



[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 31 MARCH 2018**



www.myeg.com.my

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

**THIRD QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income  
for the Third Quarter ended March 31, 2018  
(The figures have not been audited)**

|  | Individual Quarter<br>3 Months Ended |                |         | Cumulative Quarter<br>9 Months Ended |                |         |
|--|--------------------------------------|----------------|---------|--------------------------------------|----------------|---------|
|  | 31.03.2018                           | 31.03.2017     | Changes | 31.03.2018                           | 31.03.2017     | Changes |
|  | RM'000                               | RM'000         | %       | RM'000                               | RM'000         | %       |
| Revenue  | 111,530                              | 99,224         | 12.4    | 318,795                              | 266,484        | 19.6    |
| Operating Expenses   | (46,718)                             | (39,092)       | 19.5    | (129,245)                            | (108,830)      | 18.8    |
| Operating Profit   | 64,812                               | 60,132         | 7.8     | 189,550                              | 157,654        | 20.2    |
| Depreciation and Amortisation  | (6,305)                              | (4,922)        | 28.1    | (18,590)                             | (14,484)       | 28.3    |
| Interest Income  | 531                                  | 482            | 10.2    | 2,153                                | 2,773          | (22.4)  |
| Other Income   | 1,199                                | 3              | 100.0   | 1,233                                | 98             | 100.0   |
| Other Expenses   | (57)                                 | -              | 100.0   | (115)                                | -              | 100.0   |
| Share of results of a joint venture  | (144)                                | -              | 100.0   | (433)                                | -              | 100.0   |
| Share of results of an associate   | #                                    | -              | 100.0   | #                                    | -              | 100.0   |
| Profit Before Interest and Taxation  | 60,036                               | 55,695         | 7.8     | 173,798                              | 146,041        | 19.0    |
| Interest Expense   | (1,555)                              | (1,218)        | 27.7    | (4,648)                              | (3,986)        | 16.6    |
| Profit Before Taxation   | 58,481                               | 54,477         | 7.3     | 169,150                              | 142,055        | 19.1    |
| Taxation   | (369)                                | (432)          | 14.6    | (825)                                | (727)          | (13.5)  |
| Profit After Taxation  | 58,112                               | 54,045         | 7.5     | 168,325                              | 141,328        | 19.1    |
| Other Comprehensive Income   | -                                    | -              | -       | -                                    | -              | -       |
| Total Comprehensive Income for the financial period                                | 58,112                               | 54,045         | 7.5     | 168,325                              | 141,328        | 19.1    |
| Profit After Taxation attributable to:   |                                      |                |         |                                      |                |         |
| Owners of the Company  | 58,550                               | 53,902         | 8.6     | 170,379                              | 142,035        | 20.0    |
| Non-controlling interest   | (438)                                | 143            | (406.3) | (2,054)                              | (707)          | 190.5   |
|  | 58,112                               | 54,045         | 7.5     | 168,325                              | 141,328        | 19.1    |
| Total Comprehensive Income attributable to:  |                                      |                |         |                                      |                |         |
| Owners of the Company  | 58,550                               | 53,902         | 8.6     | 170,379                              | 142,035        | 20.0    |
| Non-controlling interest   | (438)                                | 143            | (406.3) | (2,054)                              | (707)          | 190.5   |
|  | 58,112                               | 54,045         | 7.5     | 168,325                              | 141,328        | 19.1    |
| Earnings per share ("EPS") attributable to the equity holders of the Company (sen) |                                      |                |         |                                      |                |         |
| - Basic EPS  | 1.6                                  | 1.5            |         | 4.7                                  | 3.9            |         |
| - Diluted EPS  | Not Applicable                       | Not Applicable |         | Not Applicable                       | Not Applicable |         |

# represents an amount less than RM1,000

\* 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 2017.

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 2017 and the accompanying notes to the Interim Financial Statements.

