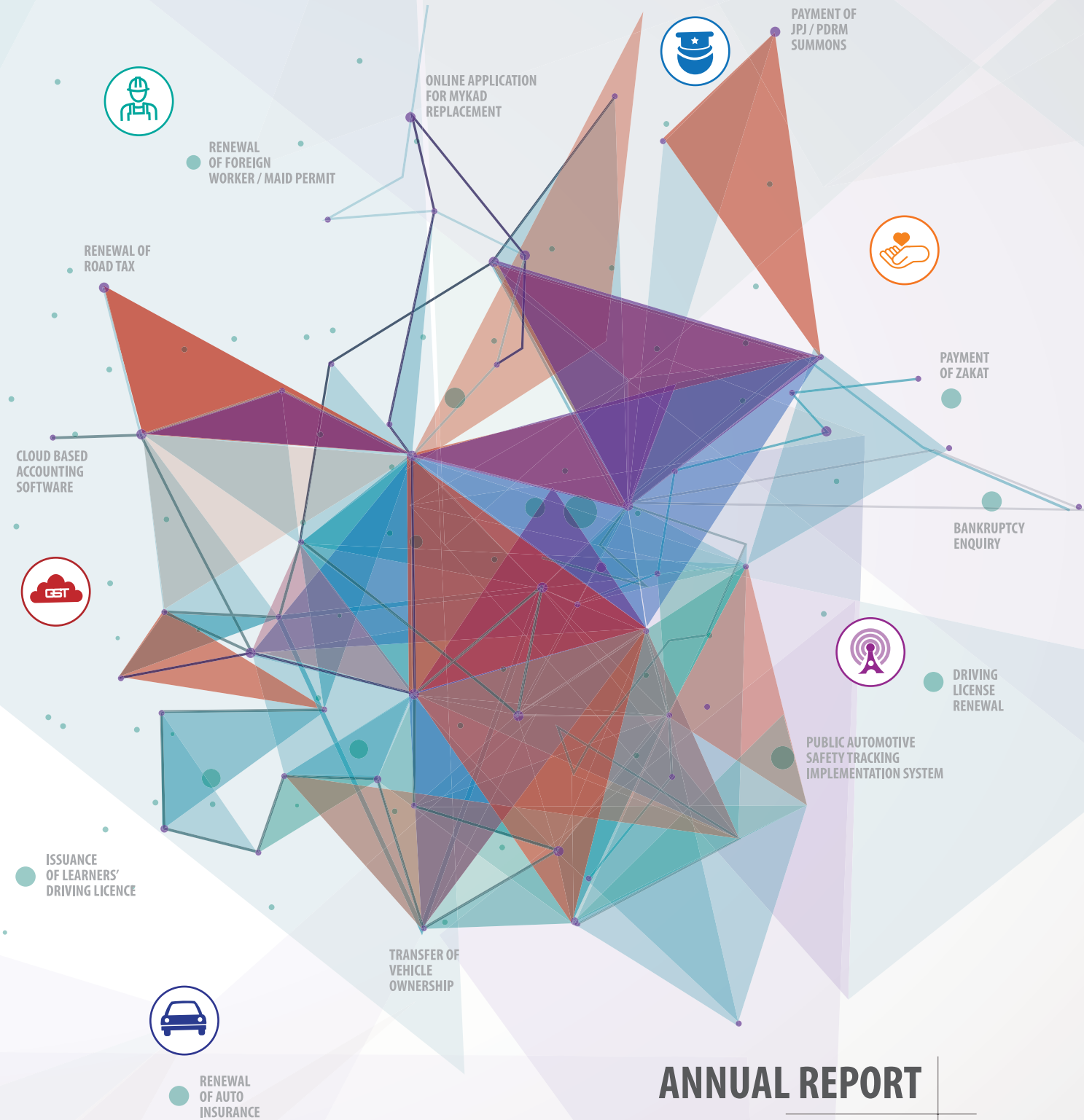




www.myeg.com.my

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



ANNUAL REPORT

2016

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Corporate Structure



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



Corporate Information

DIRECTORS

DATO' DR NORRAESAH BINTI HAJI MOHAMAD
(Executive Chairman)

WONG THEAN SOON
(Managing Director)

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

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

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

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

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

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

CORPORATE HEAD OFFICE

Lot 8.01, Level 8, 1 First Avenue
Persiaran Bandar Utama
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel. : 03-7801 8888
Fax. : 03-7801 8889
Email : investors@myeg.com.my
Website : www.myeg.com.my

AUDITORS

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

SHARE REGISTRAR

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

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

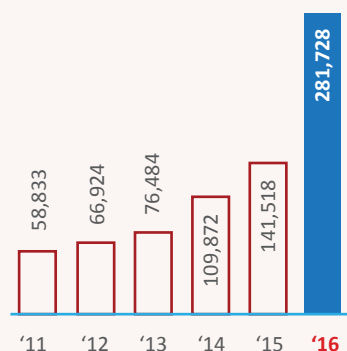
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Code: 0138

Financial Highlights

REVENUE

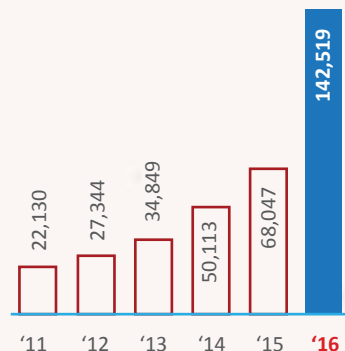
RM'000



5-year CAGR# **36.8%**

NET PROFIT

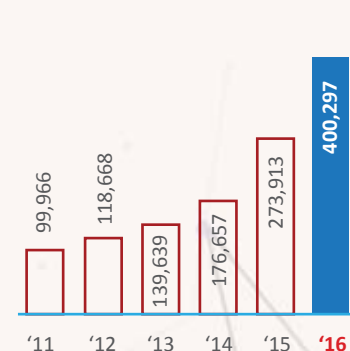
RM'000



5-year CAGR# **45.1%**

SHAREHOLDERS' EQUITY

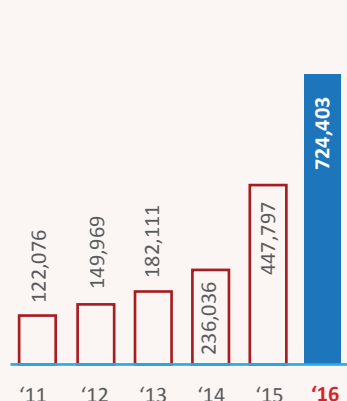
RM'000



5-year CAGR# **32.0%**

TOTAL ASSETS

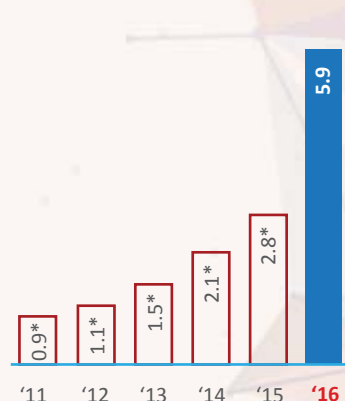
RM'000



5-year CAGR# **42.8%**

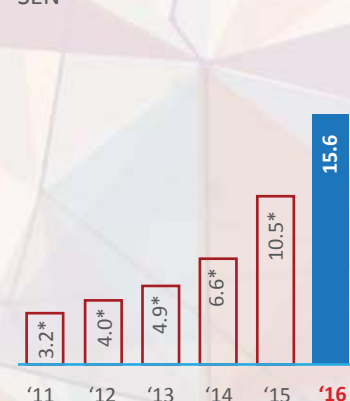
NET EARNINGS PER SHARE

SEN



NET TANGIBLE ASSETS PER SHARE

SEN



CAGR: Compounded Annual Growth Rate

* The comparative figures for Net Earnings Per Share and Net Tangible Assets Per Share have been restated to reflect the adjustment arising from the bonus issue completed during the financial year ended 2016.

Financial Highlights

cont'd

Summarized Group Income Statements

Year Ended 30 June (RM'000)

	2011	2012	2013	2014	2015	2016
Revenue	58,833	66,924	76,484	109,872	141,518	281,728
EBITDA ⁽¹⁾	30,727	37,168	46,390	64,833	84,554	164,405
Profit Before Tax	22,960	27,610	34,391	50,710	68,213	143,226
Net Profit	22,130	27,344	34,849	50,113	68,047	142,519
Total Comprehensive Income	22,130	27,344	34,849	50,113	74,747	142,519

Summarized Group Balance Sheets

As At 30 June (RM'000)

	2011	2012	2013	2014	2015	2016
Total Non-Current Assets	92,287	98,157	102,665	101,328	140,118	286,541
Total Current Assets	29,789	51,812	79,446	134,708	307,679	437,862
TOTAL ASSETS	122,076	149,969	182,111	236,036	447,797	724,403
<u>Financed By:</u>						
Share Capital	60,105	60,105	60,105	60,105	120,210	240,420
Share Premium	-	-	-	-	-	-
Treasury Shares	(158)	(2,206)	(7,766)	(10,237)	(6,783)	(2)
Reserves	-	-	-	-	43,709	6,700
Retained Profits	40,019	60,769	87,300	126,789	116,777	153,179
Shareholders' Equity	99,966	118,668	139,639	176,657	273,913	400,297
Minority Interests	-	-	3	2	(20)	(161)
Total Equity	99,966	118,668	139,642	176,659	273,893	400,136
Total Non-Current Liabilities	7,474	8,272	8,833	8,971	7,514	84,681
Total Current Liabilities	14,636	23,029	33,636	50,406	166,390	239,586
TOTAL EQUITY AND LIABILITIES	122,076	149,969	182,111	236,036	447,797	724,403

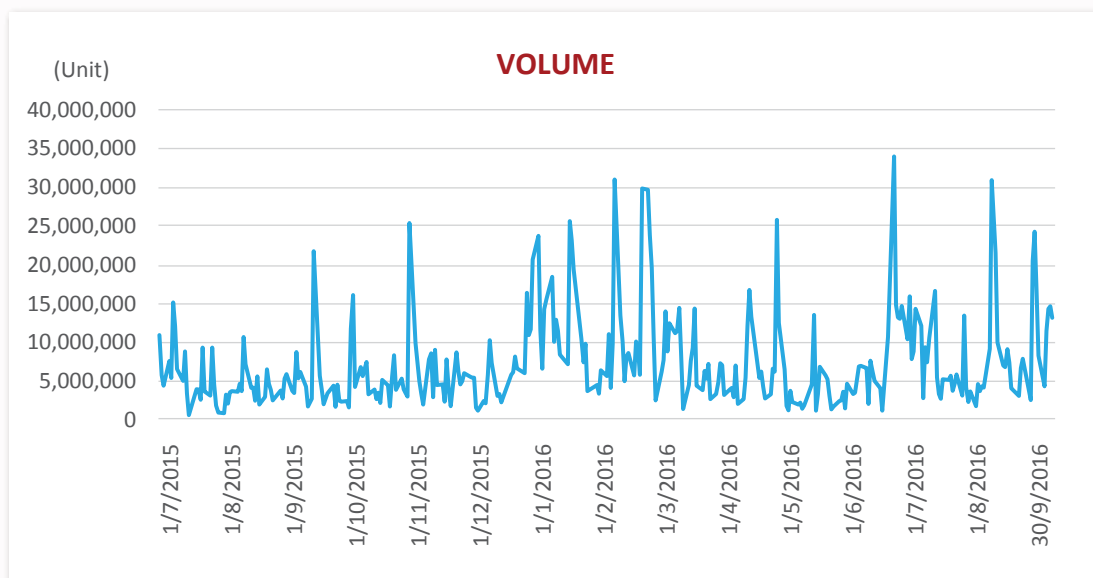
Financial Analysis	2011	2012	2013	2014	2015	2016
Revenue Growth	23.4%	13.8%	14.3%	43.7%	28.8%	99.1%
Profit Before Tax Growth	9.3%	20.3%	24.6%	47.5%	34.5%	110.0%
Net Profit Growth	6.0%	23.6%	27.4%	43.8%	35.8%	109.4%
EBITDA Margin	52.2%	55.5%	60.7%	59.0%	59.7%	58.4%
Pre-tax Profit Margin	39.0%	41.3%	45.0%	46.2%	48.2%	50.8%
Net Profit Margin	37.6%	40.9%	45.6%	45.6%	48.1%	50.6%
Return on Average Equity	24.0%	25.0%	27.0%	31.7%	30.2%	42.3%
Return on Average Total Assets	20.3%	20.1%	21.0%	24.0%	19.9%	24.3%
Net Tangible Assets Per Share (Sen)	3.2*	4.0*	4.9*	6.6*	10.5*	15.6
Net Earnings Per Share (Sen)	0.9*	1.1*	1.5*	2.1*	2.8*	5.9

⁽¹⁾ EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization

* The comparative figures for Net Tangible Assets Per Share and Net Earnings Per Share have been restated to reflect the adjustment arising from the bonus issue completed during the financial year ended 2016.

Share Price Performance

for the Period 1 July 2015 to 30 September 2016



Share Price Performance

Record High

RM2.41 (21 September 2016)

Closing Price as at 30 September 2016

RM2.28

Market Value Ratios as at 30 September 2016

Market Capitalization

RM5,473 mil

Historical PE Multiple

38.4x

Price/Book Ratio

14.6x

Chairman's Statement

DEAR SHAREHOLDERS,

The Malaysian economy has been quite resilient over the past year. The ever-increasing high speed and mobile internet penetration, has augured well for My E.G. Services Berhad ("MYEG" or "Company") and its group of companies ("Group"). Amidst this landscape, the Board of Directors of MYEG had implemented sound corporate strategies and these were key factors that led MYEG Group to deliver a significant 109% jump in profit after tax year-on-year.

This record performance further underscores MYEG's commitment to enhance value for our shareholders in a sustainable robust manner while contributing positively towards nation building in the digital age.

On this positive note and on behalf of the Board of Directors ("Board") of MYEG, I am pleased to present to you our Annual Report and Financial Statements for the financial year ended 30 June 2016 (FY2016).



Chairman's Statement

cont'd

OPERATING LANDSCAPE

Based on Bank Negara Malaysia's report, the country's gross domestic product (GDP) grew by 5% in 2015 (2014: 6%). In the second quarter of 2016, GDP growth stood at 4%, from 4.2% recorded in the immediate preceding quarter. The slower growth was attributed to severe macro-economic headwinds that include structural weaknesses in key economies globally and persistently low commodity prices.

In spite of the difficult global economic landscape, Malaysia's economy was relatively resilient as a result of strong domestic consumption and prudent fiscal management. Private sector activity remained the key driver of growth, expanding at a faster pace of 6.1% in the second quarter of 2016 (1Q 2016: 4.5%).

From an industry perspective, Malaysia's march towards a developed digital economy proved to augur well for industries that are involved in the digital space. The Ministry of Multimedia and Communications announced that broadband penetration rate has reached 77.3% in June 2016, while mobile penetration rate had increased from 72.3% in 2006 to 145% this year.

As high speed internet connectivity becomes accessible to all, more and more Malaysian will come to accept, if not demand for the ease, convenience and speed the Internet has to offer in relation to their business and contemporary lifestyle. MYEG is already reaping the benefits from this trend as we continue to see notable increase in the number of users and transactions for our e-Government services as well as our commercial service offerings year-on-year.

FINANCIAL PERFORMANCE

For the FY2016, MYEG recorded a higher revenue of RM281.73 million compared to RM141.52 million in the corresponding year. The increase in revenue resulted in a 109% increase in profit after tax of RM142.52 million from RM68.05 million in 2015.

Basic earnings per share climbed to 5.9 sen from 2.8 sen a year ago, after taking into consideration the adjustment arising from the bonus issue undertaken during the year under review. Net asset per share stood at 16.64 sen (FY2015: 11.42 sen after Bonus Issue). Total assets as at 30 June 2016 was RM724.40 million, a notable rise from RM447.80 million in the previous year.

MYEG Group's sterling performance stemmed mainly from higher transaction volume from the renewal of foreign worker permit and foreign worker rehiring programme. The Group's newly acquired subsidiary, Cardbiz Holding Sdn. Bhd., also contributed to the Group's earnings during the FY2016.

For the financial year ending 30 June 2017 ("FY2017"), the continued growth in volume of our existing services, especially the online renewal of foreign workers' insurance and foreign worker services, are expected to contribute to our Group revenue and PAT. While concession based services continue to be our core business, commercial based services and products from concession and non-concession related services, such as e-fulfillment, provision of credit card terminal hardware and solutions, the road safety diagnostic services, sale of prepaid top ups for Celcom mobile lines and provision of hostel accommodation to foreign workers will assume greater role in our FY2017 growth target.

DIVIDEND

The Group's strong performance as well as our commitment to reward our loyal shareholders, prompted the Board of Directors to propose a final dividend of 1.3 sen per ordinary share for the financial year ended 30 June 2016. The proposed final dividend, which is subject to shareholders approval at the forthcoming Annual General Meeting of the Company, is based on an enlarged share capital arising from the completion of the Bonus Issue in January 2016.

With this proposed final dividend, coupled with the first interim single tier dividend of 0.5 sen per ordinary share paid on 24 May 2016, MYEG would have paid out a total of 1.8 sen per share or 30% of the Group's profit after tax for FY2016. This is well in line with MYEG's dividend policy of distributing a minimum of 30% of our annual profit after tax to our shareholders.

CORPORATE DEVELOPMENTS

Bonus Issue

During the FY2016, MYEG completed the proposed bonus issue of up to 1,202,102,000 new ordinary shares of RM0.10 each in MYEG shares on the basis of one bonus share for every one MYEG share held by the shareholder. With the completion of the bonus issue,

Chairman's Statement

cont'd

our share capital has been enlarged to 2,404,204,000 MYEG shares of RM0.10 each. All the bonus shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

On 29 August 2016, MYEG proposed a bonus issue of up to 1,202,102,000 new ordinary shares of RM0.10 each on the basis of one bonus share for every two existing MYEG shares held on an entitlement date, which will be announced at a later stage.

This exercise, which is expected to be completed in early 2017, follows two bonus issues that were completed on 13 January 2015 and 8 January 2016 respectively. Collectively, these initiatives are in tandem with MYEG's aim to reward our existing shareholders while increasing MYEG Group's paid-up share capital to a level that is reflective of its current scale of operations and assets employed. The proposed bonus issue will also increase liquidity thus encourage trading liquidity of MYEG Shares by enhancing investor interests and participation. This will further broaden our shareholder base.

New Subsidiaries

On 19 February 2016, MY E.G. Capital Sdn. Bhd. ("MYEG Capital"), a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary known as MY E.G. Payment Services Sdn. Bhd. ("MYEG Payment Services") to provide financing, leasing and hire purchase services for motor vehicles. Subsequently, MYEG Payment Services underwent a name change to MY E.G. Credit Sdn. Bhd.

On 19 April 2016, MY E.G. Ad Networks Sdn. Bhd. ("MYEG Ad"), a wholly-owned subsidiary of MYEG Capital, acquired the remaining 30% equity interest in Ipidato Dot Com Sdn. Bhd. ("IpidatoDC") from Yayasan Orator. Subsequently, as part of MYEG's internal restructuring exercise to streamline the operations of the companies within MYEG and its subsidiaries, MYEG Capital had acquired the entire issued and paid-up share of IpidatoDC from MYEG Ad on 20 May 2016.

On 24 May 2016, MYEG Capital incorporated a wholly-owned subsidiary known as MY E.G. Alternative Payment Services Sdn. Bhd. ("MYEG Alt"). MYEG Alt will spearhead the operations and management of electronic platforms for investment and financing activities as well as other value added services for consumers.

On 1 June 2016, MYEG Capital incorporated Picasso Media Sdn. Bhd. ("Picasso Media"), in which MYEG Capital has a 60% interest. Picasso Media will provide diversified media solutions and related professional services to both corporations and consumers in Malaysia and beyond.

On 20 July 2016, MYEG Capital incorporated a subsidiary known as Hurr Tv Sdn. Bhd. ("Hurr TV"), in which MYEG Capital will have a 60% interest. Hurr TV will build, own and operate an online TV channel.

On 20 July 2016, MY E.G. Sdn. Bhd. ("MESB"), a wholly-owned subsidiary of the Company, incorporated a subsidiary known as MY EG Lodging Sdn. Bhd. ("MY EG Lodging"), in which MESB will have a 55% interest. MY EG Lodging will lead the Group's thrust into building, owning and operating hostels for foreign workers.

