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

(505639-K)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**



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

**FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income  
for the First Quarter ended September 30, 2017  
(The figures have not been audited)**

	Individual Quarter 3 Months Ended			Cumulative Quarter 3 Months Ended		
	30.09.2017	30.09.2016	Changes	30.09.2017	30.09.2016	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	98,039	78,597	24.7	98,039	78,597	24.7
Operating Expenses	(38,914)	(33,337)	16.7	(38,914)	(33,337)	16.7
Operating Profit	59,125	45,260	30.6	59,125	45,260	30.6
Depreciation and Amortization	(6,024)	(4,808)	25.3	(6,024)	(4,808)	25.3
Interest Income	727	1,364	(46.7)	727	1,364	(46.7)
Other Income	31	95	(67.4)	31	95	(67.4)
Profit Before Interest and Taxation	53,859	41,911	28.5	53,859	41,911	28.5
Interest Expense	(1,499)	(1,497)	0.1	(1,499)	(1,497)	0.1
Profit Before Taxation	52,360	40,414	29.6	52,360	40,414	29.6
Taxation	(234)	(134)	74.6	(234)	(134)	74.6
Profit After Taxation	52,126	40,280	29.4	52,126	40,280	29.4
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income for the financial year	52,126	40,280	29.4	52,126	40,280	29.4
Profit After Taxation attributable to:						
Owners of the Company	52,782	40,511	30.3	52,782	40,511	30.3
Non-controlling interest	(656)	(231)	184.0	(656)	(231)	184.0
	52,126	40,280	29.4	52,126	40,280	29.4
Total Comprehensive Income attributable to:						
Owners of the Company	52,782	40,511	30.3	52,782	40,511	30.3
Non-controlling interest	(656)	(231)	184.0	(656)	(231)	184.0
	52,126	40,280	29.4	52,126	40,280	29.4
Earnings per share ("EPS") attributable to the equity holders of the company (sen)						
- Basic EPS	1.5	1.1*		1.5	1.1*	
- Diluted EPS	Not Applicable	Not Applicable		Not Applicable	Not Applicable	

\* comparative figures for the weighted average number of ordinary shares for basic earnings per share have been restated to reflect the adjustment arising from the Bonus Issue during the financial year ended 30 June 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 September 30, 2017**

	<b>Unaudited As at 30.09.2017 RM'000</b>	<b>Audited As at 30.6.2017 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property and equipment	352,554	349,451
Investment properties	17,720	17,809
Other investments	9,318	9,818
Development costs	4,999	5,390
Goodwill on consolidation	18,549	18,549
Deferred tax asset	710	710
Hire purchase and finance lease receivables	17,427	12,889
	<u>421,277</u>	<u>414,616</u>
<b>CURRENT ASSETS</b>		
Inventories	2,039	1,810
Hire purchase and finance lease receivables	1,948	1,302
Trade receivables	128,084	100,728
Other receivables, deposits and prepayments	114,534	121,300
Amount owing by an associate	90,158	85,529
Current tax assets	453	915
Cash and bank balances	180,478	137,573
	<u>517,694</u>	<u>449,157</u>
<b>TOTAL ASSETS</b>	<u>938,971</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	6,700	6,700
Retained profits	238,856	186,074
	<u>606,186</u>	<u>553,404</u>
Non-controlling interest	(2,119)	(1,463)
<b>TOTAL EQUITY</b>	<u>604,067</u>	<u>551,941</u>
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	111,018	114,160
Deferred tax liabilities	2,124	2,102
	<u>113,142</u>	<u>116,262</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	139,428	130,774
Other payables and accruals	40,383	21,644
Deferred revenue	19,940	19,940
Current tax liabilities	155	57
Short term borrowings	21,856	23,155
	<u>221,762</u>	<u>195,570</u>
<b>TOTAL LIABILITIES</b>	<u>334,904</u>	<u>311,832</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>938,971</u>	<u>863,773</u>
Net assets attributable to ordinary equity holders of the parent (RM'000)	606,186	553,404
Net assets per share attributable to ordinary equity holders of the parent (sen)	16.81	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 First Quarter ended September 30, 2017**  
**(The figures have not been audited)**