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

**Condensed Consolidated Statements of Financial Position**  
**As at March 31, 2018**

|  | <b>Unaudited<br/>As at<br/>31.03.2018<br/>RM'000</b> | <b>Audited<br/>As at<br/>30.06.2017<br/>RM'000</b> |
|--|--|--|
| <b>ASSETS</b>  |  |  |
| <b>NON-CURRENT ASSETS</b>  |  |  |
| Property and equipment   | 369,450  | 349,451  |
| Investment properties  | 17,541   | 17,809   |
| Investment in a joint venture  | 2,293  | -  |
| Other investments  | 18,563   | 9,818  |
| Development costs  | 3,907  | 5,390  |
| Goodwill on consolidation  | 18,435   | 18,549   |
| Deferred tax asset   | 710  | 710  |
| Hire purchase and finance lease receivables                                      | 120,653  | 12,889   |
|  | <u>551,552</u>                                       | <u>414,616</u>                                     |
| <b>CURRENT ASSETS</b>  |  |  |
| Inventories  | 8,016  | 1,810  |
| Hire purchase and finance lease receivables                                      | 12,611   | 1,302  |
| Trade receivables  | 77,471   | 100,728  |
| Other receivables, deposits and prepayments                                      | 96,938   | 121,300  |
| Amount owing by an associate   | 100,405  | 85,529   |
| Current tax assets   | 759  | 915  |
| Cash and bank balances   | 157,021  | 137,573  |
|  | <u>453,221</u>                                       | <u>449,157</u>                                     |
| <b>TOTAL ASSETS</b>  | <u>1,004,773</u>                                     | <u>863,773</u>                                     |
| <b>EQUITY AND LIABILITIES</b>  |  |  |
| <b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>                      |  |  |
| Share capital  | 360,630  | 360,630  |
| Treasury shares  | -  | -  |
| Fair value reserves  | 6,401  | 6,700  |
| Retained profits   | 313,177  | 186,074  |
|  | <u>680,208</u>                                       | <u>553,404</u>                                     |
| Non-controlling interests  | (3,292)  | (1,463)  |
| <b>TOTAL EQUITY</b>  | <u>676,916</u>                                       | <u>551,941</u>                                     |
| <b>NON-CURRENT LIABILITIES</b>   |  |  |
| Long term borrowings   | 102,719  | 114,160  |
| Deferred tax liabilities   | 2,322  | 2,102  |
|  | <u>105,041</u>                                       | <u>116,262</u>                                     |
| <b>CURRENT LIABILITIES</b>   |  |  |
| Trade payables   | 150,746  | 130,774  |
| Other payables and accruals  | 28,951   | 21,644   |
| Deferred revenue   | 19,940   | 19,940   |
| Current tax liabilities  | 364  | 57   |
| Short term borrowings  | 22,815   | 23,155   |
|  | <u>222,816</u>                                       | <u>195,570</u>                                     |
| <b>TOTAL LIABILITIES</b>   | <u>327,857</u>                                       | <u>311,832</u>                                     |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <u>1,004,773</u>                                     | <u>863,773</u>                                     |
| Net assets attributable to ordinary equity holders of the parent (RM'000)        | 680,208  | 553,404  |
| Net assets per share attributable to ordinary equity holders of the parent (sen) | 18.86  | 15.35  |

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2017 and the accompanying notes to the Interim Financial Statements.

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

**Condensed Consolidated Statements of Changes in Equity**  
**For the Third Quarter ended March 31, 2018**  
**(The figures have not been audited)**

