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MY E.G. SERVICES BERHAD

(505639-K)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**



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

THIRD QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
 For the Third Quarter ended March 31, 2016
 (The figures have not been audited)**

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.03.2016 (RM'000)	31.03.2015 (RM'000)	31.03.2016 (RM'000)	31.03.2015 (RM'000)
Revenue	70,126	38,973	194,358	96,457
Operating expenses	(31,299)	(16,240)	(88,050)	(39,592)
Operating Profit	38,827	22,733	106,308	56,865
Depreciation and amortization	(4,537)	(3,831)	(13,055)	(11,253)
Interest Expense	(1,149)	(271)	(2,269)	(872)
Interest Income	237	540	1,238	708
Other Income	30	3	111	22
Profit Before Taxation	33,408	19,174	92,333	45,470
Taxation	(250)	(128)	(765)	(352)
Profit After Taxation	33,158	19,046	91,568	45,118
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the financial year	33,158	19,046	91,568	45,118
Profit After Taxation attributable to:				
Owners of the Company	33,108	19,069	91,922	45,196
Non-controlling interest	50	(23)	(354)	(78)
	33,158	19,046	91,568	45,118
Total Comprehensive Income attributable to:				
Owners of the Company	33,108	19,069	91,922	45,196
Non-controlling interest	50	(23)	(354)	(78)
	33,158	19,046	91,568	45,118
Earnings per share ("EPS") attributable to the equity holders of the company (sen)				
- Basic EPS	1.4	0.8*	3.8	1.9*
- 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 current interim financial period ended 31 March 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 2015 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 March 31, 2016

	Unaudited As at end of Current Quarter 31.03.2016 RM'000	Audited As at 30.6.2015 RM'000
ASSETS		
NON-CURRENT ASSETS		
Other investments	9,093	8,303
Development costs	7,578	8,955
Property and equipment	242,331	110,134
Goodwill on consolidation	17,800	12,016
Deferred tax asset	710	710
	277,512	140,118
CURRENT ASSETS		
Inventories	2,411	-
Trade receivables	122,465	72,565
Other receivables, deposits and prepayments	29,391	31,539
Tax recoverable	356	306
Amount due from associate company	82,372	71,220
Cash and bank balances	79,347	132,049
	316,342	307,679
TOTAL ASSETS	593,854	447,797
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	240,420	120,210
Treasury shares	(2)	(6,783)
Reserves	-	37,009
Fair value reserves	6,714	6,700
Retained profits	114,033	116,777
	361,165	273,913
Non-controlling interest	(5)	(20)
TOTAL EQUITY	361,160	273,893
NON-CURRENT LIABILITIES		
Deferred tax liability	1,013	937
Hire purchase	3,084	4,756
Term loan	82,738	1,821
	86,835	7,514
CURRENT LIABILITIES		
Trade payables	93,333	113,725
Other payables and accruals	13,814	26,862
Deferred revenue	20,387	19,940
Provision for taxation	103	24
Short term borrowings	18,222	5,839
	145,859	166,390
TOTAL LIABILITIES	232,694	173,904
TOTAL EQUITY AND LIABILITIES	593,854	447,797
Net assets attributable to ordinary equity holders of the parent (RM'000)	361,165	273,913
Net assets per share attributable to ordinary equity holders of the parent (sen)	15.02	11.39*

* comparative figures for the number of ordinary shares for net assets per share have been restated to reflect the adjustment arising from the Bonus Issue during the current interim financial period ending 31 March 2016.

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2015 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 Third Quarter ended March 31, 2016
(The figures have not been audited)

	← Non-Distributable →				Distributable Retained Profits (RM'000)	Attributable to Owners of the Company (RM'000)	Non-controlling Interest (RM'000)	Total Equity (RM'000)
	Share Capital (RM'000)	Treasury Shares (RM'000)	Fair Value Reserve (RM'000)	Other Reserve (RM'000)				
As at 1 July 2014	60,105	(10,237)	-	-	126,789	176,657	2	176,659
Profit after tax for the financial period	-	-	-	-	45,196	45,196	(78)	45,118
Bonus issue	60,105	-	-	-	(60,105)	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	335	335
Disposal of a subsidiary	-	-	-	-	-	-	(260)	(260)
Purchase of treasury shares	-	(6)	-	-	-	(6)	-	(6)
Resale of treasury shares	-	10,240	-	37,009	-	47,249	-	47,249
Dividends paid	-	-	-	-	(11,969)	(11,969)	-	(11,969)
As at 31 March 2015	120,210	(3)	-	37,009	99,911	257,127	(1)	257,126
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	-	-	-	-	91,922	91,922	(354)	91,568
Bonus issue	120,210	-	-	(42,553)	(77,657)	-	-	-
Expenses related to bonus issue	-	-	-	-	(179)	(179)	-	(179)
Fair value changes of available-for-sale asset	-	-	14	-	-	14	-	14
Acquisition of a subsidiary	-	-	-	-	-	-	369	369
Purchase of treasury shares	-	(4,041)	-	-	-	(4,041)	-	(4,041)
Resale of treasury shares	-	10,822	-	5,544	-	16,366	-	16,366
Dividends paid	-	-	-	-	(16,830)	(16,830)	-	(16,830)
As at 31 March 2016	240,420	(2)	6,714	-	114,033	361,165	(5)	361,160

