service provider for Quezon in relation to the collection of taxes and other services offered by Quezon through its payment channels. The one-year concession, which is renewable, allows MYEG Philippines to offer its expertise and expand the concessions which the Company has under its portfolio.

In addition, MYEG Philippines on 18 June 2018, signed a MoU with Cagayan Economic Zone Authority ("**CEZA**") to register as a Financial Technology Solutions Business Enterprise ("**FTSBE**") license applicant to act as a payment processor and payment gateway business enterprise for offshore transactions in the Philippines specifically within the Cagayan Special Economic Zone and Freeport.

Over the course of FP2018, MYEG Philippines also signed a number of agreements with various government agencies and local councils to provide payment gateway solution, leveraging MYEG Philippines network of online and over-the-counter channels to offer citizens more payment options when transacting. This includes a partnership with Land Bank of the Philippines to integrate MYEG Philippines electronic payment and collection system to expand the latter's reach.

Indonesia

In Indonesia, on 21 September 2018, the Group incorporated PT MYEG Services Indonesia, a 90% owned subsidiary with the purpose of building, owning and operating a digital platform for commercial services in the country. This was followed up with the signing of an MoU on 26 November 2018 with PT Cartenz Technology Indonesia ("**Cartenz**"), a leading e-government service provider in Indonesia.

Subject to certain terms and conditions, the MoU will entail MYEG investing USD10 million for a stake of up to 40%. MYEG and Cartenz will work together to implement real-time monitoring of business transactions for tax computation purposes across Indonesia.

Beyond paving our entry into the Indonesia market, our joint venture creates a unique synergy of MYEG's proprietary solutions and Cartenz local insights and experience to accelerate the present base of Cartenz's 5,000 tax monitoring system installations to one (1) million over the next few years.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

We also aim to roll-out other solutions that have been successfully deployed in Malaysia and Philippines to the high-potential Indonesian marketplace where the population stands at approximately 267 million people with internet penetration of 53.56%.

With a growing presence in three ASEAN countries, MYEG is progressively establishing its position as the leading e-government service operator within the region. We will continue to bring our value and expertise to more markets going forward.

Bangladesh

Our Bangladesh operations is still at early stages. Nevertheless, our foray into a country with a population of some 170 million sets the stage for a new exciting growth phase for MYEG. The Group is further expanding its business footprint into a greenfield market towards offering e-government services as well as commercial services such as remittance.

In August 2018, the Group signed a Joint Venture Agreement with Bangladesh-based Control Data (BD) Limited and My Paycheck Sdn Bhd to provide technology and e-government services. MYEG, through sub-subsidiary MY EG (Bangladesh) Sdn Bhd, holds a 40% stake in the joint venture entity.

TECHNOLOGY – OUR COMPETITIVE ADVANTAGE

As a technology company, our role remains as a game-changer and enabler by tapping on new emerging digital breakthroughs to offer value and to deliver greater accessibility, convenience and affordability. We remain mindful of the fact that technology is a double-edged sword as it can sustain and strengthen our market leadership on one hand, but on the other hand, also poses a risk from the potential entry of competing innovations.

For MYEG to reinforce its leading position in the market, it is crucial that we retain our technological advantage. Hence, our focus on product development is key towards our ability to churn out innovative solutions that we can commercialise into winning products and services.

Our latest endeavour is to tap the emerging but exciting potential of blockchain technologies, which offer commercial applications beyond cryptocurrencies. Blockchain is ideal for solving problems that require full traceability of origins or to ensure tamper-proof documentation or records.

In FY2018, we developed PayMe, our proprietary blockchain-based payroll management software. As a monthly subscription service, PayMe offers a cost-effective alternative for companies that employ a sizeable workforce with dynamic remuneration packages. This includes recording and managing workers' overtime accurately and efficiently.

The Group has commenced pilot trials at selected sites and has received positive feedback. We expect to launch PayMe in FY2019 with our initial clients comprising existing MYEG corporate customers.

To further strengthen our blockchain expertise, on 22 October 2018, a MoU with University of Malaya was signed to jointly promote and foster the development of academic and research projects in blockchain as well as for the implementation of an on-campus e-wallet.

The MoU paves the way for us to enhance our involvement in blockchain while contributing towards the development of local talent in this burgeoning field.

The collaboration helps to promote the development of blockchain technologies in the country through knowledge sharing, technology transfer, development of educational content, holding of public events and also initiating joint research projects.

In a similar spirit, we have also accepted a Letter of Intent from University Utara Malaysia (“UUM”) to explore collaboration opportunities in IT and project management, blockchain technology, augmented and virtual reality, artificial intelligence, Internet of Things, software development and IT operations.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

INVESTMENTS AND COLLABORATION

On 13 December 2017, MYEG acquired a 23.5% stake valued at RM10.4 million in Stampede Holdings Sdn Bhd ("**Stampede**"), an investment holding company incorporated in Malaysia. Stampede's subsidiaries are involved in the provision of debt collection system, that automates and standardises key collection processes.

The acquisition is a strategic move by the Group to invest in high-potential companies going forward. Stampede is the leading account receivables technology provider in Malaysia, with a 90% market share servicing key business verticals comprising the banking, financial and telecommunications industries.

Our investment into Stampede is consistent with our vision to be the leading IT company in the region. Our acquired stake enables MYEG to be part of the exciting growth story of Stampede, which is disrupting the enterprise software market and unleashing new business potential and opportunities, especially in the niche segment of the accounts receivables industry. Organisations continue to demand specialised software that enables them to improve collections and better manage their accounts receivable.

This is a key segment going forward as the global debt collection software market is expected to grow at a CAGR of 5.85% during the period of 2017-2021. The injection of funds will drive Stampede's market penetration across ASEAN, particularly in the key enterprise software markets of the Philippines, Thailand and Vietnam and also herald a potential entry into Indonesia.

On 24 February 2018, the Group invested Renminbi 15.0 million for a 3.125% interest in China based, mobile augmented reality ("**AR**") and virtual reality ("**VR**") developer Guangdong Virtual Reality Technology Co., Ltd ("**Ximmerse**"). This is our second largest overseas investment after the Philippines and is in line with our overall expansion strategy to tap into fast evolving technologies which bring commercial value to the Group. We draw confidence that several big organisations such as Lenovo Group, Guangfa Group and other financial investors have also bought stakes in Ximmerse.

Headquartered in Guangzhou, with offices in Shenzhen and Los Angeles, Ximmerse focuses on the research, development and commercialisation of mobile visual computing including mobile AR and VR.

In Malaysia, on 31 May 2018, we entered into a service agreement with AIG Malaysia Insurance Berhad ("**AIG**") for the provision of a road care assistance programme to AIG's policyholders. The service agreement is effective for two (2) years upon signing with possible options to extend further.

Our service agreement allows us to offer enhanced services which include road breakdown and towing services for customers who purchase car insurance with us. We are further enhancing and completing our value proposition amidst a growing automotive market in Malaysia. Our ability to deliver a one-stop solution from online renewal of insurance and road tax to road care assistance will increase MYEG's appeal to attract more customers going forward.

We further expanded our presence in the automotive sector on 8 June 2018, when our sub-subsidiary MY EG Finance Technologies Sdn Bhd partnered with Volvo Car Malaysia Sdn. Bhd. ("**Volvo**") to successfully launch the Volvo Car Leasing service. Our collaboration partnerships with AIG and Volvo reflects our growing presence in the automotive landscape. We are progressively providing a complete life-cycle value proposition which will allow us to tap the growing market in Malaysia and subsequently, beyond.

OTHER DEVELOPMENTS

Government Relations

We are pleased to have observed a smooth and peaceful transition of power in Malaysia, and this includes at the government administrative level, where all agencies that we work with have continued to operate as normal. While the change may bring some differences in administrative directions and objectives, MYEG is positive of being able to work with any government given our track record, proven capabilities and inherent experience.

MYEG's role is to effectively facilitate the realisation of overarching policies or decisions via the provision of systems and solutions that can deliver convenience, efficiency and value to all stakeholders – be it consumers, business enterprises or the government.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Given the responsibility we uphold, it is imperative that MYEG maintains its close and constructive working relationship with all relevant government agencies. This is to ensure smooth delivery and to stay abreast of new developments or changes while remaining apolitical as a business organisation.

This has been and remains our practice for the past 18 years of our operations since our inception and we will continue to hold steadfast this practice going forward. The operating landscape remains conducive and we continue to operate on a business as usual basis with minimal interruptions.

Taking a broader view, Malaysia's digital economy has been a key pillar of economic growth and is poised to play an increasingly critical role in driving the country's development towards becoming a high-income nation. Since its inception some 20 years ago, the MSC, has been at the forefront of Malaysia's technological transformation and is envisaged to remain a leading catalyst for the continued acceleration of the country's digital push.

MYEG is proud to have been a leader in the e-government service flagship application of the MSC over the last decades. Moving forward, we are fully committed to continue playing our role in bringing the country's digital aspirations, as spearheaded by the MSC, even closer to realisation.

OUTLOOK AND PROSPECTS

Domestic Growth Prospects

Given population growth, the proliferation of technology and other favourable market trends, the outlook for our Group as a digital service enabler remains positive, barring any unforeseen circumstances. We are well positioned to continue capturing opportunities across our markets and to continue creating value in the short, medium and long-term horizons.

The key market segments we serve continue to see robust growth, which we believe will lead to greater utilisation of our products and services. Our business model puts us in a prime position to continue capturing a substantial slice of this growing market.

From the perspective of the Government, there is a greater push for the digitalisation of services to ensure enhanced public service delivery. With our proven track record in this area, MYEG is once again strategically placed to deliver on this requirement.

What we do today echoes well into tomorrow and looking beyond our own horizons, we draw confidence and pride in the expanding role we are playing in nation-building and technology development.

Malaysia has the potential to emerge as a global leader in the adoption of cutting-edge technologies for the enhancement of government services. Hence, we believe this is achievable with the right strategies in place and with the continued support from all stakeholders.

MYEG will play its role in the realisation of such aspirations towards the building of a better nation for all. Our Malaysian experience and insights gleaned could be used to create a similar revolution in the markets we operate to deliver the benefits of technology to more people across the world.

We also see plenty of room for the range of commercial services that we offer to be expanded further as we continually introduce additional services to better serve the evolving and sophisticated needs of our growing user base.

Meanwhile, the Group has put forth plans to acquire a commercial space within the podium level below MYEG Tower at Empire City for an aggregate cash sum of RM35.36 million.

The acquisition of the space is to meet future expansion plans. With this acquisition, the Group is better positioned to centralise its operations for operational efficiency and productivity. The said property will be primarily used for customer service purposes and as a showroom to showcase MYEG's e-government and commercial services. The property is strategically located within the mixed development at Empire City.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

In safeguarding its position, MYEG has a put up an option to sell the said commercial space back to the vendor at a sum equal to 66.67% of the purchase consideration of RM35.36 million within six (6) months from the date of delivery of vacant possession of the property by MYEG. We will only exercise this option should there be any unforeseen circumstances beyond MYEG's control which may impact the Group's operations.

Moving forward, we will be increasingly focusing on commercial products and services as these products are easily portable digitally and can generate significant margins. We believe blockchain applications offer exciting potential. We are confident that MYEG is well positioned to gain a first mover advantage in developing and deploying emerging disruptive technologies like blockchain to capture new market opportunities.

All in all, MYEG aims to leverage new technologies to continue delivering innovative products and services, with the same high standards of convenience, affordability, reliability and quality that our valued customers have come to expect from us.

Overseas Growth Prospects

The growth prospects of our business overseas is at least equally, if not more, exciting.

With more government services and commercial offerings in the pipeline to be progressively rolled-out, our business in the Philippines is achieving significant traction today and given its sizeable population base, we expect it to be an increasingly important contributor to the Group in coming years.

Similarly, we hope to see our operations in other markets, namely Indonesia and Bangladesh, also contributing towards the Group's performance in the near future. While there are similarities to the Malaysian market, these overseas markets have different operating environments. As such, we would, undoubtedly, need to adapt to the distinct local requirements of each of these new growth markets.

Invariably, the way we approach our foreign businesses may differ somewhat, with the understanding of local customs and consumer behaviours being paramount. However, the value that we create via our unique proposition coupled with our first mover advantage, will allow us to weather oncoming challenges and to continue gaining traction in the Philippines, Indonesia and Bangladesh.

Essentially, we now have a growing presence in markets that give us access to a combined population exceeding 600 million.

By continuing to focus on market expansion, product development and relationships, we are best positioned to remain a key provider of value for stakeholders. These will be our means through which we continue realising our vision of operating as a high value-added provider of globally digital services and to execute our mission of serving society as a one-stop centre for stakeholders via vertically-integrated services.

Barring unforeseen circumstances, our management remains cautiously optimistic that the long-term outlook for MYEG is positive with strong prospects to continue registering positive growth for the years ahead.

BOARD OF DIRECTORS' PROFILES



Age	71	2000 - 2003	<ul style="list-style-type: none">Chairman, Bank Kerjasama Rakyat Malaysia Berhad
Nationality	Malaysian	2005 - 2008	<ul style="list-style-type: none">Senator
Gender	Female	2005 - Present	<ul style="list-style-type: none">Chairman, Board of Trustee of World Islamic Businesswoman NetworkMember, International Advisory Panel World Islamic Economic Forum
Date of appointment	18 August 2006		
Length of service	12 years		
Date of last re-election	18 December 2014		Directorship of public listed companies <ul style="list-style-type: none">Adventa Bhd (Independent Non-Executive Director)Excel Force MSC Bhd (Executive Chairman)Latitude Tree Holdings Berhad (Independent Non-Executive Chairman)
Board Committee membership			
Nil			
Qualifications			Directorship of public companies <ul style="list-style-type: none">World Islamic Economic Forum Foundation
<ul style="list-style-type: none">Bachelor of Arts (Hons) Economics, University of MalayaMasters in International Economics Relations, International Institute of Public Administration, FranceMasters in International Economics and Finance, University, of Paris I, Pantheon-Sorbonne, FrancePhD, (Economics Science) International Economics and International Finance, University of Paris I, Pantheon-Sorbonne, France			Relationships with other directors/ shareholders/ listed issuer
			Nil
			Conflict of Interests with listed issuer
			Nil
Years of working experience			Any other convictions (aside from traffic offences)
44 years			Nil
Working experience and occupation			
1972 - 1988	<ul style="list-style-type: none">Government Service in MalaysiaManaging Director, consulting firmChief Representative, Credit Lyonnais Bank, Malaysia		

BOARD OF DIRECTORS' PROFILES (CONT'D)



Age	48	Working experience and occupation
Nationality	Malaysian	1995 – 1997 Co-founder and Executive Director, Cybersource Pte Ltd, Singapore
Gender	Male	1997 - 2000 Founder and Chief Executive Officer, Technochannel Technologies Sdn Bhd
Date of appointment	6 March 2000	2000 - Present Co-founder, MYEG Group
Length of service	19 years	Directorship of public listed companies
Date of last re-election	7 December 2017	Nil
Board Committee membership		Directorship of public companies
Remuneration Committee (member)		Nil
Qualifications		Relationships with other directors/ shareholders/ listed issuer
Bachelor Degree in Electrical Engineering, National University of Singapore		Nil
Years of working experience		Conflict of Interests with listed issuer
25 years		Nil
		Any other convictions (aside from traffic offences)
		Nil

BOARD OF DIRECTORS' PROFILES

(CONT'D)



Age	73	1991 - 1994	Director, National Institute of Public Administration (INTAN)
Nationality	Malaysian	1994 - 1996	Deputy Director General, Public Service Department
Gender	Male	1996 - 2003	Director General, Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), Prime Minister's Department
Date of appointment	31 December 2008	2004 - 2007	Vice Chancellor, University Pendidikan Sultan Idris
Length of service	10 years	2004 - 2005	Appointed to the Royal Commission to enhance the Operations and Management of the Royal Malaysian Police Force (PDRM)
Date of last re-election	7 December 2017	2007 - 2009	Chairman, Malaysian Qualifications Agency (MQA)
Board Committee membership		2009 - 2018	Chairman, Goodyear Malaysia Berhad
• Audit and Risk Management Committee (Chairman)		2009 - Present	Honorary Treasurer, National PERKIM Kuala Lumpur
• Remuneration Committee (Chairman)			
• Nomination Committee (member)			
Qualifications		Directorship of public listed companies	Nil
• Bachelor in of Arts (Malay Studies), University of Malaya		Directorship of public companies	Nil
• Diploma in Public Administration, University of Malaya		Relationships with other directors/ shareholders/ listed issuer	Nil
• Master in Public Administration, University of Southern California		Conflict of Interests with listed issuer	Nil
• PhD in Economics and Social Development Studies, University of Pittsburgh		Any other convictions (aside from traffic offences)	Nil
Years of working experience			
49 years			
Working experience and occupation			
1969 - 1972	Assistant Director, MAGERAN		
1973 - 1974	Assistant Director, Public Service Department		
1976 - 1981	Principal Assistant Director (Budget), Ministry of Health		
1985 - 1991	Deputy Director General of MAMPU, Prime Minister's Department		

BOARD OF DIRECTORS' PROFILES (CONT'D)



Age	57	Working experience and occupation
Nationality	Malaysian	1981 - 2002 Royal Malaysian Police
Gender	Male	1994 - 1996 Diplomatic Mission, Wisma Putra, Guangzhao, China
Date of appointment	18 August 2006	Directorship of public listed companies
Length of service	12 years	Nil
Date of last re-election	18 December 2015	Directorship of public companies
Board Committee membership		Nil
• Nomination Committee (Chairman)		Relationships with other directors/ shareholders/ listed issuer
• Audit and Risk Management Committee (Chairman)		Nil
• Remuneration Committee (member)		Conflict of Interests with listed issuer
Qualifications		Nil
Diploma in Business Studies, Jinan University, Guangzhou, China		Any other convictions (aside from traffic offences)
Years of working experience		Nil
33 years		

BOARD OF DIRECTORS' PROFILES

(CONT'D)



Age	50	Working experience and occupation
Nationality	Malaysian	1993 - 1998 Corporate Advisory Services, Ernst & Young
Gender	Male	1998 - 2000 Regional Controller for Asia, BIC
Date of appointment	9 July 2018	2001 - 2009 Financial Controller for Asia Pacific; Consultant, Kepner-Tregoe (KT)
Length of service	6 months	2009 - 2016 Founder, A Davids & Company, Singapore
Date of last re-election	Nil	Directorship of public listed companies
Board Committee membership		Excel Force MSC Berhad (Executive Director)
Audit and Risk Management Committee (member)		Directorship of public companies
Qualifications		Nil
• Chartered Institute of Management Accountants (CIMA)		Relationships with other directors/ shareholders/ listed issuer
• Malaysian Institute of Accountants (MIA)		Nil
Years of working experience		Conflict of Interests with listed issuer
26 years		Nil
		Any other convictions (aside from traffic offences)
		Nil

KEY SENIOR MANAGEMENT'S PROFILES

JASON CHAN LING KHEE

CHIEF TECHNOLOGY OFFICER

Age 48

Nationality Malaysian

Gender Male

Date of appointment March 2008

Years of working experience 24 years

Qualifications
Bachelor of Electrical and Electronic Engineering, National University of Singapore

Working experience and occupation

1995 - 1996	Research Engineer, Centre for Wireless Communication, Singapore
1996 - 1997	Technical Director, CyberSource Pte Ltd, Singapore
1997 - 1999	Chief Technical Officer, Tecnochannel Technologies Sdn Bhd Key Technology Member, MyWeb inc.com
1999 - 2008	Chief Technical Officer, MYEG
2008 - present	Chief Technology Officer, MYEG

Directorship of public listed companies
Nil

Directorship of public companies
Nil

Relationships with other directors/ shareholders/ listed issuer
Nil

Conflict of Interests with listed issuer
Nil

Any other convictions (aside from traffic offences)
Nil

CHONG CHIEN MING

CHIEF FINANCIAL OFFICER

Age 45

Nationality Malaysian

Gender Male

Date of appointment January 2015

Years of working experience 21 years

Qualifications
Bachelor Degree in Accounting, Universiti Putra Malaysia
Member, Malaysian Institute of Accountants

Working experience and occupation

1998 - 2000	Internal Audit Executive, MBF Management Services Sdn Bhd
2000-2002	Finance Executive, Peremba Development Sdn Bhd
2002-2003	Assistant Finance Manager, AEON Credit Service (M) Sdn Bhd
2003 - 2015	Financial Controller, MYEG
2015 - present	Chief Financial Officer, MYEG

Directorship of public listed companies
Nil

Directorship of public companies
Nil

Relationships with other directors/ shareholders/ listed issuer
Nil

Conflict of Interests with listed issuer
Nil

Any other convictions (aside from traffic offences)
Nil

KEY SENIOR MANAGEMENT'S PROFILES

(CONT'D)

DATUK NOR ADNAN BIN ZAINAL ABIDIN

PROJECT DIRECTOR

Age	61
Nationality	Malaysian
Gender	Male
Date of appointment	September 2013
Years of working experience	41 years

Qualifications

Bachelor Degree in Business Administration (Hons), Universiti Kebangsaan Malaysia

Certificate of Teaching (Teaching English as a Second Language), Sultan Idris Teachers' Training College

Working experience and occupation

1978 - 1984	English Teacher
1985 - 1986	Plans and Control Analyst, Mesiniaga Bhd
1987 - 1995	Business Planning Manager, Mesiniaga Bhd
1996 - 2007	Business Development (Project Management) in various companies such as: <ul style="list-style-type: none"> Mesiniaga Bhd Gopeng Bhd Maximal Technology Sdn Bhd Datapower Sdn Bhd Ministry of Education Project Team (MSCTC Sdn Bhd)
2007 - 2009	Business Development Director, MSC Technology Centre Sdn Bhd
2009 - 2010	Director of Government Communication Affairs, DELL Asia Pacific
2010 - 2013	Head of Sales and Marketing, Datasonic Group Bhd
2013 - present	Project Director, MYEG

Directorship of public listed companies

Nil

Directorship of public companies

Nil

Relationships with other directors/ shareholders/ listed issuer

Nil

Conflict of Interests with listed issuer

Nil

Any other convictions (aside from traffic offences)

Nil

MOHD RUSHDAN KHAIRUL ANUAR

INFORMATION TECHNOLOGY DIRECTOR

Age	34
Nationality	Malaysian
Gender	Male
Date of appointment	January 2016
Years of working experience	9 years

Qualifications

- MSc in Electronic Systems Engineering, ESIEE Paris, France
- Certificate in Information Technology Infrastructure (ITIL)
- Certificate in Control Objectives for Information and Related Technology (COBIT)

Working experience and occupation

2010 - 2011	Electronics System Engineer, Texas Instruments
2011 - 2013	Business Analyst, Deloitte Consulting
2013 - 2014	Consultant, HeiTech Padu Bhd
2014 - 2016	IT Risk Manager, MYEG
2016 - present	IT Director, MYEG

Directorship of public listed companies

Nil

Directorship of public companies

Nil

Relationships with other directors/ shareholders/ listed issuer

Nil

Conflict of Interests with listed issuer

Nil

Any other convictions (aside from traffic offences)

Nil

KEY SENIOR MANAGEMENT'S PROFILES (CONT'D)

NGEOW KIAN MOON

OPERATIONS DIRECTOR

Age	41
Nationality	Malaysian
Gender	Male
Date of appointment	October 2015
Years of working experience	17 years

Qualifications

- Bachelor Degree in Computer Science, Universiti Putra Malaysia
- Microsoft Certified in ITIL and COBIT

Working experience and occupation

2002 - 2006	Technical Support experience in:- <ul style="list-style-type: none"> • Hewlett Packard • Nakamichi Malaysia Sdn Bhd • Dell Asia Pacific Sdn Bhd
2006 - 2008	Served in the following positions in Atos Origin (M) Sdn Bhd:- <ul style="list-style-type: none"> • Incident Manager • Service Desk Team Leader
2008 - 2015	Served in the following positions in Measat Broadcast Systems Sdn Bhd (ASTRO):- <ul style="list-style-type: none"> • Assistant Vice President- Service Desk • Senior Operations Manager - Infrastructure Managed Services • Head of Service Engagement and Assurance
2015 - present	Operations Director, MYEG

Directorship of public listed companies

Nil

Directorship of public companies

Nil

Relationships with other directors/ shareholders/ listed issuer

Nil

Conflict of Interests with listed issuer

Nil

Any other convictions (aside from traffic offences)

Nil

HASYATI BINTI SHUKRI

DEPUTY PROJECT GENERAL MANAGER

Age	35
Nationality	Malaysian
Gender	Female
Date of appointment	January 2015
Years of working experience	14 years

Qualifications

Degree in Management and Conservation Biodiversity, Kolej Universiti Sains dan Teknologi Malaysia

Working experience and occupation

2005 - 2012	Project Executive, MYEG
2012 - 2015	Senior Project Manager, MYEG
2015 - Present	Deputy Project General Manager, MYEG

Directorship of public listed companies

Nil

Directorship of public companies

Nil

Relationships with other directors/ shareholders/ listed issuer

Nil

Conflict of Interests with listed issuer

Nil

Any other convictions (aside from traffic offences)

Nil

KEY SENIOR MANAGEMENT'S PROFILES

(CONT'D)

R.MAHALINGAM A/L A.RENGANATHAN

HEAD OF OPERATION DEPARTMENT (JPJ).

Age	44
Nationality	Malaysian
Gender	Male
Date of appointment	July 2017
Years of working experience	17 years

Qualifications

Diploma Computer Engineering

Working experience and occupation

2002 – 2008	Technical Support Executive, MYEG
2008 - 2009	Logistic Manager, MYEG
2009 - 2017	Senior Manager – Operations, MYEG
2017 - present	Head of Operations, MYEG

Directorship of public listed companies

Nil

Directorship of public companies

Nil

Relationships with other directors/ shareholders/ listed issuer

Nil

Conflict of Interests with listed issuer

Nil

Any other convictions (aside from traffic offences)

Nil

ABOUT MYEG

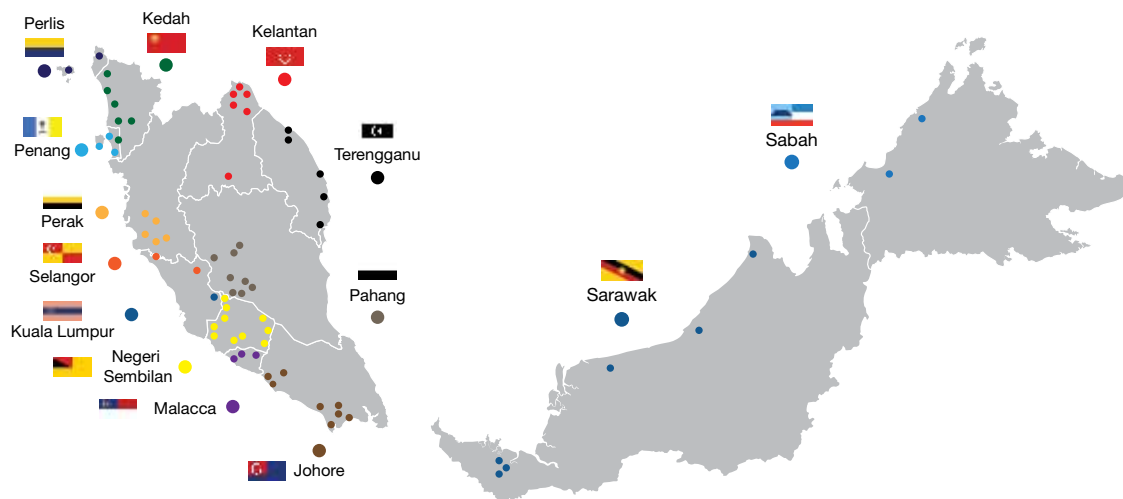
MYEG is a digital provider of a growing spectrum of government concession and commercial services.

