

ELSOFT RESEARCH BERHAD

(Company No. 617504-K)

(Incorporated in Malaysia)

SUMMARY OF KEY FINANCIAL INFORMATION**31 MARCH 2017**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|--|---|---|
| | Current Year Quarter 31 Mar 2017 RM'000 | Preceding Year Corresponding Quarter 31 Mar 2016 RM'000 | Current Year To Date 31 Mar 2017 RM'000 | Preceding Year Corresponding Period 31 Mar 2016 RM'000 |
| 1 Revenue | 15,222 | 10,137 | 15,222 | 10,137 |
| 2 Profit before tax | 6,046 | 1,637 | 6,046 | 1,637 |
| 3 Profit for the period | 6,006 | 1,562 | 6,006 | 1,562 |
| 4 Profit attributable to ordinary equity holders of the parent | 6,006 | 1,562 | 6,006 | 1,562 |
| 5 Earnings per share (sen) : | | | | |
| -Basic | 2.20 | 0.57 | 2.20 | 0.57 |
| -Diluted | 2.18 | 0.57 | 2.18 | 0.57 |
| 6 Proposed / Declared dividend per share (sen) | - | - | - | - |
| | | AS AT END OF CURRENT QUARTER | | AS AT PRECEDING FINANCIAL YEAR END |
| | | 31 Mar 2017 RM | | 31 Dec 2016 RM |
| 7 Net assets per share attributable to ordinary equity holders of the parent | | <u>0.39</u> | | <u>0.36</u> |

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2017

| | NOTE | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|------|--|--|--|---|
| | | Current Year Quarter (Unaudited) 31 Mar 2017 RM'000 | Preceding Year Corresponding Quarter (Unaudited) 31 Mar 2016 RM'000 | Current Year To Date (Unaudited) 31 Mar 2017 RM'000 | Preceding Year Corresponding Period (Unaudited) 31 Mar 2016 RM'000 |
| Revenue | | 15,222 | 10,137 | 15,222 | 10,137 |
| Cost of sales | | (7,392) | (4,309) | (7,392) | (4,309) |
| Gross profit | | <u>7,830</u> | <u>5,828</u> | <u>7,830</u> | <u>5,828</u> |
| Other income and expenses | | 583 | (3,080) | 583 | (3,080) |
| Administrative expenses | | (2,035) | (929) | (2,035) | (929) |
| Share of profit in associate | | (332) | (182) | (332) | (182) |
| Profit before tax | B14 | <u>6,046</u> | <u>1,637</u> | <u>6,046</u> | <u>1,637</u> |
| Taxation | B5 | (40) | (75) | (40) | (75) |
| Profit for the period | | <u>6,006</u> | <u>1,562</u> | <u>6,006</u> | <u>1,562</u> |
| Other comprehensive income for the period, net of tax | | - | - | - | - |
| Total comprehensive income for the period | | <u><u>6,006</u></u> | <u><u>1,562</u></u> | <u><u>6,006</u></u> | <u><u>1,562</u></u> |

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

| | NOTE | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|------|--|---|--|--|
| | | Current Year Quarter (Unaudited) 31 Mar 2017 RM'000 | Preceding Year Corresponding Quarter (Unaudited) 31 Mar 2016 RM'000 | Current Year To Date (Unaudited) 31 Mar 2017 RM'000 | Preceding Year Corresponding Period (Unaudited) 31 Mar 2016 RM'000 |
| Attributable to : | | | | | |
| Equity holders of the parent | | 6,006 | 1,562 | 6,006 | 1,562 |
| Non-controlling interest | | - | - | - | - |
| | | <u>6,006</u> | <u>1,562</u> | <u>6,006</u> | <u>1,562</u> |
| Total comprehensive income attributable to : | | | | | |
| Equity holders of the parent | | 6,006 | 1,562 | 6,006 | 1,562 |
| Non-controlling interest | | - | - | - | - |
| | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Earnings per share ("EPS") attributable to equity holders of the parent : | | | | | |
| Basic EPS (sen) * | B13 | <u>2.20</u> | <u>0.57</u> | <u>2.20</u> | <u>0.57</u> |
| Diluted EPS (sen) | B13 | <u>2.18</u> | <u>0.57</u> | <u>2.18</u> | <u>0.57</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 2016 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 2017**

