

ELSOFT RESEARCH BERHAD (Company No. 617504-K)

(Incorporated in Malaysia)

**SUMMARY OF KEY FINANCIAL INFORMATION
31 MARCH 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period	
	31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000	
1	Revenue	2,386	4,442	2,386	4,442
2	Profit/(loss) before tax	609	2,061	609	2,061
3	Profit/(loss) for the period	596	2,013	596	2,013
4	Profit/(loss) attributable to ordinary equity holders of the parent	596	2,013	596	2,013
5	Earnings/(loss) per share (sen) :				
	-Basic	0.33	1.11	0.33	1.11
	-Diluted	0.33	1.11	0.33	1.11
6	Proposed / Declared dividend per share (sen)	-	-	-	-
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
		31 Mar 2011		31 Dec 2010	
7	Net assets per share attributable to ordinary equity holders of the parent (RM)	0.27		0.26	

Note: For full text of the above announcement, please access the Bursa Malaysia website at www.bursamalaysia.com

ELSOFT RESEARCH BERHAD (Company No. 617504-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2011

(The figures have not been audited)

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Revenue		2,386	4,442	2,386	4,442
Cost of sales		(1,458)	(1,907)	(1,458)	(1,907)
Gross profit/(loss)		<u>928</u>	<u>2,535</u>	<u>928</u>	<u>2,535</u>
Other income		107	264	107	264
Administrative expenses		(489)	(792)	(489)	(792)
Selling and distribution expenses		(1)	-	(1)	-
Share of profit in associate		64	54	64	54
Profit/(loss) before tax		<u>609</u>	<u>2,061</u>	<u>609</u>	<u>2,061</u>
Income tax expense	B5	(13)	(48)	(13)	(48)
Profit/(loss) for the period		<u>596</u>	<u>2,013</u>	<u>596</u>	<u>2,013</u>
Other comprehensive income for the period, net of tax		<u>183</u>	<u>-</u>	<u>183</u>	<u>-</u>
Total comprehensive income/(loss) for the period		<u>779</u>	<u>2,013</u>	<u>779</u>	<u>2,013</u>

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2011

(The figures have not been audited)

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		31 Mar 2011 RM'000	31 Mar 2010 RM'000	31 Mar 2011 RM'000	31 Mar 2010 RM'000
Attributable to :					
Equity holders of the parent		596	2,013	596	2,013
Minority interest		-	-	-	-
		<u>596</u>	<u>2,013</u>	<u>596</u>	<u>2,013</u>
Total comprehensive income/(loss) attributable to :					
Equity holders of the parent		779	2,013	779	2,013
Minority interest		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earnings/(loss) per share attributable to equity holders of the parent :					
Basic, for profit/(loss) for the period (sen)	B13	<u>0.33</u>	<u>1.11</u>	<u>0.33</u>	<u>1.11</u>
Diluted, for profit/(loss) for the period (sen)	B13	<u>0.33</u>	<u>1.11</u>	<u>0.33</u>	<u>1.11</u>

The condensed statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

ELSOFT RESEARCH BERHAD (Company No. 617504-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 MARCH 2011**

	NOTE	31 Mar 2011 RM'000 (Unaudited)	31 Dec 2010 RM'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	A9	6,903	6,964
Prepaid lease payments		3,200	3,216
Investment properties		3,453	3,470
Investment in associate		3,490	3,636
		<u>17,046</u>	<u>17,286</u>
Current assets			
Prepaid lease payments		62	62
Inventories		1,927	1,678
Investment securities	B8	22,695	21,848
Trade receivables		3,237	3,467
Other receivables, deposits and prepayments		206	201
Tax recoverable		52	46
Cash and cash equivalents		4,171	4,537
		<u>32,350</u>	<u>31,839</u>
TOTAL ASSETS		<u>49,396</u>	<u>49,125</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		18,113	18,113
Treasury shares		(12)	(10)
Share premium		15,166	15,166
Retained profits		14,940	14,161
Total equity		<u>48,207</u>	<u>47,430</u>
Non-current liability			
Deferred tax liability		74	74
		<u>74</u>	<u>74</u>
Current liabilities			
Trade payables		506	277
Other payables and accruals		609	1,344
		<u>1,115</u>	<u>1,621</u>
Total liabilities		<u>1,189</u>	<u>1,695</u>
TOTAL EQUITY AND LIABILITIES		<u>49,396</u>	<u>49,125</u>
Net assets per share (RM)		<u>0.27</u>	<u>0.26</u>