In Malaysia, we provide services related to key government agencies such as IMMI, JPJ, Insolvency Department, Royal Malaysian Police, National Registration Department and others. Services provided range from online payments for various Government of Malaysia (“**Government**”) services such as renewal of road tax, and renewal of foreign worker’s work permits, online search of bankruptcy and winding-up to complex integrated machines and machine industry solutions.

MYEG has also successfully expanded into the provision of value-added commercial services such as online motor insurance renewal, online motor trading and financing, online foreign worker insurance renewal and foreign worker job placement.

By serving as a dependable and reliable “bridge” between consumers / businesses and the government via the digitisation of various essential services, MYEG offers accessibility, convenience and affordability to consumers and businesses.

We are also aligned with the Government’s aspirations towards creating a more digitised nation.



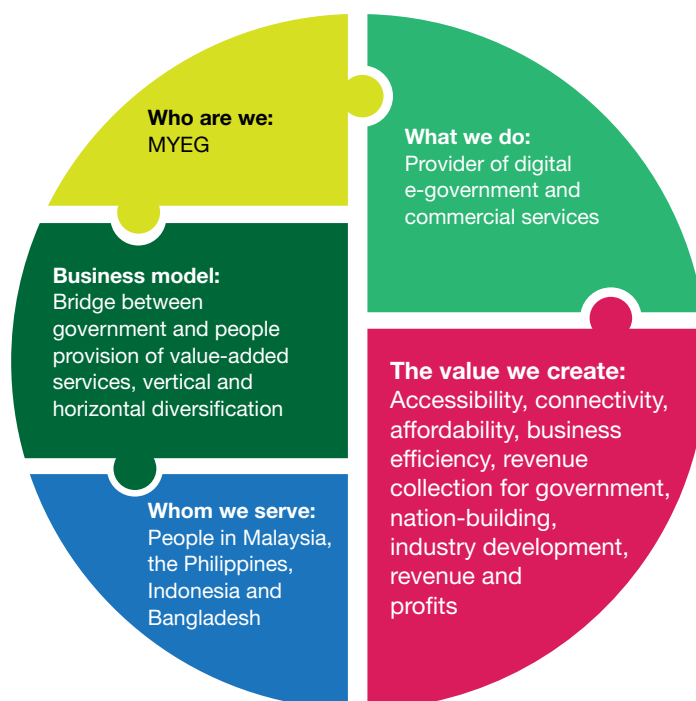
OUR BUSINESS FOOTPRINT AND PRESENCE

We operate more than 100 service centres across Malaysia providing both e-government and commercial services to consumers and businesses.



Beyond Malaysia, we are proud to be a flag-bearer of our fully home-grown technology to power the digitalisation journeys of governments and citizens in Asia. Our business is present in the Philippines, Bangladesh and recently in Indonesia, where we have established joint ventures with reputable local partners to offer a range of e-government solutions, alongside the provision of commercial products and service through online and offline channels.

ABOUT MYEG (CONT'D)



OUR SERVICES IN MALAYSIA

Concession Services

E-Government services:-

- Issuance and renewal of driver's license
- Test for driver's license
- Renewal of road tax
- Vehicle ownership transfer
- Renewal of foreign worker's work permit
- Insolvency search
- Application for replacement of MyKad
- Enquiry and payment of compound/ summons/ assessment
- Assessment and payment of zakat

Commercial Services

Commercial services:-

- Auto insurance
- Auto assist
- MyMotor transactional portal
- Auto financing
- Foreign worker insurance
- Foreign worker recruitment
- Payroll management
- Remittance
- Online media
- Payment Solution Services

Services are delivered via the following channels:



Mobile Phone



Computer



Kiosk



Counter

ABOUT MYEG (CONT'D)

The positive impact of our services provided through different channels are pervasive across a large group of stakeholders.

For consumers, we provide convenience, accessibility and affordability for millions in the countries where we are present.

As an industry leader, we are introducing new, home-grown technology which contributes to the development of the local technology sector. At the same time we are contributing to the development of new talent by setting up an Integrated Academy through collaboration with UUM to develop graduates with both theory and practical skill in technical areas.

Our services help to increase business efficiency and reduce the costs of operating a business. With this, we have helped play a part in stimulating economic growth and business opportunities across the country.

Meanwhile, for the Government, our e-government services platform has for the last 18 years served as a channel for the efficient collection of revenue in the form of taxes, summonses and levies. Effectively, MYEG has and continues to make a significant contribution towards nation-building and the continued socio-economic prosperity of the nation and its people.

INVESTOR RELATIONS

Investor relations and stakeholder engagement strategies form an integral part of MYEG's business. Given the need to continually engage our existing shareholders and prospective investors, we have sought to actively initiate various platforms for dialogue and discussion, as well as to share information about the Group with these key stakeholder groups. Over the years, MYEG has developed a comprehensive investor relations programme to ensure that we consistently and effectively communicate with all categories of shareholders, including the Minority Shareholder Watchdog Group, through the provision of timely, accurate and transparent disclosures.

Throughout the year, we have also extensively engaged with investment and research houses, market analysts and other key stakeholders from the investment and financial community. These engagements were held with both local and foreign organisations with the outcome of these engagements being published publicly. We also actively participated in various investment-related conferences and roadshows in global financial centres such as Malaysia, Singapore, Hong Kong, the United Kingdom ("UK") and the United State of America ("US"). These engagements were arranged by various leading investment banks.

Kindly refer to our Stakeholder Engagement table within the Sustainability Statement of this Annual Report for further details on engagement activities, issues and matters deliberated as well as outcomes achieved.

The Group has also created a dedicated section on its website – https://www.myeg.com.my/investor_relations. The section provides content on investor relations and communication. The website also provides financial results, latest company announcements, press releases, stock information, news and disclosures to Bursa.

AWARDS AND ACCODALES

We are honoured to have earned the recognition of local and international financial bodies as well as that of the industry in which we operate. The various awards received over the past years are clear acknowledgements of our business success and the value we have created via our business model.

Following is a list of awards MYEG has secured during the period under review:

- Best under a billion, Forbes Asia
- FTSE4Good Certificate of Membership

Notably, most awards have been repeat wins such as the Best Under A Billion Forbes Asia. This accolade recognises Asia Pacific's top 200 leading public listed companies with annual revenues between US Dollar ("**USD**") 5 million and USD1 billion. Companies are assessed based on sales and earnings growth in the past 12 months and over three years and for the strongest five-year return on equity. MYEG has been a recipient of this award thrice – 2015, 2016 and 2018.

We also draw satisfaction in having been selected for the FTSE4Good index in FY2017 and retaining our Certificate of membership in FP2018. The FTSE4Good Bursa Index constituents are selected from the top 200 Malaysian stocks and is designed to recognise Malaysian companies with strong corporate responsibility practices across a wide range of environment, social and governance ("**ESG**") parameters.

OUR VALUE CREATION PROCESS AND BUSINESS MODEL

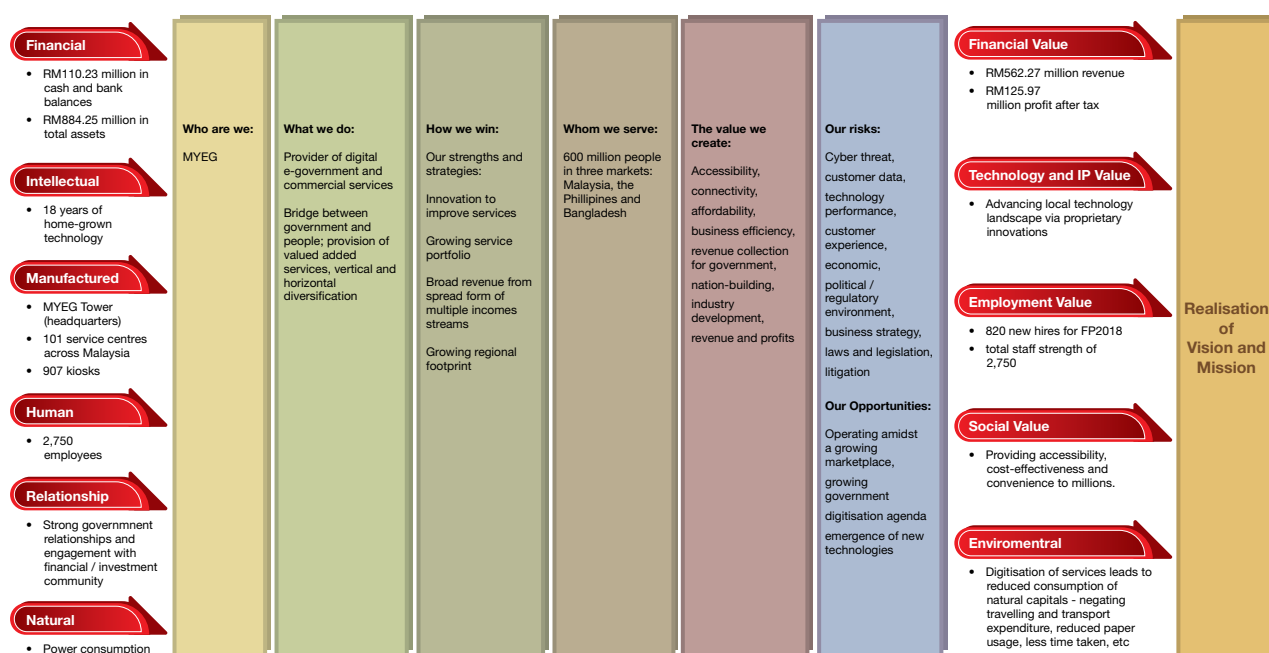
We believe in looking at our business through the value creation model. Adopting such a viewpoint allows us to truly assess the robustness of our business model and strategies, including identifying our risks, opportunities, and our dependencies to ultimately devise winning business strategies to secure the future of MYEG.

By adopting this approach, we are able to address pertinent issues and look into various key approaches. These would include sustaining value creation over the short, medium and long-term horizons for our business and stakeholders; the capitals and resources that we are dependent upon; the effective and sustainable allocation of said resources to achieve strategic goals and the identification of our unique strengths as a business.

These are the areas which we proactively and continuously pay much attention to as they are integral to MYEG's forward development and strategies and towards achieving our goals and mission to become the best integrated provider of IT services.

Naturally, we are aware that there may be trade-offs in capitals, where there may be positive effects created in one resource with negatives effects in the other.

OUR VALUE CREATION MODEL



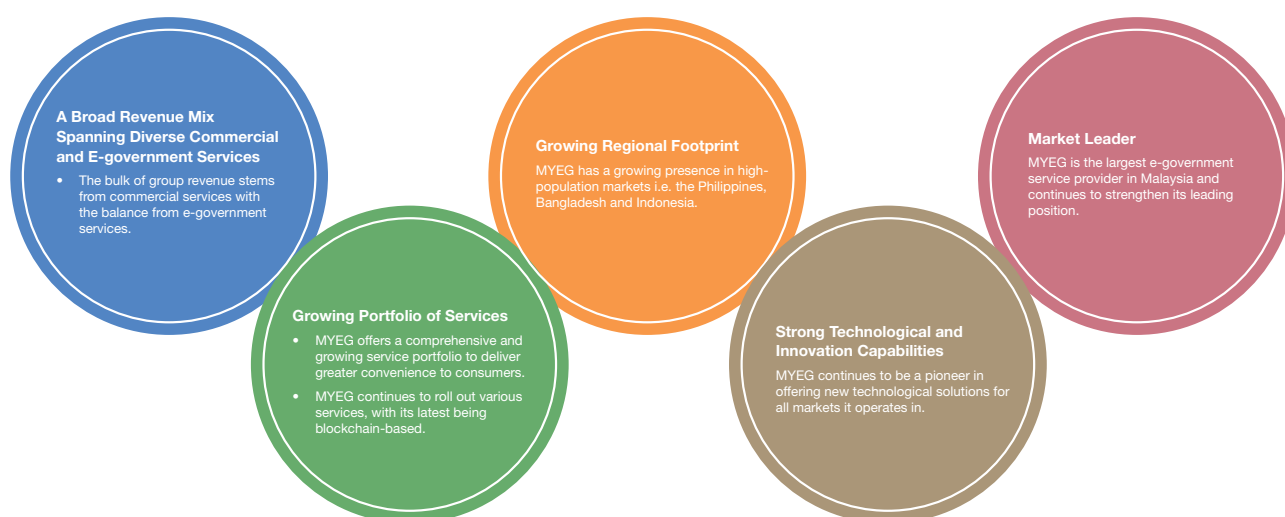
The above value creation process represents how MYEG delivers a wide range of value to diverse stakeholders. We are cognisant of the capitals we draw from and through our business model which gives us unique competitive strengths and capabilities. We are able to transform these capitals to create both financial and non-financial returns that benefit the nation, the industry we operate in and society.

Given that we have been in operation since 2000, the values we have generated are far greater, and going forward, we will continue to measure our business performance against the perspective of capitals consumed, used and value created across a wide range of perspectives and stakeholders.

OUR VALUE CREATION PROCESS AND BUSINESS MODEL (CONT'D)

We are well-positioned to continue realising our vision and to maintain our position as a market and technology leader, supported by the unique competitive strengths that are the characteristics of our business model.

UNIQUE STRENGTHS OF OUR BUSINESS MODEL



RISKS AND OPPORTUNITIES

The nature of our business and value creation process means that risks and opportunities are often intertwined, akin to different sides of the same coin.

Readers may refer to our Statement of Risk Management and Internal Control for the specific measures that have been put in place to manage and mitigate business, financial and operational risks. Our risk management framework and policy is in compliance with ISO31000. Our Board oversees risk-related matters which include financial and operational risks as well as ESG related risks.

A summary mapping of our risks, opportunities and dependencies is provided herewith:



OUR VALUE CREATION PROCESS AND BUSINESS MODEL (CONT'D)

RISK	EXPLANATION	MATERIALITY	BUSINESS STRATEGY
1. Cyber threat	<p>The risk of hacking, phishing, malware and other cyber threats could have an impact on service delivery resulting in downtime and affecting customer transactions.</p> <p>There would also be potential loss of brand trust and reputation</p>	Cyber security	Kindly refer to our Sustainability Statement on page 38
2. Customer data	Any breach of customer data could lead to loss of confidentiality or other issues, such as fraud, etc.	Cyber security	Kindly refer to our Sustainability Statement on page 38
3. Technology performance	Technology is a double edged sword that could allow us to gain first mover advantages; or be impacted by others.	Intellectual Property	Kindly refer to our Sustainability Statement on page 40
4. Customer experience	Services that are below par may lead to customer frustration and loss of future business.	Customer satisfaction	Kindly refer to our Sustainability Statement on page 40
5. Economic	The economy is beyond MYEG's control, but as MYEG expands beyond Malaysia, macro-economic factors such as currency issues, etc. could have an impact on overall Group performance	Business model	Kindly refer to our Sustainability Statement on page 39
6. Political and regulatory environment	Political factors are beyond the Group's control. However, the value of what we provide transcends the politics of the day and is meant to serve the citizens.	Business model	Kindly refer to our Sustainability Statement on page 39
7. Business strategy	<p>The Group has set various targets for business performance and we remain confident of realising them.</p> <p>In the event that targets are not achieved, there will be implications on financial and non-financial results for stakeholders.</p>	Business model	Kindly refer to our Sustainability Statement on page 39

OUR VALUE CREATION PROCESS AND BUSINESS MODEL

(CONT'D)

8. Laws and legislation	Any changes of legislation by government may lead to MYEG not complying with local laws or having to remodel its services.	Business model	Kindly refer to our Sustainability Statement on page 39
-------------------------	--	----------------	---

OPPORTUNITIES

Operating In a Growing Marketplace

- Regional economic growth to underpin demand for e-government and commercial services
- Potential marketplace of over 600 million people

Growing Government Digitisation Agenda

- MYEG with an 18-year track record, is well positioned to capture opportunities in regional government digitalisation

Emergence of New Technologies

- Allows us to offer greater market value with first mover advantage for new products and services.

OVERVIEW

We continue to assess and evaluate the impact of our business operations from the triple bottom-line of ESG aspects. As a responsible corporate citizen and organisation, MYEG is committed to sustainability and has embraced its journey of progression with enthusiasm and purpose.

We are of the view that adopting a sustainable business agenda strengthens our business model and allows the Group to constantly evolve with change and to consider all aspects of its operations.

MYEG continues to aspire to be a force of positive change and greater good for Malaysia and the markets we operate in. Beyond the value we create via our products and services, we also intend to be a company that encourages better corporate governance, an equal opportunity employer and the cultivator of a workplace that encourages diversity and plurality which leads to a high-performing organisation that rewards performance based on merit, achievements and capabilities.

MYEG is also a member of the FTSE4Good Index of Bursa Malaysia since 2017. Our approach to sustainability is guided by our comprehensive mix of policies. Disclosure on our policies is provided at our website: https://www.myeg.com.my/investor_relations (within the “Corporate Governance” tab).

GOVERNANCE

Sustainability is governed by the Board, where ESG aspects of the Group’s business is deliberated with the involvement and support of Senior Management. Beyond risk, audit, remuneration and business continuity, the Board also looks into matters of corporate governance, business ethics, organisational culture, talent and manpower, health and safety, human rights and the environment.

The Board’s Audit and Risk Management Committee has oversight of sustainability related matters. Sustainability related strategies and information are collated from across the organisation by the respective business units and divisions and are reviewed and presented to the Board by Senior Management.

In executing its duties, the Board is guided by its well-defined Board Charter and Terms of Reference which clearly provide for the roles and responsibilities of the Board members, as well as the respective Board committees, tenures of Board members, provisions for nomination and assessment of Board members as well as for remuneration.

The Board Charter and Terms of Reference is available for download via https://www.myeg.com.my/investor_relations (within the “Corporate Governance” tab)

Strong Anti-Corruption Stance And Responsible Business Ethics

Guiding the Group’s commitment to good business ethics and organisational integrity, MYEG has formalised a comprehensive anti-corruption policy which is augmented by the MYEG Code of Conduct and Ethics framework. The Code of Conduct and Ethics outlines the expected conduct in workplace which also addresses issues of sexual harassment, racial or other forms of discrimination and other types of behaviour considered threatening or unsuitable in MYEG’s work environment.

The anti-corruption policy meanwhile, specifically addresses behaviour and practices that are considered corrupt, may lead to corruption or potentially expose the organisation to corrupt practices. This includes, but is not limited to, elements of bribery, gifts, receiving favours of any kind, misuse of power, forgery of documents, using insider information for personal gain and more.

The said policy is periodically communicated to all employees and new staff are briefed on the policy during their induction phase. MYEG staff also attended training on actions and procedures that should be taken to avoid any form of corruption and bribery in the Company.

To further enforce anti-corruption practises in MYEG, all employees of business units that are considered to be at high risk of exposure to corruption of any kind are required to acknowledge their understanding of the anti-corruption policy by signing an acknowledgement document.

GOVERNANCE (CONT'D)

Intermediaries of MYEG such as, but not limited to, any contractor or agent who enters into any business agreement or arrangement with us will also be privy to our anti-corruption policy. This is to make sure that they are agreeable to the Company's practise before dealing with us.

Beyond cascading the policy to staff and intermediaries, MYEG reinforces its anti-corruption stance by conducting periodic assessments of its operations as outlined in the Group's anti-corruption policy.

MYEG also provides a channel for employees, vendors and any stakeholder to report on corruption or any other undesirable behaviour or practices. The MYEG Whistle Blowing Policy provides for the creation of a fully confidential channel through which staff can report malpractices.

Under the Whistle Blowing Policy, any party who makes a report of improper conduct in good faith will not face any form of punitive measure such as retaliation, dismissal, victimisation, demotion, suspension, intimidation, discrimination and so on. Employees or even external parties may whistleblow with their identities remaining confidential. All whistleblowing reports will be received and investigated by an internal auditor, unless a third-party investigator is appointed. The details can be found in our Whistle Blowing Policy which has been uploaded on our website: https://www.myeg.com.my/investor_relations (within the "Corporate Governance" tab).

STAKEHOLDER ENGAGEMENT

We continued to engage our stakeholders actively throughout the financial period as part of our sustainability assessment process. Engagement with stakeholders allow us to gain a more complete understanding of our materiality issues and matters. We are also better able to capture the key aspects and impacts of our sustainability journey.

Engagement mitigates the risk of developing tunnel vision in our overall sustainability approach. We define stakeholders as individuals or groups who are impacted by MYEG's business presence and activities, or have the potential to impact or influence our operational and/ or financial performance as well as overall brand perception.

Stakeholders	Issues of Concern	Forms of Engagement	Outcomes Reached
Government and Regulators (High)	<ul style="list-style-type: none"> Renewal of e-government services Change in legislation Approval of permits 	<ul style="list-style-type: none"> Government level meetings at ministerial and working levels Regular discussions and meetings with authorities Participation in government and regulatory events periodically 	Improved visibility on government policies and understanding of the government's digitisation agenda, stronger linkage and impetus on the role MYEG can play in realising e-government services.
Investors and Analyst/ Shareholders (High)	<ul style="list-style-type: none"> Business performance Sustainability of business model Dividend pay-out Listing compliance 	<ul style="list-style-type: none"> Investor briefings Announcement of quarterly financial results Announcement of company updates and developments Company's AGM 	Clearer understanding of MYEG's business model, its integral role in generating value, the robustness of its strategies and stronger ratings to attract investors and capital.
Employees (High)	<ul style="list-style-type: none"> Job satisfaction Recruitment, retention and development of talent Engagement level 	<ul style="list-style-type: none"> Company intranet Department meetings Employees' engagement events such as in-house talks, trainings, development programmes, culture programmes) Risk assessment 	Improved employee understanding and positivity for the Company; improved morale and productivity and the strengthening of MYEG's reputation as an employer of choice.

STAKEHOLDER ENGAGEMENT (CONT'D)

Customers (High)	<ul style="list-style-type: none"> • Customer service • Timely delivery • Product/service pricing and package 	<ul style="list-style-type: none"> • Advertising and marketing efforts • Website/social media • Consumer service channels • Customer survey and feedback exercise • Online feedback via www.myeg.com.my 	Improved customer satisfaction, better understanding of key customer service issues and clear identification of areas for improvement.
Community and General Public (High)	<ul style="list-style-type: none"> • Environmental and social impacts • Community engagement 	<ul style="list-style-type: none"> • Corporate social responsibility activities • Community engagement and outreach programmes • Social Media • Advertising and marketing 	Continued improvement of brand perception among society. Further strengthening of MYEG's position as a good corporate citizen who looks to make a positive impact on the community.

MATERIALITY

The insights gleaned from our stakeholder engagement process coupled with our own internal knowledge allowed the Group to develop its materiality issues. Beyond stakeholder insight, we have also relied on our risk framework to assess our materiality. The presented issues and risk factors were further deliberated upon by management and refined accordingly by priority and presented in the rest of the Sustainability Statement.

In FP2018, the following were identified as MYEG's most pertinent materiality matters: cyber security, business model, intellectual property, customer satisfaction, talent retention and development, workplace diversity, occupational health and safety, community investment and managing environmental footprint.

Cyber Security

In recent years, many countries, including some of those in which we operate, have reportedly been victims of cyberattacks resulting in denial of service, financial loss and also breach of data. A good number of private enterprises as well as government agencies were affected. Beyond tangible losses to these entities, the resulting public outcry and fallout caused damage to brand reputation and credibility.

We continue to adopt a stance of pro-active vigilance to prevent any such untoward incidents. Over the years, we have invested heavily in our security systems to defend ourselves against cyberattacks of various kinds and to ensure that our operations are always on track and our services continuously available.

MYEG maintains a high standard of IT control and compliance. Beyond establishing a clear information and communication technology security policy, we also subscribe to the Payment Card Industry Data Security Standard.

In providing disclosure on our cybersecurity efforts, the following have been implemented during the financial period to protect data, ensure business continuity and ensure there is no unexpected downtime on services and more.

Safeguarding our IT System



MATERIALITY

(CONT'D)

The Company practises and is committed to the following:

- Data transmitted through our networks is encrypted using the latest encryption technologies to ensure confidentiality.
- Regulations, standard operating procedures and enforceable regulations for use of corporate systems, confidential data, email, mobile devices and passwords.
- The use of external hardware appliances such as thumb drives and other media are also restricted within MYEG premises.
- Websites and social media portals with high risks in cyber security are restricted to prevent malicious attacks via the exploitation of vulnerabilities.
- Constant training is provided to employees to ensure that employees are aware of the security standard that we need to adhere to.
- Deployment of firewalls, antivirus and antimalware systems, access management systems and vulnerability systems throughout the entire IT infrastructure.
- Regular audit and penetration test to ensure the robustness of the entire IT infrastructure.

We are pleased to report that throughout FP2018, the implementation of IT security controls as well as compliance to security best practices has allowed MYEG to manage and contain cyber-attacks and remain operational 24 hours 7 days a week and 365 days a year.

Business Model

We are cognisant that our business model can be potentially impacted by the strength of our social / relationship capital as well as technology or intellectual property capital. Any change in government policies as well as new emerging technologies may impact our business model and with that affect financial and non-financial performance.

As such, we continue to seek ways to strengthen and solidify our business model through a wide range of strategies. These include market diversification beyond a single country, a better spread of revenue from e-government and commercial products, the creation of new products and services beyond our traditional portfolio and constant investment into product development to ensure we are first to market with new and improved solutions that address the pain points of today's consumers and businesses.

With regard to relationships, we continue to actively engage all stakeholders to gain a better understanding of where and how we stand from their perspective(s). Our list of stakeholders and our engagement activities and outcomes reached are given in greater detail under the stakeholder engagement section of this sustainability statement.

We also continue to engage in active government relations both in Malaysia and abroad. MYEG's unique position as a technology leader and with a proven track record for e-government or concession services allow us to share our insights and experience to support the digitalisation journeys of governments around the world.

Hence, we have continued to engage in two-way discourse at both the working and policy-making level of government in the various markets we have established our business presence in. We believe it has been beneficial in helping countries avoid many of the teething problems of undertaking a national digitalisation journey, while allowing us to play a meaning value creation role in supporting their drive up the digital value chain.

Importantly, we remain sensitive that different countries have different goals and aspirations and we remain apolitical in our dealings and arrangements with governments. Our focus remains on helping to power the digitalisation drive and to deliver positive, meaningful outcomes for the citizenry.

The Group is not alone in facing any impact that may arise from a change of governments or change in legislation. All industry players would be impacted. While such a development is beyond MYEG's control, we believe that the strong and close working relationships established in all markets will enable MYEG to better mitigate any potential change in government or legislation.

We continue to operate with the laws of nations, by seeking sound legal advice from experts within the countries in which we have established a business presence in. Our due diligence process also entails that a comprehensive legal review is undertaken to ascertain the level of risk associated with governmental or legal issues (if any). We continue to solicit feedback from the governments we work with to ensure that we always operate in a manner that is ethically and legally compliant.

MATERIALITY

(CONT'D)

Intellectual Property

Intellectual Property (“IP”) enables MYEG to retain its competitive edge. The development of intellectual assets is crucial to ensure we remain as market leader as there are no entry barriers to MYEG’s e-government and non-concession services. We compete on a level playing field.

In FP2018, we applied and obtained the IP license for our road safety diagnostic kit in various European countries i.e. UK, France, Netherlands, Germany, Italy and Spain.

Beyond protecting IP, our focus is to encourage the development of IP via product and service innovation. Our focus is to constantly seek new ways to innovate and invent towards creating value for stakeholders. Convenience and cost effectiveness remain the commercial driving factors that guide our innovation efforts towards the development of IP.

Stringent policies have been drawn up to ensure that Group IP is well protected. In particular, these policies provide for the need to file patents on innovations developed by the Group.

The solution is to tap on external knowledge by way of collaborations, as demonstrated by our partnership with local universities like the UUM and University of Malaya, as well as through our investments in various promising technology start-ups. These partnerships offer us better cost control while expanding our capabilities in developing new products.

