



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

## **MY E.G. SERVICES BERHAD**

(505639-K)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2016**



www.myeg.com.my

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

**FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**  
**For the First Quarter ended September 30, 2016**  
**(The figures have not been audited)**

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	30.09.2016 (RM'000)	30.09.2015 (RM'000)	30.09.2016 (RM'000)	30.09.2015 (RM'000)
Revenue	78,597	60,741	78,597	60,741
Operating expenses	(33,337)	(28,705)	(33,337)	(28,705)
Operating Profit	45,260	32,036	45,260	32,036
Depreciation and amortization	(4,808)	(4,196)	(4,808)	(4,196)
Interest Expense	(1,497)	(191)	(1,497)	(191)
Interest Income	1,364	559	1,364	559
Other Income	95	69	95	69
Profit Before Taxation	40,414	28,277	40,414	28,277
Taxation	(134)	(129)	(134)	(129)
Profit After Taxation	40,280	28,148	40,280	28,148
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the financial period	40,280	28,148	40,280	28,148
Profit After Taxation attributable to:				
Owners of the Company	40,511	28,498	40,511	28,498
Non-controlling interest	(231)	(350)	(231)	(350)
	40,280	28,148	40,280	28,148
Total Comprehensive Income attributable to:				
Owners of the Company	40,511	28,498	40,511	28,498
Non-controlling interest	(231)	(350)	(231)	(350)
	40,280	28,148	40,280	28,148
Earnings per share ("EPS") attributable to the equity holders of the company (sen)				
- Basic EPS	1.7	1.2*	1.7	1.2*
- Diluted EPS	Not Applicable	Not Applicable	Not Applicable	Not Applicable

\* comparative figures for the weighted average number of ordinary shares for basic earnings per share have been restated to reflect the adjustment arising from the Bonus Issue during the financial year ended 30 June 2016.

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 2016 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 September 30, 2016**

	<b>Unaudited As at 30.09.2016 RM'000</b>	<b>Audited As at 30.6.2016 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property and equipment	254,746	250,801
Other investments	9,093	9,593
Development costs	6,660	7,119
Goodwill on consolidation	17,610	17,800
Deferred tax asset	710	710
Hire purchase receivables	1,825	518
	<hr/> 290,644	<hr/> 286,541
<b>CURRENT ASSETS</b>		
Inventories	3,627	3,025
Hire purchase receivables	190	58
Trade receivables	111,236	101,681
Other receivables, deposits and prepayments	95,503	45,929
Amount owing by an associate	80,314	77,083
Current tax assets	518	371
Cash and bank balances	153,250	209,715
	<hr/> 444,638	<hr/> 437,862
<b>TOTAL ASSETS</b>	<hr/> <b>735,282</b>	<hr/> <b>724,403</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		
Share capital	240,420	240,420
Treasury shares	(7,956)	(2)
Fair value reserves	6,700	6,700
Retained profits	193,690	153,179
	<hr/> 432,854	<hr/> 400,297
Non-controlling interest	(332)	(161)
<b>TOTAL EQUITY</b>	<hr/> <b>432,522</b>	<hr/> <b>400,136</b>
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	85,469	83,600
Deferred tax liabilities	1,075	1,081
	<hr/> 86,544	<hr/> 84,681
<b>CURRENT LIABILITIES</b>		
Trade payables	139,896	173,910
Other payables and accruals	38,222	22,046
Deferred revenue	19,940	19,940
Current tax liabilities	52	24
Short term borrowings	18,106	23,666
	<hr/> 216,216	<hr/> 239,586
<b>TOTAL LIABILITIES</b>	<hr/> <b>302,760</b>	<hr/> <b>324,267</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<hr/> <b>735,282</b>	<hr/> <b>724,403</b>
Net assets attributable to ordinary equity holders of the parent (RM'000)	432,854	400,297
Net assets per share attributable to ordinary equity holders of the parent (sen)	18.00	16.68

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016 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 First Quarter ended September 30, 2016**  
 (The figures have not been audited)