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The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

Note:-

Net assets per share is calculated by dividing net assets of RM 48,207,000 over the number of ordinary shares of 181,132,000 at RM0.10 each.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2011

(The figures have not been audited)

	◀ Non-distributable ▶			Distributable		
	Share capital	Share premium	Other reserves	Treasury shares	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2011	18,113	15,166	-	(10)	14,161	47,430
Total comprehensive income	-	-	-	-	183	183
Transaction with owners						
Purchase of own shares	-	-	-	(2)	-	(2)
Profit for the period	-	-	-	-	596	596
	-	-	-	(2)	596	594
At 31 March 2011	18,113	15,166	-	(12)	14,940	48,207

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2011

(The figures have not been audited)

	◀ Non-distributable ▶			Distributable		
	Share capital	Share premium	Other reserves	Treasury shares	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2010	18,113	15,166	272	(5)	11,634	45,180
Effect of adopting FRS 139	-	-	-	-	132	132
At 1 January 2010 as restated	18,113	15,166	272	(5)	11,766	45,312
Transaction with owners						
Purchase of own shares	-	-	-	(5)	-	(5)
Employees' share options scheme						
-options granted	-	-	7	-	-	7
Expiry of employees' share options	-	-	(279)	-	279	-
Interim tax-exempt dividend	-	-	-	-	(1,811)	(1,811)
Profit for the year	-	-	-	-	3,927	3,927
	-	-	(272)	(5)	2,395	2,118
At 31 December 2010	18,113	15,166	-	(10)	14,161	47,430

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST QUARTER ENDED MARCH 2011

(The figures have not been audited)

	3 months ended	
	31 Mar 2011	31 Mar 2010
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	609	2,061
Adjustment for:		
Depreciation	99	92
Dividend income	(3)	(80)
Gain on disposal of investment securities	(9)	-
Gain on fair value adjustment	-	(38)
Interest income	(1)	-
Operating lease expense on leased land	-	16
Share based compensation	-	3
Share of profit in associate	(64)	(54)
Operating profit before working capital changes	<u>631</u>	<u>2,000</u>
Inventories	(249)	237
Receivables	224	(1,572)
Payables	<u>(506)</u>	<u>398</u>
	100	1,063
Taxation	<u>(28)</u>	<u>(20)</u>
Net cash flow from operating activities	<u>72</u>	<u>1,043</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6)	(18)
Purchase of investment securities	(10,136)	(119)
Proceeds from disposal of investment securities	9,490	-
Dividend received	213	188
Interest received	1	-
Net cash flow from investing activities	<u>(438)</u>	<u>51</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST QUARTER ENDED MARCH 2011

(The figures have not been audited)

	3 months ended	
	31 Mar 2011	31 Mar 2010
	RM'000	RM'000
NET CHANGE IN CASH AND CASH EQUIVALENTS	(366)	1,094
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	4,537	11,497
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>4,171</u>	<u>12,591</u>
Represented by :		
Short term deposits with a licensed bank	-	2,000
Short term funds	698	7,772
Cash and bank balances	<u>3,473</u>	<u>2,819</u>
	<u>4,171</u>	<u>12,591</u>

Short term funds represents highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2011

A EXPLANATORY NOTES PURSUANT TO FRS 134 - INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in compliance with FRS 134 - Interim Financial Reporting, and Chapter 9, Part K, 9.22 and Appendix 9B of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

The significant accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2010 except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretation by the Group with effect from 1 January 2011.