Thus far, our initial efforts with the university has been promising. The collaboration shows promise and we will continue to pursue this working relationship while looking to explore similar arrangements with other parties.

Besides securing IP license for patent, we also applied IP for trademark of branding logo that we have such as, but not limited to the following:



Customer Satisfaction

We recognise the importance of customer satisfaction to our business growth. With regard to customer satisfaction, the focus is to retain and attract in order to grow our customer base across our entire portfolio of services.

We continue to engage customers using lagging and leading indicators to assess whether we are delivering satisfaction. This is essential in continuing to understand our customers and to constantly ensure that our appreciation of their needs remains abreast with the changes in the market environment.

Our benchmark of catering to at least 90% of all call-in remained and the number of customers facing teams for FP2018 is 505 personnel inclusive of helpdesk and customer relations personnel. Helpdesk is the team which gives service to customers through online platform and phone call while customer relations handles transaction made over the counter.

In FP2018, the initial findings showed that customers were generally satisfied with over-the-counter services, with the large majority giving us an “Excellent” or “Good” rating.

Etiquette, communication skills, product knowledge and problem solving skills are areas which we constantly strive to improve in all our helpdesk and customer relations personnel. Trainings in these areas are being conducted monthly to ensure all staffs in customer facing teams are well equipped with knowledge to assist all our users in the most efficient manner to ensure constant high customer satisfaction and user experience with MYEG.

We continue to ensure we have sufficient front-liners as, beyond developing our people, ensuring adequate manpower to service customer is also essential. More information on our recruitment of talent to serve customers is provided in the People section of this Sustainability Statement.

We continued to operate our Live Chat, a messaging platform which is a crucial means to better connect with customers in real-time.

MATERIALITY

(CONT'D)

Admittedly, we have yet to evaluate our online services, for both e-government and commercial offerings. This would be part of our next phase of customer satisfaction assessments. We will also include a brand awareness and appeal assessment exercise within this process.

On a separate note, with the Government being a key stakeholder, we have solicited feedback on our services and are happy to report that we have been positively assessed as a fast and efficient service provider.

Talent Retention And Development

The importance of product development and IP as materiality matters cannot be viewed without also taking into account our talent needs.

In today's competitive talent market, we remain cognisant that our competence as a market leader is closely linked to our ability to attract, retain and develop our people, without which, any organisation, more so those in the technology field, would be hard pressed to compete effectively.

In order to cultivate talent among the younger generation and also providing them with opportunities in the corporate world, we have the internship programme for the undergraduate student. Indirectly, this could help curb unemployment among the youth.

We continue to prioritise the hiring of local manpower for all available positions in MYEG.

In FP2018, we continued to emphasise our performance-based rewards programme called The Abdullah Ahmad Awards. The awards programme recognises and rewards employees for their excellence and individual performance. For FP2018, the winners of the award were Hafizan Naimman Bin Jeasin from Special Project Department and Muhamad Safiy Bin Roslan from Corporate Sales Department.

Labour Standards

In line with our Human Rights Policy and Non-Discrimination Policy, MYEG is committed to ensure a workplace that celebrates merit and professionalism and does not condone discrimination of any form. Employees can expect to work in an environment in which they will not be victimised because of ethnicity, religion, social background or any other demographic or sociographic factors.

We respect the worth of each individual and recognise that everyone is unique and has value and is entitled to human rights and to be treated fairly and with dignity in accordance to local labour laws.

With regard to labour and industrial relations, MYEG is a member of the Malaysian Employer Federation and has participated in the following:

- MYEG IR and PDPA Refreshed CSO Training
- MYEG IR and PDPA Refreshed
- Shaping The Future With Industrial Harmony
- Industrial Relations - Standard Operating Procedure -October 2018- (HQ ESC and Regionals)

To ensure staff are aware of their legal rights, MYEG has put in place an employee handbook which outlines the benefits and general working conditions for personnel. It also contains information on grievance mechanisms and related labour standard operating procedures employed by the Company. In the event of any instance of labour non-compliance, the employee may face disciplinary action which includes dismissal, domestic inquiry, termination of contract and suspension of duty, etc.

The Human Relations Department has also conducted an employee risk assessment to address pertinent matters which included various labour issues, employees' conduct, absconding and more for existing and potential new operations or projects.

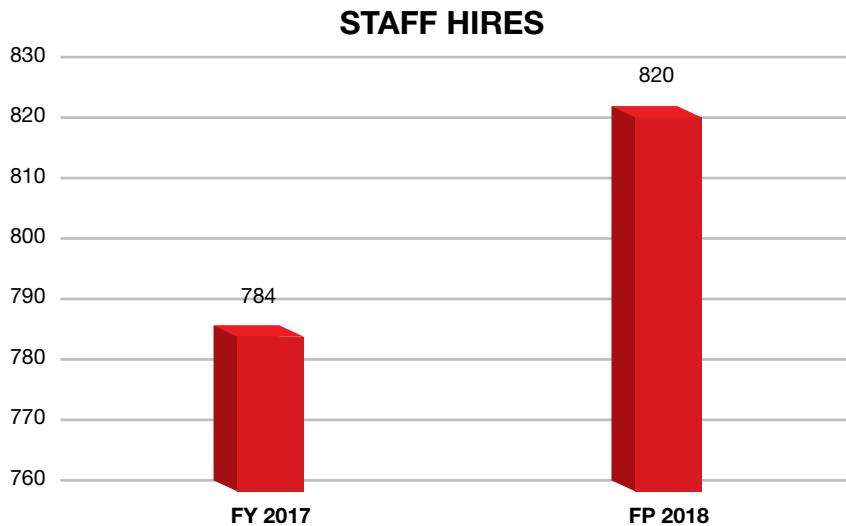
In addition, over 23 managers and 24 assistant managers representing approximately 30.0% of the total management workforce attended a training on handling reports and in dealing with cases of bullying or harassment.

MATERIALITY

(CONT'D)

New Hires and Attrition Rates

In FP2018, we recruited 820 new members of the MYEG community across our regional operations bringing our total staff strength to 2,750. Our staff hires exceed attrition by 12.02% (732 left MYEG in FP2018).

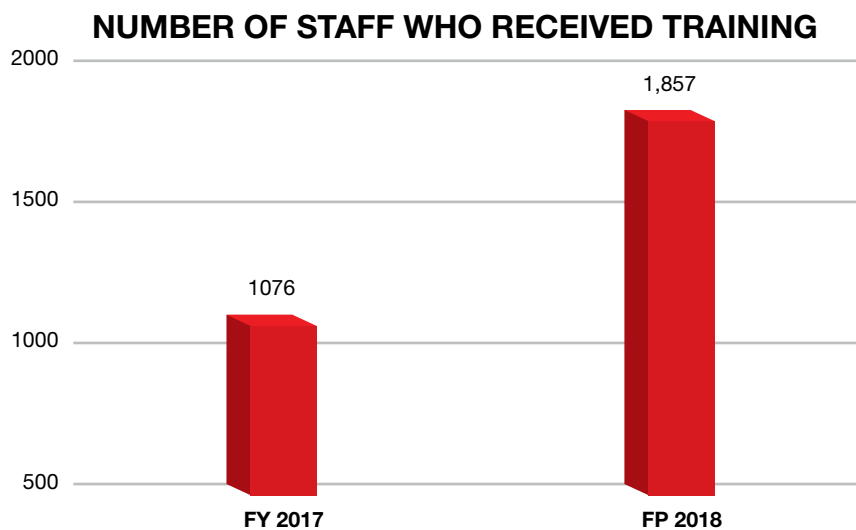


There are 135 temporary staff in the Company, representing 4.91% of the total MYEG workforce.

Talent Development - Training

One of our talent development activity is training on employees' competency. In FP2018, the overall training budget for employees is set at approximately RM567,000 (FY2017: approximately RM439,000).

Training was provided for all levels of employees from frontline, customer facing personnel to Senior Management and the Board. In total, 1,857 employees received training in FP2018. (FY2017: 1,076 employees)



MATERIALITY

(CONT'D)

The average number of training hours for staff was 16 hours in FP2018. The core competency areas identified for training varied for different groups of staff. These were the key areas focussed on in FP2018:

- Technical knowledge in finance and technology
- Customer service and customer interaction skills
- Strategic thinking and leadership
- Motivation workshop

Herewith is a list of training events held for the MYEG community in FP2018:

Internal Training

- The Good The Bad And The Ugly : Dealing With Difficult Customers
- MYEG IR and PDPA Refreshed CSO Training
- MYEG IR and PDPA Refreshed – CRE, CSE Training
- ESS Training
- The Clinic – What We Can Do Better
- Team Building – The Great Cookout and Shipwrecked
- Industrial Relations – Standard Operating Procedure –October 2018– (HQ ESC and Regionals)
- Budaya Kerja Cemerlang
- Basic Occupational First Aid and CPR

External Training

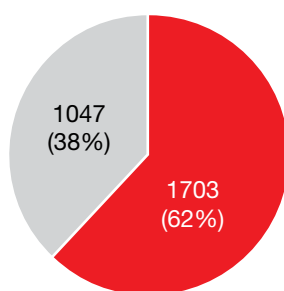
- SST Training
- Train The Trainer Programme
- Shaping The Future With Industrial Harmony
- Advance Docker Training
- Red Hat Training
- Ethereum Training
- Various workshops on changes in accounting standards

Workplace Diversity

We believe that our work environment should be a microcosm of multi-racial and multi-cultural Malaysia. The benefits of cultivating workplace ethnic and gender diversity has been proven in the creation of a more conducive, innovative and productive workplace. Hence, we continue to emphasise a spirit of “*Muhibbah*” in our workplace. This is in line our Non-Discrimination and Equal Employment Opportunity Policy where the Group do not impose specific criteria for hiring as long as the candidate is capable of performing the job applied for.

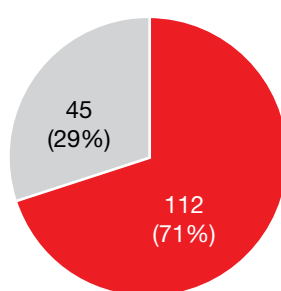
Following is the gender and ethnicity breakdown of our workforce:

Staff Composition by Gender



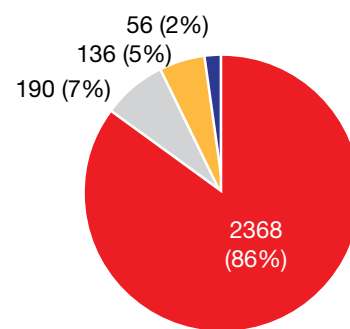
■ Female ■ Male

Management Staff Composition by Gender



■ Female ■ Male

Staff Composition by Ethnicity

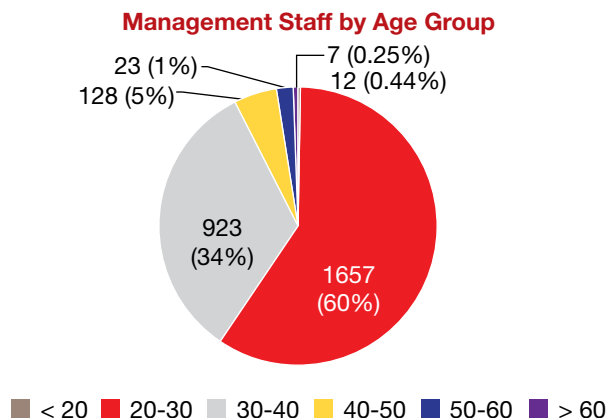


■ Malay ■ Indian
■ Chinese ■ Others

MATERIALITY

(CONT'D)

We also foster diversity in terms of age demographics as having staff of varying age levels will allow for greater flexibility for succession planning as well as ensure a culture that is more dynamic with different ideas coming to the fore.



As an equal opportunity employer, we also have established a company policy to hire talent from socially disadvantaged backgrounds.

Staff Remuneration

We continue to offer a competitive wage structure as part of our larger talent attraction and retention strategy. Remuneration commensurate with the respective individual's qualification, expertise, experience and performance.

Salaries paid meet the minimum wage structure implemented by the Government. Beyond this, staff are provided with a range of on-the-job benefits which include contribution to retirement funds, health and medical coverage and more.

Beyond wages, staff are entitled to various employment benefits which are stated in the employee handbook. These include medical and hospitalisation benefits including surgical coverage, discounted car insurance, marriage and baby gifts, bereavement benefits and more.

Employees are entitled to various types of paid and unpaid leave, which include annual, medical, maternity, compassionate, paternity, marriage, and exam leave. Female employees are entitled to maternity leave of sixty (60) consecutive days for each confinement period. Male employees are granted paternity leave of two (2) working days.

Full-time employees are entitled to leave as follows:

- Statutory sick pay leave without hospitalisation depending on the period of service: fourteen (14) days for less than two (2) years; 18 days between two (2) and five (5) years; 23 days between five (5) years to eight (8) years; and 24 days for more than eight (8) years; and
- A period up to sixty (60) days is granted if hospitalisation is necessary

Employees who qualify for overtime claims will be compensated accordingly, either by overtime pay or leave, if and when they operate beyond the normal hours as stipulated in the Labour law.

Occupational Health And Safety

MYEG continues to prioritise the need for safe working conditions for employees, while also encouraging a healthy work-life balance as part of enabling employees to be more fit, productive and active. The Company is committed to continuous improvement in reducing any potential health and safety impact.

The sedentary work profile of many employees as well as mental health issues such as stress, job burnout and such are material issues to us.

The Group has formulated its Safety and Health Policy which provides for guidelines, standards and best practices to govern and improve employees' overall well-being while in the workplace.

Aside from Board responsibility of occupational health and safety, the Group Managing Director is responsible and has oversight of the matter. The Group also established an Employee Health and Safety Committee in 2014 to look into the improvement of health and safety measures / procedures organisation wide.

MATERIALITY

(CONT'D)

The committee comprises 10 members from the employer and 15 representatives from the employees. As part of its process, management has monthly meetings pertaining to health and safety matters with employee representatives. The Group also collects Health and safety data in accordance to OSHA standard.

In FP2018, the total number of staff who underwent OSH training for the year was 42 and 95 MYEG staff has attended training for the Emergency Response Team.

Community Investment

As a consumer-oriented company, we continue to seek ways to deliver positive outcomes for society. We are proud of having the privilege to serve various segments of the community towards providing for social empowerment and helping to make a positive difference for people across all walks of life.

We stand by our tagline *"Bersatu Hati, Ikhlas Memberi"* and align our CSR initiatives and activities to three primary pillars, namely community service, entrepreneurship and environmental sustainability under the umbrella of Komuniti MYEG, a volunteer group set up by the Company as a way for us to be a responsible corporate organisation. In particular, we are passionate about children's rights and socio-economic community investment.

In FP2018, MYEG has continued to invest time, money and efforts in a wide range of corporate social responsibility ("CSR") efforts; which are planned, led and executed by company employees and also sees the involvement of Senior Management. A total of approximately RM 731,000 was spent on and contributed to community investments during the financial period. It is heartening that our efforts in some way has brought smiles to many faces and more importantly hope and motivation for better prospects going forward.

Our activities and projects, through our Komuniti MYEG, encompass Malaysians of all ages, and we are especially concerned with helping children, cognisant of the fact that they are the future of the world. Besides, some activities that we have participated helps in creating brand awareness for MYEG.

The activities that we have participated in are as follow:-



CSR initiative with Persatuan Rumah Kebajikan Rita (20 July 2017)

Komuniti MYEG distributed some RM3,000 worth of pillows, mattresses and fans to the residents of Persatuan Rumah Kebajikan Rita. These items will make the homes more conducive and comfortable for the 152 orphans, disabled persons, elderly folk and abused children who reside there.

MATERIALITY

(CONT'D)

#AnakAnakMalaysia Walk 2017 (27 August 2017)

50 MYEG members, sponsored by Komuniti MYEG, participated in The Star's #AnakAnak Malaysia Walk 2017. This walk attracts the participation of Malaysians from all walks of life to celebrate the diversity of Malaysia and to promote unity as well as a healthy lifestyle in the country. It also helps in increasing brand awareness for MYEG.



Donation distribution to orphanage homes through the Jejak Terer Program (12 September 2017)

5 underprivileged homes and orphanages received donations of approximately RM53,000 to help purchase necessities and defray expenses. Komuniti MYEG together with representative from hurr.tv, Myo Oh Chentaku and Zahir Zainuddi personally visited Rumah Kebajikan Anak Yatim Alkhairiyah, Rumah Amal Cahaya Kasih Bestari, Rumah Anak Yatim and Hidayah Al-Hijrah, Rumah Kasih Nurul Hasanah and Rumah Anak-Anak Yatim At-Taqwa to present the funds under the Jejak Terer program.

Outing with kids from PAKK Chow Kit (23 October 2017)

Komuniti MYEG organised a trip for the children of Pusat Aktiviti Kanak-Kanak Chow Kit ("PAKK") to Aquaria KLCC. The 30 children between the ages of 7 and 12 enjoyed the visit to the oceanarium with its 250 species of more than 5,000 land and sea animals. The outing was an educational and social event for these teenagers and children of the Chow Kit area as PAKK served as school, home and place to mingle for them.



MATERIALITY

(CONT'D)



Donation to Kedah Flood Victims (9 November 2017)

Komuniti MYEG donated staples items such as rice, cooking oil, sardines, baked beans, biscuits and toiletries to the Maahad Tahfiz Al-Quran Darul Imam Al-Syafie home. We also gave cash donations to 13 MYEG staffs in Penang and Kedah who were affected by the floods.

Cheque donation to Yayasan Chow Kit (12 December 2017)

A cheque of RM20,000 was presented to Yayasan Chow Kit. The funds will help to finance the foundation's daily operations of two drop-in centres, a safe house, homeschooling programme, soup kitchen, hostel as well as health and counselling programmes for the stateless and refugee children.



Back to school donation to Batu Grace Children Home (19 December 2017)

For a second year running, Komuniti MYEG sponsored school necessities through our Back to School CSR programme for 54 children of the Batu Grace Children's Home ("BGCH") in Padang Serai, Kulim in Kedah which houses orphanage and underprivileged children. BGCH also received Tesco vouchers worth RM1,300 for daily necessities.



MATERIALITY

(CONT'D)

Chinese New Year celebration and donation to Pertubuhan Kebajikan Anak-Anak Yatim dan OKU Mesra, Petaling Jaya (5 February 2018)

Komuniti MYEG shared the joy of Chinese New Year celebrations with the residents of Pertubuhan Kebajikan Anak-Anak Yatim dan OKU Mesra Petaling Jaya. The God of Prosperity paid them a visit and blessed them with fortune and good luck for the coming year. Mandarin oranges, cookies, groceries and ang pows were distributed to the residents as well.



Donation of goods to Heavenly Child Home, Bandar Utama (16 March 2018)

Komuniti MYEG helped to furnish The Heavenly Child Home of Bandar Utama for underprivileged kids with various furniture and electrical items valued at approximately RM10,000. Volunteers also took ten (10) underprivileged children of the home shopping for school uniforms and supplies. The reading corner of the home also received new reading materials.

MATERIALITY (CONT'D)

Komuniti MYEG-HELP University Scholarship Programme (April and September 2018)

Komuniti MYEG offered scholarship for five (5) students to enroll for Foundation Programmes at HELP University under the Komuniti MYEG-HELP University Scholarship Programme (“**Scholarship**”) for April and September intake. A total of three (3) recipients were awarded the Scholarship.



Organised a breaking fast session with students of Sekolah Tahfiz dan Asrama Anak Yatim, Angkatan Tentera Malaysia (“STAY-ATM”) (24 May 2018)

MY E.G. Services Berhad in collaboration with Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan (“**PPZ-MAIWP**”) broke fast with the students of STAY-ATM here in Sungai Besi, Kuala Lumpur. Around 100 students received Raya packets and goodie bags courtesy of MYEG and PPZ-MAIWP.



Raya shopping and breaking fast with kids of Rumah Amal Suci Rohani, Bandar Utama (1 June 2018)

Raya Shopping was a joy and a treat for 20 children of Rumah Amal Suci Rohani in Bandar Utama, thanks to Komuniti MYEG volunteers. The children shopped at Mydin Sinar Kota in Kuala Lumpur for clothes, and were also given a Raya packet and goodie bag each. They broke fast at a leading hotel in the city and volunteers also donated groceries to the home.



MATERIALITY

(CONT'D)



Organised a breaking fast session and donation to the orphans / underprivileged of Kuala Kedah Parliament in Kedah (6 June 2018)

Komuniti MYEG hosted breaking fast session for the orphans and underprivileged community of Kuala Kedah Parliament, Kedah. All 600 guests including 80 students from Maahad Tahfiz Al-Quran Nurul Hidayah, Maahad Tahfiz Futuhil Ulum and Maahad Tahfiz Ehsan Al-Khairi received a box which consist of rice, sugar biscuits, Raya cookies and drinks. They also received a Raya packet in the spirit of festive giving.

Donation to orphans and underprivileged in Alor Setar, Kedah (11 June 2018)

620 backpacks filled with daily necessities and Raya packets were given to the orphans of Alor Setar community in Kedah. They were presented by MYEG's Executive Chairman, Dato' Dr. Norraesah binti Mohamad and MYEG's Project Director, Datuk Nor Adnan bin Zainal Abidin.



Sponsored food packs in Ramadan month to the residents of Lembah Subang PPR (12 June 2018)

500 food packs were prepared and delivered to the residents of PPR Lembah Subang during the month of Ramadan each day for a period of five (5) days in total, sponsored by MYEG for the third year running. The food was prepared by the committee members of Surau At-Taufiqiah in Ara Damansara with the packing and distributing carried out by MYEG volunteers.



MATERIALITY

(CONT'D)

Collaborated with Miss Universe Malaysia Organization to host a 'Smart, Savvy, Stylish' motivational workshop for underprivileged teenage girls (21 June 2018)

Komuniti MYEG partnered with Jane Teh, Miss Universe Malaysia 2018 in 'Smart, Savvy, Stylish' workshop for teenage girls aged 13 to 18-year-old at Shelter Home 2, Kuala Lumpur. The girls had a fun sessions on studying smart, time management, cyber bullying, self-care tips on grooming and posture as well as afternoon tea. Komuniti MYEG also donated nearly RM2,000 worth of groceries items to the home.



MY E.G. Services Berhad become the silver sponsor for KWAP Inspire: Environmental Conference 2018 (7 - 18 July 2018)

MYEG became the silver sponsor for KWAP Inspire: Environmental Conference 2018. The conference was organised to create greater awareness in the corporate sector on environmental issues and encourage new thinking and innovation which will result in environment-friendly practices.



#AnakAnakMalaysia Walk 2018 (2 September 2018)

For the third year running, MYEG employees participated in the #AnakAnakMalaysia Walk 2018 in conjunction with Hari Kebangsaan 2018. About 50 MYEG staffs participated in the walk.



MATERIALITY

(CONT'D)



Siri Jelajah Belia Sayangi Malaysiaku (16 September 2018)

MYEG participated in the Siri Jelajah Belia Sayangi Malaysiaku event in conjunction with Hari Kebangsaan and Hari Malaysia 2018. Together with hundreds of Malaysians, they raised the Jalur Gemilang and sang patriotic songs in the spirit of togetherness and unity of Malaysia Baharu.

MANAGING ENVIRONMENTAL FOOTPRINT

Although we do not leave a large carbon foot print as our operations do not consume natural resources and emit large amount of waste, we still believe that every little effort makes a difference.

Given the need to manage our impact on the environment, MYEG has formulated a Waste Management and Recycling Policy and an Energy Management Policy for all of our operations.

These policies serve as the basis to cascade various recycling practices across the organisation, especially in MYEG Tower, as well as to reduce energy consumption.

Putting our policy into action, we have initiated various measures to reduce our carbon footprint, primarily focussing on power, water, paper consumption and reuse of materials. Various methods to reduce the consumption of utilities have also been introduced. These include encouraging staff to adopt a more conservative use of electricity such as switching off lights when not in use, saving water and setting the air-conditioning at a constant temperature across the office. We also adopt a policy to purchase environmentally friendly consumerables, servers and computers which can be highly recyclable.

Going forward, we are also exploring ways to better manage electricity consumption, in particular for our ICT hardware such as data centres and so on.

CORPORATE GOVERNANCE OVERVIEW

INTRODUCTION

The Board 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 (“MCCG”) 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.

This statement outlines the following principles and recommendations which the Group has comprehended and applied with the best practices outlined in the MCCG:-

- Board Leadership and Effectiveness
- Effective Audit and Risk Management
- Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This statement is prepared in compliance with MMLR of Bursa Securities and it is meant to be read together with the Corporate Governance Statement and Corporate Governance Report which can be downloaded from our Company’s website: www.myeg.com.my/investor_relations (within the “Reports & Presentations” tab) or from Bursa Securities website. The Corporate Governance Report provides details on how the Company has applied each practices as set out in the MCCG for the FP2018.

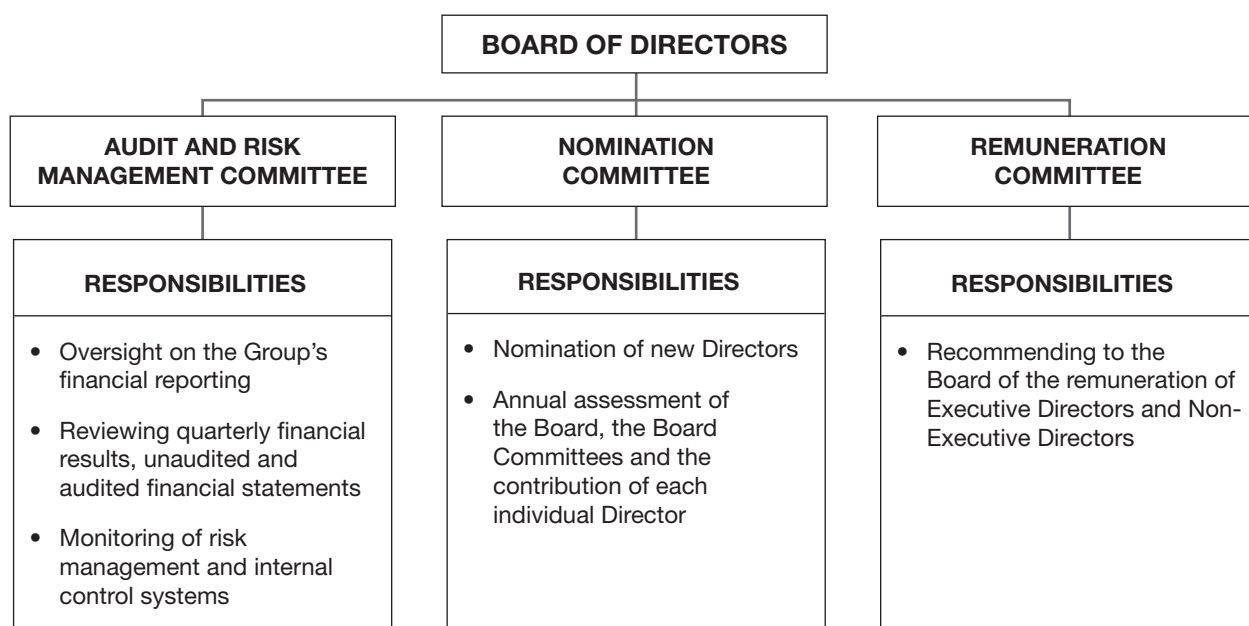
The Board will continue to take measures to improve compliance with the principles and recommended best practices in the ensuing years.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board has considered and discussed a wide range of matters during the FP2018, including strategic decisions and the reviewing of risk associated matters in the business. The Board is aware that decisions made for the business of the Group would affect a broad range of our stakeholders. While the Board sought to ensure that the decisions were taken in a way that was fair and consistent with the Group’s values, the Board also recognised the importance of balancing these with the need to support the long-term future of the business.

