

ELSOFT RESEARCH BERHAD

(Company No. 617504-K)

(Incorporated in Malaysia)

SUMMARY OF KEY FINANCIAL INFORMATION**30 JUNE 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 June 2017 RM'000	Preceding Year Corresponding Quarter 30 June 2016 RM'000	Current Year To Date 30 June 2017 RM'000	Preceding Year Corresponding Period 30 June 2016 RM'000
1 Revenue	14,879	18,446	30,101	28,583
2 Profit before tax	7,199	10,408	13,245	12,045
3 Profit for the period	7,095	10,363	13,101	11,925
4 Profit attributable to ordinary equity holders of the parent	7,095	10,363	13,101	11,925
5 Earnings per share (sen) :				
-Basic	2.59	3.81	4.78	4.39
-Diluted	2.56	3.81	4.72	4.39
6 Proposed / Declared dividend per share (sen)	3	3	3	3
		AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END	
		30 June 2017 RM	31 Dec 2016 RM	
7 Net assets per share attributable to ordinary equity holders of the parent		0.38	0.36	

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 SECOND QUARTER ENDED 30 JUNE 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter (Unaudited) 30 June 2017	Preceding Year Corresponding Quarter (Unaudited) 30 June 2016	Current Year To Date (Unaudited) 30 June 2017	Preceding Year Corresponding Period (Unaudited) 30 June 2016
NOTE	RM'000	RM'000	RM'000	RM'000
Revenue	14,879	18,446	30,101	28,583
Cost of sales	(6,234)	(8,587)	(13,626)	(12,896)
Gross profit	<u>8,645</u>	<u>9,859</u>	<u>16,475</u>	<u>15,687</u>
Other income and expenses	339	2,643	922	(437)
Administrative expenses	(1,446)	(1,967)	(3,481)	(2,896)
Share of loss in associate	(339)	(127)	(671)	(309)
Profit before tax	<u>7,199</u>	<u>10,408</u>	<u>13,245</u>	<u>12,045</u>
Taxation	(104)	(45)	(144)	(120)
Profit for the period	<u>7,095</u>	<u>10,363</u>	<u>13,101</u>	<u>11,925</u>
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	<u><u>7,095</u></u>	<u><u>10,363</u></u>	<u><u>13,101</u></u>	<u><u>11,925</u></u>

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter (Unaudited) 30 June 2017 RM'000	Preceding Year Corresponding Quarter (Unaudited) 30 June 2016 RM'000	Current Year To Date (Unaudited) 30 June 2017 RM'000	Preceding Year Corresponding Period (Unaudited) 30 June 2016 RM'000
Attributable to :					
Equity holders of the parent		7,095	10,363	13,101	11,925
Non-controlling interest		-	-	-	-
		<u>7,095</u>	<u>10,363</u>	<u>13,101</u>	<u>11,925</u>
Total comprehensive income attributable to :					
Equity holders of the parent		7,095	10,363	13,101	11,925
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>2.59</u>	<u>3.81</u>	<u>4.78</u>	<u>4.39</u>
Diluted EPS (sen)	B13	<u>2.56</u>	<u>3.81</u>	<u>4.72</u>	<u>4.39</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 30 JUNE 2017**

	NOTE	(Unaudited) 30 June 2017 RM'000	(Audited) 31 Dec 2016 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A9	16,125	16,315
Prepaid lease payments		2,985	3,017
Investment properties		2,970	3,012
Investment in associate		14,968	16,233
		<u>37,048</u>	<u>38,577</u>
Current assets			
Inventories		3,187	5,116
Trade receivables		21,583	21,487
Other receivables, deposits and prepayments		967	1,332
Current tax assets		39	-
Other investment	B8	37,588	33,435
Cash and cash equivalents		10,764	11,642
		<u>74,128</u>	<u>73,012</u>
TOTAL ASSETS		<u>111,176</u>	<u>111,589</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		36,790	27,170
Treasury shares	A6	(150)	-
Share premium		-	6,321
Share option reserve		1,338	1,587
Retained profits		65,318	63,141
Total equity		<u>103,296</u>	<u>98,219</u>
Non-current liability			
Deferred tax liability		588	588
		<u>588</u>	<u>588</u>
Current liabilities			
Trade payables		1,653	5,511
Other payables and accruals		5,639	7,259
Current tax liabilities		-	12
		<u>7,292</u>	<u>12,782</u>
Total liabilities		7,880	13,370
TOTAL EQUITY AND LIABILITIES		<u>111,176</u>	<u>111,589</u>
Net assets per share (RM)		<u>0.38</u>	<u>0.36</u>

ELSOFT RESEARCH BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 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 2016 and the accompanying explanatory notes attached to the interim financial statements.

