MY E.G. SERVICES BERHAD
(company no. 505639-K)

Technology For Top Performance

annual report 2011

Be part of the next big idea !!

contents

CORPORATE STRUCTURE

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

100%

My EG Sdn. Bhd. (MYEGSB)
(formerly known as mySPEED.com Sdn Bhd)

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

100%

Gale Vector Sdn. Bhd. (GVSB)

Provision of software solutions and maintenance services.

100%

My E.G. Commerce Sdn. Bhd. (MECSB)

Provision of auto insurance intermediary services.

40%

My E.G. Integrated Networks Sdn. Bhd. (MINT)

Provision of software and hardware solutions and related services.

CORPORATE INFORMATION

DIRECTORS

Dato' Dr Norraesah Binti Haji Mohamad
(Executive Chairman)

Wong Thean Soon
(Managing Director)

Raja Munir Shah Bin Raja Mustapha
(Executive Director)

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

Datuk Mohd Jimmy Wong Bin Abdullah
(Independent Non-Executive Director)

Ng Fook Ai Victor
(Independent Non-Executive Director)

COMPANY SECRETARIES

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

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
No.8 First Avenue
Persiaran Bandar Utama
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7720 1188
Fax : 03-7720 1111

CORPORATE HEAD OFFICE

Lot 8.01, Level 8, 1 First Avenue
Persiaran Bandar Utama
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7801 0188
Fax : 03-7801 8889
Email : investors@myeg.com.my
Website : www.myeg.com.my

AUDITORS

Crowe Horwath (AF 1018)
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03-2166 0000
Fax : 03-2166 1000

SHARE REGISTRAR

Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
No. 8 First Avenue
Persiaran Bandar Utama
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7720 1188
Fax : 03-7720 1111

PRINCIPAL BANKERS

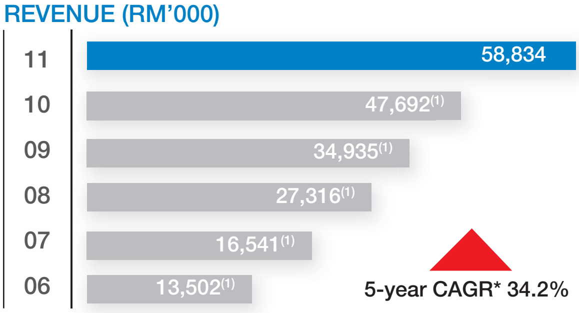
RHB Bank Berhad
Malayan Banking Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

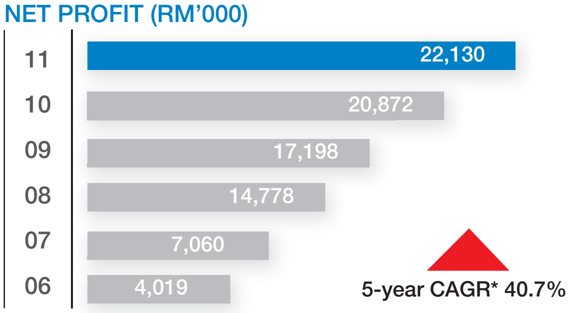
Main Market of Bursa Malaysia Securities Berhad
Stock Code: 0138

FINANCIAL HIGHLIGHTS

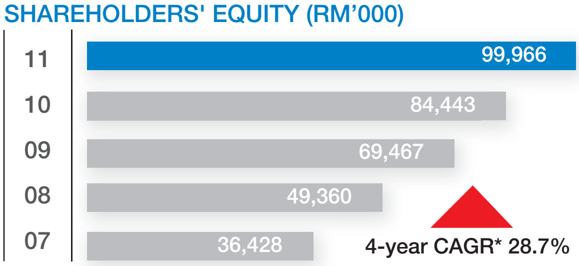
REVENUE (RM'000)



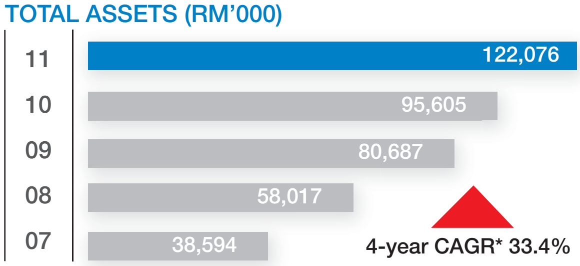
NET PROFIT (RM'000)



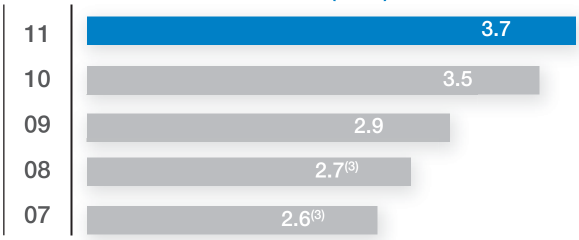
SHAREHOLDERS' EQUITY (RM'000)



TOTAL ASSETS (RM'000)



NET EARNINGS PER SHARE (SEN)



* *CAGR = Compounded Annual Growth Rate*
(1) *Figures have been restated*
(3) *Adjusted for 6-for-5 bonus issue on 24 December 2008*

financial highlights

Summarized Group Income Statements Year Ended 30 June (RM'000)	2006	2007	2008	2009	2010	2011
Revenue [(1)]	13,502	16,541	27,316	34,935	47,692	58,834
EBITDA [(2)]	4,713	8,547	17,678	21,937	26,749	30,727
Profit Before Tax	4,118	7,117	14,825	17,315	21,009	22,960
Net Profit	4,019	7,060	14,778	17,198	20,872	22,130

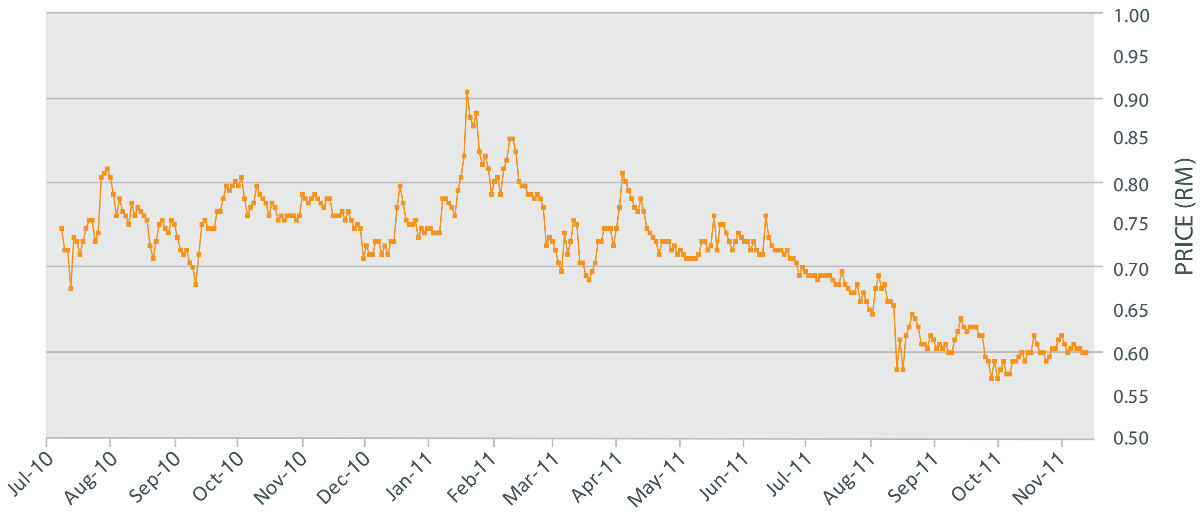
Summarized Group Balance Sheets As At 30 June (RM'000)	2007	2008	2009	2010	2011
Equipment	8,658	17,479	33,595	39,995	69,769
Development Costs	5,527	7,009	8,732	10,113	10,502
Goodwill on Consolidation	2,601	12,022	12,022	12,016	12,016
Current Assets	21,808	21,507	26,338	33,481	29,789
Current Liabilities	1,740	3,489	7,101	6,976	14,636
Net Current Assets	20,068	18,018	19,237	26,505	15,153
	36,854	54,528	73,586	88,629	107,440
Financed By:					
Share Capital	12,625	25,250	60,105	60,105	60,105
Share Premium	9,673	-	-	-	-
Treasury Shares	-	-	-	(158)	(158)
Retained Profits	14,130	24,110	9,362	24,496	40,019
Shareholders' Equity	36,428	49,360	69,467	84,443	99,966
Minority Interests	87	80	46	-	-
	36,515	49,440	69,513	84,443	99,966
Non-Current Liabilities					
Long-Term Borrowings	331	5,081	4,067	4,186	6,775
Taxation	8	7	6	-	699
	36,854	54,528	73,586	88,629	107,440

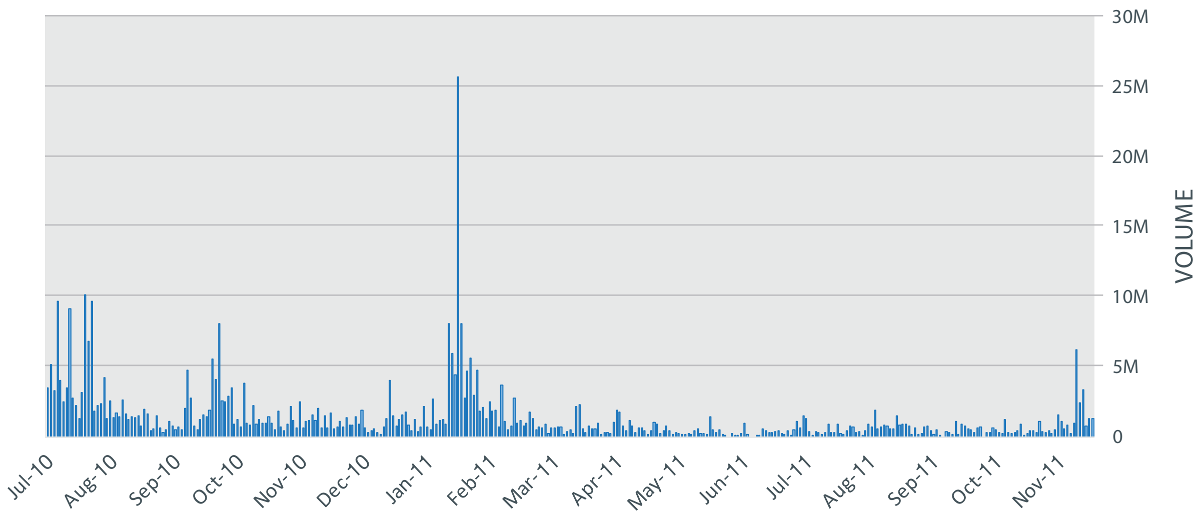
Financial Analysis	2007	2008	2009	2010	2011
Revenue Growth	22.5%	65.1%	27.9%	36.5%	23.4%
Profit Before Tax Growth	72.8%	108.3%	16.8%	21.3%	9.3%
Net Profit Growth	75.7%	109.3%	16.4%	21.4%	6.0%
Pre-tax Profit Margin	43.0%	54.3%	49.6%	44.1%	39.0%
Net Profit Margin	42.7%	54.1%	49.2%	43.8%	37.6%
Total Assets (RM'000)	38,594	58,017	80,687	95,605	122,076
Gearing (Net of Cash) (Times)	Net Cash	Net Cash	Net Cash	Net Cash	0.05
Cash and Cash Equivalents (RM'000)	15,681	11,269	14,560	8,825	5,334
Return on Average Equity	26.4%	34.5%	28.9%	27.1%	24.0%
Return on Average Total Assets	24.5%	30.6%	24.8%	23.7%	20.3%
Net Tangible Assets Per Share (Sen)	22.4	12.0	8.1	10.4	12.9
Net Earnings Per Share (Sen)	2.6[(3)]	2.7[(3)]	2.9	3.5	3.7

(1) *Figures for FY2006 to FY2010 have been restated*
(2) *EBITDA= Earnings Before Interest, Taxes, Depreciation and Amortization*
(3) *Adjusted for 6-for-5 bonus issue on 24 December 2008*

SHARE PRICE PERFORMANCE

For The Period 1 July 2010 To 11 November 2011





Share Price Information

Record High	RM0.945 (13 January 2011)
Closing Price as at 11 November 2011	RM0.625

Market Value Ratios as at 11 November 2011

Historical PE Multiple	16.9x
Price/Book Ratio	4.8x

DEAR SHAREHOLDERS,

The Board of Directors of My E.G. Services Berhad ("MYEG" or "the Company") is pleased to present to you the Company's Annual Report and financial statements for the financial year ended 30 June 2011 ("FY2011").

Malaysia's Gross Domestic Product ("GDP") grew an encouraging 7.2% in 2010 compared to the contraction of 1.7% in 2009, driven by higher private and public sector spending. The steady pace continued in the first and second quarters of 2011 with 4.9% and 4.0% growth in GDP respectively.

In addition, Malaysia charted another milestone towards becoming a knowledge-based economy, with internet broadband penetration expanding rapidly to register close to 60% in February 2011.

These indicators paint a favourable backdrop for the e-Government sector in the year under review as they created a conducive environment for the Group to further extend our reach to the general public throughout the country.

Financial Performance

In light of this positive scenario, the Group achieved strong growth in our group revenues which increased a significant 23.4% to RM58.8 million in the year under review, from RM47.7 million in the previous year.

The higher revenues were attributable to growing acceptance witnessed in all segments of our services, especially our online renewal of road tax, automobile insurance and driving license with the Road Transport Department of Malaysia ("RTD"), as well as growing take-up of our new online maid permit renewal services with the Immigration Department of Malaysia ("IMI").

Group pre-tax profits rose to RM23.0 million from RM21.0 million previously while group net profits increased to RM22.1 million from RM20.9 million previously. The slower growth in profitability of 9.3% in both pre-tax and net profits was due to the increase in marketing expenses, personnel-related costs, as well as depreciation and amortization expenses, in addition to an increase in pre-operating expenses for services to be introduced in the near future.

Earnings per share improved to 3.7 sen in FY2011 compared to 3.5 sen previously.

