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MY E.G. SERVICES BERHAD

(505639-K)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**



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

SECOND QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the Second Quarter ended 31 December 2014
 (The figures have not been audited)

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	31.12.2014 (RM'000)	31.12.2013 (RM'000)	31.12.2014 (RM'000)	31.12.2013 (RM'000)
Revenue	29,765	23,463	57,485	43,869
Operating expenses	(11,597)	(9,003)	(23,352)	(17,626)
Operating Profit	18,168	14,460	34,133	26,243
Depreciation and amortization	(3,748)	(3,234)	(7,423)	(6,261)
Interest Expense	(300)	(229)	(601)	(475)
Interest Income	37	298	168	354
Other Income	9	-	19	-
Profit Before Taxation	14,166	11,295	26,296	19,861
Taxation	(118)	(90)	(224)	(115)
Profit After Taxation	14,048	11,205	26,072	19,746
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the financial period	14,048	11,205	26,072	19,746
Profit After Taxation attributable to:				
Owners of the Company	14,086	11,205	26,128	19,746
Non-controlling interest	(38)	#	(56)	#
	14,048	11,205	26,072	19,746
Total Comprehensive Income attributable to:				
Owners of the Company	14,086	11,205	26,128	19,746
Non-controlling interest	(38)	#	(56)	#
	14,048	11,205	26,072	19,746
Earnings per share ("EPS") attributable to the equity holders of the company (sen)				
- Basic EPS	2.4	1.9	4.4	3.3
- Diluted EPS	Not Applicable	Not Applicable	Not Applicable	Not Applicable

represents an amount less than RM1,000.

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2014 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 31 December 2014

	Unaudited As at end of Current Quarter 31.12.2014 RM'000	Audited As at 30.6.2014 RM'000
ASSETS		
NON-CURRENT ASSETS		
Other investments	2,290	2,090
Development costs	9,494	9,968
Equipment	72,874	76,544
Goodwill on consolidation	12,323	12,016
Deferred tax asset	710	710
	97,691	101,328
CURRENT ASSETS		
Trade receivables	33,452	19,000
Other receivables, deposits and prepayments	38,827	29,304
Tax recoverable	89	107
Amount due from associate company	70,704	64,351
Cash and bank balances	43,779	21,946
	186,851	134,708
TOTAL ASSETS	284,542	236,036
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	60,105	60,105
Treasury shares	(4,726)	(10,237)
Reserves	19,839	-
Retained profits	152,917	126,789
	228,135	176,657
Non-controlling interest	281	2
TOTAL EQUITY	228,416	176,659
NON-CURRENT LIABILITIES		
Deferred tax liability	884	878
Hire purchase	4,884	6,127
Term loan	1,326	1,966
	7,094	8,971
CURRENT LIABILITIES		
Trade payables	7,955	16,381
Other payables and accruals	9,037	3,910
Deferred revenue	19,940	19,940
Provision for taxation	247	237
Short term borrowings	11,853	9,938
	49,032	50,406
TOTAL LIABILITIES	56,126	59,377
TOTAL EQUITY AND LIABILITIES	284,542	236,036
Net assets attributable to ordinary equity holders of the parent (RM'000)	228,135	176,657
Net assets per share attributable to ordinary equity holders of the parent (sen)	38.29	29.95

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2014 and the accompanying notes to the Interim Financial Statements.

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

Condensed Consolidated Statements of Changes in Equity
For the Second Quarter ended 31 December 2014
(The figures have not been audited)

	← Non-Distributable →		← Distributable →		Attributable to Owners of the Company (RM'000)	Non-controlling Interest (RM'000)	Total Equity (RM'000)
	Share capital (RM'000)	Treasury Shares (RM'000)	Reserves (RM'000)	Retained Profits (RM'000)			
As at 1 July 2013	60,105	(7,766)	-	87,300	139,639	3	139,642
Purchase of Treasury Shares	-	(1,310)	-	-	(1,310)	-	(1,310)
Profit After Tax For The Financial Year	-	-	-	19,746	19,746	#	19,746
As at 31 December 2013	60,105	(9,076)	-	107,046	158,075	3	158,078
As at 1 July 2014	60,105	(10,237)	-	126,789	176,657	2	176,659
Non-controlling interest of a subsidiary acquired during the period	-	-	-	-	-	335	335
Purchase of Treasury Shares	-	(3)	-	-	(3)	-	(3)
Resale of Treasury Shares	-	5,514	19,839	-	25,353	-	25,353
Profit After Tax For The Financial Year	-	-	-	26,128	26,128	(56)	26,072
As at 31 December 2014	60,105	(4,726)	19,839	152,917	228,135	281	228,416

represents an amount less than RM1,000

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2014 and the accompanying notes to the Interim Financial Statements.

