

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**SUMMARY OF KEY FINANCIAL INFORMATION****31 DECEMBER 2016**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 31 Dec 2016 RM'000</b>	<b>Preceding Year Corresponding Quarter 31 Dec 2015 RM'000</b>	<b>Current Year To Date 31 Dec 2016 RM'000</b>	<b>Preceding Year Corresponding Period 31 Dec 2015 RM'000</b>
1 Revenue	16,209	16,759	63,613	49,741
2 Profit before tax	9,279	7,330	31,399	26,387
3 Profit for the period	9,222	7,114	31,186	26,045
4 Profit attributable to ordinary equity holders of the parent	9,222	7,114	31,186	26,045
5 Earnings per share (sen) :				
-Basic	3.39	2.62	11.48	9.59
-Diluted	3.37	2.62	11.40	9.59
6 Proposed / Declared dividend per share (sen)	4	4	10	8
	<hr/>	<hr/>	<hr/>	<hr/>
		<b>AS AT END OF CURRENT QUARTER</b>	<b>AS AT PRECEDING FINANCIAL YEAR END</b>	
		<b>31 Dec 2016 RM</b>	<b>31 Dec 2015 RM</b>	
7 Net assets per share attributable to ordinary equity holders of the parent		<hr/> 0.36	<hr/> 0.31	

Note: For full text of the above announcement, please access the Bursa Malaysia website at [www.bursamalaysia.com](http://www.bursamalaysia.com)

**ELSOFT RESEARCH BERHAD**  
 (Company No. 617504-K)  
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2016**

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter (Unaudited) 31 Dec 2016 RM'000	Preceding Year Corresponding Quarter (Unaudited) 31 Dec 2015 RM'000	Current Year To Date (Unaudited) 31 Dec 2016 RM'000	Preceding Year Corresponding Period (Audited) 31 Dec 2015 RM'000
Revenue		16,209	16,759	63,613	49,741
Cost of sales		(7,342)	(8,172)	(29,217)	(27,130)
<b>Gross profit</b>		<u>8,867</u>	<u>8,587</u>	<u>34,396</u>	<u>22,611</u>
Other income		2,315	98	3,051	7,655
Administrative expenses		(1,840)	(1,110)	(6,194)	(3,953)
Share of profit in associate		(63)	(245)	146	74
<b>Profit before tax</b>	B14	<u>9,279</u>	<u>7,330</u>	<u>31,399</u>	<u>26,387</u>
Taxation	B5	(57)	(216)	(213)	(342)
<b>Profit for the period</b>		<u>9,222</u>	<u>7,114</u>	<u>31,186</u>	<u>26,045</u>
<b>Other comprehensive income for the period, net of tax</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<u><u>9,222</u></u>	<u><u>7,114</u></u>	<u><u>31,186</u></u>	<u><u>26,045</u></u>

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter (Unaudited) 31 Dec 2016 NOTE RM'000	Preceding Year Corresponding Quarter (Unaudited) 31 Dec 2015 RM'000	Current Year To Date (Unaudited) 31 Dec 2016 RM'000	Preceding Year Corresponding Period (Audited) 31 Dec 2015 RM'000
Attributable to :				
Equity holders of the parent	9,222	7,114	31,186	26,045
Non-controlling interest	-	-	-	-
	<u>9,222</u>	<u>7,114</u>	<u>31,186</u>	<u>26,045</u>
Total comprehensive income attributable to :				
Equity holders of the parent	9,222	7,114	31,186	26,045
Non-controlling interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Earnings per share attributable to equity holders of the parent :</b>				
Basic, for profit for the period (sen) *	B13 <u>3.39</u>	<u>2.62</u>	<u>11.48</u>	<u>9.59</u>
Diluted, for profit for the period (sen)	B13 <u>3.37</u>	<u>2.62</u>	<u>11.40</u>	<u>9.59</u>

\* Basis EPS is calculated based on the weighted average of ordinary shares has been adjusted for bonus issue retrospectively.