Looking back over a longer period, the Group has consistently recorded an uptrend in our financial performance, with group revenues growing 34.2% on a compounded annual basis from FY2006 to FY2011, and group net profits expanding 40.7% for the same period.

As at 30 June 2011, group shareholders equity totalled RM100.0 million compared to RM84.4 million in the previous year in line with higher retained profits. Total borrowings increased from RM6.9 million in previous year to RM10.5 million as at 30 June 2011, due to higher capital expenditure to roll out new e-Government services. Still, the Group had minimal net gearing of 0.05 time as at end of FY2011.

In view of the favourable financial position, the Board has proposed a final tax exempt dividend of 0.6 sen per share in respect of FY2011. The final dividend is subjected to shareholders' approval at the upcoming Annual General Meeting.

If the final dividend is approved at the upcoming Annual General Meeting, coupled with the interim dividend of 0.5 sen per share paid on 19 August 2010, the Group's total dividend payout for FY2011 would amount to 1.1 sen per share, which constitutes a dividend payout of RM6.61 million or approximately 30% of group net profits.

Corporate Developments and Achievements

- ***Memorandum of Understanding ("MOU") between MYEG and National Information Technologies JSC ("NIT") of the Republic of Kazakhstan***

On 8 June 2011, MYEG and NIT signed a MOU to jointly introduce e-Government services in Kazakhstan. As the appointed National Operator for Informatization by the Government of Kazakhstan, NIT provides official registration and support to domain names of government agencies and institutions, as well as to those affiliated with the implementation of the projects.

Through the MOU, MYEG intends to bring its extensive experience in delivering online government services in Malaysia to Kazakhstan, hence assisting NIT in its mission to build the national information technology infrastructure of the republic.

- ***Increased shareholdings in My E.G. Integrated Networks Sdn Bhd***

On 17 June 2011, the Group subscribed for an additional 360,000 shares of the share capital in My E.G. Integrated Networks Sdn Bhd for RM360,000, hence increasing its shareholdings in the company from 40,000 shares to 400,000 shares, which represents a 40% stake in the company.

- ***Award recipient for Forbes Asia's 200 "Best Under USD1 billion" Companies***

In September 2011, MYEG was recognized by Forbes as one of Asia's 200 "Best Under USD1 billion" companies for the second consecutive year.

We are indeed heartened by this recognition on the regional platform, as it testifies to the Group's mission of delivering excellence. We would like to acknowledge our business partners, users and the Malaysian Government for propelling MYEG forward thus far.

Future Outlook

Malaysia has witnessed in recent years notable developments that are the precursor to the next level of growth in the e-Government sector. In addition to the high broadband penetration rate, the increased demand for smartphones and tablet computers indicates that a growing segment of Malaysians require internet connectivity on demand. Indeed, users' growing emphasis on convenience, speed and efficiency in undertaking daily activities bodes well for further acceptance of e-Government services.

Given this backdrop, the Group is focused on the following strategies in the coming year:

i) Expanding into new e-Government services to enhance the quality of interaction between the public and the Government;
ii) Extending our geographical reach to Peninsular and East Malaysia to enable greater accessibility of the e-Government services
iii) Continuing our extensive marketing campaign to reinforce the MYEG brand as Malaysia's e-Government services provider amongst our target markets

We are even more determined to constantly improve the Malaysian Government's e-infrastructure towards improving public service delivery for the benefit of the nation.

Corporate Responsibility ("CR")

The Group takes CR seriously as its responsibility to make positive and meaningful contribution to the society at large in the midst of growing our business. We are indeed pleased that we had implemented several CR programmes in FY2011.

One of these initiatives is to sponsor the "Make The Pitch" programme, a follow-up from our initial "1StepForward" programme. In "Make The Pitch" we would allocate a grant of RM500,000 to assist budding entrepreneurs in implementing their winning project. In turn, we anticipate that this programme will encourage thought leadership and entrepreneurship among young Malaysians.

At the same time, we have also contributed computers and Information Technology equipment to primary schools in the Klang Valley. We also participated in various road shows organised by the Malaysia Government as a way to educate the public on the availability and convenience of transacting government services through internet.

As a responsible corporate citizen, MYEG has made donations to various communities and charitable organizations, be it in cash or in kind.

Within our organisation, we are constantly looking into the overall welfare of our staff by adopting various health and safety policies and programmes. In addition to conducting various training activities, we also have in place an education subsidy scheme to spur our employees to continually upgrade their knowledge and skills. We believe that these initiatives will go a long way in enhancing the capabilities our workforce in the long term.

Corporate Governance

The Group will continuously carry out effective corporate governance and adhere to high standards of business practices as a listed entity. We believe in applying these principles and following these policies within the Group's daily operational activities in order to protect our shareholders' value. A review of the Group's corporate governance policies is included in this Annual Report.

Acknowledgements

On behalf of the Board, I would like to convey my deepest appreciation to various Government agencies and authorities for the confidence and collaboration with MYEG in the past year.

I would also like to thank our Board, management and employees of MYEG for their steadfast loyalty and contributions to the Group in further enhancing the Group's e-Government services. Our appreciation also goes to our valued shareholders, business partners, bankers and clients for your continuous support to the Group.

We look forward to another year of success as we work together to bring the e-Government services to greater heights to serve the country better.

Dato' Dr Norraesah binti Haji Mohamad
Executive Chairman

BUSINESS REVIEW

FY2011 saw the Group attaining 27.8% growth in group revenues to RM58.8 million, compared with RM46.0 million in the previous year.

It is worthy to note that the Group recorded significant increases in all segments of our e-Government transactions in the year under review, such as the Highway Code theory test-taking and online payment of traffic summons during the campaign by the Royal Malaysian Police Force. We also observed encouraging growth for our online renewal of road tax and automobile insurance, as well as our new online maid permit renewal services launched in June 2010.

The strong uptake of e-Government services justifies the Group's investments in marketing, advertising and promotion ("A&P") undertaken in the year under review, as part of our efforts to occupy the mindshare of target audiences as Malaysia's preferred e-Government service provider.

In fact, FY2011 had seen the Group bring its marketing campaign to the fore, including producing eye-catching advertisements during the 2010 FIFA World Cup season, airing commercials featuring local celebrities for new services, undertaking sponsorships of key sporting events on cable television, as well as running various contests and collaborations with television and radio broadcast stations.

The Group also actively engaged in social networking to reach our target audience directly and provide a channel for two-way interactions. Our "Friends of MYEG" Facebook page has more than 65,000 members to date, and has proven to be a valuable tool in enhancing interactivity, encouraging participation and receiving feedback from the community.

We believe that these initiatives effectively propelled MYEG to be a recognized brand nationwide and played no small role in the increase in e-Government transactions at our portal on www.myeg.com.my.

The response to our online road tax and insurance renewal services for the RTD continued to gather steam in FY2011. To date, MYEG records an average of 8,000 transactions for online renewal of road tax daily, while auto insurance premiums have similarly shown commendable growth year-on-year.

We have also seen encouraging response for our newly-introduced online renewal of foreign maid working permit – the Group's first collaboration with the Immigration Department of Malaysia ("IMI') to digitize its over-the counter services. While the growth in this service was interrupted somewhat by the freeze on the employment of Indonesian maids since June 2009, we believe that it has tremendous potential to replicate the success of our other services in the coming years.

At the same time, in our aim to extend our geographical reach throughout the country, we have further increased the number of E-Service Centres and E-Service Kiosks in FY2011 to 82 and 495 respectively, compared with 80 E-Service Centres and 345 E-Service Kiosks in the previous year. The broader E-Service network provides us with the necessary reach in bringing our e-Government services deeper to every part of both Peninsular and East Malaysia.

Research & Development ("R&D")

Our foundation as a technologically-advanced company necessitates investments into R&D, to continually enhance our suite of services facilitating public transactions with the Government.

For FY2011, the Group had invested a total of RM1.5 million in our R&D activities, consistent with FY2010. Our R&D is in line with our objective to introduce one new service every year.

Growth Strategies

The way forward is certainly bright for MYEG, having recorded several achievements in recent years. The Group's milestones thus far are only the cusp of the full potential of the e-Government services in Malaysia.

Building on that foundation, the Group has mapped the strategies that will continue to develop our business segments in the coming years.

Firstly, we will continue to strengthen our existing portfolio of e-Government services by enhancing the services provided, and expand into new services in partnership with other Government agencies.

We anticipate for our online road tax and insurance renewal services to amass a wider pool of users, thus becoming the next engines of growth for the Group. Furthermore, the recurring component of these services creates a captive user base for the Group going forward.

Secondly, we will uphold our efforts to improve our infrastructure to enable the public to have greater accessibility to our e-Government services. We will continue to add the number of "MYEG" and "MYEGSB" e-Service Centers in the country towards this objective.

Finally, we will continue with our marketing initiatives to make MYEG a household brand, and to constantly update the community of MYEG's existing and new services. Thus far, MYEG has undertaken innovative approaches to increasingly engage with our target audience, including rewarding Malaysian entrepreneurs with the most creative ideas in "Make The Pitch" campaign and MYEG "1StepFwd" contest. With this, we hope to cultivate the culture of innovation and develop the "can do" attitude amongst Malaysians, apart from creating more visibility for the MYEG brand.

Granted, there is still a lot of work to be done overall, but we believe as we continue to build on our strengths and niche in providing efficient e-Government services to the Malaysian public, we will succeed in bringing the Group to the next phase of achievement.

EVENTS HIGHLIGHT

New Corporate Office

In line with the expansion of the Group, our new corporate office was set up in Bandar Utama in April 2011.

Commencement of online service tax monitoring project

The Royal Malaysian Customs Department has approved the commencement of the pilot project for online service tax monitoring in July 2011.

Sponsorships of Contest, Sports Entertainment and Live Concerts

MYEG organized various online contests via social media such as “Syoknya Raya 2011” and ticket giveaways to various concerts.

MYEG continued to be one of the co-sponsors for the Goodyear Formula Drift Malaysia which was organized by ESPN Star Sports in December 2010.

MYEG also continued its sponsorship of Barclays Premier League for season 2011/2012 which started in August 2011.

In October 2011, MYEG was the main sponsor for the 'Concert SuriaFM Raya Summit 2011' which organized by Suria FM.

MYEG was also a presentation sponsor for live concerts of famous artiste namely Show Lo, Eason Chan and Faye Wong.

Television Reality Show

In July 2011, MYEG launched a television reality show called “Make The Pitch”. It is a TV reality show which search for innovative ideas from Malaysian entrepreneurs and match make them with potential investors.

Recognition Garnered

In December 2010, MYEG was ranked amongst the Top 100 Public Listed Companies in Malaysian Corporate Governance Index 2010, published by Minority Shareholder Watchdog Group.

MYEG was also recognized by Forbes as one of the ‘Best Companies under USD1Billion in Asia’ for the second consecutive year in September 2011.

Conferences and Exhibitions

MYEG continued to participate actively in exhibitions and road shows organized by the government agencies. In September 2011, we participated in Jabatan Pengangkutan Jalan (JPJ), handholding programmes which was intended to create awareness amongst the Malaysian public especially in the rural areas.

DATO' DR NORRAESAH BINTI HAJI MOHAMAD

Executive Chairman

Dato' Dr Norraesah Binti Haji Mohamad, a Malaysian aged 63, was appointed to the Board on 18 August 2006.

She graduated with a Bachelor of Arts (Hons) Economics from University of Malaya in 1972. In 1982, she obtained her Masters in International Economics Relations from International Institute of Public Admininistration, France and Masters in International Economics and Finance from University of Paris I, Pantheon-Sorbonne, France. She further obtained a PhD (Economics Science) International Economics and International Finance from University of Paris I, Pantheon-Sorbonne, France in 1986. She has over thirty-seven (37) years of working experience in the field of banking, consultancy and international trade and commerce.

From 1972 to 1985, she worked for the Ministry of International Trade and Industry during which time she was in charged of trade policies and bilateral and multilateral trade, and trade fairs and missions.

From 1986 to 1988, she was attached to the Ministry of Finance, responsible for privatisation and debt management matters. In 1988, she left the public sector to join ESSO Production Malaysia Inc. as a Communications Manager. From 1990 to 1991, she assumed the position of Managing Director with a consulting firm which provides financial and investment advisory services. She was later appointed as the Chief Representative of Credit Lyonnais Bank in Malaysia in 1991, a position she held until 1998. She was the Chairman of Bank Kerjasama Rakyat Malaysia from 2000 to 2003.

She is currently also the Chairman of the World Islamic Businesswomen Network of the World Islamic Economic Forum (WIEF) and sits on it's Board of Trustees and serves on the Organisation of Islamic Conference ("OIC") countries. She is a member of UMNO Supreme Council since 2000. She was appointed as a Senator in 2005 and held the position until 2008.

She sits on the Board of Directors of SBC Corporation Berhad, KESM Industries Berhad, Protasco Berhad, Ya Horng Electronic (M) Berhad, Adventa Berhad and Malaysian Genomics Resource Centre Berhad, all of which are listed on Bursa Malaysia Securities Berhad. She also sit on the Board of Directors of several private limited companies.

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

She has attended all five (5) Board meetings held in the financial year ended 30 June 2011. She holds 6,960,000 ordinary shares directly in the Company.

WONG THEAN SOON

Managing Director

Wong Thean Soon, a Malaysian aged 40, was appointed to the Board on 6 March 2000. He is a member of the Remuneration Committee.

In 1995, he graduated from the National University of Singapore with a Bachelor Degree in Electrical Engineering. He has accumulated more than 12 years of experience in the ICT industry with his involvement in designing, implementing and maintainence of communication applications on the Internet in various technology companies, both local and abroad. He commenced his career in the ICT industry in 1995 with Cybersource Pte Ltd, Singapore as co-founder and Executive Director of the company. During his tenure there, he oversaw the development of PictureMail, an integrated graphical e-mail package, which was licenced to Sony, among others. He was also in charge of developing and marketing an additional product, the Global Messaging System, which was licenced to paging operators in the Asian region including EasyCall International of Australia and Lenso Paging of Thailand.