<----- Non-Distributable ----->

|   | Share Capital  | Treasury<br>Shares | Fair Value<br>Reserve | Other Reserve | Distributable<br>Retained Profits | Attributable to<br>Owners of the<br>Company | Non-<br>controlling<br>Interests | Total Equity   |
|---|----------------|--------------------|-----------------------|---------------|-----------------------------------|---|----------------------------------|----------------|
|   | RM'000         | RM'000             | RM'000                | RM'000        | RM'000                            | RM'000                                      | RM'000                           | RM'000         |
| As at 1 July 2016   | 240,420        | (2)                | 6,700                 | -             | 153,179                           | 400,297                                     | (161)                            | 400,136        |
| Profit after tax for the financial period                         | -              | -                  | -                     | -             | 142,035                           | 142,035                                     | (707)                            | 141,328        |
| Bonus issue   | 120,210        | -                  | -                     | (1,005)       | (119,205)                         | -   | -                                | -              |
| Expenses related to bonus issue                                   | -              | -                  | -                     | -             | (72)                              | (72)  | -                                | (72)           |
| Acquisition of a subsidiary                                       | -              | -                  | -                     | -             | -                                 | -   | 160                              | 160            |
| Purchase of treasury shares                                       | -              | (7,954)            | -                     | -             | -                                 | (7,954)                                     | -                                | (7,954)        |
| Resale of treasury shares   | -              | 7,956              | -                     | 1,005         | -                                 | 8,961                                       | -                                | 8,961          |
| Dividend paid   | -              | -                  | -                     | -             | (31,255)                          | (31,255)                                    | -                                | (31,255)       |
| As at 31 March 2017   | <b>360,630</b> | <b>-</b>           | <b>6,700</b>          | <b>-</b>      | <b>144,682</b>                    | <b>512,012</b>                              | <b>(708)</b>                     | <b>511,304</b> |
| As at 1 July 2017   | 360,630        | -                  | 6,700                 | -             | 186,074                           | 553,404                                     | (1,463)                          | 551,941        |
| Profit after tax for the financial period                         | -              | -                  | -                     | -             | 170,379                           | 170,379                                     | (2,054)                          | 168,325        |
| Additional subscription of shares by non-<br>controlling interest | -              | -                  | -                     | -             | -                                 | -   | 225                              | 225            |
| Dividend paid   | -              | -                  | -                     | -             | (43,276)                          | (43,276)                                    | -                                | (43,276)       |
| Fair value changes of financial assets                            | -              | -                  | (299)                 | -             | -                                 | (299)                                       | -                                | (299)          |
| As at 31 March 2018   | <b>360,630</b> | <b>-</b>           | <b>6,401</b>          | <b>-</b>      | <b>313,177</b>                    | <b>680,208</b>                              | <b>(3,292)</b>                   | <b>676,916</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 2017 and the accompanying notes to the Interim Financial Statements.

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

**Condensed Consolidated Statements of Cash Flows for the Third Quarter ended March 31, 2018**  
(The figures have not been audited)