FRSs, Amendments to FRSs and Interpretations

Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Business Combinations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 128	Investments in Associates
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation

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FRSs, Amendments to FRSs and Interpretations

Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
Amendments to IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 18	Transfers of Assets from Customers

The above new FRSs, Amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

The Group has not early adopted the following new and revised FRSs, Amendments to FRSs, IC Interpretations which have been issued by the Malaysian Accounting Standard Board ("MASB") but are not yet effective for the current financial period:

FRSs, Amendments to FRSs and Interpretations

FRS 124	Related Party Disclosures
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

A2 Audit report of preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2010 was not qualified.

A3 Seasonal or cyclical factors

The Group's operations are not materially affected by seasonal or cyclical changes during the current quarter under review.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2011

A4 Unusual items affecting assets, liabilities, equity, net income or cash flow

During the current quarter under review, there were no items affecting assets, liabilities, equity, net income or cash flow of the Group that are unusual because of their nature, size or incidence.

A5 Material changes in estimates

There were no changes in estimates of amounts reported in prior financial year, which have a material effect in the current quarter under review.

A6 Changes in debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter-to-date under review, except for the following:

Treasury shares

The number of treasury shares held as at 31 March 2011 were as follows:

	RM'000
Balance as at 1 January 2011	10
Add: Purchase of treasury shares	<u>2</u>
Balance as at 31 March 2011	<u><u>12</u></u>

A7 Dividends paid

No interim dividend has been recommended for the current quarter under review.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2011**A8 Segmental information**

The segment information is presented on the basis of the Group's primary business segments. This segment reporting format is also the basis for the Group's management and internal reporting structure to the chief operating decision maker. There are 2 segments namely the Test, Burn in and Embedded Peripherals Operations and Automation Equipment/Systems Operations.

	Individual		Cumulative	
	3 months ended		3 months ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM' 000	RM' 000	RM' 000	RM' 000
Segment Revenue				
(1) Test, Burn-in and Embedded Peripherals	1,875	4,599	1,875	4,599
(2) Automation Equipment/Systems	833	126	833	126
	<u>2,708</u>	<u>4,725</u>	<u>2,708</u>	<u>4,725</u>
Less : Intercompany transactions	(322)	(283)	(322)	(283)
Total	<u>2,386</u>	<u>4,442</u>	<u>2,386</u>	<u>4,442</u>
Segment Result				
(1) Test, Burn-in and Embedded Peripherals	377	2,052	377	2,052
(2) Automation Equipment/Systems	168	(45)	168	(45)
	<u>545</u>	<u>2,007</u>	<u>545</u>	<u>2,007</u>
Share of profit in associate	64	54	64	54
Total	<u>609</u>	<u>2,061</u>	<u>609</u>	<u>2,061</u>

A9 Property, plant and equipment

The valuation of the property, plant and equipment have been brought forward without amendment from the financial statements for the financial year ended 31 December 2010.

Property, plant and equipment costing RM6,060 were acquired during the period ended March 2011.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2011

A10 Material events subsequent to the end of the quarter

There were no material events between the end of the reporting quarter and the date of this announcement.

A11 Changes in the composition of the Group

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

A12 Contingent liabilities

During the current quarter, the directors are of the opinion that the Group has no contingent liabilities which, upon materialisation would have a material impact on the financial position and business of the Group.

A13 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 material impact on the financial position and business of the Group.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2011

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR ACE MARKET

B1 Review of performance

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM 2.39 million and RM 0.61 million respectively. Compared to the preceding year corresponding quarter revenue and profit before tax of approximately RM 4.44 million and RM 2.06 million respectively, revenue has decreased by approximately 46.17% and profit before tax has decreased by approximately RM 1.45 million respectively for the current quarter. The lower revenue and PBT recorded was mainly due to unfavourable market conditions.

B2 Variation of results against preceding quarter

For the current quarter, the Group recorded higher revenue of approximately RM 2.39 million as compared to RM 1.86 million achieved in the previous quarter mainly as a result of the mild recovery of the semiconductor industry in the current quarter. PBT for the current quarter increased from approximately RM 0.31 million in the previous quarter to RM 0.61 million in the current quarter mainly due to higher revenue recorded.