The unaudited condensed consolidated statement of profit or loss and comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 DECEMBER 2016**

	NOTE	(Unaudited) 31 Dec 2016 RM'000	(Audited) 31 Dec 2015 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A9	16,316	16,406
Prepaid lease payments		3,017	3,081
Investment properties		3,012	3,095
Investment in associate		16,232	16,842
		<u>38,577</u>	<u>39,424</u>
<b>Current assets</b>			
Inventories		5,116	2,610
Other investment	B8	33,436	15,493
Trade receivables		21,486	19,188
Other receivables, deposits and prepayments		1,331	862
Current tax assets		64	412
Cash and cash equivalents		11,620	15,112
		<u>73,053</u>	<u>53,677</u>
<b>TOTAL ASSETS</b>		<u>111,630</u>	<u>93,101</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		27,170	18,113
Treasury shares	A6	-	(158)
Share premium		6,321	15,166
Share option reserve		1,588	-
Retained profits		63,224	50,137
<b>Total equity</b>		<u>98,303</u>	<u>83,258</u>
<b>Non-current liability</b>			
Deferred tax liability		571	571
		<u>571</u>	<u>571</u>
<b>Current liabilities</b>			
Trade payables		5,542	2,710
Other payables and accruals		7,214	6,562
		<u>12,756</u>	<u>9,272</u>
<b>Total liabilities</b>		13,327	9,843
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>111,630</u>	<u>93,101</u>
Net assets per share (RM)		<u>0.36</u>	<u>0.31*</u>

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2016**

\* Net assets value per share is calculated based on the ordinary shares has been adjusted for bonus issue retrospectively.

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016**

(The figures have not been audited)

	-----Non-distributable -----			Distributable		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Share option reserves RM'000	Treasury shares RM'000	Retained profits RM'000	
At 1 January 2016	18,113	15,166	-	(158)	50,137	83,258
<b>Total comprehensive income</b>	-	-	-	-	31,186	31,186
<b>Transaction with owners</b>						
Purchase of treasury shares	-	-	-	(77)	-	(77)
Resale of treasury shares	-	212	-	235	-	447
Ordinary shares issued pursuant to:						
- bonus issue	9,057	(9,057)	-	-	-	-
Share-based payments	-	-	1,588	-	-	1,588
Interim dividend paid	-	-	-	-	(18,099)	(18,099)
	9,057	(8,845)	1,588	158	(18,099)	(16,141)
At 31 December 2016	27,170	6,321	1,588	-	63,224	98,303
At 1 January 2015	18,113	15,166	-	(74)	40,380	73,585
<b>Total comprehensive income</b>	-	-	-	-	26,045	26,045
<b>Transaction with owners</b>						
Purchase of treasury shares	-	-	-	(84)	-	(84)
Interim dividend paid	-	-	-	-	(16,288)	(16,288)
	-	-	-	(84)	(16,288)	(16,372)
At 31 December 2015	18,113	15,166	-	(158)	50,137	83,258

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 CASH FLOW FOR THE YEAR ENDED  
31 DECEMBER 2016**

	(Unaudited) 31 Dec 2016	(Audited) 31 Dec 2015
Note	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	31,399	26,387
Adjustment for:		
Amortisation of prepaid lease payment	64	64
Depreciation of property, plant and equipment	519	537
Depreciation of investment properties	83	83
Property, plant and equipment written off	-	48
Impairment loss on trade receivables	101	-
Dividend income	(1,198)	(423)
Gain on disposal of other investments	(109)	(1,565)
Loss/(Gain) on fair value adjustment of other investments	955	(889)
Interest income	(45)	(74)
Share based payment	1,588	-
Unrealised gain on foreign exchange	(610)	(1,890)
Share of profit in associate	(146)	(74)
Operating profit before working capital changes	<u>32,601</u>	<u>22,204</u>
(Increase)/Decrease in inventories	(2,506)	621
Increase in trade and other receivables	(1,539)	(6,770)
Increase in trade and other payables	3,439	2,140
	<u>31,995</u>	<u>18,195</u>
Tax refund/(paid)	135	(436)
Net cash flow from operating activities	<u>32,130</u>	<u>17,759</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	A9 (429)	(278)
Purchase of other investments	B8 (82,251)	(41,943)
Proceeds from disposal of property, plant and equipment	-	18
Proceeds from disposal of other investment	63,932	48,504
Dividend received from an associate	756	900
Interest received	45	74
Subscription for redeemable cumulative preference shares in associate	-	(8,400)
Net cash flow used in investing activities	<u>(17,947)</u>	<u>(1,125)</u>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Purchase of treasury shares	A6 (77)	(84)
Proceeds from resale of treasury shares	447	-
Interim dividend paid	(18,099)	(16,288)
Net cash flow used in financing activity	<u>(17,729)</u>	<u>(16,372)</u>