| | | (Unaudited) 31 Mar 2017 | (Audited) 31 Dec 2016 |
|--|-------------|--|--|
| | NOTE | RM'000 | RM'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | A9 | 16,213 | 16,315 |
| Prepaid lease payments | | 3,001 | 3,017 |
| Investment properties | | 2,991 | 3,012 |
| Investment in associate | | 15,307 | 16,233 |
| | | <u>37,512</u> | <u>38,577</u> |
| Current assets | | | |
| Inventories | | 4,040 | 5,116 |
| Trade receivables | | 19,875 | 21,487 |
| Other receivables, deposits and prepayments | | 1,190 | 1,332 |
| Current tax assets | | 28 | - |
| Other investment | B8 | 32,743 | 33,435 |
| Cash and cash equivalents | | 17,698 | 11,642 |
| | | <u>75,574</u> | <u>73,012</u> |
| TOTAL ASSETS | | <u>113,086</u> | <u>111,589</u> |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | | 27,320 | 27,170 |
| Treasury shares | A6 | (150) | - |
| Share premium | | 8,189 | 6,321 |
| Share option reserve | | 1,469 | 1,587 |
| Retained profits | | 69,147 | 63,141 |
| Total equity | | <u>105,975</u> | <u>98,219</u> |
| Non-current liability | | | |
| Deferred tax liability | | 588 | 588 |
| | | <u>588</u> | <u>588</u> |
| Current liabilities | | | |
| Trade payables | | 2,006 | 5,511 |
| Other payables and accruals | | 4,517 | 7,259 |
| Current tax liabilities | | - | 12 |
| | | <u>6,523</u> | <u>12,782</u> |
| Total liabilities | | 7,111 | 13,370 |
| TOTAL EQUITY AND LIABILITIES | | <u>113,086</u> | <u>111,589</u> |
| Net assets per share (RM) | | <u>0.39</u> | <u>0.36</u> |

ELSOFT RESEARCH BERHAD
(Company No. 617504-K)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

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)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2017

(The figures have not been audited)

| | <-----Non-distributable -----> | | | Distributable | | |
|-----------------------------------|--------------------------------|----------------------------|---------------------------------------|------------------------------|-------------------------------|---------------------------|
| | Share capital RM'000 | Share premium RM'000 | Share option reserves RM'000 | Treasury shares RM'000 | Retained profits RM'000 | Total equity RM'000 |
| At 1 January 2017 | 27,170 | 6,321 | 1,587 | - | 63,141 | 98,219 |
| Total comprehensive income | - | - | - | - | 6,006 | 6,006 |
| Transaction with owners | | | | | | |
| Purchase of treasury shares | - | - | - | (150) | - | (150) |
| Share-based payments | - | - | 394 | - | - | 394 |
| Issue of shares pursuant to ESOS | 150 | 1,868 | (512) | - | - | 1,506 |
| | 150 | 1,868 | (118) | (150) | - | 1,750 |
| At 31 March 2017 | <u>27,320</u> | <u>8,189</u> | <u>1,469</u> | <u>(150)</u> | <u>69,147</u> | <u>105,975</u> |
| At 1 January 2016 | 18,113 | 15,166 | - | (158) | 50,137 | 83,258 |
| Total comprehensive income | - | - | - | - | 1,562 | 1,562 |
| Transaction with owners | | | | | | |
| Purchase of treasury shares | - | - | - | (19) | - | (19) |
| | - | - | - | (19) | - | (19) |
| At 31 March 2016 | <u>18,113</u> | <u>15,166</u> | <u>-</u> | <u>(177)</u> | <u>51,699</u> | <u>84,801</u> |