	← Non-Distributable →							
	Share Capital (RM'000)	Treasury Shares (RM'000)	Fair Value Reserve (RM'000)	Other Reserve (RM'000)	Distributable Retained Profits (RM'000)	Attributable to Owners of the Company (RM'000)	Non- controlling Interest (RM'000)	Total Equity (RM'000)
As at 1 July 2015	120,210	(6,783)	6,700	37,009	116,777	273,913	(20)	273,893
Profit after tax for the financial period	-	-	-	-	28,498	28,498	(350)	28,148
Fair value changes of available-for-sale asset	-	-	2	-	-	2	-	2
Acquisition of a subsidiary	-	-	-	-	-	-	369	369
Purchase of treasury shares	-	(4,039)	-	-	-	(4,039)	-	(4,039)
As at 30 September 2015	<b>120,210</b>	<b>(10,822)</b>	<b>6,702</b>	<b>37,009</b>	<b>145,275</b>	<b>298,374</b>	<b>(1)</b>	<b>298,373</b>
As at 1 July 2016	240,420	(2)	6,700	-	153,179	400,297	(161)	400,136
Profit after tax for the financial period	-	-	-	-	40,511	40,511	(231)	40,280
Acquisition of a subsidiary	-	-	-	-	-	-	60	60
Purchase of treasury shares	-	(7,954)	-	-	-	(7,954)	-	(7,954)
As at 30 September 2016	<b>240,420</b>	<b>(7,956)</b>	<b>6,700</b>	<b>-</b>	<b>193,690</b>	<b>432,854</b>	<b>(332)</b>	<b>432,522</b>

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 2016 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 First Quarter ended September 30, 2016**  
**(The figures have not been audited)**

	<b>Current Year To Date Ended 30.09.2016 (RM'000)</b>	<b>Corresponding Year To Date Ended 30.09.2015 (RM'000)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	40,414	28,277
Adjustments for:-		
Amortisation of development costs	459	460
Depreciation of equipment	4,349	3,736
Equipment written off	#	-
Impairment loss on trade receivables	5	-
Interest expense	1,497	191
Loss on disposal of other investment	350	-
Unrealised loss on available-for-sale asset	-	2
Gain on disposal of equipment	(28)	-
Interest income	(1,364)	(559)
Operating profit before working capital changes	45,682	32,107
Increase in inventories	(602)	(4)
Increase in hire purchase receivables	(1,439)	-
(Increase)/Decrease in trade and other receivables	(59,133)	10,310
(Decrease)/Increase in trade and other payables	(17,648)	29,468
Decrease in deferred revenue	-	5
Increase in amount owing by an associate	(3,230)	(3,569)
<b>CASH FLOWS (FOR)/FROM OPERATIONS</b>	<b>(36,370)</b>	<b>68,317</b>
Income tax paid	(259)	(121)
Interest paid	(1,497)	(191)
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>	<b>(38,126)</b>	<b>68,005</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	1,364	559
Proceeds from disposal of equipment	246	-
Purchase of property and equipment	(8,512)	(111,503)
Proceeds from disposal of other investment	150	-
Net cash (outflow)/inflow from acquisition of a subsidiary	-	(4,686)
Subscription of shares in subsidiary by non-controlling interest	60	-
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(6,692)</b>	<b>(115,630)</b>
<b>CASH FOR FINANCING ACTIVITIES</b>		
Drawdown of term loans	5,750	-
Drawdown of revolving credit	1,800	-
Purchase of treasury shares	(7,954)	(4,039)
Repayment of hire purchase and finance lease obligations	(983)	(1,086)
Repayment of term loans	(260)	(525)
Repayment of revolving credit	(10,000)	-
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<b>(11,647)</b>	<b>(5,650)</b>
<b>NET DECREASE IN CASH AND BANK BALANCES</b>	<b>(56,465)</b>	<b>(53,275)</b>
<b>CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>209,715</b>	<b>132,049</b>
<b>CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD</b>	<b>153,250</b>	<b>78,774</b>

# - represents an amount less than RM1,000.

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016 and the accompanying notes to the Interim Financial Statements.

**Notes To The Interim Financial Report For The Financial Period Ended September 30, 2016**

**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 2016.

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 2016.

**A2. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements for the financial year ended 30 June 2016 was not qualified.

**A3. Seasonal and Cyclical Factors**

The Group’s business operation result was previously subjected to seasonality factors as 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). However, the seasonal impact of JPJ test taking revenue is diminishing since FY2015 as revenue from other services increasingly contribute to a larger proportion of group revenues since FY2015.