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED  
31 DECEMBER 2016**

	<b>(Unaudited)</b> <b>31 Dec 2016</b> <b>RM'000</b>	<b>(Audited)</b> <b>31 Dec 2015</b> <b>RM'000</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(3,546)	262
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	54	1,689
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	15,112	13,161
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<u>11,620</u>	<u>15,112</u>
Represented by :		
Short term funds	450	429
Cash and bank balances	<u>11,170</u>	<u>14,683</u>
	<u>11,620</u>	<u>15,112</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 unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.



**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED  
31 DECEMBER 2016**

**A EXPLANATORY NOTES PURSUANT TO MFRS 134 - INTERIM FINANCIAL REPORTING**

**A1 Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main 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 2015. 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 financial year ended 31 December 2015.

The financial statements of the Group and the Company for the financial year ended 31 December 2015 were prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) in Malaysia.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the year 31 December 2015, except for the adoption of the Standards, Amendments and Annual Improvement to Standards effective as of 1 January 2016.

**Effective for annual periods commencing on or after 1 January 2016**

MFRS 14 Regulatory Deferral Accounts

Amendment to MFRS 11 Joint Arrangements - *Accounting for Acquisition of Interests in Joint Operations*

Amendment to MFRS 101 Presentation of Financial Statements - *Disclosure Initiative*

Amendment to MFRS 127 Separate Financial Statements - *Equity Method in Separate  
Financial Statements*

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets -  
*Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture - *Bearer Plants*

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in  
Other Entities and MFRS 128 Investments in Associates and Joint Ventures - *Investment Entities:  
Applying the Consolidation Exception*

*Applying the Consolidation Exception*

Annual Improvements to MFRSs 2012 - 2014 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED  
31 DECEMBER 2016**

**A EXPLANATORY NOTES PURSUANT TO MFRS 134 - INTERIM FINANCIAL REPORTING  
(Continued)**

**A1 Basis of preparation (Continued)**

The followings Standards and Amendment to Standards have been issued by the MASB but are not yet effective by the Group.

Effective for annual periods commencing on or after 1 January 2017

Amendments to MFRS 107 Statement of Cash Flows - *Disclosure Initiative*  
Amendments to MFRS 112 Income Taxes - *Recognition of Deferred Tax Assets for Unrealised Losses*  
Annual Improvements to MFRSs 2014 - 2016 Cycle

Effective for annual periods commencing on or after 1 January 2018

MFRS 9 Financial Instruments  
MFRS 15 Revenue from Contracts with Customers  
MFRS 15 Revenue from Contracts with Customers - *Clarifications to MFRS 15 Revenue Contracts with Customers*  
Amendments to MFRS 2 Share-based Payment - *Classification and Measurement of Share-based Payment transactions*  
Amendments to MFRS 140 Investment Property - *Transfers of Investment Property*  
Annual Improvements to MFRSs 2014 - 2016 Cycle

Effective for annual periods commencing on or after 1 January 2019

MFRS 16 Leases

Issued but not yet effective

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application.

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED  
31 DECEMBER 2016**

**A2 Audit report of preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2015 was not subject to any qualification.

**A3 Seasonal or cyclical factors**

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter and year ended 31 December 2016.

**A5 Material changes in estimates**

There were no changes in estimates that have had any material effect on the quarter and year ended 31 December 2016.

