

# Annual Report 2007



MyEG SERVICES

**MY E.G. SERVICES BERHAD**

(Company No. 505639-K)

[www.myeg.com.my](http://www.myeg.com.my)



MyEG SERVICES

**MY E.G. SERVICES BERHAD** (505639-K)  
Block G, Unit 606, Phileo Damansara 1  
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46350 Petaling Jaya, Selangor  
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MY E.G. SERVICES BERHAD — Annual Report 2007





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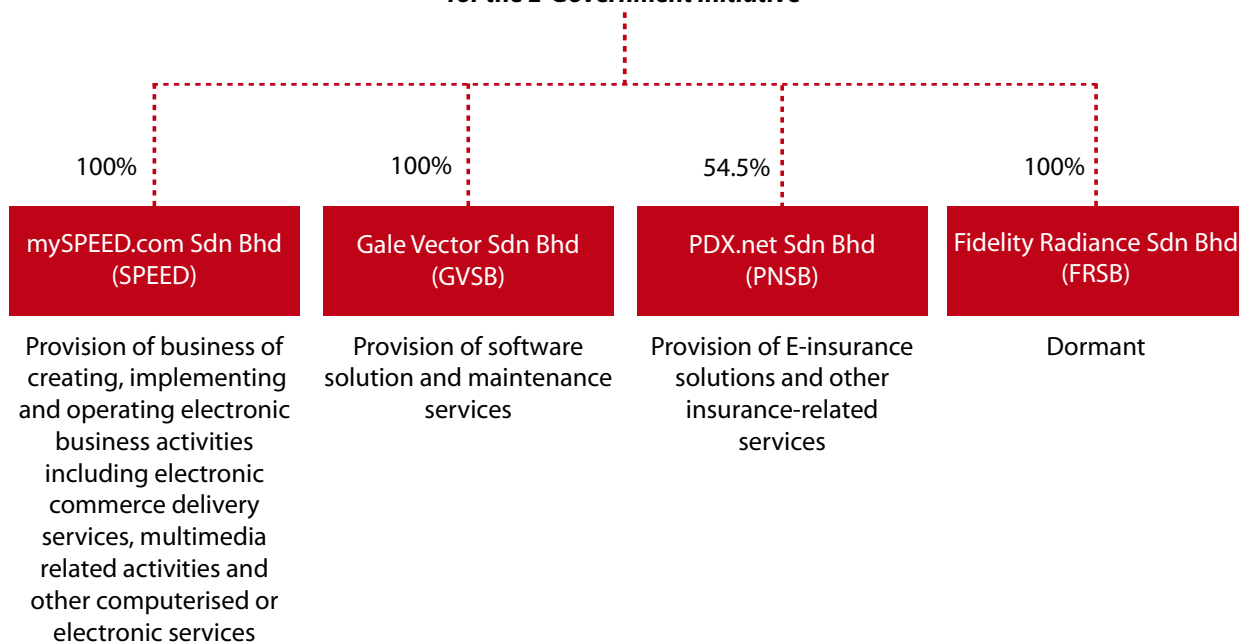
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## MyEG SERVICES

*Development and implementation of E-Government services and the provision of other related services for the E-Government Initiative*





# Corporate Information

## DIRECTORS

**Senator Dato' Dr Norraesah Binti Haji Mohamad**  
(Executive Chairman)

**Wong Thean Soon**  
(Managing Director)

**Raja Munir Shah Bin Raja Mustapha**  
(Executive Director)

**Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor**  
(Independent Non-Executive Director)

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

## COMPANY SECRETARIES

**Mah Li Chen** (MAICSA 7022751)  
**Tan Ley Theng** (MAICSA 7030358)

## REGISTERED OFFICE

C15-1 Level 15 Tower C  
Megan Avenue II  
12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel : 03-2166.2000 Fax : 03-2166.3000

## CORPORATE HEAD OFFICE

Unit 606 Block G  
Phileo Damansara I  
No. 9 Jalan 16/11 Off Jalan Damansara  
46350 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-7956.8606 Fax : 03-7952.9506  
Email: info@myeg.com.my  
Website: www.myeg.com.my

## AUDITORS

**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

**Symphony Share Registrars Sdn Bhd**  
Level 26 Menara Multi-Purpose  
Capital Square  
No. 8 Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel : 03-2721.2222  
Fax : 03-2721.2530 / 03-2721.2531

## SPONSOR

**HwangDBS Investment Bank Berhad**  
(Formerly known as Hwang-DBS Investment Bank Berhad)  
(Formerly known as Hwang-DBS Securities Berhad)  
Suite 23A-01, 23A Floor  
Menara Keck Seng  
203 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel : 03-2143.7888  
Fax : 03-2148.2989

## PRINCIPAL BANKERS

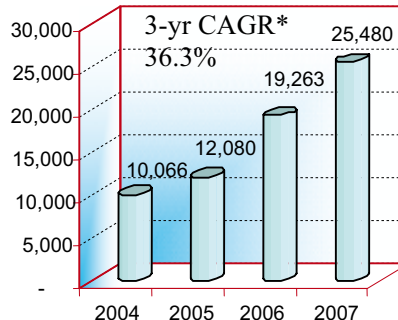
RHB Bank Berhad  
Malayan Banking Berhad

## STOCK EXCHANGE LISTING

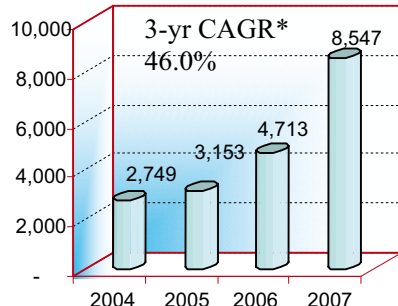
MESDAQ Market of Bursa Malaysia Securities Berhad  
Stock Code: 0138

## Financial Highlights

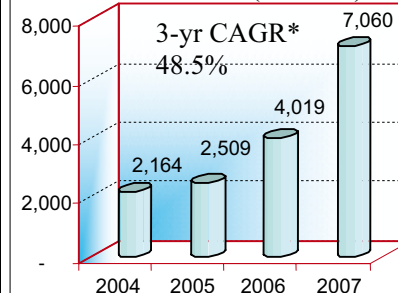
Turnover (RM'000)



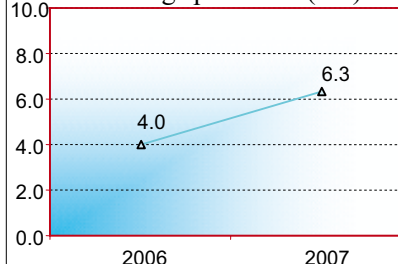
EBITDA^ (RM'000)



Net Profit (RM'000)



Earnings per Share (sen)



Summarized Group Income Statements

Year Ended 30 June (RM'000)	Proforma		Audited	
	2004	2005	2006	2007
Turnover	10,066	12,080	19,263	25,480
EBITDA^	2,749	3,153	4,713	8,547
Profit Before Tax	2,165	2,540	4,118	7,117
Net Profit	2,164	2,509	4,019	7,060

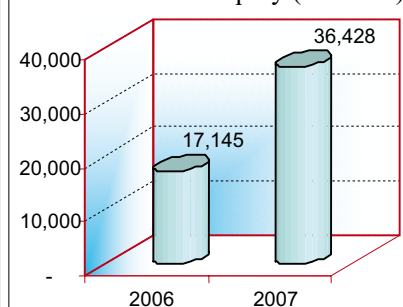
Summarized Group Balance Sheets

As At 30 June (RM'000)	2006	2007
Non-Current Assets	11,148	16,786
Current Assets	7,930	21,808
<b>TOTAL ASSETS</b>	<b>19,078</b>	<b>38,594</b>
Shareholders' Equity	17,145	36,428
Minority Interest	66	87
<b>TOTAL EQUITY</b>	<b>17,211</b>	<b>36,515</b>
Non-Current Liabilities	13	339
Current Liabilities	1,854	1,740
<b>TOTAL LIABILITIES</b>	<b>1,867</b>	<b>2,079</b>

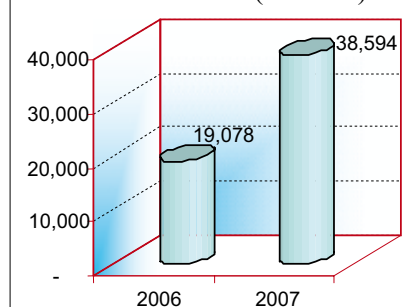
Financial Analysis

	2006	2007
<b>Growth</b>		
Turnover Growth	59.5%	32.3%
Net Profit Growth	60.2%	75.7%
<b>Profitability</b>		
Net Profit Margin	20.9%	27.8%
Return on Average Equity	26.6%	26.4%
Return on Average Total Assets	23.5%	24.5%
<b>Per Share Statistics</b>		
Net Tangible Assets Per Share (Sen)	14.4	26.8
Basic Earnings Per Share (Sen)	4.0	6.3

Shareholders' Equity (RM'000)



Total Assets (RM'000)



\* CAGR : Compounded Annual Growth Rate  
^ EBITDA : Earnings Before Interest, Tax, Depreciation and Amortisation

# Share Price Performance

## Share Price Performance

for the period 16 January 2007 to 1 November 2007



### Share Price

Record High Price	RM2.16 (30 October 2007)
Closing Price as at 1 November 2007	RM2.12

### Market Value Ratios (as at 1 November 2007)

Historical PE Multiple	38.1x
Price/Book Ratio	7.9x



## Management's Discussion

**“...the Group’s net profit was a remarkable RM7.06 million, ... attributed to not only the marked rise in transactions of our existing services, but also the introduction of new services.”**



**SENATOR DATO' DR NORRAESAH BINTI HAJI MOHAMAD**  
Executive Chairman

*Dear shareholders,*

On behalf of the Board of Directors of My E.G. Services Berhad (“MYEG” or “the Company”), it gives me great pleasure to present to you our first Annual Report and the audited financial statements of the Company and Group for the financial year ended 30 June 2007 (“FY2007”).

On 16 January 2007, MYEG was successfully listed on the MESDAQ Market of Bursa Malaysia Securities Berhad, marking a new chapter in our corporate history.

Our first year as a public-listed company saw the Group registering commendable growth in our E-Government services, which aim to facilitate and enhance efficient transactions between the participating government agencies and the general public, including businesses.

Our E-Government services, deployed through multiple delivery channels of E-Service Centres, E-Service Kiosks and internet websites - [www.myeg.com.my](http://www.myeg.com.my) and [www.speed.com.my](http://www.speed.com.my), have gained wider acceptance, as evidenced in the increase in transactions during the financial year under review.

# Management's Discussion (Cont'd)

## FINANCIAL PERFORMANCE

Against this backdrop, MYEG recorded a laudable 32.3% increase in group revenue, bringing in RM25.48 million in FY2007, compared with RM19.26 million just a year before. At the same time, the Group's net profit stood at RM7.06 million, posting a remarkable increase of 75.6% from RM4.02 million recorded in the preceding year.

The commendable financial performance was attributed to not only the marked rise in transactions of our existing services, but also the introduction of new services during the financial year under review. These new services include MyKad data updating or loading services and online renewal of driving licenses.

Shareholders' equity stood at RM36.43 million as at 30 June 2007, compared with RM17.15 million in the preceding year. This took into account the RM14.03 million in gross proceeds raised through the Company's Initial Public Offering ("IPO") in January 2007.

Dedicated to enhancing shareholders' value, the Board is pleased to declare a maiden final tax-exempt dividend of 0.693 sen per ordinary share in respect of the financial year ended 30 June 2007, subject to the approval of shareholders at the forthcoming Annual General Meeting ("AGM").



## UTILISATION OF IPO PROCEEDS

The Group's IPO exercise which was completed in the financial year under review raised RM14.03 million in proceeds. The status of utilisation of the IPO proceeds is as below:

As at 30 June 2007	← Proposed utilisation	RM '000 Amount utilised	→ Unutilised balance	To be used By FYE 30 June
Capital Expenditure	10,841	4,974	5,867	2008
Working Capital	1,384	1,382	*2	–
Estimated Listing Expenses	1,800	1,802	*(2)	–
<b>Total</b>	<b>14,025</b>	<b>8,158</b>	<b>5,867</b>	

\* The deficit had been funded out of proceeds allocated for working capital.

## CORPORATE DEVELOPMENT

On 21 July 2007, the Group successfully completed the acquisition of mySPEED.com Sdn Bhd ("SPEED") for RM10.0 million. SPEED is one of the other two consortiums appointed as Service Providers for the Malaysian Government's E-Service flagship project. With the acquisition, the enlarged Group is now the leading player in E-Government Services.

The acquisition of SPEED instantaneously expanded our network of E-Service Centres, growing to 54 from our existing 29 centres. More importantly, it extended our geographical presence to cover the Northern and East Coast States. This coincided well with our aim of achieving economies of scale operationally.

## YEARS AHEAD

The future growth of the Group is promising. The demographic trend with a large young population of 15 – 24 years of age is a structural advantage. Those in this age cluster are generally IT-savvy and early adopters of E-Services. Meanwhile, the government is envisaged to enhance its efforts in providing efficient public services via technology. The allocation of RM572.7 million for the improvement of E-Government applications, including the services provided by the Group, is clear testimony of this.



## Management's Discussion (Cont'd)

Undoubtedly, these positive developments have put the Group in good stead, as we align our corporate direction with the government's vision.

Meanwhile, the Group's growth in the immediate future is expected to accrue from the increasing number of vehicle ownerships and registered drivers.

To remain ahead, we will continue to focus on expanding our range of E-Services. Within the next two years, our new services are expected to include the electronic application of vehicle registration numbers and motor vehicle registration, online transactional services for the National Registration Department, and renewal of road tax, amongst others.