Letter of Awards & Appointments

On 22 January 2016, MYEG was appointed by Celcom Mobile Sdn. Bhd. as the telco's Direct Channel Partner to promote, market and distribute products and services to end-users. This will enable MYEG to leverage on Celcom's significant network to complement its existing services as well as to roll-out new services in future.

On 3 February 2016, MYEG was granted a Courier Service License by the Malaysian Communication and Multimedia Commission ("MCMC"). The three-year license, effective from 1 January 2016 and subject to yearly renewal with the MCMC, would enable MYEG to expand its e-Fulfillment service, which features its own proprietary biometric verification technology.

On 11 February 2016, MYEG received a letter of appointment from the Ministry of Home Affairs in relation to the management of illegal foreign workers for the rehiring programme. This appointment is a holistic approach by the Government to manage the number of foreign workers in Malaysia.

OUTLOOK

The global economy from the second half of 2016 and throughout 2017 is expected to remain challenging. The Malaysian economy, however, is anticipated to weather the storm with domestic demand continuing to drive growth.

Chairman's Statement

cont'd

MYEG is confident that the resilience of the Malaysian economy coupled with the growth in high speed Internet penetration will augur well for the Group for the financial year ending 30 June 2017.

Malaysia has well over 20.1 million Internet users today and this number continues to rise each year. Moreover, the Government had announced that it targets 95% broadband coverage in populated areas and 50% of households in suburban and rural areas to have access to broadband with speed of 20 megabits per second (Mbps) by 2020.

In line with this trend, MYEG's existing e-Government services, especially the online renewal of foreign workers' insurance and foreign worker services as well as motor vehicles related services, are expected to record higher transactions moving forward.

At the same time, non-concession Internet-based services, such as the provision of hostel accommodation to foreign workers, sale of prepaid top-ups for Celcom mobile lines and Public Automotive Safety Tracking Implementation System, are expected to contribute more to our earnings as these are our core focus areas for the coming financial year.

Looking ahead and barring any unforeseen circumstances, the Board of Directors of MYEG is cautiously optimistic that the Group will be able to deliver yet another set of satisfactory results for its 2017 financial year.

ACKNOWLEDGEMENT

FY2016 was another record year for MYEG in terms of revenue and profit. The good performance spurs us to push forward and strive to attain tangible and sustainable growth.

As we set our sights towards the future, we are manifestly grateful to those who helped contribute to our noteworthy performance.

On behalf of MYEG, I would like to thank the Malaysian Government and its various agencies for their trust and confidence in MYEG. We hold steadfast to our role in nation building as we work cohesively with all relevant parties to deliver quality and innovative concession and commercial services and products to all Malaysians.

I would also like to convey my sincere appreciation to the Board of Directors of MYEG for their counsel and guidance. The Board steadfastly holds its commitment to maintain the highest standards of Corporate Governance which is essential towards ensuring MYEG operates in a way that adds value to its shareholders and stakeholders at large.

I must say a big *Terima Kasih* to our loyal, dedicated and hard-working team of MYEG employees. We have made significant strides because of you and I have full confidence that together, we can take MYEG to even greater heights of success.

Last but not least, we are also deeply grateful to our shareholders, customers, business associates, vendors and consultants for the continued support and cooperation.

Thank you.

DATO' DR. NORRAESAH BINTI HAJI MOHAMAD
Executive Chairman



Management Discussion and Analysis

CORPORATE OVERVIEW

My E.G. Services Berhad (“MYEG” or “Company”), which was established at the turn of the century on 17 February 2000, is today one of the leading providers of electronic Government (e-Government) solutions and services in Malaysia.

MYEG was first listed on MESDAQ (now ACE Market) on 16 January 2007 before successfully transferring its listing status to the Main Market of Bursa Malaysia on 7 January 2009.

MYEG’s primary business activities are the development and implementation of e-Government services and the provision of solutions that are related to the e-Government Initiatives.

e-Government services that are currently provided by MYEG include:

- Testing, issuance and renewal of drivers’ licenses
- Renewal of vehicle road tax
- Vehicle ownership transfer
- Renewal of foreign workers permit
- Bankruptcy/liquidation status searches
- Application of MyKad replacement
- Zakat payments
- Kuala Lumpur City Hall assessment and summons payment
- Traffic offences summons payment

In addition to being the concessionaire for various e-Government applications, MYEG has successfully expanded its expertise and experience into commercial solutions and products. These include auto insurance and foreign worker insurance, advanced credit and debit payment solutions, Public Automotive Safety Tracking Implementation System, sale of telecommunications services and provision of hostel accommodations for foreign workers, amongst others. Currently, MYEG’s commercial solutions and services encompasses 70% of the Group’s business activity.

ANALYSIS OF FINANCIAL RESULTS

For the financial year ended 30 June 2016, MYEG registered a revenue of RM281.73 million, which was an increase of 99% from RM141.52 million registered a year ago. The increase in revenue resulted in a 109% jump in profit after tax to RM142.52 million from RM68.05 million last financial year.

The rise in revenue and profit after tax was due to higher transaction volume derived from our e-Government as well as commercial services and products.

In addition to the higher contribution from the online renewal of Foreign Workers’ Permit and the Foreign Workers Rehiring Programme, the Group also registered higher online transactions from our Jabatan Pengangkutan Jalan (“JPJ”) services that include renewal of drivers’ license, renewal of road tax and auto insurance, and vehicle ownership transfer services.

Additionally, the completion of MYEG’s acquisition of Cardbiz Holding Sdn. Bhd. during the financial year had resulted in positive contribution from the new subsidiary’s existing operations to the Group’s bottom-line.

During the year under review, MYEG had invested in expanding its personnel and operational assets to support its growing service offerings. The Group’s staff strength increased to 2,500 from 1,800 a year ago. In the same period, the Group also had to disburse higher interest cost from the term loan to finance MYEG’s newly acquired building. These expenses had marginally impacted the Group’s profit after tax achieved during the financial year.

Management Discussion and Analysis

cont'd

REVIEW OF OPERATIONS

During the year under review, MYEG was appointed by the Ministry of Home Affairs in relation to the management of illegal foreign workers for the Government's rehiring programme.

MYEG was also appointed by Celcom Mobile Sdn. Bhd. as the telco's Direct Channel Partner to promote, market and distribute products and services to end-users. This will enable MYEG to leverage on Celcom's significant network to complement its existing services as well as to roll-out new services in future.

On 16 August 2016, MY EG Lodging Sdn. Bhd. ("MY EG Lodging"), a sub-subsidiary of MYEG that is focused on building and operating hostels for foreign workers, had successfully secured tenancy agreements for three hostels from the Melaka State Development Corporation ("PKNM"). These hostels are located in different areas in the State of Melaka. MYEG intends to provide accommodation for approximately 5,000 foreign workers within these three locations, which are pilot sites for the future expansion of the Group's foreign workers' accommodation business.

MY E.G. Credit Sdn. Bhd. ("MECSB"), a sub-subsidiary of the Company, started by offering hire purchase solutions for motor vehicles during the year under review. On 30 September 2016, MECSB added the leasing vehicles to its list of services. These new offerings will provide enhanced synergies throughout MYEG's diverse motor vehicles related services and solutions.

MOVING FORWARD

The Malaysian Government is both committed and focused on facilitating the development of a dynamic digital economy that can contribute significantly towards achieving the nation's aspiration of becoming a high income nation by 2020. In addition to investing to enhance access to high speed internet, the Government has also put forth strategic initiatives that can spur the expansion of our digital economy.

A case in point is *Digital Lifestyle Malaysia*, an initiative undertaken by the Malaysian Communications and Multimedia Commission ("MCMC") to promote and accelerate the development and adoption of applications and services. It includes the adoption of intelligent Internet of Things or IoT infrastructures in internet-based communications transactions to promote growth and better quality of life.

This emphasis towards creating a vibrant digital eco-system will augur well for MYEG given its extensive expertise and experience in developing and providing Internet-based solutions for end-users. As transacting over the Internet becomes the norm, the Group still have much to offer in terms of transitioning public services into online-based platforms that are safe, efficient and convenient.

In addition to our role in nation building from a public services delivery stand-point, we also foresee that the growing high speed mobile internet penetration rate will benefit our ever-growing commercial based services and products. MYEG is currently investing to expand these non-concession services aggressively; developing disruptive innovations that can change the way consumers interact with businesses or the way they receive their products and services.

MYEG's outlook of the foreseeable future remains bullish and as a forward-looking organisation, we will continue to work closely with our public sector clientele to deliver effective and efficient solutions for their end-users. At the same time, we are committed to being innovative, thinking out-of-the-box, to present commercial and consumer based offerings that can add value and enrich the lives of all Malaysians.

Sustainability Statement

My E.G. Services Berhad (“MYEG” or “Company”) is steadfast in our commitment to embrace the tenets of corporate sustainability as a driving force to creating value for our shareholders and stakeholders at large.

Our effort to develop and maintain a sustainable organisation is enshrined in MYEG’s Sustainability Policy that was approved by MYEG Board of Directors in October 2013. MYEG’s Sustainability Policy encompasses all aspects of ethical business practices as well as addresses the core sustainability pillars of Environment, Social (Workplace & Community) and Governance (ESG).

The following is a Sustainability Report of initiatives undertaken for the financial year ended 30 June 2016.

Environment Sustainability

A sustainable organisation is one that is mindful of the way its business activities and operations impact the environment. Notably, MYEG’s business activities, which are to provide Internet-based services and solutions, generate indirect benefits towards environment conservation. As more Malaysians conduct their transactions online, the need to travel and the use of paper are cut down significantly.

MYEG also promotes environment preservation amongst our employees as we have put in place processes that are aimed to reduce the consumption of energy and the production of waste. We are also pleased to note that the First Avenue office tower, which our headquarters is currently located, is the first private-sector commercial building to receive the Green Building Index (GBI) Provisional Certification and a winner of The Edge-PAM Green Excellence Award 2011.

Social sustainability in the workplace

As a leading solutions provider for e-Government services and Internet-based commercial solutions, MYEG strongly believes in developing and cultivating the right talent in order to meet the demands of an ever-evolving digital landscape. In order to achieve this, the Company continues to invest in developing the skills-set and mindset of our employees at all levels.

During the year under review, human capital enhancement programmes undertaken by MYEG include:

1. Training on Occupational Safety and Health Act 1994
2. Learning of basic occupational first aid & CPR
3. Cultivating a ‘Customer First’ service mindset
4. Instilling a ‘Go The Extra Mile’ service mindset
5. Training to improve communication skills and managing customer complaints
6. Training on standard operating procedures, basic etiquette and the utilization of tablets for customer service officers and team leaders
7. Strategies to cultivate an excellent work culture
8. Training on disciplinary procedure

On average, each MYEG employee receives a total of 17 hours of training per year. MYEG believes that the training will equip its employees with the necessary skills to carry out their job and increase their quality of work.

MYEG is an employer that values meritocracy and diversity. Our organisation is made up of a diverse and growing pool of talent who are reflective of our population demographics. MYEG also has a dedicated industrial relations team to investigate and manage any work related complaints or issues.

Sustainability Statement

cont'd

Social sustainability in our community

MYEG continues to invest in and support activities that can enrich lives. Komuniti MYEG was formed on 1 June 2015 to help facilitate positive change and improve the lives of people in and around MYEG's workplace and our society.

During the year under review, Komuniti MYEG has engaged and assisted various charitable organisation and causes. These initiatives highlighted in the table below:

Assisting the Underprivileged	<ul style="list-style-type: none">• Buka Puasa with underprivileged elderly from Rumah Jagaan Warga Emas• Providing food to the homeless in collaboration with Feeding the Needy (FTN) Group• Movie and lunch outing for underprivileged students of Sekolah Bimbingan Jalinan Kasih Chow Kit• Shopping for shoes with children of Lighthouse Children Welfare Home Association, Kuala Lumpur & Selangor• Aid for flood victims in Kampung Senah Rayang, Sarawak• Donation to children suffering from chronic medical illnesses• Sponsorship of Buka Puasa food packs for the underprivileged community at PPRT Lembah Subang
Youth & Sports Development	<ul style="list-style-type: none">• Sponsorship of MRSM Kuala Kubu Bharu in the Kejohanan Olahraga MRSM Kebangsaan
Developing Business Skills	<ul style="list-style-type: none">• Sponsorship for the ASEAN Youth Social Business Summit 2015• Sponsorship for myHarapan Social Business Challenge 2015• Sponsorship of Ekspo Usahawan Bumiputera Pulau Pinang (PenBEX)
Improving Traffic Safety	<ul style="list-style-type: none">• Kempen Op Selamat with PDRM

Governance

MYEG is also committed to conduct its business in a responsible, transparent and trustworthy manner. As such, the Company has put in place policies and processes across our value chain so as to enable the organisation to adhere to and practice high standards of corporate governance.

In tandem, MYEG also empowers members of its Board of Directors with the relevant knowledge, skills-set and information so that they can perform their leadership and fiduciary duties to the best of their abilities.

Additionally, MYEG also takes cybersecurity seriously. We employ a team of professionals who specialises in information security while using a variety of techniques, processes as well as IT tools and processes to ensure that we are able to protect our systems against constantly evolving threats. We have put in place the following security measures and programmes, which we continue to review and improve consistently:

1. Firewalls
2. Intrusion Detection and Prevention Systems
3. Anti Virus and Anti Malware
4. Threat and Vulnerability Management Program
5. Network Segmentation
6. Physical and Logical Access Control

Significant Events Highlight



SPONSORSHIP OF EVENTS

Futsal Kindness Cup 2016

Kindness Malaysia is a non-governmental organisation founded upon the powerful belief in kindness and dedicated to provide resources and tools that encourage acts of kindness.

On 3rd April 2016, Kindness Malaysia organized a futsal tournament which saw a total of 36 participating teams, comprising of girls and boys teams from welfare homes and refugees from Syria, Somalia, Myanmar and Afghanistan. The tournament was organised as a platform for underprivileged children to showcase their talent in sports and promote healthy living amongst them.

MYEG was one of the proud sponsors for the Futsal Kindness Cup 2016 contributing volunteers and prizes for this event.

Sponsorship of Food Packs for the underprivileged community at Project Perumahan Rakyat Miskin Tegar ("PPRT") Lembah Subang

During the fasting month 2016, Komuniti MYEG allocated three days' worth of food packs which were distributed to approximately 500 families at PPRT Lembah Subang consisting of senior citizens, the disabled, single mothers and poor families.

Komuniti MYEG volunteers spent an afternoon during the fasting month to cook, pack and distribute the food packs to the families.



Significant Events Highlight

cont'd

AIDS AND DONATIONS

Donations for Patients with Chronic Medical Illnesses

In conjunction with Malaysia Day in the month of September 2015, Komuniti MYEG has made cash donation each to three patients who were suffering from various chronic medical illnesses in the hope of alleviating the high medical expenses incurred by the respective families.

The recipients included a 10-year-old who has Stage One bone cancer, a 3-year-old who has Myelodysplastic Syndrome, and a 1-year-old who is suffering from Pfeiffer Syndrome.

Komuniti MYEG hopes that the cash donation will be able to alleviate the high medical expenses incurred by the respective families.



Aid for Flood Victims in Kampung Senah Rayang, Sarawak

The villagers of Kampung Senah Rayang in Sarawak were caught unprepared early this year when the floods hit their area for the first time in 200 years and subsequently destroyed their homes. A distress call was put out by volunteers for donations to help the villagers with food aid, as well as new mattresses, blankets and undergarments.

Komuniti MYEG responded to the call by donating for food aid, as well as new mattresses, blankets and undergarments for the 30 displaced families.

Significant Events Highlight

cont'd

Ekspo Usahawan Bumiputera Pulau Pinang ("PenBEX") kali ke-15 tahun 2016

PenBEX is annually held since 1999 to create a platform for Bumiputera traders to promote, advertise and market their products and services. Apart from that, it is also a platform for traders to build network amongst themselves.

The 15th annual ekspo was held in the week of 28 May to 4 June 2016, where MYEG participated in the expo to create awareness amongst Bumiputera entrepreneurs in Pulau Pinang about MYEG's products and services.



Bursa Bull Charge 2016 Sponsor

After its second successful run in 2015, the Bursa Bull Charge was held again this year to renew its claim as the best capital market run in Malaysia.

Last year more than 1,800 runners charged through the streets of Kuala Lumpur and raised a total of RM1.8 million for charities that include economic sustainability among disadvantaged communities, support for entrepreneurs and the improvement of financial literacy.

This year the run has raised RM1.9 million, exceeding its initial target of RM1.8 million. MYEG was one of the main sponsors of Bursa Bull Charge Run which was held on 8 September 2016.

Significant Events Highlight

cont'd

AWARDS AND RECOGNITIONS

Malaysia Social Media Week 2016

Social Media Chambers (“SMC”) is a premier non-profit organization dedicated to advocate and advance the discipline of credible social media. Through best practices, industry education and member value, SMC advocates social media as a channel of solution to business challenges and a key component in the creation of brands ethically. SMC targets to reach an extensive network of people, connecting and communicating ideas and experiences to advance our understanding of social media’s role in society.

The chamber was founded by a group of young, dynamic and active social media practitioners in Malaysia whom found a great need to get Gen-Y and the communities surrounding to remain actively engaged. The founding group consists of professionals, students, lifestyle personalities and community leaders. The core values of being responsible and accountable for the expression of thoughts in paramount, in ensuring the chamber objective is achieved through healthy and proactive blogging activities.

The Malaysia Social week 2016 encourages thousands of individuals and organisations to project, orchestrate and execute original ideas-through social media.

This year, MYEG was conferred the award of Social Media Excellence Award - Best in Public Services Sector. Award winners were selected on the basis of active social media involvement.



Forbes Asia’s 200 Best Under A Billion 2016

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

In August 2016, MYEG was again recognised by Forbes as one of Asia’s 200 “Best Under A Billion” companies. MYEG is one of the five Malaysian companies who made it into the list.

Directors' Profile



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

Dato' Dr Norraesah Binti Haji Mohamad, a Malaysian female aged 68, was appointed to the Board on 18 August 2006. She is a graduate with a Bachelor of Arts (Hons) Economics from University of Malaya, a Masters in International Economics Relations from International Institute of Public Administration, France and Masters in International Economics and Finance from University of Paris I, Pantheon-Sorbonne, France. She further obtained a PhD (Economics Science) International Economics and International Finance from University of Paris I, Pantheon-Sorbonne, France. She has over forty three (43) years of working experience in the field of banking, consultancy, telecommunication, international trade and commerce.

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

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

She was appointed as a Senator from October 2015 to February 2008. She is a recipient of several state awards and was conferred the Chevalier de La Legion d'Honneur from French Government in 2004.

She is currently the Chairman of the World Islamic Businesswomen Network of the World Islamic Economic Forum ("WIEF") and sits on its Board of Trustees and is a member of the International Advisory Panel.

In addition, she sits on the Board of Directors of Adventa Berhad, Malaysian Genomics Resource Centre Berhad and Utusan Melayu (Malaysia) Berhad, Pecca Group Berhad. She also sits on the Board of Directors of several private limited companies.

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

She has attended all five (5) Board meetings held in the financial year ended 30 June 2016. She holds 17,640,000 ordinary shares directly in the Company as at 30 September 2016.

Directors' Profile

cont'd



WONG THEAN SOON
Managing Director

Wong Thean Soon, a Malaysian male aged 45, was appointed to the Board on 6 March 2000. He is a member of the Remuneration Committee.

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

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

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

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

He has attended all five (5) Board meetings held in the financial year ended 30 June 2016. He holds 175,904,024 ordinary shares directly in the Company and 764,604,892 ordinary shares indirectly in the Company as at 30 September 2016.

Directors' Profile

cont'd

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



Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim, a Malaysian male aged 70, was appointed to the Board on 31 December 2008. He is the Chairman of the Audit & Risk Management and Remuneration Committees and a member of the Nomination Committee.

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

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

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

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

He has attended all five (5) Board meetings held in the financial year ended 30 June 2016. He holds 8,012,000 ordinary shares directly in the Company and 4,890,000 ordinary shares indirectly in the Company as at 30 September 2016.

Directors' Profile

cont'd



**DATO' RAJA HAJI MUNIR SHAH
BIN RAJA MUSTAPHA**
Executive Director

Dato' Raja Haji Munir Shah Bin Raja Mustapha, a Malaysian male aged 53, was appointed to the Board on 20 May 2004.

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

In 1997, he was elected to head the Tanjung UMNO Youth Division and was subsequently appointed as the State UMNO Youth Information Chief until his tenure ended in 2004. He was appointed as a City 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 2008, he was elected as Deputy Head of the UMNO Tanjung Division, a position he held until early 2014.