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

Condensed Consolidated Statements of Cash Flows
For the Second Quarter ended 31 December 2014
(The figures have not been audited)

	Current Year To Date Ended 31.12.2014 (RM'000)	Corresponding Year To Date Ended 31.12.2013 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	26,296	19,861
Adjustments for:-		
Amortisation of development costs	826	740
Depreciation of equipment	6,597	5,521
Impairment loss/(gain) on trade receivables	104	(1)
Interest expense	601	475
Interest income	(168)	(354)
Operating profit before working capital changes	34,256	26,242
Increase in trade and other receivables	(24,030)	(5,519)
Decrease in trade and other payables	(3,391)	(3,151)
Increase in deferred revenue	-	1,820
Increase in amount owing by an associate	(6,353)	(9,839)
CASH FLOWS FROM OPERATIONS	482	9,553
Income tax paid	(188)	(129)
Interest paid	(601)	(475)
NET CASH FROM OPERATING ACTIVITIES	(307)	8,949
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of other investments	(300)	(256)
Proceeds from disposal of other investments	100	-
Development costs paid	(352)	(392)
Purchase of equipment	(2,694)	(4,681)
Net cash inflow from acquisition of a subsidiary	4	-
Interest received	168	354
NET CASH FOR INVESTING ACTIVITIES	(3,074)	(4,975)
CASH FOR FINANCING ACTIVITIES		
Drawdown of revolving credit	2,000	-
Drawdown of hire purchase loans	1,287	3,414
Repayment of hire purchase and finance lease payables	(2,087)	(1,518)
Repayment of term loans	(1,336)	(974)
Purchase of treasury shares	(3)	(1,310)
Resale of treasury shares	25,353	-
NET CASH FROM / (FOR) FINANCING ACTIVITIES	25,214	(388)
NET INCREASE IN CASH AND BANK BALANCES	21,833	3,586
CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL PERIOD	21,946	18,389
CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD	43,779	21,975

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2014 and the accompanying notes to the Interim Financial Statements.

Notes To The Interim Financial Report For The Financial Period Ended 31 December 2014

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 2014.

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 2014.

A2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 30 June 2014 was not qualified.

A3. Seasonal and Cyclical Factors

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

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

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

A5. Material Changes in Estimates

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 15 December 2014, the Company had sold a total of 2,871,900 of its issued share capital held as treasury shares ("MYEG shares") to the open market. The total consideration received for the sale of MYEG shares, including transaction costs was RM12,024,308;
- (ii) On 22 December 2014, the Company had sold a total of 179,600 of its issued share capital held as treasury shares ("MYEG shares") to the open market. The total consideration received for the sale of MYEG shares, including transaction costs was RM757,448; and
- (iii) On 30 December 2014, the Company had sold a total of 3,000,000 of its issued share capital held as treasury shares ("MYEG shares") to the open market. The total consideration received for the sale of MYEG shares, including transaction costs was RM12,570,960.

The total shares sold during the financial period ended 31 December 2014 amounted to 6,051,500 (31.12.2013: nil) MYEG shares. As at 31 December 2014, a total of 5,186,300 (31.12.2013: 10,796,400) MYEG shares were still being retained as treasury shares in the Company after taking into consideration the sale of MYEG shares during the financial period.

A7. Dividends Paid

On 24 November 2014, the Directors have declared a final tax exempt dividend of 2.0 sen per 10 sen ordinary share (2013 – 1.3 sen) amounting to RM11,969,294 for the financial year ended 30 June 2014 and it was paid on 6 February 2015.

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 that has not been reflected.