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 2015 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 Third Quarter ended March 31, 2016
(The figures have not been audited)

	Current Year To Date Ended 31.03.2016 (RM'000)	Corresponding Year To Date Ended 31.03.2015 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	92,333	45,470
Adjustments for:-		
Allowance for impairment loss on trade receivables	2	209
Unrealised loss on available-for-sale asset	15	-
Amortisation of development costs	1,377	1,239
Depreciation of equipment	11,678	10,014
Equipment written off	3	-
Interest expense	2,269	872
Reversal for allowance for impairment loss on trade receivables	(10)	-
Gain on disposal of equipment	(21)	-
Interest income	(1,238)	(708)
Operating profit before working capital changes	106,408	57,096
Increase in inventories	(1,946)	-
Increase in trade and other receivables	(46,114)	(66,311)
(Decrease)/Increase in trade and other payables	(36,640)	118,659
Decrease in deferred revenue	110	-
Increase in amount owing by an associate	(11,153)	(9,809)
CASH FLOWS FROM OPERATIONS	10,665	99,635
Income tax paid	(616)	(477)
Interest paid	(2,269)	(872)
NET CASH FROM OPERATING ACTIVITIES	7,780	98,286
CASH FLOWS FOR INVESTING ACTIVITIES		
Proceeds from disposal of other investments	-	100
Proceed from disposal of equipment	34	-
Subscription of shares in subsidiary by non-controlling interest	#	#
Development costs paid	-	(472)
Purchase of property and equipment	(142,943)	(6,706)
Purchase of other investments	(790)	(510)
Net cash (outflow)/inflow from acquisition of a subsidiary	(4,686)	48
Interest received	1,238	708
NET CASH FOR INVESTING ACTIVITIES	(147,147)	(6,832)
CASH FOR FINANCING ACTIVITIES		
Drawdown of term loans	81,522	-
Drawdown of revolving credit	10,000	-
Drawdown of hire purchase loans	5,448	2,567
Repayment of hire purchase and finance lease payables	(4,002)	(3,188)
Repayment of term loans	(1,619)	(1,846)
Repayment of revolving credit	-	(3,000)
Purchase of treasury shares	(4,041)	(6)
Resale of treasury shares	16,366	47,249
Bonus issue expenses	(179)	-
Dividends paid	(16,830)	(11,970)
NET CASH FROM FINANCING ACTIVITIES	86,665	29,806
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES	(52,702)	121,260
CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL PERIOD	132,049	21,946
CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD	79,347	143,206

- 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 2015 and the accompanying notes to the Interim Financial Statements.

Notes To The Interim Financial Report For The Financial Year Ended March 31, 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 2015.

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 2015.

A2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 30 June 2015 was not qualified.

A3. Seasonal and Cyclical Factors

The Group’s business operation result was previously subject 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 1 March 2016, the Company had purchased a total of 1,000 of MYEG shares from the open market. The total consideration paid for the share buy-back of MYEG shares, including transaction costs was RM2,164 and was financed from internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965.

The total shares bought back for the financial period ended 31 March 2016 amounted to 1,000 (31.03.2015: 1,000) MYEG shares. As at 31 March 2016, a total of 1,000 (31.03.2015: 1,000) MYEG shares were retained as treasury shares in the Company. None of the treasury shares held were resold or cancelled during the financial period ended 31 March 2016.

A7. Dividends Paid

On 25 November 2015, the Directors have declared a final tax exempt dividend of 1.4 sen per 10 sen ordinary share (2014 - 2.0 sen) amounting to RM16,829,428 for the financial year ended 30 June 2015 and it was paid on 4 February 2016. The final dividend paid was based on an enlarged share capital of 1,202,102,000 ordinary shares arising from the completion of the bonus issue in January 2015.

On 29 February 2016, the Directors have declared a first interim single tier dividend of 0.50 sen per 10 sen ordinary share (2015 – 0.5 sen) amounting to RM12,021,015 (2015 – RM6,011,112) for the current financial year ending 30 June 2015 and it was paid on 24 May 2016 to shareholders registered at the close of business on 26 April 2016. The first interim dividend paid was based on an enlarged share capital of 2,404,204,000 ordinary shares arising from the completion of the bonus issue in January 2016.