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

ELSOFT RESEARCH BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST QUARTER ENDED
31 MARCH 2017**

| | (Unaudited) 31 Mar 2017 | (Unaudited) 31 Mar 2016 |
|---|----------------------------|----------------------------|
| Note | RM'000 | RM'000 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 6,046 | 1,637 |
| Adjustment for: | | |
| Amortisation of prepaid lease payment | 16 | 16 |
| Depreciation of property, plant and equipment | 110 | 131 |
| Depreciation of investment properties | 21 | 21 |
| Dividend income | (207) | (48) |
| Gain on disposal of other investments | - | (122) |
| (Gain)/Loss on fair value adjustment of other investments | B8 (336) | 476 |
| Interest income | (30) | (39) |
| Share based payment | 394 | - |
| Unrealised (gain)/loss on foreign exchange | (917) | 3,167 |
| Share of loss in associate | 332 | 182 |
| Operating profit before working capital changes | <u>5,429</u> | <u>5,421</u> |
| Decrease/(Increase) in inventories | 1,076 | (2,245) |
| Decrease in trade and other receivables | 1,976 | 5,534 |
| Decrease in trade and other payables | (6,240) | (3,155) |
| | <u>2,241</u> | <u>5,555</u> |
| Tax refund/(paid) | (80) | 228 |
| Net cash flow from operating activities | <u>2,161</u> | <u>5,783</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | A9 (8) | (130) |
| Purchase of other investments | B8 (4,768) | (9,400) |
| Proceeds from disposal of other investment | 6,003 | 9,654 |
| Dividend received from an associate | 594 | - |
| Interest received | 30 | 39 |
| Net cash flow from investing activities | <u>1,851</u> | <u>163</u> |
| CASH FLOW FROM FINANCING ACTIVITY | | |
| Purchase of treasury shares | A6 (150) | (19) |
| Issue of shares | 1,506 | - |
| Net cash flow from/(used in) financing activity | <u>1,356</u> | <u>(19)</u> |

ELSOFT RESEARCH BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST QUARTER ENDED
 31 MARCH 2017**

| | (Unaudited) 31 Mar 2017 RM'000 | (Unaudited) 31 Mar 2016 RM'000 |
|---|---|---|
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 5,368 | 5,927 |
| EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | 688 | (2,194) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | 11,642 | 15,112 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD | <u>17,698</u> | <u>18,845</u> |

Represented by :

| | | |
|------------------------|---------------|---------------|
| Short term funds | 2,217 | - |
| Cash and bank balances | <u>15,481</u> | <u>18,845</u> |
| | <u>17,698</u> | <u>18,845</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 2016 and the accompanying explanatory notes attached to the interim financial statements.

ELSOFT RESEARCH BERHAD

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
31 MARCH 2017**

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 2016. 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 2016.

The financial statements of the Group and the Company for the financial year ended 31 December 2016 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 2016, except for the adoption of the Standards, Amendments and Annual Improvement to Standards effective as of 1 January 2017.

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*

Amendments to MFRS 12 Disclosure of Interests in Other Entities (*Annual Improvements to MFRSs 2014 - 2016 Cycle*)

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

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
31 MARCH 2017**

**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 2018

Amendments to MFRS 2 Share-based Payment - *Classification and Measurement of Share-based Payment Transactions*

Amendments to MFRS 4 Insurance Contracts - *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*

Amendments to MFRS 140 Investment Property - *Transfers of Investment Property*

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (*Annual Improvements to MFRSs 2014 - 2016 Cycle*)

Amendments to MFRS 128 Investments in Associates and Joint Ventures (*Annual Improvements to MFRSs 2014 - 2016 Cycle*)

IC Interpretations 22 Foreign Currency Transactions and Advance Consideration

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.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
31 MARCH 2017**

A2 Audit report of preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2016 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 ended 31 March 2017.

A5 Material changes in estimates

There were no changes in estimates that have had any material effect on the quarter ended 31 March 2017.

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 March 2017 were as follows:

| | RM'000 |
|----------------------------------|---------------|
| Balance as at 1 January 2017 | - |
| Add: Purchase of treasury shares | 150 |
| Less: Resale of treasury shares | - |
| Balance as at 31 March 2017 | <u>150</u> |

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
31 MARCH 2017****A7 Dividends paid**

No dividend was paid during the current interim period under review.