|  | <b>Current Year To<br/>Date Ended<br/>31.03.2018<br/>RM'000</b> | <b>Corresponding<br/>Year To Date<br/>Ended<br/>31.03.2017<br/>RM'000</b> |
|--|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |   |   |
| Profit before taxation   | 169,150   | 142,055   |
| Adjustments for:-  |   |   |
| Amortisation of development costs                                  | 1,376   | 1,377   |
| Depreciation of equipment  | 16,946  | 13,107  |
| Depreciation of investment properties                              | 268   | -   |
| Equipment written off  | 31  | 1   |
| Impairment loss on goodwill  | 115   | -   |
| Impairment loss on inventories                                     | -   | 4   |
| Impairment loss on trade receivables                               | 2   | 7   |
| Interest expense   | 4,648   | 3,986   |
| Share of results for a joint venture                               | 433   | -   |
| (Gain)/Loss on disposal of other investment                        | (1,198)   | 350   |
| Gain on disposal of equipment                                      | (2)   | (31)  |
| Interest income  | (2,153)   | (2,773)   |
|  | <u>189,616</u>  | <u>158,083</u>  |
| Operating profit before working capital changes                    |   |   |
| (Increase)/Decrease in inventories                                 | (6,205)   | 618   |
| Increase in hire purchase and finance lease receivables            | (119,073)   | (9,323)   |
| Decrease/(Increase) in trade and other receivables                 | 47,550  | (81,414)  |
| Increase in trade and other payables                               | 27,343  | 41  |
| Increase in amount owing by an associate                           | (14,876)  | (11,566)  |
| <b>CASH FLOWS FROM OPERATIONS</b>                                  | <u>124,355</u>  | <u>56,439</u>   |
| Income tax refunded/(paid)   | (141)   | (677)   |
| Interest paid  | (4,648)   | (3,986)   |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                          | <u>119,566</u>  | <u>51,776</u>   |
| <b>CASH FLOWS FOR INVESTING ACTIVITIES</b>                         |   |   |
| Developments costs paid  | 107   | (357)   |
| Interest received  | 2,153   | 2,773   |
| Proceeds from disposal of equipment                                | 2   | 250   |
| Purchase of property and equipment                                 | (36,977)  | (69,968)  |
| Proceeds from disposal of other investment                         | 1,769   | 150   |
| Investment in a joint venture                                      | (2,726)   | -   |
| Purchase of other investments                                      | (9,615)   | (1,020)   |
| Subscription of shares in a subsidiary by non-controlling interest | 225   | #   |
| <b>NET CASH FOR INVESTING ACTIVITIES</b>                           | <u>(45,062)</u>   | <u>(68,172)</u>   |
| <b>CASH FLOWS FOR FINANCING ACTIVITIES</b>                         |   |   |
| Dividend paid  | (43,276)  | (31,255)  |
| Drawdown of hire purchase and finance lease obligations            | 1,015   | 5,448   |
| Drawdown of term loans   | -   | 9,639   |
| Drawdown of revolving credit                                       | 1,960   | 3,000   |
| Purchase of treasury shares  | -   | (7,954)   |
| Resale of treasury shares  | -   | 8,961   |
| Bonus issue expenses   | -   | (72)  |
| Repayment of hire purchase and finance lease obligations           | (1,860)   | (8,162)   |
| Repayment of term loans  | (11,695)  | (6,350)   |
| Repayment of revolving credit                                      | (1,200)   | (10,000)  |
| <b>NET CASH FOR FINANCING ACTIVITIES</b>                           | <u>(55,056)</u>   | <u>(36,745)</u>   |
| <b>NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES</b>           | <u>19,448</u>   | <u>(53,141)</u>   |
| <b>CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL PERIOD</b> | <u>137,573</u>  | <u>209,715</u>  |
| <b>CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD</b>       | <u>157,021</u>  | <u>156,574</u>  |

# - 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 2017 and the accompanying notes to the Interim Financial Statements.

**Notes To The Interim Financial Report For The Financial Period Ended March 31, 2018**

**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 2017.

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 2017.

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

The auditors’ report on the financial statements for the financial year ended 30 June 2017 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 FY2017 as revenue from other services increasingly contribute to a larger proportion of group revenues since FY2017.

**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.

#### **A7. Dividends Paid**

On 7 December 2017, the Directors have declared a final single tier dividend of 1.2 sen per ordinary share (2016 – 1.3 sen was based on the share capital of 2,404,204,000 ordinary shares) amounting to RM43,276,432 for the financial year ended 30 June 2017 and it was paid on 6 February 2018. The final dividend paid was based on the current share capital of 3,606,305,993 ordinary shares.

On 27 February 2018, the Directors have declared a first interim single tier dividend of 0.5 sen per ordinary share (2017 – 0.5 sen) amounting to RM18,031,530 (2017 – RM18,031,530) for the current financial year ending 30 June 2018 and it was paid on 25 May 2018 to shareholders registered at the close of business on 26 April 2018.

#### **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 the Company

The Company had on 26 January 2018, incorporated a wholly-owned subsidiary known as MY EG International Sdn. Bhd. ("MYEGI") under Companies Act 2016. Its intended principal activities include undertake investments and joint ventures in foreign countries. MYEGI has an issued and paid-up share capital of RM1.00 comprising 1 ordinary share.