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

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

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

He has attended all five (5) Board meetings held in the financial year ended 30 June 2011. He holds 28,246,006 ordinary shares directly in the Company and 209,157,998 ordinary shares indirectly in the Company.

RAJA MUNIR SHAH BIN RAJA MUSTAPHA

Executive Director

Raja Munir Shah Bin Raja Mustapha, a Malaysian aged 48, was appointed to the Board on 20 May 2004.

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

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

In 2008, he was elected as Deputy Head of the UMNO Tanjung Division, a position he still holds presently. He is also a committee member of Penang UMNO State Liaison and currently heads of the multimedia secretariat.

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

Also involved in a number of social and sports association such as the PTA Chairman of SKBUD Bandar Utama Damansara 4 and also as the Deputy President of the Football Association of Penang (FAP) in charge of the management of the Penang State Football team participating in the FAM football league and in charge of the development programme of football in the state among the youth. A position that he only recently holds in August 2011.

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

He has attended all five (5) Board meetings held in the financial year ended 30 June 2011. He holds 409,900 ordinary shares directly in the Company and 209,157,998 ordinary shares indirectly in the Company.

TAN SRI DATO' DR MUHAMMAD RAIS BIN ABDUL KARIM

Independent Non-Executive Director

Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim, a Malaysian aged 65, was appointed to the Board on 31 December 2008. He is the Chairman of the Audit and Remuneration Committees and also a member of the Nomination Committee.

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

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

Currently, he is the the Non-Executive Chairman of Goodyear Malaysia Berhad and a Director of Malaysian Director's Academy (MINDA). He is also a Director of Yakin IT Sdn Bhd and the Honorary Treasurer of Muslim Welfare Organisation Malaysia (PERKIM) and the Chairman of PERKIM's National Cooperative Society (KOPERKIM).

He does not have any family relationship with any Director and/or major shareholder of the Company or any conflict of interest with the Company nor does he has any conviction for offences anytime in the past, save for traffic offences, if any.

He has attended all five (5) Board meetings held in the financial year ended 30 June 2011. He holds 2,503,000 ordinary shares directly in the Company and 1,700,000 ordinary shares indirectly in the Company.

NG FOOK AI VICTOR

Independent Non-Executive Director

Ng Fook Ai Victor, a Singaporean aged 63, was appointed to the Board on 2 January 2008. He is also a member of the Audit Committee.

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

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

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

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

A former Principal/Consulting Partner of KPMG Singapore, he is also a Non-Executive Chairman of Singapore listed Devotion Energy Group limited, a clean energy equipment business, and Independent Director of Singapore listed Asia Power Corp Ltd, which owns and operates eco-friendly hydropower plants in China. He does not hold any directorships in any other public or public listed company.

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

He has attended all five (5) Board meetings held in the financial year ended 30 June 2011.

DATUK MOHD JIMMY WONG BIN ABDULLAH

Independent Non-Executive Director

Datuk Mohd Jimmy Wong Bin Abdullah, a Malaysian aged 49, was appointed to the Board on 18 August 2006. He is also a Chairman of the Nomination Committee and member of the Audit Committee and Remuneration Committee.

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

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

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

He has attended all five (5) Board meetings held in the financial year ended 30 June 2011. He holds 552,000 ordinary shares directly in the Company.

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

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

BOARD OF DIRECTORS

The Board

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

The Board recognises its stewardship responsibilities to effectively discharge their role in charting the strategic direction, development and control of the Group. In summary, this includes the review and monitoring of matters relating to strategy, performance, resource allocation, standards of conduct, financial matters, succession planning, effectiveness and adequacy of the Group's system of internal controls and risk management practices.

Composition and Board Balance

The Board currently comprising six (6) members; three (3) of whom are Executive Directors (including the Chairman) and three (3) Independent Non-Executive Directors. A brief profile of each Director is presented on pages 13 to 16 of the Annual Report.

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in paragraph 1.01 of the Main Market Listing Requirements of Bursa Securities. The key element for fulfilling the criteria is the appointment of an independent Director who is not a member of management and who is free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. The Board complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities which requires at least two (2) Directors or one third (1/3rd) of the Board of the Company, whichever is the higher, are Independent Directors. If the number of Directors of the Company is not three (3) or a multiple of three (3), then the number nearest 1/3rd shall be used. In the event of any vacancy in the Board resulting in non-compliance with the requirements on Independent Directors, the vacancy must be filled within three (3) months of that event.

The Executive Directors are primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group's operations as well as co-ordinating the development and implementation of business and corporate strategies. The role of the Independent Non-Executive Directors is to provide objective and independent judgement to the decision making of the Board and as such, provide an effective check and balance to the Board's decision making process.

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

There is a clear division of responsibilities between the roles of the Chairman and Managing Director to ensure that there is equilibrium of power and authority in managing and directing the Group. The Chairman is primarily responsible for the effective and efficient conduct and working of the Board whilst the Managing Director oversees the day-to-day management of Group's business operations and implementation of policies and strategies adopted by the Board.

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

Board Meetings

During the financial year ended 30 June 2011, a total of five (5) Board meetings were held. As at the date of this Annual Report, the details of attendance of the Directors who are in office are as follows:

Name of Director	Designation	Meetings Attended
Dato' Dr Norraesah Binti Haji Mohamad	Executive Chairman	5/5
Wong Thean Soon	Managing Director	5/5
Raja Munir Shah Bin Raja Mustapha	Executive Director	5/5
Datuk Mohd Jimmy Wong Bin Abdullah	Independent Non-Executive Director	5/5
Ng Fook Ai Victor	Independent Non-Executive Director	5/5
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	Independent Non-Executive Director	5/5

Supply of Information

All Directors are provided with an agenda and a set of Board papers prior to the Board meetings and sufficient notice is given to the Directors to review the papers and agenda for the meeting.

Generally, the Board papers circulated include minutes of the previous meeting, quarterly and annual financial statements, corporate developments, minutes of Board Committees' meetings, acquisition and disposal proposals, updates from the Bursa Securities, list of directors' circular resolutions passed and report on the directors dealings in securities, if any.

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

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

The Company Secretaries circulate relevant guidelines and updates on statutory and regulatory requirements from time to time for the Directors' reference and brief the board members on there updates quarterly. They also ensure that all Board meetings are properly convened and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and maintained in the statutory register at the registered office of the Company. The external auditors also briefed the Board members on any Financial Reporting Standards that would affect the Group's financial statements during the year.

BOARD COMMITTEES

The following principal Board Committees that have been established to assist the Board in discharging its fiduciary duties and to enhance business and operational efficiency:

- Audit Committee
- Nomination Committee
- Remuneration Committee

The terms of reference of each Board Committee have been approved by the Board and, where applicable, comply with the recommendations of the Code. These Committees have the authority to examine particular issues and report to the Board with their recommendations. Nonetheless, the ultimate responsibility for the final decision on such matters lies with the Board.

(a) Audit Committee

The Board has established the Audit Committee to assist the Board in discharging its duties. The Audit Committee works closely with the external auditors and maintains a transparent professional relationship with them.

The report of the Audit Committee is set out on pages 22 to 25 of this Annual Report.

(b) Nomination Committee ("NC")

The NC consists of two (2) Non-Executive Directors, all of whom are independent. The members of the NC are as follows:

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

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

The NC will meet at least once a year or at any time when the need arises. The quorum for each meeting shall be two (2) members.

(c) Remuneration Committee ("RC")

The RC consists of two (2) Non-Executive Directors, all of whom are independent. The members of the RC consists of:

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

The roles and responsibilities of the RC include remuneration strategy and policy; to consider and to determine the remuneration of the Executive Directors and Non-Executive Directors of the Group in all its forms.

Executive Directors shall abstain from the deliberation and voting on decisions in respect of their own remuneration package.

The RC will meet at least once a year or at any time when the need arises. The quorum for each meeting shall be two (2) members.

Appointments and Re-election of Directors

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 Company's Articles of Association, all Board members who are appointed by the Board shall be subjected to election by shareholders at the first opportunity of their appointment. The Company's Articles of Association also provide that at least one-third (1/3) of the Directors shall retire by rotation at each Annual General Meeting and that all Directors shall retire once every three (3) years. A retiring Director shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965. Presently, there is no Director of the Company who is subject to such re-appointment.

Directors' Training

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

For the financial year under review, the Directors attended various briefings, conferences, exhibitions, seminars and speaking engagements which they considered useful to enhance their business acumen and skills to meet challenging commercial risks and challenges. The Directors were also briefed by the Company Secretaries on the various amendments to the Main Market Listing Requirements of Bursa Securities.

Directors' Remuneration

The remuneration package are structured according to the skills, experience and performance of the Executive Directors to ensure the Group attracts and retains the Directors needed to run the Group successfully. The remuneration package of the Non-Executive Directors depends on their contribution to the Group in terms of their knowledge experience.

Details of the aggregate remuneration of Directors for the financial year ended 30 June 2011 are as follows:

	Fees (RM)	Salaries (RM)	Other Emoluments (RM)	Benefits In Kind (RM)	Total (RM)
Executive Directors	348	-	23	-	371
Non-Executive Directors	120	-	5	-	125
Total	468	-	28	-	496

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

Remuneration Bands	Executive Directors	Non-Executive Directors	Total
Below RM50,000	-	1	1
RM50,001 – RM100,000	-	2	2
RM100,001 – RM150,000	3	-	3

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

RELATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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 Audit Committee assists the Board in reviewing the information to be disclosed, to ensure the completeness, accuracy and adequacy of financial disclosures.

Internal Controls

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

The Statement on Internal Control set out on page 26 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with Auditors

Through the Audit Committee, the Board maintains a transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the appropriate accounting standards. From time to time, the external auditors will highlight to the Audit Committee and the Board on matters that require their attention.

A summary of the activities of the Audit Committee during the year is set out in the Audit Committee Report on pages 22 to 25 of this Annual Report.

The Board of Directors of My E.G. Services Berhad is pleased to present the Audit Committee Report for the financial year ended 30 June 2011.

Members and Attendance

As at the date of this Annual Report, the members of the Audit Committee ("AC") consist of:

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

Members
Datuk Mohd Jimmy Wong Bin Abdullah - Independent Non-Executive Director

Ng Fook Ai Victor - Independent Non-Executive Director

The details of the attendance of each AC member during their respective tenure in the financial year ended 30 June 2011 are as follows:

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

Details of the members of the Audit Committee are contained in the Profile of Directors as set out on pages 13 to 16 of this Annual Report.

Senior Management staff and the external auditors attended the meetings at the invitation of the Audit Committee, where considered necessary. The agenda of the meetings and relevant information are distributed to the Audit Committee members with sufficient notification. The Company Secretary was also present to record the proceedings of the Audit Committee meetings.

Composition and Terms of Reference

The Terms of Reference of the Audit Committee are as follows:

1. **Composition**

   The Audit Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members who are Non-Executive Directors and majority of whom shall be Independent Directors. No alternate director shall be appointed as a member of the Audit Committee.

   At least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants or if he is a not a member of the Malaysian Institute of Accountants, he must have at least 3 years working experience and;

   (i) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

   (ii) he/she must be a member of one of the associations of accountants as specified in Part II of the 1st Schedule of the Accountants Act 1967; or

   Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

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

2. **Chairman**

The Chairman of the Audit Committee shall be appointed by the Board, or failing which, by the members of the Audit Committee themselves. The Chairman shall be an Independent Director. In event of the Chairman's absence, the meeting shall be chaired by another Independent Director.

3. **Secretary**

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

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

4. **Meetings**

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

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

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

The internal auditors and external auditors may appear at any meeting at the invitation of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee. The internal auditors and external auditors may also request a meeting if they consider it necessary.

5. **Rights**

The Audit 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;
(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
(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 internal auditors and external auditors, excluding the attendance of other directors or employees of the Group, whenever deemed necessary;
(g) promptly report to the Bursa Malaysia Securities Berhad ("Bursa Securities"), or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
(h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
(i) meet as and when required on a reasonable notice;
(j) the Chairman shall call for a meeting upon the request of the internal auditors and external auditors.

6. **Duties**

(a) To review with the external auditors on:
- the audit plan, its scope and nature;
- the audit report;
- the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
- the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.

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

(c) To provide assurance to the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.

(d) To review the following in respect of the internal audit function:
- adequacy of the scopes, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out the work
- internal audit plan and monitor its implementation
- results of the internal audit activity and investigations and Management's responses, and ensure that appropriate action is taken on the recommendation of the internal audit function

(e) To review with management:
- audit reports and management letter 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.

(f) To 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 and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(g) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
- changes in or implementation of major accounting policy and practices;
- significant and / or unusual matters arising from the audit;
- the going concern assumption;
- compliance with accounting standards and other legal requirements; and
- major areas.

(h) To consider the appointment and/or re-appointment of internal and external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors.

(i) To verify the allocation of options pursuant to a share scheme for employees as being in compliance with the criteria for allocation of options under the employees' share option scheme, at the end of each financial year.

7. Review of Audit Committee

The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

Summary of Activities

During the financial year under review, the following activities were undertaken by the Audit Committee, 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 audited financial statements of the Group and of the Company prior to submission to the Board of Directors for consideration and approval.

(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 of Directors 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 Audit Committee Report and Statement on Internal Control before recommending the same to the Board for approval.

(h) the related party transactions to ensure that they were not detrimental to the interests of minority shareholders.

Internal Audit Function

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

The results of the reviews were formally reported to the Audit Committee. The internal audit reviews conducted did not reveal 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.

Further details of the internal audit function are set out in the Statement on Internal Control on pages 26 to 27.

Introduction

The Board is pleased to provide a statement on the state of the internal control of the Group prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Internal Control Guidance") in this annual report for the financial year ended 30 June 2011.

Board Responsibility

The Board acknowledges its overall responsibility for the Group's system of internal controls, risk management and for reviewing the adequacy and integrity of systems of internal controls. The Board is also committed to establishing and maintaining a system of internal control and risk management practices in order to achieve the following objectives:

- Safeguard assets of the Group and shareholders' interest;
- Identify risk and ensuring the implementation of internal control systems to manage risks affecting the Group;
- Compliance with applicable laws, regulations, rules, directives and guidelines; and
- Operational results are closely monitored and substantial variances are promptly explained.

