



MY E.G. SERVICES BERHAD
 (Company No. 505639-K)
 (Incorporated in Malaysia under the Companies Act, 1965)

SECOND QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED DECEMBER 31, 2013

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the Second Quarter ended December 31, 2013
 (The figures have not been audited)

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	31.12.2013 (RM'000)	31.12.2012 (RM'000)	31.12.2013 (RM'000)	31.12.2012 (RM'000)
Revenue	23,463	19,191	43,869	35,253
Operating expenses	(9,003)	(8,153)	(17,626)	(15,077)
Operating Profit	14,460	11,038	26,243	20,176
Depreciation and amortization	(3,234)	(2,710)	(6,261)	(5,122)
Interest Expense	(229)	(196)	(475)	(400)
Interest Income	298	8	354	27
Profit Before Taxation	11,295	8,140	19,861	14,681
Taxation	(90)	(28)	(115)	(66)
Profit After Taxation	11,205	8,112	19,746	14,615
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the financial period	11,205	8,112	19,746	14,615
Profit After Taxation attributable to:				
Owners of the Company	11,205	8,112	19,746	14,615
Non-controlling interest	#	-	#	-
	11,205	8,112	19,746	14,615
Total Comprehensive Income attributable to:				
Owners of the Company	11,205	8,112	19,746	14,615
Non-controlling interest	#	-	#	-
	11,205	8,112	19,746	14,615
Earnings per share ("EPS") attributable to the equity holders of the company (sen)				
- Basic EPS	1.9	1.4	3.3	2.5
- Diluted EPS	Not Applicable	Not Applicable	Not Applicable	Not Applicable

represents an amount less than RM1,000.

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013 and the accompanying notes to the Interim Financial Statements.

MY E.G. SERVICES BERHAD
(Company No. 505639-K)
(Incorporated in Malaysia under the Companies Act, 1965)

Condensed Consolidated Statements of Financial Position
As at December 31, 2013

	Unaudited As at end of Current Quarter 31.12.2013 RM'000	Audited As at 30.6.2013 RM'000
ASSETS		
NON-CURRENT ASSETS		
Other investments	1,991	1,734
Development costs	10,326	10,674
Equipment	76,691	77,531
Goodwill on consolidation	12,016	12,016
Deferred tax asset	710	710
	101,734	102,665
CURRENT ASSETS		
Trade receivables	17,901	13,552
Other receivables, deposits and prepayments	14,017	12,846
Tax recoverable	25	37
Amount due from associate company	44,462	34,622
Cash and bank balances	21,975	18,389
	98,380	79,446
TOTAL ASSETS	200,114	182,111
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	60,105	60,105
Treasury shares	(9,076)	(7,766)
Retained profits	107,046	87,300
	158,075	139,639
Non-controlling interest	3	3
TOTAL EQUITY	158,078	139,642
NON-CURRENT LIABILITY		
Deferred tax liability	678	678
Hire purchase	5,565	4,616
Term loan	2,726	3,539
	8,969	8,833
CURRENT LIABILITIES		
Trade payables	9,033	15,795
Other payables and accruals	6,823	3,211
Deferred revenue	12,440	10,620
Provision for taxation	27	53
Short term borrowings	4,744	3,957
	33,067	33,636
TOTAL LIABILITIES	42,036	42,469
TOTAL EQUITY AND LIABILITIES	200,114	182,111
Net assets attributable to ordinary equity holders of the parent (RM'000)	158,075	139,639
Net assets per share attributable to ordinary equity holders of the parent (sen)	26.51	23.63

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013 and the accompanying notes to the Interim Financial Statements.

MY E.G. SERVICES BERHAD
(Company No. 505639-K)
(Incorporated in Malaysia under the Companies Act, 1965)

Condensed Consolidated Statements of Changes in Equity
For the Second Quarter ended December 31, 2013
(The figures have not been audited)

	← Non-Distributable →		← Distributable →		Attributable to Owners of the Company (RM'000)	Non-controlling Interest (RM'000)	Total Equity (RM'000)
	Share capital (RM'000)	Treasury Shares (RM'000)	Retained Profits (RM'000)				
As at 1 July 2012	60,105	(2,206)	60,769		118,668	-	118,668
Purchase of Treasury Shares	-	(1,716)	-	(1,716)		-	(1,716)
Profit After Tax For The Financial Period	-	-	14,615	14,615		-	14,615
As at 31 December 2012	60,105	(3,922)	75,384	131,567		-	131,567
As at 1 July 2013	60,105	(7,766)	87,300	139,639		3	139,642
Purchase of Treasury Shares	-	(1,310)	-	(1,310)		-	(1,310)
Profit After Tax For The Financial Period	-	-	19,746	19,746		#	19,746
As at 31 December 2013	60,105	(9,076)	107,046	158,075		3	158,078

represents an amount less than RM1,000

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013 and the accompanying notes to the Interim Financial Statements.