**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 treasury shares held as at 31 December 2016 were as follows:

	<b>RM'000</b>
Balance as at 1 January 2016	158
Add: Purchase of treasury shares	77
Less: Resale of treasury shares	(235)
Balance as at 31 December 2016	<u><u>-</u></u>

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED  
31 DECEMBER 2016****A7 Dividends paid**Single tier (tax exempt) dividend

For the financial year	31 December 2016
Approved and declared on	24 November 2016
Dividend per share	RM0.03
Paid on	23 December 2016
Entitlement to dividend based on Record of Depositors as at	13 December 2016

**A8 Segmental information****Operating Segments**

The test, burn-in & embedded peripherals segment and automation equipment/systems segment represent two operating segment within the Group. These operating segments have been aggregated to form a reportable segment known as design and production of automated test equipment ("ATE") due to similarity in each of the following:

- (i) Nature and economic characteristic of the products;
- (ii) Production process; and
- (iii) Type of customers, which consist of consumers and industrial customers.

**Geographical information**

Revenue information based on the geographical location of customers is as follows: -

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>
Malaysia	12,184	14,219	49,882	44,365
China	1,956	1,842	7,219	3,960
Taiwan	1,785	594	6,008	1,111
Others	284	104	504	305
	<u>16,209</u>	<u>16,759</u>	<u>63,613</u>	<u>49,741</u>

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED  
31 DECEMBER 2016**

**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 2015.

Property, plant and equipment costing approximately RM429,000 were acquired during the financial period ended 31 December 2016.

**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 current quarter under review, 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.

**A14 Capital Commitments**

There is no capital commitments in the interim financial statements as at 31 December 2016.

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED  
31 DECEMBER 2016**

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

**B1 Review of performance**

*Comparison with the corresponding period in the previous year*

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM16.209 million and RM9.279 million respectively. Compared to the preceding year corresponding quarter revenue and profit before tax of approximately RM16.759 million and RM7.330 million respectively, revenue has slightly decreased by approximately 3% and profit before tax has increased by approximately 27% respectively for the current quarter.

The lower revenue recorded was due to lower demand from smart devices industry for current quarter as compared to the preceding year corresponding quarter. Despite lower revenue generated, the PBT recorded was greater due to:-

- i) improved gross product margin;
- ii) gain in foreign exchange of RM1.671 million recognised in current quarter as compared to foreign exchange loss of RM0.766 million in preceding year corresponding quarter; and
- iii) lower fair value loss on other investment from RM1.034 million loss in preceding year corresponding quarter to RM0.202 million loss recognised in current quarter.

*Financial period-to-date against preceding year corresponding financial period*

The Group recorded revenue and PBT of approximately RM63.613 million and RM31.399 million respectively for the current year-to-date. Compared to the preceding year corresponding year-to-date revenue of RM49.741 million and PBT of RM26.387 million, revenue and PBT have increased by approximately 28% and 19% respectively.

The higher revenue for current year to date as compared to the preceding year corresponding year-to-date was mainly due to greater demand from Automotive, General Lighting and Smart Devices Industry.

The higher PBT for current year to date as compared to the preceding year corresponding year-to-date was mainly due the increase in revenue and improved gross product margin but also offset against higher administrative expenses and lower contribution from other income.

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED  
31 DECEMBER 2016****B2 Variation of results against preceding quarter**

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM16.209 million and RM9.279 million respectively. Compared to the previous quarter revenue and profit before tax of approximately RM18.821 million and RM10.075 million respectively, revenue has decreased by approximately 14% and profit before tax has decreased by approximately 8% respectively for the current quarter.

The lower revenue recorded was due to lower demand from Automotive Industry for current quarter as compared to previous quarter. The decrease of PBT by 8% in current quarter was due to lower revenue, share of losses in associate and higher administrative expenses but partly covered by improved gross product margin and favorable foreign exchange gain in current quarter.

**B3 Prospects**

Barring any unforeseen circumstances, the Board is optimistic on the Group's prospects for the coming financial year.