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

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

He has attended five (5) Board meetings held in the financial year ended 30 June 2016. He holds 1,439,600 ordinary shares directly in the Company and 724,604,892 ordinary shares indirectly in the Company as at 30 September 2016.



Ng Fook Ai, Victor, a Singaporean male aged 68, was appointed to the Board on 2 January 2008. He is also a member of the Audit & Risk Management Committee.

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

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

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

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

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

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

He has attended Five (5) Board meetings held in the financial year ended 30 June 2016. He does not hold any shares in the Company as at 30 September 2016.

Directors' Profile

cont'd



**DATUK MOHD JIMMY WONG
BIN ABDULLAH**
Independent Non-Executive Director

Datuk Mohd Jimmy Wong Bin Abdullah, a Malaysian male aged 54, was appointed to the Board on 18 August 2006. He is the Chairman of the Nomination Committee and member of the Audit & Risk Management and Remuneration Committees.

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

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

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

He has attended all five (5) Board meetings held in the financial year ended 30 June 2016. He holds 2,208,000 ordinary shares directly in the Company as at 30 September 2016.



Dato' Shamsul Anuar Bin Haji Nasarah, a Malaysian male aged 49, was appointed to the Board on 1 November 2013.

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

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

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

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

He has attended four (4) Board Meetings held in the financial year ended 30 June 2016. He does not hold any shares in the Company as at 30 September 2016.

Key Senior Management's Profile

Jason Chan Ling Khee a Malaysian male aged 45, was appointed as our Chief Technology Officer ("CTO") in March 2008.

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

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

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

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

Chong Chien Ming a Malaysian male aged 42, was appointed as our Chief Financial Officer since 2015.

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

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

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

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

Key Senior Management's Profile

cont'd

Nor Adnan Bin Zainal Abidin a Malaysian male aged 58, was appointed as our Project Director in September 2013.

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

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

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

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

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

Mohd Rushdan Khairul Anuar a Malaysian male aged 31, was appointed as our Information Technology ("IT") Director on 1st January 2016.

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

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

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

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

Key Senior Management's Profile

cont'd

Ngeow Kian Moon a Malaysian male aged 38, was appointed as our Operations Director in October 2015.

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

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

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

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

Hasyyati Binti Shukri a Malaysian female aged 33, was appointed as our Deputy Project General Manager in January 2015.

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

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

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

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

Corporate Governance Statement

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

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

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board Roles and Responsibilities

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

The Board has on 24 October 2013, adopted a Board Charter that sets out its roles, functions, responsibilities, composition, operation and processes, that are in line with the principles of good corporate governance and requirements of MMLR of Bursa Securities. The Board Charter further defines the roles and responsibilities of the Chairman and the Managing Director. The Board Charter is available on MYEG’s website (www.myeg.com.my).

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

- reviewing and adopting a strategic plan for the Group;
 - The Board plays an active role in the development of the Group’s business strategy. It has in place an annual strategy planning process, whereby Management present to the Board its recommended strategy and proposed business plans for the following years. The Board reviews and deliberates upon both Management’s and its own perspectives, as well as challenges the Management’s views and assumptions, to deliver the best outcomes.
- overseeing the conduct of our Group’s businesses to evaluate whether our businesses are being properly managed;
 - The MD is responsible for the day-to-day management of the business and operations of the Group.
 - The Board has delegated certain responsibilities to Board Committees and each committee operates its function within its reviewed and approved Terms of Reference. The Board has also delegated the day-to-day management of the business of the Group to Executive Directors and Management subject to an agreed authority limit.
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
 - The Executive Directors are primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group’s operations as well as co-ordinating the development and implementation of business and corporate strategies.
- succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing key management;
 - A primary responsibility of the Board is planning for MD succession and overseeing the identification and development of executive talent.
 - The Board, with the assistance of the Nominating Committee, oversees executive officer development and corporate succession plans for the MD and other executive officers to provide for continuity in senior management.

Corporate Governance Statement

cont'd

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

Board Roles and Responsibilities *cont'd*

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

- developing and implementing a Corporate Disclosure Policy (including an investor relations programme) for the Group;
 - The Company has established an Investor Relations (IR) structure and responsibility for the implementation of IR programme and strategy.
 - The Company make use of broad range of communication channel to disseminate information regarding the Company. These would include:
 - (i) Electronic facilities provided by Bursa Malaysia Securities Berhad
 - (ii) Corporate website
 - (iii) Annual General Meetings/Extraordinary General Meetings
 - (iv) Press releases
- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
 - The internal audit function of the Group which has been outsourced, reports directly to the Audit and Risk Management Committee. The role of the internal auditor is to review the adequacy, integrity and effectiveness of the Group's system of risk management and internal controls to mitigate the risks of the Group including financial, operational and compliance risks;
 - The internal auditor performs regularly and systematic review of the internal controls to assess on the effectiveness of the systems of internal control and to highlight significant risks impacting the Group recommendation for improvement;
 - The Audit and Risk Management Committee regularly reviews and scrutinises the audit report by the internal auditor and conducts annual assessment on the adequacy of the internal auditor's scope of work and resources;
 - The Audit and Risk Management Committee discussed on the summary of internal auditor's findings together with the Management's responses to ensure that Management undertakes the agreed remedial actions recommended by the internal auditor within the agreed timelines; and
 - The Board meets at least quarterly and has set a schedule of matters which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. In addition, the Board is kept updated on the Group's activities and its operations on a regular bases.
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
 - The integrity of the Company's financial statements is safeguarded through the established processes governed by the Audit and Risk Management Committee as well as internal controls as reported in the Statement on Risk Management and Internal Control.
- ensuring that the Company's financial statements are true and fair and conform with the accounting standards; and
 - The Board is also kept informed of key strategic initiatives, significant operational issues and the Company's performance ensuring that the Company's financial statements are true and fair and conform with the accounting standards.
- ensuring that the Company adheres to high standards of ethics and corporate behaviour.
 - The Company has adopted Code of Ethics, Code of Conduct and Whistle-Blowing Policy to promote the corporate culture which engenders ethical conduct that permeates throughout the Group.

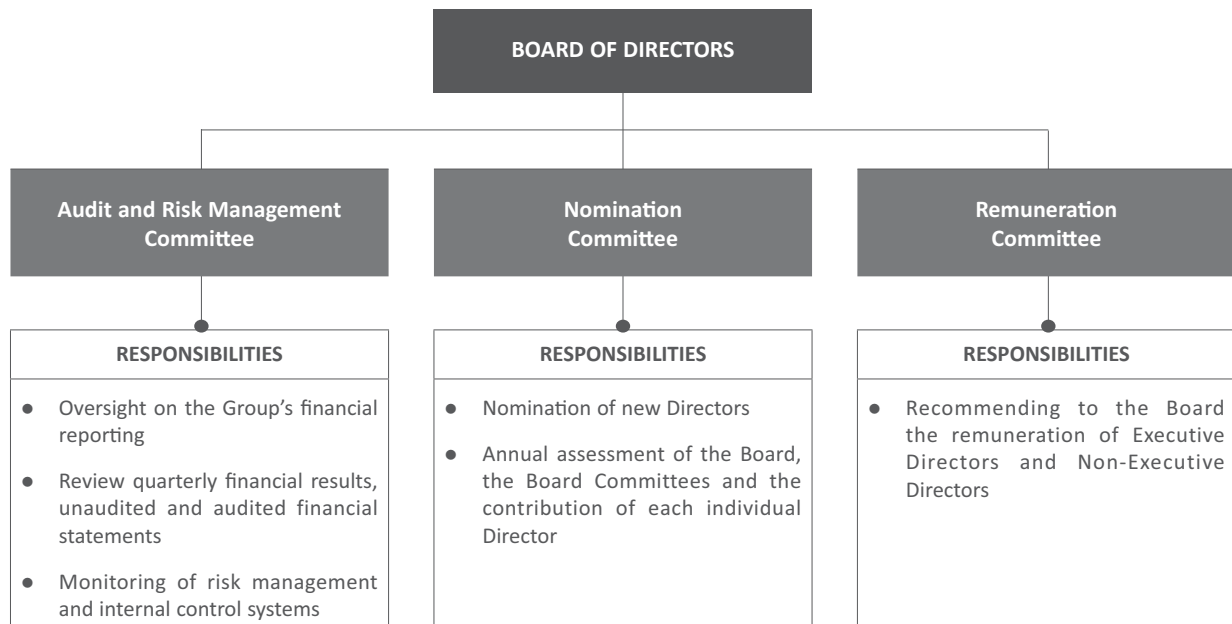
Corporate Governance Statement

cont'd

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

Board Roles and Responsibilities *cont'd*

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



Code of Conduct and Whistle-Blowing Policy

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

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

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

Sustainability

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

Corporate Governance Statement

cont'd

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

Sustainability *cont'd*

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

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

Details of the Corporate Social Responsibility are presented on pages 13 to 14 of this Annual Report.

Supply and Access to Information

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

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

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. This is to enable them to carry out their duties effectively and diligently. As and when necessary, the Board may obtain independent professional advice, at the Company's expense, in the furtherance of their duties.

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

Company Secretaries

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

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

Corporate Governance Statement

cont'd

STRENGTHEN COMPOSITION

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

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

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

A brief profile of each Director is presented on pages 19 to 25 of the Annual Report.

Nomination Committee

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

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

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

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

Summary of Activities Undertaken by the NC

During the financial year ended 30 June 2016, the activities of the NC included the following:

- Reviewed the composition of the Board and Board Committees with regards to the mix of skills, independence and diversity in accordance with its policy as stated in the Company's Corporate Governance Statement to ensure compliance.
- Assessed and reviewed the independence and continuing independence of the Independent Directors.
- Assessment of the effectiveness and performance of the Board, Directors and Board Committees for the financial year ended 30 June 2016.

Corporate Governance Statement

cont'd

STRENGTHEN COMPOSITION *cont'd*

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

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

- Board Structure
- Board Operation
- Management Relationship
- Board Roles and Responsibilities
- Board Chairman's Role and Responsibilities
- Performance of Board Committee
- Integrity and ethics, contribution of each individual director including Managing Director/Group Executive Officer
- The mix of skills and experience of each individual Director including the core competencies of the Non-Executive Directors
- Reviewed and assessed the training needs of each Director
- Determined the Directors to stand for re-election at the 2016 Annual General Meeting
- Reviewed the character, experience, integrity and competence of Chief Financial Officer to ensure that he has the time to discharge his duties
- Reviewed the terms of office of the Audit and Risk Management Committee ("ARMC") and performance of each members

Board Membership Criteria

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

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

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

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

In accordance with the Company's Articles of Association, at least one third (1/3) or the number nearest to one third (1/3) of the Directors, including the Managing Director, shall be subject to retirement by rotation once in every three (3) years. In accordance with Section 129(6) of the Companies Act, 1965, Directors over the age of seventy (70) are required to retire annually. All retiring Directors shall be eligible for re-election or re-appointment.

Names of Directors who are seeking re-election at the coming Annual General Meeting ("AGM") are shown in the notice of the AGM on page 148.

Corporate Governance Statement

cont'd

STRENGTHEN COMPOSITION *cont'd*

Board Evaluation

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

The NC had performed the annual evaluation for financial year ended 30 June 2016 on 21 October 2016. The NC had reviewed and assessed the mix of skills and experience of the Board including the core competencies of both Executive and Non-executive Directors, size of the Board, contribution of each director and effectiveness of the Board, including Independent Non-executive Directors, and Board Committees.

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

Remuneration Committee

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

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

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

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

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

The aggregate remuneration of the Executive Directors and Non-Executive Directors for the financial year ended 30 June 2016 is as follows:

	Fees RM'000	Salaries RM'000	Other Emoluments RM'000	Benefits In Kind RM'000	Total RM'000
Executive Directors	488	-	-	-	488
Non-Executive Directors	228	-	-	-	228
Total	716	-	-	-	716

Corporate Governance Statement

cont'd

STRENGTHEN COMPOSITION *cont'd*

Remuneration Committee *cont'd*

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

Remuneration Bands	Executive Directors	Non-Executive Directors	Total
Below RM50,000	-	-	-
RM50,001 - RM100,000	-	3	3
RM100,001 - RM150,000	1	-	1
RM150,001 - RM200,000	2	-	2

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

REINFORCE INDEPENDENCE

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

Annual Assessment of Independence

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

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

For the financial year ended 30 June 2016, the Board assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the MMLR of Bursa Securities. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

Tenure of Independent Directors

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

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

Corporate Governance Statement

cont'd

REINFORCE INDEPENDENCE *cont'd*

Tenure of Independent Directors *cont'd*

In view of that, the Board will be seeking shareholders' approval at the forthcoming 16th AGM of the Company for Datuk Mohd Jimmy Wong Bin Abdullah to continue as independent director of the Company.

Chairman and Managing Director

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

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

Although the Chairman is not an Independent Executive Director, the Board comprise majority of independent directors with mix skills and experiences and functioned adequately and effectively. The Independent Non-Executive Directors fairly represent the interest of public shareholders.

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

FOSTER COMMITMENT

Time Commitment

The Board meets at least four (4) times a year or more when circumstances require. Where appropriate, decisions are also made by way of circular resolutions in between scheduled meetings during the financial year.

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

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

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

Corporate Governance Statement

cont'd

FOSTER COMMITMENT *cont'd*

Time Commitment *cont'd*

The Board met 5 times during the financial year under review. The details of Directors' attendance are set out as follows:

NAME OF DIRECTORS	TOTAL MEETINGS ATTENDED	%
Dato' Dr Norraesah Binti Haji Mohamad (Executive Chairman)	5/5	100
Wong Thean Soon (Managing Director)	5/5	100
Dato' Raja Haji Munir Shah Bin Raja Mustapha (Executive Director)	5/5	100
Datuk Mohd Jimmy Wong Bin Abdullah (Independent Non-Executive Director)	5/5	100
Ng Fook Ai, Victor (Independent Non-Executive Director)	5/5	100
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim (Independent Non-Executive Director)	5/5	100
Dato' Shamsul Anuar Bin Haji Nasarah (Independent Non-Executive Director)	4/5	80

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

Directors' Training

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

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

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

UPHOLD INTEGRITY IN FINANCIAL REPORTING

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

Corporate Governance Statement

cont'd

UPHOLD INTEGRITY IN FINANCIAL REPORTING *cont'd*

Financial Reporting *cont'd*

The ARMC comprises three (3) members, all of whom are Independent Non-executive Directors. The composition of the ARMC, including its roles and responsibilities are set out on pages 42 to 48 under ARMC Report of this Annual Report.

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

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

Suitability and Independence of Internal and External Auditors

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

The Internal Auditors meet the ARMC at least 4 times a year. During such meeting, the auditors highlight and discuss the nature, scope of the audit, audit programme, internal controls and issues that may require the attention of the ARMC or the Board.

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

During the financial year under review, the fees for External Auditors were RM165,000 in audit fee and RM3,000 for non-audit fee for services rendered by the External Auditors to the Group for the financial year ended 30 June 2016.

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

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

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

Corporate Governance Statement

cont'd

DIRECTORS RESPONSIBILITY STATEMENT

The Board is required by the Companies Act, 1965 to present the financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs, the results and cash flows of the Group and the Company.

The Board is satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 30 June 2016, the appropriate accounting policies were used and applied consistently, adopted to include new and revised Malaysian Financial Reporting Standards ("MFRS") where applicable. The Board is also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Directors are responsible for ensuring that the Company keeps proper accounting records which enable the financial position of the Group and the Company to be disclosed with reasonable accuracy and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

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

RECOGNISE AND MANAGE RISKS

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

The Statement on Risk Management and Internal Control set out on pages 49 to 51 of this Annual Report provides an overview of the state of risk management activities within the Group.

Internal Audit Function

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

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

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies and Procedures

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

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

Corporate Governance Statement

cont'd

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE *cont'd*

Leverage on Information Technology for Effective Dissemination of Information

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

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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

The Annual General Meeting ("AGM") is the principal forum for dialogue with the shareholders. At the AGM, the Board provides 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.

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

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

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

COMPLIANCE STATEMENT

The Board confirms that the Group has made significant effort to maintain high standards of corporate governance throughout the year under review. The Board acknowledges that achieving excellence in corporate governance is a continuous process and is committed to play a pro-active role in steering the Group towards the highest level of integrity and ethical standards. This statement is made in accordance with the resolution of the Board of Directors dated 21 October 2016.

Audit and Risk Management Committee Report

The Board of Directors of MYEG is pleased to present the ARMC Report for the financial year ended 30 June 2016.

MEMBERSHIP

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

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

ARMC MEETINGS

The ARMC convened six (6) meetings during the financial year ended 30 June 2016. The meeting was appropriately structured through the use of agendas, which were distributed to members with sufficient notification and attached with comprehensive information on matters to be discussed. The details of attendance of the ARMC member during the financial year ended 30 June 2016 are as follows:

ARMC Members	Meetings Attended
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim (Chairman)	6/6
Datuk Mohd Jimmy Wong Bin Abdullah	6/6
Ng Fook Ai, Victor	6/6

Details of the members of the ARMC are contained in the Profile of Directors as set out on pages 19 to 25 of this Annual Report.

The Company Secretary or her representative was present at all the meetings. Upon invitation, representatives of the External Auditors and the Senior Management Staff also attended specific meetings. The Chairman of the ARMC reported to the Board of Directors on matters deliberated during the ARMC Meetings and minutes of ARMC Meetings were circulated to all the members of the Board.

For the financial year under review, the ARMC held one (1) meeting with the Internal Auditors and two (2) meetings with the External Auditors without the presence of the Management to discuss any issues or significant matters, which the Internal and External Auditors wished to raise.

COMPOSITION AND TERMS OF REFERENCE

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

1. Composition

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

Audit and Risk Management Committee Report

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COMPOSITION AND TERMS OF REFERENCE *cont'd*

1. **Composition** *cont'd*

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

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

2. **Chairman**

The Chairman, who shall be elected by the Committee, shall be an independent director. In 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 Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to the meeting.

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

4. **Meetings**

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

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

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

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

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

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

Audit and Risk Management Committee Report

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COMPOSITION AND TERMS OF REFERENCE *cont'd*

5. Rights

The Committee shall:

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

6. Duties

- a) To review with the external auditors on:
 - the audit plan, its scope and nature;
 - the audit report;
 - the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group;
 - the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit; and
 - Any other matters the external auditors may wish to discuss in the absence of the management, if necessary
- b) To review the adequacy of the scope, functions and resources and set the standards of the internal audit function.
- c) To do the following, in relation to the internal audit function:-
 - Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - Review the internal audit programme, processes, the results of the internal audit programme and process and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - Review any appraisal or assessment of the performance of members of the internal audit function;
 - Approve any appointment or termination of the internal auditors;
 - Take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
 - Investigate or cause to be investigated any activity within its Terms of Reference; and
 - To have explicit authority over the resources such as professional advice and full access to information to investigate certain matters.

Audit and Risk Management Committee Report

cont'd

COMPOSITION AND TERMS OF REFERENCE *cont'd*

6. Duties *cont'd*

- d) 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.
- e) To review and monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis, normal commercial terms, on terms not more favourable to the related parties than those generally available to the public, to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- f) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board, focusing particularly on:
- changes in or implementation of major accounting policy and practices;
 - significant and/or unusual matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are being addressed;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements; and
 - major areas.
- g) To consider the appointment and/or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors. In considering the appointment and/or re-appointment of the auditors, to consider among others:
- (i) The adequacy of the experience and resources of the accounting firm;
 - (ii) The persons assigned to the audit;
 - (iii) The accounting firm's audit engagements;
 - (iv) The size and complexity of the Company's group being audited; and
 - (v) The number and experience of supervisory and professional staff assigned to the particular audit.

The Committee shall also consider the performance of the external auditor and its independence as below:-

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

Audit and Risk Management Committee Report

cont'd

COMPOSITION AND TERMS OF REFERENCE *cont'd*

6. Duties *cont'd*

g) *cont'd*

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

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

- h) To verify any allocation of options in accordance with the employees share scheme of the Company, at the end of the financial year.
- i) To review the adequacy of Company's risk management framework, monitor principal risks that affect the Company and evaluate risk management and mitigation measures in place.
- j) To assess the adequacy and effectiveness of the risk management process, system of internal controls and accounting control procedures of the Company.
- k) To review the statement with regard to the state of risk management and internal controls of the Company for inclusion in the Annual Report and report the same to the Board.
- l) Communication and monitoring of risk management results to the Board.
- m) To consider other areas as defined by the Board or as may be prescribed by Bursa Malaysia Securities Berhad or any other relevant authority from time to time.