Given the inherent limitations in any system of internal control, such system can only manage the risk rather than eliminate the risk of failure to achieve the Group's corporate objectives. Therefore, the system can only provide reasonable but not absolute assurance against material misstatement or loss, contingencies, fraud or any irregularities.

Risk Management Framework

The Board also 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. Significant risks identified are subsequently brought to the attention of the Board at their scheduled meetings.

The abovementioned risk management practices of the Group is an on-going process of identifying, evaluating and managing significant risks that may affect the Group's achievement of its corporate objectives.

Internal Audit Function

The Group's internal audit function is outsourced to an independent professional firm which reports directly to the Audit Committee. The internal audit function is guided by its Audit Charter and to assist the Board and Audit Committee in providing independent assessment of the effectiveness, adequacy and integrity of the Group's system of internal controls.

During the financial year ended 30 June 2011, the internal audit function carried out audits in accordance with the internal audit plan approved by the Audit Committee and also other areas of significance that were recommended by the Management to the Audit Committee. The results of the internal audit reviews and the recommendations for improvement were presented to the Audit Committee at their quarterly meetings.

In addition, follow up visits were also conducted to ensure that corrective actions have been implemented in a timely manner. 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.

For the financial year ended 30 June 2011, the amount of fees incurred in respect of the internal audit reviews performed by the professional service firm was approximately RM45,000.

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 Board and the Audit Committee.

(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.

Assurance

The Board is of the view that the Group's system of internal controls is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant 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 system of internal controls.

Review by External Auditors

The external auditors have reviewed this Statement on Internal Control pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, and have reported to the Board that it appropriately reflects the processes that the Board has adopted in reviewing the adequacy and integrity of the system on internal controls.

1. **Share Buy-Backs**

The shareholders of the Company at the Tenth Annual General Meeting held on 23 December 2010, granted authority to the Company to repurchase its own shares provided that the aggregate number of shares purchased do not exceed 10% percent of the total issued and paid-up share capital of the Company.

During the financial year under review, the Company had bought back 472,000 Ordinary Shares from the open market of its own share, all of which are held as treasury shares. A monthly breakdown of treasury shares bought back during the financial year under review is set out below:

Month of Buy-Back	No. of shares bought-back	Lowest price paid for each share (RM)	Highest price paid for each share (RM)	Average price per share (RM)	Total consideration paid (including transaction costs (RM)
September 2011	372,000	0.615	0.620	0.620	228,140
October 2011	100,000	0.615	0.615	0.615	61,500
Total	472,000	-	-	-	289,640

As at 11 November 2011, the Company had bought back 843,900 Ordinary Shares and all retained as treasury shares.

2. **Options, Warrants or Convertible Securities**

The Company did not issue any options, warrants or convertible securities in respect of the financial year ended 30 June 2011.

3. **Depository Receipt ("DR") Programme**

During the financial year ended 30 June 2011, the Company did not sponsor any DR programme.

4. **Sanctions and/or Penalties**

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory bodies during the financial year.

5. **Non- Statutory Audit Fees**

The amount of non-audit fees incurred for services rendered by the external auditors to the Group for the financial year ended 30 June 2011 amounted to approximately RM4,000.

6. **Material Contracts**

There were no material contracts subsisting at the end of financial year ended 30 June 2011 entered into by the Company and its subsidiaries involving the interests of the Directors and major shareholders.

7. **Revaluation Policy on Landed Properties**

The Group does not have a revaluation policy on landed properties as it does not hold any landed properties.

8. **Variation in Results**

There was no deviation of 10% or more between the results of the financial year ended 30 June 2011 as per the audited financial statements and the unaudited results previously announced.

9. **Profit Guarantee**

The Company did not make any arrangement during the financial year which requires profit guarantee.

10. **Contracts Relating to Loans**

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

11. **Utilisation of Proceeds**

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

financial statements

Be part of the next big idea !!

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business 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 disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit for the financial year	22,130	23,152
Attributable to:		
Owners of the Company	22,130	23,152

DIVIDENDS

The dividends paid and declared by the Company since 30 June 2010 are as follows:

	RM'000
In respect of the financial year ended 30 June 2010:	
Paid a final tax-exempt dividend of 0.60 sen per ordinary share	3,604
In respect of the financial year ended 30 June 2011:	
Declared a first interim tax-exempt dividend of 0.50 sen per ordinary share	3,003

The directors propose the payment of a final tax-exempt dividend of 0.60 sen per ordinary share in respect of the current financial year. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting and has not been included as a liability in the financial statements.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 23 December 2010, approved the Company's plan to buy back its own shares of up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back").

The Directors of the Company are committed in enhancing the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders.

The Company did not repurchase any ordinary shares of RM0.10 each of its issued share capital from the open market during the current financial year.

As at 30 June 2011, the Company held 371,900 shares as treasury shares out of its 601,051,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM158,186. Relevant details on the treasury shares are disclosed in Note 17 to the financial statements.

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 ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

The directors who served since the date of the last report are as follows:-

DATO' DR NORRAESAH BINTI HAJI MOHAMAD
TAN SRI DATO' DR MUHAMMAD RAIS BIN ABDUL KARIM
WONG THEAN SOON
RAJA MUNIR SHAH BIN RAJA MUSTAPHA
DATUK MOHD JIMMY WONG BIN ABDULLAH
NG FOOK AI VICTOR

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
	AT 1.7.2010	BOUGHT	SOLD	AT 30.6.2011
THE COMPANY				
DIRECT INTERESTS				
DATO' DR NORRAESAH BINTI HAJI MOHAMAD	6,960,000	-	-	6,960,000
TAN SRI DATO' DR MUHAMMAD RAIS BIN ABDUL KARIM	2,500,000	3,000	-	2,503,000
WONG THEAN SOON	28,226,006	20,000	-	28,246,006
RAJA MUNIR SHAH BIN RAJA MUSTAPHA	429,900	-	(20,000)	409,900
DATUK MOHD JIMMY WONG BIN ADBULLAH	552,000	-	-	552,000
INDIRECT INTERESTS				
TAN SRI DATO' DR MUHAMMAD RAIS BIN ABDUL KARIM (1)	1,700,000	500,000	(500,000)	1,700,000
WONG THEAN SOON (2)	209,157,998	-	-	209,157,998
RAJA MUNIR SHAH BIN RAJA MUSTAPHA (2)	209,157,998	-	-	209,157,998

(1) Indirect interest through his wife's and son's shareholding by virtue of Section 134(12)(c) of the Companies Act 1965.
(2) Indirect interests through their interests in Asia Internet Holdings Sdn. Bhd. ("AIH") and Asia Internet E-Services Holdings Sdn. Bhd. ("AIEH").

By virtue of their shareholdings in AIH and AIEH, Wong Thean Soon and Raja Munir Shah Bin Raja Mustapha are deemed to have interests in shares in the Company and its related corporations to the extent of AIH and AIEH's interests, in accordance with Section 6A of the Companies Act 1965 in Malaysia.

The other director holding office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements, or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with related parties as disclosed in Note 34 to the financial statements.

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

AUDITORS

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

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 27 OCTOBER 2011**

Wong Thean Soon

Raja Munir Shah Bin Raja Mustapha

We, Wong Thean Soon and Raja Munir Shah Bin Raja Mustapha, being two of the directors of My E.G. Services Berhad, state that, in the opinion of the directors, the financial statements set out on pages 37 to 83 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company at 30 June 2011 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 40 on page 83, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 27 OCTOBER 2011

Wong Thean Soon

Raja Munir Shah Bin Raja Mustapha

STATUTORY DECLARATION

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 37 to 83 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed Wong Thean Soon
at Kuala Lumpur in the Federal Territory
on this 27 October 2011

Wong Thean Soon

Before me
Mohd Radzi Bin Yasin
No: W 327
Commissioner For Oaths

To The Members Of My E.G. Services Berhad
(Incorporated in Malaysia) Company No: 505639 - K

Report on the Financial Statements

We have audited the financial statements of My E.G. Services Berhad, which comprise the statements of financial position as at 30 June 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 83.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2011 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 5 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 40 on page 83 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

To The Members Of My E.G. Services Berhad
(Incorporated in Malaysia) Company No: 505639 - K

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Lee Kok Wai
Approval No: 2760/06/12 (J)
Chartered Accountant

Kuala Lumpur
27 October 2011

STATEMENTS OF FINANCIAL POSITION

At 30 June 2011

		THE GROUP		THE COMPANY	
		2011	2010	2011	2010
	NOTE	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	13,196	13,196
Investment in an associate	6	-	-	400	40
Equipment	7	69,769	39,995	58,448	36,726
Development costs	8	10,502	10,113	9,422	9,189
Goodwill on consolidation	9	12,016	12,016	-	-
		92,287	62,124	81,466	59,151
CURRENT ASSETS					
Trade receivables	10	8,110	6,792	5,825	5,579
Other receivables, deposits and prepayments	11	10,421	10,325	6,519	8,277
Amount owing by subsidiaries	12	-	-	9,469	1,729
Amount owing by an associate	13	5,872	7,522	5,872	7,522
Tax refundable		52	17	9	1
Fixed deposits with licensed banks	14	1,436	3,639	1,414	3,606
Cash and bank balances	15	3,898	5,186	3,446	4,210
		29,789	33,481	32,554	30,924
TOTAL ASSETS		122,076	95,605	114,020	90,075

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

statements of financial position

At 30 June 2011

	NOTE	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	60,105	60,105	60,105	60,105
Treasury shares	17	(158)	(158)	(158)	(158)
Retained profits	18	40,019	24,496	37,642	21,097
SHAREHOLDERS' EQUITY		99,966	84,443	97,589	81,044
MINORITY INTERESTS		-	-	-	-
TOTAL EQUITY		99,966	84,443	97,589	81,044
NON-CURRENT LIABILITIES					
Deferred taxation	19	699	-	678	-
Long-term borrowings	20	6,775	4,186	5,620	3,871
		7,474	4,186	6,298	3,871
CURRENT LIABILITIES					
Trade payables	23	3,105	1,422	2,950	1,292
Other payables and accruals		895	1,384	693	1,090
Amount owing to subsidiaries	12	-	-	-	103
Deferred revenue	24	3,860	1,440	-	-
Dividend payable	25	3,003	-	3,003	-
Provision for taxation		1	7	-	-
Short-term borrowings	26	3,772	2,723	3,487	2,675
		14,636	6,976	10,133	5,160
TOTAL LIABILITIES		22,110	11,162	16,431	9,031
TOTAL EQUITY AND LIABILITIES		122,076	95,605	114,020	90,075
Net assets per share (sen)	27	16.64	14.06		

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2011

		THE GROUP		THE COMPANY	
		2011	2010	2011	2010
	NOTE	RM'000	RM'000	RM'000	RM'000
REVENUE	28	58,833	47,692	50,944	38,749
COST OF SALES		(10,028)	(10,580)	(5,496)	(4,505)
GROSS PROFIT		48,805	37,112	45,448	34,244
OTHER INCOME		143	157	1,110	188
		48,948	37,269	46,558	34,432
ADMINISTRATIVE EXPENSES		(17,761)	(10,478)	(15,836)	(8,930)
OTHER EXPENSES		(7,272)	(5,201)	(6,366)	(4,733)
FINANCE COSTS		(595)	(541)	(506)	(516)
SHARE OF LOSS IN AN ASSOCIATE		(360)	(40)	-	-
PROFIT BEFORE TAXATION	29	22,960	21,009	23,850	20,253
INCOME TAX EXPENSE	30	(830)	(157)	(698)	(31)
PROFIT AFTER TAXATION		22,130	20,852	23,152	20,222
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		22,130	20,852	23,152	20,222

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

statements of comprehensive income

For The Financial Year Ended 30 June 2011

		THE GROUP		THE COMPANY	
	NOTE	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		22,130	20,872	23,152	20,222
Minority interests		-	(20)	-	-
		22,130	20,852	23,152	20,222
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		22,130	20,872	23,152	20,222
Minority interests		-	(20)	-	-
		22,130	20,852	23,152	20,222
EARNINGS PER SHARE (SEN)					
- Basic	31	3.7	3.5		
- Diluted	31	Not applicable	Not applicable		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2011

THE GROUP	NOTE	SHARE CAPITAL RM'000	NON-DISTRIBUTABLE TREASURY SHARES RM'000	DISTRIBUTABLE RETAINED PROFITS RM'000	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
Balance at 1.7.2009		60,105	-	9,362	69,467	46	69,513
Total comprehensive income for the financial year		-	-	20,872	20,872	(20)	20,852
Disposal of a subsidiary		-	-	-	-	(26)	(26)
Treasury shares acquired	17	-	(158)	-	(158)	-	(158)
Dividends	25	-	-	(5,738)	(5,738)	-	(5,738)
Balance at 30.6.2010/1.7.2010		60,105	(158)	24,496	84,443	-	84,443
Total comprehensive income for the financial year		-	-	22,130	22,130	-	22,130
Dividends:	25						
- paid		-	-	(3,604)	(3,604)	-	(3,604)
- declared		-	-	(3,003)	(3,003)	-	(3,003)
Balance at 30.6.2011		60,105	(158)	40,019	99,966	-	99,966

statements of changes in equity

For The Financial Year Ended 30 June 2011

THE COMPANY	NOTE	NON-DISTRIBUTABLE SHARE CAPITAL RM'000	NON-DISTRIBUTABLE TREASURY SHARES RM'000	DISTRIBUTABLE RETAINEDS PROFIT RM'000	TOTAL EQUITY RM'000
Balance at 1.7.2009		60,105	-	6,613	66,718
Total comprehensive income for the financial year		-	-	20,222	20,222
Treasury shares acquired		-	(158)	-	(158)
Dividends	25	-	-	(5,738)	(5,738)
Balance at 30.6.2010/1.7.2010		60,105	(158)	21,097	81,044
Total comprehensive income for the financial year		-	-	23,152	23,152
Dividends:	25				
- paid		-	-	(3,604)	(3,604)
- declared		-	-	(3,003)	(3,003)
Balance at 30.6.2011		60,105	(158)	37,642	97,589