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 Cardbiz Holding Sdn Bhd ("Carbiz Holding"), a 55% owned subsidiary of the Company

CardBiz Holding, a 55% owned subsidiary of MY E.G. Capital Sdn Bhd, which is a wholly owned subsidiary of the Company had on 20 January 2016, incorporated a wholly owned subsidiary known as CardBiz eServices Sdn Bhd ("CardBiz eServices") under the Companies Act, 1965. CardBiz eServices has an authorised share capital of RM400,000.00 comprising 400,000 ordinary shares of RM1.00 each and the issued and paid-up share capital is RM2.00 comprising 2 ordinary shares of RM1.00 each.

(ii) Incorporation of a new subsidiary by My EG Capital Sdn Bhd ("MYEG Capital"), a wholly-owned subsidiary of the Company

MYEG Capital had on 19 February 2016, incorporated a wholly-owned subsidiary known as MY E.G. Payment Services Sdn. Bhd. ("MYEG Payment Services") under the Companies Act, 1965. MYEG Payment Services has an authorised share capital of RM400,000.00 comprising 400,000 ordinary shares of RM1.00 each and the issued and paid-up share capital is RM2.00 comprising 2 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 31.03.2016, the Group has commitment for the following:-

	31.03.2016 RM'000	31.03.2015 RM'000
Purchase of communication equipment	8,761	6,226
Purchase of office building	24,962	-
	<hr/> 33,723	<hr/> 6,226
	<hr/>	<hr/>

A14. Related Party Transactions

The related party transactions of the Group for the Quarter and Year ended 31.03.2016 are as follows:

	Individual Quarter		Cumulative Quarter	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM	RM	RM	RM
(i) Associate company				
MY E.G. Integrated Networks Sdn Bhd - Sales	600,000	600,000	1,800,000	1,800,000
(ii) A company which a director has financial interest				
Embunaz Ventures Sdn Bhd - Professional Fees	62,400	62,400	187,200	187,200

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 RM70.13 million and RM33.16 million respectively for the third financial quarter ("Q3 FY2016") as compared to RM38.97 million and RM19.05 million respectively in the corresponding quarter ("Q3 FY2015"). The increase of approximately RM31.16 million (or 80.0%) in Revenue and increase of RM14.11 million (or 74.1%) 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.

For the year to date period ended 31 March 2016 ("9M FY2016"), the Group recorded Revenue of RM194.36 million as compared to RM96.46 million in the corresponding period ("9M FY2015"). This represents an increase of RM97.90 million (101.5%) in Revenue. PAT for 9M FY2016 increase by RM46.45 million (102.9%) to RM91.57 million as compared to RM45.12 million achieved in 9M FY2015. The increase in Revenue and PAT is primarily attributable to:

- (i) higher transaction volumes from the online renewal of 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, higher personnel related expenses and operating expenses to support the growth in FWP and foreign worker rehiring programme services and higher interest cost from the term loan to finance MYEG's newly acquired building partially offset the increases in the Revenue and PAT achieved during the financial period.

B2. Comparison with Preceding Quarter's Results

	Q3 FY2016 RM'000	Q2 FY2016 RM'000
Revenue	70,126	63,491
Profit Before Tax ("PBT")	33,408	30,647
PAT	33,158	30,262

For the Quarter under review, the Group recorded a Revenue of RM70.13 million, an increase of RM6.64 million (10.5%) as compared to Q2 FY2016 revenue of RM63.49 million. PAT increased by RM2.90 million (9.6%) to RM33.16 million, as compared to Q2 FY2016 PAT of RM30.26 million. The increase in Revenue and PAT is primarily attributable to:

- (i) increase in revenue contribution from 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.

B3. Prospect of the Group

For the financial year ending 30 June 2016 ("FYE 2016"), the continued growth in volume of our existing services especially online renewal of foreign workers' insurance and foreign worker services are expected to continue contributing to our Group revenue and PAT. While concession services continue to be our core business, non-concession services which are relevant to Malaysians, such as the road safety diagnostic kit, will continue to be one of our main focus of growth.

Barring any unforeseen circumstances, the Directors of MYEG are cautiously optimistic that the results for the financial year ending 30 June 2016 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 ending 30 June 2016.

B5. Taxation

The taxation figures are as follows:

	Current Quarter 31.03.2016 (RM'000)	Current Year To Date 31.03.2016 (RM'000)
Current taxation	161	690
Deferred taxation	89	75
	<hr/>	<hr/>
	250	765

The effective tax rate for the current taxation for financial quarter and cumulative year to date is 0.75% and 0.83% respectively as compared to the statutory tax rate of 25%. The lower effective tax rate is primarily because a significant proportion of the Group's revenue and PBT are mainly contributed by MY EG Sdn Bhd ("EGSB"). As EGSB is a MSC status company with tax incentives, its revenue is not subjected to income tax.

