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

(505639-K)

(Incorporated in Malaysia)

**UNAUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**



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

**FIFTH QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income  
for the Financial Period ended September 30, 2018  
(The figures have not been audited)**

	3 Months Ended			15 Months Ended		
	30.09.2018	30.09.2017	Changes	30.09.2018	30.09.2017	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	138,334	-	-	564,571	-	-
Operating Expenses	(226,526)	-	-	(399,547)	-	-
Operating (Loss)/Profit	(88,192)	-	-	165,024	-	-
Depreciation and Amortisation	(7,084)	-	-	(32,122)	-	-
Interest Income	530	-	-	3,149	-	-
Other Income	10	-	-	1,247	-	-
Other Expenses	-	-	-	(172)	-	-
Share of results of a joint venture	(185)	-	-	(720)	-	-
Share of results of an associate	-	-	-	#	-	-
(Loss)/Profit Before Interest and Taxation	(94,921)	-	-	136,406	-	-
Interest Expense	(1,729)	-	-	(7,921)	-	-
(Loss)/Profit Before Taxation	(96,650)	-	-	128,485	-	-
Taxation	(1,107)	-	-	(2,407)	-	-
(Loss)/Profit After Taxation	(97,757)	-	-	126,078	-	-
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive (Loss)/Income for the financial period	(97,757)	-	-	126,078	-	-
(Loss)/Profit After Taxation attributable to:						
Owners of the Company	(97,474)	-	-	129,017	-	-
Non-controlling interest	(283)	-	-	(2,939)	-	-
	(97,757)	-	-	126,078	-	-
Total Comprehensive (Loss)/Income attributable to:						
Owners of the Company	(97,474)	-	-	129,017	-	-
Non-controlling interest	(283)	-	-	(2,939)	-	-
	(97,757)	-	-	126,078	-	-
(Loss)/Earnings per share ("LPS/EPS") attributable to the equity holders of the Company (sen)						
- Basic (LPS)/EPS *	(2.7)	-		3.6	-	
- Diluted (LPS)/EPS	Not Applicable	Not Applicable		Not Applicable	Not Applicable	

# represents an amount less than RM1,000

Notes:

- i) The financial year end of the Group has been changed from 30 June to 30 September. As such, the next set of audited financial statements shall be for a period of fifteen (15) months from 1 July 2017 to 30 September 2018. There will be no comparative financial information available for the financial period ended 30 September 2018.
- ii) 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 September 30, 2018**

	<b>As at 30.09.2018 RM'000</b>	<b>As at 30.06.2017 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property and equipment	283,848	349,451
Investment properties	31,783	17,809
Investment in a joint venture	2,006	-
Other investments	28,527	9,818
Development costs	2,990	5,390
Goodwill on consolidation	18,377	18,549
Deferred tax asset	710	710
Financing receivables	159,020	12,889
	<u>527,261</u>	<u>414,616</u>
<b>CURRENT ASSETS</b>		
Inventories	3,397	1,810
Financing receivables	12,671	1,302
Trade receivables	151,163	100,728
Other receivables, deposits and prepayments	78,543	121,300
Amount owing by an associate	-	85,529
Current tax assets	800	915
Cash and bank balances	110,238	137,573
	<u>356,812</u>	<u>449,157</u>
<b>TOTAL ASSETS</b>	<u>884,073</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	(52,804)	-
Fair value reserves	6,401	6,700
Retained profits	253,783	186,074
	<u>568,010</u>	<u>553,404</u>
Non-controlling interests	(4,177)	(1,463)
<b>TOTAL EQUITY</b>	<u>563,833</u>	<u>551,941</u>
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	94,508	114,160
Deferred tax liabilities	2,237	2,102
	<u>96,745</u>	<u>116,262</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	165,015	130,774
Other payables and accruals	23,744	21,644
Deferred revenue	526	19,940
Current tax liabilities	1,623	57
Short term borrowings	32,587	23,155
	<u>223,495</u>	<u>195,570</u>
<b>TOTAL LIABILITIES</b>	<u>320,240</u>	<u>311,832</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>884,073</u>	<u>863,773</u>
Net assets attributable to ordinary equity holders of the parent (RM'000)	568,010	553,404
Net assets per share attributable to ordinary equity holders of the parent (sen)	15.99	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 Financial Period ended September 30, 2018**  
(The figures have not been audited)