**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 Taxation**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 2016 RM' 000	31 Dec 2015 RM' 000	31 Dec 2016 RM' 000	31 Dec 2015 RM' 000
Current tax	57	216	213	342

For the year ending 31 December 2016, the effective tax rate for the Group is lower than the statutory tax rate due to 100% tax exemption from Pioneer Status of Section 4D, Promotion of Investment Act, 1986 for Elsoft Systems 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 were no corporate proposals announced but not completed as at the reporting date.

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED  
31 DECEMBER 2016****B8 Other investment**

A summary of the movement of other investments during the period ended 31 December 2016 is as follow:

	<b>RM'000</b>
<b>Other investment</b>	
Balance at 1 January 2016	15,493
Acquisition during the period	82,251
Dividend reinvest	470
Less : Disposal during the period	<u>(63,823)</u>
	34,391
Add : Gain on fair value adjustment	<u>(955)</u>
Balance at 31 December 2016	<u><u>33,436</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 the date of this report (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).



**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED  
31 DECEMBER 2016****B11 Material litigation**

Save as disclosed below, the Group is not engaged in any material litigation as at the date of this report (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

Elsoft Research Berhad ('Elsoft') had made an announcement to the Bursa Malaysia Securities Berhad on 28 March 2016, 29 March 2016 and 6 April 2016 that the Company and its wholly owned subsidiary company, AGS Automation (M) Sdn. Bhd. ('AGS') had been added as the second and third Defendants for an alleged infringement of patent. Elsoft and AGS have been served the Amended Writ of Summons together with the Amended Statement of Claim.

On 8 April 2016, Elsoft announced that the cost, general damages and exemplary damages arising from this legal suit cannot be quantified. However, in the event that interlocutory injunction is obtained, the Company and AGS are compelled to stop production of such alleged Infringing Product and this may have material and adverse financial and operation impact to Elsoft.

On 22 July 2016, Elsoft announced that the Kuala Lumpur Intellectual Property High Court had allowed the application to set aside the Anton Piller Order dated 21 January 2016 made by all the Defendants, including the 2nd and 3rd Defendants. Besides that, the High Court also ordered that damages suffered by the Defendants, including the 2nd and 3rd Defendants as a result of the execution of the Anton Piller Order be assessed. Further, the Court dismissed the Plaintiff's application to extend and expand the interlocutory injunction against all the Defendants, including the 2nd and 3rd Defendants. The Plaintiff is also ordered to pay cost amounting to RM25,000 to the 2nd and 3rd Defendants.

On 15 February 2017, Elsoft announced that Pentamaster Instrumentation Sdn Bhd, the Plaintiff in Kuala Lumpur High Court Civil Suit No. 22IP-65-11/2015 ("the suit"), has on 15 February 2017 formally withdrawn its case against, among others, Elsoft and its wholly-owned subsidiary company AGS Automation (M) Sdn Bhd ("AGS"), being the 2nd and 3rd Defendants in the suit. The suit was originally fixed for full trial on 15th to 17th and 20th to 23rd February 2017 before the Kuala Lumpur Intellectual Property High Court.

Elsoft also been notified that the Kuala Lumpur Intellectual Property High Court has on 15th February 2017 accordingly, upon the application made by the solicitors for Pentamaster to formally withdraw the suit against all the defendants, struck off the suit with no order as to costs and with no liberty to file fresh. With the order of striking off duly pronounced by the Court, the suit against Elsoft and AGS is officially terminated by Pentamaster.

**ELSOFT RESEARCH BERHAD**  
(Company No. 617504-K)  
(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED  
31 DECEMBER 2016**

**B12 Dividends**

Third Interim Single tier (tax exempt) dividend

For the financial year	31 December 2016
Approved and declared on	23 February 2016
Dividend per share	0.02
Payable on	20 April 2017
Entitlement to dividend based on Record of Depositors as at	22 March 2017

Special (tax exempt) dividend

For the financial year	31 December 2016
Approved and declared on	23 February 2016
Dividend per share	0.02
Payable on	20 April 2017
Entitlement to dividend based on Record of Depositors as at	22 March 2017