MY E.G. SERVICES BERHAD
(Company No. 505639-K)
(Incorporated in Malaysia under the Companies Act, 1965)

Condensed Consolidated Statements of Cash Flows
For the Second Quarter ended December 31, 2013
(The figures have not been audited)

	Current Year To Date Ended 31.12.2013 (RM'000)	Corresponding Year To Date Ended 31.12.2012 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	19,861	14,681
Adjustments for:-		
Amortisation of development costs	740	527
Depreciation of equipment	5,521	4,595
Impairment gain on trade receivables	(1)	-
Interest Expense	475	400
Interest income	(354)	(27)
Operating profit before working capital changes	26,242	20,176
(Increase)/Decrease in trade and other receivables	(5,519)	362
(Decrease)/Increase in trade and other payables	(3,151)	11
Increase in deferred revenue	1,820	1,520
Increase in amount owing by an associate	(9,839)	(8,571)
CASH FLOWS FROM OPERATIONS	9,553	13,498
Income tax paid	(129)	(75)
Interest paid	(475)	(400)
NET CASH FROM OPERATING ACTIVITIES	8,949	13,023
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of equipment	(4,681)	(5,758)
Investment in unquoted shares	(256)	(600)
Additions of development costs	(392)	(547)
Interest received	354	27
NET CASH FOR INVESTING ACTIVITIES	(4,975)	(6,878)
CASH FOR FINANCING ACTIVITIES		
Repayment of term loan	(974)	(941)
Drawdown of hire purchase loan	3,414	3,376
Repayment of hire purchase and finance lease payables	(1,518)	(1,158)
Repurchase of shares	(1,310)	(1,716)
NET CASH FOR FINANCING ACTIVITIES	(388)	(439)
NET INCREASE IN CASH AND BANK BALANCES	3,586	5,706
CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL PERIOD	18,389	9,822
CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD	21,975	15,528

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013 and the accompanying notes to the Interim Financial Statements.

Notes To The Interim Financial Report For The Financial Period Ended 31 December 2013

A Explanatory Notes Pursuant To Malaysian Financial Reporting Standard (“MFRS”) 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the MFRS 134 Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of My E.G. Services Bhd and its subsidiaries (“the Group”) for the financial year ended 30 June 2013.

The same accounting policies and methods of computation adopted in these interim financial statements are consistent with the annual financial statements for the year ended 30 June 2013.

A2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 30 June 2013 was not qualified.

A3. Seasonal and Cyclical Factors

The Group’s business operation result is subject to seasonality factors. The demand for new driving licences generally increases in the first half of the year (i.e the second half of the Group’s financial year) due mainly to the long school holidays after the Government exams, where most 16-20 year olds would obtain their driving licences between the months of January to June. Therefore, revenue related to the “Jabatan Pengangkutan Jalan Malaysia” (“JPJ”) in the first half of the year (January – June) has historically been approximately 50% higher than the JPJ-related revenue recorded for the second half of the year (July – December).

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow of the Group during the current financial quarter under review, that are unusual by reason of their nature, size or incidence.

A5. Material Changes in Estimates

Save as disclosed below, there were no changes in estimates of amounts reported in prior financial years, which have a material effect on the current quarter’s results.

A6. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter under review, saved as disclosed below:

- i) On 1 October 2013, the Company had purchased a total of 100,000 of its issued share capital ("MYEG shares") from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM194,834 and was financed from internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965.
- ii) On 2 October 2013, the Company had purchased a total of 100,000 of MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM194,834 and was financed from internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965.
- iii) On 3 October 2013, the Company had purchased a total of 100,000 of MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM194,834 and was financed from internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965.
- iv) On 7 October 2013, the Company had purchased a total of 100,000 of MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM191,821 and was financed from internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965.

The total shares bought back for the financial period ended 31 December 2013 amounted to 400,000 (31.12.2012: 2,460,200) MYEG shares. As at 31 December 2013 a total of 10,796,400 (31.12.2012: 6,068,600) MYEG shares were retained as treasury shares in the Company. None of the treasury shares held were resold or cancelled during the financial period ended 31 December 2013.

A7. Dividend Paid

No dividends were paid during the current financial quarter under review.

A8. Segmental Information

The Group operates wholly in Malaysia and is principally engaged in the business of development and implementation of E-Government services project and the provision of other related services for the E-Government Initiative which are substantially within a single business segment. As such, the financial information by geographical and industry segments of the Group's operations are not available for presentation.