In order to ensure orderly and effective discharge of the above functions and responsibilities of the Board, the Board has established various committees where specific powers of the Board are delegated to the relevant Board Committees as depicted below:-



CORPORATE GOVERNANCE OVERVIEW

(CONT'D)

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

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

- a) Conflict of interest issues relation to a substantial shareholder or a Director including approving related party transactions
- b) Material acquisition and disposition of assets not in the ordinary course of business including significant capital expenditures
- c) Strategic investments, mergers and acquisitions and corporate exercises
- d) Limits of authority
- e) Treasury policies
- f) Risk management policies
- g) Key human resource issues
- h) Business plans

II. BOARD COMPOSITION

The Board recognises the benefits of having a diverse Board to ensure that the mix and profiles of the Board members in terms of age, ethnicity and gender to provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. The Board believes that a truly diverse and inclusive Board will leverage on different thought, perspective, cultural and geographical background, age, ethnicity and gender which will ensure that the Group has a competitive advantage.

In evaluating the suitability of individual Board members, the Nomination Committee (“**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 an Independent Non-Executive Director.

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 judgement.

The Board has no specific policy in place 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. Moving forward, the Board, being in line with the national target of having 30% women on the boards of listed issuers, will maintain a register of potential directors which include high-calibre female candidates and appoint them when the need arise.

III. REMUNERATION

The Board has in place a Directors’ Remuneration Policy which is clear and transparent, designed to support and drive business strategy and long-term objectives of the Group. In this regard, the Remuneration Committee (“**RC**”) is responsible to formulate and review the remuneration policies for the Directors of the Company to ensure the same remain competitive, appropriate, and in line with the prevalent market practices.

The Board carries out a remuneration review for its employees including that of Senior Management, with the view to ensure that the Group continues to retain and attract the best talents in the industry. The proposed salary structure was considered by the RC and subsequently approved by the Board for implementation.

Further details on how the Board operates effectively and collectively responsible for the long-term sustainable success of the Group can be obtained in the Corporate Governance Statement set out on pages 57 to 71 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW

(CONT'D)

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee (“**ARMC**”) comprises three (3) Independent Non-Executive Directors and plays a key role in ensuring integrity and transparency of corporate reporting. The ARMC’s role is to review and challenge management to ensure that appropriate disclosures of accounting treatment and accounting policies are made. The ARMC has a duty to provide assurance to the Board that robust risk management, controls and assurance processes are in place. It continues to monitor the potential risks of the Group and ensures that mitigating factors are in place to ensure health, safety and business continuity of the Group.

The ARMC with the assistance of the internal audit function had undertaken a thorough review of the following areas within the Group to ensure that appropriate controls and effective management processes are in place:-

- a) Procurement
- b) Project management
- c) Customer complaint management
- d) Sales and collection
- e) Management information system
- f) Human Resource Management

Annually, the composition of the ARMC is reviewed by the NC and recommended to the Board for its approval. With the view to maintain an independent and effective ARMC, the NC ensures that only Independent Non-Executive Directors who possess the appropriate level of expertise and experience, and has the strong understanding of the Group’s business would be considered for membership on the ARMC.

Further details pertaining to the activities undertaken by the ARMC can be obtained in the ARMC Report set out on pages 72 to 77 of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk management is a critical component of good management practice and effective corporate governance. With the Risk Management Framework being in place, the Board’s decision-making was supported by sufficient information for the right discussions and considerations. The enhanced level of risk debate and greater involvement from the management was also critical in ensuring that appropriate monitoring and mitigations were embedded to support the proposals under discussion.

The Board fulfills its responsibilities in the risk governance and oversight functions through its ARMC in order to manage the overall risk exposure of the Group. In addition to reviewing the adequacy and effectiveness of the internal control in relation to internal audit function of the Group, the ARMC also assessed and monitored the efficacy of the risk management and controls. The Board is satisfied with the performance of the ARMC in discharging its responsibilities, based on the results of the Board’s evaluation undertaken during the year.

The Board will continue to drive a proactive risk management approach and ensure that the Group’s employees have a good understanding of the application of risk management principles in order to work towards cultivating a sustainable risk management culture. The Board will also continue to challenge the Group’s risk reporting mechanism and ensure that it is data-driven to capture and quantify exposures where applicable and necessary.

The Board is also of the view that the system of internal control and risk management in place during FP2018 is sound and sufficient to safeguard the Group’s assets, as well as shareholders’ investments and the interest of its stakeholders. The details of the Risk Management and Internal Control Framework can be obtained in the Risk Management and Internal Control Statement set out on pages 78 to 79 of this Annual Report.

CORPORATE GOVERNANCE **OVERVIEW**

(CONT'D)

PRINCIPAL C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Group recognises the importance of stakeholder engagement to the long-term sustainability of its businesses. As a responsible corporate citizen, we must interact with stakeholders and also acknowledge the potential impact that our operations may have on a wide range of stakeholders. For an engagement to be constructive and meaningful, each matter considered by the Board ought to be in the context of the relevant economic, social and environmental factors. The Group has heightened its engagement efforts with stakeholders by engaging with analysts, fund managers and shareholders, both locally and overseas, upon request.

The Board is constantly examining steps needed to adopt an integrated reporting and will take measures to initiate the process. The Company will keep abreast of the latest developments of integrated reporting and walk towards adopting integrated reporting based on a globally recognised framework.

II. CONDUCT OF GENERAL MEETINGS

The Group's AGM is an important means of communicating with its shareholders. To ensure effective participation of an engagement with the shareholders at the AGM of the Group, all members of the Board would be present at the meeting to respond to questions raised by shareholders and proxies. In addition, the Chairman of the Board would chair the AGM in an orderly manner and encourage the shareholders and proxies to speak at the meeting. The Group would also present to the meeting on the overall performance of the Group.

In line with good governance practices, the notice of the AGM would be issued at least 28 days before the AGM date and the AGM is conducted through an electronic polling system. The Group will continue to explore and leverage on technology, to enhance the quality of engagement with its shareholders to facilitate further participations by shareholders at the AGM of the Group.

PRELUDE

Over the next few pages, we will look at the Board, its role, performance and oversight. We will provide details on the Board's activities and discussions during the financial period, the actions arising from these and the progress made against them. We will also provide an insight on director independence, evaluation on the effectiveness of our Board, succession planning and other on-going developments.

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT

The Board 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 MCCG are observed and practised throughout the Group. This is to ensure 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 MCCG and Paragraph 15.25 of the MMLR of Bursa Securities.

A. BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1. Board of Directors

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

The Directors, individually have a legal duty to act in the best interest of the Group and are collectively aware of their responsibilities to the stakeholders for the manner in which the affairs of the Group are managed. The Board's responsibilities, amongst others, includes:-

- working together with the Senior Management to promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- reviewing, challenging and deciding on management's proposals for the Company, and monitoring its implementation by the management;
- ensuring that the strategic plan of the Company supports long-term value creation which includes strategies on economic, environmental and social considerations underpinning sustainability;
- supervising and assessing management performance to determine whether the business is being properly managed;
- ensuring there is a sound framework for internal controls and risk management;
- understanding the principal risk of the Company's business and recognise that business decisions involve the taking of appropriate risks;
- setting the risk appetite within which the Board expects management to operate and ensure that there is appropriate Risk Management Framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensuring that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of the Board and Senior Management;
- ensuring that the Company has in place procedures to enable effective communication with stakeholders; and
- ensuring the integrity of the Company's financial and non-financial reporting.

To assist in the discharge of its responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide recommendations and advice:-

- (i) NC
- (ii) RC
- (iii) ARMC

Each Board Committee operates within their approved terms of reference set by the Board which are periodically reviewed. The Board appoints the Chairman and members of each Board Committee.

The Chairman of the respective Board Committees will report to the Board on the outcome of any discussions and make recommendations thereon to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

1. Board of Directors (Cont'd)

The Board may form other committees delegated with specific authorities to act on their behalf when the needs arise. These committees will then operate under approved terms of reference or guidelines.

Board meeting agenda comprises of statutory matters, governance and management reports, which includes strategic risks, strategic projects and operational items.

The profile of each Director is presented on pages 19 to 23 of this Annual Report.

2. Separation of Positions of Chairman and Group Managing Director

The Board recognises the importance of having clear division of power and responsibilities between the roles of the Chairman and Group 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 Group 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. This segregation of roles also facilitates a healthy open exchange of views between the Board and management in their deliberation of businesses, strategies and key activities of the Group.

The Chairman, Dato' Dr Norraesah Binti Haji Mohamad, an Executive Director, is primarily responsible for the effective and efficient conduct and working of the Board. She leads the Board with focus on governance and compliance and acts as a facilitator at Board meetings. The Chairman's key responsibilities, amongst others, includes:-

- providing leadership for the Board so that the board can perform its responsibilities effectively;
- setting the Board agenda and ensuring that board members receive complete and accurate information in a timely manner;
- leading Board meetings and discussions;
- encouraging active participation and allowing dissenting views to be freely expressed;
- managing the interface between Board and management;
- ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole; and
- leading the Board in establishing and monitoring good corporate governance practices in the Group.

The Board delegates the Group Managing Director, Mr. Wong Thean Soon, supported by the Executive Directors and the management, to oversee the day-to-day management of the Group's business operations and implementation of policies and strategies adopted by the Board to achieve the Company's objective of creating long term value for its shareholders.

3. Supply of and Access to Information

All Directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs in a timely manner which enables them to discharge their duties effectively.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors and Board Committees in advance of the scheduled meetings. Notices of meetings are sent to each Director at least seven (7) days before the meetings. Management provides the Board with detailed meeting materials in advance of the Board or Board Committees' meetings. Upon conclusion of the meeting, the minutes of meeting is circulated in a timely manner.

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

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board Responsibilities (Cont'd)

3. Supply of and Access to Information (Cont'd)

The external auditors would brief the Board members on the Financial Reporting Standards that would affect the Group's financial statements during the period. As and when necessary, the Board may obtain independent professional advice, at the Company's expense, in the furtherance of their duties.

Technology is effectively used in the Board and Board Committees' meetings and in communication with the Board, where the Directors may receive agenda and meeting materials online and participate in meetings via audio or video conferencing.

4. Commitment of the Board

The Board would meet at least five (5) times a year, at quarterly intervals which are scheduled at the onset of the financial period to help facilitate the Directors in planning their meeting schedule for the period. Additional meetings are convened where necessary to deal with urgent and important matters that require the attention of the Board.

All pertinent issues discussed in Board meetings are properly recorded by the Company Secretaries.

The Board met six (6) times during the financial period ended 30 September 2018. Details of attendance are as follows:

Directors	Number of meetings attended	%
Dato' Dr Norraesah Binti Haji Mohamad	6/6	100.00%
Mr Wong Thean Soon	6/6	100.00%
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	6/6	100.00%
Dato' Raja Haji Munir Shah Bin Raja Mustapha	5/6	83.33%
Datuk Mohd Jimmy Wong Bin Abdullah	6/6	100.00%
Mr Wong Kok Chau (appointed on 9 July 2018) ¹	1/1	100.00%
Mr Ng Fook Ai, Victor (resigned on 7 December 2017) ²	3/3	100.00%
Dato' Shamsul Anuar bin Haji Nasarah (resigned on 17 May 2018)	3/4	75.00%
Mr Keith William Miranda (resigned on 9 July 2018) ³	2/2	100.00%

Notes:-

¹ Mr Wong Kok Chau has attended all the Board meetings since his appointment

² Mr Ng Fook Ai, Victor has attended all the Board meetings prior to his resignation

³ Mr Keith William Miranda has attended all the Board meetings prior to his resignation

The Board is satisfied with the level of time commitment given by each Director towards fulfilling their roles and responsibilities as evidenced by the satisfactory attendance record of each Board meeting.

It is the Directors' duty to notify the Board before accepting any new directorship notwithstanding that the MMLR of Bursa Securities allows a Director to sit on the Board of a maximum of five listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment. At present, all Directors of the Company have complied with the MMLR of Bursa Securities where they do not sit on the board of more than five (5) listed issuers.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board Responsibilities (Cont'd)

5. Continuous Development of the Board

The Board acknowledges the importance of constantly updating itself on the industry's directions and developments. The board is 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 maximize their effectiveness as Directors during their tenure. During the financial period under review, the Directors have attended seminar(s), conference(s) and/or training(s) individually or collectively as set out below to continuously upgrade their skills and to keep abreast with current developments:-

Directors	List of training/seminar/conference/ workshop attended
Dato' Dr Norraesah Binti Haji Mohamad	<ul style="list-style-type: none"> Women Business Network (World Islamic Economic Forum) Social Media Workshop for Women Entrepreneurs Panellist for Slot Bicara Wanita Jaya Sempurna Program Bicara Peladang Nita Lembaga Pertubuhan Peladang (LPP) Women Business Network (World Islamic Economic Forum) Women Workshop Programme Internal training on leadership – Skills and Self-awareness Within and Across Cultures
Wong Thean Soon	Internal training on leadership – Skills and Self-awareness Within and Across Cultures
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	<ul style="list-style-type: none"> Seminar by Jabatan Koperasi Malaysia Seminar by Malaysian Directors Academy Internal training on leadership – Skills and Self-awareness Within and Across Cultures
Datuk Mohd Jimmy Wong Bin Abdullah	Internal training on leadership – Skills and Self-awareness Within and Across Cultures
Mr Wong Kok Chau	<ul style="list-style-type: none"> SCxSC Fintech Conference 2018 2019 Budget: What you need to know: The Economy, Capital Market and You Internal training on leadership – Skills and Self-awareness Within and Across Cultures

Furthermore, the Company Secretaries also highlight the relevant guidelines on statutory and regulatory requirements from time to time to the Board. The external auditors on the other hand, briefs the Board on changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the period. In addition, the Directors also receive regular briefings and updates on the Group's businesses, operations, risk management activities and human resource matters.

6. Board Committees

ARMC

The ARMC monitors internal control policies and procedures designed to safeguard the Group's assets and to maintain the integrity of financial reporting. The ARMC maintains direct, unfettered access to the Company's external auditor, internal auditor and management.

The ARMC Report is set out on pages 72 to 77 of this Annual Report

A copy of the ARMC's Terms of Reference can be found in the Company's website at https://www.myeg.com.my/investor_relations. (Within the "Corporate Governance" tab)

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

6. Board Committees (Cont'd)

NC

The NC oversees matters related to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director as well as identify candidates to fill board vacancies, and nominating them for approval by the Board.

The NC comprises of two (2) members, all of whom are Independent Non-Executive Directors. The members of the NC for the FP2018 are as follows:

Director	Designation
Datuk Mohd Jimmy Wong Bin Abdullah	Chairman
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	Member

During the FP2018, the NC held one (1) meeting and all members registered full attendance. Below is a summary of the key activities undertaken by the NC in discharge of its duty:-

- Reviewed the Terms of Reference;
- Determined Directors whom are subject to re-election by rotation;
- Conducted annual assessment of the Board, the Board Committees and the individual Directors;
- Reviewed the performance and term of office of ARMC;
- Reviewed the composition of the Board;
- Considered and recommended to the Board, suitable candidates to be appointed as Directors of the Company; and
- Reviewed the independence of the Independent Directors.

A copy of the NC's Terms of Reference can be found in the Company's website at https://www.myeg.com.my/investor_relations. (Within the "Corporate Governance" tab)

RC

The RC is responsible for recommending to the Board the remuneration principles and the framework for members of the Board and Senior Management.

The RC comprises three (3) members and are composed as follows for the FP2018:-

Director	Designation
Datuk Mohd Jimmy Wong Bin Abdullah	Chairman
Tan Sri Dato' Dr. Muhammad Rais Bin Abdul Karim	Member
Mr Wong Thean Soon	Member

During the FP2018, the RC held one (1) meeting and all members registered full attendance. Below is a summary of the key activities undertaken by the RC in discharge of its duty:-

- Reviewed the remuneration package of the Executive Directors, Principal Officers and Senior Management within the Group;
- Reviewed and recommended the Directors' fees and benefits payable to the Independent Non-Executive Directors of the Company to the Board of Directors;
- Reviewed the Directors' Remuneration Policy; and
- Reviewed the Terms of Reference of the RC.

A copy of the RC's Terms of Reference can be found in the Company's website at https://www.myeg.com.my/investor_relations. (Within the "Corporate Governance" tab)

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

7. Board Charter

The Company has established a Board Charter to promote high standards of corporate governance which is designed to provide guidance and clarity to Directors and the management with regards to the role of the Board and its Committees. The Board Charter clearly sets out the key values and principles of the Company and further sets out the duties and responsibilities of the Board, the Chairman, the Executive Directors, the Senior Independent Director and the Board Committees. The Board Charter also provides structure guidance and ethical standards for the Board in discharging their duties towards the Group as well as its operating practices.

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:-

- Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions
- Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures
- Strategic investments, mergers and acquisitions and corporate exercises
- Limits of authority
- Treasury policies
- Risk management policies
- Key human resource issues
- Business plans

The Board Charter is reviewed annually by the Board to ensure it complies with legislations and best practices, and remains effective and relevant to the Board's objectives.

A copy of the Board Charter can be found in the Company's website at https://www.myeg.com.my/investor_relations. (Within the "Corporate Governance" tab)

8. Code of Conduct and Code of Ethics

The Company has established a Code of Conduct and Code of Ethics to promote a corporate culture which engenders ethical conduct that permeates throughout the Group. Whereas, the Board is focused on the creation that imbues throughout the Company. The Code of Conduct is based on principles in relation to trust, integrity, responsibility, excellence, loyalty, commitment, dedication, discipline, diligence and professionalism. Where else the Code of Ethics is based on the principles in relation to sincerity, integrity, transparency, accountability and corporate social responsibility.

The Group practices the relevant principles and values in the Group's dealings with employees, customers, suppliers and business associates. The Directors, officers and employees of the Group are also required to observe, uphold and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with the relevant laws and regulations as well as the Group's policies. Ongoing training is provided to staff on the Code of Conduct, Code of Ethics and general workplace behavior to ensure they continuously uphold high standard of conduct when performing their duties.

The Board is provided guidance on disclosure of conflict of interest and other disclosure information/requirements to ensure that the Directors comply with the relevant regulations and practices. In order to address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Company has put in place appropriate procedures including requiring such Directors to abstain from participating in deliberations during meetings and abstaining from voting on any matter in which they may also be deemed as interested or conflicted. The Directors of the Group are also required to disclose and confirm their directorships and shareholdings in the Group and any other entities where they have interests for the Company's monitoring on a half yearly basis or as and when required.

Notices on the closed period for trading in ordinary shares of MYEG ("MYEG Share(s)" or "Share(s)") shares are sent to Directors and principal officers and the relevant employees on a quarterly basis specifying the timeframe during which they are prohibited from dealing in MYEG Shares, unless they comply with the procedures for dealings during closed period as stipulated in the MMLR of Bursa Securities.

A copy of the Code of Conduct and Code of Ethics can be found in the Company's website at https://www.myeg.com.my/investor_relations. (Within the "Corporate Governance" tab)

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

9. Whistle Blowing Policy and Procedures

The Company has adopted a Whistle Blowing Policy as the Board believes that a sound whistleblowing system will strengthen, support good management and at the same time, demonstrate accountability, good risk management and sound corporate governance practices. The policy is to encourage reporting of any major concerns over any wrongdoings within the Group.

The policy outlines the relevant procedures such as when, how and to whom a concern may be properly raised about the genuinely suspected or instances of wrongdoing at the Company and its subsidiaries. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retaliation. All such concerns shall be set forth in writing and forwarded in a sealed envelope to either the Chairman of the ARMC, the Group Managing Director or Head of the Human Resource Department.

Besides the above mentioned policies, the Company has also put in place the following:

- Insider Dealing Policy
- Sustainability Policy
- Corporate Disclosure Policy and Procedures
- Directors' Remuneration Policy
- Directors' Assessment Policy
- Succession Planning Policy
- Risk Management Policy
- Share Buy Back Policy
- Anti-Corruption Policy
- Human Rights Policy
- Environmental Policy
- Non-Discrimination and Equal Employment Opportunity Policy
- Safety and Health Policy

10. Company Secretary

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 do permit their removal and appointment of a successor by the Board.

The Board is assisted by qualified and competent Company Secretaries who play a vital role in advising the Board in relation to the Group's constitution, policies, procedures and compliance with the relevant regulatory requirements, codes, guidance and legislations. Both Company Secretaries are fellow members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). All the Directors have unrestricted access to the advice and services of the Company Secretaries for the purpose of the conduct of the Board's affairs and the business.

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes. They have also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or MAICSA for practising company secretaries. The Board is satisfied with the performance and support rendered by the Company Secretaries in discharging its functions.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

10. Company Secretary (Cont'd)

In addition, the Company Secretaries are also accountable to the Board and are responsible for the following:

- Advising the Board on its roles and responsibilities.
- Advising the Board on matters related to corporate governance and the MMLR of Bursa Securities
- Ensuring that Board procedures and applicable rules are observed.
- Maintaining records of the Board and ensuring effective management of the Company's statutory records.
- Preparing comprehensive minutes to document Board proceedings and ensuring conclusions are accurately recorded.
- Assisting communications between the Board and management.
- Providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.
- Preparing agendas and co-coordinating the preparation of Board papers.

II. Board Composition

1. Composition and Diversity

The Directors are of the opinion that the current Board size and composition is adequate for facilitating effective decision making given the cope and nature of the Group's businesses and operations. The Board maintains an appropriate balance of expertise, skills and attributes among the Directors which is reflected in the diversity of backgrounds and competencies of the Directors. Such competencies include finance, accounting, legal, digital and other relevant industry knowledge, entrepreneurial and management experience and familiarity with regulatory requirements and risk management.

The Board consists of one (1) Executive Chairman, one (1) Group Managing Director, and three (3) Independent Non-Executive Directors, wherein at least half of the Board comprises Independent Directors. The composition of the Board ensures that the Independent Non-Executive Directors will be able to exercise independent judgment on the affairs of the Company.

The Board of Directors' profile can be found on pages 19 to 23 of this Annual Report.

2. Independency of Independent Directors

For Independent Directors which exceeds a cumulative term of nine (9) years, the Board would justify and seek annual shareholders' approval for re-appointment.

The Independent Directors play a crucial 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. The Board, via the NC assesses each Director's independence to ensure on-going compliance with this requirement annually.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

2. Independency of Independent Directors (Cont'd)

During the period, the NC assessed and endorsed Datuk Mohd Jimmy Wong Bin Abdullah and Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

- a. they fulfilled the criteria under the definition of Independent Directors as stated in the MMLR, and therefore were able to bring independent and objective judgment to the Board;
- b. their experience enables them to provide the Board with a diverse set of experience, expertise, skills and competence;
- c. they have been with the Company long and therefore understand the Company's business operations which enable them to participate actively and contribute during deliberations or discussions at ARMC and Board meetings;
- d. they have contributed sufficient time and efforts and attended all the NC, RC, ARMC and Board meetings for informed and balanced decision making; and
- e. they have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the interest of the Company and shareholders.

The NC is satisfied that the Independent Directors are independent of the management and free from any business or other relationships which could interfere with the exercise of independent judgement, objectivity and the ability to act in the best interest of the Company.

3. Appointment of Board and Senior Management

The Board comprises of a collective number of individuals with extensive complementary knowledge and competencies, as well as expertise to make active, informed and positive contribution to the management of the Group in terms of the business' strategic direction and development. The appointment of the Board and its Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The NC will assess the suitability of the candidates before formally considering and recommending them for appointment to the Board. In proposing its recommendation, the NC will consider and evaluate the candidates' required skills, knowledge, expertise, competence, experience, characteristics, professionalism. For appointment of Independent Directors, considerations will also be given on whether the candidates meet the requirements for independence as defined in MMLR of Bursa Securities and time commitment expected from them to attend to matters of the Company in general, including attending meetings of the Board, Board Committees and AGM.

4. Gender Diversity

While the Board acknowledges the need to promote gender diversity within its composition and endeavour to increase female participation in the Board and Senior Management, it has decided not to set any specific targets as the Board believes that it is more important to have the right mix and skills for such positions.

The Board has no specific policy on setting targets on female candidates to be appointed to the Board. With the current composition of one (1) female Director who is also the Executive Chairman, 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.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

5. Identifying Suitable Candidates

Any proposed appointment of a new member to the Board will be deliberated by the full Board based on the qualifications and experience of the proposed director. The NC would be guided by an internal policy on criteria and skill sets for the Board members in assessing the suitability of the potential candidates for appointment to the Board. During the period, the Company had appointed Mr Keith William Miranda (resigned on 9 July 2018) and Mr Wong Kok Chau based on the schedule below:-

Name of Director	Method of sourcing
Mr Keith William Miranda (resigned on 9 July 2018)	Recommended by independent sources
Mr Wong Kok Chau	Recommended by management

Despite the nomination process was based on the recommendation by the management, or external parties including the Company's contacts in related industries, ultimately, the NC is responsible for assessing the suitability of the above mentioned Directors for appointment and opined that the Directors recommended by the management are of suitable calibre and have the necessary knowledge, experience, diverse range of skills and competence to enable them to discharge their duties and responsibilities effectively.

6. Chairman of the NC

The NC is led by Datuk Mohd Jimmy Wong Bin Abdullah, the Senior Independent Non-Executive Director, who directs the NC for succession planning, appointment of Board members and Senior Management by conducting annual review of board effectiveness and skill assessments. This provides the NC with relevant information of the Group's needs, allowing them to source for suitable candidates when the need arises.

7. Annual Evaluation

The NC is responsible in evaluating performance and effectiveness of the entire Board, the Board Committees and individual Director on a yearly basis. The evaluation process is led by the NC's Chairman and supported by the Company Secretary via questionnaires. The NC reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement and also for them to form the basis of recommending relevant Directors for re-election at the AGM.

On 30 January 2019, the NC assessed the effectiveness of the Board, its Committees and the contribution of each Director by identifying the strengths and weaknesses of the Board.

The assessment criteria used in the assessment of Board and individual Directors includes mix of skills, knowledge, Board diversity, size and experience of the Board, core competencies and contribution of each Director. The Board Committees were assessed based on their roles and responsibilities, scope and knowledge, frequency and length of meetings, supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their function.

The Board evaluation comprises performance evaluation of the Board and various Board Committees, Directors' peer evaluation and assessment of the independence of the Independent Directors. The assessment is based on four (4) main areas relating to:-

- the Board structure;
- the Board operations; and
- Roles and responsibilities of:-
 - (i) the Board;
 - (ii) the Chairman; and
 - (iii) Board Committees.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

7. Annual Evaluation (Cont'd)

For Directors' peer evaluation, the assessment criteria includes abilities and competencies, calibre and personality, technical knowledge, objectivity and the level of participation at Board and Committee meetings including his/ her contribution to Board processes.

Any appointment of a new Director to the Board or Board Committee is recommended by the NC for consideration and approval by the Board. In accordance with the Constitution of the Company, one-third (1/3) of the Directors for the time being shall retire from office at each AGM. A retiring director shall be eligible for re-election. The existing Constitution of the Company also provides that all directors shall retire at least once every three (3) years.

During the period, the Board conducted an internally facilitated Board assessment. The results and recommendations from the evaluation of the Board and Committees are reported to the Board for full consideration and action. The Board was comfortable with the outcome and that the skills and experience of the current Directors satisfy the requirements of the skills matrix and that the Chairman possesses the leadership to safeguard the stakeholders' interest and ensure the development of the Group.

The NC also considered the results of the evaluation when considering the re-election of Directors and recommended to the Board for endorsement of the Directors standing for re-election at the forthcoming AGM of the Company. The Directors standing for retirement by rotation and subject to re-election at the forthcoming AGM are Dato' Dr Norraesah Binti Haji Mohamad, Datuk Mohd Jimmy Wong Bin Abdullah and Mr Wong Kok Chau.