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE ARMC

During the financial year under review, the ARMC carried out the following activities in discharging its functions and duties during the financial year ended 30 June 2016, including the deliberation on and review of:

- (a) the unaudited quarterly financial statements of the Group to ensure that they are in compliance with the requirements of relevant authorities, prior to the submission to the Board for their approval and release of the Group's results to Bursa Securities.
- (b) the annual report and annual audited financial statements of the Group and of the Company prior to submission to the Board of Directors for their consideration and approvals.
- (c) the audit plan of the External Auditors in terms of their scope of audit prior to their commencement of the annual audit.
- (d) the External Auditors' report in relation to audit and accounting issues arising from the audit; matters arising from the audit of the Group in meetings with the External Auditors without the presence of the executive Board members and management.

Audit and Risk Management Committee Report

cont'd

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

- (e) the re-appointment of External Auditors and their audit fees, after taking into consideration the independence and objectivity of the External Auditors and the cost effectiveness of their audit, before the recommendation to the Board for approval.
- (f) the internal audit reports which outlined the recommendations towards correcting areas of weaknesses and ensure that there were management action plans established for the implementation of the internal auditors' recommendation.
- (g) the effectiveness of the internal auditors and the re-appointment of Internal Auditors and made the appropriate recommendation to the Board.
- (h) the ARMC Report and Statement on Risk Management and Internal Control before recommending the same to the Board for approval.
- (i) the related party transactions entered into by the Group to ensure that they were not detrimental to the interests of minority shareholders.
- (j) the report on the risk management of the Group presented by the management.
- (k) the extent of the Group and of the Company's compliance with the provisions set out under the Code for the purpose of preparing the Corporate Governance Statement and Statement of Internal Control pursuant to Listing Requirements of Bursa Securities and the Code.

TRAINING AND EDUCATION

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

INTERNAL AUDIT FUNCTION

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

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

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

Audit and Risk Management Committee Report

cont'd

INTERNAL AUDIT FUNCTION *cont'd*

Senior Management has taken note of the findings and duly acted upon the recommendations made by the internal audit function. The total cost incurred for the internal audit function for the financial year under review was RM42,000.

Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control on pages 49 to 51.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of MY E.G. Services Berhad is pleased to present its Statement on Risk Management and Internal Control ("Statement") for the financial year ended 30 June 2016, which has been prepared pursuant to paragraph 15.26(b) of the Bursa Securities MMLR and as guided by Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Issuers ("the Guidelines"). This statement outlines the nature and state of the internal controls of the Group.

BOARD'S RESPONSIBILITY

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

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

RISK MANAGEMENT FRAMEWORK

The Board also recognises that risk management should be an integral part of the business operation.

On a day-to-day basis, respective Heads of Departments are responsible for managing risks related to their functions or departments. Weekly management meetings are held to ensure that the risks faced by the Group are monitored and properly addressed. It is at these meetings that key risks and corresponding controls implemented are communicated amongst the senior management team. Significant risks identified are subsequently brought to the attention of the Board at their scheduled meetings.

The Board, through the Audit and Risk Management Committee ("ARMC") has established the Risk Management Working Group ("RMWG"), comprising of key management staff and an independent non-executive director, to carry out risk management activities. The Board, through the ARMC, provides oversight of the entire risk management framework of the Group.

During the financial year under review, the RMWG met 4 times to identify and review key risk areas affecting the Group and derive risk management strategies to manage and mitigate the risks identified. The activities of the RMWG are reported to the ARMC at its quarterly meetings and significant matters, if any, are brought to the Board's attention.

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

INTERNAL AUDIT FUNCTION

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

Statement on Risk Management and Internal Control

cont'd

INTERNAL AUDIT FUNCTION *cont'd*

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

During the financial year ended 30 June 2016, internal audits were carried out in accordance with the risk based internal audit plan which has been reviewed and approved by the ARMC. The business processes reviewed were E-Service Centre operations processes and compliance review on Personal Data Protection Act ("PDPA") on the IT Department, Helpdesk Department, Tele-Marketing Department, Human Resource Department, Operations Department, Accounts/Credit Control Department of MY E.G. Services Berhad. The results of the audit reviews were discussed with Senior Management and subsequently, the audit findings, including the recommendations for improvement were reported to the ARMC at the quarterly meetings.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report. The total costs incurred for the internal audit function for the financial year ended 30 June 2016 was RM42,000.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

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

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

ASSURANCE

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

Statement on Risk Management and Internal Control

cont'd

CONCLUSION

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

REVIEW BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 (revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

Additional Compliance Information

1. SHARE BUY-BACKS

The shareholders of the Company at the Fifteenth Annual General Meeting held on 18 December 2015, granted authority to the Company to repurchase its own shares provided that the aggregate number of shares purchased do not exceed 10% percent of the total issued and paid-up share capital of the Company.

For the financial year under review, the Company had bought back 1,572,800 Ordinary Shares from the open market of its own share, all of which are held as treasury shares. A monthly breakdown of treasury shares bought back during the financial year under review is set out below:

Month of Buy-Back	No. of shares bought-back	Lowest price paid for each share (RM)	Highest price paid for each share (RM)	Average price per share (RM)	Total consideration paid (including transaction costs) (RM)
July 15	500,000	2.530	2.590	2.560	1,287,632.90
August 15	100,000	2.460	2.460	2.460	247,011.80
Sept 15	971,800	2.545	2.590	2.568	2,504,767.48
March 16	1,000	2.120	2.120	2.120	2,163.64
Total	1,572,800	-	-	-	4,041,575.82

During the financial year under review, a total of 4,331,600 treasury shares at the cost (including transaction costs) of RM10,822,265 were resold at average net resale price of RM3.79 per share including transaction costs. Total net consideration received from the resale was RM16,366,314.

As at 30 June 2016, a total of 1,000 ordinary shares were held as treasury shares.

Movement in the treasury shares is as follows:

	Number of shares	Total cost (including transaction costs) (RM)	Average cost per share (RM)
As of 1 July 2015	2,759,800	6,782,853.24	2.46
Repurchased during the year	1,572,800	4,041,575.82	2.57
Resold during the year	(4,331,600)	(10,822,265.42)	2.50
As of 30 June 2016	1,000	2,163.64	2.16

2. OPTIONS OR CONVERTIBLE SECURITIES

The Company did not issue any options or convertible securities in respect of the financial year ended 30 June 2016.

Additional Compliance Information

cont'd

3. DEPOSITORY RECEIPT ("DR") PROGRAMME

During the financial year ended 30 June 2016, the Company did not sponsor any DR programme.

4. SANCTIONS AND/OR PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory bodies during the financial year saved as disclosed in page 140.

5. STATUTORY AUDIT AND NON-STATUTORY AUDIT FEES

The amount of Statutory Audit and Non-Statutory Audit Fees incurred for services rendered by the External Auditors of the Group for the financial year ended 30 June 2016 are as follows:-

	Company	Group
Statutory Audit Fees	RM44,000	RM165,000
Non-Statutory Audit Fees	RM5,000	RM5,000

6. MATERIAL CONTRACTS

There were no material contracts subsisting at the end of financial year ended 30 June 2016 entered into by the Company and its subsidiaries involving the interests of the Directors and major shareholders.

7. VARIATION IN RESULTS

There was no deviation of 10% or more between the results of the financial year ended 30 June 2016 as per the audited financial statements and the unaudited results previously announced.

8. PROFIT GUARANTEE

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

9. CONTRACTS RELATING TO LOANS

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

10. UTILISATION OF PROCEEDS

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





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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 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of development and implementation of the Electronic Government Services project and the provision of other related services for the Electronic Government Services project, as well as investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. 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 for the financial year	142,519	171,032
Attributable to:-		
Owners of the Company	142,872	171,032
Non-controlling interests	(353)	-
	142,679	171,032

DIVIDENDS

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

	RM'000
In respect of the financial year ended 30 June 2015:-	
Paid a final tax-exempt dividend of 1.40 sen per ordinary share on 4 February 2016	16,829
In respect of the financial year ended 30 June 2016:-	
Paid a first interim single tier dividend of 0.50 sen per ordinary share on 24 May 2016	12,021

At the forthcoming Annual General Meeting, a final dividend of 1.30 sen per ordinary share in respect of the current financial year will be proposed for approval by the shareholders. The financial statements for the current financial year do not reflect this proposed dividend. This dividend will be accounted for as an appropriation of retained profits in the period when it is approved by the shareholders.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the authorised share capital of the Company;
- (b) the Company had on 7 January 2016, increased its issued and paid-up share capital from RM120,210,200 to RM240,420,400 by way of bonus issue of 1,202,102,000 new ordinary shares of RM0.10 each credited as fully paid-up on the basis of 1 bonus share for every 1 existing ordinary share held. The new shares issued rank pari passu in all respects with the existing shares of the Company; and
- (c) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company purchased 1,573,000 of its issued ordinary shares from the open market at an average price of RM2.57 per share. The total consideration paid for the purchase was RM4,041,000 including transaction costs. The ordinary shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965 and are presented as a deduction from equity.

During the financial year, the Company resold 4,332,000 of its treasury shares to the open market at price of RM3.79 per share. The total consideration received for the resale was RM16,366,000 net of transaction costs.

As at 30 June 2016, the Company held as treasury shares a total of 1,000 of its 2,404,204,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM2,000. Relevant details on the treasury shares are disclosed in Note 21 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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

CURRENT ASSETS

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

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

Directors' Report

cont'd

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 44 to the financial statements. At the date of this report, there does not exist:-

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

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

DIRECTORS' 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 1.7.2015	Bonus Issue	Bought	Sold	At 30.6.2016
<i>Direct Interests in the Company</i>					
Dato' Dr Norraesah Binti Haji Mohamad	8,670,000	8,770,000	200,000	-	17,640,000
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	4,006,000	4,006,000	-	-	8,012,000
Wong Thean Soon	85,452,012	85,452,012	-	-	170,904,024
Dato' Raja Haji Munir Shah Bin Raja Mustapha	819,800	669,800	-	(150,000)	1,339,600
Datuk Mohd Jimmy Wong Bin Abdullah	1,104,000	1,104,000	-	-	2,208,000
<i>Indirect Interests in the Company</i>					
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim ⁽¹⁾	2,440,000	2,440,000	-	-	4,880,000
Wong Thean Soon ⁽²⁾	396,815,996	396,815,996	-	(24,027,100)	769,604,892
Dato' Raja Haji Munir Shah Bin Raja Mustapha ⁽³⁾	376,815,996	376,815,996	-	(24,027,100)	729,604,892

⁽¹⁾ Indirect interest through his wife's and son's shareholdings by virtue of Section 134(12)(c) of the Companies Act 1965 in Malaysia.

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

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

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

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

Directors' Report

cont'd

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with related parties as disclosed in Note 41 to the financial statements.

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 46 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 47 to the financial statements.

AUDITORS

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

Signed In accordance with a resolution of the directors dated 24 October 2016.

Wong Thean Soon

Dato' Raja Haji Munir Shah Bin Raja Mustapha

Statement by Directors

Pursuant to Section 169(15) of the Companies Act 1965

We, Wong Thean Soon and Dato' Raja Haji Munir Shah Bin Raja Mustapha, being two of the directors of My E.G. Services Berhad, state that, in the opinion of the directors, the financial statements set out on pages 64 to 142 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 48, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 24 October 2016.

Wong Thean Soon

Dato' Raja Haji Munir Shah Bin Raja Mustapha

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act 1965

I, Wong Thean Soon, being the director primarily responsible for the financial management of My E.G. Services Berhad, do solemnly and sincerely declare that the financial statements set out on pages 64 to 142 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Wong Thean Soon
at Kuala Lumpur in the Federal Territory
on this 24 October 2016.

Wong Thean Soon

Before me

Lai Din
No.: W 668
Commissioner for Oaths

Independent Auditors' Report

To the Members of My E.G. Services Berhad

(Incorporated in Malaysia) Company No.: 505639-K

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of My E.G. Services Berhad, which comprise the statements of financial position as at 30 June 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 64 to 142.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Independent Auditors' Report

To the Members of My E.G. Services Berhad

(Incorporated in Malaysia) Company No.: 505639-K
cont'd

- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 48 on page 143 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Crowe Horwath
Firm No.: AF 1018
Chartered Accountants

24 October 2016
Kuala Lumpur

Ooi Song Wan
Approval No.: 02901/10/2018 J
Chartered Accountant

Statements of Financial Position

At 30 June 2016

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	14,895	13,196
Investment in an associate	6	-	-	400	400
Property and equipment	7	250,801	110,134	190,051	55,722
Other investments	8	9,593	8,303	-	-
Development costs	9	7,119	8,955	4,272	5,372
Goodwill on consolidation	10	17,800	12,016	-	-
Deferred tax asset	11	710	710	-	-
Hire purchase receivables	12	518	-	-	-
		286,541	140,118	209,618	74,690
CURRENT ASSETS					
Inventories	13	3,025	-	-	-
Hire purchase receivables	12	58	-	-	-
Trade receivables	14	101,681	72,565	25,546	10,568
Other receivables, deposits and prepayments	15	45,929	31,539	16,836	21,474
Amount owing by subsidiaries	16	-	-	102,541	50,424
Amount owing by an associate	17	77,083	71,220	54,383	48,520
Current tax assets		371	306	-	99
Fixed deposits with licensed banks	18	9,216	8,662	7,069	7,069
Cash and bank balances	19	200,499	123,387	99,405	48,402
		437,862	307,679	305,780	186,556
TOTAL ASSETS		724,403	447,797	515,398	261,246

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

Statements of Financial Position

At 30 June 2016

cont'd

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	20	240,420	120,210	240,420	120,210
Treasury shares	21	(2)	(6,783)	(2)	(6,783)
Reserves	22	159,879	160,486	169,039	141,639
Equity attributable to owners of the Company		400,297	273,913	409,457	255,066
Non-controlling interests		(161)	(20)	-	-
TOTAL EQUITY		400,136	273,893	409,457	255,066
NON-CURRENT LIABILITIES					
Long-term borrowings	23	83,600	6,577	77,200	-
Deferred tax liabilities	26	1,081	937	878	878
		84,681	7,514	78,078	878
CURRENT LIABILITIES					
Trade payables	27	173,910	113,725	366	392
Other payables and accruals	28	22,046	26,862	8,372	3,853
Deferred revenue	29	19,940	19,940	-	-
Current tax liabilities		24	24	17	-
Short-term borrowings	30	23,666	5,839	19,108	1,057
		239,586	166,390	27,863	5,302
TOTAL LIABILITIES		324,267	173,904	105,941	6,180
TOTAL EQUITY AND LIABILITIES		724,403	447,797	515,398	261,246

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

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2016

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	31	281,728	141,518	215,991	131,523
COST OF SALES		(58,547)	(24,544)	(5,898)	(3,838)
GROSS PROFIT		223,181	116,974	210,093	127,685
OTHER INCOME		2,307	1,991	1,205	1,260
		225,488	118,965	211,298	128,945
ADMINISTRATIVE EXPENSES		(61,232)	(32,892)	(33,395)	(19,554)
OTHER EXPENSES		(17,556)	(16,779)	(3,987)	(4,167)
FINANCE COSTS		(3,474)	(1,081)	(2,795)	(225)
PROFIT BEFORE TAXATION	32	143,226	68,213	171,121	104,999
INCOME TAX EXPENSE	33	(707)	(166)	(89)	(73)
PROFIT AFTER TAXATION		142,519	68,047	171,032	104,926
OTHER COMPREHENSIVE INCOME					
<u>Item that May be Reclassified Subsequently to Profit or Loss</u>					
Fair value changes of available-for-sale financial assets		-	6,700	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		142,519	74,747	171,032	104,926

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

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2016

cont'd

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		142,872	68,145	171,032	104,926
Non-controlling interests		(353)	(98)	-	-
		142,519	68,047	171,032	104,926
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		142,872	74,845	171,032	104,926
Non-controlling interests		(353)	(98)	-	-
		142,519	74,747	171,032	104,926
EARNINGS PER SHARE (SEN)					
- Basic	34	5.9	2.8		
- Diluted	34	5.9	2.8		

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

Statements of Changes in Equity

For the financial year ended 30 June 2016

The Group	Note	Share Capital RM'000	Treasury Shares RM'000	← Non-Distributable →				Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
				Fair Value Reserve RM'000	Other Reserve RM'000	Retained Profits RM'000				
Balance at 1.7.2014		60,105	(10,237)	-	-	126,789		176,657	2	176,659
Profit after taxation for the financial year		-	-	-	-	68,145		68,145	(98)	68,047
Other comprehensive income for the financial year:										
- Fair value changes of available-for-sale assets		-	-	6,700	-	-		6,700	-	6,700
Total comprehensive income for the financial year		-	-	6,700	-	68,145		74,845	(98)	74,747
Contributions by and distributions to owners of the Company:										
- Bonus issue		60,105	-	-	-	(60,105)		-	-	-
- Expenses related to bonus issue		-	-	-	-	(72)		(72)	-	(72)
- Acquisition of a subsidiary		-	-	-	-	-		-	334	334
- Disposal of a subsidiary		-	-	-	-	-		-	(258)	(258)
- Purchase of treasury shares	21	-	(6,786)	-	-	-		(6,786)	-	(6,786)
- Resale of treasury shares	21	-	10,240	-	37,009	-		47,249	-	47,249
- Dividends:										
- by the Company	37	-	-	-	-	(17,980)		(17,980)	-	(17,980)
Total transactions with owners		60,105	3,454	-	37,009	(78,157)		22,411	76	22,487
Balance at 30.6.2015		120,210	(6,783)	6,700	37,009	116,777		273,913	(20)	273,893

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

Statements of Changes in Equity

For the financial year ended 30 June 2016

cont'd

The Group	Note	← Non-Distributable →					Attributable to Owners of the Company	Non-controlling Interests	Total Equity
		Share Capital	Treasury Shares	Fair Value Reserve	Other Reserve	Retained Profits			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 30.6.2015/1.7.2015		120,210	(6,783)	6,700	37,009	116,777	273,913	(20)	273,893
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	142,872	142,872	(353)	142,519
Contributions by and distributions to owners of the Company:									
- Bonus issue		120,210	-	-	(42,553)	(77,657)	-	-	-
- Expenses related to bonus issue		-	-	-	-	(116)	(116)	-	(116)
- Acquisition of subsidiaries	35.1	-	-	-	-	-	-	368	368
- Purchase of treasury shares	21	-	(4,041)	-	-	-	(4,041)	-	(4,041)
- Resale of treasury shares	21	-	10,822	-	5,544	-	16,366	-	16,366
- Dividends:									
- by the Company	37	-	-	-	-	(28,850)	(28,850)	-	(28,850)
Changes in subsidiaries' ownership interests that do not result in a loss of control		120,210	6,781	-	(37,009)	(106,623)	(16,641)	368	(16,273)
Total transactions with owners		120,210	6,781	-	(37,009)	(106,470)	(16,488)	212	(16,276)
Balance at 30.6.2016		240,420	(2)	6,700	-	153,179	400,297	(161)	400,136

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

Statements of Changes in Equity

For the financial year ended 30 June 2016

cont'd

The Company	Note	Non-Distributable Distributable				Total Equity
		Share Capital	Treasury Shares	Other Reserve	Retained Profits	
		RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.7.2014		60,105	(10,237)	-	77,861	127,729
Profit after taxation/Total comprehensive income for the financial year		-	-	-	104,926	104,926
Contributions by and distributions to owners of the Company:						
- Bonus issue		60,105	-	-	(60,105)	-
- Expenses related to bonus issue		-	-	-	(72)	(72)
- Purchase of treasury shares	21	-	(6,786)	-	-	(6,786)
- Resale of treasury shares	21	-	10,240	37,009	-	47,249
- Dividends	37	-	-	-	(17,980)	(17,980)
Total transactions with owners		60,105	3,454	37,009	(78,157)	22,411
Balance at 30.6.2015/1.7.2015		120,210	(6,783)	37,009	104,630	255,066
Profit after taxation/Total comprehensive income for the financial year		-	-	-	171,032	171,032
Contributions by and distributions to owners of the Company:						
- Bonus issue		120,210	-	(42,553)	(77,657)	-
- Expenses related to bonus issue		-	-	-	(116)	(116)
- Purchase of treasury shares	21	-	(4,041)	-	-	(4,041)
- Resale of treasury shares	21	-	10,822	5,544	-	16,366
- Dividends	37	-	-	-	(28,850)	(28,850)
Total transactions with owners		120,210	6,781	(37,009)	(106,623)	(16,641)
Balance at 30.6.2016		240,420	(2)	-	169,039	409,457

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

Statements of Cash Flows

For the financial year ended 30 June 2016

	The Group		The Company		
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		143,226	68,213	171,121	104,999
Adjustments for:-					
Amortisation of development costs		1,836	1,641	1,100	892
Bad debts written off		40	-	-	-
Depreciation of equipment		15,869	13,619	3,035	3,008
Equipment written off		3	3	-	3
Impairment loss:					
- other investment		-	857	-	-
- trade receivables		58	313	-	-
Interest expense		3,474	1,081	2,795	225
Gain on disposal of equipment		(222)	-	(1)	-
Gain on disposal of other investment		-	(245)	-	-
Interest income		(1,993)	(1,722)	(1,203)	(1,260)
Reversal of impairment loss on trade receivables		(70)	(1)	-	-
Unrealised gain on foreign exchange		(175)	-	-	-
Waiver of debts		(60)	-	-	-
Operating profit before working capital changes		161,986	83,759	176,847	107,867
Increase in inventories		(2,560)	-	-	-
Increase in hire purchase receivables		(576)	-	-	-
Increase in trade and other receivables		(41,846)	(56,109)	(10,340)	(5,050)
Increase in trade and other payables		52,006	120,355	4,493	808
Decrease in amount owing by subsidiaries		-	-	-	960
Increase in amount owing by an associate		(2,544)	(2,436)	(2,544)	(2,436)
CASH FLOWS FROM OPERATIONS/BALANCE CARRIED FORWARD					
		166,466	145,569	168,456	102,149

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

Statements of Cash Flows

For the financial year ended 30 June 2016
cont'd

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
BALANCE CARRIED FORWARD		166,466	145,569	168,456	102,149
Interest paid		(3,474)	(1,081)	(2,795)	(225)
Income tax (paid)/refunded		(583)	(519)	27	(78)
NET CASH FROM OPERATING ACTIVITIES		162,409	143,969	165,688	101,846
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of non-controlling interests	35.2	(3)	-	-	-
Advances to an associate		(3,319)	(4,433)	(3,319)	(4,433)
Development costs paid		-	(628)	-	-
Interest received		1,993	1,722	1,203	1,260
Advances to subsidiaries		-	-	(53,816)	(43,374)
Increase in pledged deposits with licensed banks		(445)	(283)	-	(283)
Proceeds from disposal of equipment		235	13	1	13
Purchase of equipment	38	(151,074)	(44,664)	(137,364)	(34,972)
Proceeds from disposal of other investment		-	385	-	-
Purchase of other investments		(1,290)	(510)	-	-
Net cash (out)/inflow from acquisition of subsidiaries	35.1(a) and 35.1(b)	(4,686)	5	-	-
Subscription of shares in a subsidiary by non-controlling interest		#	#	-	-
NET CASH FOR INVESTING ACTIVITIES		(158,589)	(48,393)	(193,295)	(81,789)

- represents an amount less than RM1,000.

