

ACCSOFT TECHNOLOGY BERHAD (517487-A)

(Incorporated in Malaysia)


**CONDENSED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

	Current Quarter 31-Dec	Comparative Quarter 31-Dec	Changes	Cumulative Quarter Ended 31 December		Changes
	2017 RM	2016 RM		2017 RM	2016 RM	
Revenue	24,723,497	4,599,300	438%	84,724,677	N/A	N/A
Cost of sales	(17,902,341)	(152,705)	11623%	(58,645,826)	N/A	N/A
GROSS PROFIT	6,821,156	4,446,595	53%	26,078,851	N/A	N/A
Other operating income	1,439,628	133,037	982%	1,983,591	N/A	N/A
Share based payment to employees	-	-	-	0	N/A	N/A
Administrative expenses	(1,523,657)	(359,908)	323%	(2,446,568)	N/A	N/A
OPERATING PROFIT/(LOSS)	6,737,127	4,219,724	60%	25,615,874	N/A	N/A
Finance costs	-	-	-	0	N/A	N/A
PROFIT/(LOSS) BEFORE TAXATION	6,737,127	4,219,724	60%	25,615,874	N/A	N/A
Taxation	(1,666,899)	(1,067,678)	56%	(6,426,791)	N/A	N/A
PROFIT/(LOSS) NET OF TAX	5,070,228	3,152,046	61%	19,189,083	N/A	N/A
Other comprehensive income						
Foreign currency translation	(1,742,885)	2,990,044	-158%	(3,355,350)	N/A	N/A
Other comprehensive income for the quarter, net of tax	(1,742,885)	2,990,044	-158%	(3,355,350)	N/A	N/A
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE QUARTER	3,327,343	6,142,090	-46%	15,833,733	N/A	N/A
Profit/(loss) attributable to:						
Owners of the parent	5,070,228	3,152,046	61%	19,189,083	N/A	N/A
Non-controlling interests	-	-	-	-	N/A	N/A
	5,070,228	3,152,046	61%	19,189,083	N/A	N/A
Total comprehensive income/(loss) attributable to:						
Owners of the parent	3,327,343	6,142,090	-46%	15,833,733	N/A	N/A
Non-controlling interests	-	-	-	-	N/A	N/A
	3,327,343	6,142,090	-46%	15,833,733	N/A	N/A
Loss per share attributable to equity holders of the Company:						
Basic (sen)	0.61	0.64		2.30	N/A	
Diluted (sen)	0.44	N/A		1.66	N/A	

In view of the change in previous financial year end from 30 June 2016 to 31 December 2016, therefore the accumulated comparative figures not available for the financial period ended 31 December 2017.

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the period ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

ACCSOFT TECHNOLOGY BERHAD (517487-A)

(Incorporated in Malaysia)


**CONDENSED INTERIM FINANCIAL REPORT
STATEMENT OF FINANCIAL POSITION
As At 31 December 2017**

	2017	AUDITED
	31 December	2016
	RM	31 DECEMBER
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	57,985	84,278
Software development expenditure	15,393	-
Other Investment	31,150,000	-
Total Non-current assets	31,223,378	84,278
Current assets		
Trade and other receivables	5,636,020	32,975,896
Tax recoverable	29,587	32,949
Fixed deposits placed with licensed banks	5,175	5,025
Cash and bank balances	66,690,989	53,976,182
Total Current Assets	72,361,771	86,990,052
TOTAL ASSETS	103,585,149	87,074,330
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company:		
Share capital	93,172,804	83,260,880
Share premium	-	9,894,524
Warrant reserve	17,603,322	17,612,892
Accumulated losses	(8,127,727)	(27,326,380)
Foreign exchange translation reserve	(1,654,256)	1,701,094
Reserves	7,821,339	1,882,130
Shareholders' funds	100,994,143	85,143,010
Non-controlling interests	-	-
Total equity	100,994,143	85,143,010
Current liabilities		
Trade and other payables	940,646	849,446
Provision for taxation	1,650,360	1,081,874
Total Current Liabilities	2,591,006	1,931,320
TOTAL LIABILITIES	2,591,006	1,931,320
TOTAL EQUITY AND LIABILITIES	103,585,149	87,074,330