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2011

	NOTE	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		22,960	21,009	23,850	20,253
Adjustments for:-					
Impairment losses on:					
- trade receivables		-	#	-	-
- other receivables		1	-	1	-
Amortisation of development costs		904	789	724	679
Depreciation of equipment		6,268	4,412	5,573	4,054
Equipment written off		34	-	3	-
Interest expense		595	539	506	516
Share of loss in an associate		360	40	-	-
Dividend income		-	-	(1,000)	-
Gain on disposal of a subsidiary		-	(2)	-	(40)
Loss/(Gain) on disposal of equipment		66	(#)	66	(#)
Interest income		(113)	(150)	(110)	(148)
Operating profit before working capital changes		31,075	26,637	29,613	25,314
Decrease/(Increase) in trade and other receivables		(1,415)	(5,386)	1,511	(4,063)
Increase in trade and other payables		1,194	206	1,261	177
Increase in deferred revenue		2,420	1,440	-	-
Increase in amount owing by a subsidiary		-	-	-	(660)
Decrease/(Increase) in amount owing by an associate		350	(5,400)	350	(5,400)
CASH FLOWS FROM OPERATIONS		33,624	17,497	32,735	15,368
Interest paid		(595)	(539)	(506)	(516)
Income tax paid		(172)	(212)	(28)	(35)
NET CASH FROM OPERATING ACTIVITIES/ CARRIED FORWARD		32,857	16,746	32,201	14,817

represents an amount less than RM1,000

statements of cash flows

For The Financial Year Ended 30 June 2011

		THE GROUP		THE COMPANY	
	NOTE	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
NET CASH FROM OPERATING ACTIVITIES/ BROUGHT FORWARD		32,857	16,746	32,201	14,817
CASH FLOWS FOR INVESTING ACTIVITIES					
Purchase of equipment	32	(34,605)	(7,083)	(27,245)	(6,194)
Proceeds from disposal of equipment		174	13	173	13
Investment in an associate		(360)	(40)	(360)	(40)
Proceeds from disposal of a subsidiary	5(a)	-	38	-	40
Addition of development costs		(1,329)	(2,170)	(1,329)	(1,317)
(Advances to)/Repayment from subsidiaries		-	-	(6,265)	425
Repayment from/(Advances to) an associate		1,336	(2,122)	1,336	(2,122)
Interest received		113	150	110	148
NET CASH FOR INVESTING ACTIVITIES		(34,671)	(11,214)	(33,580)	(9,047)
		(1,814)	5,532	(1,379)	5,770
CASH FLOWS FOR FINANCING ACTIVITIES					
Drawdown of term loans		5,000	-	5,000	-
Purchase of treasury shares		-	(158)	-	(158)
Repayment of term loans		(1,002)	(960)	(1,002)	(960)
Repayment of hire purchase and finance lease payables		(2,071)	(1,676)	(1,868)	(1,639)
(Repayment to)/Advances from subsidiaries		-	-	(103)	60
Dividends paid	25	(3,604)	(8,473)	(3,604)	(8,473)
NET CASH FOR FINANCING ACTIVITIES		(1,677)	(11,267)	(1,577)	(11,170)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,491)	(5,735)	(2,956)	(5,400)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		8,825	14,560	7,816	13,216
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33	5,334	8,825	4,860	7,816

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

1. GENERAL INFORMATION

The Company is a public company limited by shares under the Companies Act 1965 in Malaysia. The domicile of the Company is in Malaysia and is listed on the Bursa Malaysia Securities Berhad. The registered office and principal place of business are as follows:-

Registered office	:	Lot 6.05, Level 6, KPMG Tower, No.8, First Avenue, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	Lot 8.01, Level 8, 1 First Avenue, Persiaran Bandar Utama, Bandar Utama, 47800 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 27 October 2011.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business 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 disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following new accounting standards and IC Interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 127 (Revised) Consolidated and Separate Financial Statements

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 (Revised) and FRS 127 (Revised): Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

3. **BASIS OF PREPARATION** (cont'd)

(a) During the current financial year, the Group has adopted the following new accounting standards and IC Interpretations (including the consequential amendments):-(cont'd)

FRSs and IC Interpretations (including the Consequential Amendments) (cont'd)

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 (Revised) and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and IC Interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(ii) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 July 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

3. **BASIS OF PREPARATION** (cont'd)

(a) The adoption of the above accounting standards and IC Interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-(cont'd)

(iii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

FRS 101 (Revised) also requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. This new disclosure is made in Note 38(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

(iv) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(v) Amendments to FRS 1 and FRS 127 remove the definition of 'cost method' currently set out in FRS 127, and instead require an investor to recognise all dividends from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(vi) IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent reporting period.

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

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
FRS 124 (Revised) Related Party Disclosures	1 January 2012
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011

3. **BASIS OF PREPARATION** (cont'd)

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-(cont'd)

FRSs and IC Interpretations (including the Consequential Amendments) (cont'd)	**Effective Date**
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Annual Improvement to FRSs (2010)	1 January 2011

4. **SIGNIFICANT ACCOUNTING POLICIES**

(a) Critical Accounting Estimates and Judgements

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

(i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The details of revenue recognition policies are disclosed in Note 4(s) to the financial statements.

(ii) Depreciation of Equipment

The estimates for the residual values, useful lives and related depreciation charges for the 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 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.

(iii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(a) **Critical Accounting Estimates and Judgements** (cont'd)

(iv) *Impairment of Goodwill*

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

Information relating to goodwill is disclosed in Note 9 to the financial statements.

(v) *Impairment of Non-financial Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(vi) *Amortisation of Development Costs*

Changes in the expected level of usage and technological development could impact the economic useful lives therefore future amortisation charges could be revised.

(vii) *Impairment of Trade and Other Receivables*

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment 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.

(b) **Financial Instruments**

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. 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 plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(b) **Financial Instruments** (cont'd)

(i) *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.

• *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 Company's right to receive payment is established.

• *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 revenue recognised on an effective yield basis.

• *Loans and Receivables Financial Assets*

Trade 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.

• *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.

(ii) *Financial Liabilities*

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as 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.

(iii) *Equity Instruments*

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

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

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(b) **Financial Instruments** (cont'd)

(iv) 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 the Company's own equity instruments. When such shares are issued by a subsequent sale, the difference between the sales consideration and the carrying amount is shown as a movement in shareholders' equity.

(c) **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.

(d) **Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June 2011.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

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. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent 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.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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 and attributed to owners of the parent.

Upon loss of control of a subsidiary, the profit or loss on disposal 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.

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(d) **Basis of Consolidation** (cont'd)

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. 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 FRS 127.

Business combinations from 1 July 2010 onwards

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.

Business combinations before 1 July 2010

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

(e) **Goodwill on Consolidation**

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. 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.

Business combinations from 1 July 2010 onwards

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 a gain in profit or loss.

Business combinations before 1 July 2010

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(f) **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.

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.

(g) **Investment 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.

The investment in an associate is accounted for under the equity method, based on the financial statements of the associate made up to 30 June 2011. The Group's share of the post acquisition profits of the associate is included in the consolidated statement of comprehensive income and 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 postacquisition retained profits and reserves.

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.

If the unrealised gain is in excess of the Group's equity interest, the excess is deferred through the creation of a deferred revenue.

(h) **Equipment**

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

Depreciation is calculated under the straight-line method to write off the cost 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:-

Motor vehicles	16%
Office and communication equipment	12%
Office furniture and renovation	10%
Computers	20%
Software	20%

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 equipment.

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

(i) **Impairment**

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), 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.

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(i) **Impairment** (cont'd)

(i) Impairment of Financial Assets (cont'd)

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.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when 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. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their valueinuse, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

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

The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(j) **Development Costs**

Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

(i) its ability to measure reliably the expenditure attributable to the asset under development;
(ii) the product or process is technically and commercially feasible;
(iii) its future economic benefits are profitable;
(iv) its ability to use or sell the developed asset; and
(v) the availability of adequate technical, financial and other resources to complete the asset under development.

Development costs that have been capitalised are amortised from the commencement of the commercial service of the product to which they relate on a straight-line basis over the period of their expected benefits but not exceeding 20 years.

Development expenditure that does not meet the above criteria is recognised as an expense when incurred.

For The Financial Year Ended 30 June 2011

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(k) Equipment under Hire Purchase and Finance Lease

Leases of equipment where substantially all the benefits and risks of ownership are transferred to the Company are classified as finance leases.

Equipment acquired under hire purchase are capitalised in the financial statements.

Each lease or hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the finance lease and hire purchase after deducting finance charges are included as liabilities in the financial statements.

Finance charges are recognised in profit or loss over the period of the respective lease and hire purchase agreements.

Equipment acquired under finance leases and hire purchase are depreciated over the useful lives of the assets. If there is no reasonable certainty that the ownership will be transferred to the Group, the assets are depreciated over the shorter of the lease terms and their useful lives.

(l) Operating Leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments are made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on the straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(m) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs 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 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.

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 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 income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(n) Borrowing Costs

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

(o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts 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.

(p) Provisions

Provisions are recognised when the Group has a present obligation 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.

(q) Employee Benefits

(i) Short-term Benefits

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

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss 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.

(r) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;
(iii) the party is a joint venture in which the entity is a venturer;
(iv) the party is a member of the key management personnel of the entity or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is an entity that controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

(s) Revenue Recognition

(i) Services Rendered

Revenue is recognised upon delivery of services and solutions 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 that are recoverable.

(ii) Dividend Income

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Revenue Recognition (cont'd)

(iii) Interest Income

Interest income are recognised on an accrual basis.

(t) Deferred Revenue

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

(u) 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. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost:-		
At 1 July	13,196	13,196
Disposal during the financial year	-	(#)
At 30 June	13,196	13,196

The details of the subsidiaries are as follows:-

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY 2011	INTEREST 2010	PRINCIPAL ACTIVITIES
Gale Vector Sdn. Bhd. ("GVSB")	Malaysia	100%	100%	Provision of software solutions and maintenance services.
My EG Sdn. Bhd. ("MYEGSB") (f.k.a. MySpeed.com Sdn. Bhd.) *	Malaysia	100%	100%	Development and implementation of the Electronic Government services projects and provision of other related services for the Electronic Government services project.
My E.G. Commerce Sdn. Bhd. ("MECSB")	Malaysia	100%	100%	Provision of auto insurance intermediary services.

* - Not audited by Messrs. Crowe Horwath
\# - represent an amount less than RM1,000

(a) In the previous financial year, the Company disposed of its entire 54.5% equity interest in PDX.net Sdn. Bhd. ("PNSB") comprising 54 ordinary shares of RM1.00 each in PNSB for a cash consideration of RM40,000 and consequently PNSB ceased to be a subsidiary of the Company.

5. **INVESTMENTS IN SUBSIDIARIES** (cont'd)

(a) The details of the net assets disposed of and the cash inflow from the disposal of the subsidiary, PNSB in the previous financial year were as follows:-

	THE GROUP 2010 RM'000
Equipment	34
Trade receivables	3
Other receivables	35
Cash and bank balances	2
Trade payables	(#)
Other payables	(12)
Deferred taxation	(4)
Fair value of identifiable net asset disposed	58
Add: Goodwill on consolidation	6
Less: Minority interest	(26)
Share of group's assets	38
Gain on disposal of a subsidiary	2
Sale proceeds from disposal of a subsidiary	40
Cash and cash equivalents of subsidiary disposed	(2)
Cash flow on disposal of subsidiary	38

The effects of the disposal of the subsidiary, PNSB in the financial results of the Group in the previous financial year were as follows:-

	THE GROUP 2010 RM'000
Revenue	14
Loss for the financial year	(45)

6. INVESTMENT IN AN ASSOCIATE

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unquoted shares, at cost	400	40	400	40
Share of post-acquisition losses	(400)	(40)	-	-
	-	-	400	40

The details of the associate are as follows:-

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY INTEREST 2011	EFFECTIVE EQUITY INTEREST 2010	PRINCIPAL ACTIVITIES
MY E.G. Integrated Networks Sdn. Bhd. ("MINT") *	Malaysia	40%	40%	Provision of software and hardware solutions and related services.

* - Not audited by Messrs. Crowe Horwath

During the financial year, MINT increased its issued and paid-up share capital from 100,000 to 1,000,000 ordinary shares of RM1 each. The Company subscribed for the additional 360,000 ordinary shares of RM1.00 each in MINT for a cash consideration of RM360,000 to retain its equity interest of 40%.

The Group recognised its share of losses in the associate, MINT, up to the amount of investment in MINT at the end of the reporting period. The share of losses in excess of the investment in MINT which has not been recognised amounted to approximately RM1,242,000 (2010: RM740,000). The Group will recognise this share of losses when the Group has the obligation to invest additional capital in the associate in the future.