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

Statements of Cash Flows

For the financial year ended 30 June 2016
cont'd

	Note	The Group		The Company		
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividends paid	37	(28,850)	(17,980)	(28,850)	(17,980)	
Drawdown of term loans		86,308	1,400	86,308	-	
Drawdown of revolving credit		10,000	2,000	10,000	2,000	
Purchase of treasury shares	21	(4,041)	(6,786)	(4,041)	(6,786)	
Resale of treasury shares	21	16,366	47,249	16,366	47,249	
Bonus issue expenses		(116)	(72)	(116)	(72)	
Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control	36.1	#	-	-	-	
Repayment of hire purchase and finance lease obligations		(4,190)	(4,207)	-	-	
Repayment of term loans		(2,076)	(2,360)	(1,057)	(1,077)	
Repayment of revolving credit		-	(5,000)	-	(5,000)	
NET CASH FROM FINANCING ACTIVITIES		73,401	14,244	78,610	18,334	
NET INCREASE IN CASH AND CASH EQUIVALENTS		77,221	109,820	51,003	38,391	
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		123,481	13,661	48,464	10,073	
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		39	200,702	123,481	99,467	48,464

- represents an amount less than RM1,000.

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

1. GENERAL INFORMATION

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

Registered office : Lot 6.05, Level 6, KPMG Tower,
No. 8, First Avenue,
Bandar Utama,
47800 Petaling Jaya, Selangor Darul Ehsan.

Principal place of business : Level 8, 1 First Avenue,
Persiaran Bandar Utama, Bandar Utama,
47800 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 24 October 2016.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of development and implementation of the Electronic Government Services project and the provision of other related services for the Electronic Government Services project, as well as investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

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

- (a) No new accounting standards and interpretations (including the consequential amendments) have been adopted by the Group during the current financial year.
- (b) The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

3. BASIS OF PREPARATION *cont'd*

- (b) The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:- *cont'd*

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 101: Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

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

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is currently assessing the financial impact of adopting MFRS 9.

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical Accounting Estimates and Judgements

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

(a) Depreciation of Property and Equipment

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

(b) 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 expenses and deferred tax balances in the year in which such determination is made.

(c) Impairment of Non-financial Assets

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

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(e) Amortisation of Development Costs

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.1 Critical Accounting Estimates and Judgements *cont'd*

(f) Impairment of Trade and Other Receivables

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

(g) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(h) Impairment of Goodwill

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

(i) Fair Value Estimates for Certain Financial Assets

The Group carries certain financial assets 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/or equity.

4.2 Basis of Consolidation

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

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.2 Basis of Consolidation *cont'd*

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

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

(a) Business Combinations

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

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

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

(b) Non-controlling Interests

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

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.2 Basis of Consolidation *cont'd*

(d) Loss of Control

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

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

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

4.3 Goodwill

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

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

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

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

4.4 Functional and Foreign Currencies

(a) Functional and Presentation Currency

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.4 Functional and Foreign Currencies *cont'd*

(b) Transactions and Balances

Transactions in foreign currencies 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 end of the reporting period 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 recognised in profit or loss.

4.5 Financial Instruments

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

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

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

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

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

(a) Financial Assets

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

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

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.5 Financial Instruments *cont'd*

(a) Financial Assets *cont'd*

(i) Financial Assets at Fair Value through Profit or Loss *cont'd*

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

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

(ii) Held-to-maturity Investments

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

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

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

(iii) Loans and Receivables Financial Assets

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

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

(iv) Available-for-sale Financial Assets

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.5 Financial Instruments *cont'd*

(a) *Financial Assets* *cont'd*

(iv) *Available-for-sale Financial Assets* *cont'd*

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

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

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

(b) *Financial Liabilities*

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

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

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

(c) *Equity Instruments*

Instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) *Ordinary Shares*

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

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

(ii) *Treasury Shares*

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.5 Financial Instruments *cont'd*

(d) Derecognition

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

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

(e) Financial Guarantee Contracts

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

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

4.6 Investments in Subsidiaries

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

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

4.7 Investments in Associates

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.7 Investments in Associates *cont'd*

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

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

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

4.8 Property and Equipment

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.8 Property and Equipment *cont'd*

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

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

4.9 Development Expenditure

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

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

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

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

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

4.10 Impairment

(a) *Impairment of Financial Assets*

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.10 Impairment *cont'd*

(a) *Impairment of Financial Assets* *cont'd*

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

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

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(b) *Impairment of Non-Financial Assets*

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

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.11 Equipment under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements as equipment and the corresponding obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

4.12 Inventories

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

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

4.13 Provisions

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

4.14 Operating Leases

Leases in which the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases. Payments are made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line method over the lease period.

4.15 Income Taxes

Income tax for the reporting period comprises current and deferred tax.

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

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

For the financial year ended 30 June 2016

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

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

4.16 Cash and Cash Equivalents

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

4.17 Employee Benefits

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

4.18 Related Parties

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

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.18 Related Parties *cont'd*

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

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

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

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

4.19 Borrowing Costs

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

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

4.20 Contingent Liabilities

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

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4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.21 Fair Value Measurements

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

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

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

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

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

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

4.22 Revenue and Other Income

(a) *Sale of Goods*

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

(b) *Services*

Revenue is recognised upon the rendering of services when the outcome of the transaction can be estimated reliably by reference to the stage of completion at the end of the reporting period. The stage of completion is determined by reference to the surveys of work performed. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred.

(c) *Interest Income*

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

(d) *Dividend Income*

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

(e) *Rental Income*

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

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4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.23 Deferred Revenue

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

4.24 Operating Segments

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

4.25 Earnings Per Ordinary Share

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

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2016	2015
	RM'000	RM'000
Unquoted shares in Malaysia, at cost	14,895	13,196

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business	Effective Equity Interest		Principal Activities
		2016	2015	
		%	%	
Gale Vector Sdn. Bhd. ("GVSB")	Malaysia	100	100	Provision of software solutions and maintenance services.
My EG Sdn. Bhd. ("EGSB")	Malaysia	100	100	Development and implementation of the Electronic Government services project and provision of other related services.
MY E.G. Commerce Sdn. Bhd. ("MECSB")	Malaysia	100	100	Provision of auto insurance intermediary services and other related ancillary services.
MY E.G. Capital Sdn. Bhd. ("MYEGC")	Malaysia	100	100	Investment holding.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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5. INVESTMENTS IN SUBSIDIARIES *cont'd*

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

Name of Subsidiary	Principal Place of Business	Effective Equity Interest		Principal Activities
		2016	2015	
		%	%	
Subsidiaries of MYEGC				
MY EG Ad Networks Sdn. Bhd. ("MYEGAD")	Malaysia	100	100	Provision of online advertisement.
Ipidato Dot Com Sdn. Bhd. ("Ipidato DC")	Malaysia	100	70	Dormant.
Car X Services Sdn. Bhd. ("CarX")	Malaysia	55	80	To operate and manage automotive classified web portal and other value added services for the automotive classified web portal.
MY E.G. Credit Sdn. Bhd. (formerly known as MY E.G. Payment Services Sdn. Bhd.) ("MYEGCDT")	Malaysia	100	-	Provision of financial lease activities and other credit granting activities.
MY E.G. Alternative Payment Services Sdn. Bhd. ("MYEG ALT")	Malaysia	100	-	Dormant.
Picasso Media Sdn. Bhd. ("Picasso Media")	Malaysia	60	-	Dormant.
CardBiz Holding Sdn. Bhd. ("CardBiz")	Malaysia	55	-	Investment holding.
Subsidiaries of CardBiz				
CardBiz Solutions Sdn. Bhd. ("CSSB")	Malaysia	55	-	Computer software and hardware.
CardBiz Payment Services Sdn. Bhd. ("CPSSB")	Malaysia	55	-	Information technology and credit card terminal rental and other related activities.
CardBiz Technologies Sdn. Bhd. ("CTSB")	Malaysia	55	-	Trading of computer hardware, accessories and related products.

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

5. INVESTMENTS IN SUBSIDIARIES *cont'd*

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

Name of Subsidiary	Principal Place of Business	Effective Equity Interest		Principal Activities
		2016	2015	
		%	%	
Subsidiaries of CardBiz <i>cont'd</i>				
Buy Now Asia Sdn. Bhd. ("BNASB")	Malaysia	55	-	E-Commerce service provider, online purchase and redemption and other related activities.
CardBiz eServices Sdn. Bhd. ("CESB")	Malaysia	55	-	Dormant.
Subsidiaries of EGSB				
MyEG Trade Sdn. Bhd. ("MTSB")	Malaysia	100	-	Trading of motor vehicles and provision of ancillary services.

(a) During the financial year:-

- (i) On 21 May 2015, MYEGC entered into a conditional Sale and Purchase Agreement to acquire 61,609,301 ordinary shares of RM0.10 each representing 55% equity interests in CardBiz for a total cash consideration of RM6,234,300. The acquisition was completed on 28 August 2015.
- (ii) On 5 August 2015, EGSB acquired 2 ordinary shares of RM1 each representing 100% equity interests in MTSB for a total cash consideration of RM2 and subsequently subscribed for 99,998 ordinary shares of RM1 each in MTSB for a total cash consideration of RM99,998.
- (iii) On 11 August 2015, MYEGC disposed of 250 ordinary shares of RM1 each representing 25% equity interests in CarX for a total cash consideration of RM250. Following the completion of the disposal, CarX became a 55%-owned subsidiary of the Company.
- (iv) On 28 August 2015, CardBiz acquired the remaining 200,000 ordinary shares of RM1 each representing 40% equity interests in BNASB for a total cash consideration of RM133,400 from its non-controlling interests. Consequently, BNASB became a wholly-owned subsidiary of CardBiz.

Subsequently, CardBiz subscribed for 200,000 ordinary shares of RM1 each in BNASB for a total cash consideration of RM200,000.
- (v) On 3 February 2016, MYEGC subscribed for 1,499,998 ordinary shares of RM1 each in a wholly-owned subsidiary, MYEGAD for a total cash consideration of RM1,499,998.
- (vi) On 19 February 2016, MYEGC acquired 2 ordinary shares of RM1 each representing 100% equity interests in MYEGCDT for a total cash consideration of RM2. Subsequently, the Company further subscribed for 2,000,000 ordinary shares of RM1 each in MYEGCDT by capitalising the amount owing by MYEGCDT of RM2,000,00.
- (vii) On 20 May 2016, MYEGC acquired 100% equity interests in Ipidato DC. from a wholly-owned subsidiary, MYEGAD, for a total cash consideration of RM10,000.

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

5. INVESTMENTS IN SUBSIDIARIES *cont'd*

(a) During the financial year:- *cont'd*

- (viii) On 24 May 2016, MYEGC acquired 2 ordinary shares of RM1 each representing 100% equity interests in MYEG ALT for a total cash consideration of RM2. Subsequently, the Company further subscribed for 4,999,998 ordinary shares of RM1 each in MYEG ALT for a total cash consideration of RM4,999,998.
- (ix) On 31 May 2016, MYEGC subscribed for 60 ordinary shares of RM1 each representing 60% equity interests in Picasso Media for a total cash consideration of RM60.
- (x) On 30 June 2016, the Company subscribed for 700,000 ordinary shares of RM1 each in MECSB by capitalising the amount owing by MECSB of RM700,000.
- (xi) On 30 June 2016, the Company subscribed for 999,998 ordinary shares of RM1 each in MYEGC by capitalising the amount owing by MYEGC of RM999,998.

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

6. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares in Malaysia, at cost	400	400	400	400
Share of post-acquisition losses	(400)	(400)	-	-
	-	-	400	400

The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activity
		2016	2015	
MY E.G. Integrated Networks Sdn. Bhd. ("MINT")*	Malaysia	40%	40%	Provision of software and hardware solutions and related services.

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

Notes to the Financial Statements

For the financial year ended 30 June 2016
cont'd

6. INVESTMENT IN AN ASSOCIATE *cont'd*

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

	MINT	
	2016	2015
	RM'000	RM'000
<u>At 30 June</u>		
Non-current assets	52,079	52,705
Current assets	881	186
Non-current liabilities	(21)	(1,382)
Current liabilities	(108,122)	(93,097)
Net liabilities	(55,183)	(41,588)
<u>Financial Year Ended 30 June</u>		
Revenue	-	-
Loss during the financial year/Total comprehensive expenses	(13,595)	(11,622)
Group's share of losses for the financial year/Total comprehensive expense	-	-
<u>Reconciliation of Net Liabilities to Carrying Amount</u>		
Group's share of net liabilities*	(22,073)	(16,635)
Share of losses recognised	400	400
Share of losses in excess of the interest in the associate not recognised	21,673	16,235
Carrying amount of the Group's interest in this associate	-	-

* - limited to cost of investment in the associate.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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7. PROPERTY AND EQUIPMENT

	At 1.7.2015	Additions	Acquisition of A Subsidiary (Note 35.1(a))	Disposal	Written off	Depreciation Charges	At 30.6.2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group							
<i>Net Book Value</i>							
IT Terminals	-	567	675	(13)	(2)	(202)	1,025
Motor vehicles	1,610	1,873	106	-	-	(704)	2,885
Office and communication equipment	49,081	12,460	53	-	-	(10,866)	50,728
Office furniture and renovation	5,135	2,431	27	-	-	(1,013)	6,580
Computers	7,327	5,305	75	-	(1)	(2,744)	9,962
Software	879	563	12	-	-	(340)	1,114
Capital work-in-progress	46,102	132,405	-	-	-	-	178,507
	110,134	155,604	948	(13)	(3)	(15,869)	250,801

	At 1.7.2014	Additions	Reclassification	Net effect of acquisition/ disposal of subsidiary	Disposal	Written off	Depreciation Charges	At 30.6.2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group								
<i>Net Book Value</i>								
Motor vehicles	881	1,359	-	15	-	-	(645)	1,610
Office and communication equipment	65,423	8,714	(15,000)	2	(13)	-	(10,045)	49,081
Office furniture and renovation	4,263	1,685	-	2	-	-	(815)	5,135
Computers	5,385	3,840	-	(4)	-	(2)	(1,892)	7,327
Software	592	498	-	12	-	(1)	(222)	879
Capital work-in- progress	-	31,102	15,000	-	-	-	-	46,102
	76,544	47,198	-	27	(13)	(3)	(13,619)	110,134

Notes to the Financial Statements

For the financial year ended 30 June 2016
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7. PROPERTY AND EQUIPMENT *cont'd*

	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
The Group			
2016			
IT Terminals	2,016	(991)	1,025
Motor vehicles	5,968	(3,083)	2,885
Office and communication equipment	94,095	(43,367)	50,728
Office furniture and renovation	11,874	(5,294)	6,580
Computers	19,429	(9,467)	9,962
Software	2,004	(890)	1,114
Capital work-in-progress	178,507	-	178,507
	313,893	63,092	250,801
2015			
Motor vehicles	4,261	(2,651)	1,610
Office and communication equipment	81,562	(32,481)	49,081
Office furniture and renovation	9,293	(4,158)	5,135
Computers	13,864	(6,537)	7,327
Software	1,425	(546)	879
Capital work-in-progress	46,102	-	46,102
	156,507	(46,373)	110,134

Notes to the Financial Statements

For the financial year ended 30 June 2016

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7. PROPERTY AND EQUIPMENT *cont'd*

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

- represents an amount less than RM1,000.

	At 1.7.2014 RM'000	Additions RM'000	Reclassification RM'000	Disposal RM'000	Written off RM'000	Depreciation Charges RM'000	At 30.6.2015 RM'000
The Company							
<i>Net Book Value</i>							
Motor vehicles	37	-	-	-	-	(37)	#
Office and communication equipment	19,458	503	(15,000)	(13)	(#)	(1,571)	3,377
Office furniture and renovation	2,368	929	-	-	(#)	(489)	2,808
Computers	1,810	1,960	-	-	(2)	(849)	2,919
Software	101	478	-	-	(1)	(62)	516
Capital work-in-progress	-	31,102	15,000	-	-	-	46,102
	23,774	34,972	-	(13)	(3)	(3,008)	55,722

- represents an amount less than RM1,000.

Notes to the Financial Statements

For the financial year ended 30 June 2016
cont'd

7. PROPERTY AND EQUIPMENT *cont'd*

	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
The Company			
2016			
Motor vehicles	540	(536)	4
Office and communication equipment	15,060	(11,766)	3,294
Office furniture and renovation	7,392	(3,215)	4,177
Computers	7,642	(4,268)	3,374
Software	1,003	(308)	695
Capital work-in-progress	178,507	-	178,507
	210,144	(20,093)	190,051
2015			
Motor vehicles	540	(540)	#
Office and communication equipment	13,959	(10,582)	3,377
Office furniture and renovation	5,413	(2,605)	2,808
Computers	6,106	(3,187)	2,919
Software	665	(149)	516
Capital work-in-progress	46,102	-	46,102
	72,785	(17,063)	55,722

- represents an amount less than RM1,000.

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

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Motor vehicles	2,700	1,469	-	-
Office and communication equipment	12,292	13,450	-	-
Renovation	-	574	-	-
	14,992	15,493	-	-

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

7. PROPERTY AND EQUIPMENT *cont'd*

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Capital work-in-progress	132,405	-	132,405	-

8. OTHER INVESTMENTS

	The Group	
	2016	2015
	RM'000	RM'000
Unquoted shares in Malaysia:-	9,593	8,303
Represented by:-		
At fair value	9,593	8,303

Investments in unquoted shares of the Group are designated as available-for-sale financial assets and are stated at fair value.