#### **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 31.03.2018, the Group has commitment for the following:-

|                                     | <b>As at<br/>31.03.2018<br/>RM'000</b> | <b>As at<br/>31.03.2017<br/>RM'000</b> |
|-------------------------------------|--|--|
| Purchase of communication equipment | 13,921                                 | 14,421                                 |
| Purchase of office building         | 5,015                                  | 15,323                                 |
|                                     | <u>18,936</u>                          | <u>29,744</u>                          |

### A14. Related Party Transactions

The related party transactions of the Group for the Quarter and Financial Period ended 31.03.2018 are as follows:

|   | <b>Individual Quarter<br/>3 months ended</b> |                          | <b>Cumulative Quarter<br/>9 months ended</b> |                          |
|---|--|--------------------------|--|--------------------------|
|   | <b>31.03.2018<br/>RM</b>                     | <b>31.03.2017<br/>RM</b> | <b>31.03.2018<br/>RM</b>                     | <b>31.03.2017<br/>RM</b> |
| <b>(i) Associate company</b>                                      |  |                          |  |                          |
| MY E.G. Integrated Networks Sdn Bhd<br>- Sales                    | <u>600,000</u>                               | <u>600,000</u>           | <u>1,800,000</u>                             | <u>1,800,000</u>         |
| <b>(ii) A company which a director<br/>has financial interest</b> |  |                          |  |                          |
| Embunaz Ventures Sdn Bhd<br>- Professional Fees                   | <u>62,400</u>                                | <u>62,400</u>            | <u>187,200</u>                               | <u>187,200</u>           |

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 RM111.53 million and RM58.11 million respectively for the third financial quarter (“Q3 FY2018”) as compared to RM99.22 million and RM54.05 million respectively in the corresponding quarter (“Q3 FY2017”). The increase of approximately RM12.31 million (or 12.4%) in Revenue and increase of RM4.06 million (or 7.5%) in PAT respectively is primarily attributable to:

- (i) higher transaction volumes from the online renewal of foreign workers’ permits (“FWP”), foreign workers rehiring programme services (“FWR Services”) and foreign workers’ insurance from both FWP as well as FWR Services;
- (ii) introduction of the foreign worker job matching and placement programme which commenced in Q2 FY2018; and
- (iii) increase in revenue contribution from our motor vehicle trading related services.

For the year to date period ended 31 March 2018 (“9M FY2018”), the Group recorded Revenue of RM318.80 million as compared to RM266.48 million in the corresponding period (“9M FY2017”). This represents an increase of RM52.32 million (19.6%) in Revenue. PAT for 9M FY2018 increased by RM27.00 million (19.1%) to RM168.33 million as compared to RM141.33 million achieved in 9M FY2017. The increase in Revenue and PAT 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) introduction of the foreign worker job matching and placement programme which commenced in the current quarter; and
- (iii) increase in revenue contribution from our motor vehicle trading related services.

However, increase in the following expenses offset some of the increases in the Revenue and PAT achieved during the quarter as well as the year to date period:

- (i) higher personnel related expenses and operating expenses to support the growth in FWP and related services;
- (ii) higher interest cost from the term loan to finance MYEG’s newly acquired building (“MYEG Tower”); and
- (iii) increase in maintenance and operating expenses for MYEG Tower.

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

|  | Q3 2018<br>RM’000 | Q2 2018<br>RM’000 | Changes<br>% |
|--|-------------------|-------------------|--------------|
| Revenue  | 111,530           | 109,226           | 2.11         |
| Operating Profit   | 64,812            | 65,613            | (1.22)       |
| Profit Before Interest and Taxation                          | 60,036            | 59,903            | 0.22         |
| Profit Before Taxation                                       | 58,481            | 58,309            | 0.29         |
| Profit After Taxation  | 58,112            | 58,087            | 0.04         |
| Profit attributable to Ordinary Equity Holders of the Parent | 58,550            | 59,047            | (0.84)       |

For the Quarter under review, the Group recorded a Revenue of RM111.53 million, an increase of RM2.30 million (2.1%) as compared to Q2 FY2018 revenue of RM109.23 million. PAT increased by RM0.02 million (0%) to RM58.11 million, as compared to Q2 FY2018 PAT of RM58.09 million. The Q3 FY2018 results reflect a consistent volume of transactions in our cores services as compared to Q2 FY2018 in our group operations.