	←----- Non-Distributable ----->							
	Share Capital	Treasury Shares	Fair Value Reserve	Other Reserve	Distributable Retained Profits	Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 July 2016	-	-	-	-	-	-	-	-
Profit after tax for the financial period	-	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-	-
Expenses related to bonus issue	-	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-
Resale of treasury shares	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
As at 30 September 2017	-	-	-	-	-	-	-	-
As at 1 July 2017	360,630	-	6,700	-	186,074	553,404	(1,463)	551,941
Profit after tax for the financial period	-	-	-	-	129,017	129,017	(2,939)	126,078
Additional subscription of shares by non-controlling interest	-	-	-	-	-	-	225	225
Purchase of treasury shares	-	(52,804)	-	-	-	(52,804)	-	(52,804)
Dividend paid	-	-	-	-	(61,308)	(61,308)	-	(61,308)
Reclassification adjustment to profit and loss on disposal	-	-	(299)	-	-	(299)	-	(299)
As at 30 September 2018	360,630	(52,804)	6,401	-	253,783	568,010	(4,177)	563,833

Notes:

- i) The financial year end of the Group has been changed from 30 June to 30 September. As such, the next set of audited financial statements shall be for a period of fifteen (15) months from 1 July 2017 to 30 September 2018. There will be no comparative financial information available for the financial period ended 30 September 2018.
- ii) 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 Financial Period ended September 30, 2018**  
(The figures have not been audited)

	Current Period Ended 30.09.2018 RM'000	Corresponding Period Ended 30.09.2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	128,485	-
Adjustments for:-		
Amortisation of development costs	2,294	-
Depreciation of equipment	28,987	-
Depreciation of investment properties	841	-
Equipment written off	438	-
Impairment loss on amount owing from an associate	95,450	-
Impairment loss on equipment	76,291	-
Impairment loss on goodwill	172	-
Interest expense	7,921	-
Share of results in an associate	#	-
Share of results for a joint venture	720	-
Gain on disposal of other investment	(1,198)	-
Interest income	(3,149)	-
	<u>337,252</u>	<u>-</u>
Operating profit before working capital changes		
Increase in deferred revenue	(19,414)	-
Increase in inventories	(1,587)	-
Increase in financing receivables	(157,500)	-
Increase in trade and other receivables	(7,710)	-
Increase in trade and other payables	36,372	-
Increase in amount owing by an associate	(9,921)	-
<b>CASH FLOWS FROM OPERATIONS</b>	<u>177,492</u>	<u>-</u>
Income tax paid	(591)	-
Interest paid	(7,921)	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>168,980</u>	<u>-</u>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	3,149	-
Purchase of property and equipment	(54,822)	-
Proceeds from disposal of other investment	1,269	-
Investment in a joint venture	(2,726)	-
Investment in an associate	#	-
Purchase of other investments	(19,079)	-
Subscription of shares in a subsidiary by non-controlling interest	225	-
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<u>(71,984)</u>	<u>-</u>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Dividend paid	(61,308)	-
Drawdown of hire purchase and finance lease obligations	1,015	-
Drawdown of revolving credit	11,960	-
Purchase of treasury shares	(52,804)	-
Repayment of hire purchase and finance lease obligations	(2,636)	-
Repayment of term loans	(19,358)	-
Repayment of revolving credit	(1,200)	-
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<u>(124,331)</u>	<u>-</u>
<b>NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES</b>	<u>(27,335)</u>	<u>-</u>
<b>CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL PERIOD</b>	<u>137,573</u>	<u>-</u>
<b>CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD</b>	<u>110,238</u>	<u>-</u>

# represents an amount less than RM1,000

Notes:

- i) The financial year end of the Group has been changed from 30 June to 30 September. As such, the next set of audited financial statements shall be for a period of fifteen (15) months from 1 July 2017 to 30 September 2018. There will be no comparative financial information available for the financial period ended 30 September 2018.
- ii) 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 September 30, 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 FY2015 as revenue from other services increasingly contribute to a larger proportion of group revenue.

**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.

As at 30 September 2018, a total of 54,000,000 (30 September 2017: Nil) 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 2018.

## **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 period ended 30 September 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 MY EG (Indonesia) Sdn. Bhd. ("MYEGIND"), a wholly-owned subsidiary of the Company

MYEGIND, a wholly-owned subsidiary of the Company had on 21 September 2018, incorporated a 90% owned subsidiary known as PT MYEG Services Indonesia ("PTMYEG"). The intended principal activity of PTMYEG is to build, own and operate a digital platform for commercial services in the Republic of Indonesia.