Notes:

i. The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the period ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements

**CONDENSED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

	←-----Attributable to equity holders of the parent----->						Equity attributable to owners of the parent	Non-controlling Interests	Total Equity
	Issued Capital RM	Share Premium RM	Translation Reserve RM	Share Option Reserve RM	Warrant Reserve RM	Accumulated Losses RM	RM	RM	RM
3rd Quarter ended 30 September 2017									
As at 1 January 2017	83,260,880	9,894,524	1,701,094	-	17,612,892	(27,326,380)	85,143,010	-	85,143,010
Adjustment for effects of Companies Act 2016*	9,894,524	(9,894,524)	-	-	-	-	-	-	-
Total comprehensive loss	-	-	(3,355,350)	-	-	19,189,083	15,833,733	-	15,833,733
Transaction with owners:									
Exercise of warrants	17,400	-	-	-	(9,570)	9,570	17,400	-	17,400
As at 30 September 2017	93,172,804	-	(1,654,256)	-	17,603,322	(8,127,727)	100,994,143	-	100,994,143
As at 1 July 2015	21,348,960	5,220,460	(12,009)	-	-	(20,784,141)	5,773,270	-	5,773,270
Total comprehensive loss	-	-	1,713,103	-	-	(1,418,447)	294,656	-	294,656
Transaction with owners:									
Grant of equity-settled share options to employee	-	-	-	12,489,100	-	-	12,489,100	-	12,489,100
Issue of Ordinary Shares - Right issues	42,697,920	-	-	-	-	-	42,697,920	-	42,697,920
Employee share option exercised	19,214,000	5,764,200	-	(12,489,100)	-	12,489,100	24,978,200	-	24,978,200
Share issuance expenses	-	(1,090,136)	-	-	-	-	(1,090,136)	-	(1,090,136)
Warrant reserve arising from Right Issues	-	-	-	-	17,612,892	(17,612,892)	-	-	-
As at 31 December 2016	83,260,880	9,894,524	1,701,094	-	17,612,892	(27,326,380)	85,143,010	-	85,143,010

* With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit stating in the share premium accounts of RM9,894,524 has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2016

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**CONDENSED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
STATEMENT OF CASH FLOW (UNAUDITED)**

	12 months ended 31.12.2017 (RM)	18 months ended 31.12.2016 (RM)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	25,615,874	2,659,789
Adjustments for :		
Depreciation	26,390	330,097
Property, plant and equipment written off	-	522,145
Bad debts written off	-	12,839
Share based payment to employees	-	12,489,100
Operating profit before working capital changes	<u>24,961,587</u>	<u>15,586,734</u>
Changes in Working Capital:		
Receivables	27,339,876	(30,951,825)
Payables	91,200	(457,292)
Cash generated from operations	<u>52,392,663</u>	<u>(15,822,383)</u>
Tax paid	(5,821,350)	(3,013,082)
Net Operating Cash Flows	<u>46,571,313</u>	<u>(18,835,465)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	680,677	427,236
Purchase of software development expenditure	(15,393)	-
Purchase of property, plant & equipment	-	(5,519)
Purchase of other investment	(31,150,000)	-
Investment in new subsidiary	(1)	-
Net Investing Cash Flows	<u>(30,484,717)</u>	<u>421,717</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	42,697,920
Proceeds from ESOS	-	24,978,200
Proceeds from exercise of warrants	17,400	-
Share issuance expenses	-	(1,090,136)
Net Financing Cash Flows	<u>17,400</u>	<u>66,585,984</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,103,996	48,172,236
EFFECTS OF EXCHANGE RATE CHANGES	(3,389,039)	1,712,688
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>53,981,207</u>	<u>4,096,283</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>66,696,164</u>	<u>53,981,207</u>
Note: Cash and cash equivalents	31.12.2017	31.12.2016
Cash and bank balance	66,690,989	53,976,182
Fixed deposit placed with licensed banks	5,175	5,025
	<u>66,696,164</u>	<u>53,981,207</u>
Less: Bank overdraft	-	-
Cash and cash equivalents	<u>66,696,164</u>	<u>53,981,207</u>

(The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the period ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.)