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

	<b>Share Capital</b>	<b>Treasury Shares</b>	<b>Fair Value Reserve</b>	<b>Other Reserve</b>	<b>Distributable Retained Profits</b>	<b>Attributable to Owners of the Company</b>	<b>Non-controlling Interest</b>	<b>Total Equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
As at 1 July 2016	240,420	(2)	6,700	-	153,179	400,297	(161)	400,136
Profit after tax for the financial period	-	-	-	-	40,511	40,511	(231)	40,280
Acquisition of a subsidiary	-	-	-	-	-	-	60	60
Purchase of treasury shares	-	(7,954)	-	-	-	(7,954)	-	(7,954)
As at 30 September 2016	<u>240,420</u>	<u>(7,956)</u>	<u>6,700</u>	<u>-</u>	<u>193,690</u>	<u>432,854</u>	<u>(332)</u>	<u>432,522</u>
As at 1 July 2017	360,630	-	6,700	-	186,074	553,404	(1,463)	551,941
Profit after tax for the financial period	-	-	-	-	52,782	52,782	(656)	52,126
As at 30 September 2017	<u>360,630</u>	<u>-</u>	<u>6,700</u>	<u>-</u>	<u>238,856</u>	<u>606,186</u>	<u>(2,119)</u>	<u>604,067</u>

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 First Quarter ended September 30, 2017**  
(The figures have not been audited)

	<b>Current Year To Date Ended 30.09.2017 RM'000</b>	<b>Corresponding Year To Date Ended 30.09.2016 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	52,360	40,414
Adjustments for:-		
Amortisation of development costs	459	459
Depreciation of equipment	5,476	4,349
Depreciation of investment properties	89	-
Equipment written off	1	#
Impairment loss on trade receivables	-	5
Interest expense	1,499	1,497
Loss on disposal of other investment	-	350
Gain on disposal of equipment	-	(28)
Interest income	(727)	(1,364)
Reversal of impairment loss on trade receivables	(1)	-
	<u>59,156</u>	<u>45,682</u>
Operating profit before working capital changes		
Increase in inventories	(228)	(602)
Increase in hire purchase and finance lease receivables	(5,184)	(1,439)
Increase in trade and other receivables	(20,655)	(59,133)
Increase/(Decrease) in trade and other payables	27,458	(17,648)
Increase in amount owing by an associate	(4,628)	(3,230)
<b>CASH FLOWS FROM/(FOR) OPERATIONS</b>	<u>55,919</u>	<u>(36,370)</u>
Interest refunded/(paid)	348	(259)
Income tax paid	(1,499)	(1,497)
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>	<u>54,768</u>	<u>(38,126)</u>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Developments costs paid	(68)	-
Interest received	727	1,364
Proceeds from disposal of equipment	1	246
Purchase of property and equipment	(8,581)	(8,512)
Proceeds from disposal of other investment	500	150
Subscription of shares in a subsidiary by non-controlling interest	-	60
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<u>(7,421)</u>	<u>(6,692)</u>
<b>CASH FOR FINANCING ACTIVITIES</b>		
Drawdown of hire purchase and finance lease obligations	1,055	-
Drawdown of term loans	-	5,750
Drawdown of revolving credit	-	1,800
Purchase of treasury shares	-	(7,954)
Repayment of hire purchase and finance lease obligations	(604)	(983)
Repayment of term loans	(3,693)	(260)
Repayment of revolving credit	(1,200)	(10,000)
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<u>(4,442)</u>	<u>(11,647)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES</b>	<b>42,905</b>	<b>(56,465)</b>
<b>CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>137,573</b>	<b>209,715</b>
<b>CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD</b>	<u><b>180,478</b></u>	<u><b>153,250</b></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 September 30, 2017**

**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.

None of the MYEG shares were bought back for the financial quarter ended 30 September 2017 (30 September 2016: 3,875,800).

As at 30 September 2017, none of the MYEG shares (30 September 2016: 3,876,800) were retained as treasury shares in the Company.

**A7. Dividends Paid**

No dividends were paid during the current financial quarter under review.