## 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 30.09.2018, the Group has commitment for the following:-

	<b>As at 30.09.2018 RM'000</b>	<b>As at 30.09.2017 RM'000</b>
Purchase of communication equipment	-	13,921
Purchase of office building	36,835	5,015
	<u>36,835</u>	<u>18,936</u>

## A14. Related Party Transactions

The related party transactions of the Group for the Quarter and Financial Period ended 30.09.2018 are as follows:

	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 15 months ended</b>	
	<b>30.09.2018 RM</b>	<b>30.09.2017 RM</b>	<b>30.09.2018 RM</b>	<b>30.09.2017 RM</b>
<b>(i) Associate company</b>				
MY E.G. Integrated Networks Sdn Bhd - Sales	-	600,000	2,000,000	3,000,000
	<hr/>			
<b>(ii) A company which a director has financial interest</b>				
Embunaz Ventures Sdn Bhd - Professional Fees	62,400	62,400	312,000	312,000
	<hr/>			

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 of RM138.33 million for the fifth financial quarter (“Q5 FY2018”) mainly arising from:

- (i) concession related services such as Immigration and JPJ related and ancillary services;
- (ii) commercial services such as motor vehicle trading related services, financing services as well as contribution from our Cardbiz group of companies which is principally involved in the payment solutions services; and
- (iii) recognition of deferred revenue of RM19.94m (arising from the sale of solutions in previous financial years, to an associate company) in relation to the impairments made for capex and receivables related to the abolishment of the Goods and Services Tax (“GST”) regime.

However, the Group incurred a Loss of After Taxation amounting to RM97.76m in Q5 FY2018 mainly attributable to the following:

- (i) impairment of amount due from an associate company amounting to RM95.45 million; and
- (ii) impairment of equipment amounting to RM76.29 million.

In relation to the abolishment of the GST regime.

For the financial period ended 30 September 2018 (“15M FY2018”), the Group recorded Revenue of RM564.57 million and Profit After Taxation (“PAT”) of RM126.08 million.

The contribution of Revenue and PAT achieved for 15M FY2018 is primarily attributable to:

- (i) concession related services such as Immigration and JPJ related and ancillary services;
- (ii) commercial services such as motor vehicle trading related services, financing services as well as contribution from our Cardbiz group of companies which is principally involved in the payment solutions services;
- (iii) recognition of deferred revenue of RM19.94m (arising from the sale of solution in previous financial years, to an associate company); and
- (iii) which was offset by impairment of amount due from an associate company amounting to RM95.45 million and impairment of equipment amounting to RM76.29 million.

Our Group’s main expenses for Q5 FY2018 and 15M FY2018 financial periods comprise primarily of the following:

- (i) personnel related expenses and operating expenses;
- (ii) interest expense arising from the term loan to finance MYEG’s newly acquired building (“MYEG Tower”);
- (iii) maintenance and operating expenses for MYEG Tower; and
- (iv) depreciation and amortisation charges.

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

	<b>Q5 2018</b>	<b>Q4 2018</b>	<b>Changes</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>%</b>
Revenue	138,334	107,442	28.75
Operating (Loss)/ Profit	(88,192)	63,667	(238.52)
(Loss)/Profit Before Interest and Taxation	(94,921)	57,528	(265.00)
(Loss)/Profit Before Taxation	(96,650)	55,985	(272.64)
(Loss)/Profit After Taxation	(97,757)	55,509	(276.11)
(Loss)/Profit attributable to Ordinary Equity Holders of the Parent	(97,474)	56,113	(273.71)

For the Quarter under review, the Group recorded a Revenue of RM138.33 million, an increase of RM30.89 million (28.75%) as compared to Q4 FY2018 revenue of RM107.44 million. The increase is primarily due to:

- (i) the recognition of deferred revenue of RM19.94m (arising from the sale of solution in previous years, to an associate company); and
- (ii) increase in transaction volume from commercial services.

However, a loss after taxation of RM97.76 million was incurred in Q5 FY2018 as compared to Q4 FY2018 PAT of RM55.51 million. The decrease of RM153.27 million (276.11%) is primarily due to:

- (i) impairment of amount due from an associate company amounting to RM95.45 million; and
- (ii) impairment of equipment amounting to RM76.29 million.

### **B3. Prospect of the Group**

For the financial year ending (“FYE”) 30 September 2019, MYEG will continue to introduce innovative services leveraging on new technology to drive our growth for FYE2019.

We are also expanding our regional presence in Asia with the recent introduction of new joint ventures and services in the Republic of the Philippines, the People’s Republic of Bangladesh and the Republic of Indonesia. These are the new markets which potentially will also contribute to our growth for FYE2019.

The recent Malaysian General Election on 9th May 2018 saw the formation of a new coalition Government. MYEG’s Board of Directors (“The Board”) is 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.

In view of the recent pronouncements of the new Government to abolish the current Goods and Services Tax (“GST”) regime, the Board wishes to clarify that necessary impairments have been made, in FYE2018, on the investments as well as capital expenditure incurred on the tax monitoring system which were supposed to be rolled out under the GST regime. However, the Board is confident that there will be opportunities available to the Company to roll out similar system in other countries which we are present and to re-deploy the system built and assets purchased (which the value have been impaired) in these countries.

Barring any unforeseen circumstances, the Directors of MYEG are cautiously optimistic that the long term outlook for MYEG continues to remain positive as we constantly introduce innovative services as well as embarking on a regional expansion.