### B3. Prospect of the Group

For the financial year ending 30 June 2018 ("FYE 2018"), the continued growth in volume of our existing concession related services, primarily the FWP as well as the online renewal of foreign workers' insurance, are expected to contribute to our Group revenue and PAT.

In FYE 2018, subsequent to the end of the FWR Services on 31 December 2017, we have embarked on a job matching and placement programme under our non-concession related services, where we will match foreign workers registered under the FWR Services with employers who require foreign worker labour. This is a new business division under our non-concession related services which will also complement our hostel accommodation division.

While concession services continue to be our core business, non-concession related services is expected to continue to contribute to our growth for FYE2018.

The recent Malaysian General Election on 9th May 2018 saw the formation of a new coalition Government which will govern for the next 5 years. MYEG's Board of Directors ("The Board") is cautiously optimistic that we will be able to work with the Government of the day to continue rolling out new e-government services whilst maintaining the service level of the current services which will continue to benefit the Malaysian public, consistent with the new coalition Government's manifesto.

However, in view of the recent pronouncements of the new Government to abolish the current GST regime, the Board wishes to clarify that the Company will wait for the official details by the Government in regards to the implementation of the new tax system before making the necessary announcements to Bursa Securities.

In addition, the Board wishes to reiterate should there be any changes in policy of the new ruling Government which affects any of the services or projects to date, the Company will review and make the necessary impairments or provisions for all investments and expenditure incurred to date where deemed necessary and prudent in FYE2018.

### 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:

|                   | Individual Quarter<br>3 months ended |                      |               | Cumulative Quarter<br>9 months ended |                      |              |
|-------------------|--------------------------------------|----------------------|---------------|--------------------------------------|----------------------|--------------|
|                   | 31.03.2018<br>RM'000                 | 31.03.2017<br>RM'000 | Changes<br>%  | 31.03.2018<br>RM'000                 | 31.03.2017<br>RM'000 | Changes<br>% |
| Current taxation  | 545                                  | 201                  | >100          | 605                                  | 510                  | 18.6         |
| Deferred taxation | (176)                                | 231                  | >(100)        | 220                                  | 217                  | 1.4          |
|                   | <u>369</u>                           | <u>432</u>           | <u>(14.6)</u> | <u>825</u>                           | <u>727</u>           | <u>13.5</u>  |

The effective tax rate for the current taxation for cumulative year to date is 0.49% 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.

## B7. Group Borrowings

Details of the Group's borrowings as at March 31, 2018 were as follow:-

|                          | As at 31.03.2018      |                   |                 |
|--------------------------|-----------------------|-------------------|-----------------|
|                          | Non-Current<br>RM'000 | Current<br>RM'000 | Total<br>RM'000 |
| <b><u>Secured^</u></b>   |                       |                   |                 |
| Hire Purchase            | 2,788                 | 1,800             | 4,588           |
| Term Loan                | 99,931                | 15,255            | 115,186         |
| <b><u>Unsecured^</u></b> |                       |                   |                 |
| Revolving Credit         | -                     | 5,760             | 5,760           |
| Total Borrowings         | 102,719               | 22,815            | 125,534         |

  

|                          | As at 31.03.2017      |                   |                 |
|--------------------------|-----------------------|-------------------|-----------------|
|                          | Non-Current<br>RM'000 | Current<br>RM'000 | Total<br>RM'000 |
| <b><u>Secured^</u></b>   |                       |                   |                 |
| Hire Purchase            | 3,668                 | 2,580             | 6,248           |
| Term Loan                | 78,418                | 13,176            | 91,594          |
| <b><u>Unsecured^</u></b> |                       |                   |                 |
| Revolving Credit         | -                     | 3,000             | 3,000           |
| Total Borrowings         | 82,086                | 18,756            | 100,842         |

^ The borrowings are denominated in RM.