A11. Changes in the Composition of the Group

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

A12. Contingent Liabilities

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

A13. Capital Commitments

As at 31.12.2014, the Group has commitment for the following:-

	31.12.2014 RM'000	31.12.2013 RM'000
Purchase of communication equipment	9,226	-

A14. Related Party Transactions

The related party transactions of the Group for the Quarter and Year ended 31.12.2014 are as follows:

	Individual Quarter		Cumulative Quarter	
	31.12.2014 RM	31.12.2013 RM	31.12.2014 RM	31.12.2013 RM
(i) Associate company				
MY E.G. Integrated Networks Sdn Bhd - Sales	600,000	2,650,000	1,200,000	5,750,000
(iii) A company which a director has financial interest				
Embunaz Ventures Sdn Bhd - Professional Fees	62,400	54,900	124,800	155,700

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 RM29.77 million and RM14.05 million respectively for the second financial quarter ("Q2 FY2015") as compared to RM23.46 million and RM11.21 million respectively in the corresponding quarter ("Q2 FY2014"). The increase of approximately RM6.30 million (or 26.9%) in Revenue and increase of RM2.84 million (or 25.4%) in PAT respectively is primarily attributable to higher transaction volumes and related ancillary revenues for our JPJ related services (i.e. online transfer of vehicle ownership and renewal of insurance and road tax) and Immigration Department services (i.e online renewal of foreign workers' permit) and increased contributions from e-solutions revenues.

For the year to date period ended 31 December 2014 ("6M FY2015"), the Group recorded Revenue of RM57.49 million as compared to RM43.87 million in the corresponding period ("6M FY2014"). This represents an increase of RM13.62 million (31.0%) in Revenue. PAT for 6M FY2015 increase by RM6.33 million (32.0%) to RM26.07 million as compared to RM19.75 million achieved in 6M FY2014. The increase in Revenue and PAT is primarily attributable to:

- i) continuous growth in existing services, which is mainly related to motor vehicles owned by Malaysians, driven by our ongoing advertising and promotion campaigns to create and enhance brand awareness;
- ii) higher transaction volumes from Immigration Department related services (primarily the online renewal of foreign workers' permit); and
- iii) increased contributions from e-solutions revenue.

B2. Comparison with Preceding Quarter's Results

	Q2 FY2015 RM'000	Q1 FY2015 RM'000
Revenue	29,765	27,720
Profit Before Tax ("PBT")	14,166	12,130
PAT	14,048	12,024

For the Quarter under review, the Group recorded a Revenue of RM29.77 million, an increase of RM2.05 million (7.4%) as compared to Q1 FY2015 revenue of RM27.72 million. PAT increased by RM2.02 million (16.8%) to RM14.05 million, as compared to Q1 FY2015 PAT of RM12.02 million.

The increase in Revenue and PAT is primarily attributable to an increase in transaction volumes from our range of JPJ and Immigration Department related services and an increase in revenue contribution from our e-solutions services.

B3. Prospect of the Group

For the financial year ending 30 June 2015 ("FYE 2015"), the continued growth in volume of our existing services primarily the online renewal of foreign workers' permit and online transfer of vehicle ownership is expected to continue contributing to our Group revenue. With our concession period extended for a further five years from 23 May 2015 to 22 May 2020, we will continue to focus on rolling out services from new and existing government agencies which are relevant to Malaysians. At the same time, we will also expand our commercial and ancillary services which will leverage on the co-branded card with RHB Bank Berhad.

Barring any unforeseen circumstances, the Directors of MYEG are of the opinion that the results for the financial year ending 30 June 2015 will continue to be satisfactory as awareness of our existing services and brand name continues to increase while MYEG continues to roll out new services.

B4. Variance from Profit Forecast

Not applicable as there was no financial forecast issued for the financial year ending 30 June 2015.

B5. Taxation

The taxation figures are as follows:

	Current Quarter 31.12.2014 (RM'000)	Current Year To Date 31.12.2014 (RM'000)
Current taxation	118	224
	<hr/>	<hr/>
	118	224
	<hr/>	<hr/>

The effective tax rate for the current taxation for financial quarter and cumulative year to date is 0.85% 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 is no corporate proposal announced but not completed as at the date of this announcement.