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

	2011 RM'000	2010 RM'000
Assets and Liabilities		
Total assets	10,046	8,415
Total liabilities	15,101	10,266
Results		
Revenue	-	-
Loss for the financial year	4,105	1,950

7. EQUIPMENT

THE GROUP	AT 1.7.2010 RM'000	ADDITIONS RM'000	DISPOSALS RM'000	WRITE-OFFS RM'000	DEPRECIATION CHARGE RM'000	AT 30.6.2011 RM'000
NET BOOK VALUE						
Motor vehicles	889	1,420	(140)	-	(395)	1,774
Office and communication equipment	31,643	32,172	(3)	(12)	(4,063)	59,737
Office furniture and renovation	5,176	1,518	(94)	(3)	(586)	6,011
Computers	2,266	1,197	(3)	(19)	(1,215)	2,226
Software	21	9	-	-	(9)	21
	39,995	36,316	(240)	(34)	(6,268)	69,769

THE GROUP	AT 1.7.2009 RM'000	ADDITIONS RM'000	DISPOSALS RM'000	DISPOSAL OF A SUBSIDIARY RM'000	DEPRECIATION CHARGE RM'000	AT 30.6.2010 RM'000
NET BOOK VALUE						
Motor vehicles	642	454	-	-	(207)	889
Office and communication equipment	26,397	8,015	(3)	(30)	(2,736)	31,643
Office furniture and renovation	3,904	1,695	-	-	(423)	5,176
Computers	2,632	684	(10)	(4)	(1,036)	2,266
Software	20	11	-	-	(10)	21
	33,595	10,859	(13)	(34)	(4,412)	39,995

AT 30.6.2011	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
Motor vehicles	2,414	(640)	1,774
Office and communication equipment	70,079	(10,342)	59,737
Office furniture and renovation	7,774	(1,763)	6,011
Computers	7,689	(5,463)	2,226
Software	61	(40)	21
	88,017	(18,248)	69,769
AT 30.6.2010			
Motor vehicles	1,343	(454)	889
Office and communication equipment	37,926	(6,283)	31,643
Office furniture and renovation	6,368	(1,192)	5,176
Computers	6,511	(4,245)	2,266
Software	53	(32)	21
	52,201	(12,206)	39,995

7. **EQUIPMENT** (cont'd)

	AT 1.7.2010 RM'000	ADDITIONS RM'000	DISPOSALS RM'000	TRANSFER TO A SUBSIDIARY RM'000	WRITE-OFFS RM'000	DEPRECIATION CHARGE RM'000	AT 30.6.2011 RM'000
THE COMPANY							
NET BOOK VALUE							
Motor vehicles	500	-	(140)	-	-	(105)	255
Office and communication equipment	30,911	25,485	(2)	-	-	(3,940)	52,454
Office furniture and renovation	3,463	1,227	(94)	(139)	(3)	(432)	4,022
Computers	1,831	955	(3)	-	-	(1,087)	1,696
Software	21	9	-	-	-	(9)	21
	36,726	27,676	(239)	(139)	(3)	(5,573)	58,448

	AT 1.7.2009 RM'000	ADDITIONS RM'000	DISPOSALS RM'000	DEPRECIATION CHARGE RM'000	AT 30.6.2010 RM'000
THE COMPANY					
NET BOOK VALUE					
Motor vehicles	642	-	-	(142)	500
Office and communication equipment	25,765	7,754	(3)	(2,605)	30,911
Office furniture and renovation	2,458	1,340	-	(335)	3,463
Computers	2,338	465	(10)	(962)	1,831
Software	20	11	-	(10)	21
	31,223	9,570	(13)	(4,054)	36,726

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 30.6.2011			
Motor vehicles	540	(285)	255
Office and communication equipment	62,099	(9,645)	52,454
Office furniture and renovation	5,438	(1,416)	4,022
Computers	5,904	(4,208)	1,696
Software	61	(40)	21
	74,042	(15,594)	58,448
AT 30.6.2010			
Motor vehicles	889	(389)	500
Office and communication equipment	36,620	(5,709)	30,911
Office furniture and renovation	4,462	(999)	3,463
Computers	4,951	(3,120)	1,831
Software	53	(32)	21
	46,975	(10,249)	36,726

7. **EQUIPMENT** (cont'd)

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

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Motor vehicles	1,524	459	72	110
Office and communication equipment	3,671	7,225	3,671	7,225
Renovation	525	-	525	-

8. **DEVELOPMENT COSTS**

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
AT COST:-				
At 1 July	16,981	14,811	11,810	10,493
Addition during the financial year	1,329	2,170	1,329	1,317
Transfer to:				
- subsidiary	-	-	(336)	-
- associate	(36)	-	(36)	-
At 30 June	18,274	16,981	12,767	11,810
ACCUMULATED AMORTISATION:-				
At 1 July	(6,868)	(6,079)	(2,621)	(1,942)
Amortisation during the financial year	(904)	(789)	(724)	(679)
At 30 June	(7,772)	(6,868)	(3,345)	(2,621)
	10,502	10,113	9,422	9,189

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

Included in the development costs incurred during the financial year is the following item:-

	THE GROUP/ THE COMPANY	
	2011	2010
	RM'000	RM'000
Staff costs	994	950

9. GOODWILL ON CONSOLIDATION

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
At 1 July	12,016	12,022
Disposal of a subsidiary	-	(6)
At 30 June	12,016	12,016

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

During the financial year, the Group assessed the recoverable amount of goodwill in relation to each cash-generating unit, and determined that goodwill is not impaired.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculated using cash flow projections based on financial budgets approved by management covering a period of five (5) years. The key assumptions used for value-in-use calculations are:-

	GROSS MARGIN		GROWTH RATE		DISCOUNT RATE	
	2011	2010	2011	2010	2011	2010
Software solutions and other insurance-related services	75%	72%	14%	15%	12.5%	9.5%
E-business activities	64%	43%	42%	7%	12.5%	9.5%

(a) Budgeted gross margin — The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements and cost saving measures.

(b) Growth rate — The growth rates used are based on the expected projection of the software solutions and other insurance-related services and e-business activities.

(c) Discount rate — The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The management believes that no reasonable change in the above key assumptions would cause the carrying amount of the goodwill to exceed its recoverable amounts.

10. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables	8,110	6,800	5,825	5,587
Allowance for impairment losses	-	(8)	-	(8)
	8,110	6,792	5,825	5,579
Allowance for impairment losses:-				
At 1 July	(8)	(8)	(8)	(8)
Addition during the financial year	-	#	-	-
Written off during the financial year	8	-	8	-
At 30 June	-	(8)	-	(8)

represents as amount less than RM1,000.

The Group's normal trade credit terms range from 30 to 180 days. Other credit terms are assessed and approved on a case-by-case basis.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other receivables	4,342	5,148	4,332	5,138
Deposits	914	713	745	543
Prepayments	5,166	4,464	1,443	2,596
	10,422	10,325	6,520	8,277
Allowance for impairment losses on other receivables	(1)	-	(1)	-
	10,421	10,325	6,519	8,277
Allowance for impairment losses:-				
At 1 July	-	-	-	-
Addition during the financial year	(1)	-	(1)	-
At 30 June	(1)	-	(1)	-

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11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

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

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Advance payments for:				
- purchase of equipment	1,444	-	-	-
- purchase of motor vehicles	-	81	-	-
- exhibition and marketing expenses	1,155	2,255	1,155	2,255
- corporate exercise expenses	47	-	47	-
- renovation	-	183	-	183
Performance bond placed with gateway provider	5,473	4,679	3,446	2,902

12. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	THE COMPANY	
	2011 RM'000	2010 RM'000
Amount owing by:		
- trade	660	660
- non-trade	8,809	1,069
	9,469	1,729
Amount owing to:		
- non-trade	-	(103)

The trade amount is subject to normal credit terms.

The non-trade amounts owing are unsecured, interest-free and receivable/(repayable) on demand. The amounts owing are to be received/settled in cash.

13. AMOUNT OWING BY AN ASSOCIATE

	THE GROUP/ THE COMPANY	
	2011 RM'000	2010 RM'000
Amount owing by:		
- trade	5,050	5,400
- non-trade	822	2,122
	5,872	7,522

The trade amount is subject to normal credit terms.

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

14. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits with licensed banks are amounts of RM575,000 and RM553,000 of the Group and of the Company respectively (2010: RM555,000 and RM522,000) which have been pledged to licensed banks for banking facilities granted to the Group and the Company.

As at 30 June 2011, the fixed deposits of the Group and the Company amounting to RM857,000 and RM835,000 respectively (2010: RM22,000 and Nil) were held in trust by a director.

The weighted average effective interest rate per annum of the fixed deposits at the end of the reporting period was 2.55% (2010: 2.39%). The fixed deposits have maturity periods ranging from 1 to 12 months (2010: 1 to 12 months).

15. CASH AND BANK BALANCES

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

	THE GROUP/ THE COMPANY 2011 RM'000	THE GROUP/ THE COMPANY 2010 RM'000
Short-term cash investments	128	2,771

16. SHARE CAPITAL

	THE COMPANY			
	2011		2010	
	NUMBER OF SHARES '000	SHARE CAPITAL RM'000	NUMBER OF SHARES '000	SHARE CAPITAL RM'000
ORDINARY SHARES OF RM0.10 EACH:-				
AUTHORISED				
At 1 July/30 June	1,000,000	100,000	1,000,000	100,000
ISSUED AND FULLY PAID-UP				
At 1 July/30 June	601,051	60,105	601,051	60,105

17. TREASURY SHARES

	THE GROUP/THE COMPANY			
	2011		2010	
	NUMBER OF SHARES '000	SHARE CAPITAL RM'000	NUMBER OF SHARES '000	SHARE CAPITAL RM'000
At 1 July	372	158	-	-
Buy back	-	-	372	158
At 30 June	372	158	372	158

In the previous financial year, the Company purchased its own ordinary shares from the open market at an average price of RM0.43 per share. The total consideration paid for the purchase including transaction costs was RM158,186. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at end of the reporting period, the Company held 371,900 shares (2010: 371,900 shares) as treasury shares out of its 601,051,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount RM158,186.

18. RETAINED PROFITS

Subject to the agreement of the tax authorities, at the end of the reporting period, the Company has tax-exempt income of approximately RM12,286,000 (2010: RM18,893,000) available for the purpose of paying tax-exempt dividends.

At the end of the reporting period, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

19. DEFERRED TAX

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 July	-	6	-	-
Recognised in the profit or loss (Note 30)	699	(2)	678	-
Disposal of a subsidiary	-	(4)	-	-
At 30 June	699	-	678	-

The deferred tax liabilities are attributable to the following:-

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Accelerated capital allowances over depreciation	202	-	181	-
Development costs	497	-	497	-
	699	-	678	-

For The Financial Year Ended 30 June 2011

19. DEFERRED TAX (cont'd)

The Group and the Company have not recognised the deferred tax liabilities for the following items:-

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Accelerated capital allowances over depreciation	5,943	3,762	5,147	3,529
Development costs	1,236	1,280	966	1,049
	7,179	5,042	6,113	4,578

The directors are of the opinion that the deferred tax liabilities would not be crystalised in the foreseeable future as the Group and the Company are in the process of streamlining its business operations of which certain services will be undertaken by its subsidiary of which MSC status has been granted.

20. LONG-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Hire purchase and finance lease payables (Note 21)	1,553	1,786	398	1,471
Term loans (Note 22)	5,222	2,400	5,222	2,400
	6,775	4,186	5,620	3,871

21. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Minimum hire purchase and lease payments:				
- not later than one year	1,713	1,969	1,439	1,898
- later than one year and not later than five years	1,769	1,906	412	1,546
- later than five years	-	12	-	-
Gross hire purchase and lease payables	3,482	3,887	1,851	3,444
Less: Future finance charges	(293)	(338)	(102)	(258)
Present value of hire purchase and finance lease payables	3,189	3,549	1,749	3,186

21. **HIRE PURCHASE AND FINANCE LEASE PAYABLES** (cont'd)

The net hire purchase and finance lease payables are repayable as follows:

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current:				
- not later than one year (Note 26)	1,636	1,763	1,351	1,715
Non-current:				
- later than one year and not later than five years	1,553	1,774	398	1,471
- later than five years	-	12	-	-
Total non-current portion (Note 20)	1,553	1,786	398	1,471
	3,189	3,549	1,749	3,186

The hire purchase and finance lease payables are for the purchase of the Group's motor vehicle and office and communication equipment.

The weighted average effective interest rate per annum as at the end of the reporting period of the hire purchase and lease payables of the Group and of the Company, were as follows:-

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
Interest rate	6.71%	6.76%	6.71%	6.79%

22. **TERM LOANS**

	THE GROUP/ THE COMPANY	
	2011 RM'000	2010 RM'000
Current portion:		
- repayable within one year (Note 26)	2,136	960
Non-current portion:		
- repayable between one to two years	2,136	960
- repayable between two to five years	3,086	1,440
Total non-current portion (Note 20)	5,222	2,400
	7,358	3,360

22. **TERM LOANS** (cont'd)

Details of the term loans are as follows:-

	NUMBER OF MONTHLY INSTALMENTS	MONTHLY INSTALMENT RM'000	DATE OF COMMENCEMENT OF REPAYMENT
Term loan 1	75	64	October 2007
Term loan 2	75	16	October 2007
Term loan 3	60	98	May 2011

The term loans are secured by:-

(i) a pledge of certain fixed deposits of the Company; and

(ii) a pledge of 9,250,000 ordinary shares of My EG Sdn. Bhd..

The weighted average effective interest rate of the term loans at the end of the reporting period was 7.07% (2010: 7.50%) per annum.

23. **TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 30 to 90 days.

24. **DEFERRED REVENUE**

Deferred revenue represents the unrealised gains in connection with sales between the Group and the associate.

25. **DIVIDENDS**

	THE GROUP/ THE COMPANY 2011 RM'000	2010 RM'000
Dividends paid:-		
In respect of the financial year ended 30 June 2009:		
- a third interim tax-exempt dividend of 0.455 sen per ordinary share	-	2,735
- a final tax-exempt dividend of 0.455 sen per ordinary share	-	2,735
In respect of the financial year ended 30 June 2010:		
- a first interim tax-exempt dividend of 0.50 sen per ordinary share	-	3,003
- a final tax-exempt dividend of 0.60 sen per ordinary share	3,604	-
	3,604	8,473
Dividend declared:-		
In respect of the financial year ended 30 June 2011:		
- a first interim tax-exempt dividend of 0.50 sen per ordinary share	3,003	-

26. SHORT-TERM BORROWINGS

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000
Hire purchase and finance lease payables (Note 21)	1,636	1,763	1,351	1,715
Term loans (Note 22)	2,136	960	2,136	960
	3,772	2,723	3,487	2,675

27. NET ASSETS PER SHARE

The net assets per share of the Group is calculated based on the net assets value at the end of the reporting period of RM99,966,000 (2010: RM84,443,000) divided by the number of ordinary shares in issue of 600,679,000 (2010: 600,679,000) excluding treasury shares held by the Company.