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement saved as disclosed below:

(i) Acquisition of twenty-two (22) storeys of stratified parcels designated for office use

We had on 8 May 2015 entered into twenty-two (22) conditional sale and purchase agreements with Cosmopolitan Avenue Sdn. Bhd for the acquisition of twenty-two (22) storeys of stratified parcels designated for office use with a combined parcel area of approximately 238,932 square feet within a forty-five (45) storey corporate office tower identified as Iconic Office (Block N) forming part of a self-contained integrated mixed use development known as Empire City @ Damansara for an aggregate cash consideration of RM155,346,600 ("**Acquisition**"). The Acquisition was approved by our shareholders at an EGM held on 27 July 2015 and is pending completion.

B7. Group Borrowings

Details of the Group's borrowings as at March 31, 2016 were as follows:-

	Non-Current (RM'000)	Current (RM'000)	Total (RM'000)
Secured			
Hire Purchase	3,084	6,984	10,068
Term Loan	82,738	11,238	93,976
Total Borrowings	85,822	18,222	104,044

The borrowings are denominated in RM.

B8. Off Balance Sheet Financial Instruments

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

B9. Realised and Unrealised Profits/(Losses) Disclosure

	As at 31.03.2016 (RM'000)	Audited As at 30.06.2015 (RM'000)
Total retained profits of the Company and its subsidiaries:		
- Realised	124,949	128,190
- Unrealised	(303)	(227)
	124,646	127,963
Total share of accumulated losses of associate:		
- Realised	(400)	(400)
- Unrealised	-	-
	124,246	127,563
(Less)/Add : Consolidation Adjustments	(10,213)	(10,786)
Total Group retained profits as per consolidated accounts	114,033	116,777

B10. Profit Before Taxation

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

	Current Quarter 31.03.2016 (RM'000)	Current Year To Date 31.03.2016 (RM'000)
Interest Income	(237)	(1,238)
Other Income	(30)	(111)
Interest Expense	1,149	2,269
Depreciation and amortization	4,537	13,055

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 15 August 2013, the Company was served with a Writ of Summons together with the Statement of Claim issued in the Kuala Lumpur High Court by nine (9) third parties ("Plaintiffs").

The claim is in relation to the alleged unlawful conspiracy between our Company and another four (4) third parties affecting the importance of the economics of the Plaintiffs. The Plaintiffs sought for an injunction from Court to stop our Company from executing the program Bantuan Lesen 1 Malaysia, damages for alleged unlawfully conspired (which are not quantified), costs and interest. Our Company has sought its solicitors' advice on the necessary course of action to be taken in relation to the aforesaid Writ of Summons. We have filed for Defence and Counter Claim on 19 September 2013. Subsequently on 23 October 2013, our Company has filed to strike out the application by the Plaintiffs which was dismissed with order for cost to which was settled on 21 May 2014.

On 1 March 2016, the Kuala Lumpur High Court has dismissed the claims by eight (8) Plaintiffs which were filed against the five (5) third parties ("Defendants"), where our Company was named as one of the Defendants.

Our Board is of the view that the dismissal does not have any material impact on the earnings and nets assets of the Company for the financial year ending 30 June 2016.

- 2) 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 and is now fixed for continued trial on 15, 19 and 30 August 2016.

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.

	Current Quarter 31.03.2016 (RM'000)	Current Year To Date 31.03.2016 (RM'000)
Net profit attributable to ordinary shareholders	33,108	91,922
Weighted average number of ordinary shares of RM0.10 each in issue ('000s)	2,404,204	2,401,978
Basic EPS (sen)	1.4	3.8

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. There has been no material update, and no subsequent agreement has been entered arising from the MoU as at the date of this announcement.

The Company had on 2 September 2013 entered into a MoU to jointly explore possible business opportunities and collaboration in the areas of e-Government services delivery and joint go-to-market for specific target market segments with Celcom Axiata Berhad ("Celcom"). On 2 September 2015, the MoU was extended for a further period of one (1) year to 1 September 2016. However, on 10 May 2016, the MOU has been terminated with immediate effect with mutual agreement from both parties as the said MOU has transited to a business arrangement, such as the appointment of the Company on 22 January 2016 as Celcom's Direct Channel Partner to promote, market and distribute products and services to end users. As such, the MOU would therefore no longer subsist.

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

By Order of the Board
Tan Ai Ning
Secretary
30 May 2016