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

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

Investment engaged in online fashion boutique business

Unobservable Inputs		Relationship of Unobservable Inputs to Fair Value	Sensitivity Analysis (Assume All Other Variables Held Constant)
(aa) Revenue growth rates of 38% (2015 - 23%)	Based on existing sale contracts and taking into account management's experience and knowledge of market conditions of the specific industries.	The higher the revenue growth rate, the higher the fair value.	A 1% higher/lower in revenue growth rate would have resulted in an increase/decrease in the fair value by RM416,000.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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8. OTHER INVESTMENTS *cont'd*

Investment engaged in online fashion boutique business *cont'd*

Unobservable Inputs		Relationship of Unobservable Inputs to Fair Value	Sensitivity Analysis (Assume All Other Variables Held Constant)
(bb) Pre-tax operating profit margins of 11% (2015 - 35%)	Taking into account management's experience and knowledge of market conditions of the specific industries.	The higher the pre-tax operating margins, the higher the fair value.	A 1% higher/lower in pre-tax operating profit margin would have resulted in an increase/decrease in the fair value by RM1,887,000.
(cc) Discount rate of 8% (2015 - 8%)	Determined using a Capital Asset Pricing Model.	The higher the discount rate, the lower the fair value.	A 1% higher/lower in discount rate would have resulted in a decrease/increase in the fair value by RM615,000.

Investment engaged in waterless car spa business

Unobservable Inputs		Relationship of Unobservable Inputs to Fair Value	Sensitivity Analysis (Assume All Other Variables Held Constant)
(aa) Revenue growth rates of 30% (2015 - 30%)	Based on existing sale contracts and taking into account management's experience and knowledge of market conditions of the specific industries.	The higher the revenue growth rate, the higher the fair value.	A 1% higher/lower in revenue growth rate would have resulted in an increase/decrease in the fair value by RM3,000.
(bb) Pre-tax operating profit margins of 51% (2015 - 52%)	Taking into account management's experience and knowledge of market conditions of the specific industries.	The higher the pre-tax operating margins, the higher the fair value.	A 1% higher/lower in pre-tax operating profit margin would have resulted in an increase/decrease in the fair value by RM19,000.
(cc) Discount rate of 8% (2015 - 8%)	Determined using a Capital Asset Pricing Model.	The higher the discount rate, the lower the fair value.	A 1% higher/lower in discount rate would have resulted in a decrease/increase in the fair value by RM30,000.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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8. OTHER INVESTMENTS *cont'd*

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

Unobservable Inputs		Relationship of Unobservable Inputs to Fair Value	Sensitivity Analysis (Assume All Other Variables Held Constant)	
(aa)	Revenue growth rates of 5% (2015 - 5% to 10%)	Based on existing sale contracts and taking into account management’s experience and knowledge of market conditions of the specific industries.	The higher the revenue growth rate, the higher the fair value.	A 1% higher/lower in revenue growth rate would has resulted in an increase/decrease in the fair value by RM31,000.
(bb)	Pre-tax operating profit margins of 31% (2015 - 28 to 34%)	Taking into account management’s experience and knowledge of market conditions of the specific industries.	The higher the pre-tax operating margins, the higher the fair value.	A 1% higher/lower in pre-tax operating profit margin would has resulted in an increase/ decrease in the fair value by RM47,000.
(cc)	Discount rate of 8% (2015 - 8%)	Determined using a Capital Asset Pricing Model.	The higher the discount rate, the lower the fair value.	A 1% higher/lower in discount rate would has resulted in a decrease/ increase in the fair value by RM43,000.

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

In the previous financial year, the Group carried out a review of the recoverable amount of some of its other investments because of their deteriorating financial performance. A total impairment loss of RM857,000 was recognised in "Other expenses" line item of the statements of profit or loss and other comprehensive income.

Notes to the Financial Statements

For the financial year ended 30 June 2016
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9. DEVELOPMENT COSTS

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At cost:-				
At 1 July	20,623	19,995	10,267	10,267
Addition during the financial year	-	628	-	-
At 30 June	20,623	20,623	10,267	10,267
Accumulated amortisation:-				
At 1 July	(11,668)	(10,027)	(4,895)	(4,003)
Amortisation during the financial year	(1,836)	(1,641)	(1,100)	(892)
At 30 June	(13,504)	(11,668)	(5,995)	(4,895)
	7,119	8,955	4,272	5,372

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

Included in the previous year's development costs was an amount of RM257,000 in respect of staff costs incurred.

10. GOODWILL ON CONSOLIDATION

	The Group	
	2016	2015
	RM'000	RM'000
At 1 July	12,016	12,016
Acquisition of subsidiaries (Note 35.1(a))	5,784	-
At 30 June	17,800	12,016

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

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10. GOODWILL ON CONSOLIDATION *cont'd*

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

	The Group	
	2016 RM'000	2015 RM'000
Software solutions and other insurance-related services	2,594	2,594
E-business activities	9,422	9,422
Provision of credit card terminal, hardware, solutions and other related services	5,784	-
	17,800	12,016

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

	Gross Margin		Growth Rate		Discount Rate	
	2016	2015	2016	2015	2016	2015
Software solutions and other insurance-related services	59%	66%	5%	5%	8.2%	9.6%
E-business activities	40% - 58%	74% - 81%	6%	3% - 5%	8.2%	9.6%
Provision of credit card terminal, hardware, solutions and other related services	30% - 36%	-	18% - 30%	-	8.2%	-

- (a) Budgeted gross margin Average gross margins achieved in the year immediately before the budgeted year.
- (b) Growth rate The growth rates used are based on the expected projection of the software solutions and other insurance-related services, e-business and provision of credit card terminal, hardware, solutions and other related activities. There is no growth rate in perpetuity to arrive at terminal value.
- (c) Discount rate (pre-tax) Reflect specific risk relating to the relevant cash generating unit.

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2016
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11. DEFERRED TAX ASSET

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

12. HIRE PURCHASE RECEIVABLES

	The Group	
	2016	2015
	RM'000	RM'000
Minimum hire purchase collections:		
- not later than 1 year	94	-
- later than 1 year and not later than 5 years	388	-
- later than 5 years	235	-
	717	-
Less: Unearned finance income	(141)	-
Present value of hire purchase receivables	576	-
<u>Non-current</u>		
Later than 1 year and not later than 5 years	302	-
Later than 5 years	216	-
	518	-
<u>Current</u>		
Not later than 1 year	58	-
	576	-

13. INVENTORIES

	The Group	
	2016	2015
	RM'000	RM'000
Used motor vehicles	465	-
Finished goods	2,560	-
	3,025	-
Recognised in profit or loss:-		
Inventories recognised as cost of sales	4,731	-

Notes to the Financial Statements

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14. TRADE RECEIVABLES

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Trade receivables	101,649	72,878	25,546	10,568
Allowance for impairment losses	(58)	(313)	-	-
	101,591	72,565	25,546	10,568
Accrued income	90	-	-	-
	101,681	72,565	25,546	10,568
Allowance for impairment losses:-				
At 1 July	(313)	(1)	-	-
Acquisition of subsidiaries	(70)	-	-	-
Addition during the financial year	(58)	(313)	-	-
Reversal during the financial year	70	1	-	-
Written off during the financial year	313	-	-	-
At 30 June	(58)	(313)	-	-

The Group's normal trade credit terms range from cash terms to 180 (2015 - cash term to 180) days. Other credit terms are assessed and approved on a case-by-case basis.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Other receivables	21,942	7,675	5,397	3,968
Deposits	2,835	1,764	1,967	1,545
Prepayments	21,152	22,100	9,472	15,961
	45,929	31,539	16,836	21,474

Notes to the Financial Statements

For the financial year ended 30 June 2016

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

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Advance payments for:-				
Insurance premium to a designated insurance agent	13,054	-	-	-
Purchase of office building	-	15,535	-	15,535
Purchase of equipment	10,481	4,800	-	-
Performance bond placed with gateway provider	6,777	5,780	4,366	3,514
Performance bond placed with government agency	99	-	-	-
Renovation work	8,166	-	7,999	-

16. AMOUNT OWING BY SUBSIDIARIES

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

17. AMOUNT OWING BY AN ASSOCIATE

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Amount owing by:				
- trade	60,830	58,286	38,130	35,586
- non-trade	16,253	12,934	16,253	12,934
	77,083	71,220	54,383	48,520

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

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

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

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

18. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group and the Company at the end of the reporting period bore a weighted average effective interest rate of 3.17% (2015 - 2.95%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 (2015 - 1 to 12) months.
- (b) Included in the fixed deposits with licensed banks of the Group and the Company at the end of the reporting period were amounts of RM9,013,000 and RM7,007,000 (2015 - RM8,568,000 and RM7,007,000) respectively which have been pledged to licensed banks as security for banking facilities granted to the Group and the Company.
- (c) At the end of the reporting period, the fixed deposits of the Group and the Company amounting to RM66,000 and RM33,000 (2015 - RM66,000 and RM33,000) respectively were held in trust by a director, respectively.

19. CASH AND BANK BALANCES

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Short-term cash investments	137,846	75,652	74,797	35,255

The short-term cash investments at the end of the reporting period bore effective interest rates ranging from 2.75% to 4.76% (2015 - 2.80% to 3.59%) per annum. The short-term cash investments have a maturity period of 1 to 30 (2015 - 30) days.

At the end of the reporting period, the bank balance of the Group and the Company amounting to RM18,000 (2015 - RM31,000) was held in trust by a director.

Notes to the Financial Statements

For the financial year ended 30 June 2016
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20. SHARE CAPITAL

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

	The Group/The Company			
	2016		2015	
	Number Of Shares '000	Share Capital RM'000	Number Of Shares '000	Share Capital RM'000
Ordinary Shares of RM0.10 Each:-				
Authorised				
At 1 July	5,000,000	500,000	1,000,000	100,000
Creation of new shares	-	-	4,000,000	400,000
At 30 June	5,000,000	500,000	5,000,000	500,000
Issued and Fully Paid-Up				
At 1 July	1,202,102	120,210	601,051	60,105
Bonus issue	1,202,102	120,210	601,051	60,105
At 30 June	2,404,204	240,420	1,202,102	120,210

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

The Company had on 7 January 2016, increased its issued and paid-up share capital from RM120,210,200 to RM240,420,400 by way of bonus issue of 1,202,102,000 new ordinary shares of RM0.10 each credited as fully paid-up on the basis of 1 bonus share for every 1 existing ordinary share held. The new shares issued rank pari passu in all respects with the existing shares of the Company.

21. TREASURY SHARES

	The Group/The Company			
	2016		2015	
	Number Of Shares '000	Treasury Share RM'000	Number Of Shares '000	Treasury Shares RM'000
At 1 July	2,760	6,783	11,237	10,237
Buy back	1,573	4,041	2,761	6,786
Sold	(4,332)	(10,822)	(11,238)	(10,240)
At 30 June	1	2	2,760	6,783

Notes to the Financial Statements

For the financial year ended 30 June 2016

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21. TREASURY SHARES *cont'd*

During the financial year, the Company has purchased 1,573,000 of its issued ordinary shares from the open market at an average price of RM2.57 per share. The total consideration paid for the purchase was RM4,041,000 including transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 67A of the Companies Act 1965.

During the financial year, the Company resold 4,332,000 of its treasury shares to the open market at price of RM3.79 per share. The total consideration received for the resale was RM16,366,000 net of transaction costs.

Of the total 2,404,204,000 issued and fully paid-up ordinary shares at the end of the reporting period, 1,000 ordinary shares are held as treasury shares by the Company. None of the treasury shares were cancelled during the financial year.

22. RESERVES

22.1 Fair Value Reserves

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

22.2 Other Reserve

Other reserve represents cumulative gain on disposal of treasury shares. The other reserve is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

23. LONG-TERM BORROWINGS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Hire purchase and finance lease payables (Note 24)	5,445	4,756	-	-
Term loans (Note 25)	78,155	1,821	77,200	-
	83,600	6,577	77,200	-

Notes to the Financial Statements

For the financial year ended 30 June 2016
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24. HIRE PURCHASE AND FINANCE LEASE PAYABLES (SECURED)

	The Group	
	2016	2015
	RM'000	RM'000
Minimum hire purchase and finance lease payments:		
- not later than 1 year	3,933	4,221
- later than 1 year and not later than 5 years	5,792	5,059
- later than 5 years	86	42
	9,811	9,322
Less: Future finance charges	(850)	(734)
Present value of hire purchase and finance lease payables	8,961	8,588
Non-current portion (Note 23):		
- later than 1 year and not later than 5 years	5,359	4,715
- later than 5 years	86	41
	5,445	4,756
Current portion (Note 30):		
- not later than 1 year	3,516	3,832
	8,961	8,588

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

The hire purchase and finance lease of the Group at the end of the reporting period bore an effective interest rate of 5.81% (2015 - 7.82%) per annum. The interest rates are fixed at the inception of hire purchase and finance lease arrangements.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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25. TERM LOANS (SECURED)

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Non-current portion (Note 23):				
- later than 1 year and not later than 2 years	13,086	950	12,144	-
- later than 2 years and not later than 5 years	36,445	871	36,432	-
- later than 5 years	28,624	-	28,624	-
	78,155	1,821	77,200	-
Current portion (Note 30):				
- not later than 1 year	10,150	2,007	9,108	1,057
	88,305	3,828	86,308	1,057

Details of the term loans are as follows:-

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

The term loans bore a weighted average effective floating interest rate of 4.86% (2015 - 7.64%) per annum at the end of the reporting and are secured by:-

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

Notes to the Financial Statements

For the financial year ended 30 June 2016
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26. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At 1 July	937	878	878	878
Recognised in profit or loss (Note 33)	144	59	-	#
At 30 June	1,081	937	878	878

- represent an amount less than RM1,000.

The deferred tax liabilities are attributable to the following:-

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Accelerated capital allowances	522	378	319	319
Development costs	559	559	559	559
	1,081	937	878	878

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

	The Group	
	2016	2015
	RM'000	RM'000
Accelerated capital allowances	10,210	9,145
Development costs	1,381	2,091
Others	914	-
	12,505	11,236

27. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from cash terms to 90 (2015 - cash term to 90) days.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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28. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Other payables	10,697	6,405	5,157	3,143
Accruals	10,287	20,257	3,215	710
Deposits	1,062	200	-	-
	22,046	26,862	8,372	3,853

Included in the other payables is an amount of RM465,000 (2015 - Nil) in respect of the upfront payments received from customers for the rental of devices and maintenance services.

29. DEFERRED REVENUE

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

30. SHORT-TERM BORROWINGS

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Hire purchase and finance lease payables (Note 24)	3,516	3,832	-	-
Term loans (Note 25)	10,150	2,007	9,108	1,057
Revolving credit (unsecured)	10,000	-	10,000	-
	23,666	5,839	19,108	1,057

The revolving credit of the Group and the Company at the end of the reporting period bore a floating interest rate of 5.60% (2015 - Nil) per annum.

31. REVENUE

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Concession Based Services	79,436	58,132	6,835	6,318
Commercial Based Services and Products (Concession and Non-Concession Related):				
- sales of goods	8,465	-	-	-
- services rendered	193,827	83,386	5,156	4,955
Dividend income	-	-	204,000	120,250
	281,728	141,518	215,991	131,523

Notes to the Financial Statements

For the financial year ended 30 June 2016
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32. PROFIT BEFORE TAXATION

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/ (crediting):-				
Amortisation of development costs	1,836	1,641	1,100	892
Audit fee:				
- current financial year	165	118	44	49
- underprovision in the previous financial year	11	#	5	-
Bad debts written off	40	-	-	-
Directors' fee	716	766	716	766
Depreciation of equipment	15,869	13,619	3,035	3,008
Equipment written off	3	3	-	3
Impairment loss:				
- trade receivables	58	313	-	-
- other investments	-	857	-	-
Interest expense on financial liabilities not at fair value through profit or loss:				
- hire purchase and finance lease	475	596	-	-
- term loans	2,999	485	2,795	225
Loss/(Gain) on foreign exchange:				
- realised	90	-	-	-
- unrealised	(175)	-	-	-
Preliminary expenses	6	4	-	-
Rental expense:				
- equipment	197	56	-	-
- parking	99	68	67	53
- premises	4,175	3,517	1,281	1,335
- others	11	-	-	-
Staff costs:				
- salaries and other benefits	53,938	27,455	9,212	8,734
- defined contribution plan	6,080	2,932	969	901
Dividend income from a subsidiary	-	-	(204,000)	(120,250)
Gain on disposal of equipment	(222)	-	(1)	-
Gain on disposal of other investment	-	(245)	-	-
Interest income from financial assets not at fair value through profit or loss derived from fixed deposits with licensed banks and cash and bank balances	(1,993)	(1,722)	(1,203)	(1,260)
Rental income	(901)	(22)	-	-
Reversal of impairment loss on trade receivables	(70)	(1)	-	-
Waiver of debts	(60)	-	-	-

- represent an amount less than RM1,000.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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33. INCOME TAX EXPENSE

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- for the current financial year	656	205	169	79
- overprovision in the previous financial year	(93)	(98)	(80)	(6)
	563	107	89	73
Deferred tax (Note 26):				
- for the current financial year	144	(15)	-	#
- underprovision in the previous financial year	-	74	-	-
	144	59	-	#
	707	166	89	73

- represents an amount less than RM1,000.

During the financial year, the statutory tax rate was reduced from 25% to 24%

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

Notes to the Financial Statements

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33. INCOME TAX EXPENSE *cont'd*

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	143,226	68,213	171,121	104,999
Tax at the applicable statutory tax rate of 24% (2015 - 25%)	34,374	17,053	41,069	26,250
Tax effects of:-				
Non-taxable income	(71)	(61)	(49,031)	(30,063)
Tax exempted income	(43,067)	(22,179)	(196)	(186)
Non-deductible expenses	3,543	2,758	2,887	1,695
Deferred tax assets not recognised for the financial year	6,021	2,581	5,440	2,355
Differential in tax rate	-	38	-	28
(Over)/Underprovision in the previous financial year:				
- current taxation	(93)	(98)	(80)	(6)
- deferred taxation	-	74	-	-
	707	166	89	73

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	32,579	11,315	30,141	10,941
Unabsorbed capital allowances	15,610	9,321	15,203	9,300
Accelerated capital allowances	(18,675)	(16,522)	(18,645)	(16,522)
Other provisions	(212)	100	(212)	100
	29,302	4,214	26,487	3,819

Notes to the Financial Statements

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34. EARNINGS PER SHARE

	The Group	
	2016	2015
Profit attributable to owners of the Company (RM'000)	142,872	68,145
	'000	'000
Weighted average number of shares at 1 July:		
- issued ordinary shares	1,202,102	1,202,102
- treasury shares held	(2,760)	(11,237)
	1,199,342	1,190,865
Effect of treasury share buy-back and resale	949	5,308
Effect of bonus issue	1,202,102	1,202,102
Weighted average number of shares at 30 June	2,402,393	2,398,275
Basic earnings per share (Sen)	5.9	2.8

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

35. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

35.1 Acquisition of Subsidiaries

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

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

35.1 Acquisition of Subsidiaries *cont'd*

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

	The Group 2016 RM'000
Equipment	948
Inventories	465
Trade receivables	1,409
Other receivables, deposits and prepayments	219
Current tax assets	45
Cash and bank balances	1,548
Trade payables	(1,424)
Other payables and accruals	(2,114)
Hire purchase and finance lease payables	(33)
Term loans	(245)
Net identifiable assets and liabilities	818
Less: Non-controlling interest's proportionate share of the acquiree's net identifiable assets	(368)
Add: Goodwill on acquisition (Note 10)	5,784
Total purchase consideration, to be settled by cash	6,234
Less: Cash and bank balances of subsidiaries acquired	(1,548)
Net cash outflow from the acquisition of subsidiaries	4,686

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

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

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

Notes to the Financial Statements

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

35.1 Acquisition of Subsidiaries *cont'd*

- (b) In the previous financial year, MYEGC, the wholly-owned subsidiary of the Company subscribed for 650,000 ordinary shares of RM1.00 each in the issued and paid up share capital of My EG Marketing Sdn. Bhd. ("MYEG Marketing"), representing a 50.66% equity interest in MYEG Marketing. Following the shares subscription, MYEG Marketing became a 50.66% owned subsidiary of the Group. MYEG Marketing was incorporated as a private limited company in Malaysia pursuant to the Companies Act 1965 on 6 September 2012. MYEG Marketing is principally involved in marketing of all kinds of credit cards, consultancy services, commission agents, event organiser and other related activities.