In order to accommodate the growing demand for the services at our E-Service Kiosks, we have scheduled to provide an additional 20 to 40 units nationwide and expect to increase the Group's network of E-Service Kiosks to around 100 units by the end of 2008.

We believe that our proven track record in successfully implementing E-Service projects will be a strong reference point for the Group, when we seek to bring our expertise abroad at an opportune time.

### CORPORATE SOCIAL RESPONSIBILITY

We are aware of our role in contributing to the wellbeing of the wider society, and therefore place great emphasis on corporate social responsibility. This was demonstrated through our financial contribution and hands-on assistance rendered to the victims of the floods in Johor in the financial year under review.

### CORPORATE GOVERNANCE

The Board is committed to the adherence and maintenance of the highest standards of Corporate Governance practices within the Group. This sets the foundation in the discharge of our responsibilities, serving the best interests of shareholders, while enhancing the business prosperity of the Group. The measures implemented to ensure good corporate governance are highlighted in the Corporate Governance Statement in this Annual Report.

### ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to acknowledge the management and all the employees of MYEG for their dedication and belief in the Group's vision. It is my desire to see that we embark on this journey together to achieve greater heights.

I would like to extend my gratitude to Koh Yeow Lay, who has resigned from the Board in October 2007, for his past contributions to the Board.

I would also like to take this opportunity to thank our valued shareholders, clients, and business associates for their unwavering support and trust that they have placed in the Group. I would like to extend my gracious appreciation and gratitude to the various government agencies and authorities for the partnership in creating an ICT proficient society.

**SENATOR DATO' DR NORRAESAH BINTI HAJI MOHAMAD**  
Executive Chairman



## OPERATIONAL REVIEW

For the year under review, the Group continued its impeccable growth to achieve record revenue of RM25.48 million. The growth momentum was mainly attributed to an improved revenue mix, resulted from a broader range of services and an increase in the number of transactions. Accordingly, the Group's margins enhanced considerably, with both the gross and pre-tax margins improving to 41.9% and 27.9% respectively, from 31.6% and 21.4% in the previous year.

Both divisions of the Group's flagship operation; Government Enterprise Solution ("GES") and Government to Citizen ("G2C") services, contributed to the increase in total revenue of RM6.22 million from RM19.26 million in FY2006.

Our GES services, delivered primarily through our E-Service Centres nationwide, are mainly catered to the daily electronic transactions of Jabatan Pengangkutan Jalan ("JPJ") for services such as electronic test taking of the Highway Code, application of driving license, and security digital imaging. The E-Service Centres are now the main channel for the public to access these services.

The Group has also seen an increase in the number of recurring registered users in our G2C services, which now stands at more than 3,000. G2C services focus principally on electronic test booking, licensing, and E-Insolvency for Jabatan Insolvency Malaysia ("JIM"), via our E-Service Kiosks and the internet websites.

All in all, the commendable financial performance in the year under review indicates the success of the Group's investments and growth strategies put in place in the past years.

We are only in the seventh year of the 15-year concession granted by the Government to offer E-Services to the public. Going forward, we are committed to not only deliver premium E-Services in accordance with the Government's vision of creating effective and efficient channels for public services delivery, but also enhance the Group's profitability and returns to shareholders' equity.



## SERVICE EXCELLENCE THROUGH RESEARCH AND DEVELOPMENT ("R&D")

To date, the Group has successfully rolled out numerous services approved by the respective Government agencies ("Service Suppliers"); most notably, the recent launch of driving license renewal services, as well as the deployment of E-Service Kiosks (for Jabatan Pendaftaran Negara to accommodate services pertaining to MyKad). These are part of the results of our R&D efforts to provide seamless delivery of our range of services.

For FY2007, the Group invested RM0.51 million or approximately 2.0% of our annual revenue on R&D projects. This is consistent with the Group's targeted allocation of 2.0%-6.0% of our annual revenue for future product and service development. Some approval-pending projects include online motor vehicle registration and electronic application of vehicle registration numbers.

The Group is currently focusing on developing new services from both existing and new Service Suppliers, whilst at the same time, continuously looking at improving our existing range of services, in our effort to achieve consistent revenue growth and increased profitability.

**GROWTH STRATEGY**

Going forward, we will undertake a two-pronged growth plan, namely product development and market expansion.

To begin with, we will roll out more services, such as our highly-anticipated online road tax renewal, bundled with an option to purchase motor vehicle insurance.

A full commercial launch is scheduled within the next few months, with an aggressive marketing campaign to promote our hassle-free road tax renewal option. We are highly optimistic of consumer acceptance of this service, based on the existing number of registered vehicles of approximately 15 million in the country.

The revenue potential of the online road tax renewal service is enormous, as we are optimistic that the current user base of our G2C channel will continue to expand after its launch.

Meanwhile, the newly acquired subsidiary mySPEED.com Sdn Bhd ("SPEED") is expected to be an essential catalyst for the Group's market expansion.

First and foremost, we have already commenced our effort to quickly integrate SPEED's operations into the Group to maximize the synergistic benefits. We are looking at a sizable hike in the Group's transaction volume as a result of SPEED's geographic presence in the East Coast and Northern States of the country, a market segment that we did not have extensive operations previously.

Further improvement in the Group's profitability is also expected, as a result of the economies of scale attained as a merged entity. To this end, we aim to lower our operation cost by eliminating duplication of operational activities, manpower, system development, and research and development.

From there on, we will continue to set up multiple and additional delivery channels at strategic locations in order to further improve convenience of the public in utilising our E-Services.



# Corporate Milestones

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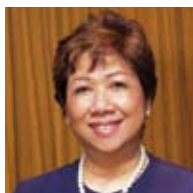
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Year	Milestones
Mar 2000	Commenced development of software applications for the electronic delivery of driver and vehicle registration, licensing and summons services, utility bill payments and Ministry of Health online information system – Phase 1
May 2000	<p>Signed agreement with the Government for the electronic delivery of driver and vehicle registration, licensing and summon services and utility bill payments</p> <p>Signed service level agreement with PDX.com Sdn Bhd, the Gateway Provider for the electronic delivery of driver and vehicle registration, licensing and summons services, utility bill payments and Ministry of Health online information system</p> <p>Signed acquiring bank agreement with RHB Bank Bhd as the acquiring bank for the electronic delivery of driver and vehicle registration, licensing and summons services, utility bill payments and Ministry of Health online information system</p>
Aug 2000	Granted MSC Status by Multimedia Development Corporation Sdn Bhd
Jul 2001	Commencement of tax free period for 5-year period from 18 July 2001 onwards
Nov 2001	Launched online driving theory test service
Jan 2003	Signed agreement with the Government for the electronic delivery of PDRM summons and information services
Feb 2003	Issuance of Learner's Driving License (LDL) was launched
Apr 2003	Online payment of PDRM summons launched
Jan 2005	Sponsor for the Islam Hadhari portal which was launched by the Prime Minister of Malaysia.
Mar 2005	Commercialisation of renewal of trader's license, permits and assessment services for DBKL
Sep 2005	Commercialisation of online transactional services for JIM
Jan 2007	Listed on the MESDAQ Market of Bursa Malaysia Securities Berhad
Apr 2007	Commercialisation of online renewal services for Competent Driving License (CDL)
May 2007	Commercialisation of online transactional services for Jabatan Pendaftaran Negara (JPN)
Jul 2007	Completed the acquisition of mySPEED.com Sdn Bhd
Oct 2007	Completed the acquisition of Fidelity Radiance Sdn Bhd



## Directors' Profile



**SENATOR  
DATO' DR NORRAESAH  
BINTI HAJI MOHAMAD**  
Executive Chairman

Senator Dato' Dr Norraesah Binti Haji Mohamad, a Malaysian aged 59, 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 Administration, France and Masters in International Economics and Finance from University of Paris I, Pantheon-Sorbonne, France. She further obtained a PhD (Economics Science) International Economics and International Finance from University of Paris I, Pantheon-Sorbonne, France in 1986. She has over thirty-five (35) years of working experience in the field of banking, consultancy and international trade and commerce.

She worked for the Ministry of International Trade and Industry from 1972 to 1985, 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 the Chairman of the World Islamic Businesswomen Network and a member of the International Advisory Panel of the World Islamic Economic Forum (WIEF) of the Organisation of Islamic Conference (OIC) countries. She is a member of UMNO Supreme Council since 2000. She was later appointed as a Senator in 2005.

She currently holds directorships in Malaysian Oxygen Berhad, SBC Corporation Berhad, KESM Industries Berhad, Protasco Berhad, Ya Horng Electronic (M) Berhad and Adventa Berhad, all listed on Bursa Malaysia Securities Berhad. She also sits on the board of several other private limited companies.



**Wong Thean Soon**  
Managing Director

Wong Thean Soon, a Malaysian aged 36, was appointed to the Board on 6 March 2000. He is a member of the Remuneration Committee.

He graduated from the National University of Singapore with a Bachelor Degree in Electrical Engineering in 1995. He has accumulated more than 9 years of experience in the ICT industry with his involvement in designing, implementing and maintenance of communication applications on the Internet in various technology companies, both local and abroad. He commenced his career in the ICT industry in 1995 with Cybersource Pte Ltd, Singapore as co-founder and Executive Director of the company. During his tenure there, he oversaw the development of PictureMail, an integrated graphical e-mail package, which was licensed to Sony, among others. He was also in charge of developing and marketing an additional product, the Global Messaging System, which was licensed 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.

## Directors' Profile

(Cont'd)



**RAJA MUNIR SHAH  
BIN RAJA MUSTAPHA**

Executive Director

Raja Munir Shah Bin Raja Mustapha, a Malaysian aged 44, 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 1991, and served as a Director in SP Maju Sdn Bhd. During his tenure in SP Maju Sdn Bhd, he oversaw the business operations, finance and day-to-day management functions of the company.

In the course of his career there, he further obtained a Diploma in Business Studies from Peterborough Regional College, United Kingdom in 1998.

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 Councillor in 1997, 1998, 2003 and 2004. During his tenure as a Councillor 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 2004, he moved on to join Longstore Logistics (M) Sdn Bhd and became a Director of the company, a position he still holds presently. He also sits on the board of several private limited companies.



**BRIGADIER GENERAL (RTD)  
DATO' AMEERUDEEN  
BIN MOHAMED NOOR**

Independent Non-Executive Director

Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor, a Malaysian aged 60, was appointed to the Board on 18 August 2006. He is also the Chairman of the Audit Committee

and Remuneration Committee and also a member of the Nomination Committee.

In 1965, after completing his secondary education, he underwent a cadet officer training course at the Royal Military College of Malaysia. He was commissioned as a Second Lieutenant in the Malaysian Armed Forces. While he was with the Malaysian Armed Forces, he had furthered his military training and obtained a Diploma in Psychological Warfare and Civil Affairs from the United States Institute for Military Assistance, Fort Bragg, North Carolina, United States of America

in 1972. In 1986, he also obtained a Diploma in Political Warfare from Foo Shin Kang College, Kaoshiung, Taiwan.

During his service with the Malaysian Armed Forces, he has held several appointments and more significantly as the Military Adviser to the Defence Minister, Directing Staff at the Armed Forces Staff College of Malaysia and Armed Forces Defence College of Malaysia, Head of Psychological Warfare Defence Intelligence and Head of Military Intelligence Special Branch, a position he held until his retirement in 2001.



**MOHD JIMMY WONG  
BIN ABDULLAH**

Independent Non-Executive Director

Mohd Jimmy Wong Bin Abdullah, a Malaysian aged 44, was appointed to the

Board on 18 August 2006. He is also the 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 to Detective Sergeant attached to the Special Branch before retiring in 2002. Since his optional retirement in 2002, he became a Director in Island Board Sdn Bhd, where he oversaw the overall operations and management of the business.

### Notes to Directors' Profile:

- 1. Family Relationship of Directors**  
None of the Directors has any family relationship with any Director and/or major shareholders of the Company.
- 2. Conviction of Offences**  
None of the Directors has been convicted for any offences (other than traffic offences) within the past 10 years.
- 3. Conflict of Interest**  
Save for what is disclosed under Additional Compliance Information (Related Party Transactions) on page 25 of this Annual Report and the Circular to Shareholders dated 26 November 2007, which is despatched together with this Annual Report, all the Directors have no conflict of interest with the Company and its subsidiaries.
- 4. Attendance at Board Meetings**  
The details of attendance of the Directors at the Board Meetings are set out on page 15 of this Annual Report.
- 5. Interest in Shares**  
The particulars of the Directors' interest in securities of the Company are set out in the Analysis of Shareholdings on page 60 of this Annual Report.

# Corporate Governance Statement

The Board of Directors is committed to ensure that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders value and the performance of the Group.

In accordance with Rule 15.25 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market ("MMLR"), the Board of Directors is pleased to provide this statement which sets out the manner in which the Group has applied the Principles, and the extent to which it has complied with the Best Practices of Corporate Governance as set out in Part 1 and 2 respectively of the Malaysian Code on Corporate Governance ("Code").

## BOARD OF DIRECTORS

### The Board

The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investments of the Group. The Board retains full and effective control of the Group.

The Board is also responsible in identifying principal risks faced by the Group and ensuring the implementation of appropriate systems to manage these risks.

### Composition and Board Balance

As at the date of this Annual Report, the Board consists of five (5) Directors; three (3) of whom are Executive Directors (including the Chairman) and two (2) are Independent Non-Executive Directors.

This is in compliance with Rule 15.02(1) of the MMLR that at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, comprise Independent Directors.

A brief profile of each Director is presented on pages 12 to 13 of this Annual Report.

The Executive Directors are primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group's operations and developing the Group's business 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 the 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.