The Group borrowings increased by RM24.7m in Q3 FY2018 as compared to the corresponding quarter of Q3 FY2017. The increase is mainly due to the drawdown of term loan in Q4 FY2017 to finance the acquisition of additional seven (7) storeys of stratified parcels designated for office use. The weighted average interest rate of borrowings as at Q3 FY2018 was 3.32%.

## 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<br>31.03.2018<br>RM'000 | Audited<br>As at<br>30.06.2017<br>RM'000 |
|---|-------------------------------|--|
| Total retained profits of the Company and its subsidiaries: |                               |  |
| - Realised  | 322,137                       | 197,662                                  |
| - Unrealised  | (1,612)                       | (1,371)                                  |
|   | 320,525                       | 196,291                                  |
| Total share of accumulated losses of associate:             |                               |  |
| - Realised  | (400)                         | (400)                                    |
| - Unrealised  | -                             | -  |
|   | 320,125                       | 195,891                                  |
| Less: Consolidation Adjustments                             | (6,948)                       | (9,817)                                  |
| Total Group retained profits as per consolidated accounts   | 313,177                       | 186,074                                  |

## B10. Profit Before Taxation

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

|                               | Individual Quarter<br>3 months ended |                      |              | Cumulative Quarter<br>9 months ended |                      |              |
|-------------------------------|--------------------------------------|----------------------|--------------|--------------------------------------|----------------------|--------------|
|                               | 31.03.2018<br>RM'000                 | 31.03.2017<br>RM'000 | Changes<br>% | 31.03.2018<br>RM'000                 | 31.03.2017<br>RM'000 | Changes<br>% |
| Interest Income               | (531)                                | (482)                | 10.2         | (2,153)                              | (2,773)              | (22.4)       |
| Other Income                  | (1,199)                              | (3)                  | >100         | (1,233)                              | (98)                 | >100         |
| Interest Expense              | 1,555                                | 1,218                | 27.7         | 4,648                                | 3,986                | 16.6         |
| Depreciation and Amortisation | 6,305                                | 4,922                | 28.1         | 18,590                               | 14,484               | 28.3         |

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 High Court had on 13 June 2017 made the following decisions:

- a) The Plaintiff's claim was dismissed;
- b) The Defendants' counterclaim was allowed. The Plaintiff's patent was held to be invalid and therefore, revoked;

- c) The Plaintiff shall pay a cost amounting to RM100,000.00; and  
d) The Plaintiff has 30 days from 13 June 2017 to lodge an appeal against the decision to the Court of Appeal.

On 13 July 2017, the Company received a copy of the unsealed notice of appeal dated 6 July 2017 from the Plaintiff's solicitors in respect of the appeal filed by the Plaintiff against the decision made by the High Court.

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

## B12. Dividends

No dividends were declared during the current financial quarter review.

## 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.

|   | Individual Quarter<br>3 months ended |                      | Cumulative Quarter<br>9 months ended |                      |
|---|--------------------------------------|----------------------|--------------------------------------|----------------------|
|   | 31.03.2018<br>RM'000                 | 31.03.2017<br>RM'000 | 31.03.2018<br>RM'000                 | 31.03.2017<br>RM'000 |
| Net profit attributable to ordinary shareholders            | 58,550                               | 53,902               | 170,379                              | 142,035              |
| Weighted average number of ordinary shares in issue ('000s) | 3,606,306                            | 3,606,306            | 3,606,306                            | 3,604,532            |
| Basic EPS (sen)   | 1.6                                  | 1.5                  | 4.7                                  | 3.9                  |

### 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

MY EG Lodging Sdn. Bhd., a sub-subsiary of the Company has entered into a MoU with Johor Corporation on 3 April 2018 to explore the possibility to purchase or lease a land situated within Muar Furniture Park. 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  
30 May 2018