The fair values of the identifiable assets and liabilities of MYEG Marketing as at the date of acquisition were:-

	Pre- acquisition carrying amounts RM'000	Subscription of shares RM'000	Recognised values on acquisition RM'000
Equipment	232	-	232
Trade receivables	6	-	6
Other receivables, deposits and prepayments	37	-	37
Amount owing by a related party	7	-	7
Cash and bank balances	5	650	655
Other payables and accruals	(92)	-	(92)
Hire purchase and finance lease payables	(168)	-	(168)
Net identifiable assets and liabilities	27	650	677
Less: Non-controlling interest's proportionate share of the acquiree's net identifiable assets			(334)
Goodwill on acquisition			307
Total purchase consideration			650

MYEGC paid a total cash consideration of RM650,000 to subscribe for a 50.66% equity interest in MYEG Marketing.

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

	RM'000
Purchase consideration settled in cash and cash equivalents	650
Less: Cash and cash equivalents of subsidiary acquired	(655)
Net cash inflow on acquisition of a subsidiary	(5)

The goodwill is attributable to the subscription of shares in MYEG Marketing which is part of a strategic move by the Group to leverage on MYEG Marketing's expertise in marketing to the masses as the Group intends to launch more commercial products and services with its recently launched co-branded credit card with a financial institution.

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

35.2 Acquisition of Non-Controlling Interests

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

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

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

36. DISPOSAL OF SUBSIDIARIES

36.1 Disposal of a Subsidiary That Do Not Result in a Loss of Control

On 11 August 2015, MYEGC disposed of 25% equity interests in CarX for RM250 in cash, decreasing its ownership from 80% to 55%. The carrying amount of CarX's net liabilities in the Group's financial statements on the date of the acquisition was RM628,000. The Group recognised a decrease in non-controlling interests of RM157,000 and an increase in retained profits of RM157,000.

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

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

Notes to the Financial Statements

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36. DISPOSAL OF SUBSIDIARIES *cont'd*

36.2 Disposal of A Subsidiary That Result in a Loss of Control

In the previous financial year, MYEGC, the wholly-owned subsidiary of the Company disposed of its entire 50.66% equity interest in the issued and paid-up share capital of MYEG Marketing. MYEGC entered into Sale and Purchase Agreement with Mr. Ng How Hon and Mr. Chai Hann Lin for a total consideration of RM572,000. Upon completion of the disposal, MYEG Marketing ceased to be a subsidiary of the Company. The disposal of MYEG Marketing was completed on 27 March 2015.

The details of the disposal of the subsidiary were as follows:-

	Group RM'000
Equipment	205
Trade receivables	(57)
Other receivables, deposits and prepayments	97
Amount owing by a related party	7
Cash and bank balances	572
Other payables and accruals	(151)
Hire purchase and finance lease payables	(150)
Fair value of net assets disposed of	523
Less: Non-controlling interest	(258)
	265
Disposal proceeds	(572)
Attributable goodwill	307
(Gain)/Loss on disposal to the Group	-
Cash inflow arising from disposal of:-	
Cash consideration	572
Cash and cash equivalents of subsidiary disposed	(572)
Net cash inflow on disposal of a subsidiary	-

Notes to the Financial Statements

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37. DIVIDENDS

	The Company	
	2016 RM'000	2015 RM'000
In respect of the financial year ended 30 June 2014:		
- a final tax-exempt dividend of 2.00 sen per ordinary share	-	11,970
In respect of the financial year ended 30 June 2015:		
- a first interim tax-exempt dividend of 0.50 sen per ordinary share	-	6,010
- a final tax-exempt dividend of 1.40 sen per ordinary share	16,829	-
In respect of the financial year ended 30 June 2016:		
- a first interim single tier dividend of 0.50 sen per ordinary share	12,021	-
	28,850	17,980

At the forthcoming Annual General Meeting, a final dividend of 1.30 sen per ordinary share in respect of the current financial year will be proposed for approval by the shareholders. The financial statements for the current financial year do not reflect this proposed dividend. This dividend will be accounted for as an appropriation of retained profits in the period when it is approved by the shareholders.

38. PURCHASE OF PROPERTY AND EQUIPMENT

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cost of property and equipment purchased	155,604	47,198	137,364	34,972
Amount financed through hire purchase and finance lease	(4,530)	(2,534)	-	-
Cash disbursed for purchase of property and equipment	151,074	44,664	137,364	34,972

Notes to the Financial Statements

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39. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	9,216	8,662	7,069	7,069
Cash and bank balances	200,499	123,387	99,405	48,402
	209,715	132,049	106,474	55,471
Less: Deposits pledged to licensed banks (Note 18 (b))	(9,013)	(8,568)	(7,007)	(7,007)
	200,702	123,481	99,467	48,464

40. KEY MANAGEMENT PERSONNEL COMPENSATION

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

(a) The key management personnel compensation during the financial year is as follows:-

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Directors				
<u>Directors of the Company</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- fees	488	538	488	538
<i>Non-executive Directors</i>				
Short-term employee benefits:				
- fees	228	228	228	228
	716	766	716	766

Notes to the Financial Statements

For the financial year ended 30 June 2016
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40. KEY MANAGEMENT PERSONNEL COMPENSATION *cont'd*

(a) The key management personnel compensation during the financial year is as follows:- *cont'd*

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Directors <i>cont'd</i>				
<u>Directors of the Subsidiaries</u>				
<i>Executive Director</i>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	441	-	-	-
<i>Non-executive Directors</i>				
Short-term employee benefits:				
- other benefits	265	-	-	-
	706	-	-	-
Other Key Management Personnel				
Short-term employee benefits	571	526	571	526

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Company	
	2016	2015
	Number of Directors	
Executive Directors		
RM100,001 – RM150,000	1	-
RM150,001 – RM200,000	2	3
Non-executive Directors		
RM50,001 – RM100,000	3	3
	6	6

Notes to the Financial Statements

For the financial year ended 30 June 2016

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41. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associate, key management personnel and entities within the same group of companies.

(b) Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Sales to:				
<i>A subsidiary</i>				
MECSB	-	-	960	960
<i>An associate</i>				
MINT	2,400	2,400	2,400	2,400
Dividend income from subsidiaries				
EGSB	-	-	203,500	120,250
GVSB	-	-	500	-
Professional fees charged by a related party:				
Embunaz Ventures Sdn. Bhd.*	250	250	250	250

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2016
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42. OPERATING SEGMENTS

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

Major customers

There is no revenue from any major customers, with revenue equal to or more than 10% of Group revenue in this financial year (2015 - Nil).

43. COMMITMENTS

(a) Capital Commitments

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Purchase of property and equipment:				
- contracted but not provided for	24,962	139,812	24,962	139,812
- authorised but not contracted for	12,015	7,200	4,094	-

(b) Operating Lease Commitments

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	2,584	4,554	2,386	4,266
Later than 1 year and not later than 5 years	1,305	2,878	1,166	2,749
	3,889	7,432	3,552	7,015

Notes to the Financial Statements

For the financial year ended 30 June 2016

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44. CONTINGENT LIABILITIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Company	
	2016 RM'000	2015 RM'000
Unsecured		
Corporate guarantees given to licensed banks for credit facilities granted to:		
- subsidiaries	8,356	2,475
- an associate	4,000	4,000
	12,356	6,475

45. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

45.1 Financial Risk Management Policies

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

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currency giving rise to this risk is primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Notes to the Financial Statements

For the financial year ended 30 June 2016
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45. FINANCIAL INSTRUMENTS *cont'd*

45.1 Financial Risk Management Policies *cont'd*

(a) Market Risk *cont'd*

(i) Foreign Currency Risk *cont'd*

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group			
2016			
<u>Financial Assets</u>			
Other investments	-	9,593	9,593
Hire purchase receivables	-	576	576
Trade receivables *	-	101,591	101,591
Other receivables and deposits	-	24,777	24,777
Amount owing by an associate	-	77,083	77,083
Fixed deposits with licensed banks	-	9,216	9,216
Cash and bank balances	30	200,469	200,499
	30	423,305	423,335
<u>Financial Liabilities</u>			
Trade payables	2,646	171,264	173,910
Other payables and accruals	-	22,046	22,046
Hire purchase payables	-	8,961	8,961
Term loans	-	88,305	88,305
Revolving credit	-	10,000	10,000
	2,646	300,576	303,222
Net financial (liabilities)/assets	(2,616)	122,729	120,113
Less: Net financial assets denominated in the respective entities' functional currencies	-	(122,729)	(122,729)
Currency Exposure	(2,616)	-	(2,616)

* - The trade receivables exclude accrued income.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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45. FINANCIAL INSTRUMENTS *cont'd*

45.1 Financial Risk Management Policies *cont'd*

(a) *Market Risk cont'd*

(i) *Foreign Currency Risk cont'd*

The Group does not have any transactions or balances denominated in foreign currencies in the previous financial year and hence, was not exposed to foreign currency risk.

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(ii) *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables, fixed deposits with licensed banks and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined under MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 25 and 30 to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(iii) *Equity Price Risk*

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

Notes to the Financial Statements

For the financial year ended 30 June 2016

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45. FINANCIAL INSTRUMENTS *cont'd*

45.1 Financial Risk Management Policies *cont'd*

(b) Credit Risk

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

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

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

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by three trade receivables and an associate which constituted approximately 84% of its trade receivables (including hire purchase receivables) at the end of the reporting period.

(ii) Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

Notes to the Financial Statements

For the financial year ended 30 June 2016

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45. FINANCIAL INSTRUMENTS *cont'd*

45.1 Financial Risk Management Policies *cont'd*

(b) Credit Risk *cont'd*

(iii) Ageing analysis

The ageing analysis of the trade receivables (including amount owing by an associate and exclude accrued income) is as follows:-

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
The Group			
2016			
Not past due	136,507	-	136,507
Past due:			
- less than 3 months	7,679	-	7,679
- 3 to 6 months	5,708	(58)	5,650
- over 6 months	13,161	-	13,161
	163,055	(58)	162,997
2015			
Not past due	111,030	-	111,030
Past due:			
- less than 3 months	1,500	-	1,500
- 3 to 6 months	7,126	-	7,126
- over 6 months	11,508	(313)	11,195
	131,164	(313)	130,851

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

Notes to the Financial Statements

For the financial year ended 30 June 2016
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45. FINANCIAL INSTRUMENTS *cont'd*

45.1 Financial Risk Management Policies *cont'd*

(c) *Liquidity Risk*

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

Maturity analysis

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

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
The Group						
2016						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Hire purchase and finance lease payables	5.81	8,961	9,811	3,933	5,792	86
Term loans	4.86	88,305	127,246	14,222	59,699	53,325
Revolving credit	5.60	10,000	10,279	10,279	-	-
Trade payables	-	173,910	173,910	173,910	-	-
Other payables and accruals	-	22,046	22,046	22,046	-	-
		303,222	343,292	224,390	65,491	53,411

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

45. FINANCIAL INSTRUMENTS *cont'd*

45.1 Financial Risk Management Policies *cont'd*

(c) *Liquidity Risk cont'd*

Maturity analysis cont'd

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

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
The Group						
2015						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Hire purchase and finance lease payables	7.82	8,588	9,322	4,221	5,059	42
Term loans	7.64	3,828	4,210	2,246	1,964	-
Trade payables	-	113,725	113,725	113,725	-	-
Other payables and accruals	-	26,862	26,862	26,862	-	-
		153,003	154,119	147,054	7,023	42

Notes to the Financial Statements

For the financial year ended 30 June 2016
cont'd

45. FINANCIAL INSTRUMENTS *cont'd*

45.1 Financial Risk Management Policies *cont'd*

(c) *Liquidity Risk cont'd*

Maturity analysis cont'd

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

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
The Company						
2016						
<u>Non-derivative</u> <u>Financial Liabilities</u>						
Term loans	4.79	86,308	125,089	13,058	58,706	53,325
Revolving credit	5.60	10,000	10,279	10,279	-	-
Trade payables	-	366	366	366	-	-
Other payables and accruals	-	8,372	8,372	8,372	-	-
		105,046	144,106	32,075	58,706	53,325
2015						
<u>Non-derivative</u> <u>Financial Liabilities</u>						
Term loans	7.10	1,057	1,113	1,113	-	-
Trade payables	-	392	392	392	-	-
Other payables and accruals	-	3,853	3,853	3,853	-	-
		5,302	5,358	5,358	-	-

45.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

Notes to the Financial Statements

For the financial year ended 30 June 2016

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45. FINANCIAL INSTRUMENTS *cont'd*

45.2 Capital Risk Management *cont'd*

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2016	2015
	RM'000	RM'000
Hire purchase and finance lease payables	8,961	8,588
Term loans	88,305	3,828
Revolving credit	10,000	-
Trade payables	173,910	113,725
Other payables and accruals	22,046	26,862
	303,222	153,003
Less: Fixed deposits with licensed banks	(9,216)	(8,662)
Less: Cash and bank balances	(200,499)	(123,387)
Net debt	93,507	20,954
Total equity	400,136	273,893
Debt-to-equity ratio	0.23	0.08

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

Notes to the Financial Statements

For the financial year ended 30 June 2016
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45. FINANCIAL INSTRUMENTS *cont'd*

45.3 Classification of Financial Instruments

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
<u>Available-for-sale Financial Asset</u>				
Other investments (Note 8)	9,593	8,303	-	-
<u>Loan and Receivables Financial Assets</u>				
Hire purchase receivables (Note 12)	576	-	-	-
Trade receivables* (Note 14)	101,591	72,565	25,546	10,568
Other receivables and deposits (Note 15)	24,777	9,439	7,364	5,513
Amount owing by subsidiaries (Note 16)	-	-	102,541	50,424
Amount owing by an associate (Note 17)	77,083	71,220	54,383	48,520
Fixed deposits with licensed banks (Note 18)	9,216	8,662	7,069	7,069
Cash and bank balances (Note 19)	200,499	123,387	99,405	48,402
	413,742	285,273	296,308	170,496
Financial Liabilities				
<u>Other Financial Liabilities</u>				
Hire purchase and finance lease payables (Note 24)	8,961	8,588	-	-
Term loans (Note 25)	88,305	3,828	86,308	1,057
Revolving credit (Note 30)	10,000	-	10,000	-
Trade payables (Note 27)	173,910	113,725	366	392
Other payables and accruals (Note 28)	22,046	26,862	8,372	3,853
	303,222	153,003	105,046	5,302

* - The trade receivables exclude accrued income.

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

45. FINANCIAL INSTRUMENTS *cont'd*

45.4 Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Group								
2016								
<u>Financial Assets</u>								
Other investments:								
- unquoted shares	-	-	9,593	-	-	-	9,593	9,593
Hire purchase receivables	-	-	-	-	578	-	578	576
<u>Financial Liabilities</u>								
Hire purchase and finance lease payables	-	-	-	-	9,068	-	9,068	8,961
Term loans	-	-	-	-	88,305	-	88,305	88,305
2015								
<u>Financial Asset</u>								
Other investments:								
- unquoted shares	-	-	8,303	-	-	-	8,303	8,303
<u>Financial Liabilities</u>								
Hire purchase and finance lease payables	-	-	-	-	8,421	-	8,421	8,588
Term loans	-	-	-	-	3,828	-	3,828	3,828

Notes to the Financial Statements

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45. FINANCIAL INSTRUMENTS *cont'd*

45.4 Fair Value Information *cont'd*

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
The Company								
2016								
<u>Financial Liability</u>								
Term loans	-	-	-	-	86,308	-	86,308	86,308
2015								
<u>Financial Liability</u>								
Term loans	-	-	-	-	1,057	-	1,057	1,057

(a) Fair Value of Financial Instruments Carried at Fair Value

The level 3 fair value of the other investments is determined using discounted cash flow approach based on pre-tax cash flow projections performed by management based on the significant unobservable inputs as disclosed in Note 8 to the financial statements.

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- The fair values of hire purchase and finance lease payables and term loans are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The effective interest rates used to discount the estimated cash flows are as follows:-

	The Group		The Company	
	2016	2015	2016	2015
	%	%	%	%
Hire purchase receivables	5.72	-	-	-
Hire purchase and finance lease payables	4.83	5.80	-	-
Term loans	4.86	7.64	4.79	7.10

Notes to the Financial Statements

For the financial year ended 30 June 2016

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46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 21 May 2015, the Company entered into a conditional Sale and Purchase Agreement to acquire 61,609,301 ordinary shares of RM0.10 each representing 55% equity interests in CardBiz for a total cash consideration of RM6,234,300. The acquisition was completed on 28 August 2015.
- (b) On 5 August 2015, EGSB acquired 2 ordinary shares of RM1 each representing 100% equity interests in MTSB for a total cash consideration of RM2 and subsequently subscribed for 99,998 ordinary shares of RM1 each in MTSB for a total cash consideration of RM99,998.
- (c) On 11 August 2015, the Company disposed of 250 ordinary shares of RM1 each representing 25% equity interests in CarX for a total cash consideration of RM250. Following the completion of the disposal, CarX became a 55%-owned subsidiary of the Company.
- (d) On 2 September 2015, the Company mutually agreed with Celcom to extend the Memorandum of Understanding ("MOU") for a further period of one (1) year. Both parties are currently in the exploratory stage on areas of collaboration.

On 10 May 2016, the MOU was terminated with immediate effect with mutual agreement from both parties as the said MOU has transited to a business arrangement, such as the appointment of the Company on 22 January 2016 as Celcom's Direct Channel Partner to promote, market and distribute products and services to end users. As such, the MOU would therefore no longer subsist.

- (e) On 4 September 2015, the Company received an appointment letter from Immigration Department of Malaysia to undertake the registration of illegal foreign workers in the country ("The Project"). The Project will be an extension of the scope of service provided by the Company to the Immigration Department of Malaysia.

On 11 February 2016, MYEG received a letter of appointment from the Ministry of Home Affairs in relation to The Project. The letter appointment dated 11 February 2016 superseded the appointment letter dated 4 September 2015.

All terms and conditions as stated in the earlier letter will be replaced with the new conditions as stated in the letter dated 11 February 2016.

- (f) On 6 October 2015, the Company received a notice from Malaysia Competition Commission ("MyCC") which proposed to impose a financial penalty of RM307,000 for infringing Section 10 of the Competition Act 2010, and an additional penalty of RM15,000 for each day MYEG fails to comply with the remedial actions. The proposed decision is not final, the management will review the proposed decisions with the external counsel and will submit a written representation and will make an oral representation to MyCC by 18 November 2015.

On 24 June 2016, the Company received a Notice of Decision by MyCC which was served on the Company and its wholly-owned subsidiary MECSB, which has determined that the Company had infringed Section 10 (2)(d) (iii) of the Competition Act, 2010 by abusing its dominant position in harming competition in the downstream market in which MECSB is participating as an insurance agent for the online foreign workers permit ("PLKS") renewal applications ("the Decision").

Notes to the Financial Statements

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46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR *cont'd*

(f) Due to the Decision, MyCC has imposed the following on the Company:-

- (i) a financial penalty amounting to RM2,272,200;
- (ii) the Company to cease and desist immediately from imposing different conditions to equivalent transactions in the processing of Mandatory Insurances for online PLKS renewal applications;
- (iii) the Company to provide an efficient gateway for all its competitors in the market for the sale of the Mandatory Insurances and allows the other competitors to compete at the same level within sixty (60) days from the date of the Decision; and
- (iv) the Company to provide an undertaking in the form and manner acceptable to MyCC, to be fully compliant with the General Insurance Association of Malaysia rules and regulations within sixty (60) days from the date of Decision.

The Board of Directors will review the Decision with the Company's legal counsel and intends to file in an appeal to MyCC with the Company's defence.

(g) On 28 August 2015, CardBiz acquired the remaining 200,000 ordinary shares of RM1 each representing 40% equity interests in BNASB for a total cash consideration of RM133,400 from its non-controlling interests. Consequently, BNASB became a wholly-owned subsidiary of CardBiz.

Subsequently, CardBiz subscribed for 200,000 ordinary shares of RM1 each in BNASB for a total cash consideration of RM200,000.

(h) On 7 January 2016, the Company increased its issued and paid-up share capital from RM120,210,000 to RM240,420,000 by way of bonus issue of 1,202,102,000 new ordinary shares of RM0.10 each credited as fully paid-up on the basis of 1 bonus share for every 1 existing ordinary share held. The new shares issued rank *pari passu* in all respects with the existing shares of the Company.

(i) On 3 February 2016, the Company subscribed for 1,499,998 ordinary shares of RM1 each in a wholly-owned subsidiary, MYEGAD for a total cash consideration of RM1,499,998.