III. Remuneration

The objectives of the Directors' Remuneration Policy and Terms of Reference of the RC are to provide fair and competitive remuneration to its Directors in order for the Company to attract and retain Directors of calibre to run the Group successfully. The responsibilities for developing the Remuneration Policy, determining the remuneration packages, Directors' fees and benefits payable to the Executive and Non-Executive Directors respectively, lies with the RC. Nevertheless, it is ultimately the responsibility of the Board to approve the remuneration of Executive and Non-Executive Directors.

Based on the Directors' Remuneration Policy, the remuneration packages for the Directors comprises a fixed component (i.e. salary, allowance and etc.) and a variable component (i.e. bonus, benefit-in kind-and etc.) which is determined by the Group's overall financial performance in each financial year which is designed to support our strategy and provides a balance between motivating and challenging the Board to deliver the business priorities and strong performance while also driving the long-term sustainable success of the Group.

The level of remuneration of Non-Executive Directors reflects their experience and level of responsibility undertaken by them. Non-Executive Directors will receive a fixed fee, with additional fees if they are members of Board Committees, with the Chairman of the ARMC or NC receiving a higher fee in respect of his service as Chairman of the respective Committees. The fees for Non-Executive Directors are determined by the Board with the approval from shareholders at the AGM and no Director is involved in deciding his/her own remuneration.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration (Cont'd)

During the financial period under review, the RC had reviewed the remuneration for the Group Managing Director, Executive Directors and Non-Executive Directors which reflects their level of responsibilities as well as the performance of the Group, and considered their remuneration packages are comparable within the industry norm. The RC further discussed the annual salary review for the Group Managing Director and Executive Directors in line with the budget salary increase for the rest of the organisation. When approving payments for annual bonus, the RC considered the overall performance of the business and of the Group Managing Director and Executive Directors and Senior Management against this, as well as their individual targets. Bonus payments made to Group Managing Director, Executive Directors and Senior Management reflected the large proportion of collective measures for the period, in support of focusing on teamwork and simplicity within the pay arrangements.

The details of the remuneration of the Board (on named basis) of the Company comprising remuneration received/receivable from the Company and the Group for the financial period ended 30 September 2018 are set out below:-

	Group/ Company					
	Fees RM'000	Salaries RM'000	Bonuses RM'000	Benefit in Kind RM'000	Others RM'000	Total RM'000
Executive Directors						
Dato' Dr Norraesah Binti Haji Mohamad	193	–	–	–	–	193
Wong Thean Soon	257	–	–	–	–	257
Dato' Raja Haji Munir Shah Bin Raja Mustapha ¹	328	–	–	–	43	372
Non-Executive Director						
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	107	–	–	–	–	107
Datuk Mohd Jimmy Wong Bin Abdullah	107	–	–	–	–	107
Ng Fook Ai, Victor ²	–	–	–	–	–	–
Keith William Miranda ³	–	–	–	–	–	–
Dato' Shamsul Anuar Bin Haji Nasarah ⁴	66	–	–	–	–	66
Wong Kok Chau ⁵	–	–	–	–	–	–

Notes:-

¹ Dato' Raja Haji Munir Shah Bin Raja Mustapha resigned as Executive Director of the Company on 29 January 2019

² Mr Ng Fook Ai, Victor resigned as Independent Non-Executive Director of the Company on 7 December 2017

³ Keith William Miranda resigned as Independent Non-Executive Director of the Company on 9 July 2018

⁴ Dato' Shamsul Anuar Bin Haji Nasarah resigned as Independent Non-Executive Director of the Company on 17 May 2018

⁵ Mr Wong Kok Chau was appointed as Independent Non-Executive Director of the Company on 9 July 2018

A copy of the Directors' Remuneration Policy can be found in the Group's website at https://www.myeg.com.my/investor_relations. (Within the "Corporate Governance" tab)

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

I. ARMC

Presently, the ARMC consists of three (3) Independent Non-Executive Directors and all of them are financial literate and have sufficient understanding of the Group's business. All the members of the ARMC undertook continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules. The composition of the ARMC is as follows:-

Director	Designation
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	Chairman
Datuk Mohd Jimmy Wong Bin Abdullah	Member
Mr Wong Kok Chau	Member

The Chairman of the ARMC is not the Chairman of the Board, ensuring that the impairment of objectivity on the Board's review of the ARMC's findings and recommendation remains intact.

The ARMC's Terms of Reference has adopted a terms of reference which sets out its goals, objectives, duties, responsibilities and criteria on the composition of the ARMC which includes a former key audit partner of the Group to observe a cooling-off period of at least two (2) years before being able to be appointed as a member of the ARMC.

In presenting the annual audited financial statements and interim financial statements on a quarterly basis to the shareholders, the Board is responsible to present a clear, balanced and understandable assessment of the Group's performance and position. The 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 places great emphasis on the objectivity and independence of the external auditors. Through the ARMC, the Board maintains a transparent relationship with the external auditors in seeking professional advice on the internal control and ensuring compliance with the appropriate accounting standards. The ARMC is empowered to communicate directly with the external auditors to highlight any issues of concern at any point in time.

The external auditors would meet the ARMC without the presence of the executive Board members and Management at least two (2) times a year on matters relating to the Group and its audit activities. During such meetings, the external auditors highlight and discuss the nature and scope of the audit, audit programme, internal controls and any other 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, internal audit and standard operating policies and procedures documentation.

For the FP2018, fees paid to the external auditors, Messrs Crowe Malaysia PLT and its affiliated firms by the Company and the Group are stated in the table below:-

Nature of Services	Company (RM '000)	Group (RM '000)
Audit	60	293
Non-Audit:		
Review of the Statement on Risk Management and Internal Control	3	3

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.

Further information on the roles and responsibilities of the ARMC may be found in the ARMC Report on pages 72 to 77 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

B. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. Risk Management and Internal Control Framework

The Board assumes ultimate responsibility for the effective management of risk across the Group, determining its risk appetite as well as ensuring that each business area implements appropriate internal controls. In order to achieve such objective, a risk management framework has been adopted by the Group. The Group's risk management systems are designed to manage, mitigate and eliminate risks (where possible) to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated its responsibility for reviewing the effectiveness of the Group's systems of internal control to the ARMC. This covers all material controls including financial, operational, compliance and risk management systems. The ARMC is further supported by a number of sources of internal assurance within the Group in order to determine the adequacy and effectiveness of the framework.

The Group has outsourced the internal audit function as being the most cost effective means of implementing an internal audit function. The independent third party service provider of the internal audit services for the financial period ended 30 September 2018 was Axcelasia Columbus Sdn. Bhd. (resigned on 1 October 2018) and Vaersa Advisory Sdn. Bhd. (appointed on 1 October 2018), which reported directly to the ARMC as specified in the Terms of Reference of the ARMC. The internal auditor carries out its function in accordance with the approved annual Internal Audit Plan approved by the ARMC. Vaersa Advisory Sdn. Bhd. has approximately eight (8) audit personnel assisting the person responsible for the internal audit. Details on the person responsible for the internal audit are as set out below:-

Name	:	Ramnath R Sundaram
Qualification	:	Associate of Chartered Certified Accountant
Independence	:	Does not have any family relationship with any director and/or major shareholder of the Company
Public Sanction or penalty	:	Has no convictions for any offences within the past five (5) years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period.

Further information may be found in the Risk Management and Internal Control Statement on page 78 to page 79 and the Management Discussion and Analysis on pages 12 to 18 of this Annual Report.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with stakeholders

The Board believes that stakeholders' communication is an essential requirement of the Group's sustainability. In view thereof, stakeholders are informed of all material business events and risks of the Group in a factual, timely and widely available manner. The Board has formalised a Corporate Disclosure Policy and Procedure not only to comply with the disclosure requirements as stipulated in the MMLR of Bursa Securities, but also sets out the persons authorised and responsible to approve and disclose material information to all stakeholders.

The Board recognises the importance of facilitating effective two-way communication with investors and analyst to provide a greater understanding of the Group's vision, strategies, developments and financial prospects. A variety of engagement initiatives including direct meetings and dialogues with stakeholders are constantly conducted to learn about their needs enabling sustainability and growth of the Group.

The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual reports, corporate announcements to Bursa Securities and press conferences. It is the Group's practice that any material information for public announcement, including annual, quarterly financial statements, press releases, and presentation to investors, analyst and media are factual and reviewed internally before issuance to ensure accuracy and is expressed in a clear and objective manner.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

I. Communication with stakeholders (Cont'd)

The Company's corporate website includes a dedicated Investor Relations section which provides all relevant information on the Group, including announcements to Bursa Securities, share price information as well as the corporate and governance structure of the Group. Stakeholders are also able to subscribe to e-mail alerts from the Group via the Investor Relations page.

II. Conduct of General Meetings

The AGM is the principal forum for dialogue with shareholders, allowing shareholders to review the Group's performance via the Company's annual report and pose questions to the Board for clarification. To ensure shareholders have sufficient time to go through the annual report, it is circulated at least twenty eight (28) clear days before the date of the AGM. Shareholders are encouraged to vote on the proposed motions by appointing a proxy in the event they are unable to attend the meeting.

During an AGM, a presentation was shown to the shareholders on the Group's performance and major activities which were carried out during the financial period under review. The Board also encourages participation from shareholders by having a question and answer session during the AGM in the presence of the Directors (inclusive of the Chairman of the ARMC, NC and RC) to provide meaningful response to questions raised by the shareholders.

In line with the MMLR of Bursa Securities, the Company has implemented and will continue to implement poll voting for all proposed resolutions set out in the notice of any general meeting. An independent scrutineer will also be appointed to validate the votes cast at any general meeting of the Company.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board is pleased to present the ARMC Report for the FP2018.

MEMBERSHIP

During the financial period, 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
Mr Wong Kok Chau (<i>appointed on 9 July 2018</i>)	Independent Non-Executive Director
Mr Keith William Miranda (<i>resigned on 9 July 2018</i>)	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 seven (7) meetings during the FP2018. 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 FP2018 are as follows:

ARMC Members	Meetings attended
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim (Chairman)	7/7
Datuk Mohd Jimmy Wong Bin Abdullah	7/7
Mr Wong Kok Chau ¹ (<i>appointed on 9 July 2018</i>)	1/1 ¹
Mr Keith William Miranda ² (<i>resigned on 9 July 2018</i>)	2/2 ²

Notes:-

¹ Mr Wong Kok Chau has attended all the ARMC meetings since his appointment

² Mr Keith William Miranda has attended all the ARMC meetings prior to his resignation

Details of the members of the ARMC are contained in the Profile of Directors as set out on pages 19 to 23 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 on matters deliberated during the ARMC meetings and minutes of ARMC meetings were circulated to all the members of the Board.

For the financial period 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONT'D)

COMPOSITION AND TERMS OF REFERENCE

The Terms of Reference of the ARMC, which is available on MYEG's website www.myeg.com.my/investor_relations (within the "Corporate Governance" Tab), are as follows:

1. OBJECTIVES

The ARMC was formed by the Board with its primary function to assist the Board in the following areas:-

- In complying with specified accounting standards and required disclosure as administered by Bursa Securities, relevant accounting standards bodies, and any other laws and regulations as amended from time to time;
- In presenting a balanced and understandable assessment of the Company's position and prospects;
- In establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's external and internal auditors; and
- In maintaining a sound system of internal controls and risk management to safeguard shareholders' investment and the Company's assets.

2. COMPOSITION

The ARMC 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. A former key audit partner is required to observe a cooling-off period of at least two (2) years. No alternate director shall be appointed as a member of the ARMC.

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 NC fill the vacancy within two (2) months, but in any case not later than three (3) months. Therefore, a member of the ARMC 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 NC review the terms of office and performance of ARMC members annually to determine whether the ARMC members have carried out their duties in accordance with its terms of reference.

3. CHAIRMAN

The Chairman, who shall be elected by the ARMC, shall be an independent director and is not the Chairman of the Board. In event of the Chairman's absence, the meeting shall be chaired by another independent director.

4. SECRETARY

The secretary of the Company or his/her representative shall act as the Secretary of the ARMC. The Secretary, in conjunction with the Chairman, shall draw up drawing up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the ARMC.

The Secretary shall also be responsible for keeping the minutes of meetings of the ARMC and circulating them to the ARMC members. The ARMC members may inspect the minutes of the ARMC at the registered office or such other place may be determined by the ARMC.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONT'D)

COMPOSITION AND TERMS OF REFERENCE (CONT'D)

The Terms of Reference of the ARMC, which is available on MYEG's website www.myeg.com.my/investor_relations (within the "Corporate Governance" Tab), are as follows: (cont'd)

5. MEETINGS

The ARMC shall meet at least five (5) times in each financial period. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

The ARMC may call for a meeting as and when required with reasonable notice as the Committee members deem fit. The ARMC 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 ARMC, the Group 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.

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.

6. 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 MMLR of Bursa Securities;
- 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; and
- j) the Chairman shall call for a meeting upon the request of the external auditors or internal auditors.

7. ANNUAL GENERAL MEETING

The Chairman of the committee should attend the annual general meeting to answer any shareholders' questions on the Committee's activities.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONT'D)

COMPOSITION AND TERMS OF REFERENCE (CONT'D)

The Terms of Reference of the ARMC, which is available on MYEG's website www.myeg.com.my/investor_relations (within the "Corporate Governance" Tab), are as follows: (cont'd)

8. 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 and resources and set the standards 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;
 - Review any appraisal or assessment of the performance of members of the internal audit function;
 - Review the independency 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;
 - Review the necessary budget allocated to internal audit function;
 - 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 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONT'D)

COMPOSITION AND TERMS OF REFERENCE (CONT'D)

The Terms of Reference of the ARMC, which is available on MYEG's website www.myeg.com.my/investor_relations (within the "Corporate Governance" Tab), are as follows: (cont'd)

8. 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:-

- The adequacy of the experience and resources of the accounting firm;
- The persons assigned to the audit;
- The accounting firm's audit engagements;
- The size and complexity of the Company's group being audited; and
- 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:-

- The competence, audit quality and resource capacity of the external auditors in relation to the audit;
- 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;
- The nature of the non-audit services provided by the external auditor and fees paid for such services relative to the audit fee;
- 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; and
- Obtaining written assurance from the external auditors confirming that they are, and have been independent throughout the conduct of the audit engagement and in accordance with the terms of all relevant regulatory requirements.

- h) To review and approve the non-audit services provided by the external auditors and/or its network firms to the Company for the financial period, 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 ARMC Report.

- i) To verify any allocation of options in accordance with the employees share scheme of the Company, at the end of the financial period.
- j) 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.
- k) To assess the adequacy and effectiveness of the risk management process, system of internal controls and accounting control procedures of the Company.
- l) 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.
- m) Communication and monitoring of risk management results to the Board.
- n) 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONT'D)

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE ARMC

During the financial period 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.
- 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 and 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 MCGG for the purpose of preparing the Statement of Corporate Governance and Statement on Risk Management and Internal Control pursuant to MMLR of Bursa Securities and the MCGG.

TRAINING AND EDUCATION

During the financial period, the ARMC members attended individually or collectively seminar(s), conference(s) and/or training(s) to continuously 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 period 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 period under review was approximately RM359,000. Further details of the internal audit function are set out in the Risk Management and Internal Control Statement on pages 78 to 79.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

INTRODUCTION

The Board is pleased to present its Risk Management and Internal Control Statement for the FP2018, which has been prepared pursuant to paragraph 15.26(b) of MMLR of Bursa Securities and as guided by Risk Management and Internal Control Statement: 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 period under review, the RMWG met four (4) 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 30 January 2019 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

For the FP2018, the Group has appointed an outsourced internal audit service provider, namely Axcelasia Columbus Sdn. Bhd. together with our inhouse internal audit team to carry out the internal audit function, which provides the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. 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.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

(CONT'D)

INTERNAL AUDIT FUNCTION (CONT'D)

During the FP2018, 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 FP2018 was approximately RM350,000.

In addition, the external auditors met with the ARMC on 30 August 2017 and 13 October 2017 and internal auditors met with ARMC on 30 August 2017 and 30 May 2018 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 Group 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 MMLR of Bursa Securities, the external auditors have reviewed this statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 (revised): Guidance for Auditors on Engagements to Report on the Risk Management and Internal Control Statement 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 Risk Management and Internal Control Statement: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period ended 30 September 2018.

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 6 to the financial statements.

CHANGE OF FINANCIAL YEAR END

During the current financial period, the Company has changed its financial year end from 30 June to 30 September.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial period	125,970	106,209
Attributable to:-		
Owners of the Company	128,952	106,209
Non-controlling interests	(2,982)	–
	125,970	106,209

DIVIDENDS

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

	RM'000
<u>In respect of the financial year ended 30 June 2017:-</u>	
Paid a final dividend of 1.20 sen per ordinary share on 6 February 2018	43,276
<u>In respect of the financial period ended 30 September 2018:-</u>	
Paid a first interim single tier dividend of 0.50 sen per ordinary share on 25 May 2018	18,032
	61,308

At the forthcoming Annual General Meeting, a final dividend of 1.40 sen per ordinary share in respect of the current financial period will be proposed for the approval of the shareholders. The financial statements for the current financial period 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 period other than those disclosed in the financial statements.

DIRECTORS' REPORT

(CONT'D)

ISSUES OF SHARES AND DEBENTURES

During the financial period:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial period, the Company purchased 54,000,000 of its issued ordinary shares from the open market at an average price of RM0.98 per share. The total consideration paid for the shares purchased was RM52,804,323 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.

At the end of the reporting period, the Company held as treasury shares a total of 54,000,000 of its 3,606,305,990 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM52,804,323. The details on the treasury shares are disclosed in Note 25 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial period, 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 all known bad debts had been written off 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 further 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.

DIRECTORS' REPORT (CONT'D)

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities of the Group and of the Company are disclosed in Note 48 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 period 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 period.

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 period 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 period were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than allowance for impairment loss on equipment amounting to RM76,291,219 of the Group and of the Company and the allowance for impairment loss on amount owing by an associate amounting to RM95,450,000 and RM72,750,000 of the Group and of the Company respectively, as disclosed in Note 36 to the financial statements.

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

DIRECTORS

The names of directors of the Company who served during the financial period and up to 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
 Datuk Mohd Jimmy Wong Bin Abdullah
 Wong Kok Chau (Appointed on 9 July 2018)
 Keith William Miranda (Appointed on 8 December 2017 and resigned on 9 July 2018)
 Ng Fook Ai, Victor (Resigned on 7 December 2017)
 Dato' Shamsul Anuar Bin Haji Nasarah (Resigned on 17 May 2018)
 Dato' Raja Haji Munir Shah Bin Raja Mustapha (Resigned on 29 January 2019)

DIRECTORS' REPORT

(CONT'D)

DIRECTORS (CONT'D)

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

Datuk Nor Adnan Bin Zainal Abidin
 Chong Chien Ming
 Chong Mei Yee
 Cheong Kok Leong
 Khaw Siong Long
 Leon Loo Ee Han
 Malcolm Caesar Leong Sze Kwong
 Tan Seong Yeau
 Sean Cornelius Yoong Wan Yen (Appointed on 4 July 2017)
 Zulhelmi Bin Othman (Appointed on 6. December 2017)
 Tan Kai Jie (Appointed on 26 January 2018)
 Elaine Daly (Appointed on 16 October 2018)
 Shum Khai Yeap (Appointed on 8 November 2018)
 Wong Thean Chye (Resigned on 2 January 2018 and appointed on 18 September 2018)
 Keith William Miranda (Appointed on 9 March 2018 and resigned on 9 July 2018)
 Dato' Tengku Zainuddin Bin Tengku Zahid (Resigned on 12 June 2018)
 Lim Gian Huang (Resigned on 8 November 2018)

DIRECTORS' INTERESTS

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

	< ----- Number of Ordinary Shares ----- >			
	At 1.7.2017	Bought	Sold	At 30.9.2018
<i>Direct Interests in the Company</i>				
Dato' Dr Norraesah Binti Haji Mohamad	26,460,000	1,500,000	(2,000,000)	25,960,000
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	12,018,000	10,000	–	12,028,000
Wong Thean Soon	260,656,036	47,851,994	(1,500,000)	307,008,030
Dato' Raja Haji Munir Shah Bin Raja Mustapha	2,159,400	–	–	2,159,400
Datuk Mohd Jimmy Wong Bin Abdullah	3,312,000	–	–	3,312,000
<i>Indirect Interests in the Company</i>				
Dato' Dr Norraesah Binti Haji Mohamad ⁽¹⁾	–	1,119,132,438	(79,851,994)	1,039,280,444
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim ⁽²⁾	5,830,000	10,000	(1,230,000)	4,610,000
Wong Thean Soon ⁽³⁾	1,153,459,538	30,672,900	(90,451,994)	1,093,680,444
Dato' Raja Haji Munir Shah Bin Raja Mustapha	1,093,459,538	–	(1,093,459,538)	–

⁽¹⁾ Indirect interest through her interests in Asia Internet Holdings Sdn. Bhd. ("AIH")

⁽²⁾ Indirect interests through his spouse and son, by virtue of Section 59(1)(c) of the Companies Act 2016 in Malaysia.

⁽³⁾ Indirect interests through his interests in Asia Internet Holdings Sdn. Bhd. ("AIH") and RadioPort Limited ("RPL") by virtue of Section 8 of the Companies Act 2016.

By virtue of their shareholdings in the Company, Wong Thean Soon and Dato' Dr Norraesah Binti Haji Mohamad are deemed to have interests in shares in its related corporations during the financial period 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 period had no interest in shares in the Company or its related corporations during the financial period.

DIRECTORS' REPORT

(CONT'D)

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 companies in which certain directors have substantial financial interests as disclosed in Note 44 to the financial statements.

Neither during nor at the end of the financial period 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 period are disclosed in Note 43 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial period, 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 6 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events during the financial period are disclosed in Note 50 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 51 to the financial statements.

DIRECTORS' REPORT (CONT'D)

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath AF1018), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 36 to the financial statements.

Signed In accordance with a resolution of the directors dated

Wong Thean Soon

Dato' Dr Norraesah Binti Haji Mohamad

STATEMENT BY DIRECTORS

Pursuant To Section 251(2) Of The Companies Act 2016

We, Wong Thean Soon and Dato' Dr Norraesah Binti Haji Mohamad, 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 90 to 169 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 September 2018 and of their financial performance and cash flows for the financial period ended on that date.

Signed in accordance with a resolution of the directors dated 30 January 2019.

Wong Thean Soon

Dato' Dr Norraesah Binti Haji Mohamad

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 90 to 169 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Wong Thean Soon,
at Kuala Lumpur
in the Federal Territory
on this

Wong Thean Soon

Before me

Lai Din

No: W668

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To The Members of MY E.G. Services Berhad

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 September 2018 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 90 to 169.

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 September 2018, and of their financial performance and their cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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

Impairment of Financing Receivables Refer to Notes 5.1(c) and 15 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>As disclosed in Note 15 to the financial statements, financing receivables as at the reporting date amounted to approximately RM172 million.</p> <p>The management assessed the level of allowance for impairment losses on financing receivables based on management's application of judgement and use of subjective assumptions.</p> <p>This assessment involves significant judgement and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance for impairment losses.</p> <p>Due to the significance of financing receivables (representing 19% of total assets of the Group) and the uncertainty inherent in determining the level of allowance for impairment losses, we considered this as a key audit matter.</p>	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none"> • reviewed recoverability of financing receivables; • reviewed management's basis of assessment on impairment loss on financing receivables; • reviewed the borrowers' creditworthiness, guarantor or collaterals for the financing receivables; • enquired management on procedures in place for the approval of financing receivables; • reviewed the repayment of principal and interest during the financial period; and • considered the adequacy of the Group's disclosures in this area.

INDEPENDENT AUDITORS' REPORT

To The Members of MY E.G. Services Berhad (CONT'D)

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.

INDEPENDENT AUDITORS' REPORT

To The Members of MY E.G. Services Berhad (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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:- (Cont'd)

- 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.
- 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 period 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 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 Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Kuala Lumpur

Lee Kok Wai
Approval No: 02760/06/2020 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

At 30 September 2018

		The Group		The Company	
	Note	30.9.2018 RM'000	30.6.2017 RM'000	30.9.2018 RM'000	30.6.2017 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	–	–	16,895	14,895
Investment in associates	7	–	–	400	400
Investment in a joint venture	8	2,006	–	2,726	–
Property and equipment	9	283,848	349,451	146,448	219,010
Investment properties	10	31,783	17,809	120,095	94,500
Other investments	11	28,527	9,818	–	–
Development costs	12	2,990	5,390	1,797	3,172
Goodwill on consolidation	13	18,454	18,549	–	–
Deferred tax asset	14	710	710	–	–
Financing receivables	15	157,791	12,889	–	–
		526,109	414,616	288,361	331,977
CURRENT ASSETS					
Inventories	16	3,397	1,810	–	–
Financing receivables	15	13,900	1,302	–	–
Trade receivables	17	150,855	100,728	340	11,428
Other receivables, deposits and prepayments	18	78,947	121,300	44,665	40,273
Amount owing by subsidiaries	19	–	–	318,044	213,291
Amount owing by an associate	20	–	85,529	–	62,827
Amount owing by a joint venture	21	13	–	13	–
Current tax assets		800	915	91	180
Fixed deposits with licensed banks	22	10,066	15,763	7,250	13,065
Cash and bank balances	23	100,164	121,810	26,000	25,880
		358,142	449,157	396,403	366,944
TOTAL ASSETS		884,251	863,773	684,764	698,921

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

STATEMENTS OF FINANCIAL POSITION

At 30 September 2018 (CONT'D)

		The Group		The Company	
	Note	30.9.2018 RM'000	30.6.2017 RM'000	30.9.2018 RM'000	30.6.2017 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	24	360,630	360,630	360,630	360,630
Treasury shares	25	(52,804)	–	(52,804)	–
Reserves		260,119	192,774	250,600	205,699
Equity attributable to owners of the Company		567,945	553,404	558,426	566,329
Non-controlling interests		(4,043)	(1,463)	–	–
TOTAL EQUITY		563,902	551,941	558,426	566,329
NON-CURRENT LIABILITIES					
Long-term borrowings	27	94,683	114,160	92,598	110,960
Deferred tax liabilities	30	2,277	2,102	1,910	1,800
		96,960	116,262	94,508	112,760
CURRENT LIABILITIES					
Trade payables	31	159,510	130,774	887	377
Other payables and accruals	32	29,262	21,644	6,017	4,488
Deferred revenue	33	525	19,940	–	–
Current tax liabilities		1,679	57	–	–
Short-term borrowings	34	32,413	23,155	24,926	14,967
		223,389	195,570	31,830	19,832
TOTAL LIABILITIES		320,349	311,832	126,338	132,592
TOTAL EQUITY AND LIABILITIES		884,251	863,773	684,764	698,921

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Period Ended 30 September 2018

		The Group		The Company	
		1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000
	Note				
REVENUE	35	562,270	371,215	312,364	246,771
COST OF SALES		(149,312)	(87,256)	(10,432)	(6,371)
GROSS PROFIT		412,958	283,959	301,932	240,400
OTHER INCOME		6,586	4,434	7,990	3,784
		419,544	288,393	309,922	244,184
ADMINISTRATIVE EXPENSES		(77,811)	(60,547)	(34,817)	(28,511)
OTHER EXPENSES		(204,628)	(21,127)	(161,645)	(4,938)
FINANCE COSTS		(7,912)	(5,241)	(7,167)	(4,565)
SHARE OF NET LOSS OF EQUITY ACCOUNTED ASSOCIATES		#	–	–	–
SHARE OF NET LOSS OF AN EQUITY ACCOUNTED JOINT VENTURE		(720)	–	–	–
PROFIT BEFORE TAXATION	36	128,473	201,478	106,293	206,170
INCOME TAX EXPENSE	37	(2,503)	(1,430)	(84)	(894)
PROFIT AFTER TAXATION		125,970	200,048	106,209	205,276
OTHER COMPREHENSIVE INCOME					
<u>Items that May be Reclassified</u>					
<u>Subsequently to Profit or Loss</u>					
- reclassification adjustment to profit and loss on disposal of an other investment		(299)	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR		125,671	200,048	106,209	205,276

represents an amount less than RM1,000

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

STATEMENTS OF PROFIT OR LOSS AND **OTHER COMPREHENSIVE INCOME**

For The Financial Period Ended 30 September 2018 (CONT'D)