ACCSOFT TECHNOLOGY BERHAD (517487-A)

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

A Explanatory Notes Pursuant to Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting

A1. Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting, and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (for the ACE Market), and should be read in conjunction with the Group's audited financial statements for the period ended 31 December 2016.

A2. Audit Report of the Preceding Annual Financial Statements

The auditors' report of the preceding annual financial statements was not subject to any qualification.

A3. Seasonal or Cyclical Factors of Interim Operations

There were no seasonal or cyclical factors affecting the results of the Group for the current interim period.

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

There were no items affecting assets, liabilities, equity, net income, or cash that are unusual in nature, size or incidence for the current interim period.

A5. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

A6. Debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares during the current quarter under review.

A7. Dividend paid

The Board does not recommend any dividend for the current interim period.

A8. Segmental Information

The Group is primarily operated in information technology and e-commerce business as a single business segment, therefore segmental reporting by business segment is deemed not necessary.

The activities of the Group are conducted mainly in China.

A9. Valuations of Property, Plant and Equipment

The property, plant and equipment were acquired at cost during the current interim period.

A10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the current quarter under review up to the date of this quarterly report

A11. Changes in the Composition of the Group

There were no other material changes to the composition of the Group for the current quarter under review.

A12. Contingent Liabilities/Contingent Assets

The Group does not have any contingent liabilities and contingent assets as at the date of this quarterly report.

A13. Capital commitments

The Group has no material capital commitments in respect of property, plant and equipment in the current quarter under review.

A14. Significant related party transactions

During the current quarter under review, the Directors are of the opinion that the Group has no related party transactions which would have a significant impact on the financial position and business of the Group.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

B. Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (for ACE Market)

B1. Review of Performance

The Group recorded revenue of RM24.72 million for the current quarter ended 31 December 2017 compared to the revenue RM4.60 million recorded in the preceeding year of the corresponding quarter. The increase in revenue is mainly due to the increased contribution from the subsidiary, Fujian Accsoft Technology Development Co. Ltd in light of the commencement of wholesales of products.

The Group has recorded a net profit after taxation of RM5.08 million for the current quarter ended 31 December 2017 compared to the net profit after taxation of RM3.15 million in the preceeding year of the corresponding quarter.

The main activities during the period are the provision of e-commerce business in developing, managing online trading platform and trading and wholesale of products.

B2. Material changes in profit before taxation for the current quarter as compared with the immediate preceding

For the quarter ended 31 December 2017, the Group reported a higher revenue of RM24.72 million as compared to RM22.01 million achieved in the previous quarter ended 30 September 2017. The profit before taxation recorded in this quarter is RM6.74 million as compared to last quarter net profit of RM6.71 million due to new hiring of employees for the quarter under review.

The comparison between the current quarter and the immediate preceding quarter are as follows:-

	Current Quarter 31.12.2017	Previous Quarter 30.9.2017
	RM	RM
Revenue	24,723,497	22,010,666
Profit before taxation	6,737,127	6,710,910

B3. Current Year Prospects

The Group will continue to derive its income from its trading activities and the development of internet based e-commerce platform. Nonetheless, the prospects revolving main challenging in light of the evolving IT industry as a whole.

B4. Forecasts of Profit After Tax

Not applicable as no forecast was disclosed in any public document.

B5. Tax Expenses

	Group	
	2017 RM	2016 RM
Income tax		
- current year provision	6,426,791	4,078,236
- underprovision in previous year	-	-
	<u>6,426,791</u>	<u>4,078,236</u>

B6. Unquoted Securities and/or Properties

There were no purchases or disposal of unquoted securities and/or properties for the current quarter and financial year-to-date under review.

