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MY E.G. SERVICES BERHAD

(505639-K)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017**



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

SECOND QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
for the Second Quarter ended December 31, 2017
(The figures have not been audited)**

	3 Months Ended			6 Months Ended		
	31.12.2017	31.12.2016	Changes	31.12.2017	31.12.2016	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	109,226	88,664	23.2	207,265	167,260	23.9
Operating Expenses	(43,613)	(36,401)	19.8	(82,527)	(69,738)	18.3
Operating Profit	65,613	52,263	25.5	124,738	97,522	27.9
Depreciation and Amortization	(6,260)	(4,754)	31.7	(12,285)	(9,562)	28.5
Interest Income	894	926	(3.5)	1,622	2,291	(29.2)
Other Income	3	#	99.0	34	95	(64.2)
Other Expenses	(58)	-	100.0	(58)	-	100.0
Share of results of a joint venture	(289)	-	100.0	(289)	-	100.0
Profit Before Interest and Taxation	59,903	48,435	23.7	113,762	90,346	25.9
Interest Expense	(1,594)	(1,271)	25.4	(3,094)	(2,768)	11.8
Profit Before Taxation	58,309	47,164	23.6	110,668	87,578	26.4
Taxation	(222)	(162)	37.0	(455)	(295)	54.2
Profit After Taxation	58,087	47,002	23.6	110,213	87,283	26.3
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income for the financial year	58,087	47,002	23.6	110,213	87,283	26.3
Profit After Taxation attributable to:						
Owners of the Company	59,047	47,621	24.0	111,829	88,133	26.9
Non-controlling interest	(960)	(619)	55.1	(1,616)	(850)	90.1
	58,087	47,002	23.6	110,213	87,283	26.3
Total Comprehensive Income attributable to:						
Owners of the Company	59,047	47,621	24.0	111,829	88,133	26.9
Non-controlling interest	(960)	(619)	55.1	(1,616)	(850)	90.1
	58,087	47,002	23.6	110,213	87,283	26.3
Earnings per share ("EPS") attributable to the equity holders of the company (sen)						
- Basic EPS	1.6	1.3*		3.1	2.5*	
- Diluted EPS	Not Applicable	Not Applicable		Not Applicable	Not Applicable	

represents an amount less than RM1,000

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

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2017 and the accompanying notes to the Interim Financial Statements.

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

Condensed Consolidated Statements of Financial Position
As at December 31, 2017

	Unaudited As at 31.12.2017 RM'000	Audited As at 30.6.2017 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	356,591	349,451
Investment properties	17,630	17,809
Investment in a joint venture	2,437	-
Other investments	9,318	9,818
Development costs	4,366	5,390
Goodwill on consolidation	18,492	18,549
Deferred tax asset	710	710
Hire purchase and finance lease receivables	22,126	12,889
	<u>431,670</u>	<u>414,616</u>
CURRENT ASSETS		
Inventories	3,350	1,810
Hire purchase and finance lease receivables	2,641	1,302
Trade receivables	105,571	100,728
Other receivables, deposits and prepayments	108,934	121,300
Amount owing by an associate	95,046	85,529
Current tax assets	730	915
Cash and bank balances	243,992	137,573
	<u>560,264</u>	<u>449,157</u>
TOTAL ASSETS	<u>991,934</u>	<u>863,773</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	360,630	360,630
Treasury shares	-	-
Fair value reserves	6,700	6,700
Retained profits	297,903	186,074
	<u>665,233</u>	<u>553,404</u>
Non-controlling interest	(2,854)	(1,463)
TOTAL EQUITY	<u>662,379</u>	<u>551,941</u>
NON-CURRENT LIABILITIES		
Long term borrowings	106,882	114,160
Deferred tax liabilities	2,498	2,102
	<u>109,380</u>	<u>116,262</u>
CURRENT LIABILITIES		
Trade payables	149,232	130,774
Other payables and accruals	29,570	21,644
Deferred revenue	19,940	19,940
Current tax liabilities	74	57
Short term borrowings	21,359	23,155
	<u>220,175</u>	<u>195,570</u>
TOTAL LIABILITIES	<u>329,555</u>	<u>311,832</u>
TOTAL EQUITY AND LIABILITIES	<u>991,934</u>	<u>863,773</u>
Net assets attributable to ordinary equity holders of the parent (RM'000)	665,233	553,404
Net assets per share attributable to ordinary equity holders of the parent (sen)	18.45	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 Second Quarter ended December 31, 2017
(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 Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 July 2016	240,420	(2)	6,700	-	153,179	400,297	(161)	400,136
Profit after tax for the financial period	-	-	-	-	88,133	88,133	(850)	87,283
Expenses related to bonus issue	-	-	-	-	(72)	(72)	-	(72)
Acquisition of a subsidiary	-	-	-	-	-	-	160	160
Purchase of treasury shares	-	(7,954)	-	-	-	(7,954)	-	(7,954)
Resale of treasury shares	-	7,956	-	1,005	-	8,961	-	8,961
As at 31 December 2016	240,420	-	6,700	1,005	241,240	489,365	(851)	488,514
As at 1 July 2017	360,630	-	6,700	-	186,074	553,404	(1,463)	551,941
Profit after tax for the financial period	-	-	-	-	111,829	111,829	(1,616)	110,213
Additional subscription of shares by non-controlling interest	-	-	-	-	-	-	225	225
As at 31 December 2017	360,630	-	6,700	-	297,903	665,233	(2,854)	662,379