### **B4. Variance from Profit Forecast**

Not applicable as there was no financial forecast issued for the current financial period.

## B5. Taxation

The taxation figures are as follows:

	Individual Quarter 3 months ended			Cumulative Quarter 15 months ended		
	30.09.2018	30.09.2017	Changes	30.09.2018	30.09.2017	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Current taxation	1,114	-	-	2,272	-	-
Deferred taxation	(7)	-	-	135	-	-
	1,107	-	-	2,407	-	-

The effective tax rate for the current taxation for cumulative year to date is 0.58% 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 September 30, 2018 were as follow:-

	As at 30.09.2018		
	Non-Current RM'000	Current RM'000	Total RM'000
<b><u>Secured^</u></b>			
Hire Purchase	2,128	1,684	3,812
Term Loan	92,380	15,143	107,523
<b><u>Unsecured^</u></b>			
Revolving Credit	-	15,760	15,760
Total Borrowings	94,508	32,587	127,095

  

	As at 30.09.2017		
	Non-Current RM'000	Current RM'000	Total RM'000
<b><u>Secured^</u></b>			
Hire Purchase	3,512	2,372	5,884
Term Loan	107,506	15,684	123,190
<b><u>Unsecured^</u></b>			
Revolving Credit	-	3,800	3,800
Total Borrowings	111,018	21,856	132,874

^ The borrowings are denominated in RM.

The Group borrowings decreased by RM5.78 million in Q5 FY2018 as compared to the corresponding quarter of Q5 FY2017. The decrease is mainly due to the repayments made during FY2018 which was offset by an increase in Revolving Credit drawdown in Q5 FY2018 to finance the acquisition of a podium level below MYEG Tower designated for office use. The weighted average interest rate of borrowings as at Q5 FY2018 was 3.28%.

## B8. Off Balance Sheet Financial Instruments

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

## B9. (Loss)/Profit Before Taxation

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

	Individual Quarter 3 months ended			Cumulative Quarter 15 months ended		
	30.09.2018	30.09.2017	Changes	30.09.2018	30.09.2017	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Interest Income	530	-	-	3,149	-	-
Other Income	10	-	-	1,247	-	-
Impairment loss on amount owing from an associate	(95,450)	-	-	(95,450)	-	-
Impairment loss on equipment	(76,291)	-	-	(76,291)	-	-
Interest Expense	(1,729)	-	-	(7,921)	-	-
Depreciation and Amortisation	(7,084)	-	-	(32,122)	-	-

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.

## B10. 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.

On 17 October, the Company received a copy of the Sealed Order dated 26 July 2018 on the following decisions made by the Court of Appeal:-

- a) The Plaintiff's appeal against the decision of the High Court was withdrawn;
- b) The Plaintiff's Patent Grant No. MY152892-A for the "Point of Sale-GST Automatic Reporting System" and/or "Point of Sale-GST Automatic Tax Reporting System is valid at all times;
- c) Both Patent Grant No. MY152892-A owned by the Plaintiff and the Patent Grant No. MY153631-A owned by the Defendants are retained; and
- d) The High Court's decision on the cost of RM100,000.00 to be paid by the Plaintiff to the Defendants remains unchanged.

#### **B11. Dividends**

The Directors have proposed the declaration of a final dividend of 1.4 sen per ordinary share (2017 – 1.2 sen) for the shareholders' approval at the forthcoming Annual General Meeting, the date of which will be announced later.

#### **B12. 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 period.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>15 months ended</b>	
	<b>30.09.2018</b>	<b>30.09.2017</b>	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net (loss)/profit attributable to ordinary shareholders	(97,474)	-	129,017	-
Weighted average number of ordinary shares in issue ('000s)	3,552,306	-	3,590,798	-
Basic (LPS)/EPS (sen)	<u>(2.7)</u>	-	<u>3.6</u>	-

##### **ii. Diluted**

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

### **B13. 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-subsiidiary of the Company had, on 3 April 2018, entered into a MOU with Johor Corporation to explore the possibility to purchase or lease a land situated within Muar Furniture Park.

The Company had on 22 October 2018 entered into a MOU with University of Malaya to jointly promote and foster the development of academic and research projects in blockchain, as well as for the implementation of an on-campus e-wallet.

MY EG (Indonesia) Sdn Bhd, a sub subsidiary of the Company had, on 26 November 2018, entered into a MOU with PT Cartenz Technology Indonesia to define and regulate the intended collaboration and cooperation to expand and extend the scope of Cartenz’s product and services in relation to its tax monitoring system and tax revenue system in the Republic of Indonesia.

As at the date of this announcement, there has been no material update and no subsequent agreements have been entered arising from all the MOUs entered by the Group.

By Order of the Board  
Tan Ai Ning  
Secretary  
29 November 2018