**B13 Earnings per share**

a. Basic

Basic earnings per share amounts are calculated by dividing profit 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 12 months ended	
	31 Dec 2016 RM' 000	31 Dec 2015 RM' 000	31 Dec 2016 RM' 000	31 Dec 2015 RM' 000
Profit attributable to ordinary equity holders of the parent	9,222	7,114	31,186	26,045
	<hr/>		<hr/>	
	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 2016 RM' 000	31 Dec 2015 RM' 000	31 Dec 2016 RM' 000	31 Dec 2015 RM' 000
Weighted average number of ordinary shares in issue	271,718	271,552	271,718	271,552
	<hr/>		<hr/>	
	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 2016 Sen	31 Dec 2015 Sen	31 Dec 2016 Sen	31 Dec 2015 Sen
Basic earnings per share for: Profit for the period	3.39	2.62	11.48	9.59

The weighted average number of ordinary shares has been adjusted for bonus issue retrospectively.

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED  
31 DECEMBER 2016****B13 Earnings per share (cont'd)**

## b. Diluted

For the purpose of calculating diluted earnings per share, the profit 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.

	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 12 months ended</b>	
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
Profit attributable to ordinary equity holders of the parent	9,222	7,114	31,186	26,045
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 12 months ended</b>	
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
Weighted average number of ordinary shares in issue	271,718	271,552	271,718	271,552
Effects of dilution :				
Share option	1,911	-	1,911	-
	<u>273,629</u>	<u>271,552</u>	<u>273,629</u>	<u>271,552</u>
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 12 months ended</b>	
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Diluted earnings per share for:				
Profit for the period	<u>3.37</u>	<u>2.62</u>	<u>11.40</u>	<u>9.59</u>

The weighted average number of ordinary shares has been adjusted for bonus issue retrospectively.

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED  
31 DECEMBER 2016****B14 Profit Before Tax**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 2016 RM '000	31 Dec 2015 RM '000	31 Dec 2016 RM '000	31 Dec 2015 RM '000
Profit before tax is arrived after charging:				
Amortisation of prepaid leasehold land	16	15	64	64
Audit fee	40	37	59	56
Depreciation				
- property, plant and equipment	130	137	519	537
- Investment property	20	21	83	83
Impairment loss on trade receivables	101	-	101	-
Loss on disposal of other investment	25	-	-	-
Loss on fair value adjustment on other investment	202	1,034	955	-
Property, plant and equipment written off	-	48	-	48
Realised loss on foreign exchange	-	-	-	-
Unrealised loss on foreign exchange	-	1,793	-	-
and crediting:				
Dividend income	387	75	1,198	423
Gain on disposal of other investment	-	1,441	109	1,565
Gain on disposal of short term investment	59	54	599	291
Gain on fair value adjustment on other investment	-	-	-	889
Interest income	6	29	45	74
Income from government grant	-	-	-	211
Realised gain on foreign exchange	638	1,027	37	1,208
Unrealised gain on foreign exchange	1,033	-	610	1,890
Compensation received	25	-	25	-
Rental received	394	298	1,383	1,104

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED  
31 DECEMBER 2016****B15 Breakdown of Realised and Unrealised Profits or Losses of the Group**

The retained profits may be analysed as follows:

	<b>As at end of current financial year 31 Dec 2016 RM '000</b>	<b>As at end of previous financial year 31 Dec 2015 RM '000</b>
Total retained profits of Elsoft Research Berhad and its subsidiaries:		
- Realised profits	66,954	50,126
- Unrealised profits / (losses)	(916)	2,209
	<u>66,038</u>	<u>52,335</u>
Total share of retained earnings from an associate:		
- Realised profits	1,264	1,901
- Unrealised profits	(2)	(29)
	<u>67,300</u>	<u>54,207</u>
Less : Consolidation adjustments	(4,076)	(4,070)
Total Group retained profits as per consolidated accounts	<u><u>63,224</u></u>	<u><u>50,137</u></u>

**B16 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 February 2017.

By Order of the Board

***Tan Cheik Eaik***

Director