**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**

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 4 August 2016, the Company had purchased a total of 275,800 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM549,395 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 5 August 2016, the Company had purchased a total of 200,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM397,507 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 9 August 2016, the Company had purchased a total of 100,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM201,863 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 10 August 2016, the Company had purchased a total of 200,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM403,527 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;
- (v) On 11 August 2016, the Company had purchased a total of 200,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM407,540 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;
- (vi) On 12 August 2016, the Company had purchased a total of 200,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM413,560 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;
- (vii) On 15 August 2016, the Company had purchased a total of 200,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM411,553 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;
- (viii) On 16 August 2016, the Company had purchased a total of 200,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM413,560 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;
- (ix) On 17 August 2016, the Company had purchased a total of 200,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM415,127 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;

- (x) On 18 August 2016, the Company had purchased a total of 200,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM415,566 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;
- (xi) On 19 August 2016, the Company had purchased a total of 400,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM826,919 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;
- (xii) On 22 August 2016, the Company had purchased a total of 200,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM409,546 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;
- (xiii) On 23 August 2016, the Company had purchased a total of 400,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM818,893 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;
- (xiv) On 24 August 2016, the Company had purchased a total of 200,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM403,527 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;
- (xv) On 25 August 2016, the Company had purchased a total of 200,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM407,540 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;
- (xvi) On 26 August 2016, the Company had purchased a total of 200,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM405,533 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;
- (xvii) On 2 September 2016, the Company had purchased a total of 100,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM218,919 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;
- (xviii) On 19 September 2016, the Company had purchased a total of 200,000 MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM433,626 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 purchased during the financial period ended 30 September 2016 amounted to 3,875,800 (30.09.2015: 1,571,800) MYEG shares.

As at 30 September 2016, a total of 3,876,800 (30.09.2015: 4,331,600) 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 30 September 2016.



**A7. Dividends 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, saved as disclosed below:

- (i) Incorporation of a new subsidiary by MY E.G. Capital Sdn Bhd ("MYEG Capital"), a wholly-owned subsidiary of the Company

On 20 July 2016, MYEG Capital incorporated a new subsidiary known as Hurr TV Sdn. Bhd. ("Hurr TV") of which MYEG Capital has 60% interest. Its intended principal activities are to build, own and operate an online TV channel. Hurr TV has an authorised share capital of RM400,000.00 comprising 400,000 ordinary shares of RM1.00 each and with the issued and paid-up share capital of RM10.00 comprising 10 ordinary shares of RM1.00 each.

- (ii) Incorporation of a new subsidiary by MY EG Sdn Bhd ("EGSB"), a wholly-owned subsidiary of the Company

On 20 July 2016, EGSB incorporated a new subsidiary know as My EG Lodging Sdn. Bhd. ("MY EG Lodging") of which EGSB has 55% interest. Its intended principal activities are to build, own and operate hostels for foreign workers. My EG Lodging has an authorised share capital of RM400,000.00 comprising 400,000 ordinary shares of RM1.00 each with the issued and paid-up share capital of RM100.00 comprising 100 ordinary shares of RM1.00 each.

**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 30.09.2016, the Group has commitment for the following:-

	<b>30.09.2016</b> <b>RM'000</b>	<b>30.09.2015</b> <b>RM'000</b>
Purchase of communication equipment	7,921	7,200
Purchase of office building	19,212	61,487
	<u>27,133</u>	<u>68,687</u>

**A14. Related Party Transactions**

The related party transactions of the Group for the Quarter and Period ended 30.09.2016 are as follows:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.09.2016</b> <b>RM</b>	<b>30.09.2015</b> <b>RM</b>	<b>30.09.2016</b> <b>RM</b>	<b>30.09.2015</b> <b>RM</b>
<b>(i) Associate company</b>				
MY E.G. Integrated Networks Sdn Bhd - Sales	600,000	600,000	600,000	600,000
<b>(ii) A company which a director has financial interest</b>				
Embunaz Ventures Sdn Bhd - Professional Fees	62,400	62,400	62,400	62,400

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 RM78.60 million and RM40.28 million respectively for the first financial quarter ("Q1 FY2017") as compared to RM60.74 million and RM28.15 million respectively in the corresponding quarter ("Q1 FY2016"). The increase of approximately RM17.86 million (or 29.4%) in Revenue and increase of RM12.13 million (or 43.1%) in PAT respectively is primarily attributable to:

- (i) higher transaction volumes from the online renewal of foreign workers' permits and insurance ("FWP") and foreign worker rehiring programme services;
- (ii) increase in revenue contribution from our JPJ related services; and
- (iii) contribution from our newly acquired subsidiary, Cardbiz Holding Sdn Bhd and its group of companies.