	Note	The Group		The Company	
		1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		128,952	201,511	106,209	205,276
Non-controlling interests		(2,982)	(1,463)	–	–
		125,970	200,048	106,209	205,276
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		128,653	201,511	106,209	205,276
Non-controlling interests		(2,982)	(1,463)	–	–
		125,671	200,048	106,209	205,276
EARNINGS PER SHARE (SEN)					
- Basic	38	3.6	5.6		
- Diluted	38	3.6	5.6		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Period Ended 30 September 2018

	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 1.7.2016		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	39.1(a)	-	-	-	-	-	-	1	1
- Additional subscription of shares by non-controlling interest		-	-	-	-	-	-	160	160
- Purchase of treasury shares	25	-	(7,954)	-	-	-	(7,954)	-	(7,954)
- Resale of treasury shares	25	-	7,956	-	1,005	-	8,961	-	8,961
- Dividends:									
- by the Company	40	-	-	-	-	(49,286)	(49,286)	-	(49,286)
Total transactions with owners		120,210	2	-	-	(168,616)	(48,404)	161	(48,243)
Balance at 30.6.2017/1.7.2017		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 Period Ended 30 September 2018 (CONT'D)

	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 30.6.2017/1.7.2017		360,630	-	6,700	-	186,074	553,404	(1,463)	551,941
Profit after taxation/Total comprehensive income for the financial period		-	-	-	-	128,952	128,952	(2,982)	125,970
Other comprehensive income for the financial period:									
- reclassification adjustment to profit and loss on disposal of an other investment		-	-	(299)	-	-	(299)	-	(299)
Total comprehensive income for the financial period		-	-	(299)	-	128,952	128,653	(2,982)	125,671
Contributions by and distributions to owners of the Company:									
- Additional subscription of shares by non-controlling interest	25	-	-	-	-	-	-	402	402
- Purchase of treasury shares		-	(52,804)	-	-	-	(52,804)	-	(52,804)
- Dividends:									
- by the Company	40	-	-	-	-	(61,308)	(61,308)	-	(61,308)
Total transactions with owners		-	(52,804)	-	-	(61,308)	(114,112)	402	(113,710)
Balance at 30.9.2018		360,630	(52,804)	6,401	-	253,718	567,945	(4,043)	563,902

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Period Ended 30 September 2018 (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 1.7.2016		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	25	–	(7,954)	–	–	(7,954)
- Resale of treasury shares	25	–	7,956	1,005	–	8,961
- Dividends	40	–	–	–	(49,286)	(49,286)
Total transactions with owners		120,210	2	–	(168,616)	(48,404)
Balance at 30.6.2017/1.7.2017		360,630	–	–	205,699	566,329
Profit after taxation/Total comprehensive income for the financial period		–	–	–	106,209	106,209
Contributions by and distributions to owners of the Company:						
- Purchase of treasury shares	25	–	(52,804)	–	–	(52,804)
- Dividends	40	–	–	–	(61,308)	(61,308)
Total transactions with owners		–	(52,804)	–	(61,308)	(114,112)
Balance at 30.9.2018		360,630	(52,804)	–	250,600	558,426

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

STATEMENTS OF CASH FLOWS

For The Financial Period Ended 30 September 2018

	The Group		The Company	
	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	128,473	201,478	106,293	206,170
Adjustments for:-				
Allowance for impairment losses on goodwill	95	-	-	-
Amortisation of development costs	2,294	1,836	1,375	1,100
Bad debts written off	11	-	-	-
Depreciation of equipment	29,483	17,846	8,170	3,475
Depreciation of investment properties	345	30	2,526	158
Equipment written off	493	1	421	#
Impairment loss on:				
- trade receivables	41	15	-	-
- financing receivables	549	-	-	-
- other receivables	-	20	-	-
- other investments	-	870	-	-
- amount owing by an associate	95,450	-	72,750	-
- equipment	76,291	-	76,291	-
Share of losses in a joint venture	720	-	-	-
Share of losses in an associate	#	-	-	-
Interest expense	7,898	5,241	7,167	4,565
Inventories written down	1	39	-	-
(Gain)/Loss on disposal of equipment	#	(45)	-	84
Gain on partial disposal of an other investment	(1,198)	-	-	-
Interest income	(3,123)	(3,515)	(716)	(995)
Reversal of impairment loss on trade receivables	(43)	(58)	-	-
Reversal of deferred income	(19,940)	-	-	-
Unrealised gain on foreign exchange	(120)	(21)	(127)	(38)
Operating profit before working capital changes	317,720	223,737	274,150	214,519
(Increase)/Decrease in inventories	(1,586)	1,176	-	-
Increase in financing receivables	(158,049)	(13,615)	-	-
(Increase)/Decrease in trade and other receivables	(7,720)	(74,395)	6,699	(9,319)
Increase/(Decrease) in trade and other payables	36,279	(43,394)	2,039	(3,873)
Increase in amount owing by an associate	(9,923)	(2,544)	(9,923)	(2,544)
Increase in deferred revenue	526	-	-	-
CASH FLOWS FROM OPERATIONS/ BALANCE CARRIED FORWARD	177,247	90,965	272,965	198,783

- 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 Period Ended 30 September 2018 (CONT'D)

	Note	The Group		The Company	
		1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000
BALANCE BROUGHT FORWARD		177,247	90,965	272,965	198,783
Interest paid		(7,898)	(5,241)	(7,167)	(4,565)
Income tax (paid)/refunded		(496)	(920)	113	(169)
NET CASH FROM OPERATING ACTIVITIES		168,853	84,804	265,911	194,049
CASH FLOWS FOR INVESTING ACTIVITIES					
Advances to an associate		–	(5,902)	–	(5,900)
Advances to a joint venture		(13)	–	(13)	–
Additions of development costs		–	(107)	–	–
Acquisition of investment properties		(6,443)	–	(6,443)	–
Interest received		3,124	3,515	716	995
Advances from/(to) subsidiaries		–	–	(104,753)	(110,750)
Increase/(Decrease) in pledged deposits with licensed banks		5,712	(6,674)	5,815	(6,058)
Proceeds from disposal of equipment		–	287	–	107
Purchase of property and equipment	41	(47,485)	(134,578)	(33,998)	(127,283)
Proceeds from disposal of an other investment		1,769	150	–	–
Purchase of:					
- other investments		(19,579)	(1,245)	–	–
- a subsidiary		–	–	(2,000)	#
- a joint venture		(2,726)	–	(2,726)	–
Net cash outflow from acquisition of subsidiaries	39.1	–	(749)	–	–
Subscription of shares in a subsidiary by non-controlling interest		402	–	–	–
NET CASH FOR INVESTING ACTIVITIES		(65,239)	(145,303)	(143,402)	(248,889)

- 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 Period Ended 30 September 2018 (CONT'D)

		The Group		The Company	
		1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000
	Note				
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividends paid	40	(61,308)	(49,286)	(61,308)	(49,286)
Drawdown of term loans		–	48,224	–	48,224
Drawdown of revolving credit		11,960	5,000	10,000	–
Purchase of treasury shares	25	(52,804)	(7,954)	(52,804)	(7,954)
Resale of treasury shares	25	–	8,961	–	8,961
Bonus issue expenses		–	(125)	–	(125)
Repayment of hire purchase and finance lease obligations		(2,676)	(3,528)	–	–
Repayment of term loans	42(a)	(19,358)	(9,647)	(18,403)	(8,605)
Repayment of revolving credit		(1,200)	(10,000)	–	(10,000)
NET CASH FOR FINANCING ACTIVITIES		(125,386)	(18,355)	(122,515)	(18,785)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(21,772)	(78,854)	(6)	(73,625)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		129	38	126	38
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR		121,886	200,702	25,880	99,467
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR		42(b)	100,243	26,000	25,880

- represents an amount less than RM1,000.

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. 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 30 January 2019.

2. CHANGE OF FINANCIAL YEAR END

During the current financial period, the Company has changed its financial year end from 30 June to 30 September.

3. 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 6 to the financial statements.

4. 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.

- 4.1 During the current financial period, 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)

Amendments to MFRS 107: Disclosure Initiative
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRS Standards 2014 - 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. BASIS OF PREPARATION (CONT'D)

- 4.2 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 period:-

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 9: Prepayment Features with Negative Compensation	1 January 2019
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 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 - Transfers of Investment Property	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
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
Annual Improvements to MFRS Standards 2015 - 2017 Cycles	1 January 2019

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:-

(i) *MFRS 9 Financial Instruments*

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. The new standard contains 3 principal classification categories for financial assets (measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income) and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available-for-sale financial assets.

MFRS 9 replaces the ‘incurred loss’ model in MFRS 139 with an ‘expected credit loss’ (“ECL”) model. The new impairment model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. It involves a 3-stage approach under which financial assets move through the stages as their credit quality changes. This new impairment model applies to financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments and certain financial guarantee contracts.

The Group is currently assessing the impact of implementing MFRS 9. As a result, the potential impact on the adoption of this standard would only be observable when the assessment is completed later.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION (CONT'D)

- 4.2 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)

(ii) *MFRS 15 Revenue from Contracts with Customers*

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 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

As at the date of authorisation of issue of the financial statements, the assessment of implementing MFRS 15 has not been finalised. Thus, the potential impact of the adoption of this standard cannot be determined and estimated reliably until the assessment is completed later.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed 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. The carrying amount of property and equipment as at the reporting date is disclosed in Note 9 to the financial statements.

(b) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated.

Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(c) Impairment of Trade, Financing and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its trade, financing and other receivables and analyses their ageing profiles, 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. The carrying amounts of trade, financing and other receivables as at the reporting date are disclosed in Notes 15, 17 and 18 to the financial statements.

For impaired loans, advances and financing ("loan(s)") which are individually assessed, judgment by management is required in the estimation of the amount and timing of future cash flows in the determination of impairment losses. In estimating these cash flows, judgments are made about the realisable value of collateral pledged and the borrower's financial position. These estimations are based on assumptions and the actual results may differ from these, hence resulting in changes to impairment losses recognised.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

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. 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.

5.2 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 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 and joint venture, 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 and joint venture.

5.4 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.

5.5 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

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.

(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.

(iii) Loans and Receivables Financial Assets

Trade receivables, financing 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(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.

(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

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments (Cont'd)

(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 reissued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(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.

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.

5.6 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 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.

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.

5.8 PROPERTY AND EQUIPMENT

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

Subsequent to initial recognition, all property and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

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.

Depreciation on other property and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a 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%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 PROPERTY AND EQUIPMENT (CONT'D)

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.

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

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, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

5.9 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.

5.10 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.10 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.

5.11 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 and joint venture), 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 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.

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.

5.12 LEASED ASSETS

(a) Finance Lease

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 statements of financial position of the Group and of the Company.

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 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.

5.14 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.

5.15 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.16 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.

5.17 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.

5.18 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset 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. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial period, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

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

5.19 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.

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.

5.20 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.20 FAIR VALUE MEASUREMENTS (CONT'D)

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.

5.21 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.

(e) Rental Income

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

5.22 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.23 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.

5.24 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.

5.25 JOINT VENTURE

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

Investments in joint ventures 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 a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 30 September. The Group's share of the post acquisition profits and other comprehensive income of the joint venture 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 joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture 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.

When the Group's share of losses exceeds its interest in a joint venture, 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. INVESTMENTS IN SUBSIDIARIES

	The Company	
	30.9.2018	30.6.2017
	RM'000	RM'000
Unquoted shares in Malaysia, at cost	16,895	14,895

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
		2018 %	2017 %	
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	100	Provision of management and consultancy services.
MY E.G. International Sdn. Bhd. ("MYEGI")	Malaysia	100	–	To undertake investments and joint ventures in foreign countries.
Subsidiaries of MYEGC				
MY EG Ad Networks Sdn. Bhd. ("MYEGAD")	Malaysia	100	100	Provision of online advertisement.
Agensi Pekerjaan MY EG Jobs Sdn. Bhd. ("MYEGJOBS") (formerly known as ("fka") MY EG Jobs Sdn. Bhd.)	Malaysia	100	100	Provision of job matching and placement service to match Malaysian employers with foreign worker.
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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. 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		Principal Activities
		2018 %	2017 %	
Subsidiaries of MYEGC (Cont'd)				
MY E.G. Finance Technologies Sdn Bhd ("MYEGFT") (fka MY EG Credit Sdn. Bhd.)	Malaysia	100	100	Provision of finance lease activities and other credit granting activities.
MY E.G. Alternative Payment Services Sdn. Bhd. ("MYEG ALT")	Malaysia	100	100	Providing and operating an electronic payment and remittance platform for the issuance, transfer, clearance, and settlement of Electronic Money and all ancillary products and services related to it.
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.
Hurr Tv Sdn. Bhd. ("Hurr Tv")	Malaysia	60	60	Build, own and operate an online TV channel.
Essential Reviews Sdn. Bhd. ("ERSB")	Malaysia	67	67	Provision of digital platform for reviews and news on restaurant and food and beverage business, with advertising or marketing possibilities for related brands.
Mydigitalcoin Sdn. Bhd. ("MYDC")	Malaysia	100	–	Investment holding.
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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2018 %	2017 %	
Subsidiaries of CardBiz (Cont'd)				
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	55	Build, own and operate hostels for foreign workers.
MYEG Auto Assist Sdn. Bhd. ("MYAA")	Malaysia	100	–	Provision of motor vehicle inspection and repairs, sale of removable motor vehicle spare parts and motor vehicle breakdown assistance.
Subsidiary of Hurr Tv				
Muca Wellness Sdn. Bhd. ("MUCA")	Malaysia	60	60	Electronic commerce.
Subsidiary of MLSB				
Mydigitalcoin Sdn. Bhd. ("MYDC")	Malaysia	*	55	Investment holding.
Subsidiary of MYEGIND				
PT MYEG Services Indonesia. ("PTMYEG")	Indonesia	90	–	To build, own, and operate a digital platform for commercial services.
Subsidiary of MYEGI				
MY EG (Indonesia) Sdn. Bhd. ("MYEGIND")	Malaysia	100	–	Dormant.

* - Transferred as subsidiary of MLSB to MYEGC

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) During the financial period:-

- (i) On 24 October 2017, EGSB subscribed for an additional 274,945 ordinary shares of RM1 each, representing 55% of equity interest in MLSB for a total cash consideration of RM274,945.
- (ii) On 21 November 2017, MYEGC subscribed for an additional 450,000 ordinary shares of RM1 each, representing 90% of equity interest in MYEGJOBS for a total consideration of RM450,000.
- (iii) On 6 December 2017, EGSB incorporated a wholly-owned subsidiary with 1 ordinary share of RM1 each, representing 100% of equity interest in MYAA for total consideration of RM1.
- (iv) On 31 December 2017, MYEGC subscribed for an additional 60,000 ordinary shares of RM1 each, representing 12% of equity interest in Picasso Media for a total consideration of RM60,000.
- (v) On 26 January 2018, the Company incorporated a wholly-owned subsidiary with 1 ordinary share of RM1 each, representing 100% of equity interest in MYEGI for total consideration of RM1.
- (vi) On 30 March 2018, the Company subscribed for an additional 1,999,998 ordinary shares of RM1 each, representing 99% equity interest in MYEGMS for a total cash consideration of RM1,999,998.
- (vii) On 31 March 2018, Hurr Tv subscribed for an additional 150,000 ordinary shares of RM1 each, representing 99% of equity interest in MUCA for a total cash consideration of RM150,000.
- (viii) On 22 June 2018, MYEGI incorporated a wholly-owned subsidiary with 10 ordinary shares of RM1 each, representing 100% of equity interest in MYEGIND for a total consideration of RM10.
- (ix) On 21 September 2018, MYEGIND incorporated a subsidiary with 2,250 ordinary shares of Rupiah 10 million each, representing 90% of equity interest in PTMYEG Services Indonesia for a total consideration of Rupiah 2.25 billion.
- (x) On 28 September 2018, MYEGC subscribed for an additional 2,500,000 ordinary shares of RM1 each, representing 33% of equity interest in MYEG ALT for a total consideration of RM2,500,000.
- (xi) On 28 September 2018, MYEGC acquired 1 ordinary share of RM1 each, representing 100% of equity interest in MYDC for a total cash consideration of RM1.

(b) In the previous 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (b) In the previous financial year:- (Cont'd)
- (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.
- (c) 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.

7. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	30.9.2018	30.6.2017	30.9.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Unquoted shares in Malaysia, at cost	404	400	400	400
Share of post-acquisition losses	(404)	(400)	–	–
	–	–	400	400

The details of the associates are as follows:-

Name of Associates	Principal Place of Business	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2018	2017	
Associate of the Company MY E.G. Integrated Networks Sdn. Bhd. ("MINT")*	Malaysia	40%	40%	Provision of software and hardware solutions and related services.
Associates of MYEGC My AdMarket Sdn. Bhd. ("MYAM")	Malaysia	40%	–	Investment holding.

* This associate was audited by other firms of chartered accountants.

On 28 March 2018, MYEGC subscribed for 4 ordinary shares of RM1 each representing 40% equity interests in MYAM for a total cash consideration of RM4.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

7. INVESTMENT IN ASSOCIATES (CONT'D)

- (a) The summarised financial information for each associate that is material to the Group is as follows:-

	MINT	
	30.9.2018	30.6.2017
	RM'000	RM'000
At 30 September		
Non-current assets	1,206	52,641
Current assets	1,058	790
Non-current liabilities	(189)	(287)
Current liabilities	(142,283)	(122,769)
Net liabilities	(140,208)	(69,625)
<u>15-month Period Ended 30 September/12-month Period Ended 30 June</u>		
Revenue	–	–
Loss during the financial period/Total comprehensive expenses	(70,583)	(14,442)
Group's share of losses for the financial period/ Total comprehensive expense	–	–
<u>Reconciliation of Net Liabilities to Carrying Amount</u>		
Group's share of net liabilities *	(56,083)	(27,850)
Share of losses recognised	400	400
Share of losses in excess of the interest in the associate not recognised	55,683	27,450
Carrying amount of the Group's interest in this associate	–	–

The Group has not recognised losses relating to MINT, where its share of losses exceeded the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was RM55.7 million (2017 - RM27.45 million), of which RM28 million relate to the share of the current financial period's losses. The Group has no obligations in respect of these losses.

- (b) The summarised financial information for the associate that is individually immaterial to the Group is as follows:-

	Other Individually Immaterial Associate 30.9.2018 RM
15-month period ended 30 September	
Group's share of loss for the financial period	4

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

8. INVESTMENT IN A JOINT VENTURE

	The Group		The Company	
	30.9.2018	30.6.2017	30.9.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Unquoted shares in Malaysia, at cost	2,726	–	2,726	–
Share of post-acquisition losses	(720)	–	–	–
	2,006	–	2,726	–

The details of the joint venture are as follows:-

Name of Joint Venture	Principal Place of Business	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2018	2017	
I-Pay MYEG Philippines Inc ("MYEG Philippines")*	Philippines	40%	–	Development and implementation of Electronic Government Services projects and provision of other related services including payment services in the Republic of the Philippines.

- (a) The Company entered into a joint venture agreement with I-Pay Commerce Ventures Inc. to incorporate MYEG Philippines on 11 August 2017. The Company will hold 40% equity interest in MYEG Philippines for a total cash consideration of USD2,000,000. As at the end of the financial period, the total paid-up cash consideration amounted to USD633,334 (approximately RM2,726,000).

The Company will further inject the required capitalisation subject to the fulfilment of the conditions as stated in the joint venture agreement.

- (b) The summarised unaudited financial information for the joint venture of the Group is as follows:-

	MYEG Philippines 30.9.2018 RM'000
At 30 September	
Non-current assets	574
Current assets	2,523
Non-current liabilities	(1,467)
Current liabilities	(812)
Net assets	818
14-month period ended 30 September	
Revenue	7,043
Loss during the financial period/ Total comprehensive expenses	(1,799)
Group's share of losses for the financial period/ Total comprehensive expense	(720)
Reconciliation of Net Assets to Carrying Amount	
Group's share of net assets above	327
Add: Deposits for future stock subscriptions in this joint venture	1,679
Carrying amount of the Group's interest in this joint venture	2,006

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. PROPERTY AND EQUIPMENT

	At 1.7.2017 RM'000	Additions RM'000	Reclassification* RM'000	Transfer to investment properties (Note 10) RM'000	Impairment RM'000	Written off RM'000	Depreciation Charges RM'000	At 30.9.2018 RM'000
The Group								
<i>Carrying Amount</i>								
IT Terminals	3,057	5,556	-	-	-	(6)	(1,619)	6,988
Motor vehicles	2,606	2,673	-	-	-	(33)	(1,614)	3,632
Office and communication equipment	41,482	3,334	(563)	-	-	(25)	(12,868)	31,360
Office furniture and renovation	8,655	4,979	28,612	-	-	(425)	(2,985)	38,836
Computers	11,445	3,503	960	-	-	(4)	(5,241)	10,663
Software	1,286	1,328	-	-	-	-	(767)	1,847
Buildings	168,236	6,450	-	(7,876)	-	-	(4,389)	162,421
Capital work-in-progress	112,684	20,717	(29,009)	-	(76,291)	-	-	28,101
	349,451	48,540	-	(7,876)	(76,291)	(493)	(29,483)	283,848

* - mainly relates to renovations which were completed during the current financial period.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. PROPERTY AND EQUIPMENT (CONT'D)

	At 1.7.2016 RM'000	Additions RM'000	Reclassification* RM'000	Transfer to investment properties (Note 10) RM'000	Disposals RM'000	Written off RM'000	Depreciation Charges RM'000	At 30.6.2017 RM'000
The Group								
<i>Carrying Amount</i>								
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

- represents an amount less than RM1,000.

* - relates to the office building which was completed during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. PROPERTY AND EQUIPMENT (CONT'D)

	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment RM'000	Carrying Amount RM'000
The Group				
30.9.2018				
IT Terminals	10,113	(3,125)	—	6,988
Motor vehicles	8,621	(4,989)	—	3,632
Office and communication equipment	97,851	(66,491)	—	31,360
Office furniture and renovation	46,990	(8,154)	—	38,836
Computers	27,796	(17,133)	—	10,663
Software	3,903	(2,056)	—	1,847
Buildings	166,595	(4,174)	—	162,421
Capital work-in-progress	104,392	—	(76,291)	28,101
	466,261	(106,122)	(76,291)	283,848
30.6.2017				
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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. PROPERTY AND EQUIPMENT (CONT'D)

The Company	At 1.7.2017 RM'000	Additions RM'000	Reclassification* RM'000	Transfer to investment properties (Note 10) RM'000	Impairment RM'000	Written off RM'000	Depreciation Charges RM'000	At 30.6.2018 RM'000
<i>Carrying Amount</i>								
Motor vehicles	3	—	—	—	—	—	(1)	2
Office and communication equipment	3,553	1,502	379	—	—	—	(1,256)	4,178
Office furniture and renovation	5,690	3,168	28,630	—	—	(421)	(2,239)	34,828
Computers	5,056	1,023	—	—	—	—	(1,978)	4,101
Software	774	843	—	—	—	—	(488)	1,129
Buildings	91,545	6,450	—	(21,678)	—	—	(2,208)	74,109
Capital work-in-progress	112,389	21,012	(29,009)	—	(76,291)	—	—	28,101
	219,010	33,998	—	(21,678)	(76,291)	(421)	(8,170)	146,448

* - mainly relates to renovations which were completed during the current financial period.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. PROPERTY AND EQUIPMENT (CONT'D)

The Company	At 1.7.2016 RM'000	Additions RM'000	Reclassification* RM'000	Transfer to investment properties (Note 10) RM'000	Disposal RM'000	Written off RM'000	Depreciation Charges RM'000	At 30.6.2017 RM'000
<i>Carrying Amount</i>								
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 (186,356)	(94,658)	—	—	(153)	91,545
Capital work-in-progress	178,507	120,238	—	—	—	—	—	112,389
	190,051	127,283	—	(94,658)	(191)	(#)	(3,475)	219,010

- represents an amount less than RM1,000.

* - relates to the office building which was completed during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. PROPERTY AND EQUIPMENT (CONT'D)

	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment RM'000	Carrying Amount RM'000
The Company				
30.9.2018				
Motor vehicles	540	(538)	–	2
Office and communication equipment	18,104	(13,926)	–	4,178
Office furniture and renovation	39,863	(5,035)	–	34,828
Computers	11,671	(7,570)	–	4,101
Software	2,116	(987)	–	1,129
Buildings	75,974	(1,865)	–	74,109
Capital work-in-progress	104,392	–	(76,291)	28,101
	252,650	(29,921)	(76,291)	146,448

30.6.2017

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

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	
	30.9.2018 RM'000	30.6.2017 RM'000
Motor vehicles	2,210	1,990
Office and communication equipment	2,145	5,442
	4,355	7,432

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	
	30.9.2018 RM'000	30.6.2017 RM'000	30.9.2018 RM'000	30.6.2017 RM'000
Buildings	79,290	168,236	67,670	91,545
Capital work-in-progress	9,998	9,998	9,998	9,998
	89,288	178,234	77,668	101,543

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. INVESTMENT PROPERTIES

	The Group		The Company	
	30.9.2018 RM'000	30.6.2017 RM'000	30.9.2018 RM'000	30.6.2017 RM'000
Cost:-				
At 1 July 2017/2016	17,839	–	94,658	–
Additions	6,443	–	6,443	–
Transfer from property and equipment (Note 9)	7,876	17,839	21,678	94,658
At 30 September 2018/ June 2017	32,158	17,839	122,779	94,658
Accumulated depreciation:-				
At 1 July 2017/2016	(30)	–	(158)	–
Depreciation during the financial period/year	(345)	(30)	(2,526)	(158)
At 30 September 2018/ June 2017	(375)	(30)	(2,684)	(158)
	31,783	17,809	120,095	94,500
Represented by:-				
Buildings	31,783	17,809	120,095	94,500
Fair value	31,257	17,841	117,493	96,270

- (a) Certain buildings have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 29 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, locations and category of properties. The most significant input into this valuation approach is the price per square foot of comparable properties. There have been no changes in the valuation technique during the financial period.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. OTHER INVESTMENTS

		The Group	
		30.9.2018	30.6.2017
		RM'000	RM'000
Unquoted shares		28,527	9,818
<hr/>			
Represented by:-			
At fair value	(a)	19,386	9,818
At cost	(b)	9,141	–
		28,527	9,818

- (a) 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 in an entity engaged in online fashion boutique business

<u>Unobservable Inputs</u>		<u>Relationship of Unobservable Inputs to Fair Value</u>	<u>Sensitivity Analysis (Assume All Other Variables Held Constant)</u>
(aa)	Revenue growth rates of 24% (2017 - 22%)	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.
(bb)	Pre-tax operating profit margins of 30% (2017 - 30%)	Taking into account management's experience and knowledge of market conditions of the specific industries.	A 1% change in revenue growth rate would result in an increase/decrease in the fair value by RM1,130,000.
(cc)	Discount rate of 11% (2017 - 8%)	Reflects current market assessments of the uncertainty in the amount and timing of cash flows.	A 1% change in pre-tax operating profit margin would result in an increase/decrease in the fair value by RM1,124,500.
		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 RM1,109,500.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. OTHER INVESTMENTS (CONT'D)

- (a) These are designated as available-for-sale financial assets and are stated at fair value. (Cont'd)

Investment in an entity engaged in providing computer, mobile software and information technology services.