28. REVENUE AND COST OF SALES

THE GROUP

	REVENUE RM'000	COST OF SALES DIRECT RM'000	COST OF SALES INDIRECT RM'000	GROSS PROFIT RM'000
2011				
Electronic Government services and related services	48,153	(4,231)	#	*
Enterprise solutions	10,680	-	#	*
	58,833	(4,231)	(5,797)	48,805
2010				
Electronic Government services and related services	39,932	(5,795)	#	*
Enterprise solutions	7,760	-	#	*
	47,692	(5,795)	(4,785)	37,112

\# There is no reasonable basis for allocation of indirect cost of sales to the respective revenue.
* Gross profit of segment is not shown due to the unallocated indirect cost of sales.

THE COMPANY

	REVENUE RM'000	COST OF SALES DIRECT RM'000	COST OF SALES INDIRECT RM'000	GROSS PROFIT RM'000
2011				
Electronic Government services and related services	37,184	(1,169)	#	*
Enterprise solutions	13,760	-	#	*
	50,944	(1,169)	(4,327)	45,448
2010				
Electronic Government services and related services	28,889	(939)	#	*
Enterprise solutions	9,860	-	#	*
	38,749	(939)	(3,566)	34,244

\# There is no reasonable basis for allocation of indirect cost of sales to the respective revenue.
* Gross profit of segment is not shown due to the unallocated indirect cost of sales.

Revenue of the Group and of the Company represents the invoiced value of services rendered less trade discounts.

29. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for impairment losses on:				
- trade receivables	-	#	-	-
- other receivables	1	-	1	-
Amortisation of development costs	904	789	724	679
Audit fee:				
- for the current financial year	65	65	42	45
- (over)/underprovision in the previous financial year	(16)	6	(15)	8
Directors' fee	468	363	468	330
Directors' non-fee emoluments	28	-	28	-
Depreciation of equipment	6,268	4,412	5,573	4,054
Equipment written off	34	-	3	-
Interest expense:				
- hire purchase	100	29	28	6
- finance lease	174	220	174	220
- term loans	304	290	304	290
- others	17	-	-	-
Rental expense:				
- equipment	15	4	-	-
- parking	27	15	25	15
- premises	2,188	1,649	1,201	875
Staff costs:				
- salaries, wages, bonuses and allowances	7,393	5,879	4,543	3,392
- defined contribution plan	956	758	605	444
- other benefits	527	329	416	282
Dividend income from a subsidiary	-	-	(1,000)	-
Loss/(Gain) on disposal of equipment	66	(#)	66	(#)
Gain on disposal of a subsidiary	-	(2)	-	(40)
Interest income	(113)	(150)	(110)	(148)

represents an amount less than RM1,000.

30. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current taxation:				
- for the current financial year	134	156	20	31
- (over)/underprovision in the previous financial year	(3)	3	-	-
	131	159	20	31
Deferred taxation: (Note 19)				
- for the current financial year	20	(2)	-	-
- underprovision in the previous financial year	679	-	678	-
	830	157	698	31

30. **INCOME TAX EXPENSE** (cont'd)

The current taxation of the Company is in respect of interest income. The Company is not subject to tax as it has been granted the MSC Malaysia status, which qualifies the Company for the Pioneer Status incentive under Promotion of Investments Act, 1986. The Company will enjoy full exemption from income tax on its statutory income from pioneer activities for five (5) years, from 18 July 2006 to 17 July 2011. Upon expiry of the Pioneer Status, there will be no further extension.

A subsidiary was granted the MSC Malaysia status on 27 April 2011, which qualifies the subsidiary the Pioneer Status incentive under the Promotion of Investments Act, 1986. The issuance of the pioneer status incentive certificate is pending from the authorities.

During the current financial year, the statutory tax rate is 25%.

A reconciliation of the 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 of the Company are as follows:-

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before taxation	22,960	21,009	23,850	20,253
Tax at the applicable statutory tax rate of 25%	5,740	5,252	5,963	5,063
Tax effects of:-				
Non-taxable gains	(7)	(8)	(257)	(16)
Tax exempted income	(4,053)	(4,952)	(4,425)	(5,311)
Non-deductible expenses	449	301	274	233
Utilisation of deferred tax assets not recognised in the previous financial year	-	(498)	-	-
Deferred tax not recognised due to pioneer status	(1,971)	-	(1,535)	-
Reversal of deferred tax liabilities not recognised in the previous financial year due to pioneer status	-	62	-	62
Under/(Over)provision in the previous financial year:				
- current taxation	(3)	3	-	-
- deferred taxation	679	-	678	-
Others	(4)	(3)	-	-
	830	157	698	31

No deferred tax assets are recognised in the statements of financial position for the following items:-

	THE GROUP	
	2011 RM'000	2010 RM'000
Unutilised tax losses	1,093	2,353
Unutilised capital allowances	1,922	-
	3,015	2,353

31. EARNINGS PER SHARE

Basic earnings per share is arrived at by dividing the Group's profit attributable to owners of the Company of RM22,130,000 (2010: RM20,872,000) by the following weighted average number of ordinary shares in issue during the financial year excluding treasury shares held by the Company.

	THE COMPANY	
	2011	2010
	'000	'000
Issued ordinary shares at 1 July	600,978	601,051
Effect of share buy-back	-	(73)
Weighted average number of shares at 30 June	600,978	600,978

The diluted earnings per share is not presented as there are no dilutive effect at the end of the reporting period.

32. PURCHASE OF EQUIPMENT

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Cost of equipment purchased	36,316	10,859	27,676	9,570
Amount financed through hire purchase and leasing	(1,711)	(3,776)	(431)	(3,376)
Cash disbursed for purchase of equipment	34,605	7,083	27,245	6,194

33. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks (Note 14)	1,436	3,639	1,414	3,606
Cash and bank balances (Note 15)	3,898	5,186	3,446	4,210
	5,334	8,825	4,860	7,816

34. RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Company has controlling related party relationships with its subsidiaries as disclosed in Note 5 to the financial statements and an entity controlled by a key management personnel.

(b) In addition to the balances detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial year.

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sales to:				
A subsidiary				
MECSB	-	-	660	660
An associate:				
MINT	6,030	3,960	8,450	5,40
Dividend income receivable from a subsidiary				
GVSB	-	-	1,000	-
Equipment transfer to a subsidiary				
MYEGSB	-	-	139	-
Development costs transfer to:				
A subsidiary				
MYEGSB	-	-	336	-
An associate:				
MINT	36	-	36	-
Professional fees charged by:				
Related party:				
Embunaz Ventures Sdn. Bhd.*	192	137	192	137
Rental charged by:				
Related party:				
Embunaz Ventures Sdn. Bhd.*	-	55	-	55
Key management personnel compensation:				
Short-term employee benefits	1,009	762	889	609

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

The outstanding amount of the related parties will be settled in cash. No guarantees have been given or received. No expenses have been recognised during the financial year as impairment losses on the amounts owing by the related parties.

35. COMMITMENTS

Capital commitments

Authorised capital expenditure not provided for in the financial statements:-

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Approved and contracted for:				
- purchase of equipment	3,441	997	235	-

Operating lease commitments

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

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Not later than one year	1,475	1,697	1,258	1,361
Later than one year but not later than five years	878	1,648	819	1,496
	2,353	3,345	2,077	2,857

36. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by the directors of the Group and of the Company during the financial year is as follows:-

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Executive directors:				
- fees	348	240	348	240
- other emoluments	23	-	23	-
	371	240	371	240
Non-executive directors:				
- fees	120	123	120	90
- other emoluments	5	-	5	-
	496	363	496	330

36. **DIRECTORS' REMUNERATION** (cont'd)

The details of the emoluments for the directors of the Group and the Company received/receivable for the financial year in bands of RM50,000 are as follows:-

	NUMBER OF DIRECTORS			
	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
EXECUTIVE DIRECTORS				
RM50,001 - RM100,000	-	2	-	2
RM100,001 - RM150,000	3	1	3	1
NON-EXECUTIVE DIRECTORS				
RM0 - RM50,000	1	1	1	2
RM50,001 - RM100,000	2	2	2	1

37. **OPERATING SEGMENTS**

Operating segmental information is not provided as the Group comprise principally 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 are substantially within a single business segment.

Products and services information

	THE GROUP	
		RESTATED
	2011	2010
	RM'000	RM'000
Electronic Government services and related services	48,153	39,932
Enterprise solutions	10,680	7,760
Total revenue	58,833	47,692

Geographical information
The Group operates in Malaysia only.

Major customers
There is no major customer with revenue equal or more than 10% of Group's revenue.

38. **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.

(a) **Financial Risk Management Policies**

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

(i) **Market Risk**

(i) Foreign Currency Risk

The Company does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

38. **FINANCIAL INSTRUMENTS** (cont'd)

(a) **Financial Risk Management Policies** (cont'd)

(i) **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. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 38(a)(iii) to the financial statements.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	THE GROUP 2010 INCREASE/ (DECREASE) RM'000	THE COMPANY 2010 INCREASE/ (DECREASE) RM'000
Effects on profit after taxation		
Increase of 100 basis points (bp)	7	7
Decrease of 100 bp	(7)	(7)
Effects on equity		
Increase of 100 bp	7	7
Decrease of 100 bp	(7)	(7)

(iii) Equity Price Risk

The Group does not have any quoted investment and hence is not exposed to any equity price risk.

(ii) **Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and short-term cash investments), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by three (3) customers which constituted approximately 63% of its trade receivables as at the end of the reporting period.

38. **FINANCIAL INSTRUMENTS** (cont'd)

(a) **Financial Risk Management Policies** (cont'd)

(ii) **Credit Risk** (cont'd)

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

Ageing analysis

The ageing analysis of the Group's trade receivables as at 30 June 2011 is as follows:-

THE GROUP	GROSS AMOUNT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
2011			
Not past due	6,562	-	6,562
Past due:-			
- less than 3 months	141	-	141
- 3 to 6 months	257	-	257
- over 6 months	1,150	-	1,150
	8,110	-	8,110

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 collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables.

38. **FINANCIAL INSTRUMENTS** (cont'd)

(a) **Financial Risk Management Policies** (cont'd)

(iii) **Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash and bank balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000
2011					
Trade payables	-	3,105	3,105	3,105	-
Other payables and accruals	-	895	895	895	-
Dividend payable	-	3,003	3,003	3,003	-
Hire purchase and finance lease payables	6.71	3,189	3,482	1,713	1,769
Term loans	7.07	7,358	8,697	2,275	6,422
		17,550	19,182	10,991	8,191

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000
2010					
Trade payables	-	1,422	1,422	1,422	-
Other payables and accruals	-	1,384	1,384	1,384	-
Hire purchase and finance lease payables	6.76	3,549	3,887	1,969	1,918
Term loans	7.50	3,360	3,804	1,179	2,625
		9,715	10,497	5,954	4,543

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000
2011					
Trade payables	-	2,950	2,950	2,950	-
Other payables and accruals	-	693	693	693	-
Dividend payable	-	3,003	3,003	3,003	-
Hire purchase and finance lease payables	6.71	1,749	1,851	1,439	412
Term loans	7.07	7,358	8,697	2,275	6,422
		15,753	17,194	10,360	6,834

38. **FINANCIAL INSTRUMENTS** (cont'd)

(a) **Financial Risk Management Policies** (cont'd)

(iii) **Liquidity Risk** (cont'd)

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000
2010					
Trade payables	-	1,292	1,292	1,292	-
Other payables and accruals	-	1,090	1,090	1,090	-
Amount owing to subsidiaries	-	103	103	103	-
Hire purchase and finance lease payables	6.79	3,186	3,444	1,898	1,546
Term loans	7.50	3,360	3,804	1,179	2,625
		9,031	9,733	5,562	4,171

(b) **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. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
Trade payables	3,105	1,422
Other payables and accruals	895	1,384
Dividend payable	3,003	-
Hire purchase and finance lease payables	3,189	3,549
Term loans	7,358	3,360
	17,550	9,715
Less: Fixed deposits with licensed banks	(1,436)	(3,639)
Less: Cash and bank balances	(3,898)	(5,186)
Net debt	12,216	890
Total equity	99,966	84,443
Debt-to-equity ratio	12.2	1.1

38. **FINANCIAL INSTRUMENTS** (cont'd)

(c) **Classification Of Financial Instruments**

	THE GROUP 2011 RM'000	THE COMPANY 2010 RM'000
Financial assets		
Loans and receivables financial assets		
Trade receivables	8,110	5,825
Other receivables and deposits	5,255	5,076
Amount owing by subsidiaries	-	9,469
Amount owing by associate	5,872	5,872
Fixed deposits with licensed banks	1,436	1,414
Cash and bank balances	3,898	3,446
	24,571	31,102
Financial liabilities		
Other financial liabilities		
Trade payables	3,105	2,950
Other payables and accruals	895	693
Dividend payable	3,003	3,003
Hire purchase and finance lease payables	3,189	1,749
Term loans	7,358	7,358
	17,550	15,753

(d) **Fair Values Of Financial Instruments**

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values except for the following:-

	2011		2010	
	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
THE GROUP				
Hire purchase and finance lease payables	3,189	3,027	3,549	3,428
THE COMPANY				
Hire purchase and finance lease payables	1,749	1,734	3,186	3,125

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair values of the hire purchase and finance lease payables are determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

(iii) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

39. COMPARATIVE FIGURES

Certain comparative figures in the previous financial year have been reclassified to conform with the current financial year's presentation.