# Corporate Governance Statement

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## Board Meetings

During the financial year ended 30 June 2007 the Board met three (3) times and the details of the attendance of the Board members are set out as follows:

Name of Director	Designation	Attendance of Board Meetings			Meetings Attended
		23.08.2006	11.01.2007	25.05.2007	
Senator Dato' Dr Norraesah Binti Haji Mohamad	Executive Chairman	✓	X	✓	2/3
Wong Thean Soon	Managing Director	✓	✓	✓	3/3
Raja Munir Shah Bin Raja Mustapha	Executive Director	✓	X	✓	2/3
Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor	Independent Non-Executive Director	✓	✓	✓	3/3
Mohd Jimmy Wong Bin Abdullah	Independent Non-Executive Director	✓	✓	✓	3/3
Koh Yeow Lay (Resigned on 12 October 2007)	Executive Director	✓	✓	✓	3/3

### Notes:

✓ Present                      X Absent

## 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 development, minutes of Board Committees' meetings, acquisition and disposal proposals, updates from the Bursa Securities, list of directors' 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.

All Directors have access to the advice and services of the Company Secretaries. Where considered necessary, the Board may obtain independent professional advice in the furtherance of their duties, at the Company's expense.

## BOARD COMMITTEES

The following principal Board Committees that have been established to assist the Board in discharging its duties effectively:

- 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 19 to 22 of this Annual Report.

## (b) Nomination Committee

The Nomination Committee consists of two (2) Non-Executive Directors and meets as and when required. The members of the Nomination Committee are as follows:

- Mohd Jimmy Wong Bin Abdullah, Chairman  
*Independent Non-Executive Director*
- Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor, Member  
*Independent Non-Executive Director*

The Nomination Committee is responsible for annual review of the Board's required mix of skills, experience, quality and core competencies of the Non-Executive Directors, annual assessment of the effectiveness of the Board as a whole and the contribution of each individual Director. The Nomination Committee is also responsible for making recommendations for new appointment to the Board.

## (c) Remuneration Committee

The members of the Remuneration Committee consist of:

- Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor, Chairman  
*Independent Non-Executive Director*
- Mohd Jimmy Wong Bin Abdullah, Member  
*Independent Non-Executive Director*
- Wong Thean Soon, Member  
*Managing Director*

The Remuneration Committee is responsible for reviewing the terms of engagement and remuneration packages of the Executive Directors. An Executive Director does not participate in the discussion of his individual remuneration. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of these Directors.

The determination of the remuneration of Non-Executive Directors is a matter of the Board as a whole.

## Appointments and Re-election of Directors

Any appointment of a new Director to the Board or Board Committee is recommended by the Nomination Committee 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.

# Corporate Governance Statement

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## Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme as prescribed by Bursa Securities.

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.

The Directors will continue to attend other relevant training programmes as appropriate, to further enhance their skills and knowledge and fully equip themselves to effectively discharge their duties.

## Directors' Remuneration

The remuneration package is 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 and experience.

Details of the aggregate remuneration of Directors for the financial year ended 30 June 2007 are as follows:

	<b>Fees (RM)</b>	<b>Salaries (RM)</b>	<b>Allowances (RM)</b>	<b>Benefits In Kind (RM)</b>	<b>Total (RM)</b>
Executive Directors	447,000	169,000	–	–	616,000
Non-Executive Directors	56,000	–	–	–	56,000
<b>Total</b>	<b>503,000</b>	<b>169,000</b>	<b>–</b>	<b>–</b>	<b>672,000</b>

<b>Remuneration Bands</b>	<b>Executive Directors</b>	<b>Non-Executive Directors</b>	<b>Total</b>
Below RM50,000	–	2	2
RM50,001 – RM100,000	–	–	–
RM100,001 – RM150,000	3	–	3
RM150,001 – RM200,000	–	–	–
RM200,001 – RM250,000	1	–	1

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

## RELATION 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, circulars to shareholders, press releases, quarterly financial results and various announcements made from time to time to the 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 Code requires the Board to maintain a sound system of internal control to safeguard shareholders' investment and the Company's assets.

The Statement on Internal Control set out on page 23 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 19 to 22 of this Annual Report.

**STATEMENT ON DIRECTORS' RESPONSIBILITY**

The Directors are required to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their results and cash flows for that financial year.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for keeping proper accounting records which disclose the reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and accounting standards approved by the Malaysian Accounting Standards Board in Malaysia for Entities Other Than Private Entities. The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the Group's assets and to prevent and detect fraud and other irregularities.

# Audit Committee Report

The Board of Directors of My E.G. Services Berhad is pleased to present the Audit Committee Report for the period from 16 January 2007, the Official Listing date of My E.G. Services Berhad on the MESDAQ Market of Bursa Malaysia Securities Berhad to 30 June 2007.

The primary objective of the Audit Committee is to assist the Board to oversee the financial reporting and assess the Group's process relating to its risk and control environment. The Audit Committee is also responsible for evaluating the internal and external audit processes.

## Members and Attendance

The Audit Committee was established by the Board of Directors on 18 August 2006. A total of two (2) meetings were held during the financial year ended 30 June 2007 as the Audit Committee was only established on 18 August 2006. The details of the attendance of Audit Committee are set out below:

Name of Director	Attendance
Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor - Chairman <i>Independent Non-Executive Director</i>	2/2
Mohd Jimmy Wong Bin Abdullah - Member <i>Independent Non-Executive Director</i>	2/2
Koh Yeow Lay - Member <i>Executive Director</i> (Resigned on 12 October 2007)	2/2

As at the date of this Annual Report, members of the Audit Committee consist of two (2) Independent Non-Executive Directors.

The Company is in the midst of the appointing an Independent Non-Executive Director in order to meet the requirements set out in the sub-Rule of 15.09(1) of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market and to comply with the best practice of the Malaysian Code on Corporate Governance that Executive Directors will no longer be allowed to become members of the Audit Committee in order to preserve the independence of the Audit Committee.

Details of the members of the Audit Committee are contained in the Directors' Profile as set out on pages 12 to 13 of this Annual Report.

In addition to Audit Committee members, the other Executive Directors, senior management staff and the representative of external auditors attended the meetings at the invitation of the Audit Committee, where considered necessary. Other employees also attended the meetings upon the invitation of the Audit Committee.

## Composition and Terms of Reference

### 1. Composition

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

In the event of any vacancy with the result that the number of members is reduced to below three, 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, who shall be elected by the Audit Committee, shall be an independent director. In the 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 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 external auditors may appear at any meeting at the invitation of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The 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 external auditors, excluding the attendance of the executive members of the audit committee, whenever deemed necessary;
- (g) promptly report to 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 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.

# Audit Committee Report

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- (b) To review the adequacy of the scope, functions 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 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; and
  - 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 auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors.
- (i) To verify any allocation of options in accordance with the employees share option scheme of the Company, at the end of the financial year.

## Summary of Activities

Activities carried out by the Audit Committee during the financial year ended 30 June 2007 included the deliberation and review of:

- i. 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 Malaysia Securities Berhad.
- ii. the audit plan of the external auditors in terms of their scope of audit prior to their commencement of their annual audit.
- iii. new development and updates on Financial Reporting Standards issued by the Malaysian Accounting Standards Board and their impact on the Group.
- iv. related party transactions and potential conflict of interest situation that may arise within the Company or Group.

# Audit Committee Report

(Cont'd)

After the financial year ended 30 June 2007, the Audit Committee had also reviewed the audit reports of the external auditors in relation to the audit and accounting issues arising from the audit. The Independent Non-Executive Audit Committee members had discussed the matters arising from the audit of the Group with the external auditors without the presence of Executive Board members and management.

## **Internal Audit Function**

The internal audit function is independent of the activities or operations of the Group. The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

It is the responsibility of the internal auditors to provide the Audit Committee with independent and objective reports on the state of internal control or the various operating units within the Group and the extent of compliance of the units with the Group and its established policies and procedures as well as relevant statutory requirements.

Details of the internal audit function are set out in the Statement on Internal Control on page 23 of this Annual Report.

# Statement On Internal Control

## Introduction

The Malaysian Code on Corporate Governance places the responsibility of setting up a sound system of internal controls on the Board to protect shareholders' investment as well as the Company's assets.

This statement is included in this Annual Report in line with Rule 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

## Board Responsibility

The Board acknowledges the importance of a sound system of internal controls and its overall responsibility for maintaining the Group's system of internal controls and risk management, as well as for reviewing the adequacy and integrity of the internal control system.

However, it should be noted that the limitations are inherent in any system of internal control, such that the system can only manage rather than eliminate all risks that may impede the achievement of the Group's business 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 recognizes that risk management should be an integral part of the business operation and shall exercise due care to identify and manage such risk. The Group will incorporate a process to conduct risk assessment and develop continuous on-going process of identifying, evaluating, minimizing and managing risks.

On a day-to-day basis, respective Heads of Departments are responsible for managing risks related to their functions or departments. Periodic management meetings are held to ensure that the risks faced by the Group are monitored and 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 practices/initiatives effected by Management is an on-going process of identifying, evaluating and managing significant risks that may affect the Group's achievement of its business objectives.

## Internal Audit Function

The Company's internal audit function is outsourced to the external consultants, whom have been engaged subsequent to the financial year ended 30 June 2007. The appointed outsourced internal audit service provider shall periodically conduct reviews of the Group's operations and report to the Audit Committee accordingly.

During the financial year, there were no material losses, contingencies or uncertainties which occurred as a result of weaknesses in the internal control system which would require separate disclosures in this Annual Report.

## 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) 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 Standard Operating Procedures ("SOP") of various departments within the Group.

## Assurance

The Board is committed to ensuring that the system of internal controls and effective risk management practices remain relevant and are adequate for the Group's operations. Therefore, the Board will, when necessary, put in place appropriate action plans to rectify any weaknesses identified, or further enhance the system of internal controls.



## Additional Compliance Information

### 1. Utilisation of Proceeds

As at 30 June 2007, the proceeds of RM14,025,000 raised from the Public Issue were utilised in the following manner:

Purpose	Proposed Utilisation (RM'000)	Amount Utilised (RM'000)	Balance Unutilised (RM'000)
Capital expenditure	10,841	4,974	5,867
Working capital *	1,384	1,382	* 2
Estimated listing expenses *	1,800	1,802	* (2)
Total	14,025	8,158	5,867

Note\* The proceeds to be used for working capital will be adjusted accordingly in the event of any variation in the actual listing expenses from the estimated amount as set out in the Company's Prospectus dated 30 November 2006. In view that the actual listing expenses were higher than estimated, the deficit had been funded out of proceeds allocated for working capital.

### 2. Share Buy-backs

During the financial year under review, the Company did not have a scheme to buy back its own shares.

### 3. 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 2007.

### 4. American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year.

### 5. 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.

### 6. Non-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 2007 amounted to approximately RM19,600.00.

### 7. Material Contracts

Other than the related party transactions of a revenue or trading nature as disclosed in paragraph 11 below, there were no material contracts subsisting at the end of financial year ended 30 June 2007 entered into by the Company and its subsidiaries involving the interests of the Directors and major shareholders.

### 8. Revaluation Policy on Landed Properties

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

# Additional Compliance Information

(Cont'd)

## 9. Variation in Results

There was no deviation of 10% or more between the results of the financial year ended 30 June 2007 as per the audited financial statements and the unaudited results previously announced.

There was no deviation of 10% or more in the profit after tax as per the audited financial statements for the financial year ended 30 June 2007 compared to the consolidated forecast profit after tax set out in the Company's Prospectus dated 30 November 2006.

## 10. Profit Guarantee

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

## 11. Related Party Transactions

The Company obtained the shareholders' mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("RRPT") in their ordinary course of business at the Extraordinary General Meeting held on 13 June 2007. The Company will be seeking for shareholders' approval for the renewal of the shareholders' mandate for the existing RRPT at the forthcoming AGM of the Company to be held on 18 December 2007.

Details of the RRPT in the normal course of business of MYEG Group made during the financial year ended 30 June 2007 pursuant to the aforesaid shareholders' mandate are as follows:

Transacting company within MYEG Group	Party transacting with MYEG Group	Related party	Nature of transactions	Aggregate value of transactions*
MYEG	Embunaz Ventures Sdn Bhd (Company No. 620304-X) ("Embunaz")	Senator Dato' Dr Norraesah Binti Haji Mohamad, the Executive Chairman and a shareholder of MYEG is also the Executive Chairman and major shareholder of Embunaz.	Rental of premises	RM9,000
MYEG	Embunaz	Senator Dato' Dr Norraesah Binti Haji Mohamad, the Executive Chairman and a shareholder of MYEG is also the Executive Chairman and major shareholder of Embunaz.	Professional fees	RM7,000

\* Aggregate value of the actual transactions between 13 June 2007 (being the date of the Extraordinary General Meeting) and 30 June 2007.

# Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2007.

## 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 6 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 after taxation	7,081	6,987
Attributable to:		
Equity holders of the Company	7,060	6,987
Minority interests	21	–
	7,081	6,987

## DIVIDENDS

No dividend was paid since the end of the previous financial year.

At the forthcoming Annual General Meeting, a final tax-exempt dividend of 0.693 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2008.

## 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,

- there were no changes in the authorised share capital of the Company;
- the Company increased its issued and paid-up share capital from RM10,075,000 to RM12,625,000 by the issuance of 25,500,000 new ordinary shares of RM0.10 each at an issue price of RM0.55 per share pursuant to the public issue in conjunction with the flotation of the Company on the MESDAQ Market of Bursa Malaysia Securities Berhad. All the new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company; and
- there were no issues of debentures by the Company.