<u>Unobservable Inputs</u>		<u>Relationship of Unobservable Inputs to Fair Value</u>	<u>Sensitivity Analysis (Assume All Other Variables Held Constant)</u>	
(aa)	Revenue growth rates of 10% (2017 - 7%)	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 RM199,000.
(bb)	Pre-tax operating profit margins of 46% (2017 - 36%)	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 RM109,000.
(cc)	Discount rate of 19% (2017 - 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 RM99,000.

Investment in an entity engaged in providing debt collection system, telecommunication services, computer software, hardware and related accessories.

<u>Unobservable Inputs</u>		<u>Relationship of Unobservable Inputs to Fair Value</u>	<u>Sensitivity Analysis (Assume All Other Variables Held Constant)</u>	
(aa)	Revenue growth rates of 20%	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 RM577,000.
(bb)	Pre-tax operating profit margins of 70%	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 RM184,000.
(cc)	Discount rate of 28%	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 RM441,000.

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

- (b) Investments in unquoted shares of the Group are designated as available-for-sale financial assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

12. DEVELOPMENT COSTS

	The Group		The Company	
	30.9.2018 RM'000	30.6.2017 RM'000	30.9.2018 RM'000	30.6.2017 RM'000
At cost:-				
At 1 July 2017/2016	20,730	20,623	10,267	10,267
Addition during the financial period/year	–	107	–	–
Transfer during the period	(106)	–	–	–
At 30 September 2018/June 2017	20,624	20,730	10,267	10,267
Accumulated amortisation:-				
At 1 July 2017/2016	(15,340)	(13,504)	(7,095)	(5,995)
Amortisation during the financial period/year	(2,294)	(1,836)	(1,375)	(1,100)
At 30 September 2018/June 2017	(17,634)	(15,340)	(8,470)	(7,095)
	2,990	5,390	1,797	3,172

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

13. GOODWILL ON CONSOLIDATION

	The Group	
	30.9.2018 RM'000	30.6.2017 RM'000
Cost:-		
At 1 July 2017/2016	18,549	17,800
Acquisition of subsidiaries (Note 39.1(a))	–	749
Impairment during the financial period/year	18,549 (95)	18,549 –
At 30 September 2018/June 2017	18,454	18,549

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	
	30.9.2018 RM'000	30.6.2017 RM'000
E-business activities	9,422	9,422
Provision of credit card terminal, hardware, solutions and other related services	5,689	5,594
Other cash-generating units without significant goodwill	3,343	3,533
	18,454	18,549

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. GOODWILL ON CONSOLIDATION (CONT'D)

The Group has assessed the recoverable amount of goodwill allocated and determined that no additional 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	
	2018	2017	2018	2017	2018	2017
E-business activities	85%-86%	83% - 86%	5%	5%	16%	9.6%
Provision of credit card terminal, hardware, solutions and other related services	25% - 45%	22% - 39%	35% - 40%	35% - 39%	16%	9.6%

- | | | |
|-----|-------------------------|--|
| (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 directors believe 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.

14. DEFERRED TAX ASSET

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

15. FINANCING RECEIVABLES

	The Group	
	30.9.2018 RM'000	30.6.2017 RM'000
Current assets		
Loan receivables (Secured)	6,482	–
Loan receivables (Unsecured)	2,513	–
Hire purchase and finance lease receivables	5,454	1,302
	14,449	1,302
Non-Current assets		
Loan receivables (Secured)	93,518	–
Loan receivables (Unsecured)	31,304	–
Hire purchase and finance lease receivables	32,969	12,889
	157,791	12,889
Gross financing receivables	172,240	14,191
Allowance for impairment losses	(549)	–
	171,691	14,191

The maturity of the financing receivables are as follows:-

	The Group	
	30.9.2018 RM'000	30.6.2017 RM'000
Non-Current		
Later than 1 year and not later than 5 years	81,718	10,366
Later than 5 years	76,073	2,523
	157,791	12,889
Current		
Not later than 1 year	13,900	1,302
	171,691	14,191

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

16. INVENTORIES

	The Group	
	30.9.2018	30.6.2017
	RM'000	RM'000
Used motor vehicles	185	37
New motor vehicles	619	–
Finished goods	2,593	1,773
	3,397	1,810
Recognised in profit or loss:-		
Amount written down to net realisable value	1	39
Inventories recognised as cost of sales	35,868	16,226

17. TRADE RECEIVABLES

	The Group		The Company	
	30.9.2018	30.6.2017	30.9.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Trade receivables	150,187	100,305	340	11,428
Allowance for impairment losses	(13)	(15)	–	–
	150,174	100,290	340	11,428
Accrued income	681	438	–	–
	150,855	100,728	340	11,428
Allowance for impairment losses:-				
At 1 July 2017/2016	(15)	(58)	–	–
Addition during the financial period/year	(41)	(15)	–	–
Reversal during the financial period/year	43	58	–	–
At 30 September 2018/June 2017	(13)	(15)	–	–

The Group's normal trade credit terms range from cash terms to 180 days (2017 - cash term to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	30.9.2018	30.6.2017	30.9.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Other receivables	20,850	76,467	5,554	3,620
Allowance for impairment losses	(20)	(20)	–	–
Goods and services tax recoverable	1,030	2,351	126	2,217
	21,860	78,798	5,680	5,837
Deposits	3,534	3,316	1,894	2,089
Prepayments	53,553	39,186	37,091	32,347
	78,947	121,300	44,665	40,273
Allowance for impairment losses:-				
At 1 July 2017/2016	(20)	–	–	–
Addition during the financial period/year	–	(20)	–	–
At 30 September 2018/ June 2017	(20)	(20)	–	–
Advance payments for:-				
Insurance premium to a designated insurance agent*	–	65,260	–	–
Purchase of equipment	45,669	34,058	35,506	28,500
Advance payments for exhibition and marketing	4,350	–	–	–
Performance bond placed with gateway provider	17,775	10,478	3,681	3,230
Performance bond placed with government agency	99	99	–	–
Renovation works	374	1,165	312	258

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

19. AMOUNT OWING BY SUBSIDIARIES

The non-trade balances represent unsecured interest-free advances and payment made on behalf. The amount owing is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

20. AMOUNT OWING BY AN ASSOCIATE

	The Group		The Company	
	30.9.2018	30.6.2017	30.9.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Amount owing by:				
- trade	65,450	63,374	42,750	40,674
- non-trade	30,000	22,155	30,000	22,153
	95,450	85,529	72,750	62,827
Less: Allowance for impairment losses	(95,450)	–	(72,750)	–
	–	85,529	–	62,827

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 was 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.

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 was carried out to ensure any further technical issues in relation to the Project are resolved prior to commercialisation in the near future.

Effective 1 June 2018, it was announced by the Ministry of Finance ("MOF") that a zero-rated GST will be imposed. Subsequent to this announcement, the GST regime has been abolished and replaced by the Sales and Services Tax ("SST"). Hence, the Project has been temporarily suspended. Accordingly, full impairment on the amount owing by the associate has been provided during the financial period.

21. AMOUNT OWING BY A JOINT VENTURE

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

22. FIXED DEPOSITS WITH LICENSED BANKS

- The fixed deposits with licensed banks of the Group and the Company at the end of the reporting period bore weighted average effective interest rate of 3.70% and 3.92% (2017 - 4.73% and 5.07%) per annum respectively. The fixed deposits have maturity periods ranging from 1 to 12 (2017 - 1 to 12) months.
- Included in the fixed deposits with licensed banks of the Group and the Company at the end of the reporting period were amounts of RM9,843,000 and RM7,250,000 (2017 - RM15,197,000 and RM13,035,000) respectively which have been pledged to licensed banks as security for banking facilities granted to the Group and the Company.
- At the end of the reporting period, the fixed deposits of the Group and the Company amounting to RM216,000 and RM33,000 (2017 - RM216,000 and RM33,000) respectively were held in trust by a director of the subsidiary and a director of the Company, respectively.

The fixed deposits held in trust have been pledged to licensed banks as security for banking facilities granted to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

23. CASH AND BANK BALANCES

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

	The Group		The Company	
	30.9.2018	30.6.2017	30.9.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Short-term cash investments	21,102	64,038	517	18,055

The short-term cash investments at the end of the reporting period bore effective interest rates ranging from 1.25% to 4.25% (2017 - 1.25% to 3.60%) per annum. The short-term cash investments have maturity periods ranging from 1 to 30 (2017 - 1 to 30) days.

At the end of the reporting period, the bank balances of the Group and the Company amounting to RM67,000 (2017 - RM1,136,000) was held in trust by a director of the Company and a director of a subsidiary.

24. SHARE CAPITAL

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

	The Company			
	2018		2017	
	Number Of Shares '000	Share Capital RM'000	Number Of Shares '000	Share Capital RM'000
Issued and Fully Paid-Up				
Ordinary shares with no par value				
At 1 July 2017/2016	3,606,306	360,630	2,404,204	240,420
Bonus issue	—	—	1,202,102	120,210
At 30 September 2018/June 2017	3,606,306	360,630	3,606,306	360,630

- (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) In the previous financial year, 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.
- (iii) In the previous financial year, the concept 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 was 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

25. TREASURY SHARES

	The Company			
	2018		2017	
	Number Of Shares '000	Treasury Shares RM'000	Number Of Shares '000	Treasury Shares RM'000
At 1 July 2017/2016	–	–	1	2
Buy back	54,000	52,804	3,876	7,954
Sold	–	–	(3,877)	(7,956)
At 30 September 2018/June 2017	54,000	52,804	–	–

During the financial period, the Company purchased 54,000,000 of its issued ordinary shares from the open market at an average price of RM0.98 per share. The total consideration paid for the shares purchased was RM52,804,323 including transaction costs. The ordinary shares purchased were held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

As at the end of the reporting period, the Company held as treasury shares a total of 54,000,000 of its 3,606,305,990 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM52,804,323.

26. 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.

27. LONG-TERM BORROWINGS

	The Group		The Company	
	30.9.2018 RM'000	30.6.2017 RM'000	30.9.2018 RM'000	30.6.2017 RM'000
Hire purchase and, finance lease payables (Note 28)	2,085	3,187	–	–
Term loans (Note 29)	92,598	110,973	92,598	110,960
	94,683	114,160	92,598	110,960

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

28. HIRE PURCHASE AND FINANCE LEASE PAYABLES (SECURED)

	The Group	
	30.9.2018 RM'000	30.6.2017 RM'000
Minimum hire purchase and finance lease payments:		
- not later than 1 year	1,886	2,488
- later than 1 year and not later than 5 years	2,199	3,378
	4,085	5,866
Less: Future finance charges	(273)	(433)
Present value of hire purchase and finance lease payables	3,812	5,433
Non-current portion (Note 27):		
- later than 1 year and not later than 5 years	2,085	3,187
Current portion (Note 34):		
- not later than 1 year	1,727	2,246
	3,812	5,433

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 5.26% (2017 - 5.69%) per annum. The interest rates are fixed at the inception of hire purchase and finance lease arrangements.

29. TERM LOANS (SECURED)

	The Group		The Company	
	30.9.2018 RM'000	30.6.2017 RM'000	30.9.2018 RM'000	30.6.2017 RM'000
Current liabilities (Note 34)	14,926	15,909	14,926	14,967
Non-current liabilities (Note 27)	92,598	110,973	92,598	110,960
	107,524	126,882	107,524	125,927

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	120	373	July 2017

The term loans bore a weighted average effective floating interest rate of 4.51% (2017 - 4.74%) per annum at the end of the reporting and are secured by:-

- (i) a placement of certain Deposits of the Company; and
- (ii) a specific charge over the buildings and investment properties of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

30. DEFERRED TAX LIABILITIES

	The Group		The Company	
	30.9.2018 RM'000	30.6.2017 RM'000	30.9.2018 RM'000	30.6.2017 RM'000
At 1 July 2017/2016	2,102	1,081	1,800	878
Recognised in profit or loss (Note 37)	175	1,021	110	922
At 30 September 2018/June 2017	2,277	2,102	1,910	1,800

The deferred tax liabilities are attributable to the following:-

	The Group		The Company	
	30.9.2018 RM'000	30.6.2017 RM'000	30.9.2018 RM'000	30.6.2017 RM'000
Accelerated capital allowances	1,718	1,543	1,351	1,241
Development costs	559	559	559	559
	2,277	2,102	1,910	1,800

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 crystallise 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	
	30.9.2018 RM'000	30.6.2017 RM'000
Accelerated capital allowances	4,147	7,622
Development costs	990	990
Others	754	1,044
	5,891	9,656

31. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from cash terms to 90 (2017 - cash term to 90) days.

32. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	30.9.2018 RM'000	30.6.2017 RM'000	30.9.2018 RM'000	30.6.2017 RM'000
Other payables	10,674	8,917	2,911	3,020
Accruals	16,014	7,984	2,834	1,468
Deposits	1,431	1,083	244	—
Goods and services tax payable	1,143	3,660	28	—
	29,262	21,644	6,017	4,488

Included in the other payables of the Group is an amount of RM566,000 (2017 - RM483,000) in respect of the upfront payments received from customers for the rental of devices and maintenance services.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

33. DEFERRED REVENUE

The current financial period balances represent unrealised gains arising from the fees derived from providing road care assistance.

In the previous financial year, deferred revenue represented the unrealised gains arising from the sales between the Group and an associate.

34. SHORT-TERM BORROWINGS

	The Group		The Company	
	30.9.2018	30.6.2017	30.9.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Hire purchase and finance lease payables (Note 28)	1,727	2,246	–	–
Term loans (Note 29)	14,926	15,909	14,926	14,967
Revolving credit	15,760	5,000	10,000	–
	32,413	23,155	24,926	14,967

The revolving credit of the Group and of the Company at the end of the reporting period bore floating interest rates of 4.03% and 4.06% (2017 - 5.68%) per annum respectively.

35. REVENUE

	The Group		The Company	
	1.7.2017 to 30.9.2018	1.7.2016 to 30.6.2017	1.7.2017 to 30.9.2018	1.7.2016 to 30.6.2017
	RM'000	RM'000	RM'000	RM'000
Concession Based Services	81,955	76,425	7,255	8,229
Commercial Based Services and Products (Concession and Non-Concession Related):				
- sale of goods	40,052	19,196	–	–
- services rendered	431,426	275,242	5,109	5,042
Dividend income	–	–	300,000	233,500
Interest income derived from financing receivables	8,837	352	–	–
	562,270	371,215	312,364	246,771

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

36. PROFIT BEFORE TAXATION

	The Group		The Company	
	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for impairment losses on goodwill	95	-	-	-
Amortisation of development costs	2,294	1,836	1,375	1,100
Audit fee:				
- current financial period/year	293	194	60	48
- underprovision in the previous financial year	12	43	4	8
Bad debts written off	11	-	-	-
Directors' fee	1,058	873	1,058	873
Directors' non-fee emoluments	1,039	767	44	53
Depreciation of equipment	29,483	17,846	8,170	3,475
Depreciation of investment properties	345	30	2,526	158
Equipment written off	493	1	421	#
Impairment loss on:				
- trade receivables	41	15	-	-
- financing receivables	549	-	-	-
- other receivables	-	20	-	-
- other investments	-	870	-	-
- equipment	76,291	-	76,291	-
- amount owing by an associate	95,450	-	72,750	-
Interest expense on financial liabilities not at fair value through profit or loss:				
- hire purchase and finance lease	333	417	-	-
- revolving credit	471	137	112	-
- term loans	7,094	4,687	7,055	4,565
(Gain)/Loss on foreign exchange:				
- realised	(126)	306	-	-
- unrealised	(120)	(21)	(127)	(38)
Preliminary expenses	-	1	-	-
Rental expense:				
- equipment	355	213	53	2
- parking	1	71	1	57
- premises	3,401	5,150	1,198	1,149
- others	#	35	-	-
Share of losses in a joint venture	720	-	-	-
Staff costs:				
- salaries and other benefits	106,871	67,159	11,278	9,286
- defined contribution plan	11,916	7,620	1,144	880
Inventories written down	1	39	-	-
Dividend income from a subsidiary	-	-	(300,000)	(233,500)
(Gain)/Loss on disposal of equipment	#	(45)	-	84
Gain on partial disposal of an other investment	(1,198)	-	-	-
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	(3,123)	(3,515)	(716)	(995)
Rental income	(7,790)	(3,612)	(7,023)	(2,422)
Reversal of impairment loss on trade receivables	(43)	(58)	-	-
Reversal of deferred income	(19,940)	-	-	-

- represents an amount less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

37. INCOME TAX EXPENSE

	The Group		The Company	
	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000
Current tax:				
- for the current financial period/year	2,474	592	117	140
- overprovision in the previous financial year	(146)	(183)	(143)	(168)
	2,328	409	(26)	(28)
Deferred tax (Note 30):				
- for the current financial period/year	81	1,131	110	922
- overprovision in the previous financial year	94	(110)	-	-
	175	1,021	110	922
	2,503	1,430	84	894

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	
	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000
Profit before taxation	128,473	201,478	106,293	206,170
Tax at the applicable statutory tax rate of 24%	30,833	48,355	25,510	49,481
Tax effects of:-				
Non-taxable income	(4,925)	-	(72,000)	(56,040)
Tax exempted income	(82,007)	(57,873)	(122)	(96)
Non-deductible expenses	47,518	4,994	38,688	2,424
Deferred tax assets not recognised for the financial period/year	11,136	6,348	8,151	5,293
Utilisation of deferred tax assets previously not recognised	-	(101)	-	-
(Over)/underprovision in the previous financial year:				
- current tax	(146)	(183)	(143)	(168)
- deferred tax	94	(110)	-	-
	2,503	1,430	84	894

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

37. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017 - 24%) of the estimated assessable profit for the financial period.

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.

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

	The Group		The Company	
	30.9.2018	30.6.2017	30.9.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	75,097	37,321	57,454	30,695
Unabsorbed capital allowances	26,912	20,215	25,071	19,976
Accelerated capital allowances	(3,977)	(5,911)	(2,936)	(5,050)
Other provisions	(99)	(197)	(99)	(196)
	97,933	51,428	79,490	45,425

38. EARNINGS PER SHARE

	The Group	
	1.7.2017 to 30.9.2018	1.7.2016 to 30.6.2017
Profit attributable to owners of the Company (RM'000)	128,952	201,511
Weighted average number of shares at 1 July 2017/2016 ('000):		
- issued ordinary shares	3,606,306	2,404,204
- treasury shares held	-	(1)
	3,606,306	2,404,203
Effect of treasury share buy-back and resale	(15,389)	(1,330)
Effect of bonus issue	-	1,202,102
Weighted average number of shares at 30 September 2018/June 2017 ('000)	3,590,917	3,604,975
Basic earnings per share (Sen)	3.6	5.6

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

39. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

39.1 ACQUISITION OF SUBSIDIARIES

- (a) 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 30.6.2017 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 13)	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

- (b) 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 30.6.2017 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

40. DIVIDENDS

	The Company	
	30.9.2018 RM'000	30.6.2017 RM'000
In respect of the financial year ended 30 June 2016:		
- a final tax-exempt dividend of 1.30 sen per ordinary share paid on 25 January 2017	–	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 paid on 24 May 2017	–	18,031
- a final dividend of 1.20 sen per ordinary share paid on 6 February 2018	43,276	–
In respect of the financial period ended 30 September 2018:		
- a first interim single tier dividend of 0.50 sen per ordinary share paid on 25 May 2018	18,032	–
	61,308	49,286

At the forthcoming Annual General Meeting, a final dividend of 1.40 sen per ordinary share in respect of the current financial period will be proposed for the approval of the shareholders. The financial statements for the current financial period 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.

41. PURCHASE OF PROPERTY AND EQUIPMENT

	The Group		The Company	
	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000
Cost of property and equipment purchased	48,540	134,578	33,998	127,283
Amount financed through hire purchase and finance lease	(1,055)	–	–	–
Cash disbursed for purchase of property and equipment	47,485	134,578	33,998	127,283

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

42. CASH FLOW INFORMATION

(a) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans RM'000	Revolving Credit RM'000	Hire Purchase and Finance Lease RM'000	Total RM'000
2018				
At 1 July 2017	126,882	5,000	5,433	137,315
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	–	11,960	–	11,960
Repayment of borrowing principal	(12,237)	(841)	(2,333)	(15,411)
Repayment of borrowing interests	(7,121)	(359)	(343)	(7,823)
	(19,358)	10,760	(2,676)	(11,274)
<u>Non-cash Changes</u>				
New hire purchase	–	–	1,055	1,055
At 30 September 2018	107,524	15,760	3,812	127,096

The Company	Term Loans RM'000	Revolving Credit RM'000	Total RM'000
2018			
At 1 July 2017	125,927	–	125,927
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	–	10,000	10,000
Repayment of borrowing principal	(11,348)	–	(11,348)
Repayment of borrowing interests	(7,055)	–	(7,055)
	(18,403)	10,000	(8,403)
At 30 September 2018	107,524	10,000	117,524

Comparative information is not presented by virtue of the exemption given in MFRS 107.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

42. CASH FLOW INFORMATION (CONT'D)

(b) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	30.9.2018	30.6.2017	30.9.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	10,066	15,763	7,250	13,065
Cash and bank balances	100,164	121,810	26,000	25,880
	110,230	137,573	33,250	38,945
Less: Fixed deposits pledged to licensed banks	(9,843)	(15,197)	(7,219)	(13,035)
Less: Fixed deposits with tenure more than 3 months	(144)	(490)	(31)	(30)
	100,243	121,886	26,000	25,880

43. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company includes executive directors and non-executive directors of the Company and certain members of senior management of the Group.

The key management personnel compensation during the financial period/year is as follows:-

	The Group		The Company	
	1.7.2017 to 30.9.2018	1.7.2016 to 30.6.2017	1.7.2017 to 30.9.2018	1.7.2016 to 30.6.2017
	RM'000	RM'000	RM'000	RM'000
Directors				
<u>Directors of the Company</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- fees	777	622	777	622
- other benefits	44	53	44	53
	821	675	821	675
<i>Non-executive Directors</i>				
Short-term employee benefits:				
- fees	281	251	281	251
	1,102	926	1,102	926

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

43. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The key management personnel compensation during the financial period/year is as follows:- (Cont'd)

	The Group		The Company	
	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000
<u>Directors of the Subsidiaries</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	655	471	-	-
- defined contribution benefits	78	57	-	-
<i>Non-executive Directors</i>				
Short-term employee benefits:				
- other benefits	234	186	-	-
- defined contribution benefits	28	-	-	-
	995	714	-	-
Other Key Management Personnel				
Short-term employee benefits	734	544	734	544
Defined contribution benefits	77	65	77	65
Total compensation for other key management personnel	811	609	811	609

44. 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, joint ventures, key management personnel and entities within the same group of companies.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

44. RELATED PARTY DISCLOSURES (CONT'D)

(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 period/year:-

	The Group		The Company	
	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000	1.7.2017 to 30.9.2018 RM'000	1.7.2016 to 30.6.2017 RM'000
Sales to:				
<i>A subsidiary</i>				
MECSB	–	–	1,200	960
<i>An associate</i>				
MINT	2,000	2,400	2,000	2,400
Dividend income from a subsidiary				
EGBS	–	–	300,000	233,500
Services rendered by a subsidiary /related company	–	–	12	–
Management fees charged by a subsidiary:				
MYEGMS	–	–	3,825	850
Rental charged to an associate	605	–	605	–
Rental income from subsidiaries	–	–	5,268	1,938
Professional fees charged by a related party:				
Embunaz Ventures Sdn. Bhd.*	312	250	312	250

* a Company in which Dato' Dr Norraesah Binti Haji Mohamad has a substantial financial interest.

The significant outstanding balances of the related parties, if any, together with their terms are disclosed in the respective notes to the financial statements.

45. 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 customer, with revenue equal to or more than 10% of Group revenue in this financial period (2017 - Nil).

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

46. CAPITAL COMMITMENTS

	The Group		The Company	
	30.9.2018	30.6.2017	30.9.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Purchase of property and equipment	53,753	18,936	43,528	17,015

47. OPERATING LEASE COMMITMENTS

Leases as Lessee

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group		The Company	
	30.9.2018	30.6.2017	30.9.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	17,796	13,109	1,046	1,587
Later than 1 year and not later than 5 years	3,250	2,315	777	466
	21,046	15,424	1,823	2,053

48. 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	
	30.9.2018	30.6.2017
	RM'000	RM'000
Corporate guarantees given to licensed banks for credit facilities granted to:		
- subsidiaries	10,246	12,721
- an associate	4,000	4,000
	14,246	16,721

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

49. 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.

49.1 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.