ELSOFT RESEARCH BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2017

(The figures have not been audited)

	<-----Non-distributable ----->					
	Share capital RM'000	Share premium RM'000	Share option reserves RM'000	Treasury shares RM'000	Distributable Retained profits RM'000	Total equity RM'000
At 1 January 2017	27,170	6,321	1,587	-	63,141	98,219
Adjustments for effects of Companies Act 2016 (Note a)	6,321	(6,321)	-	-	-	-
Total comprehensive income	-	-	-	-	13,101	13,101
Transaction with owners						
Purchase of treasury shares	-	-	-	(150)	-	(150)
Share-based payments	-	-	588	-	-	588
Issue of shares pursuant to ESOS	3,299	-	(837)	-	-	2,462
Interim dividend paid	-	-	-	-	(10,924)	(10,924)
	3,299	-	(249)	(150)	(10,924)	(8,024)
At 30 June 2017	36,790	-	1,338	(150)	65,318	103,296
At 1 January 2016	18,113	15,166	-	(158)	50,137	83,258
Total comprehensive income	-	-	-	-	11,925	11,925
Transaction with owners						
Purchase of treasury shares	-	-	-	(19)	-	(19)
Share-based payments	-	-	784	-	-	784
Interim dividend paid	-	-	-	-	(7,237)	(7,237)
	-	-	784	(19)	(7,237)	(6,472)
At 30 June 2016	18,113	15,166	784	(177)	54,825	88,711

Note a

With the Companies Act 2016 ("NewAct") coming in to effect on 31 January 2017, the credits standing in the share premium account of RM6,321,000 has been transferred to the share capital account. Pursuant to subsection 618(3) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium account within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

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.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SECOND QUARTER ENDED 30 JUNE 2017

	(Unaudited) 30 June 2017	(Unaudited) 30 June 2016
Note	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	13,245	12,045
Adjustment for:		
Amortisation of prepaid lease payment	32	32
Depreciation of property, plant and equipment	219	260
Depreciation of investment properties	42	42
Dividend income	(410)	(508)
Gain on disposal of other investments	(81)	(134)
(Gain)/Loss on fair value adjustment of other investments	(649)	606
Interest income	(66)	(39)
Share based payment	588	784
Unrealised (gain)/loss on foreign exchange	(478)	1,607
Share of loss in associate	671	309
Operating profit before working capital changes	13,113	15,004
Decrease/(Increase) in inventories	1,929	(1,132)
Increase in trade and other receivables	204	(1,640)
Decrease in trade and other payables	(5,474)	(1,603)
	9,772	10,629
Tax(paid)/refund	(195)	151
Net cash flow from operating activities	9,577	10,780
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(29)	(205)
Purchase of other investments	(23,607)	(19,350)
Proceeds from disposal of other investment	20,594	16,908
Dividend received from an associate	594	-
Interest received	66	39
Net cash flow used in investing activities	(2,382)	(2,608)
CASH FLOW FROM FINANCING ACTIVITY		
Purchase of treasury shares	(150)	(19)
Issue of shares	2,462	-
Interim dividend paid	(10,924)	(7,237)
Net cash flow used in financing activity	(8,612)	(7,256)

ELSOFT RESEARCH BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SECOND QUARTER ENDED 30 JUNE 2017

	(Unaudited) 30 June 2017 RM'000	(Unaudited) 30 June 2016 RM'000
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,417)	916
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	539	(1,626)
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>10,764</u>	<u>14,402</u>

Represented by :

Short term funds	-	3,627
Cash and bank balances	<u>10,764</u>	<u>10,775</u>
	<u>10,764</u>	<u>14,402</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.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED
30 JUNE 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 SECOND QUARTER ENDED
30 JUNE 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 SECOND QUARTER ENDED
30 JUNE 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 30 June 2017.

A5 Material changes in estimates

There were no changes in estimates that have had any material effect on the quarter ended 30 June 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 30 June 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 30 June 2017	<u>150</u>

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED
30 JUNE 2017****A7 Dividends paid**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
Paid 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
Paid on	20 April 2017
Entitlement to dividend based on Record of Depositors as at	22 March 2017

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 3 months ended		Cumulative Quarter 6 months ended	
	30 June 2017 RM' 000	30 June 2016 RM' 000	30 June 2017 RM' 000	30 June 2016 RM' 000
Malaysia	12,380	13,860	26,732	21,942
China	1,636	2,094	1,976	3,334
Taiwan	299	2,481	826	3,241
Others	564	11	567	66
	<u>14,879</u>	<u>18,446</u>	<u>30,101</u>	<u>28,583</u>

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED
30 JUNE 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 RM29,000 were acquired during the financial period ended 30 June 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 30 June 2017.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED
30 JUNE 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 RM14.879 million and RM7.199 million respectively. Compared to the preceding year corresponding quarter revenue and profit before tax of approximately RM18.446 million and RM10.408 million respectively, revenue has decreased by approximately 19% and profit before tax has decreased by approximately 31% respectively for the current quarter.

The lower revenue recorded was due to lower demand from general lighting and smart devices industries for current quarter as compared to the preceding year corresponding quarter. The decrease of PBT by 28% was due to the decrease in revenue, share of losses in associate companies and unfavorable foreign exchange differences as compared to the preceding year corresponding quarter.