# Directors' Report

(Cont'd)

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or additional allowance for doubtful debts 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:-

WONG THEAN SOON

RAJA MUNIR SHAH BIN RAJA MUSTAPHA

SENATOR DATO' DR NORRAESAH BINTI HAJI MOHAMAD (APPOINTED ON 18.8.2006)

KOH YEOW LAY (APPOINTED ON 18.8.2006)

MOHD JIMMY WONG BIN ABDULLAH (APPOINTED ON 18.8.2006)

BRIGADIER GENERAL (RTD) DATO' AMEERUDEEN BIN MOHAMED NOOR (APPOINTED ON 18.8.2006)

Pursuant to Article 74 of the Articles of Association of the Company, Mohd Jimmy Wong Bin Abdullah, Koh Yeow Lay, Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor and Senator Dato' Dr Norraesah Binti Haji Mohamad retired at the last general meeting held on 18 October 2006 and being eligible, were re-elected thereat.

Pursuant to Article 69 of the Articles of Association of the Company, Wong Thean Soon and Mohd Jimmy Wong Bin Abdullah retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

## 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 1.7.2006	BOUGHT/ ALLOTTED	SOLD	AT 30.6.2007
<i>THE COMPANY</i>				
<i>DIRECT INTERESTS</i>				
WONG THEAN SOON	–	25,000	–	25,000
RAJA MUNIR SHAH BIN RAJA MUSTAPHA	–	100,000	–	100,000
SENATOR DATO' DR NORRAESAH BINTI HAJI MOHAMAD	–	1,400,000	–	1,400,000
KOH YEOW LAY	3,500,000	–	–	3,500,000
MOHD JIMMY WONG BIN ADBULLAH	–	80,000	–	80,000
BRIGADIER GENERAL (RTD) DATO' AMEERUDEEN BIN MOHAMED NOOR	–	80,000	–	80,000
<i>INDIRECT INTERESTS *</i>				
WONG THEAN SOON	56,000,000	–	–	56,000,000
RAJA MUNIR SHAH BIN RAJA MUSTAPHA	56,000,000	–	–	56,000,000

\* indirect interests through their interests in Asia Internet Holding Sdn. Bhd. ("AIH") and Asia Internet E-Services Holdings Sdn. Bhd. ("AIEH").



# Directors' Report

(Cont'd)

## **DIRECTORS' INTERESTS (CONT'D)**

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 to Section 6A of the Companies Act, 1965.

## **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.

Neither during nor at the end of the financial year was the Company and its subsidiaries 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.

## **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events during the financial year are disclosed in Note 33 to the financial statements.

## **SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

The significant events subsequent to the balance sheet date are disclosed in Note 34 to the financial statements.

### **Auditors**

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

## **SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 25 SEPTEMBER 2007**

**Wong Thean Soon**

**Raja Munir Shah Bin Raja Mustapha**

## Statement by Directors

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 32 to 58 are drawn up in accordance with applicable MASB approved accounting standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and the Company at 30 June 2007 and of its results and cash flows for the financial year ended on that date.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS  
DATED 25 SEPTEMBER 2007**

**Wong Thean Soon**

**Raja Munir Shah Bin Raja Mustapha**

## Statutory Declaration

I, **Wong Thean Soon I/C No. 710604-08-5153** 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 32 to 58 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

**Subscribed and solemnly declared by  
Wong Thean Soon I/C No. 710604-08-5153  
at Kuala Lumpur in the Federal Territory  
on this 25 September 2007**

**Wong Thean Soon**

Before me

**Mohd Radzi Bin Yasin**  
No: W 327  
Commissioner For Oaths

# Report of the Auditors

to the Members of My E.G. Services Berhad

We have audited the financial statements set out on pages 32 to 58. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:-
  - (i) the state of affairs of the Group and of the Company at 30 June 2007 and their results and cash flows for the financial year ended on that date; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

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

Our audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Section 174(3), of the Companies Act, 1965.

**Horwath**

Firm No: AF 1018  
Chartered Accountants

Kuala Lumpur  
25 September 2007

**Lee Kok Wai**

Approval No: 2760/06/08 (J)  
Partner

# Balance Sheets

as at 30 June 2007

	NOTE	THE GROUP		THE COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	–	–	2,650	2,600
Equipment	7	8,658	3,946	8,591	3,869
Development costs	8	5,527	4,601	5,527	4,601
Goodwill on consolidation	9	2,601	2,601	–	–
		16,786	11,148	16,768	11,070
CURRENT ASSETS					
Trade receivables	10	1,376	1,199	519	785
Other receivables, deposits and prepayments	11	4,751	4,454	4,751	4,454
Amount owing by subsidiaries	12	–	–	1,066	208
Fixed deposits with licensed banks	13	4,032	–	4,032	–
Cash and bank balances		11,649	2,277	11,013	2,208
		21,808	7,930	21,381	7,655
TOTAL ASSETS					
		38,594	19,078	38,149	18,725

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

# Balance Sheets

as at 30 June 2007 (Cont'd)

		THE GROUP		THE COMPANY	
	NOTE	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	14	12,625	10,075	12,625	10,075
Share premium	15	9,673	–	9,673	–
Retained profits	16	14,130	7,070	13,903	6,916
<b>SHAREHOLDERS' EQUITY</b>		36,428	17,145	36,201	16,991
<b>MINORITY INTERESTS</b>		87	66	–	–
<b>TOTAL EQUITY</b>		36,515	17,211	36,201	16,991
<b>NON-CURRENT LIABILITIES</b>					
Deferred taxation	17	8	13	–	–
Hire purchase and finance lease payables	18	331	–	331	–
		339	13	331	–
<b>CURRENT LIABILITIES</b>					
Trade payables	19	842	547	828	514
Other payables and accruals		701	1,226	615	1,082
Amount owing to a director	20	–	9	–	–
Amount owing to a subsidiary	12	–	–	–	101
Provision for taxation		36	39	13	4
Short-term borrowings	21	161	33	161	33
		1,740	1,854	1,617	1,734
<b>TOTAL LIABILITIES</b>		2,079	1,867	1,948	1,734
<b>TOTAL EQUITY AND LIABILITIES</b>		38,594	19,078	38,149	18,725
Net assets per share (sen)	22	28.85	17.01		

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



# Income Statements

for the financial year ended 30 June 2007

	NOTE	THE GROUP		THE COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
REVENUE	23	25,480	19,263	24,510	18,199
COST OF SALES		(14,812)	(13,175)	(14,321)	(12,649)
GROSS PROFIT		10,668	6,088	10,189	5,550
OTHER INCOME		54	–	54	–
ADMINISTRATIVE EXPENSES		(2,175)	(1,376)	(1,830)	(1,050)
OTHER EXPENSES		(1,409)	(553)	(1,396)	(541)
		(3,584)	(1,929)	(3,226)	(1,591)
PROFIT FROM OPERATIONS		7,138	4,159	7,017	3,959
FINANCE COSTS		(21)	(41)	(21)	(41)
PROFIT BEFORE TAXATION	24	7,117	4,118	6,996	3,918
INCOME TAX EXPENSE	25	(36)	(42)	(9)	–
PROFIT AFTER TAXATION		7,081	4,076	6,987	3,918
ATTRIBUTABLE TO:					
Equity holders of the Company		7,060	4,019	6,987	3,918
Minority interests		21	57	–	–
		7,081	4,076	6,987	3,918
Earnings Per Share (sen):					
- Basic	26	6.3	4.0		
- Diluted	26	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 2007

THE GROUP	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	RETAINED PROFITS RM'000	TOTAL RM'000	MINORITY INTEREST RM'000	TOTAL EQUITY RM'000
Balance at 1.7.2005	10,075	–	3,051	13,126	9	13,135
Total recognised income for the financial year:-						
Profit for the financial year	–	–	4,019	4,019	57	4,076
Balance at 30.6.2006/1.7.2006	10,075	–	7,070	17,145	66	17,211
Allotment of shares	2,550	11,475	–	14,025	–	14,025
Expenses recognised directly in equity:-						
Listing expenses	–	(1,802)	–	(1,802)	–	(1,802)
Profit for the financial year	–	–	7,060	7,060	21	7,081
Total recognised income and expense for the financial year	–	(1,802)	7,060	5,258	21	5,279
Balance at 30.6.2007	12,625	9,673	14,130	36,428	87	36,515
THE COMPANY						
Balance at 1.7.2005	10,075	–	2,998	13,073	–	13,073
Total recognised income for the financial year:-						
Profit for the financial year	–	–	3,918	3,918	–	3,918
Balance at 30.6.2006/1.7.2006	10,075	–	6,916	16,991	–	16,991
Allotment of shares	2,550	11,475	–	14,025	–	14,025
Expenses directly recognised in equity:-						
Listing expenses	–	(1,802)	–	(1,802)	–	(1,802)
Profit for the financial year	–	–	6,987	6,987	–	6,987
Total recognised income and expense for the financial year	–	(1,802)	6,987	5,185	–	5,185
Balance at 30.6.2007	12,625	9,673	13,903	36,201	–	36,201

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

# Cash Flow Statements

for the financial year ended 30 June 2007

NOTE	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the financial year	7,117	4,118	6,996	3,918
Adjustments for:-				
Amortisation of development costs	296	252	296	252
Depreciation of equipment	1,113	302	1,100	289
Interest expense	21	41	21	41
Interest income	(54)	–	(54)	–
Operating profit before working capital changes	8,493	4,713	8,359	4,500
Increase in trade and other receivables	(474)	(2,347)	(31)	(2,412)
Decrease in trade and other payables	(230)	(27)	(153)	(73)
Decrease in amount owing by a subsidiary	–	–	–	190
CASH FLOWS FROM OPERATIONS	7,789	2,339	8,175	2,205
Interest paid	(21)	(41)	(21)	(41)
Income tax paid	(44)	(14)	–	–
NET CASH FROM OPERATING ACTIVITIES	7,724	2,284	8,154	2,164
CASH FLOWS FOR INVESTING ACTIVITIES				
Purchase of equipment	(5,205)	(220)	(5,202)	(131)
Additional investments in a subsidiary	–	–	(50)	–
Additions of development costs	(1,222)	(650)	(1,222)	(650)
Advances to a subsidiary	–	–	(858)	(76)
NET CASH FOR INVESTING ACTIVITIES	(6,427)	(870)	(7,332)	(857)
BALANCE CARRIED FORWARD	1,297	1,414	822	1,307

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

# Cash Flow Statements

for the financial year ended 30 June 2007 (Cont'd)

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	NOTE	THE GROUP		THE COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
BALANCE BROUGHT FORWARD		1,297	1,414	822	1,307
CASH FROM/(FOR) FINANCING ACTIVITIES					
Gross proceeds from issuance of shares		14,025	–	14,025	–
Listing expenses		(1,802)	–	(1,802)	–
Repayment of term loans		(33)	(68)	(33)	(67)
Repayment of hire purchase and finance lease payables		(128)	(32)	(128)	(32)
Repayment from a shareholder		–	4	–	4
Repayment to a director		(9)	(24)	–	(6)
(Repayment to)/Advances from a subsidiary		–	–	(101)	102
Repayment to a related party		–	(4)	–	(4)
Interest income		54	–	54	–
NET CASH FROM/(FOR) FINANCING ACTIVITIES		12,107	(124)	12,015	(3)
NET INCREASE IN CASH AND CASH EQUIVALENTS		13,404	1,290	12,837	1,304
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		2,277	987	2,208	904
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	28	15,681	2,277	15,045	2,208

# Notes to the Financial Statements

## 1. GENERAL INFORMATION

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

Registered office	:	C-15-1, Level 15, Tower C, Megan Avenue II, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.
Principal place of business	:	Unit G606, Block G, Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 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 25 September 2007.

## 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 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

### (a) Market Risk

#### (i) Foreign Currency Risk

The Group does not have any foreign currency transactions, assets or liabilities and hence is not exposed to any foreign currency risk.

#### (ii) Interest Rate Risk

The Group obtains financing through banking facilities. Its policy is to obtain the most favourable interest rates available.

#### (iii) Price Risk

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

### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from its receivables. The maximum exposure to credit risk is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group's concentration of credit risk relates to the performance bond to a gateway provider as disclosed in Note 11 to the financial statements.

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.



# Notes to the Financial Statements

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## 3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

### (c) Liquidity and Cash Flow Risk

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances to meet its obligations as and when they fall due.

## 4. BASIS OF PREPARATION

The financial statements of the Group and of the Company 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 applicable MASB approved accounting standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965.

In the current financial year, the Group and the Company have adopted all the new and revised Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board which are relevant to its operations and effective for financial periods beginning on or after 1 January 2006.

The adoption of these new and revised FRS does not have any material financial effects on the financial statements of the Group and of the Company.

The following FRS have been issued and are effective for financial periods beginning on or after 1 October 2006 and will be effective for the Group's and the Company's financial statements for the financial year ending 30 June 2008:-

FRS 117	Leases
FRS 124	Related Party Disclosures

The following revised FRS which are relevant to the Group's and the Company's operations have been issued and are effective for financial periods beginning on or after 1 July 2007 and will be effective for the Group's and the Company's financial statements for the financial year ending 30 June 2008:-

FRS 107	Cash Flow Statement
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The directors are of the opinion that the adoption of these FRS will not have any material financial effects on the financial statements of the Group and the Company when these standards become effective.

FRS 139 - Financial Instruments: Recognition and Measurement has been issued and the effective date has yet to be determined by the MASB. This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company will apply this standard when it becomes effective.

## 5. 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*

The Group recognises revenue when the significant risks and rewards of ownership of any goods have been transferred. The details of revenue recognition policies are disclosed in Note 23 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.

#### (iv) *Impairment of 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.

#### (v) *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.

#### (vi) *Allowance for Doubtful Debts of Receivables*

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Critical Accounting Estimates and Judgements (Cont'd)

#### (vii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

### (b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company 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 Company 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.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

### (c) Functional and Foreign Currency

#### (i) Functional and Presentation Currency

The functional currency of each of the Group's entity is measured using the currency of the primary economic environment in which that entity operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the parent's functional and presentation currency.