**A8. Segmental Information**

The Group operates wholly in Malaysia and is principally engaged in the business of development and implementation of E-Government services project and the provision of other related services for the E-Government Initiative which are substantially within a single business segment. As such, the financial information by geographical and industry segments of the Group's operations are not available for presentation.

**A9. Valuation of Property, Plant and Equipment**

There has been no valuation on any of the Group's property, plant and equipment during the current financial quarter under review.

**A10. Subsequent Events**

There were no material events subsequent to the end of the current financial quarter under review.

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current financial quarter under review, saved as disclosed below:

(i) Incorporation of a Joint Venture Corporation ("JVC") by the Company

On 11 August 2017, the Company had incorporated a new JVC known as I-Pay MYEG Philippines Inc. of which the Company has 40% interest. The JVC is established for the purpose of engaging in the business of development and implementation of Electronic Government Services projects in the Philippines and the provision of other Electronic Government related services thereto, including, electronic payment services in the Philippines in accordance with the terms and conditions of the Joint Venture Agreement.

**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 30.09.2017, the Group has commitment for the following:-

	<b>As at 30.09.2017 RM'000</b>	<b>As at 30.09.2016 RM'000</b>
Purchase of communication equipment	13,921	7,921
Purchase of office building	5,015	19,212
	<u>18,936</u>	<u>27,133</u>

### A14. Related Party Transactions

The related party transactions of the Group for the Quarter and Financial Period ended 30.09.2017 are as follows:

	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 3 months ended</b>	
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>(i) Associate company</b>				
MY E.G. Integrated Networks Sdn Bhd - Sales	600,000	600,000	600,000	600,000
	<hr/>			
<b>(ii) A company which a director has financial interest</b>				
Embunaz Ventures Sdn Bhd - Professional Fees	62,400	62,400	62,400	62,400
	<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 and Profit after Taxation ("PAT") of RM98.04 million and RM52.13 million respectively for the first financial quarter ("Q1 FY2018") as compared to RM78.60 million and RM40.28 million respectively in the corresponding quarter ("Q1 FY2017"). The increase of approximately RM19.44 million (or 24.7%) in Revenue and increase of RM11.85 million (or 29.4%) 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; and
- (ii) increase in revenue contribution from our motor vehicle trading related services.

However, the increase in the quarter's Revenue was offset by:

- (i) higher personnel related expenses and operating expenses to support the growth in FWP and FWR Services;
- (ii) higher interest cost from the term loan to finance MYEG's newly acquired offices; and
- (iii) higher depreciation expenses.

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

	Q1 2018 RM'000	Q4 2017 RM'000	Changes %
Revenue	98,039	105,113	(6.7)
Operating Profit	59,125	64,677	(8.6)
Profit Before Interest and Taxation	53,859	60,678	(11.2)
Profit Before Taxation	52,360	59,423	(11.9)
Profit After Taxation	52,126	58,721	(11.2)
Profit attributable to Ordinary Equity Holders of the Parent	52,782	59,477	(11.3)

For the Quarter under review, the Group recorded a Revenue of RM98.04 million, a decrease of RM7.07 million (6.7%) as compared to Q4 FY2017 revenue of RM105.11 million. PAT decreased by RM6.60 million (11.3%) to RM52.13 million, as compared to Q4 FY2017 PAT of RM58.72 million. The decrease in Revenue and PAT is primarily attributable to a last-minute surge in volume contribution from FWR related Services and foreign workers' insurance as a result of the deadline to apply for E-Kad, an identification card for foreign worker applying to be legalised without a valid travel document, which was 30 June 2017. Nonetheless, the rehiring program will continue until 31 December 2017.

### 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 and FWR Services as well as the online renewal of foreign workers' insurance, are expected to contribute positively to our Group revenue and PAT.

In FYE 2018, under our non-concession related services, we have embarked on a job matching and placement programme 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 will continue to contribute to our growth for FYE2018.

Barring any unforeseen circumstances, the Directors of MYEG are cautiously optimistic that the results for the FYE 2018 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. At the same time, MYEG will continue to introduce non-concession related services which will benefit the country and its citizens.