(j) On 19 February 2016, the Company acquired 2 ordinary shares of RM1 each representing 100% equity interests in MYEGCDT for a total cash consideration of RM2. Subsequently, the Company further subscribed for 2,000,000 ordinary shares of RM1 each in MYEGCDT by capitalising the amount owing by MYEGCDT of RM2,000,000.

(k) On 20 May 2016, the Company acquired 100% equity interests in Ipidato DC. from a wholly-owned subsidiary, MYEGAD, for a total cash consideration of RM10,000. This acquisition did not have any financial impact to the Group's financial results.

(l) On 24 May 2016, the Company acquired 2 ordinary shares of RM1 each representing 100% equity interests in MYEG Alt for a total cash consideration of RM2.

On 16 June 2016, the Company subscribed for 4,999,998 ordinary shares of RM1 each in MYEG Alt for a total cash consideration of RM4,999,998.

(m) On 31 May 2016, the Company subscribed for 60 ordinary shares of RM1 each representing 60% equity interests in Picasso Media for a total cash consideration of RM60.

(n) On 30 June 2016, the Company subscribed for 700,000 ordinary shares of RM1 each in MECSB by capitalising the amount owing by MECSB of RM700,000.

(o) On 30 June 2016, the Company subscribed for 999,998 ordinary shares of RM1 each in MYEGC by capitalising the amount owing by MYEGC of RM999,998.

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

47. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) On 20 July 2016, MYEGC acquired 2 ordinary shares of RM1 each, representing 100% equity interests in Hurr Tv Sdn. Bhd. ("Hurr Tv") for a total cash consideration of RM2 and subsequently subscribed for an additional 4 ordinary shares of RM1 each in Hurr Tv for a total cash consideration of RM4. Upon completion of the subscription, Hurr Tv became a 60% owned subsidiary of MYEGC.
- (b) On 20 July 2016, EGSB acquired 55 ordinary shares of RM1 each, representing 55% equity interests in MY EG Lodging Sdn. Bhd. ("MY EG Lodging") for a total cash consideration of RM55. Upon completion of the subscription, MY EG Lodging became a 55% owned subsidiary of EGSB.
- (c) On 16 August 2016, MY EG Lodging entered into 3 Tenancy Agreements with Melaka State Development Corporation for the rental of 512 accommodation units to serve as hostels to foreign workers, subject to the terms and conditions as stated in the Agreements.
- (d) On 25 August 2016, the Company proposed to implement a bonus issue of up to 1,202,102,000 new ordinary shares of RM0.10 each on the basis of 1 bonus share for every 2 existing MYEG's shares held by MYEG's shareholders.
- (e) On 15 September 2016, the Company entered into seven (7) Sale and Purchase Agreements with Cheerful Effect Sdn. Bhd. and Lee Hong Poh & Lim Wan Lee for the acquisition of 7 storeys of stratified parcels designated for office use within a 45 storey corporate office tower identified as Iconic Office (Block N) at Empire City @ Damansara for an aggregate cash consideration of RM44,293,852.

Notes to the Financial Statements

For the financial year ended 30 June 2016

cont'd

48. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

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

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:				
- realised	163,835	128,190	169,917	105,508
- unrealised	(196)	(227)	(878)	(878)
	163,639	127,963	169,039	104,630
Total share of accumulated losses of an associate:				
- realised	(400)	(400)	-	-
- unrealised	-	-	-	-
	163,239	127,563	169,039	104,630
Less: Consolidation adjustments	(10,060)	(10,786)	-	-
At 30 June	153,179	116,777	169,039	104,630

List of Properties

As at 30 June 2016

The Company does not own any properties as at 30 June 2016.

Analysis of Shareholdings

As at 30 September 2016

Authorised Share Capital	: RM500,000,000.00
Issued and Paid-Up Capital	: RM240,032,720 (excluding 3,876,800 treasury shares of RM0.10 each)
Class of Shares	: Ordinary Shares of RM0.10 each
Voting Right	: One Vote per Ordinary Share
Number of Shareholders	: 10,095

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Less than 100	55	0.54	2,016	0.00
100 to 1,000	1,776	17.59	1,400,861	0.06
1,001 to 10,000	5,409	53.58	26,555,544	1.11
10,001 to 100,000	2,228	22.07	70,963,502	2.96
100,001 – less than 5% of issued shares	624	6.18	1,749,121,281	72.87
5% and above issued shares	3	0.03	552,283,996	23.01
Total	10,095	100.00	2,400,327,200	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Names of Substantial Shareholders	Direct Interest	No. of Shares Held		
		% ⁽¹⁾	Indirect Interest	%
Wong Thean Soon	175,904,024	7.328	764,604,892 ⁽²⁾	31.854
Dato' Raja Haji Munir Shah Bin Raja Mustapha	1,439,600	0.060	724,604,892 ⁽³⁾	30.188
Asia Internet Holdings Sdn Bhd	709,036,896	29.539	-	-

Notes:

- (1) Excluding a total of 3,876,800 ordinary shares of RM0.10 each bought-back by the Company and retained as treasury shares
- (2) Deemed interested by virtue of his substantial shareholdings in Asia Internet Holdings Sdn Bhd, Asia Internet E-Services Holdings Sdn Bhd and Radio Port Limited pursuant to Section 6A of the Act
- (3) Deemed interested by virtue of his substantial shareholdings in Asia Internet Holdings Sdn Bhd and Asia Internet E-Services Holdings Sdn Bhd pursuant to Section 6A of the Act

Analysis of Shareholdings

As at 30 September 2016

cont'd

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest	No. of Shares Held		
		%(1)	Indirect Interest	%(1)
Dato' Dr Norraesah Binti Haji Mohamad	17,640,000	0.735	-	-
Wong Thean Soon	175,904,024	7.328	764,604,892 ⁽²⁾	31.854
Dato' Raja Haji Munir Shah Bin Raja Mustapha	1,439,600	0.060	724,604,892 ⁽³⁾	30.188
Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim	8,012,000	0.334	4,890,000 ⁽⁴⁾	0.204
Datuk Mohd Jimmy Wong Bin Abdullah	2,208,000	0.092	-	-
Ng Fook Ai, Victor	-	-	-	-
Dato' Shamsul Anuar Bin Haji Nasarah	-	-	-	-

Notes:-

- (1) Excluding a total of 3,876,800 ordinary shares of RM0.10 each bought-back by the Company and retained as treasury shares
- (2) Deemed interested by virtue of his substantial shareholdings in Asia Internet Holdings Sdn Bhd, Asia Internet E-Services Holdings Sdn Bhd and Radio Port Limited pursuant to Section 6A of the Act
- (3) Deemed interested by virtue of his substantial shareholdings in Asia Internet Holdings Sdn Bhd and Asia Internet E-Services Holdings Sdn Bhd pursuant to Section 6A of the Act
- (4) Deemed interested by virtue of his wife's and son's shareholding pursuant to Section 134 (12)(c) of the Companies Act, 1965

TOP THIRTY (30) SHAREHOLDERS

No.	Names	No. of Shares	%
1.	CitiGroup Nominees (Tempatan) Sdn Bhd UBS AG Singapore for Asia Internet Holdings Sdn Bhd	218,551,996	9.105
2.	Asia Internet Holdings Sdn Bhd	190,732,000	7.946
3.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Asia Internet Holdings Sdn Bhd (001-Account 2)	143,000,000	5.958
4.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Asia Internet Holdings Sdn Bhd (512754515120)	120,000,000	4.999
5.	Kumpulan Wang Persaraan (Diperbadankan)	91,568,600	3.815
6.	Edisi Firma Sdn Bhd	62,132,660	2.589
7.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	54,975,800	2.290
8.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Thean Soon	52,192,000	2.174
9.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Wong Thean Soon	50,000,000	2.083
10.	HSBC Nominees (Asing) Sdn Bhd Exempt an for JPMorgan Chase Bank, National Association (U.S.A)	44,651,837	1.860
11.	Citigroup Nominees (Asing) Sdn Bhd Exempt an for UBS AG Hong Kong (Foreign)	40,000,000	1.666
12.	HSBC Nominees (Asing) Sdn Bhd Exempt an for JPMorgan Chase Bank, National Association (JPMTSTCOJERAI)	39,134,900	1.630

Analysis of Shareholdings

As at 30 September 2016

cont'd

TOP THIRTY (30) SHAREHOLDERS *cont'd*

No.	Names	No. of Shares	%
13.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Bank Berhad (EDP 2)</i>	37,598,100	1.566
14.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Wong Thean Soon (PBCL-OG0372)</i>	30,000,000	1.250
15.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt an for JPMorgan Chase Bank, National Association (JPME LAB AIF APG)</i>	26,878,250	1.120
16.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Asia Internet Holdings Sdn Bhd</i>	26,400,000	1.100
17.	Amanahraya Trustees Berhad <i>Public Islamic Opportunities Fund</i>	26,212,400	1.092
18.	Jason Chan Ling Khee	24,647,196	1.027
19.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Nomura)</i>	21,000,000	0.875
20.	Amanahraya Trustees Berhad <i>Public Islamic Select Treasures Fund</i>	20,855,800	0.869
21.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>BNYM SA/NV for Rochdale Emerging Markets Portfolio</i>	19,814,600	0.826
22.	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt an for Citibank New York (Norges Bank 14)</i>	19,026,600	0.793
23.	Citigroup Nominees (Asing) Sdn Bhd <i>Macquarie Bank Limited (DBU A/C)</i>	18,232,300	0.760
24.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Thean Soon (8080812)</i>	18,000,000	0.750
25.	Norraesah Binti Mohamad	17,640,000	0.735
26.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Deutsche Bank AG London</i>	17,018,216	0.709
27.	HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund</i>	16,812,100	0.700
28.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (CIMB PRIN)</i>	16,464,100	0.686
29.	AMSEC Nominees (Tempatan) Sdn Bhd <i>MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)</i>	16,140,000	0.672
30.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt an for BNP Paribas Securities Services (CLT USD UCITS)</i>	15,986,800	0.666

Notice of the Sixteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of MY E.G. SERVICES BERHAD will be held at Hibiscus Auditorium, LG 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 9 December 2016 at 9.30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To lay the Audited Financial Statements for the financial year ended 30 June 2016 together with the Reports of the Directors and Auditors thereon. *Please refer to Note A*
2. To approve a final single-tier dividend of 1.3 sen per ordinary share in respect of the financial year ended 30 June 2016. *Ordinary Resolution 1*
3. To approve the payment of Directors' fees for the financial year ended 30 June 2016. *Ordinary Resolution 2*
4. To re-elect the following Directors retiring pursuant to Article 69 of the Articles of Association of the Company:
 - 4.1 Dato' Raja Haji Munir Shah Bin Raja Mustapha *Ordinary Resolution 3*
 - 4.2 Mr Ng Fook Ai, Victor *Ordinary Resolution 4*
5. To consider and if thought fit, to pass the following Ordinary Resolution:

"That pursuant to Section 129(6) of the Companies Act 1965, Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim be and is hereby re-appointed as Director of the Company to continue in office until the next Annual General Meeting of the Company."

Ordinary Resolution 5
6. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. *Ordinary Resolution 6*

AS SPECIAL BUSINESS

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

7. **APPROVAL FOR DATUK MOHD JIMMY WONG BIN ABDULLAH TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** *Ordinary Resolution 7*

"THAT approval be and is hereby given to Datuk Mohd Jimmy Wong Bin Abdullah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code on Corporate Governance 2012."

Notice of the Sixteenth Annual General Meeting

cont'd

8. AUTHORITY TO ALLOT AND ISSUE SHARES BY DIRECTORS PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

Ordinary Resolution 8

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

9. PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY

Ordinary Resolution 9

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

- (i) the aggregate number of shares which may be purchased and/or held by the Company shall be up to ten per-centum (10%) of the issued and paid-up share capital of the Company (“Shares”) for the time being;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the total retained profits of the Company. As at 30 June 2016, the audited retained profits of the Company were approximately RM169.04 million;
- (iii) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the general meeting at which this resolution was passed at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

Notice of the Sixteenth Annual General Meeting

cont'd

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

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

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

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

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

10. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Special Resolution

"THAT the proposed amendments to the Articles of Association of the Company as set out in Appendix A of the Annual Report be and is hereby approved AND THAT the Directors of the Company be and are hereby authorised to do all things and acts necessary to effect the amendments to the Articles of Association of the Company."

11. To transact any other business that may be transacted at the AGM of which due notice shall have been given in accordance with the Companies Act, 1965 and Articles of Association of the Company.

By Order of the Board

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

Selangor Darul Ehsan
31 October 2016

Notice of the Sixteenth Annual General Meeting

cont'd

NOTES:

- (A) *This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting.*
1. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. If the proxy is not a member of the Company, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies and there shall be no restriction as to qualification of the proxy.*
 2. *A member shall be entitled to appoint up to two (2) proxies or attorneys or authorised representatives to vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
 3. *Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
 4. *If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.*
 5. *An instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised and in the case of corporation shall be either under its common seal or under the hand of an officer or attorney duly authorised.*
 6. *The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.*
 7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 1 December 2016 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.*
 8. *Explanatory Notes on Special Business*

Ordinary Resolution 7

Approval for Datuk Mohd Jimmy Wong Bin Abdullah to continue in office as Independent Non-Executive Director

The Board has via the Nomination Committee conducted an annual performance evaluation and assessment of Datuk Mohd Jimmy Wong Bin Abdullah, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- a. *he fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements, and therefore was able to bring independent and objective judgment to the Board;*
- b. *his experience enable him to provide the Board with a diverse set of experience, expertise, skills and competence;*
- c. *he has been with the Company for long and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit and Risk Management Committee and Board meetings;*
- d. *he has contributed sufficient time and efforts and attended all the Nomination Committee, Remuneration Committee, Audit and Risk Management Committee and Board meetings for informed and balanced decision making; and*
- e. *he has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.*

Notice of the Sixteenth Annual General Meeting

cont'd

Ordinary Resolution 8

Authority to Allot and Issue Shares by Directors pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 8, if passed, will give flexibility to the Directors of the Company to issue shares and allot up to a maximum of ten per centum (10%) of the issued share capital of the Company (excluding treasury shares) at the time of such allotment and issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The rationale for this resolution is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new shares for future business opportunities for the purpose of funding investment project(s), working capital and/or acquisitions and thereby reducing administrative time and cost associated with the convening of such meeting(s). No shares had been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 18 December 2015 and hence no proceeds were raised therefrom.

Ordinary Resolution 9

Proposed Renewal of Authority for Purchase of Own Shares by the Company

The proposed Ordinary Resolution 9 if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting.

Please refer to the Share Buy-Back Statement dated 31 October 2016 for further information.

Special Resolution

Proposed Amendments to the Articles of Association of the Company

The Special Resolution, if passed will allow the Chairman the prerogative to promote orderly conduct of general meetings and render the Articles of Association of the Company to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles of Association of the Company are proposed to be amended in the following manner:-

Article No.	Existing Articles	Amended Articles
To amend Article 55	<p><u>At any general meeting a resolution put to the vote of the meeting shall be decided on the show of hands unless a poll is (before or on the declaration of the result on the show of hands) demanded:-</u></p> <p>(a) by the chairman;</p> <p>(b) by any Member or Members present in person or by proxy and representing not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right; or</p> <p>(c) by a Member or Members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up which is equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right.</p> <p>Unless a poll is so demanded, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may, before the poll is taken, be withdrawn and a demand so withdrawn shall not be taken to have invalidated the results of a show of hands declared before the demand was made.</p>	<p>Subject to the Listing Requirements, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting shall be voted by poll. Subject to the Act, a poll may be demanded:</p> <p>(a) by the chairman;</p> <p>(b) by any Member or Members present in person or by proxy and representing not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right; or</p> <p>(c) by a Member or Members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up which is equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right.</p> <p>Unless a poll is so demanded, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may, before the poll is taken, be withdrawn and a demand so withdrawn shall not be taken to have invalidated the results of a show of hands declared before the demand was made.</p>

Appendix A

cont'd

Article No.	Existing Articles	Amended Articles
To amend Article 56	<p><u>If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman directs, and the result of the poll shall be the resolution of the meetings at which the poll was demanded. No poll shall be demanded on the election of the chairman or on a question of adjournment.</u> A poll demanded on any other question or matter shall be taken either forthwith or at such time and place as the Chairman directs. If a poll is demanded before the declaration of the results of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.</p>	<p>A poll shall be taken in such manner as the Chairman of the meeting directs and at least one (1) scrutineer must be appointed to validate the votes cast at the general meeting. The appointed scrutineer must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process. The Chairman of the meeting may fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.</p> <p>The poll may be conducted manually using voting slips or electronically using various forms of electronic devices. Such votes shall be counted by the poll administrator, and verified by the scrutineer, as may be appointed by the Chairman of the meeting for the purpose of determining the outcome of the resolution(s) to be decided on poll.</p> <p>Any poll duly demanded on the election of a Chairman of a meeting or on a question of adjournment shall be taken forthwith at the meeting and without adjournment. A poll demanded on any other question shall be taken either forthwith or at such time and place as the Chairman of the meeting directs. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.</p>
To add Article 57A	<i>(New provision)</i>	<p>Without prejudice to any other power which the Chairman may have under the provisions of these Articles or at common law and subject to the Act and the Listing Requirements, the Chairman may take such action as he thinks fit to promote the orderly conduct of the business of all general meetings as specified in the notice of such meetings and the Chairman's decision on matters of procedure or arising incidentally from the business of such meetings shall be final, as shall be his determination as to whether any matter is of such a nature.</p>

PROXY FORM

MY E.G. SERVICES BERHAD

(505639-K)
(Incorporated in Malaysia)

CDS ACCOUNT NO. OF
AUTHORISED NOMINEE

NUMBER OF SHARES HELD

I/We, _____ NRIC/Company No. _____
(Full name in block letters)

of _____
(Full Address)

being a member/members of MY E.G. SERVICES BERHAD, hereby appoint _____

_____ of _____
(Full name in block letters) (Full Address)

_____ or failing him/her, _____
(Full name in block letters)

of _____
(Full Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting of MY E.G. Services Berhad to be held at Hibiscus Auditorium, LG 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 9 December 2016 at 9.30 a.m. and at any adjournment thereof.

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently this should be specified.

My/our proxy/proxies is/are to vote as indicated below:

NO.	RESOLUTION	FOR	AGAINST
	Ordinary Business		
Ordinary Resolution 1	To approve the Final Single-Tier Dividend		
Ordinary Resolution 2	To approve the payment of Directors' fees for the financial year ended 30 June 2016		
Ordinary Resolution 3	To re-elect Dato' Raja Haji Munir Shah Bin Raja Mustapha		
Ordinary Resolution 4	To re-elect Mr Ng Fook Ai, Victor		
Ordinary Resolution 5	To re-appoint Tan Sri Dato' Dr Muhammad Rais Bin Abdul Karim		
Ordinary Resolution 6	To re-appoint Messrs Crowe Horwath as Auditors of the Company		
	Special Business		
Ordinary Resolution 7	To approve Datuk Mohd Jimmy Wong Bin Abdullah to continue in office as Independent Non-Executive Director		
Ordinary Resolution 8	To approve the Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 9	To approve the Proposed Renewal of Authority for Purchase of Own Shares by the Company		
Special Resolution	To approve the Proposed Amendments to the Articles of Association of the Company		

Dated this _____ day of _____ 2016

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Signature/Common Seal of Shareholder	Proxy 1	%
	Proxy 2	%
Contact No.: _____	Total	100%

NOTES:

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. If the proxy is not a member of the Company, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies and there shall be no restriction as to qualification of the proxy.
- A member shall be entitled to appoint up to two (2) proxies or attorneys or authorised representatives to vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- 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.
- An instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised and in the case of corporation shall be either under its common seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote, and in default, the instrument of proxy shall not be treated as valid.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 1 December 2016 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 October 2016.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
MY E.G. SERVICES BERHAD
(505639-K)
Lot 6.05, Level 6, KPMG Tower,
8 First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan.

1st fold here



www.myeg.com.my

Corporate Head Office:

Lot 8.01, Level 8,
1 First Avenue, Persiaran Bandar Utama,
Bandar Utama, 47800 Petaling Jaya,
Selangor Darul Ehsan
Tel: 03-7801 8888 Fax: 03-7801 8889
Email: investors@myeg.com.my

Customer Service Centre:

Lot 8.02, Level 8,
1 First Avenue, Persiaran Bandar Utama,
Bandar Utama, 47800 Petaling Jaya,
Selangor Darul Ehsan
Tel: 03-7801 8888 Fax: 03-7801 8889
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