#### (ii) Transactions and Balances

Transactions in foreign currency are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

### (d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 30 June 2007.

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.

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Basis of Consolidation (Cont'd)

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. 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.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheets consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Group.

### (e) Goodwill On Consolidation

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiary at the date of acquisition.

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 the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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 immediately in the consolidated income statement.

### (f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their 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 taken to the income statement.

### (g) Equipment

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

# Notes to the Financial Statements

(Cont'd)

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Equipment (Cont'd)

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 life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period 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 included in the income statement in the year the asset is derecognised.

### (h) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date 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' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement 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 the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

### (i) Development Costs

Development costs comprise expenditure incurred on the development of the Group's software systems and integration used for the provision of Electronic Government Services. Costs incurred on development projects are capitalised to the extent that such expenditure is expected to generate future economic benefits.

Other development expenditure is recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

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.



## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (j) 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 allocated to the income statement 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.

### (k) 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 charged to the income statement 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.

### (l) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

### (m) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

### (n) 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 substantially enacted at the balance sheet date.

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.

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.

# Notes to the Financial Statements

(Cont'd)

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (n) Income Taxes (Cont'd)

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit 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 substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax 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. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

### (o) Interest-bearing Borrowings

Interest-bearing bank borrowings are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

### (p) Equity Instruments

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

### (q) 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.

### (r) 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 charged to the income statement 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.

### (s) Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party, to the extent that it prevents the other party from pursuing its own separate interests in making financial and operating decisions.

# Notes to the Financial Statements

(Cont'd)

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (t) Revenue Recognition

#### (i) Services Rendered

Revenue is recognised upon delivery of services and 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) Interest Income

Interest income is recognised on an accrual basis.

## 6. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2007 RM'000	2006 RM'000
Unquoted shares, at cost:-		
At 1.7.2006/2005	2,600	2,600
Additions*	50	–
At 30.6.2007/2006	2,650	2,600

The details of subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2007	2006	
Gale Vector Sdn. Bhd. ("GVSB")	Malaysia	100%	100%	Provision of software solutions and maintenance services.
PDX.net Sdn. Bhd. ("PNSB")	Malaysia	54.5%	54.5%	Provision of E-Insurance solutions and other insurance-related services.

\* represents a subscription of 49,998 new ordinary shares of RM1 each in GVSB

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## 7. EQUIPMENT

	AT 1.7.2006 RM'000	RECLASSIFICATION RM'000	ADDITIONS RM'000	DEPRECIATION CHARGE RM'000	AT 30.6.2007 RM'000
THE GROUP					
NET BOOK VALUE					
Motor vehicles	#	–	585	(36)	549
Office and communication equipment	84	78	4,752	(224)	4,690
Office furniture and renovation	592	–	143	(92)	643
Computers	3,264	(78)	342	(759)	2,769
Software	6	–	3	(2)	7
	3,946	–	5,825	(1,113)	8,658

# represents an amount less than RM500

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 30.6.2007			
Motor vehicles	587	(38)	549
Office and communication equipment	5,290	(600)	4,690
Office furniture and renovation	1,006	(363)	643
Computers	4,289	(1,520)	2,769
Software	61	(54)	7
	11,233	(2,575)	8,658

AT 30.6.2006

Motor vehicles	2	(2)	#
Office and communication equipment	174	(90)	84
Office furniture and renovation	863	(271)	592
Computers	4,310	(1,046)	3,264
Software	58	(52)	6
	5,407	(1,461)	3,946

	AT 1.7.2006 RM'000	RECLASSIFICATION RM'000	ADDITIONS RM'000	DEPRECIATION CHARGE RM'000	AT 30.6.2007 RM'000
THE COMPANY					
NET BOOK VALUE					
Motor vehicles	#	–	585	(36)	549
Office and communication equipment	25	78	4,752	(216)	4,639
Office furniture and renovation	592	–	143	(92)	643
Computers	3,247	(78)	339	(754)	2,754
Software	5	–	3	(2)	6
	3,869	–	5,822	(1,100)	8,591

# represents an amount less than RM500

# Notes to the Financial Statements

(Cont'd)

## 7. EQUIPMENT (CONT'D)

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 30.6.2007			
Motor vehicles	587	(38)	549
Office and communication equipment	5,221	(582)	4,639
Office furniture and renovation	1,006	(363)	643
Computers	4,266	(1,512)	2,754
Software	60	(54)	6
	11,140	(2,549)	8,591
AT 30.6.2006			
Motor vehicles	2	(2)	#
Office and communication equipment	105	(80)	25
Office furniture and renovation	863	(271)	592
Computers	4,290	(1,043)	3,247
Software	58	(53)	5
	5,318	(1,449)	3,869

# represents an amount less than RM500

At the balance sheet date, the following assets were acquired under hire purchase and finance lease terms:-

	THE GROUP/THE COMPANY	
	2007 RM'000	2006 RM'000
Net book value:-		
Office and communication equipment	783	-
Motor vehicle	224	-

## 8. DEVELOPMENT COSTS

	THE GROUP/THE COMPANY	
	2007 RM'000	2006 RM'000
AT COST:-		
At 1.7.2006/2005	5,336	4,686
Additions during the financial year	1,222	650
At 30.6.2007/2006	6,558	5,336
ACCUMULATED AMORTISATION:-		
At 1.7.2006/2005	(735)	(483)
Amortisation during the financial year	(296)	(252)
At 30.6.2007/2006	(1,031)	(735)
	5,527	4,601

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

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## 8. DEVELOPMENT COSTS (CONT'D)

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

	<b>THE GROUP/THE COMPANY</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Staff costs	212	225

## 9. GOODWILL ON CONSOLIDATION

Goodwill on consolidation is stated at cost and arose from the acquisition of the subsidiaries disclosed in Note 6 to the financial statements.

## 10. TRADE RECEIVABLES

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	1,384	1,207	527	793
Allowance for doubtful debts	(8)	(8)	(8)	(8)
	<u>1,376</u>	<u>1,199</u>	<u>519</u>	<u>785</u>

The Group's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

## 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

	<b>THE GROUP/THE COMPANY</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Advance payments for the purchase of equipment	1,137	2,154
Deposit for the acquisition of a subsidiary	955	200
Performance bond to a gateway provider	2,433	1,453

## 12. AMOUNT OWING BY/(TO) SUBSIDIARIES

	<b>THE COMPANY</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount owing by:-		
Non-trade balances	1,066	208
Amount owing to:-		
Non-trade balances	-	(101)

The amounts owing are unsecured, interest-free and not subject to fixed terms of repayment.



# Notes to the Financial Statements

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## 13. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits with licensed banks is an amount of RM22,000 (2006 -Nil) which has been pledged as security for a performance guarantee issued on behalf of the Company.

The effective interest rate per annum of the fixed deposits at the balance sheet date was 3.1% (2006 – Nil). The fixed deposits have a maturity period of 1 month.

## 14. SHARE CAPITAL

	THE GROUP/THE COMPANY			
	← 2007 →		← 2006 →	
	NUMBER OF SHARES '000	SHARE CAPITAL RM'000	NUMBER OF SHARES '000	SHARE CAPITAL RM'000
ORDINARY SHARES OF				
RM0.10 EACH:-				
AUTHORISED	250,000	25,000	250,000	25,000
ISSUED AND FULLY PAID-UP				
At 1.7.2006/2005	100,750	10,075	100,750	10,075
Allotment of shares during the financial year	25,500	2,550	–	–
At 30.6.2007/2006	126,250	12,625	100,750	10,075

During the financial year, the Company increased its issued and paid-up share capital from RM10,075,000 to RM12,625,000 by the issuance of 25,500,000 new ordinary shares of RM0.10 each at an issue price of RM0.55 per ordinary share pursuant to the public issue in conjunction with the flotation of the Company on the MESDAQ Market of Bursa Malaysia Securities Berhad.

All the new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company

## 15. SHARE PREMIUM

	THE GROUP/THE COMPANY	
	2007 RM'000	2006 RM'000
At 1.7.2006/2005	–	–
Premium arising from issuance of shares	11,475	–
Expenses incurred for listing exercise	(1,802)	–
	9,673	–
At 30.6.2007/2006	9,673	–

The share premium is not distributable by way of cash dividends.

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## 16. RETAINED PROFITS

Based on Section 108 of the Income Tax Act, 1967 and subject to agreement with the tax authorities, at the balance sheet date, the tax-exempt income enables the Company to distribute approximately RM5,250,000 out of its retained profits by way of dividends without incurring any additional tax liabilities.

At the forthcoming Annual General Meeting, a final tax-exempt dividend of 0.693 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2008.

## 17. DEFERRED TAXATION

	<b>THE GROUP</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1.7.2006/2005	13	–
Recognised in the income statement (Note 25)	(5)	13
	<hr/>	<hr/>
At 30.6.2007/2006	8	13
	<hr/>	<hr/>

The deferred taxation relates to accelerated capital allowances.

## 18. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	<b>THE GROUP/THE COMPANY</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Minimum hire purchase and lease payments:		
- not later than one year	191	–
- later than one year and not later than five years	305	–
- later than five years	58	–
	<hr/>	<hr/>
	554	–
Less: Future finance charges	(62)	–
	<hr/>	<hr/>
Present value of hire purchase and finance lease payables	492	–
	<hr/>	<hr/>
The hire purchase and finance lease payables are repayable as follows:		
Current:		
- not later than one year (Note 21)	161	–
Non-current:		
- later than one year and not later than five years	275	–
- later than five years	56	–
	<hr/>	<hr/>
	331	–
	<hr/>	<hr/>
At the balance sheet date	492	–
	<hr/>	<hr/>

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

The hire purchase and lease payables bore a weighted average effective interest at 6.23% per annum.

# Notes to the Financial Statements

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## 19. TRADE PAYABLES

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

## 20. AMOUNT OWING TO A DIRECTOR

The amount owing is unsecured, interest-free and not subject to fixed terms of repayment.

## 21. SHORT TERM BORROWINGS

	<b>THE GROUP/THE COMPANY</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Hire purchase and finance lease payables (Note 18)	161	–
Term loan	–	33
	<hr/>	<hr/>
	161	33
	<hr/>	<hr/>

## 22. NET ASSETS PER SHARE

The net assets per share of the Group is calculated based on the net assets value at the balance sheet date of RM36,428,000 (2006 - RM17,145,000) divided by the number of ordinary shares in issue at the balance sheet date of 126,250,000 (2006 - 100,750,000) shares.

## 23. REVENUE

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

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## 24. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Amortisation of development costs	296	252	296	252
Audit fee :				
- for the current financial year	14	13	7	6
- underprovision in the previous financial year	-	1	-	1
Depreciation of Equipment	1,113	302	1,100	289
Directors' fee	447	96	345	96
Directors' non-fee Emoluments	225	46	107	-
Interest expense	21	41	21	41
Rental expense:				
- motor vehicles	41	62	41	62
- equipment	-	6	-	6
- parking	8	9	8	9
- premises	380	362	329	311
Staff costs	1,635	1,412	1,256	999
Interest income	(54)	-	(54)	-

## 25. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Current taxation:				
- for the current financial Year	34	29	9	-
- underprovision in previous financial years	7	-	-	-
	41	29	9	-
Deferred taxation:				
- for the current financial year (Note 17)	(5)	13	-	-
	36	42	9	-

# Notes to the Financial Statements

(Cont'd)

## 25. INCOME TAX EXPENSE (CONT'D)

The Company has been granted MSC status which qualifies the Company for the pioneer status incentive with no tax on the Company's income from pioneer activities during the pioneer period from 18 July 2006 to 17 July 2011.

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 is as follows:-

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	7,117	4,118	6,996	3,918
Tax at the applicable statutory tax rate of 27% (2006 - 28%)	1,922	1,153	1,889	1,097
Tax effects of:-				
Non-taxable gains	(5)	-	-	-
Non-deductible expenses	91	28	90	26
Utilisation of deferred tax assets not recognised in previous Years	-	(896)	-	(896)
Deferred tax liabilities not recognised due to pioneer status	(1,970)	(227)	(1,970)	(227)
Underprovision in prior Years	7	-	-	-
Differential in tax rates	(9)	(16)	-	-
	36	42	9	-

## 26. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the consolidated profit attributable to equity holders of the Company of RM7,060,000 (2006 - RM4,019,000) by the weighted average number of ordinary shares in issue during the financial year of 112,906,000 (2006 - 100,750,000).

The fully diluted earnings per share for the Group is not presented as there were no dilutive potential ordinary shares outstanding at the balance sheet date.

# Notes to the Financial Statements

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## 27. PURCHASE OF EQUIPMENT

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cost of equipment				
Purchased	5,825	220	5,822	131
Amount financed through hire purchase and leasing	(620)	–	(620)	–
Cash disbursed for purchase equipment	5,205	220	5,202	131

## 28. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Fixed deposits with a licensed bank	4,032	–	4,032	–
Cash and bank balances	11,649	2,277	11,013	2,208
	15,681	2,277	15,045	2,208

## 29. SIGNIFICANT RELATED PARTY TRANSACTIONS

	THE GROUP/THE COMPANY	
	2007 RM'000	2006 RM'000
Professional fees	7	–
Rental of premises	9	–

The related party refers to Embunaz Ventures Sdn. Bhd., a company in which a director has a substantial financial interest.

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that were mutually agreed between the parties.