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: -

| | Individual Quarter | | Cumulative Quarter | |
|----------|---------------------------|--------------------|---------------------------|--------------------|
| | 3 months ended | | 3 months ended | |
| | 31 Mar 2017 | 31 Mar 2016 | 31 Mar 2017 | 31 Mar 2016 |
| | RM' 000 | RM' 000 | RM' 000 | RM' 000 |
| Malaysia | 14,352 | 8,082 | 14,352 | 8,082 |
| China | 340 | 1,240 | 340 | 1,240 |
| Others | 530 | 815 | 530 | 815 |
| | <u>15,222</u> | <u>10,137</u> | <u>15,222</u> | <u>10,137</u> |

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
31 MARCH 2017**

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 2016.

Property, plant and equipment costing approximately RM8,000 were acquired during the financial period ended 31 March 2017.

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 March 2017.

ELSOFT RESEARCH BERHAD

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**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 RM15.222 million and RM6.046 million respectively. Compared to the preceding year corresponding quarter revenue and profit before tax of approximately RM10.137 million and RM1.637 million respectively, revenue has increased by approximately 50% and profit before tax has increased by approximately 269% respectively for the current quarter.

The higher revenue recorded was due to higher demand from automotive industry for current quarter as compared to the preceding year corresponding quarter. The increase of PBT by 269% was due to the increase in revenue, gain in fair value of quoted investment and lower foreign exchange losses but also offset against higher administrative expenses in current quarter. Higher administrative expenses in current quarter was due to share based payment, legal fee and new factory building assessment raised by City Council of Penang Island ("MBPP").

B2 Variation of results against preceding quarter

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM15.222 million and RM6.046 million respectively. Compared to the previous quarter revenue and profit before tax of approximately RM16.209 million and RM9.222 million respectively, revenue has decreased by approximately 6% and profit before tax has decreased by approximately 34% respectively for the current quarter.

The lower revenue recorded was due to lower demand from Smart Devices Industry for current quarter as compared to previous quarter. The decrease of PBT by 34% in current quarter was due to lower of revenue, lower gross product margin, share of losses in associate and foreign exchange losses in current quarter.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**B3 Prospects**

Barring any unforeseen circumstances, the Board is optimistic on the Group's prospects for the financial year ending 31 December 2017.

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 3 months ended | |
|-------------|--------------------------------------|------------------------|--------------------------------------|------------------------|
| | 31 Mar 2017 RM' 000 | 31 Mar 2016 RM' 000 | 31 Mar 2017 RM' 000 | 31 Mar 2016 RM' 000 |
| Current tax | 40 | 75 | 40 | 75 |

For the year ending 31 December 2017, 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.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
31 MARCH 2017****B8 Other investment**

A summary of the movement of other investments during the period ended 31 March 2017 is as follow:

| | RM'000 |
|-------------------------------------|----------------------|
| Other investment | |
| Balance at 1 January 2017 | 33,435 |
| Acquisition during the period | 4,768 |
| Dividend reinvest | 207 |
| Less : Disposal during the period | <u>(6,003)</u> |
| | 32,407 |
| Add : Gain on fair value adjustment | <u>336</u> |
| Balance at 31 March 2017 | <u><u>32,743</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).

B11 Material litigation

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).

B12 Dividends

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

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
31 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 3 months ended | |
|--|--|--------------------|--|--------------------|
| | 31 Mar 2017 | 31 Mar 2016 | 31 Mar 2017 | 31 Mar 2016 |
| | RM' 000 | RM' 000 | RM' 000 | RM' 000 |
| Profit attributable to ordinary equity holders of the parent | 6,006 | 1,562 | 6,006 | 1,562 |
| | Individual Quarter 3 months ended | | Cumulative Quarter 3 months ended | |
| | 31 Mar 2017 | 31 Mar 2016 | 31 Mar 2017 | 31 Mar 2016 |
| | RM' 000 | RM' 000 | RM' 000 | RM' 000 |
| Weighted average number of ordinary shares in issue | 273,114 | 271,690 | 273,114 | 271,690 |
| | Individual Quarter 3 months ended | | Cumulative Quarter 3 months ended | |
| | 31 Mar 2017 | 31 Mar 2016 | 31 Mar 2017 | 31 Mar 2016 |
| | Sen | Sen | Sen | Sen |
| Basic earnings per share for: Profit for the period | 2.20 | 0.57 | 2.20 | 0.57 |