A9. Valuation of Property, Plant and Equipment

There has been no valuation on any of the Group's property, plant and equipment during the current financial quarter under review.

A10. Subsequent Events

There were no material events subsequent to the end of the current financial quarter under review.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.

A12. Contingent Liabilities

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group.

A13. Capital Commitments

As at 31.12.2013, the Group has no material capital commitments.

A14. Related Party Transactions

The related party transactions of the Group for the Quarter and Period ended 31.12.2013 are as follows:

	Individual Quarter		Cumulative Quarter	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM	RM	RM	RM
(i) Associate company				
MY E.G. Integrated Networks Sdn Bhd - Sales	2,650,000	2,650,000	5,750,000	5,000,000
(iii) A company which a director has financial interest				
Embunaz Ventures Sdn Bhd - Professional Fees	54,900	48,000	155,700	96,000

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

Explanatory Notes Pursuant To Appendix 9B Of The Main Market Listing Requirements Of Bursa Malaysia Securities Berhad

B1. Performance of the Group

The Group posted Revenue and Profit after Taxation ("PAT") of RM23.46 million and RM11.21 million respectively for the second financial quarter ("Q2 FY2014") as compared to RM19.19 million and RM8.11 million respectively in the corresponding quarter ("Q2 FY2013"). The increase of approximately RM4.27 million (or 22.3%) in Revenue and increase of RM3.10 million (or 38.2%) in PAT respectively is primarily attributable to:

- i) higher transaction volumes from the online renewal of foreign workers' permit;
- ii) higher transaction volumes from online transfer of vehicle ownership;
- ii) continuous growth in the online renewal of insurance and road tax; and
- iii) revenue contribution from ancillary services related to our core Government e-services

For the year to date period ended 31 December 2013 ("6M FY2014"), the Group recorded Revenue of RM43.87 million as compared to RM35.25 million in the corresponding period ("6M FY2013"). This represent an increase of RM8.62 million (24.5%) in Revenue. PAT for 6M FY2014 increase by RM5.13 million (35.1%) to RM19.75 million as compared to RM14.62 million achieved in 6M FY2013. The increase in Revenue and PAT is primarily attributable to an overall increase in volume driven by our ongoing advertising and promotion campaigns to create and enhance brand awareness as well as introduction of new services.

B2. Comparison with Preceding Quarter's Results

	Q2 FY2014 RM'000	Q1 FY2014 RM'000
Revenue	23,463	20,406
Profit Before Tax ("PBT")	11,295	8,566
PAT	11,205	8,541

For the Quarter under review, the Group recorded a Revenue of RM23.46 million, an increase of RM3.06 million (15.0%) as compared to Q1 FY2014. PAT increased by RM2.66 million (31.2%) to RM11.21 million, as compared to Q1 FY2014 PAT of RM8.54 million.

The increase in revenue and PAT are primarily attributable to a higher volume for JPJ related services for theory test taking services in Q2 FY2014 as more students are taking their driving licensing test during the school holidays.

B3. Prospect of the Group

For the financial year ending 30 June 2014 ("FYE 2014"), existing and new services introduced in FY2013 are expected to continue contributing to our Group revenue. With JPJ reportedly intending to digitise 85% of their counter services to an online platform, we intend to leverage on this and continue to introduce new JPJ related e-services in FYE2014. Notwithstanding that, we are also working closely with other government agencies to introduce additional online services which are relevant to Malaysians.

Barring any unforeseen circumstances, the Directors of MYEG are of the opinion that the results for FYE 2014 will continue to be satisfactory as awareness of our existing services and brand name continues to increase while new services are targeted to be rolled out in FYE2014.

B4. Variance from Profit Forecast

Not applicable as there was no financial forecast issued for the financial year ending 30 June 2014.

B5. Taxation

The taxation figures are as follows:

	Current Quarter 31.12.2013 (RM'000)	Current Year To Date 31.12.2013 (RM'000)
Current taxation	90	115
	<hr/>	<hr/>
	90	115
	<hr/> <hr/>	<hr/> <hr/>

The effective tax rate for the current taxation for financial quarter and cumulative year to date is 0.80% and 0.58% respectively as compared to the statutory tax rate of 25%. The lower effective tax rate is primarily because a significant proportion of the Group's revenue and PBT are mainly contributed by MY EG Sdn Bhd ("EGSB"). As EGSB is a MSC status company with tax incentives, its revenue is not subjected to income tax.

B6. Status of Corporate Proposals

There are no corporate proposals announced but not completed as at the date of this announcement.