## 30. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	THE COMPANY	
	2007 RM'000	2006 RM'000
Sales to a subsidiary, PNSB	665	285



# Notes to the Financial Statements

(Cont'd)

## 31. CAPITAL COMMITMENT

	<b>THE GROUP/THE COMPANY</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for:		
- acquisition of a subsidiary	9,045	–
Approved and not contracted for:		
- acquisition of equipment	830	1,221

## 32. DIRECTORS' REMUNERATION

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

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Executive directors:				
- basic salaries, bonus, Employees Provident Fund and SOCSO	169	–	107	–
- fee	447	142	319	96
Non-executive directors:				
- fee	56	–	26	–
	<u>672</u>	<u>142</u>	<u>452</u>	<u>96</u>

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

	<b>THE GROUP</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Executive directors		
Below RM150,000	3	2
RM200,000 - RM250,000	1	–
Non-executive directors		
Below RM50,000	<u>2</u>	<u>–</u>

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## 33. SIGNIFICANT EVENTS

The significant events during the financial year are as follows:-

- (i) In conjunction with and as an integral part of the listing of the Company on the MESDAQ Market of the Bursa Malaysia Securities Berhad, the Company undertook a flotation exercise which comprises the following:-
  - (a) Public issue of 25,500,000 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.55 per new ordinary share; and
  - (b) The listing of and quotation for the entire enlarged issued and paid-up share capital of the Company comprising 126,250,000 ordinary shares of RM0.10 each on the MESDAQ Market of Bursa Malaysia Securities Berhad.

The Company was successfully listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 16 January 2007.

- (ii) During the financial year, the Company entered into Share Sale and Purchase Agreements to acquire 9,250,000 ordinary shares of RM1.00 each in MySpeed.com Sdn Bhd ("SPEED"), representing the entire issued and paid-up ordinary share capital of SPEED for a total cash consideration of RM10,000,000. In addition, the Company accepted a banking facility of RM6,000,000 from Malayan Banking Berhad to part finance this acquisition.

The acquisition of SPEED was completed on 21 July 2007.

## 34. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On 27 August 2007, the Company proposed the following:-

- (i) Increase its authorised share capital from RM25,000,000 to RM50,000,000 by the creation of 500,000,000 new ordinary shares of RM0.10 each; and
- (ii) Increase its issued and paid-up share capital from RM12,625,000 to RM25,250,000 by way of a bonus issue of 126,250,000 ordinary shares of RM0.10 each ("Bonus Shares") in the ratio of 1 bonus share for every one existing ordinary share held ("Proposed Bonus Issue").

The Bonus Shares will, upon listing, rank pari passu in all respects with the existing shares of the Company. As the Proposed Bonus Issue is expected to be completed prior to the dividend payment, the Bonus Shares shall, upon listing, be entitled to the said tax-exempt dividend of 0.693 sen per share as proposed by the directors, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

## 35. SEGMENTAL REPORTING

Segmental reporting is not presented as the Group is principally engaged in the development and implementation of the Electronic Government Services project and the provision of other related services for the Electronic Government Services project, which are substantially within a single business segment and operates wholly in Malaysia.

# Notes to the Financial Statements

(Cont'd)

## 36. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

### (a) Amounts Owning By/(To) Subsidiaries/A Director

It is not practicable to estimate the fair values of the amounts owing by/(to) the subsidiaries and a director due principally to the lack of fixed repayment terms. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

### (b) Cash and Bank Balances and Other Short-Term Receivables/Payables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these instruments.

### (c) Hire Purchase and Lease Obligations

The carrying amounts approximated the fair values of these instruments. The fair values of hire purchase and finance lease payables are estimated using the discounted cash flow analysis based on the average effective interest rate of the Group.

## List of Properties

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The Group does not own any properties as at 30 June 2007

# Analysis of Shareholdings

as at 29 October 2007

Authorised Share Capital	:	RM25,000,000.00
Issued and Fully Paid-Up Capital	:	RM12,625,000.00
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	:	302

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2	0.66	100	0.00
100 to 1,000	129	42.71	87,300	0.07
1,001 – 10,000	94	31.13	465,100	0.36
10,001 – 100,000	32	10.60	1,474,100	1.17
100,001 – less than 5% of issued shares	40	13.24	48,602,400	38.50
5% and above of issued shares	5	1.66	75,621,000	59.90
Total	302	100.00	126,250,000	100.00

## SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Names	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
1. Wong Thean Soon	25,000	0.02	56,000,000 <sup>1</sup>	44.36
2. Raja Munir Shah Bin Raja Mustapha	50,000	0.04	56,000,000 <sup>1</sup>	44.36
3. Asia Internet Holdings Sdn Bhd	38,000,000	30.10	–	–
4. Asia Internet E-Services Holdings Sdn Bhd	18,000,000	14.26	–	–
5. Lembaga Tabung Haji	12,625,000	10.00	–	–
6. Koperasi Permodalan Felda Berhad	7,350,000	5.82	–	–
7. Utilico Emerging Markets Limited <sup>2</sup>	6,320,000	5.01	–	–

### Notes:

- <sup>1</sup> Deemed interested by virtue of their substantial shareholdings in Asia Internet Holdings Sdn Bhd and Asia Internet E-Services Holdings Sdn Bhd
- <sup>2</sup> Shares registered in the name of JPMorgan Chase Bank, National Association (Bermuda)

## DIRECTORS' SHAREHOLDINGS

Names	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
1. Senator Dato' Dr Norraesah Binti Hj Mohamad	1,400,000	1.10	–	–
2. Wong Thean Soon	25,000	0.02	56,000,000 <sup>1</sup>	44.36
3. Raja Munir Shah Bin Raja Mustapha	50,000	0.04	56,000,000 <sup>1</sup>	44.36
4. Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor	80,000	0.06	–	–
5. Mohd Jimmy Wong Bin Abdullah	80,000	0.06	–	–

### Notes:

- <sup>1</sup> Deemed interested by virtue of their substantial shareholdings in Asia Internet Holdings Sdn Bhd and Asia Internet E-Services Holdings Sdn Bhd

# Analysis of Shareholdings

as at 29 October 2007 (Cont'd)

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## TOP THIRTY (30) SHAREHOLDERS

No.	Names	No. of Shares	%
1.	Asia Internet Holdings Sdn Bhd	33,470,000	26.51
2.	Asia Internet E-Services Holdings Sdn Bhd	15,856,000	12.56
3.	Lembaga Tabung Haji	12,625,000	10.00
4.	Koperasi Permodalan Felda Berhad	7,350,000	5.82
5.	HSBC Nominees (Asing) Sdn Bhd	6,320,000	5.01
	Exempt An for JPMorgan Chase Bank, National Association (Bermuda)		
6.	M.I.T. Nominees (Tempatan) Sdn Bhd	5,294,200	4.19
	Pledged Securities Account for Edisi Firma Sdn Bhd (MG0065-195)		
7.	M.I.T. Nominees (Tempatan) Sdn Bhd	4,176,900	3.31
	Pledged Securities Account for Ng Hong Sing (MG0120-195)		
8.	Jason Chan Ling Khee	3,524,000	2.79
9.	Koh Yeow Lay	3,500,000	2.77
10.	Kenanga Nominees (Tempatan) Sdn Bhd	3,030,000	2.40
	Kenanga Capital Sdn Bhd for Asia Internet Holdings Sdn Bhd		
11.	Cimsec Nominees (Tempatan) Sdn Bhd	2,662,400	2.11
	Pledged Securities Account for Lee Ngan Cheong		
12.	Citigroup Nominees (Asing) Sdn Bhd	2,486,300	1.97
	UBS AG		
13.	Kenanga Nominees (Tempatan) Sdn Bhd	2,144,000	1.70
	Kenanga Capital Sdn Bhd for Asia Internet E-Services Holdings Sdn Bhd		
14.	Kenanga Nominees (Tempatan) Sdn Bhd	2,005,000	1.59
	Kenanga Capital Sdn Bhd for Chia Poo Tuan		
15.	Mayban Securities Nominees (Tempatan) Sdn Bhd	1,950,000	1.54
	Pledged Securities Account for Rahadian Mahmud Bin Mohammad Khalil (Dealer 010)		
16.	UOBM Nominees (Tempatan) Sdn Bhd	1,555,400	1.23
	Exempt An for Fortress Capital Asset Management (M) Sdn Bhd		
17.	EG Industries Berhad	1,550,000	1.23
18.	Affin Nominees (Asing) Sdn Bhd	1,500,000	1.19
	Eassetmanagement Sdn Bhd for London Asia Capital Limited		
19.	Cimsec Nominee (Tempatan) Sdn Bhd	1,500,000	1.19
	CIMB Bank for Asia Internet Holdings Sdn Bhd (MY0409)		
20.	Azmi Bin Mohd Rais	1,500,000	1.19
21.	Norraesah Binti Mohamad	1,300,000	1.03
22.	Kenanga Nominees (Asing) Sdn Bhd	1,000,000	0.79
	Pensword Capital Pte Ltd		
23.	Ramli Bin Karim	1,000,000	0.79
24.	Kenanga Nominees (Tempatan) Sdn Bhd	821,000	0.65
	Kenanga Capital Sdn Bhd for Edisi Firma Sdn Bhd		
25.	Mayban Nominees (Tempatan) Sdn Bhd	787,200	0.62
	Mayban Trustees Berhad for RHB Capital Fund (N14011200189)		
26.	Cimsec Nominee (Tempatan) Sdn Bhd	552,100	0.44
	Pledged Securities Account for Ng Hong Sing		
27.	TCL Nominees (Asing) Sdn Bhd	500,000	0.40
	OCBC Securities Private Limited for Yeo Seng Teck		
28.	Asia-Euro Assets Limited	500,000	0.40
29.	Mayban Nominees (Tempatan) Sdn Bhd	427,800	0.34
	Mayban Trustees Berhad for RHB Dynamic Fund (N14011200188)		
30.	HSBC Nominees (Tempatan) Sdn Bhd	400,000	0.32
	HSBC (Malaysia) Trustee Berhad for Amanah Saham Kedah		

# Notice of Seventh Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Seventh Annual General Meeting of **MY E.G. SERVICES BERHAD** will be held at East VIP Lounge Room, Kuala Lumpur Golf & Country Club (KLGCC), NO. 10, Jalan 70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Tuesday, 18 December 2007 at 2.00 p.m. for the following purposes:

## AGENDA

- |   |                              |
|---|------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2007 together with the Reports of the Directors and Auditors thereon. | <b>Ordinary Resolution 1</b> |
| 2. To approve the first and final tax-exempt dividend of 0.693 sen per ordinary share in respect of the financial year ended 30 June 2007.                | <b>Ordinary Resolution 2</b> |
| 3. To re-elect the following Directors who are retiring pursuant to Article 69 of the Articles of Association of the Company:                             |                              |
| (a) Wong Thean Soon   | <b>Ordinary Resolution 3</b> |
| (b) Mohd Jimmy Wong Bin Abdullah  | <b>Ordinary Resolution 4</b> |
| 4. To approve the payment of Directors' fees for the financial year ended 30 June 2007.   | <b>Ordinary Resolution 5</b> |
| 5. To re-appoint Messrs Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.                                      | <b>Ordinary Resolution 6</b> |

## AS SPECIAL BUSINESS

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

- |  |                              |
|--|------------------------------|
| 6. <b>AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965</b>  | <b>Ordinary Resolution 7</b> |
| <p>"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue and allot 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 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."</p> |                              |
| 7. <b>PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE</b>  | <b>Ordinary Resolution 8</b> |
| <p>"THAT, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, approval be and is hereby given to the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions ("RRPTs") of a revenue or trading nature as stated in Section 2.3 of the Circular to Shareholders dated 26 November 2007, provided that such arrangements and/or transactions are:-</p> <ul style="list-style-type: none"> <li>(i) recurrent transactions of a revenue or trading nature;</li> <li>(ii) necessary for the day-to-day operations;</li> <li>(iii) carried out at arm's length basis, in the ordinary course of business and on terms which are not more favourable to the related party than those generally available to the public; and</li> </ul>                     |                              |



# Notice of Seventh Annual General Meeting

(Cont'd)

- (iv) are not to the detriment of the minority shareholders.

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

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed by the shareholders of the Company in a general meeting;
- (ii) the expiry of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution."

## 8. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

**Special  
Resolution**

"THAT the alteration, modifications and/or additions to the Articles of Association of the Company as contained in the Appendix I attached to the 2007 Annual Report be and are hereby approved."

## NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS ALSO HEREBY GIVEN** that subject to the approval of the shareholders at the Seventh Annual General Meeting, a first and final tax exempt dividend of 0.693 sen per ordinary share in respect of the financial year ended 30 June 2007 will be paid on 28 January 2008 to holders of ordinary shares registered in the Record of Depositors at the close of business on 8 January 2008.

The entitlement of the Shareholders of MYEG to the dividend shall only be in respect of the following:

- (a) Shares transferred into the Depositor's Securities Account on or before 4.00 p.m. on 8 January 2008 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

**MAH LI CHEN** (MAICSA 7022751)  
**TAN LEY THENG** (MAICSA 7030358)  
Company Secretaries

Kuala Lumpur  
26 November 2007

# Notice of Seventh Annual General Meeting

(Cont'd)

## 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 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 holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing and if the appointor is a corporation/company, either under its common seal or the hands of its attorney.
4. 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 or authority shall be deposited at the Registered Office of the Company at C15-1 Level 15 Tower C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
5. Explanatory Notes on Special Business

(i) **Ordinary Resolution 7**

**Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965**

The proposed Ordinary Resolution 7, if passed, will give the flexibility to the Directors of the Company to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company at the time of issue for such purpose as they considered would be in the best interest of the Company without having to convene a separate general meeting. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next AGM of the Company.

(ii) **Ordinary Resolution 8**

**Proposed Renewal of Shareholders' Mandate for RRPTs of a Revenue or Trading Nature**

Further information on the RRPTs are set out in the Circular to Shareholders dated 26 November 2007 which is despatched together with the 2007 Annual Report of the Company.