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 Second Quarter ended December 31, 2017
(The figures have not been audited)

	Current Year To Date Ended 31.12.2017 RM'000	Corresponding Year To Date Ended 31.12.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	110,668	87,578
Adjustments for:-		
Amortisation of development costs	918	918
Depreciation of equipment	11,189	8,644
Depreciation of investment properties	178	-
Equipment written off	28	#
Impairment loss on goodwill	58	-
Impairment loss on inventories	-	4
Impairment loss on trade receivables	-	7
Interest expense	3,094	2,768
Share of results in a joint venture	289	-
Loss on disposal of other investment	-	350
Gain on disposal of equipment	(2)	(31)
Interest income	(1,622)	(2,291)
Reversal of impairment loss on trade receivables	(1)	-
	<u>124,797</u>	<u>97,947</u>
Operating profit before working capital changes		
(Increase)/Decrease in inventories	(1,540)	574
Increase in hire purchase and finance lease receivables	(10,575)	(5,867)
Decrease/(Increase) in trade and other receivables	7,457	(76,852)
Increase in trade and other payables	26,449	15,357
Increase in amount owing by an associate	(9,516)	(7,153)
	<u>137,072</u>	<u>24,006</u>
CASH FLOWS FROM/(FOR) OPERATIONS		
Income tax refunded/(paid)	143	(476)
Interest paid	(3,094)	(2,768)
	<u>134,121</u>	<u>20,762</u>
NET CASH FROM OPERATING ACTIVITIES		
CASH FLOWS FOR INVESTING ACTIVITIES		
Developments costs paid	107	(28)
Interest received	1,622	2,291
Proceeds from disposal of equipment	2	250
Purchase of property and equipment	(18,358)	(32,395)
Proceeds from disposal of other investment	500	150
Investment in a joint venture	(2,726)	-
Subscription of shares in a subsidiary by non-controlling interest	225	#
	<u>(18,628)</u>	<u>(29,732)</u>
NET CASH FOR INVESTING ACTIVITIES		
CASH FOR FINANCING ACTIVITIES		
Drawdown of hire purchase and finance lease obligations	1,055	1,287
Drawdown of term loans	-	9,639
Drawdown of revolving credit	-	3,000
Purchase of treasury shares	-	(7,954)
Resale of treasury shares	-	8,961
Bonus issue expenses	-	(72)
Repayment of hire purchase and finance lease obligations	(1,243)	(3,210)
Repayment of term loans	(7,686)	(3,053)
Repayment of revolving credit	(1,200)	(10,000)
	<u>(9,074)</u>	<u>(1,402)</u>
NET CASH FOR FINANCING ACTIVITIES		
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	106,419	(10,372)
CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL PERIOD	137,573	209,715
CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD	243,992	199,343

- 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 December 31, 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 31 December 2017 (31 December 2016: NIL).

As at 31 December 2017, none of the MYEG shares (31 December 2016: NIL) were retained as treasury shares in the Company.

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.

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 Sdn Bhd ("EGSB"), a wholly-owned subsidiary of the Company

On 6 December 2017, EGSB incorporated a wholly-owned subsidiary known as MYEG Auto Assist Sdn. Bhd. ("MYAA"). Its intended principal activities include provision of motor vehicle inspection and repairs, sale of removable motor vehicle spare parts, motor vehicle breakdown assistance, and provision of membership in relation thereto. MYAA has an issued and paid-up share capital of RM1.00 comprising 1 ordinary shares.

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 31.12.2017, the Group has commitment for the following:-

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Purchase of communication equipment	13,921	7,921
Purchase of office building	5,015	15,323
	<u>18,936</u>	<u>23,244</u>

A14. Related Party Transactions

The related party transactions of the Group for the Quarter and Financial Period ended 31.12.2017 are as follows:

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.12.2017 RM	31.12.2016 RM	31.12.2017 RM	31.12.2016 RM
(i) Associate company				
MY E.G. Integrated Networks Sdn Bhd				
- Sales	600,000	600,000	1,200,000	1,200,000
	<hr/>			
(ii) A company which a director has financial interest				
Embunaz Ventures Sdn Bhd				
- Professional Fees	62,400	62,400	124,800	124,800
	<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 RM109.23 million and RM58.09 million respectively for the second financial quarter ("Q2 FY2018") as compared to RM88.66 million and RM47.00 million respectively in the corresponding quarter ("Q2 FY2017"). The increase of approximately RM20.56 million (or 23.2%) in Revenue and increase of RM11.09 million (or 23.6%) in PAT respectively is primarily attributable to:

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

For the year to date period ended 31 December 2017 ("6M FY2018"), the Group recorded Revenue of RM207.27 million as compared to RM167.26 million in the corresponding period ("6M FY2017"). This represents an increase of RM40.01 million (23.9%) in Revenue. PAT for 6M FY2017 increase by RM22.93 million (26.3%) to RM110.21 million as compared to RM87.28 million achieved in 6M FY2017. The increase in Revenue and PAT is primarily attributable to:

- (i) higher transaction volumes from the online renewal of foreign workers' permits and insurance ("FWP") and foreign worker rehiring programme services;
- (ii) introduction of the foreign worker job matching and placement programme which commenced in the current quarter; and
- (iii) increase in revenue contribution from our motor vehicle trading related services.

However, higher personnel related expenses and operating expenses to support the growth in FWP and related services and higher interest cost from the term loan to finance MYEG's newly acquired building offset some of the increases in the Revenue and PAT achieved during the quarter as well as the year to date period.

B2. Comparison with Preceding Quarter's Results

	Q2 2018 RM'000	Q1 2018 RM'000	Changes %
Revenue	109,226	98,039	11.4
Operating Profit	65,613	59,125	11.0
Profit Before Interest and Taxation	59,903	53,859	11.2
Profit Before Taxation	58,309	52,360	11.4
Profit After Taxation	58,087	52,126	11.4
Profit attributable to Ordinary Equity Holders of the Parent	59,047	52,782	11.9

For the Quarter under review, the Group recorded a Revenue of RM109.23 million, an increase of RM11.19 million (11.4%) as compared to Q1 FY2018 revenue of RM98.04 million. PAT increased by RM5.96 million (11.4%) to RM58.09 million, as compared to Q1 FY2018 PAT of RM52.13 million. The increase in Revenue and PAT is primarily attributable to an increase in revenue contribution from FWP and FWR related Services and the introduction of the foreign worker job matching and placement programme which commenced in the current quarter. However, the increase was offset by higher personnel related expenses and marketing expenses during the current quarter.

B3. Prospect of the Group

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

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

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

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 a more cost effective 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 transactions and 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 6 months ended		
	31.12.2017 RM'000	31.12.2016 RM'000	Changes %	31.12.2017 RM'000	31.12.2016 RM'000	Changes %
Current taxation	(153)	168	(191.1)	59	308	(80.8)
Deferred taxation	375	(6)	(6,350.0)	396	(13)	(3,146.2)
	<u>222</u>	<u>162</u>	<u>(6,541.1)</u>	<u>455</u>	<u>295</u>	<u>(3,227.0)</u>

The effective tax rate for the current taxation for cumulative year to date is 0.41% 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 December 31, 2017 were as follow:-

	As at 31.12.2017		
	Non-Current RM'000	Current RM'000	Total RM'000
<u>Secured^</u>			
Hire Purchase	3,156	2,089	5,245
Term Loan	103,726	15,470	119,196
<u>Unsecured^</u>			
Revolving Credit	-	3,800	3,800
Total Borrowings	106,882	21,359	128,241

	As at 31.12.2016		
	Non-Current RM'000	Current RM'000	Total RM'000
<u>Secured^</u>			
Hire Purchase	4,269	2,770	7,039
Term Loan	81,704	13,187	94,891
<u>Unsecured^</u>			
Revolving Credit	-	3,000	3,000
Total Borrowings	85,973	18,957	104,930

^ The borrowings are denominated in RM.

The Group borrowings increased by RM23.3m in Q2 FY2018 as compared to the corresponding quarter of Q2 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 Q2 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

	As at 31.12.2017 RM'000	Audited As at 30.06.2017 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	307,332	197,662
- Unrealised	(1,788)	(1,371)
	305,544	196,291
Total share of accumulated losses of associate:		
- Realised	(400)	(400)
- Unrealised	-	-
	305,144	195,891
Less: Consolidation Adjustments	(7,241)	(9,817)
Total Group retained profits as per consolidated accounts	297,903	186,074

B10. Profit Before Taxation

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

	Individual Quarter 3 months ended			Cumulative Quarter 6 months ended		
	31.12.2017 RM'000	31.12.2016 RM'000	Changes %	31.12.2017 RM'000	31.12.2016 RM'000	Changes %
Interest Income	(894)	(926)	(3.5)	(1,622)	(2,291)	(29.2)
Other Income	(3)	(#)	99.0	(34)	(95)	(64.2)
Interest Expense	1,594	1,271	25.4	3,094	2,768	11.8
Depreciation and amortization	6,260	4,754	31.7	12,285	9,562	28.5

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

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

B13. EPS

i. Basic

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to ordinary shareholders	59,047	47,261	111,829	88,133
Weighted average number of ordinary shares in issue ('000s)	3,606,306	3,602,851	3,606,306	3,603,665
Basic EPS (sen)	1.6	1.3*	3.1	2.5*

* 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
27 February 2018