B7. Group Borrowings

Details of the Group's borrowings as at December 31, 2013 were as follows:-

	Non-Current (RM'000)	Current (RM'000)	Total (RM'000)
Secured			
Hire Purchase	5,565	3,423	8,988
Term Loan	2,726	1,321	4,047
Total Borrowings	<hr/> 8,291	<hr/> 4,744	<hr/> 13,035

The borrowings are denominated in RM.

B8. Off Balance Sheet Financial Instruments

As at the date of this report, there are no off balance sheet financial instruments.

B9. Realised and Unrealised Profits/Losses Disclosure

	As at 31.12.2013 (RM'000)	Audited As at 30.06.2013 (RM'000)
Total retained profits of the Company and its subsidiaries:		
- Realised	111,433	89,868
- Unrealised	32	32
	<hr/> 111,465	<hr/> 89,900
Total share of accumulated losses of associate:		
- Realised	(400)	(400)
- Unrealised	-	-
	<hr/> 111,065	<hr/> 89,500
(Less)/Add : Consolidation Adjustments	(4,019)	(2,200)
	<hr/> 107,046	<hr/> 87,300
Total Group retained profits as per consolidated accounts	<hr/> <hr/>	<hr/> <hr/>

B10. Profit Before Taxation

Profit before taxation is arrived at after charging/(crediting):-

	Current Quarter 31.12.2013 (RM'000)	Current Year To Date 31.12.2013 (RM'000)
Interest Income	(298)	(354)
Interest Expense	229	475
Depreciation and amortization	3,234	6,261
Impairment gain on trade receivables	-	(1)

Saved as disclosed above and in the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income, the other items under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

B11. Material Litigations

As at the date of this announcement, there are no material litigations against the Group or taken by the Group, saved as disclosed below:

On 15 August 2013, the Company was served with a Writ of Summons together with the Statement of Claim issued in the Kuala Lumpur High Court by ten (10) third parties ("Plaintiffs").

The claim is in relation to the alleged unlawful conspiracy between the Company and another four (4) third parties ("Defendants") affecting the importance of the economics of the Plaintiffs. The Plaintiffs sought for an injunction from Court to stop the Company from executing the program Bantuan Lesen 1 Malaysia ("BL1M"), damages for alleged unlawfully conspired (which are not quantified), costs and interest.

The Company has sought its solicitors' advice on the necessary course of action to be taken in relation to the aforesaid Writ of Summons. We have filed for Defence and Counter Claim on 19 September 2013. Subsequently on 23 October 2013, we have filed to strike out the application by the Plaintiff.

The directors of the Company are of the view that the claim by the Plaintiffs is without merit and will vigorously defend the claim. There has been no material update as at the date of this announcement.

B12. Dividends

On 26 February 2014, the Directors have declared a first interim tax exempt dividend of 0.5 sen per 10 sen ordinary share (2013 – 0.5 sen) amounting to RM2,951,273 (2012 – RM2,975,412) for the current financial year ending 30 June 2014, payable on 21 May 2014 to shareholders registered at the close of business on 25 April 2014.

B13. EPS

i. Basic

The basic EPS is computed by dividing the net profit for the financial quarter and year to date periods by the number of ordinary shares in issue during the period.

	Current Quarter 31.12.2013 (RM'000)	Current Year To Date 31.12.2013 (RM'000)
Net profit attributable to ordinary shareholders	11,205	19,746
Weighted average number of ordinary shares of RM0.10 each in issue ('000s)	590,264	590,562
Basic EPS (sen)	1.9	3.3

ii. Diluted

The company does not have any convertible shares or convertible financial instruments for the current financial quarter and financial period year to date.

B14. Additional Disclosure Requirement

Update on Memorandum of Understanding (“MoU”) pursuant to Paragraph 9.29, Chapter 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Company had on 8 June 2011 entered into a MoU on introducing of e-Government services in Kazakhstan with National Information Technologies JSC of the Republic of Kazakhstan. There has been no material update, and no subsequent agreement has been entered arising from the MoU as at the date of this announcement.

The Company had on 2 September 2013 entered into a MoU to jointly explore possible business opportunities and collaboration in the areas of e-Government services delivery and joint go-to-market for specific target market segments with Celcom Axiata Berhad. There has been no material update, and no subsequent agreement has been entered arising from the MoU as at the date of this announcement.

The Company had on 23 October 2013 entered into a MoU to establish a proposed fund of RM60 million for the purpose of providing funding services into the early stage technology companies and other entities with Cradle Fund Sdn Bhd. There has been no material update, and no subsequent agreement has been entered arising from the MoU as at the date of this announcement.

By Order of the Board
Tan Ai Ning
Secretary
26 February 2014