(iii) **Special Resolution**

**Proposed Amendments to the Articles of Association of the Company**

The proposed Special Resolution is to amend the Articles of Association of the Company in line with the revisions to the Listing Requirements of the Bursa Malaysia Securities Berhad for the MESDAQ Market. The details of the Proposed Amendments to the Articles of Association of the Company are set out in the Appendix I attached to the 2007 Annual Report.

# Statement Accompany Notice of Annual General Meeting

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

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

- |                                  |  |
|----------------------------------|--|
| (a) Wong Thean Soon              | Retiring pursuant to Article 69 of the Company's Articles of Association |
| (b) Mohd Jimmy Wong Bin Abdullah | 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 12 to 13 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 60 of this Annual Report.

## 3. Details of attendance of Directors at Board meetings

Three (3) Board meetings were held during the financial year ended 30 June 2007. Details of the attendance of each Director are set out in the Statement on Corporate Governance appearing on page 15 of this Annual Report.

## 4. Place, date and time of meeting

The Seventh Annual General Meeting of the Company will be convened and held at East VIP Lounge Room, Kuala Lumpur Golf & Country Club (KLGCC), NO. 10, Jalan 70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Tuesday, 18 December 2007 at 2.00 p.m.

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**PROXY FORM****NUMBER OF SHARES HELD****MY E.G. SERVICES BERHAD**  
(505639-K)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 IN FULL)

as my/our proxy, to vote for me/us and on my/our behalf at the Seventh Annual General Meeting of the Company, to be held at East VIP Lounge Room, Kuala Lumpur Golf & Country Club (KLGCC), NO. 10, Jalan 70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Tuesday, 18 December 2007 at 2.00 p.m. and at any adjournment thereof.

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

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 receive the Audited Financial Statements for the financial year ended 30 June 2007 together with the Reports of the Directors and Auditors thereon		
2	To approve the first and final tax-exempt dividend		
3	To re-elect Wong Thean Soon		
4	To re-elect Mohd Jimmy Wong Bin Abdullah		
5	To approve the payment of Directors' fees		
6	To re-appoint Messrs Horwath as Auditors of the Company		
7	Authority to Directors to allot shares pursuant to Section 132D of the Companies Act, 1965		
8	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
<b>Special Resolution</b> Proposed amendments to the Articles of Association of the Company			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2007

\_\_\_\_\_  
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 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 holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing and if the appointor is a corporation/company, either under its common seal or the hands of its attorney.
4. 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 or authority shall be deposited at the Registered Office of the Company at C15-1 Level 15 Tower C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.



Fold this flap for sealing

Then fold here

AFFIX  
STAMP

THE COMPANY SECRETARY  
**MY E.G. SERVICES BERHAD**  
(505639-K)  
C15-1 Level 15 Tower C,  
Megan Avenue II,  
12 Jalan Yap Kwan Seng,  
50450 Kuala Lumpur.

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MyEG SERVICES

**MY E.G. SERVICES BERHAD**

**(Company No.: 505639-K)**

*(Incorporated in Malaysia under the Companies Act, 1965)*

**APPENDIX I**

**DETAILS OF THE PROPOSED AMENDMENTS TO THE**

**ARTICLES OF ASSOCIATION**

**OF**

**MY E.G. SERVICES BERHAD**

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This is the Appendix I referred to in the Special Resolution of the Notice of Seventh Annual General Meeting of My E.G. Services Berhad



## PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The highlights of the proposed amendments to the Articles of Association of the Company are as follows:

Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion
2.	<p><b>INTERPRETATION</b></p> <p><b>“Approved Market Place”</b> ... A stock exchange which is specified to be an approved market place in the <u>Securities Industry (Central Depositories) Exempt Order (No. 2) 1998</u> as <u>may be amended, modified or altered from time to time</u></p> <p>(New Provision)</p> <p><b>“Market Day”</b> ... <u>Days on which the stock market of Bursa Securities is open for trading in securities</u></p> <p>All the references to the above definitions throughout the Articles of Association of the Company be changed accordingly.</p>	2.	<p><b>INTERPRETATION</b></p> <p><b>“Approved Market Place”</b> ... A stock exchange which is specified to be an approved market place <b>pursuant to an Exemption Order made under Section 62A of the Securities Industry (Central Depositories) Act 1991</b></p> <p><b>"CMSA" .... Capital Markets and Services Act 2007</b></p> <p><b>“Market Day” ... A day on which the MESDAQ Market is open for trading in securities</b></p>
3. (b)(i)	<p><b>SHARES</b></p> <p><u>Unless otherwise allowed under applicable laws and guidelines, no Director or persons connected with that Director shall participate in an issue of shares or options to employees of the Company unless the shareholders in general meetings have approved of the specific allotment to be made to such Director or that persons connected with the Directors, as the case may be. For the purpose of this Article, "persons connected" shall have the meaning prescribed to in the MMLR.</u></p>	3. (b)(i)	<p><b>SHARES</b></p> <p>No Director shall participate in a <b>share scheme for employees</b> unless the shareholders in general meeting have approved of the specific allotment to be made to such Director.</p>
3. (b)(ii)	<p><u>No issue of preference shares shall be made which would result in the total nominal value of issued preference shares exceeding the total nominal value of the issued ordinary shares at any time.</u></p>	3. (b)(ii)	<p><b>Article 3(b)(ii) be deleted in its entirety and Article 3(b)(iii) be renumbered accordingly.</b></p>

Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion
<b>4. (a)</b>	Subject to Article 3(b)(ii), the Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company or to issue preference capital ranking equally with, or in priority to preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit.	<b>4. (a)</b>	The Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company or to issue preference capital ranking equally with or in priority to preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit.
<b>4. (b)</b>	The holders of preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.	<b>4. (b)</b>	<b>Article 4(b) be deleted in its entirety and Article 4(c) be renumbered accordingly.</b>
<b>4. (c)</b>	The holder of preference shares shall have the same rights as the holder of ordinary shares in relation to receiving notices, reports and audited financial statements and attending general meetings of the Company. The preference shareholders shall also have the rights to vote at any meeting convened for the purpose of or in connection with reducing the capital or winding up of the Company or the disposal of the whole of the Company's property, business and undertaking or where the proposition to be submitted to the meeting affects the rights and privileges attached to the preference share or when the Dividend or any part thereof on the preference shares is more than six (6) months in arrears. In particular, preference shareholders shall have the right to vote at any meeting convened during the course of winding up of the Company.	<b>4. (b)</b>	<p><b>Preference shareholders shall have the same rights as ordinary shareholders as regards the receiving of notices, reports and audited accounts and attending general meetings of the Company. Preference shareholders shall also have the right to vote in each of the following circumstances:</b></p> <ul style="list-style-type: none"> <li>(i) when the dividend or part of the dividend on the shares is in arrears for more than 6 months;</li> <li>(ii) on a proposal to reduce the Company's share capital;</li> <li>(iii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;</li> <li>(iv) on a proposal that affects rights attached to the share;</li> <li>(v) on a proposal to wind up the Company; and</li> <li>(vi) during the winding up of the Company.</li> </ul>

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Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion
10.	<p><b>LIEN</b></p> <p>The Company shall have a first and paramount lien on every share (not being a fully paid up share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share such lien extending only to the specific shares on which such calls or installments are for the time being unpaid and to all Dividends from time to time declared in respect of such shares. The Company shall also have a first and paramount lien on all shares (other than fully paid up shares) for all moneys which the Company may be called upon by law to pay in respect of the shares of any Member or deceased Member or such amounts where the shares were acquired under an employee share option scheme, which are owed to the Company for acquiring them. In each case, the lien extends to reasonable interest and expenses incurred since the amount has not been paid.</p>	10.	<p><b>LIEN</b></p> <p>The Company's lien on shares and dividends from time to time declared in respect of such shares shall be restricted to:</p> <p>(a) unpaid calls and installments upon the specific shares in respect of which such moneys are due and unpaid;</p> <p>(b) if the shares were acquired under an employee share option scheme, amounts which are owed to the Company for acquiring them; and</p> <p>(c) such amounts as the Company is required by law to pay and has paid in respect of the shares of a holder or deceased former holder.</p> <p>In each case, the lien extends to reasonable interest and expenses incurred because the amount is not paid.</p>
21.	<p><b>TRANSFER OF SHARES</b></p> <p>Subject to the provisions of the Central Depositories Act and the Rules, the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding sections 103 and 104 of the Act and any exemption that may be made from compliance with section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities. Subject to these Articles, there shall be no restriction on the transfer of fully paid shares except where required by law.</p>	21.	<p><b>TRANSFER OF SHARES</b></p> <p>Subject to the provisions of the Central Depositories Act and the Rules, the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Bursa Depository in accordance with the Rules, notwithstanding sections 103 and 104 of the Act, <b>but subject to subsection 107C(2) of the Act</b> and any exemption that may be made from compliance with <b>subsection 107C(1)</b> of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities. Subject to these Articles, there shall be no restriction on the transfer of fully paid shares except where required by law.</p>

Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion
23.	<p>The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) days in any year. Such notice shall state the books closing date, which shall be at least twelve (12) clear days (or such other period as prescribed by the Bursa Securities or any relevant governing laws and/or guidelines) after the date of notification to the Bursa Securities, and the address of share registry at which documents will be accepted for registration. As least three (3) market days prior notice shall be given to the Bursa Depository to enable the Bursa Depository to prepare the appropriate Record of Depositors.</p>	23.	<p>The <b>transfer books and Register of Depositors and debentures holders</b> may be suspended at such times and for such periods as the Directors may from time to time determine <b>not exceeding in the whole thirty (30) days in any year. Ten (10) Market Days' notice of intention to suspend the said register of members shall be published in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed. The said notice shall state the purpose or purposes for which the register of members is being closed. At the latest date which is reasonably practicable which shall in any event be not less than three (3) Market Days prior notice shall be given to the Bursa Depository to enable the Bursa Depository to prepare the appropriate Record of Depositors. In respect of corporate action, at least seven (7) Market Days prior notice shall be given.</b></p>

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Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion
28.	<p><b>TRANSMISSION OF SHARES</b></p> <p>Where –</p> <p>(a) the securities of the Company are listed on an Approved Market Place; and</p> <p>(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1988, as the case may be, under the Rules of the Bursa Depository in respect of such securities</p> <p>The Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as the “Foreign Register”), to the registrar of the Company in Malaysia (hereinafter referred to as the “Malaysian Register”) provided that there shall be no change in the ownership of such securities.</p> <p>For the avoidance of doubt, <u>the Company</u> where it fulfils the requirements of subparagraph (a) and (b) above <u>shall not be allowed</u> any transmission of securities from the Malaysian Register into the Foreign Register.</p>	28.	<p><b>TRANSMISSION OF SHARES</b></p> <p>Where –</p> <p>(a) the securities of the Company are listed on an Approved Market Place; and</p> <p>(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, <b>1998</b>, as the case may be, under the Rules of the Bursa Depository in respect of such securities</p> <p>The Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as the “Foreign Register”), to the registrar of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as the “Malaysian Register”) provided that there shall be no change in the ownership of such securities.</p> <p>For the avoidance of doubt, <b>no</b> Company which fulfils the requirements of subparagraph (a) and (b) above <b>shall allow</b> any transmission of securities from the Malaysian Register into the Foreign Register.</p>

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Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion
41. (a)	<p><b>ALTERATION OF CAPITAL</b></p> <p>Subject to any direction to the contrary that may be given by the Company in a general meeting any original shares or other convertible securities for the time being unissued and any new shares from time to time to be created, shall before they are issued, be offered to the Members in proportion as nearly as may be to the number of shares to which they are entitled. Such offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer if not accepted or renounced will be deemed to be declined, and after the expiration of such time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered or securities offered, the Directors may, subject to these Articles, dispose of the same in such manner as they think most beneficial to the Company. The Directors may, likewise also dispose of any new or original shares or security which (by reason of the ratio which the new shares or securities bear to the share or securities held by persons entitled to an offer of new or original shares or securities) cannot in the opinion of the Directors be conveniently offered in manner herein before provided.</p>	41. (a)	<p><b>ALTERATION OF CAPITAL</b></p> <p>Subject to any direction to the contrary that may be given by the Company in a general meeting, <b>all new shares</b> or other convertible securities <b>shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may, dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may, likewise also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to the shares or securities held by persons entitled to an offer of new shares or securities) cannot in the opinion of the Directors, be conveniently offered under this Article.</b></p>

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Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion
<b>49.</b>	<p><b>NOTICE OF GENERAL MEETING</b></p> <p>The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least fourteen (14) <u>clear</u> days before the meeting or at least twenty one (21) <u>clear</u> days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) <u>clear</u> days' notice, or twenty one (21) <u>clear</u> days' notice in the case where any special resolution is to be proposed or where it is the annual general meeting, of every such general meeting, of every such meeting shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed including the <u>Bursa Securities</u>.</p>	<b>49.</b>	<p><b>NOTICE OF GENERAL MEETING</b></p> <p>The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice, or twenty one (21) days' notice in the case where any special resolution is to be proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed.</p>
<b>50. (e)</b>	<p>The Company shall <u>by written request made in duplicate in the prescribed form</u>, request the Bursa Depository, in accordance with the Rules, to <u>prepare the Record of Depositors to whom, subject to the provisions of the written law, notices of general meetings shall be given by the Company.</u></p>	<b>50. (e)</b>	<p>The Company shall request the Bursa Depository, in accordance with the Rules, to <b>issue a Record of Depositors</b> to whom notices of general meetings shall be given by the Company.</p>
<b>50. (f)</b>	<p>The Company shall also request the Bursa Depository in accordance with the Rules, to issue a Record of Depositors, <u>as at a date not less than three (3) market days before the general meeting (referred to as "the General Meeting Record of Depositors")</u>.</p>	<b>50. (f)</b>	<p>The Company shall also request the Bursa Depository in accordance with the Rules, to issue a Record of Depositors, as at <b>the latest date which is reasonably practicable which shall in any event be not less than three (3) market days before the general meeting (referred to as "the General Meeting Record of Depositors")</b>.</p>

Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion
58.	<p><b>VOTE OF MEMBERS</b></p> <p>Subject to any rights or restrictions for the time being attached to any class or classes of shares at meetings of Members or classes of Members and Article 50, each Member or holder of a preference share entitled to vote may vote in person or by proxy or by attorney or authorised representative and on a show of hands, every person present who is a Member or a holder of a preference share who is entitled to vote or a proxy or an attorney or an authorised representative of a Member or a preference share who is entitled to vote shall have one (1) vote, and on a poll, every Member or holder of a preference share who is entitled to vote present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every one (1) share he holds.</p>	58.	<p><b>VOTE OF MEMBERS</b></p> <p>Subject to any rights or restrictions for the time being attached to any class or classes of shares at meetings of Members or classes of Members, each Member <b>shall be entitled to be present and to vote. The Member may vote in person or by proxy or by attorney or authorised representative. On resolution to be decided on a show of hands, every Member, who is personally present and entitled to vote, or by proxy or by attorney or other duly authorised representative shall have one (1) vote. On resolution to be decided by a poll, every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every one (1) share he holds.</b></p>
63. (a)	<p><u>At any general meeting, each member shall be entitled to attend and vote in person may appoint up to two (2) proxies or attorneys or authorised representatives. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy. On a show of hands, every person present who is a member or proxy or attorney or authorised representative shall have one (1) vote and on a poll, every member present in person or by proxy shall have one (1) vote for each ordinary share held</u></p>	63. (a)	<p><b>A Member may appoint at least one (1) and up to two (2) proxies to attend the same meeting. Where a Member appoints more than one (1) proxy, the proxies shall not be valid unless the Member specifies the proportion of his shareholdings to be represented by each proxy.</b></p>
63. (b)	<p>(No provision)</p>	63. (b) (New Insertion)	<p><b>Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 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.</b></p>



Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion
64.	The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a Member of the Company. 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. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	64.	The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. <b>Save for the authorised nominee defined under Article 63(b) above</b> , a proxy may but need not be a Member of the Company. 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. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

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Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion																							
65.	<p>Where it is desired to afford Members an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit:-</p> <p style="text-align: center;"><b>MY E.G. SERVICES BERHAD (505639-K)</b></p> <p>I/We,.....of.....being a member(s) of MY E.G. SERVICES BERHAD (505639-K) hereby appoint .....of.....or *THE CHAIRMAN OF THE MEETING or failing him/her,.....of .....as my/our proxy, to vote for me/us on my/our behalf at the (annual or extraordinary, as the case may be) general meeting of the Company to be held on.....day .....and at any adjournment thereof.</p> <p>* If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting or failing him" and insert the name(s) of the person(s) desired.</p> <p>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.</p> <p>My/our proxy/proxies is/are to vote as indicated below:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Resolution</th> <th>For</th> <th>Against</th> </tr> </thead> <tbody> <tr> <td colspan="4">Signed this.....day of.....</td> </tr> <tr> <td colspan="4">..... Signature of Shareholder</td> </tr> </tbody> </table>	No.	Resolution	For	Against	Signed this.....day of.....				..... Signature of Shareholder				<p>65.</p> <p>Where it is desired to afford Members an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit:-</p> <p style="text-align: center;"><b>MY E.G. SERVICES BERHAD (505639-K)</b></p> <p>I/We,.....of.....being a member(s) of MY E.G. SERVICES BERHAD (505639-K), hereby appoint .....of.....or *THE CHAIRMAN OF THE MEETING or failing him/her,.....of .....as my/our proxy, to vote for me/us on my/our behalf at the (annual or extraordinary, as the case may be) general meeting of the Company, to be held at .....on.....day .....at .....and at any adjournment thereof.</p> <p>* If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting or failing him" and insert the name(s) of the person(s) desired.</p> <p>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.</p> <p>My/our proxy/proxies is/are to vote as indicated below:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Resolutions</th> <th>For</th> <th>Against</th> </tr> </thead> <tbody> <tr> <td colspan="4">Dated this .....day of.....</td> </tr> <tr> <td colspan="4">..... Signature / Common Seal of Shareholder</td> </tr> </tbody> </table>	No.	Resolutions	For	Against	Dated this .....day of.....				..... Signature / Common Seal of Shareholder			
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Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion
65. (continue)	<p>Notes:</p> <p>(No provision)</p>	65. (continue)	<p><u>Notes:</u></p> <p>A member entitled to attend and vote at the meeting may appoint another person as his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, then he need not be and advocate, an approved company auditor or a person approved by the Registrar.</p> <p>A member may appoint up to two (2) proxies to attend the same meeting. Where a Member appoints one (1) or more proxies, the proxies shall not be valid unless the Member specifies the proportion of his shareholding to be represented by each proxy.</p> <p>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.</p> <p>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.</p> <p>An instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised and in the case of a corporation shall be either under its common seal or under the hand of an officer or attorney duly authorised.</p> <p>The instrument appointing a proxy must be deposited at the Registered Office of the Company.....(address of registered office) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.</p>

Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion
67.	A vote given in accordance with the terms of an instrument of appointment of proxy or attorney shall be valid notwithstanding the subsequent death or unsoundness of mind of the principal or revocation of the instrument or of the authority under which the instrument was executed is given, if no intimation in writing of such death, unsoundness of mind, revocation or transfer as aforesaid has been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the instrument is used.	67.	A vote given in accordance with the terms of an instrument of appointment of proxy or attorney shall be valid notwithstanding the subsequent death or unsoundness of mind <b>or bankruptcy, or in case of a body corporate, insolvency or liquidation</b> of the principal or revocation of the instrument or of the authority under which the instrument was executed is given, if no intimation in writing of such death, unsoundness of mind <b>or bankruptcy, or in case of a body corporate, insolvency or liquidation</b> , revocation or transfer as aforesaid has been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the instrument is used. <b>A member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy but however such attendance shall automatically revoke the proxy's authority.</b>
68.	<b>DIRECTORS APPOINTMENT, ETC</b> All the Directors shall be natural persons of full age and until otherwise determined by general meeting, the number of Directors shall not be less than two (2) and not more than nine (9) but in the event the number of Directors fall below the aforesaid minimum, the continuing Director(s) may, except in the case of an emergency, act only for the purpose of increasing the number of Directors to such minimum number or to summon a general meeting of the Company but not for any other purpose.	68.	<b>DIRECTORS APPOINTMENT, ETC</b> Until otherwise determined by general meeting, the number of Directors shall not be less than two (2) and not more than nine (9) but in the event of <b>any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum</b> , the continuing Director(s) may, except in the case of an emergency, act only for the purpose of increasing the number of Directors to such minimum number or to summon a general meeting of the Company but not for any other purpose.

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Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion
69.	At the first annual general meeting of the Company all the Directors shall retire from office, and at the annual general meeting in every subsequent year one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3) then the number nearest one-third (1/3) shall retire from office, and an election of Directors shall take place <u>PROVIDED ALWAYS</u> that each Director shall retire <u>once</u> in every three (3) years but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the close of the meeting whether adjourned or not.	69.	At the first annual general meeting of the Company all the Directors shall retire from office, and at the annual general meeting in every subsequent year one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3) then the number nearest one-third (1/3) shall retire from office, and an election of Directors shall take place <b>PROVIDED ALWAYS</b> that each Director shall retire <b>at least</b> once in every three (3) years but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the close of the meeting whether adjourned or not.
78.	<p>The office of a Directors shall become vacant if the Director:-</p> <p>(a) ceases to be a Director by virtue of the Act;</p> <p>(b) become bankrupt or makes any arrangement or composition with its creditors generally;</p> <p>(c) become prohibited from being a Director by reason of any order made under the Act or other legislation;</p> <p>(d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;</p> <p>(e) resigns from his office by notice in writing to the Company;</p>	78.	<p>The office of a Directors shall become vacant if the Director <b>during his term of office</b>:-</p> <p>(a) No Change;</p> <p>(b) No Change;</p> <p>(c) No Change;</p> <p>(d) No Change;</p> <p>(e) No Change;</p>

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Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion
78. (continue)	(f) the Director is absent for more than fifty (50%) of the total board of directors' meetings held during a financial year save and except in a case where the Bursa Securities has granted a waiver to the Director from compliance with this requirement; or	78. (continue)	(f) Article 78(f) be deleted in its entirety and Article 78(g) be renumbered accordingly;
	(g) holds any other office of profit under the Company except that of managing Director or manager without the consent of the Company in general meetings.		(f) holds any other office of profit under the Company except that of managing Director or executive Director or manager without the consent of the Company in general meetings;
	(No provision)		(g) convicted by a court of law, whether within Malaysia or elsewhere, in relation to offences in connection with the promotion, formation or management of a company, or offences, involving fraud or dishonesty or where conviction involved a finding that he acted fraudulently or dishonestly, or of an offence under Securities Laws or the Companies Act, 1965; or
	(No provision)		(h) is removed by a resolution of the Company in general meeting and in the case of an alternate or substitute Director, by a resolution of the Directors.

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Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion
<b>85. (b)(i)</b>	<p><b>POWERS AND DUTIES OF DIRECTORS</b></p> <p><u>Carry into effect any proposal or execute any transaction for the acquisition of an undertaking or property of a substantial value, or the disposal of a substantial portion of the Company's main undertaking or property, subject always to the Act;</u></p>		<p><b>POWERS AND DUTIES OF DIRECTORS</b></p> <p><b>Article 85(b)(i) be deleted in its entirety and Articles 85(b)(ii) and (iii) be renumbered accordingly.</b></p>
<b>90.</b>	<p><b>BORROWING POWERS</b></p> <p><u>The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as a security for any debt, liability or obligation of an unrelated third party.</u></p>	<b>90.</b>	<p><b>BORROWING POWERS</b></p> <p><b>Deleted</b></p>
<b>109.</b>	<p><b>MANAGING DIRECTOR</b></p> <p>The Directors may from time to time appoint one (1) or more of their body to be managing director or managing directors of the Company for a fixed term (that term shall not exceed three (3) years) and may from time to time (subject to the provisions of a contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.</p>	<b>109.</b>	<p><b>MANAGING DIRECTOR</b></p> <p>The Directors may from time to time appoint one (1) or more of their body to be managing director or managing directors of the Company for a fixed term (that term shall not exceed three (3) years) and may from time to time (subject to the provisions of a contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places. <b>The period of appointment of the Managing Director shall be determined by the Directors and shall be re-appointed upon such terms as they think fit. A Director so appointed if he ceases to hold office of Director for any cause, he shall ipso facto and immediately cease to be the Managing Director.</b></p>



Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion
112. (a)(i)	<p><b>ALTERNATE DIRECTOR</b></p> <p>Any Directors may at any time by writing under his hand and deposited at the Office appoint any person (<u>to be approved by a majority of the other Directors by way of Directors' resolution</u>) to <u>be</u> his alternate Director and may in like manner at any time terminate such appointment.</p>	112. (a)(i)	<p><b>ALTERNATE DIRECTOR</b></p> <p>Any Directors may at any time by <b>an instrument</b> in writing under his hand and deposited at the Office appoint any person (approved by a majority of the other Directors) to <b>act as</b> his alternate Director and may in like manner at any time terminate such appointment.</p>
113. (b)	<p><b>SECRETARY</b></p> <p>(No Provision)</p>	113. (b) ( <i>New Insertion</i> )	<p><b>SECRETARY</b></p> <p>The office of the Secretary shall be vacated if he / she resigns by notice in writing to the Company, left at the Office and copies lodged with the Directors for the time being at their last known address and at the Registrar of Companies.</p>

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Existing Article No.	Existing Articles	New Article No.	Proposed Amendments / Insertion
120.	<p><b>ACCOUNTS</b></p> <p>The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting, such profit and loss accounts, balance sheets and reports as are referred to in the Act. The interval between the close of a financial year of the Company and the issue of annual audited accounts, the director's and auditors' reports shall not exceed four (4) months. A copy of each such document in printed form or in CD-ROM form or in such other form of electronic media shall not less than twenty one (21) clear days before the date of the meeting (or such shorter period as may be agreed in any year of the receipt of notice of the meeting pursuant to Article 142, be sent to every Member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by Bursa Securities upon which the Company's shares may be listed, shall at the same time be required by Bursa Securities upon which the Company's shares may be listed, shall at the same time be likewise sent to Bursa Securities provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Company's Office. In the event that these documents are sent in CD-ROM form or in such other form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) Market Days from the date of receipt of the Member's request.</p>	120.	<p><b>ACCOUNTS</b></p> <p>The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting, such profit and loss accounts, balance sheets and reports as are referred to in the Act. The interval between the close of a financial year of the Company and the issue of annual audited accounts, the director's and auditors' reports shall not exceed four (4) months. A copy of each such document in printed form or in CD-ROM form or in such other form of electronic media shall not less than twenty one (21) clear days before the date of the meeting (or such shorter period as may be agreed in any year of the receipt of notice of the meeting pursuant to Article 142, be sent to every Member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by Bursa Securities upon which the Company's shares may be listed, shall at the same time be likewise sent to Bursa Securities provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Company's Office. In the event that the <b>annual report</b> is sent in CD-ROM form or in such other form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) Market Days from the date of receipt of the Member's request.</p>

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