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				
30.9.2018				
<i>Financial Assets</i>				
Other investments	—	—	28,527	28,527
Financing receivables	—	—	171,691	171,691
Trade receivables *	—	—	150,174	150,174
Other receivables and deposits	—	—	24,264	24,264
Amount owing by a joint venture	—	—	13	13
Fixed deposits with licensed banks	—	—	10,066	10,066
Cash and bank balances	543	148	99,473	100,164
	543	148	484,208	484,899

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

The Group's policies in respect of the major areas of treasury activity are as follows: (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM'000	Singapore Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group				
30.9.2018				
<u>Financial Liabilities</u>				
Trade payables	3,356	–	156,154	159,510
Other payables and accruals	–	–	28,119	28,119
Hire purchase and finance lease payables	–	–	3,812	3,812
Term loans	–	–	107,524	107,524
Revolving credit	–	–	15,760	15,760
	3,356	–	311,369	314,725
Net financial (liabilities)/assets	(2,813)	148	172,839	170,174
Less: Net financial assets denominated in the respective entities' functional currencies	–	–	(172,839)	(172,839)
Currency Exposure	(2,813)	148	–	(2,665)

* - The trade receivables exclude accrued income.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

The Group's policies in respect of the major areas of treasury activity are as follows: (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM'000	Singapore Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group				
30.6.2017				
<u>Financial Assets</u>				
Other investments	–	–	9,818	9,818
Financing 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
<u>Financial Liabilities</u>				
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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

The Group's policies in respect of the major areas of treasury activity are as follows: (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			
30.9.2018			
<u>Financial Assets</u>			
Trade receivables *	–	340	340
Other receivables and deposits	–	7,448	7,448
Amount owing by subsidiaries	–	328,044	328,044
Amount owing by a joint venture	–	13	13
Fixed deposits with licensed banks	–	7,250	7,250
Cash and bank balances	148	25,852	26,000
	148	368,947	369,095
<u>Financial Liabilities</u>			
Trade payables	–	887	887
Other payables and accruals	–	5,989	5,989
Term loans	–	107,524	107,524
Revolving credit	–	10,000	10,000
	–	124,400	124,400
Net financial assets	148	244,547	244,695
Less: Net financial assets denominated in the respective entities' functional currencies	–	(244,547)	(244,547)
Currency Exposure	148	–	148

* - The trade receivables exclude accrued income.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

The Group's policies in respect of the major areas of treasury activity are as follows: (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			
30.6.2017			
<u>Financial Assets</u>			
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
<u>Financial Liabilities</u>			
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

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

The Group's policies in respect of the major areas of treasury activity are as follows: (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 29 and 34 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, financing, 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, financing, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

The Group's policies in respect of the major areas of treasury activity are as follows: (Cont'd)

(b) Credit Risk (Cont'd)

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by a trade receivable which constituted approximately 9% of its total trade receivables (including financing 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 financing 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
2018				
Not past due	293,801	-	-	293,801
Past due:				
- less than 3 months	10,233	-	(549)	9,684
- 3 to 6 months	5,250	-	-	5,250
- over 6 months	13,130	-	-	13,130
	322,414	-	(549)	321,865
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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

The Group's policies in respect of the major areas of treasury activity are as follows: (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):-

	Weighted Average Effective 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						
2018						
<u>Non-derivative Financial Liabilities</u>						
Hire purchase and finance lease payables	5.26	3,812	4,084	1,886	2,198	–
Term loans	4.51	107,524	135,980	20,110	74,489	41,381
Revolving credit	4.03	15,760	17,050	9,078	7,972	–
Trade payables	–	159,510	159,510	159,510	–	–
Other payables and accruals	–	28,119	28,119	28,119	–	–
		314,725	344,743	218,703	84,659	41,381

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

The Group's policies in respect of the major areas of treasury activity are as follows: (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)

	Weighted Average Effective 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						
2017						
<u>Non-derivative Financial Liabilities</u>						
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
The Company						
2018						
<u>Non-derivative Financial Liabilities</u>						
Term loans	4.51	107,524	135,980	20,110	74,489	41,381
Revolving credit	4.06	10,000	10,000	10,000	–	–
Trade payables	–	887	887	887	–	–
Other payables and accruals	–	5,989	5,989	5,989	–	–
		124,400	152,856	36,986	74,489	41,381
2017						
<u>Non-derivative Financial Liabilities</u>						
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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.2 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	
	30.9.2018	30.6.2017
	RM'000	RM'000
Hire purchase and finance lease payables	3,812	5,433
Term loans	107,524	126,882
Revolving credit	15,760	5,000
Trade payables	159,510	130,774
Other payables and accruals	28,194	17,984
	314,800	286,073
Less: Fixed deposits with licensed banks	(10,066)	(15,763)
Less: Cash and bank balances	(100,164)	(121,810)
Net debt	204,570	148,500
Total equity	563,902	551,941
Debt-to-equity ratio	0.36	0.27

There was no change in the Group's approach to capital management during the financial period.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	30.9.2018	30.6.2017	30.9.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
<u>Available-for-sale Financial Asset</u>				
Other investments	28,527	9,818	–	–
<u>Loan and Receivables Financial Assets</u>				
Financing receivables	171,691	14,191	–	–
Trade receivables *	150,174	100,290	340	11,428
Other receivables and deposits	24,364	79,763	7,448	5,709
Amount owing by subsidiaries	–	–	318,044	213,291
Amount owing by an associate	–	85,529	–	62,827
Amount owing by a joint venture	13	–	13	–
Fixed deposits with licensed banks	10,066	15,763	7,250	13,065
Cash and bank balances	100,164	121,810	26,000	25,880
	456,472	417,346	359,095	332,200
Financial Liability				
<u>Other Financial Liabilities</u>				
Hire purchase and finance lease payables	3,812	5,433	–	–
Term loans	107,524	126,882	107,524	125,927
Revolving credit	15,760	5,000	10,000	–
Trade payables	159,510	130,774	887	377
Other payables and accruals	28,119	17,984	5,989	4,488
	314,725	286,073	124,400	130,792

* - The trade receivables exclude accrued income.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.4 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:-

The Group	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 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
30.9.2018								
Financial Assets								
Other investments:								
- unquoted shares	-	-	19,386	-	-	9,141	28,527	28,527
Financing receivables	-	-	-	-	171,691	-	171,691	171,691
Financial Liabilities								
Hire purchase and finance lease payables	-	-	-	-	3,828	-	3,828	3,812
Term loans	-	-	-	-	107,524	-	107,524	107,524

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.4 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 RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
The Group								
30.6.2017								
Financial Assets								
Other investments:								
- unquoted shares	-	-	9,818	-	-	-	9,818	9,818
Financing 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 Company								
30.9.2018								
Financial Liability								
Term loans	-	-	-	-	107,524	-	107,524	107,524
30.6.2017								
Financial Liability								
Term loans	-	-	-	-	125,927	-	125,927	125,927

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.4 FAIR VALUE INFORMATION (CONT'D)

(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 11 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 financing 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	
	30.9.2018	30.6.2017	30.9.2018	30.6.2017
	%	%	%	%
Hire purchase and finance lease receivables	3.82	5.19	—	—
Loan receivables	7.65	—	4.06	—
Hire purchase and finance lease payables	5.26	5.69	—	—
Term loans	4.51	4.74	4.51	4.72

50. SIGNIFICANT EVENTS DURING THE FINANCIAL 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 illegal foreign workers for the Immigration Department of Malaysia.
- (b) On 27 October 2017, MLSB accepted the Lease Agreement with Johor Corporation dated 13 September 2017 and duly stamped on 17 October 2017. The Lease Agreement is to formalize the letter of offer dated 22 March 2017 and 15 May 2017 in respect of the lease for a piece of land situated at PLO 69, Tanjung Langsat Industrial Complex, Johor Bahru for a total lease consideration amounting to RM10,763,589.
- (c) On 6 December 2017, MYEGFT received a letter from the Ministry of Urban Wellbeing, Housing and Local Government of Malaysia ("the Ministry") dated 30 November 2017, granting MYEGFT a Moneylender's License ("the License") pursuant to the Moneylenders Act 1951.
- (d) On 13 December 2017, MYEGC entered into a Shareholders Agreement with Kris Uttraphan ("Kris"), Beng Paik A/L Chau Deng ("Beng Paik"), Koomerang Ventures Inc. Sdn. Bhd. and Stampede Holdings Sdn. Bhd. ("Stampede"), a Subscription Agreement with Stampede and Kris to subscribe for 376,444,336 shares and a Share Sale Agreement with Beng Paik and Kris for the purchase of 664,313,535 shares, collectively representing approximately 23.5% of the enlarged issued and paid up shares of Stampede for a total consideration of RM10.4 million only.
- (e) On 3 January 2018, MYEGJOBS has launched a new commercial service, namely the provision of job matching and placement service to match Malaysian employers with foreign workers. This service complements the Company's other foreign worker-related services, including the online renewal of work permits and the rehiring programme as well as the respective online renewal of foreign worker insurance.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

50. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONT'D)

- (f) On 5 January 2018, the Company received a Letter of Extension dated 20 December 2017 from the Ministry of Home Affairs in respect of the voluntary repatriation of illegal foreign workers for the Immigration Department of Malaysia in relation to the extension of the Project, which had expired on 31 December 2017. The Extension is from 1 January 2018 to 30 June 2018.
- (g) On 10 January 2018, MYEGALP received a Letter of Approval from Bank Negara Malaysia ("BNM") dated 8 January 2018, pursuant to Section 11 of the Financial Services Act 2013 ("FSA"), allowing MYEGALP to issue electronic money via its IPayEasy e-wallet with a maximum wallet limit of RM1,500 per customer.
- (h) On 24 February 2018, MYEGC entered into a Joint Venture Agreement and Share Subscription Agreement in relation to the subscription of shares in Guangdong Virtual Reality Technology Co., Ltd., for a total consideration of RMB15,000,000 (approximately RM9.24 million only).
- (i) On 3 April 2018, MLSB has entered into a Memorandum Of Understanding with Johor Corporation to explore the possibility to purchase or lease a land situated within Muar Furniture Park.
- (j) On 2 May 2018, MYEG Philippines entered into a Service Level Agreement with the local government of Quezon City, Philippines, to act as the electronic payment gateway service provider for Quezon in relation to the collection of taxes and other services offered by Quezon through its payment channels.
- (k) On 31 May 2018, MYAA entered into a Service Agreement with AIG Malaysia Insurance Berhad for the provision of road care assistance programme to AIG's policyholders. The Agreement is effective for two years upon signing and may be extended upon such terms and conditions to be mutually agreed upon.
- (l) On 18 June 2018, MYEG Philippines entered into a Memorandum Of Understanding ("MOU") with Cagayan Economic Zone Authority ("CEZA") to allow IPMPI to register as a Financial Technology Solutions Business Enterprise license applicant to act as a payment processor and payment gateway business enterprise for offshore transactions in the Philippines specifically within the Cagayan Special Economic Zone and Freeport.
- (m) On 2 July 2018, MYEG Philippines entered into a Memorandum of Agreement ("MOA") with CIMB Bank Philippines Inc ("CIMBPH") for the purpose of marketing CIMBPH's financial products on IPMPI's digital services and platforms to eligible individuals in the Republic of the Philippines.
- (n) On 9 August 2018, MYEGI entered into a Joint Venture Cum Shareholders Agreement ("the Agreement") with Control Data (BD) Limited, My Paycheck Sdn. Bhd., Arif Alam and Teo Kim Hoe to establish a Joint Venture Corporation for the purpose of engaging in the business of technology services and e-government services in Bangladesh, in accordance with the terms and conditions of the Agreement.
- (o) On 12 September 2018, MYEGJOBS received a Licence from the Department of Labour Peninsular Malaysia, Ministry of Human Resources ("MOH") to conduct matters relating to private employment agencies.
- (p) On 28 September 2018, the Company entered into a Sale and Purchase Agreement with Cosmopolitan Avenue Sdn. Bhd. for the acquisition of a commercial space within the podium level below MYEG Tower at Empire City for an aggregate cash consideration of RM35,355,840,000.

The Company has also on the even date entered into a Put Option Agreement with Cosmopolitan to obtain an option at the Company's sole discretion to sell the Property back to Cosmopolitan at the sum equal to 66.67% of the Purchase Consideration within six (6) months from the date of delivery of vacant possession of the Property to the Company.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

51. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) On 12 October 2018, the Company had accepted the Letter of Intent (“LOI”) from Universiti Utara Malaysia (“UUM”) with the intention to work, co-operate and deploy their respective expertise, knowledge and resources to conduct academic programmes.
- (b) On 22 October 2018, the Company had entered into a Memorandum of Understanding (“MOU”) with University of Malaya (“UM”) to jointly promote and foster the development of academic and research projects in blockchain, as well as for the implementation of an on-campus e-wallet.
- (c) On 12 November 2018, the rights, title, interests and benefits together with all duties, obligations and liabilities of MYEGI arising from the Joint Venture Cum Shareholders Agreement (“the Agreement”) with Control Data (BD) Limited, My Paycheck Sdn. Bhd., Arif Alam and Teo Kim Hoe have been transferred to and assumed by MYEGB.
- (d) On 26 November 2018, MYEGIND entered into a Memorandum Of Understanding (“the MOU”) with PT Cartenz Technology Indonesia (“Cartenz”) to define and regulate the intended collaboration and cooperation to expand and extend the scope of Cartenz’s product and services in relation to its tax monitoring system and tax revenue system in the Republic of Indonesia, upon the terms and conditions contained in the MOU.
- (e) On 17 December 2018, the Company’s joint venture company, I-Pay MYEG Philippines Inc. together with I-Pay Commerce Ventures, Inc. had entered into a Memorandum of Agreement with National Bureau of Investigation (“NBI”) to implement the NBI’s Electronic Payment and Collection System (“EPCS”), including the installation and operation of the EPCS as well as other related services such as online registration, online appointment, online payment, and help desk/support capabilities.

52. COMPARATIVE FIGURES

The Company has changed its financial year end from 30 June to 30 September. Consequently, the comparatives figures for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and their related notes are not comparable to that for the current 15 months period ended 30 September 2018.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

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

2. MATERIAL CONTRACTS

There were no material contracts subsisting at the end of the FP2018 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. RECURRENT RELATED PARTY TRANSACTIONS

Details of transactions with related parties undertaken by the Group during the FP2018 are disclosed in Note 44(b) to the Financial Statements.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is required by the Act to present the financial statements for each financial year which have been made out in accordance with the applicable approved 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 FP2018, the appropriate accounting policies were used and applied consistently, adopted to include new and revised Malaysian Financial Reporting Standards where applicable. The Board is also at 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 and which enable them to ensure that the financial statements comply with the Act.

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

ANALYSIS OF SHAREHOLDINGS

As at 2 January 2019

Total number of issued shares	:	3,606,305,993 (including 108,852,300 treasury shares)
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share
Number of shareholders	:	20,021

DISTRIBUTION OF SHAREHOLDINGS ⁽¹⁾

Size of Shareholdings	No. of Shareholders	% ⁽²⁾	No. of Shares	% ⁽²⁾
Less than 100	405	2.02	16,820	0.00
100 to 1,000	3,716	18.56	2,293,852	0.07
1,001 to 10,000	10,505	52.47	49,940,824	1.43
10,001 to 100,000	4,505	22.50	140,467,093	4.01
100,001 – less than 5% of issued shares	888	4.44	2,875,759,110	82.11
5% and above issued shares	2	0.01	433,775,994	12.39
Total	20,021	100.00	3,502,253,693	100.00

Notes:-

⁽¹⁾ Pursuant to the Bursa Malaysia Depository Disclosure Framework, reports on the list of shareholders and transactions are based on the settlement cycle of 3 trading days after the transaction date. Hence, the distribution of shareholdings record transactions made up to 27 December 2018 which was subsequently captured in the Record of Depository ("ROD") dated 2 January 2019.

⁽²⁾ Excluding a total of 104,052,300 Shares bought back by the Company and retained as treasury shares based on the ROD dated as at 2 January 2019.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Names of Substantial Shareholders	Direct Interest	No. of Shares Held		% ⁽¹⁾
		% ⁽¹⁾	Indirect Interest	
Dato' Dr Norraesah Binti Haji Mohamad	26,260,000	0.75	1,039,280,444 ⁽²⁾	29.71
Wong Thean Soon	268,939,130	7.69	1,093,680,444 ⁽³⁾	31.27
Asia Internet Holdings Sdn Bhd	1,039,280,444	29.71	–	–

Notes:-

⁽¹⁾ Excluding a total of 108,852,300 Shares bought back by the Company and retained as treasury shares.

⁽²⁾ Deemed interested by virtue of her substantial shareholdings in Asia Internet Holdings Sdn Bhd pursuant to Section 8 of the Act.

⁽³⁾ Deemed interested by virtue of his substantial shareholdings in Asia Internet Holdings Sdn Bhd and Radio Port Limited pursuant to Section 8 of the Act.

ANALYSIS OF SHAREHOLDINGS

As at 2 January 2019 (CONT'D)

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest	No. of Shares Held		% ⁽¹⁾
		% ⁽¹⁾	Indirect Interest	
Dato' Dr Norraesah Binti Haji Mohamad	26,260,000	0.75	1,039,280,444 ⁽²⁾	29.71
Wong Thean Soon	268,939,130	7.69	1,093,680,444 ⁽³⁾	31.27
Dato' Raja Haji Munir Shah Bin Raja Mustapha	2,159,400	0.06	—	—
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	11,719,000	0.34	4,301,000 ⁽⁴⁾	0.12
Datuk Mohd Jimmy Wong Bin Abdullah	3,312,000	0.09	—	—
Wong Kok Chau	—	—	—	—

Notes:-

⁽¹⁾ Excluding a total of 108,852,300 Shares bought back by the Company and retained as treasury shares.

⁽²⁾ Deemed interested by virtue of her substantial shareholdings in Asia Internet Holdings Sdn Bhd pursuant to Section 8 of the Act.

⁽³⁾ Deemed interested by virtue of his substantial shareholdings in Asia Internet Holdings Sdn Bhd and Radio Port Limited pursuant to Section 8 of the Act.

⁽⁴⁾ Deemed interested by virtue of his wife's and son's shareholding pursuant to Section 59 (11)(c) of the Act.

TOP THIRTY (30) SHAREHOLDERS ⁽¹⁾

No.	Names	No. of Shares	%
1.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Asia Internet Holdings Sdn. Bhd.	238,775,994	6.818
2.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Asia Internet Holdings Sdn. Bhd. (MGN-AIH0002M)	195,000,000	5.568
3.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – AmBank (M) Berhad for Asia Internet Holdings Sdn. Bhd.	160,550,000	4.584
4.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Asia Internet Holdings Sdn. Bhd. (001-Account 2)	149,672,900	4.274
5.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	110,410,700	3.153
6.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Asia Internet Holdings Sdn. Bhd. (WBTM)	110,000,000	3.141
7.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Asia Internet Holdings Sdn. Bhd.	87,600,000	2.501
8.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Thean Soon (MGN-WTS0003M)	73,851,994	2.109
9.	Kumpulan Wang Persaraan (Diperbadankan)	71,896,700	2.053
10.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund FBC1 Baron Emerging Markets Fund	66,219,593	1.891
11.	Citigroup Nominees (Asing) Sdn. Bhd. UBS AG	63,746,896	1.820
12.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	62,367,500	1.781
13.	Cartaban Nominees (Asing) Sdn. Bhd. GIC Private Limited for Government of Singapore (C)	55,161,700	1.575

ANALYSIS OF SHAREHOLDINGS

As at 2 January 2019 (CONT'D)

TOP THIRTY (30) SHAREHOLDERS ⁽¹⁾

No.	Names	No. of Shares	%
14.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt an for UBS AG Hong Kong (Foreign)	54,400,000	1.553
15.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Thean Soon (7003171)	50,600,000	1.445
16.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Asia Internet Holdings Sdn. Bhd.	50,000,000	1.428
17.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Asia Internet Holdings Sdn. Bhd. (MY2599)	47,681,550	1.362
18.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Thean Soon	43,200,000	1.234
19.	HSBC Nominees (Asing) Sdn. Bhd. JPMCB NA for Oppenheimer Emerging Markets Innovators Fund	37,343,150	1.066
20.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt an for Citibank New York (Norges Bank 9)	36,678,055	1.047
21.	HSBC Nominees (Asing) Sdn. Bhd. Exempt an for Danske Bank A/S (Clients AIF)	35,217,900	1.001
22.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Wong Thean Soon	35,000,000	0.999
23.	HSBC Nominees (Asing) Sdn. Bhd. JPMCB NA for Vanguard Total International Stock Index Fund	33,725,450	0.963
24.	HSBC Nominees (Asing) Sdn. Bhd. JPMCB NA for Vanguard Emerging Markets Stock Index Fund	33,151,650	0.947
25.	HSBC Nominees (Asing) Sdn. Bhd. JPMBL SA for C Worldwide	32,936,100	0.940
26.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund JNA3 for JNL/Oppenheimer Emerging Markets Innovator Fund	32,723,550	0.934
27.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Hong Sing	31,890,400	0.911
28.	HSBC Nominees (Asing) Sdn. Bhd. JPMCB NA for PFA Kapitalforening	31,859,700	0.910
29.	Jason Chan Ling Khee	30,051,494	0.858
30.	Citigroup Nominees (Asing) Sdn. Bhd. CBLDN for Old Mutual Asia Pacific Fund (OM INV FD SR II)	30,009,100	0.857

Note:-

- ⁽¹⁾ Pursuant to the Bursa Malaysia Depository Disclosure Framework, reports on the list of shareholders and transactions are based on the settlement cycle of 3 trading days after the transaction date. Hence, the list of the top 30 shareholders is based on the transactions made up to 27 December 2018 which was subsequently captured in the ROD dated 2 January 2019.

LIST OF PROPERTIES

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, Empire City, No 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor.	22-storey of stratified parcels designated for office use forming part of MYEG Tower	1,012,939/ 238,932	Leasehold, expiring on 8th June 2104	2 years	150,242,685	2015
MYEG Tower, Empire City, No 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor.	Seven (7) -storey of stratified parcels designated for office use forming part of MYEG Tower	1,012,939/ 79,284	Leasehold, expiring on 8th June 2104	2 years	44,137,490	2016
MYEG Tower, Empire City, No 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor.	One (1) -storey of stratified parcels designated for office use forming part of MYEG Tower	1,012,939/ 11,206	Leasehold, expiring on 8th June 2104	2 years	6,346,798	2017
MYEG Tower, Empire City, No 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor.	One (1) -storey of stratified parcels designated for office use forming part of MYEG Tower	1,012,939/ 11,120	Leasehold, expiring on 8th June 2104	2 years	6,406,603	2018
MYEG Tower, Empire City, No 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor.	One (1) commercial space within the podium level below MYEG Tower	1,012,939/ 45,328	Leasehold, expiring on 8th June 2104	under development	19,445,712	2018

* As at 31 December 2017

NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth (**18th**) Annual General Meeting ("**AGM**") of MY E.G. SERVICES BERHAD ("**MYEG**" or "**Company**") will be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 14 March 2019 at 10.00 a.m for the following purposes:

AGENDA

AS ORDINARY BUSINESS

- | | |
|--|-------------------------------|
| 1. To lay the audited financial statements for the financial period ended 30 September 2018 (" FP2018 ") together with the Reports of the Directors and Auditors thereon. | Please refer to Note A |
| 2. To approve a final single-tier dividend of 1.4 sen per ordinary share in respect of the FP2018. | Ordinary Resolution 1 |
| 3. To approve the payment of Directors' fees and benefits to the Non-Executive Directors of the Company and its subsidiaries from 1 July 2017 to 30 September 2018. | Ordinary Resolution 2 |
| 4. To re-elect the following Directors retiring pursuant to Article 69 of the Constitution of the Company: | |
| 4.1 Dato' Dr Norraesah Binti Haji Mohamad | Ordinary Resolution 3 |
| 4.2 Datuk Mohd Jimmy Wong Bin Abdullah | Ordinary Resolution 4 |
| 5. To re-elect Mr Wong Kok Chau, who is retiring as the Director of the Company pursuant to Article 74 of the Constitution of the Company. | Ordinary Resolution 5 |
| 6. To re-appoint Messrs Crowe Malaysia PLT (formerly known as 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. PROPOSED CONTINUATION IN OFFICE OF DATUK MOHD JIMMY WONG BIN ABDULLAH 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 12 years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM (" 19th AGM ") in accordance with the Malaysian Code on Corporate Governance (" MCCG ")." | |
| 8. PROPOSED CONTINUATION IN OFFICE OF TAN SRI DATO' DR MUHAMMAD RAIS BIN ABDUL KARIM AS INDEPENDENT NON-EXECUTIVE DIRECTOR | Ordinary Resolution 8 |
| "THAT approval be and is hereby given to Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim who has served as an Independent Non-Executive Director of the Company for a cumulative term of ten (10) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the 19th AGM in accordance with the MCCG." | |

NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING (CONT'D)

9. **PROPOSED AUTHORITY TO ALLOT AND ISSUE SHARES BY DIRECTORS PURSUANT TO SECTION 76 OF THE COMPANIES ACT 2016** Ordinary Resolution 9

“THAT pursuant to Section 76 of the Companies Act 2016 (“**the Act**”), the Directors be and are hereby empowered to allot and issue ordinary shares in the Company (“**MYEG Share(s)**”), 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 MYEG Shares to be issued does not exceed ten percent (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 MYEG Shares issued on Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and THAT such authority shall continue to be in force until the conclusion of the 19th AGM of the Company.”

10. **PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY** Ordinary Resolution 10

“THAT, subject to the Act, rules, regulations and orders made pursuant to the Act, provisions of the Company’s Constitution, the requirements of Bursa Securities and any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of MYEG 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 MYEG Shares which may be purchased and/or held by the Company shall be up to ten percent (10%) of the total number of issued shares of the Company for the time being;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the MYEG Shares shall not exceed the total retained profits of the Company. As at 30 September 2018, the audited retained profits of the Company were approximately RM253.72 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 19th AGM, following the 18th AGM at which the Proposed Renewal of Share Buy-Back was passed, at which time it will lapse unless an ordinary resolution is passed at the 19th AGM, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the 19th 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

NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

(CONT'D)

- (iv) upon completion of the purchase(s) of the MYEG Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the MYEG Shares in the following manner:
- (a) cancel the MYEG Shares purchased; or
 - (b) retain the MYEG Shares purchased as treasury shares; or
 - (c) retain part of the MYEG Shares purchased as treasury shares and cancel the remainder of the MYEG Shares purchased; or
 - (d) distribute the treasury shares as dividends to shareholders and/or resell on the Bursa Securities and/or transfer the MYEG Shares or any of the MYEG Shares for the purposes of or under an employees' share scheme and/or transfer the MYEG Shares or any of the MYEG Shares as purchase consideration and/or cancel all or part of them and/or sell, transfer or otherwise use the MYEG Shares for such other purposes as Minister charged with the responsibility for companies may by order prescribe; or
 - (e) 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 MYEG 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."

11. PROPOSED ADOPTION OF NEW CONSTITUTION

Special Resolution

"That the existing Constitution of the Company be and are hereby deleted in its entirety and that the new Constitution as set out in the circular dated 31 January 2019 be and is hereby adopted as the new Constitution of the Company."

12. To transact any other business that may be transacted at the 18th AGM of which due notice shall have been given in accordance with the Act 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 January 2019

NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES:

(A) Audited Financial Statements

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

(B) Ordinary Resolution 7 and 8 – Proposed Continuation in office of Datuk Mohd Jimmy Wong Bin Abdullah and Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim as Independent Non-Executive Directors

Practice 4.2 of the MCCG provides that shareholders' approval be sought in the event that the Company intends for an Independent Director who has served in the capacity for more than nine (9) years, to continue to act as Independent Director of the Company.

The Board is recommending to the shareholders for Datuk Mohd Jimmy Wong Bin Abdullah and Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim who have served as Independent Non-Executive Directors of the Company for a cumulative term of 12 years and ten (10) years respectively to continue to act as Independent Non-Executive Directors of the Company.

The Board through the Nomination Committee had assessed and endorsed that Datuk Mohd Jimmy Wong Bin Abdullah and Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim be retained as Independent Non-Executive Directors of the Company as they have continued to display high level of integrity and are objective in their judgement and decision-making in the best interest of the Company, shareholders and stakeholders and are able to express unbiased views without any influence, the detailed justifications are as set out in this Annual Report.

(C) Ordinary Resolution 9 – Proposed Authority to Allot and Issue Shares by Directors pursuant to Section 76 of the Companies Act 2016

The proposed Ordinary Resolution 9, if passed, will give flexibility to the Directors of the Company to issue shares and allot up to a maximum of ten percent (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 19th AGM 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 AGM held on 7 December 2017 and hence no proceeds were raised therefrom.

(D) Ordinary Resolution 10 - Proposed Renewal of Authority for Purchase of Own Shares by the Company

The proposed Ordinary Resolution 10 if passed, will empower the Company to purchase and/or hold up to ten percent (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 19th AGM.

Please refer to the Share Buy-Back Statement dated 31 January 2019 for further information.

(E) Special Resolution Proposed Adoption of New Constitution

The proposed Special Resolution, if passed, will render the Constitution of the Company to be in line with the Act, which came into force on 31 January 2017, the Main Market Listing Requirements ("MMLR") of Bursa Securities, and prevailing statutory and regulatory requirements as well as to render clarity and consistency throughout. Details of which as set out in the circular to MYEG shareholders dated 31 January 2019.

NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

(CONT'D)

VOTING PROCEDURES:

Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, voting at the 18th 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 Depositor ("**ROD**") on 7 March 2019 (General Meeting ROD) 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 18th 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 18th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 18th 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.

(This page is intentionally to be left blank)

PROXY FORM

MY E.G. SERVICES BERHAD
(505639-K)
(Incorporated in Malaysia)

CDS ACCOUNT NO. OF AUTHORISED NOMINEE

NUMBER OF SHARES HELD

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, of
(Full name in block letters) (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 Eighteenth 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, 14 March 2019 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 to the Non-Executive Directors of the Company and its subsidiaries from 1 July 2017 to 30 September 2018.		
Ordinary Resolution 3	To re-elect Dato' Dr Norraesah Binti Haji Mohamad		
Ordinary Resolution 4	To re-elect Datuk Mohd Jimmy Wong Bin Abdullah		
Ordinary Resolution 5	To re-elect Mr Wong Kok Chau		
Ordinary Resolution 6	To re-appoint Messrs Crowe Malaysia PLT (formerly known as 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 Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim to continue in office as Independent Non-Executive Director		
Ordinary Resolution 9	To approve the Proposed Authority to Directors to allot and issue shares pursuant to Section 76 of the Companies Act 2016		
Ordinary Resolution 10	To approve the Proposed Renewal of Authority for Purchase of Own Shares by the Company		
Special Resolution	To approve the Proposed Adoption of New Constitution		

Dated this day of 2019

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

.....
Signature / Common Seal of Shareholder

Contact No:



Please fold here

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.

Please fold here

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.
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, Malaysia, 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 7 March 2019 (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 January 2019.



www.myeg.com.my

Corporate Head Office:

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

Customer Service Office:

Level 21 (CN), IBM Tower,
Persiaran Bandar Utama,
Bandar Utama,
47800 Petaling Jaya, Selangor.
Tel: 03-7801 8888
Email: help@myeg.com.my