However, the increase in the quarter's Revenue and PAT due to the above factors was offset by:

- (i) higher personnel related expenses and operating expenses to support the growth in FWP and foreign worker rehiring programme services; and
- (ii) higher interest cost from the term loan to finance MYEG's newly acquired building.

### B2. Comparison with Preceding Quarter's Results

	Q1 FY2017 RM'000	Q4 FY2016 RM'000
Revenue	78,597	87,370
Profit Before Tax ("PBT")	40,414	50,893
PAT	40,280	50,951

For the Quarter under review, the Group recorded a Revenue of RM78.60 million, a decrease of RM8.77 million (10.0%) as compared to Q4 FY2016 revenue of RM87.37 million. PAT decreased by RM10.67 million (20.9%) to RM40.28 million, as compared to Q4 FY2016 PAT of RM50.95 million. The decrease in Revenue and PAT is primarily attributable to a decrease in revenue contribution from foreign worker rehiring programme services.

### B3. Prospect of the Group

For the financial year ending 30 June 2017 ("FYE 2017"), 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 services continue to be our core business, non-concession related services, such as the road safety diagnostic services, sale of prepaid top ups for Celcom mobile lines and provision of hostel accommodation to foreign workers, are expected to contribute to our growth for FYE2017.

Barring any unforeseen circumstances, the Directors of MYEG are cautiously optimistic that the results for the FYE 2017 will continue to be satisfactory as more Malaysians adopt online government services as a convenient and cheaper alternative to transact with the Government. MYEG will continue to roll out new services which will enhance the lives of Malaysians while meeting the objectives of the Government to increase online payments as an efficient method to transact.

### B4. Variance from Profit Forecast

Not applicable as there was no financial forecast issued for the financial year ended 30 June 2017.

## B5. Taxation

The taxation figures are as follows:

	<b>Current Quarter 30.09.2016 (RM'000)</b>	<b>Current Year To Date 30.09.2016 (RM'000)</b>
Current taxation	140	140
Deferred taxation	(6)	(6)
	<hr/>	<hr/>
	134	134
	<hr/>	<hr/>

The effective tax rate for the current taxation for cumulative year to date is 0.33% as compared to the statutory tax rate of 24%. 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 were no corporate proposals announced but not completed as at the date of this announcement saved as disclosed below:

(i) Acquisition of Additional Seven (7) Storeys of Stratified Parcels Designated for Office Use

We had on 15 September 2016 entered into seven (7) sale and purchase agreements with Cheerful Effect Sdn. Bhd and Lee Hong Poh & Lim Wan Lee for the acquisition of seven (7) storeys of stratified parcels designated for office use within a forty-five (45) storey corporate office tower identified as Iconic Office (Block N) at Empire City @ Damansara for an aggregate cash consideration of RM44,293,852 ("Acquisition"). The Acquisition is currently pending completion.

There was no valuation exercise carried out on the said Property. The Purchase Consideration for the Acquisition of RM44,293,852 was agreed based on a willing-buyer, willing-seller basis and after considering the previous valuation exercise for MYEG's acquisition of the twenty two (22) storeys of the same office block, the market value of the previous transactions of the same office block and the current property market condition.

Pursuant to the completion of the earlier acquisition of the twenty two (22) storeys and the subsequent completion of the seven (7) storeys at Iconic Office (Block N), MYEG will seek approval to change the name of the building to "MYEG Tower".

(ii) Proposed Bonus Issue

On 29 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 shares held by the Company's shareholders. The proposal has not been completed as at the date of this announcement as it is subject to the approval of the shareholders at the forthcoming Extraordinary General Meeting to be held on 9 December 2016.

(iii) Renewal of Authority to Purchase Shares

On 26 October 2016, the Company had proposed to renew the authority for the Company to purchase its own ordinary shares of up to 10% of the issued and paid-up share capital ("Proposed Share Buy-Back").

This proposal has not been completed as at the date of this announcement as it is subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on 9 December 2016.