B7. Quoted Securities

There were no purchases or disposals of quoted securities for the current quarter and financial year-to-date under review. The Group does not have any material investment in quoted securities as at the reporting date.

B8. Status of Corporate Proposals

On 10 January 2018, Accsoft has announced the following proposals:

(i) proposed share split involving the subdivision of every 10 existing ordinary shares in the Company ("Accsoft Shares" or "Shares") into 25 Shares ("Proposed Share Split"); and

(ii) proposed amendments to the deed poll dated 9 December 2015 constituting the warrants 2016/2019 of the Company ("Proposed Amendments")

On 15 January 2018, the Company has announced that the abovementioned proposals have been approved by Bursa Malaysia Securities Berhad ("Bursa Securities")

On 9 February 2018, the shareholders of the Company had at the EGM approved the Proposed Share Split. However, Proposed Amendments was not approved by the shareholders of the Company at the EGM.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**B. Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (for ACE Market)****B8. Status of Corporate Proposals (Cont'd)**

The Book Closure Date for the Proposed Share Split is announced to be 5 March 2018. The actual of number of Split Shares to be issued would depend on the issued share capital of Accsoft on the Books Closure Date.

There were no other corporate proposal announced but not completed for the quarter under review.

B9. Group Borrowings and Debt Securities

The Group has no bank borrowings as at 31 December 2017.

B10. Profit Before Tax

Profit for the period is arrived after crediting/(charging) the following:

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31/12/2017 RM'000	Comparative Quarter Ended 31/12/2016 RM'000	Current 12-months 31/12/2017 RM'000	Comparative Quarter Ended 31/12/2016 RM'000
Interest income	201	133	681	N/A
Depreciation and amortisation	(6)	(4)	(26)	N/A
Property, plant and equipment written off	-	-	-	N/A
Loss on disposal of subsidiary	(975)	-	-	N/A
Waiver of debts	1,239	-	-	N/A

B11. Realised and unrealised profit/ losses disclosure

Breakdown of the accumulated losses of the Group as at 31 December 2017, into realised and unrealised profits or losses is as follows:

	12 months ended 31.12.2017 RM	Audited 18 months ended 31.12.2016 RM
Total accumulated losses of the Company and its subsidiaries: - Realised	(9,305,564)	(24,867,767)
Less: Consolidation adjustments	1,177,837	(2,458,613)
Total group accumulated losses	<u>(8,127,727)</u>	<u>(27,326,380)</u>

B12. Changes In Material Litigation

There was no material litigation pending as at the date of this report.

B13. Dividend

The Board does not recommend any dividend for the first quarter financial period under review.

B14. Status of Utilisation of Proceeds**Rights Issue**

On 27 January 2016, the Rights Issue with Warrants has been completed with the listing of Rights Shares and Warrants on the Ace Market of Bursa Malaysia Securities Berhad. As at 31 December 2017, the status utilisation of the proceeds raised is as follow:

Description	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance to be Utilised RM'000	Intended Timeframe for Utilisation
Expansion of web-based business	22,350	(20,475)	1,875	Within 24 months
Marketing expenses, including digital / internet media services	11,900	(10,907)	993	Within 24 months
Working Capital	7,648	(7,648)	(0)	Within 24 months
Expenses in relation to the Proposal	800	(800)	-	Immediate
Total	42,698	(39,830)	2,868	

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

B. Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (for ACE Market)

B15. Earnings Per Share

Basic earnings/(loss) per share is calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	12 months ended		Cumulative	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding period
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM	RM	RM	RM
Profit net of tax attributable to owners of the parent	5,070,228	3,152,046	19,189,083	N/A
Weighted average number of ordinary shares	832,682,904	495,342,476	832,682,904	N/A
EPS (sen) - Basic	0.61	0.64	2.30	N/A
- Diluted	0.44	0.47	1.66	N/A