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

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**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.

| | Individual Quarter 3 months ended | | Cumulative Quarter 3 months ended | |
|--|--|--------------------|--|--------------------|
| | 31 Mar 2017 | 31 Mar 2016 | 31 Mar 2017 | 31 Mar 2016 |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| Profit attributable to ordinary equity holders of the parent | 6,006 | 1,562 | 6,006 | 1,562 |
| | | | | |
| | Individual Quarter 3 months ended | | Cumulative Quarter 3 months ended | |
| | 31 Mar 2017 | 31 Mar 2016 | 31 Mar 2017 | 31 Mar 2016 |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| Weighted average number of ordinary shares in issue | 273,114 | 271,690 | 273,114 | 271,690 |
| Effects of dilution : | | | | |
| Share option | 2,416 | - | 2,416 | - |
| | <u>275,530</u> | <u>271,690</u> | <u>275,530</u> | <u>271,690</u> |
| | | | | |
| | Individual Quarter 3 months ended | | Cumulative Quarter 3 months ended | |
| | 31 Mar 2017 | 31 Mar 2016 | 31 Mar 2017 | 31 Mar 2016 |
| | Sen | Sen | Sen | Sen |
| Diluted earnings per share for: | | | | |
| Profit for the period | <u>2.18</u> | <u>0.57</u> | <u>2.18</u> | <u>0.57</u> |

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

ELSOFT RESEARCH BERHAD

(Company No. 617504-K)

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
31 MARCH 2017****B14 Profit Before Tax**

| | Individual Quarter 3 months ended | | Cumulative Quarter 3 months ended | |
|---|--------------------------------------|------------------------|--------------------------------------|------------------------|
| | 31 Mar 2017 RM '000 | 31 Mar 2016 RM '000 | 31 Mar 2017 RM '000 | 31 Mar 2016 RM '000 |
| Profit before tax is arrived after charging: | | | | |
| Amortisation of prepaid leasehold land | 16 | 16 | 16 | 16 |
| Audit fee | 13 | 6 | 13 | 6 |
| Depreciation | | | | |
| - property, plant and equipment | 110 | 131 | 110 | 131 |
| - Investment property | 21 | 21 | 21 | 21 |
| Loss on fair value adjustment on other investment | - | 476 | - | 476 |
| Realised loss on foreign exchange | 1,322 | - | 1,322 | - |
| Unrealised loss on foreign exchange | - | 3,167 | - | 3,167 |
| and crediting: | | | | |
| Dividend income | 207 | 48 | 207 | 48 |
| Gain on disposal of other investment | - | 122 | - | 122 |
| Gain on disposal of short term investment | 10 | 21 | 10 | 21 |
| Gain on fair value adjustment on other investment | 336 | - | 336 | - |
| Interest income | 30 | 39 | 30 | 39 |
| Unrealised gain on foreign exchange | 917 | - | 917 | - |
| Rental received | 405 | 333 | 405 | 333 |

ELSOFT RESEARCH BERHAD

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
31 MARCH 2017****B15 Breakdown of Realised and Unrealised Profits or Losses of the Group**

The retained profits may be analysed as follows:

| | As at end of current financial year 31 Mar 2017 RM '000 | As at end of previous financial year 31 Dec 2016 RM '000 |
|--|--|---|
| Total retained profits of Elsoft Research Berhad and its subsidiaries: | | |
| - Realised profits | 72,776 | 67,409 |
| - Unrealised profits / (losses) | <u>665</u> | <u>(900)</u> |
| | 73,441 | 66,509 |
| Total share of retained earnings from an associate: | | |
| - Realised profits | 359 | 1,231 |
| - Unrealised profits | <u>(22)</u> | <u>32</u> |
| | 73,778 | 67,772 |
| Less : Consolidation adjustments | <u>(4,631)</u> | <u>(4,631)</u> |
| Total Group retained profits as per consolidated accounts | <u><u>69,147</u></u> | <u><u>63,141</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 22 May 2017.

By Order of the Board

Tan Cheik Eaik

Director