**B7. Group Borrowings**

Details of the Group's borrowings as at September 30, 2016 were as follows:-

	<b>Non-Current (RM'000)</b>	<b>Current (RM'000)</b>	<b>Total (RM'000)</b>
<b>Secured</b>			
Hire Purchase	4,862	3,117	7,979
Term Loan	80,607	13,189	93,796
Revolving Credit	-	1,800	1,800
Total Borrowings	<u>85,469</u>	<u>18,106</u>	<u>103,575</u>

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**

	<b>As at 30.09.2016 (RM'000)</b>	<b>Audited As at 30.06.2016 (RM'000)</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	204,290	163,835
- Unrealised	(371)	(196)
	<u>203,919</u>	<u>163,639</u>
Total share of accumulated losses of associate:		
- Realised	(400)	(400)
- Unrealised	-	-
	<u>203,519</u>	<u>163,239</u>
(Less)/Add : Consolidation Adjustments	(9,829)	(10,060)
Total Group retained profits as per consolidated accounts	<u>193,690</u>	<u>153,179</u>

**B10. Profit Before Taxation**

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

	<b>Current Quarter 30.09.2016 (RM'000)</b>	<b>Current Year To Date 30.09.2016 (RM'000)</b>
Interest Income	(1,364)	(1,364)
Other Income	(95)	(95)
Interest Expense	1,497	1,497
Depreciation and amortization	4,808	4,808

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:

- 1) On 24 February 2015, a Writ of Summons together with the Statement of Claim issued in the Shah Alam High Court was served against the Company, Jason Chan Ling Khee and Wong Thean Soon (collectively referred to as “the Defendants”) by the solicitors of GST Smart Solution Sdn Bhd (“the Plaintiff”).

The Plaintiff claims are made up of the following:

- i) a declaration that there is an infringement of the Plaintiff’s Point of Sale – GST Automatic Tax Reporting System (“ATRS”) Patent by MYEG’s Method of Automated Reporting of Point of Sale Tax Collection under Secured Environment (“MARTC”);
- ii) an order that the Defendants are required to withdraw the application for the patent MYPI2010005962;
- iii) an injunction that the Defendants and/or its Directors, its Officers, Employees, service providers and/or agent or otherwise howsoever are required to stop and/or prohibited from filing any patent application identical or similar with the ATRS;
- iv) an injunction that the Defendants and/or its Directors, its Officers, Employees, service providers and/or agent or otherwise howsoever be restrained and/or prohibited from using the MARTC and/or any identical or similar device infringing the ATRS patent;
- v) an order that the Defendants and/or its Directors, its Officers, Employees, service providers and/or agent or otherwise howsoever be required to surrender and deliver up to the Plaintiffs all materials and/or documents and/or records and/or product relating to the infringement of the ATRS patent;
- vi) an inquiry as to the losses resulting from the infringement or alternatively, at the option of the Plaintiff an account of profits earned by the Defendants from the said infringement;
- vii) interest on any amount in item (vi) above at the rate of 5% per annum from 14.12.2010 until full payment;
- viii) cost; and
- ix) other reliefs deemed fit and may deemed just and expedient as the Court deems fit.

The Defendants have filed a counterclaim for the invalidation of the ATRS patent on the ground that the same did not comply with the Patents Act 1983 and the Patents Regulations 1986. GST Smart Solution filed an application to, in effect, strike out the Defendants’ counterclaim to invalidate their ATRS Patent. The suit was fixed for hearing on 17 June 2015 where GST Smart Solution’s application was dismissed. The suit is currently on trial.

Our Board is of the view that the claims by GST Smart Solution are without merit and will vigorously defend the claim.

## **B12. Dividends**

The Directors have proposed the declaration of a final dividend of 1.3 sen per RM0.10 ordinary share (2015 – 1.4 sen was based on the share capital of 1,202,102,000 ordinary shares) for the shareholders’ approval at the forthcoming Annual General Meeting to be held on 9 December 2016. The proposed final dividend is based on the current share capital of 2,404,204,000 ordinary shares.

**B13. EPS**

## i. Basic

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

	<b>Current Quarter 30.09.2016 (RM'000)</b>	<b>Current Year To Date 30.09.2016 (RM'000)</b>
Net profit attributable to ordinary shareholders	40,511	40,511
Weighted average number of ordinary shares of RM0.10 each in issue ('000s)	2,402,377	2,402,377
Basic EPS (sen)	1.7	1.7

## ii. Diluted

The company does not have any convertible shares or convertible financial instruments for the current financial quarter and financial 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. As there has been no material update, and no subsequent agreement has been entered arising from the MoU, both parties had agreed to mutually terminate the MOU on 29 November 2016.

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. As there has been no material update, and no subsequent agreement has been entered arising from the MoU, both parties had agreed to mutually terminate the MOU on 29 November 2016.

By Order of the Board  
Tan Ai Ning  
Secretary  
29 November 2016