B3 Prospects

Barring any unforeseen circumstances, the Board is cautiously optimistic on the Group's prospects for the financial year ending 31 December 2011.

B4 Profit estimate, forecast, projection or internal targets and profit guarantee

The Group did not announce or provide any profit estimate, forecast, projection, internal targets or profit guarantee in any public documents.

B5 Income tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM '000	RM '000	RM '000	RM '000
Current tax	(13)	(48)	(13)	(48)

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For the current quarter ended 31 March 2011, the effective tax rate for the Group is lower than the statutory tax rate due to 100% tax exemption from Pioneer Status granted under MSC Status for Elsoft Research Berhad and Pioneer Status of Section 7 Promotion of Investment Act, 1986 for AGS Automation (Malaysia) Sdn. Bhd.

B6 Unquoted investments and properties

There were no changes in the unquoted investments and properties of the Group during the current quarter under review.

B7 Corporate proposals

There are no corporate proposals announced but not completed as at 16 May 2011 (being the latest practicable date which is not earlier than 7 days from the date of this announcement).

B8 Investment securities

A summary of the movement of other investments during the period ended 31 March 2011 is as follow:

	RM'000
Investment securities	
Balance at 1 January 2011	21,848
Acquisition during the period	10,136
Less : Disposal during the period	(9,472)
	<u>22,512</u>
Add : Gain in fair value adjustment	183
Balance at 31 March 2011	<u><u>22,695</u></u>

B9 Group's borrowings and debt securities

There were no borrowings and debt securities outstanding/issued during the current quarter under review.

B10 Off balance sheet financial instruments

There were no off-balance sheet financial instruments as at 16 May 2011 (being the latest practicable date which is not earlier than 7 days from the date of this announcement).

B11 Material litigation

There were no material litigations pending since the end of the previous financial year ended 31 December 2010 to 16 May 2011 (being the date not earlier than 7 days from the date of this announcement).

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2011**B12 Dividends**

No interim dividend has been recommended for the current quarter under review.

B13 Earnings/(loss) per share

a. Basic

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

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2011 RM '000	31.03.2010 RM '000	31.03.2011 RM '000	31.03.2010 RM '000
Profit/(loss) attributable to ordinary equity holders of the parent	596	2,013	596	2,013
	3 months ended	3 months ended	3 months ended	3 months ended
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	181,132	181,132	181,132	181,132
	3 months ended	3 months ended	3 months ended	3 months ended
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	Sen	Sen	Sen	Sen
Basic earnings/(loss) per share for:				
Profit/(loss) for the period	0.33	1.11	0.33	1.11

b. Diluted

For the purpose of calculating diluted earnings/(loss) per share, the profit/(loss) for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, i.e. share option granted to employees.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2011**B13 Earnings/(loss) per share (Cont'd)**

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2011 RM '000	31.03.2010 RM '000	31.03.2011 RM '000	31.03.2010 RM '000
Profit/(loss) attributable to ordinary equity holders of the parent	596	2,013	596	2,013
	3 months ended		3 months ended	
	31.03.2011 '000	31.03.2010 '000	31.03.2011 '000	31.03.2010 '000
Weighted average number of ordinary shares in issue	181,132	181,132	181,132	181,132
Effects of dilution :				
Share option	-	-	-	-
	181,132	181,132	181,132	181,132
	3 months ended		3 months ended	
	31.03.2011 Sen	31.03.2010 Sen	31.03.2011 Sen	31.03.2010 Sen
Diluted earnings/(loss) per share for:				
Profit/(loss) for the period	0.33	1.11	0.33	1.11

B14 Realised and unrealised profits disclosure

The retained profits may be analysed as follows:

	As at end of current quarter 31.03.2011 RM '000	As at end of preceding quarter 31.12.2010 RM '000
-Realised	14,352	13,756
-Unrealised	600	417
	<u>14,952</u>	<u>14,173</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2011

B15 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 May 2011.

By Order of the Board

Tan Cheik Eaik

Director