	THE GROUP		THE COMPANY	
	AS RESTATED RM'000	AS PREVIOUSLY REPORTED RM'000	AS RESTATED RM'000	AS PREVIOUSLY REPORTED RM'000
Revenue	47,692	62,094	38,749	53,151
Cost of sales	(10,580)	(24,982)	(4,505)	(18,907)

40. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	THE GROUP 2011 RM'000	THE COMPANY 2010 RM'000
Total retained profits:		
- realised	35,858	37,642
- unrealised	-	-
	35,858	37,642
Total share of accumulated losses of associate:		
- realised	(400)	-
- unrealised	-	-
	(400)	37,642
Less: Consolidation adjustments	4,561	-
At 30 June	40,019	37,642

LIST OF PROPERTIES

As At 30 June 2011

The Company does not own any properties as at 30 June 2011

ANALYSIS OF SHAREHOLDINGS

As At 11 November 2011

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-Up Capital	:	RM60,020,710 (excluding 843,900 treasury shares of RM0.10 each)
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Right	:	Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share he holds
Number of Shareholders	:	3,924

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% #	NO.OF SHARES	% #
Less than 100	23	0.59	743	0.00
100 to 1,000	852	21.71	331,809	0.06
1,001 to 10,000	1,821	46.41	11,181,900	1.86
10,001 to 100,000	1,045	26.63	34,338,140	5.72
100,001 – less than 5% of issued shares	180	4.59	370,254,608	61.69
5% and above issued shares	3	0.08	184,099,900	30.67
Total	3,924	100.00	600,207,100	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

	NO. OF SHARES HELD			
NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST	% #	INDIRECT INTEREST	% #
Wong Thean Soon	28,246,006	4.71	209,157,998 [1]	34.85
Raja Munir Shah Bin Raja Mustapha	409,900	0.07	209,157,998 [1]	34.85
Asia Internet Holdings Sdn Bhd	193,695,999	32.27	-	-
Utilico Emerging Markets Limited	53,869,900 [2]	8.98	-	-
Edisi Firma Sdn Bhd	36,925,140	6.15	-	-
Ban Swan Gek	264,000	0.04	36,925,140 [3]	6.15

Notes:

Excluding a total of 843,900 ordinary shares of RM0.10 each bought-back by the Company and retained as treasury shares

1 *Deemed interested by virtue of their substantial shareholdings in Asia Internet Holdings Sdn Bhd and Asia Internet E-Services Holdings Sdn Bhd*

2 *Shares hold through the HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Bermuda)*

3 *Deemed interested by virtue of her substantial shareholdings in Edisi Firma Sdn Bhd*

As At 11 November 2011

DIRECTORS' SHAREHOLDINGS

	NO. OF SHARES HELD			
NAME OF DIRECTORS	DIRECT INTEREST	% #	INDIRECT INTEREST	% #
Dato' Dr Norraesah Binti Haji Mohamad	6,960,000	1.16	-	-
Wong Thean Soon	28,246,006	4.71	209,157,998 [1]	34.85
Raja Munir Shah Bin Raja Mustapha	409,900	0.07	209,157,998 [1]	34.85
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	2,503,000	0.42	1,700,000 [2]	0.28
Datuk Mohd Jimmy Wong Bin Abdullah	552,000	0.09	-	-
Ng Fook Ai, Victor	-	-	-	-

Notes:

\# *Excluding a total of 843,900 ordinary shares of RM0.10 each bought-back by the Company and retained as treasury shares*

1 *Deemed interested by virtue of their substantial shareholdings in Asia Internet Holdings Sdn Bhd and Asia Internet E-Services Holdings Sdn Bhd*

2 *Deemed interested by virtue of his wife's and son's shareholding pursuant to Section 134 (12)(c) of the Companies Act, 1965.*

TOP THIRTY (30) SHAREHOLDERS

NO.	NAMES	NO. OF SHARES	%
1.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Asia Internet Holdings Sdn Bhd*	86,230,000	14.37
2.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association (Bermuda)*	53,869,900	8.98
3.	HSBC Nominees (Tempatan) Sdn Bhd *Exempt An for Credit Suisse (SG BR-TST-TEMP)*	44,000,000	7.33
4.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Asia Internet Holdings Sdn Bhd (MGN-AIH0001M)*	27,401,000	4.57
5.	Cartaban Nominees (Asing) Sdn Bhd *Exempt An for RBC Dexia Investor Services Trust (Clients Account)*	27,182,500	4.53
6.	M.I.T Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Edisi Firma Sdn Bhd (MG0065-195)*	26,925,140	4.49
7.	Citigroup Nominees (Asing) Sdn Bhd *Goldman Sachs International*	25,844,805	4.31
8.	Lembaga Tabung Haji	23,854,800	3.97
9.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Thean Soon (MGN-WTS0002M)*	20,868,000	3.48
10.	M.I.T Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Asia Internet Holdings Sdn. Bhd. (MG0168-195)*	15,752,000	2.62
11.	Asia Internet E-Services Holdings Sdn. Bhd.	15,461,999	2.58
12.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association (NORGES BK LEND)*	13,922,400	2.32

As At 11 November 2011

TOP THIRTY (30) SHAREHOLDERS (cont'd)

NO.	NAMES	NO. OF SHARES	%
13.	Cartaban Nominees (Asing) Sdn Bhd *BBH (Lux) Sca for Fidelity Funds Asean*	13,845,300	2.31
14.	Jason Chan Ling Khee	11,069,599	1.84
15.	Edisi Firma Sdn. Bhd.	10,000,000	1.67
16.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Asia Internet Holdings Sdn Bhd (MY0409)*	9,845,000	1.64
17.	M.I.T Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Hong Sing (MG0120-195)*	8,792,000	1.46
18.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Wong Thean Soon (MY0691)*	7,200,000	1.20
19.	Ng Hong Sing	7,070,000	1.18
20.	Empayar Technologies Sdn Bhd	6,601,300	1.10
21.	Ahmad Fahmi Yahya Bin Osman	6,600,000	1.10
22.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Asia Internet Holdings Sdn. Bhd.*	6,600,000	1.10
23.	Norraesah Binti Mohamad	6,520,000	1.09
24.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Credit Suisse (SG BR-TST-ASING)*	5,804,080	0.97
25.	Cartaban Nominees (Asing) Sdn Bhd *SSBT Fund Vaas for Vanderbilt University*	5,760,000	0.96
26.	Then Pei Kee	5,250,000	0.87
27.	EG Industries Sdn Bhd	4,380,600	0.73
28.	Asia Internet Holdings Sdn. Bhd.	3,867,999	0.64
29.	HDM Nominees (Tempatan) Sdn Bhd *Phillip Securities Pte Ltd for Jason Chan Ling Khee*	3,100,240	0.52
30.	Cartaban Nominees (Asing) Sdn Bhd *BBH (Lux) Sca for Fidelity Funds Malaysia*	2,973,900	0.50

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of MY E.G. SERVICES BERHAD will be held at Banyan Room, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 15 December 2011 at 10.30 a.m. for the following purposes:

AGENDA

1. To lay the Audited Financial Statements for the financial year ended 30 June 2011 together with the Reports of the Directors and Auditors thereon. **Please refer to Note A**

2. To approve a final tax-exempt dividend of 0.6 sen per ordinary share in respect of the financial year ended 30 June 2011. **Ordinary Resolution 1**

3. To re-elect the following Directors retiring pursuant to Article 69 of the Articles of Association of the Company:

   3.1 Dato' Dr Norraesah Binti Haji Mohamad **Ordinary Resolution 2**

   3.2 Mr Wong Thean Soon **Ordinary Resolution 3**

4. To approve the payment of Directors' fees for the financial year ended 30 June 2011. **Ordinary Resolution 4**

5. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

6. **AUTHORITY TO ALLOT AND ISSUE SHARES BY DIRECTORS PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Ordinary Resolution 6**

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company (excluding treasury shares) at the time of issue and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. **PROPOSED PROVISION OF FINANCIAL ASSISTANCE** **Ordinary Resolution 7**

   "THAT approval be and is hereby given for the Company to provide financial assistance amounting up to RM20,000,000 to its 40% owned associated company, My E.G. Integrated Networks Sdn Bhd, the details of which are set out in the Circular to Shareholder dated 23 November 2011 and authorise the Board of Directors of the Company to give effect to the proposed provision of the financial assistance with full powers to do all such acts as they may consider necessary or expedient so as to give full effect to the same with further power to assent to any condition, modification, resolution, variation and/or amendment as may be required by the relevant authorities, bodies and/or parties."

8. **PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY** **Ordinary Resolution 8**

"THAT, subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Articles of Association, the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.10 each comprised in the Company's issued and paid-up ordinary share capital, such purchases to be made through the Bursa Securities subject further to the following:

(i) the aggregate number of shares which may be purchased and/or held by the Company shall be equivalent to ten per-centum (10%) of the issued and paid-up share capital of the Company ("Shares") for the time being;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the total retained profits of the Company. As at 30 June 2011, the audited retained profits of the Company were approximately RM 37.642 million;

(iii) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which this resolution was passed at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority; and

(iv) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the shares in the following manner:

(a) cancel the Shares so purchased; or
(b) retain the Shares so purchased as treasury shares; or
(c) retain part of the Shares so purchased as treasury shares and cancel the remainder; or
(d) distribute the treasury shares as dividends to shareholders and/or resell on the Bursa Securities and/or cancel all or part of them; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendments as may be imposed by the relevant authorities and to take all such step as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN the final tax-exempt dividend of 0.6 sen per ordinary share in respect of the financial year ended 30 June 2011, if approved by the shareholders at the Eleventh Annual General Meeting, will be paid on 20 January 2012 to Depositors whose names appear in Record of Depositors at the close of business on 3 January 2012.

A depositor shall qualify for entitlement to the dividend only in respect of the following:

(a) Shares transferred into the Depositor's Securities Account on or before 4.00 p.m. on 3 January 2012 in respect of ordinary transfers; and

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

By Order of the Board

TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
Company Secretaries

Selangor Darul Ehsan
23 November 2011

NOTES:

(A) This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting.

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.

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 is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

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 adjournment thereof.

7. Explanatory Notes on Special Business

Ordinary Resolution 6
Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 6, if passed, will give flexibility to the Directors of the Company to issue shares and allot up to a maximum of ten per centum (10%) of the issued share capital of the Company (excluding treasury shares) at the time of such allotment and issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The rationale for this resolution is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new shares for future business opportunities for the purpose of funding investment project(s), working capital and/or acquisitions and thereby reducing administrative time and cost associated with the convening of such meeting(s). No shares had been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 23 December 2010 and hence no proceeds were raised therefrom.

Ordinary Resolution 7
Proposed Provision of Financial Assistance

The proposed Ordinary Resolution 7 if passed, will empower the Company to provide financial assistance amounting up to RM20,000,000 to its 40% owned associated company, My E.G. Integrated Networks Sdn Bhd, the details of which are set out in the Circular to Shareholder dated 23 November 2011.

Ordinary Resolution 8
Proposed Renewal of Authority for Purchase of Own Shares by the Company

The proposed Ordinary Resolution 8 if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting.

Please refer to the Share Buy-Back Statement dated 23 November 2011 for further information.

1. **Directors who are standing for re-election**

The Directors standing for re-election at the Eleventh Annual General Meeting are as follows:

(a)	Dato' Dr Norraesah Binti Haji Mohamad	Retiring pursuant to Article 69 of the Company's Articles of Association
(b)	Mr Wong Thean Soon	Retiring pursuant to Article 69 of the Company's Articles of Association

2. **Further details of Directors who are standing for re-election**

(a) Details of the above Directors who are standing for re-election are set out in the Directors' Profile appearing on pages 13 to 16 of this Annual Report.
(b) The direct and indirect shareholdings of the above Directors who are standing for re-election are set out in the Analysis of Shareholdings on page 85 of this Annual Report.

3. **Details of Attendance of Directors at Board Meetings**

Five (5) Board meetings were held during the financial year ended 30 June 2011. Details of the attendance of each Director are set out in the Statement on Corporate Governance appearing on page 18 of this Annual Report.

4. **Place, Date and Time of Eleventh Annual General Meeting**

The Eleventh Annual General Meeting of the Company will be convened and held at Banyan Room, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 15 December 2011 at 10.30 a.m..

PROXY FORM

MY E.G. SERVICES BERHAD
(505639-K)
(Incorporated in Malaysia)

CDS ACCOUNT NO. OF AUTHORISED NOMINEE
NUMBER OF SHARES HELD

I/We____
(FULL NAME IN CAPITAL LETTERS)

of____
(ADDRESS FULL)

being a member(s) of MY E.G. SERVICES BERHAD (505639-K), hereby appoint ______________________

____
(FULL NAME IN CAPITAL LETTERS)

of ____
(ADDRESS FULL)

or THE CHAIRMAN OF THE MEETING or failing him/her,______________________________

____
(FULL NAME IN CAPITAL LETTERS)

of____
(ADDRESS FULL)

as my/our proxy, to vote for me/us and on my/our behalf at the Eleventh Annual General Meeting of the Company, to be held at Banyan Room, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 15 December 2011 at 10.30 a.m. and at any adjournment thereof.

* <u>If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting of failing him" and insert the name(s) of the person(s) desired.</u>

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:

	Ordinary Resolutions	For	Against
1	To approve the Final Tax-Exempt Dividend		
2	To re-elect Dato' Dr Norraesah Binti Haji Mohamad		
3	To re-elect Mr Wong Thean Soon		
4	To approve the payment of Directors' fees for the financial year ended 30 June 2011		
5	To re-appoint Messrs Crowe Horwath as Auditors of the Company		
6	To approve the Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
7	To approve the Proposed Provision of Financial Assistance		
8	To approve the Proposed Renewal of Authority for Purchase of Own Shares by the Company		

Dated this _____ day of ___________ 2011

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

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.
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 is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
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 authorized.
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 adjournment thereof.

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STAMP

The Company Secretary

MY E. G. SERVICES BERHAD

(505639-K)

Lot 6.05, Level 6, KPMG Tower,
8 First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan.

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www.myeg.com.my

Corporate Head Office:
Lot 8.01, Level 8,
1 First Avenue, Persiaran Bandar Utama,
Bandar Utama, 47800 Petaling Jaya,
Selangor Darul Ehsan
Tel: 03-7801 0188 Fax: 03-7801 8889
Email: investors@myeg.com.my

Customer Service Centre:
Lot 8.02, Level 8,
1 First Avenue, Persiaran Bandar Utama,
Bandar Utama, 47800 Petaling Jaya,
Selangor Darul Ehsan
Tel: 03-7801 8888 Fax: 03-7801 8889
Email: help@myeg.com.my