### 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 3 months ended			Cumulative Quarter 3 months ended		
	30.09.2017	30.09.2016	Changes	30.09.2017	30.09.2016	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Current taxation	212	140	51.4	212	140	51.4
Deferred taxation	22	(6)	(466.7)	22	(6)	(466.7)
	<u>234</u>	<u>134</u>	<u>(415.2)</u>	<u>234</u>	<u>134</u>	<u>(415.2)</u>

The effective tax rate for the current taxation for cumulative year to date is 0.45% as compared to the statutory tax rate of 24%. The lower effective tax rate is primarily because a significant proportion of the Group's revenue and PBT are mainly contributed by MY EG Sdn Bhd ("EGSB"). As EGSB is a MSC status company with tax incentives, its revenue is not subjected to income tax.

### B6. Status of Corporate Proposals

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

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

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

(ii) Renewal of Authority to Purchase Shares

On 23 October 2017, the Company had proposed to renew the authority for the Company to purchase its own ordinary shares of up to 10% of the issued and paid-up share capital ("Proposed Share Buy-Back").

This proposal has not been completed as at the date of this announcement as it is subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on 7 December 2017.

(iii) Proposed diversification of the existing principal activities of the Company

On 9 November 2017, the Company proposed to diversify the existing principal activities of the Company and its subsidiaries to include the foreign workers accommodation programme. The proposal has not been completed as at the date of this announcement as it is subject to the approval of the shareholders at the forthcoming Extraordinary General Meeting to be held on 7 December 2017.

## B7. Group Borrowings

Details of the Group's borrowings as at September 30, 2017 were as follows:-

	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
	As at 30.09.2016		
	Non-Current RM'000	Current RM'000	Total RM'000
<b><u>Secured^</u></b>			
Hire Purchase	4,862	3,117	7,979
Term Loan	80,607	13,189	93,796
<b><u>Unsecured^</u></b>			
Revolving Credit	-	-	-
Total Borrowings	85,469	16,306	101,775

^ The borrowings are denominated in RM.

The Group borrowings increased by RM31.1m in Q1 FY2018 as compared to the corresponding quarter of Q1 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 Q1 FY2018 was 4.74%.

## B8. Off Balance Sheet Financial Instruments

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

**B9. Realised and Unrealised Profits/(Losses) Disclosure**

	<b>As at 30.09.2017 RM'000</b>	<b>Audited As at 30.06.2017 RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	248,581	197,662
- Unrealised	(1,414)	(1,371)
	247,167	196,291
Total share of accumulated losses of associate:		
- Realised	(400)	(400)
- Unrealised	-	-
	246,767	195,891
Less: Consolidation Adjustments	(7,911)	(9,817)
Total Group retained profits as per consolidated accounts	238,856	186,074

**B10. Profit Before Taxation**

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

	<b>Individual Quarter 3 months ended</b>			<b>Cumulative Quarter 3 months ended</b>		
	<b>30.09.2017 RM'000</b>	<b>30.09.2016 RM'000</b>	<b>Changes %</b>	<b>30.09.2017 RM'000</b>	<b>30.09.2016 RM'000</b>	<b>Changes %</b>
Interest Income	(727)	(1,364)	(46.7)	(727)	(1,364)	(46.7)
Other Income	(31)	(95)	(67.4)	(31)	(95)	(67.4)
Interest Expense	1,499	1,497	0.1	1,499	1,497	0.1
Depreciation and amortization	6,024	4,808	25.3	6,024	4,808	25.3

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**

The Directors have proposed the declaration of a final dividend of 1.2 sen per ordinary share (2017 – 1.3 sen based on the share capital of 2,404,200,000 ordinary shares) for the shareholders’ approval at the forthcoming Annual General Meeting to be held on 7 December 2017. The proposed final dividend is based on the current share capital of 3,606,305,993 ordinary shares.

### 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.

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Net profit attributable to ordinary shareholders	52,782	40,511	52,782	40,511
Weighted average number of ordinary shares in issue ('000s)	3,606,306	3,604,479	3,606,306	3,604,479
Basic EPS (sen)	1.5	1.1*	1.5	1.1*

\* 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.

#### ii. Diluted

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

By Order of the Board  
Tan Ai Ning  
Secretary  
29 November 2017