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

The Group recorded revenue and PBT of approximately RM30.101 million and RM13.245 million respectively for the current year-to-date. Compared to the preceding year corresponding year-to-date revenue of RM28.583 million and PBT of RM12.045 million, revenue and PBT have increased by approximately 5% and 10% 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 industry but was partially offset against lower demand from 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, gain on fair value adjustment in other investment and lower foreign exchange losses but offset against higher administrative expenses for the current year-to-date.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017**B2 Variation of results against preceding quarter**

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM14.879 million and RM7.199 million respectively. Compared to the previous quarter revenue and profit before tax of approximately RM15.222 million and RM6.046 million respectively, revenue has decreased by approximately 2% and profit before tax has increased by approximately 19%.

The lower revenue recorded was due to lower demand from automotive industry but was offset against the improved demand from smart devices industry for current quarter as compared to previous quarter. The PBT increase was due to improved overall gross product margin and lower administrative expenses for current quarter as compared to previous quarter.

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		Cumulative Quarter	
	3 months ended		6 months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM' 000	RM' 000	RM' 000	RM' 000
Current tax	104	45	144	120

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 SECOND QUARTER ENDED
30 JUNE 2017****B8 Other investment**

A summary of the movement of other investments during the period ended 30 June 2017 is as follow:

	RM'000
Other investment	
Balance at 1 January 2017	33,435
Acquisition during the period	23,607
Dividend reinvest	410
Less : Disposal during the period	<u>(20,513)</u>
	36,939
Add : Gain on fair value adjustment	<u>649</u>
Balance at 30 June 2017	<u><u>37,588</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

<u>First Interim Single tier (tax exempt) dividend</u>	
For the financial year	31 December 2017
Approved and declared on	18 August 2017
Dividend per share	RM0.03
Payable on	29 September 2017
Entitlement to dividend based on Record of Depositors as at	15 September 2017

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED
30 JUNE 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 6 months ended	
	30 June 2017 RM' 000	30 June 2016 RM' 000	30 June 2017 RM' 000	30 June 2016 RM' 000
Profit attributable to ordinary equity holders of the parent	7,095	10,363	13,101	11,925
	<hr/>		<hr/>	
	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 June 2017 RM' 000	30 June 2016 RM' 000	30 June 2017 RM' 000	30 June 2016 RM' 000
Weighted average number of ordinary shares in issue	274,070	271,690	274,070	271,690
	<hr/>		<hr/>	
	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 June 2017 Sen	30 June 2016 Sen	30 June 2017 Sen	30 June 2016 Sen
Basic earnings per share for: Profit for the period	2.59	3.81	4.78	4.39
	<hr/>		<hr/>	

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 SECOND QUARTER ENDED 30 JUNE 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 6 months ended	
	30 June 2017 RM '000	30 June 2016 RM '000	30 June 2017 RM '000	30 June 2016 RM '000
Profit attributable to ordinary equity holders of the parent	7,095	10,363	13,101	11,925
	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 June 2017 RM '000	30 June 2016 RM '000	30 June 2017 RM '000	30 June 2016 RM '000
Weighted average number of ordinary shares in issue	274,070	271,690	274,070	271,690
Effects of dilution :				
Share option	3,251	-	3,251	-
	<u>277,321</u>	<u>271,690</u>	<u>277,321</u>	<u>271,690</u>
	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 June 2017 Sen	30 June 2016 Sen	30 June 2017 Sen	30 June 2016 Sen
Diluted earnings per share for:				
Profit for the period	<u>2.56</u>	<u>3.81</u>	<u>4.72</u>	<u>4.39</u>

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 SECOND QUARTER ENDED
30 JUNE 2017****B14 Profit Before Tax**

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 June 2017 RM '000	30 June 2016 RM '000	30 June 2017 RM '000	30 June 2016 RM '000
Profit before tax is arrived after charging:				
Amortisation of prepaid leasehold land	16	16	32	32
Audit fee	4	6	17	12
Depreciation				
- property, plant and equipment	109	129	219	260
- Investment property	21	21	42	42
Loss on disposal of other investment	13	-	3	-
Loss on fair value adjustment on other investment	-	130	-	606
Realised loss on foreign exchange	300	30	1,622	30
Unrealised loss on foreign exchange	439	-	-	1,607
and crediting:				
Dividend income	203	460	410	508
Gain on disposal of other investment	81	12	81	134
Gain on disposal of short term investment	-	449	-	470
Gain on fair value adjustment on other investment	313	-	649	-
Interest income	36	-	66	39
Unrealised gain on foreign exchange	-	1,560	478	-
Rental received	458	322	863	655

ELSOFT RESEARCH BERHAD

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED
30 JUNE 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 30 June 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	69,412	67,409
- Unrealised profits / (losses)	539	(900)
	<u>69,951</u>	<u>66,509</u>
Total share of retained earnings from an associate:		
- Realised profits	2	1,231
- Unrealised profits	(4)	32
	<u>69,949</u>	<u>67,772</u>
Less : Consolidation adjustments	(4,631)	(4,631)
Total Group retained profits as per consolidated accounts	<u><u>65,318</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 18 August 2017.

By Order of the Board

Tan Cheik Eaik

Director