B7. Group Borrowings

Details of the Group's borrowings as at December 31, 2014 were as follows:-

	Non-Current (RM'000)	Current (RM'000)	Total (RM'000)
Secured			
Hire Purchase	4,884	4,728	9,612
Term Loan	1,326	2,125	3,451
Revolving Credit	-	5,000	5,000
Total Borrowings	<hr/> 6,210	<hr/> 11,853	<hr/> 18,063

The borrowings are denominated in RM.

B8. Off Balance Sheet Financial Instruments

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

B9. Realised and Unrealised Profits/Losses Disclosure

	As at 31.12.2014 (RM'000)	Audited As at 30.06.2014 (RM'000)
Total retained profits of the Company and its subsidiaries:		
- Realised	163,464	138,165
- Unrealised	(174)	(168)
	<hr/> 163,290	<hr/> 137,997
Total share of accumulated losses of associate:		
- Realised	(400)	(400)
- Unrealised	-	-
	<hr/> 162,890	<hr/> 137,597
(Less)/Add : Consolidation Adjustments	(9,973)	(10,808)
Total Group retained profits as per consolidated accounts	<hr/> 152,917	<hr/> 126,789

B10. Profit Before Taxation

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

	Current Quarter 31.12.2014 (RM'000)	Current Year To Date 30.09.2014 (RM'000)
Interest Income	(37)	(168)
Interest Expense	300	601
Depreciation and amortization	3,748	7,423
Impairment loss on trade receivables	105	104

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:

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

The claim is in relation to the alleged unlawful conspiracy between the Company and another four (4) third parties ("Defendants") affecting the importance of the economics of the Plaintiffs. The Plaintiffs sought for an injunction from Court to stop the Company from executing the program Bantuan Lesen 1 Malaysia ("BL1M"), damages for alleged unlawfully conspired (which are not quantified), costs and interest. The Company has sought its solicitors' advice on the necessary course of action to be taken in relation to the aforesaid Writ of Summons. We have filed for Defence and Counter Claim on 19 September 2013. Subsequently on 23 October 2013, we have filed to strike out the application by the Plaintiff.

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

- ii) On 25 February 2015, the Company was served with a Writ of Summons together with the Statement of Claim issued in the Shah Alam High Court by the solicitors of GST Smart Solution Sdn Bhd (“Plaintiffs”). Reference is made to the announcements dated 13 June 2014 and 30 September 2014 on a similar claim. This earlier claim was withdrawn by GST Smart Solution Sdn Bhd, Lee Chee How and Teoh Chee Hooi on 30 September 2014.

The Plaintiff claims are made up of the following:-

- 1) a declaration that there is an infringement of the 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”);
- 2) an order that the Defendants are required to withdraw the application for the patent MY PI2010005962;
- 3) 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;
- 4) 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;
- 5) 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 productrelating to the infringement of the ATRS patent;
- 6) an inquiry as to the losses resulting from the infringement or alternatively, at the option of the Plaintiff an account of profit earned by the Defendants from the said infringement;
- 7) interest on any amount in item (6) above at the rate of 5% per annum from 14.12.2010 until full payment;
- 8) cost;
- 9) other reliefs deemed fit may deem just and expedient as the Court deems fit.

The directors of the Company are of the view that the claims by the Plaintiffs are without merit and will vigorously defend the claim. The Company has instructed its solicitors to review the Writ of Summons and Statement of Claim in detail and advise of the next course of action in due course. The Company intends to enter an appearance and to lodge a defence against the claim.

B12. Dividends

On 26 February 2015, the Directors have declared a first interim tax exempt dividend of 0.5 sen per 10 sen ordinary share (2014 – 0.5 sen) amounting to RM6,010,510 (2014 – RM2,951,273) for the current financial year ending 30 June 2015, payable on 21 May 2015 to shareholders registered at the close of business on 24 April 2015.

B13. EPS

i. Basic

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

	Current Quarter 31.12.2014 (RM’000)	Current Year To Date 31.12.2014 (RM’000)
Net profit attributable to ordinary shareholders	14,086	26,128
Weighted average number of ordinary shares of RM0.10 each in issue (‘000s)	590,429	590,121
Basic EPS (sen)	2.4	4.4

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 RequirementUpdate 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. The MoU was extended for a further period of one (1) year on 3 September 2014. There has been no material update, and no subsequent agreement has been entered arising from the MoU as at the date of this announcement.

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

By Order of the Board
Tan Ai Ning
Secretary
27 February 2015