

ELSOFT RESEARCH BERHAD

(Company No. 617504-K)

(Incorporated in Malaysia)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 Sept 2017 RM'000	Preceding Year Corresponding Quarter 30 Sept 2016 RM'000	Current Year To Date 30 Sept 2017 RM'000	Preceding Year Corresponding Period 30 Sept 2016 RM'000
1 Revenue	16,629	18,821	46,730	47,404
2 Profit before tax	8,518	10,075	21,763	22,120
3 Profit for the period	8,442	10,039	21,543	21,964
4 Profit attributable to ordinary equity holders of the parent	8,442	10,039	21,543	21,964
5 Earnings per share (sen) :				
-Basic	3.07	3.70 *	7.83	8.08 *
-Diluted	3.03	3.67 *	7.74	8.02 *
6 Proposed / Declared dividend per share (sen)	2	2 *	5	4 *
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END
		30 Sept 2017 RM		31 Dec 2016 RM
7 Net assets per share attributable to ordinary equity holders of the parent		0.38		0.36 *

* The weighted average number of ordinary shares for the purpose of the computation of the earnings per share, dividend per share and net assets per share had been adjusted retrospectively to reflect the company's bonus issue which were completed on 21 December 2016.

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)
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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter (Unaudited) 30 Sept 2017 RM'000	Preceding Year Corresponding Quarter (Unaudited) 30 Sept 2016 RM'000	Current Year To Date (Unaudited) 30 Sept 2017 RM'000	Preceding Year Corresponding Period (Unaudited) 30 Sept 2016 RM'000
Revenue		16,629	18,821	46,730	47,404
Cost of sales		(7,844)	(8,979)	(21,470)	(21,875)
Gross profit		<u>8,785</u>	<u>9,842</u>	<u>25,260</u>	<u>25,529</u>
Other income and expenses		1,170	1,173	2,092	736
Administrative expenses		(1,391)	(1,458)	(4,872)	(4,354)
Share of loss in associate		(46)	518	(717)	209
Profit before tax	B14	<u>8,518</u>	<u>10,075</u>	<u>21,763</u>	<u>22,120</u>
Taxation	B5	(76)	(36)	(220)	(156)
Profit for the period		<u>8,442</u>	<u>10,039</u>	<u>21,543</u>	<u>21,964</u>
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		<u><u>8,442</u></u>	<u><u>10,039</u></u>	<u><u>21,543</u></u>	<u><u>21,964</u></u>

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

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter (Unaudited) 30 Sept 2017 RM'000	Preceding Year Corresponding Quarter (Unaudited) 30 Sept 2016 RM'000	Current Year To Date (Unaudited) 30 Sept 2017 RM'000	Preceding Year Corresponding Period (Unaudited) 30 Sept 2016 RM'000
Attributable to :					
Equity holders of the parent		8,442	10,039	21,543	21,964
Non-controlling interest		-	-	-	-
		<u>8,442</u>	<u>10,039</u>	<u>21,543</u>	<u>21,964</u>
Total comprehensive income attributable to :					
Equity holders of the parent		8,442	10,039	21,543	21,964
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>3.07</u>	<u>3.70</u>	<u>7.83</u>	<u>8.08</u>
Diluted EPS (sen)	B13	<u>3.03</u>	<u>3.67</u>	<u>7.74</u>	<u>8.02</u>

* Basis EPS is calculated based on the weighted average of ordinary shares and 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)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	NOTE	(Unaudited) 30 Sept 2017 RM'000	(Audited) 31 Dec 2016 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A9	16,038	16,315
Prepaid lease payments		2,969	3,017
Investment properties		2,949	3,012
Investment in associate		14,921	16,233
		<u>36,877</u>	<u>38,577</u>
Current assets			
Inventories		3,240	5,116
Trade receivables		22,167	21,487
Other receivables, deposits and prepayments		871	1,332
Current tax assets		96	-
Other investment	B8	46,438	33,435
Cash and cash equivalents		5,354	11,642
		<u>78,166</u>	<u>73,012</u>
TOTAL ASSETS		<u>115,043</u>	<u>111,589</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		38,107	27,170
Treasury shares	A6	(150)	-
Share premium		-	6,321
Share option reserve		1,182	1,587
Retained profits		65,509	63,141
Total equity		<u>104,648</u>	<u>98,219</u>
Non-current liability			
Deferred tax liability		588	588
		<u>588</u>	<u>588</u>
Current liabilities			
Trade payables		3,059	5,511
Other payables and accruals		6,748	7,259
Current tax liabilities		-	12
		<u>9,807</u>	<u>12,782</u>
Total liabilities		10,395	13,370
TOTAL EQUITY AND LIABILITIES		<u>115,043</u>	<u>111,589</u>
Net assets per share (RM)		<u>0.38</u>	<u>0.36</u>

ELSOFT RESEARCH BERHAD
(Company No. 617504-K)
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 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
Adjustments for effects of Companies Act 2016 (Note a)	6,321	(6,321)	-	-	-	-
Total comprehensive income	-	-	-	-	21,543	21,543
Transaction with owners						
Purchase of treasury shares	-	-	-	(150)	-	(150)
Share-based payments	-	-	766	-	-	766
Issue of shares pursuant to ESOS	4,616	-	(1,171)	-	-	3,445
Interim dividend paid	-	-	-	-	(19,175)	(19,175)
	4,616	-	(405)	(150)	(19,175)	(15,114)
At 30 September 2017	38,107	-	1,182	(150)	65,509	104,648
At 1 January 2016	18,113	15,166	-	(158)	50,137	83,258
Total comprehensive income	-	-	-	-	21,964	21,964
Transaction with owners						
Purchase of treasury shares	-	-	-	(77)	-	(77)
Share-based payments	-	-	1,132	-	-	1,132
Interim dividend paid	-	-	-	-	(12,665)	(12,665)
	-	-	1,132	(77)	(12,665)	(11,610)
At 30 September 2016	18,113	15,166	1,132	(235)	59,436	93,612

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 THIRD QUARTER ENDED 30 SEPTEMBER 2017

	Note	(Unaudited) 30 Sept 2017 RM'000	(Unaudited) 30 Sept 2016 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		21,763	22,120
Adjustment for:			
Amortisation of prepaid lease payment		48	48
Depreciation of property, plant and equipment		327	389
Depreciation of investment properties		63	63
Dividend income		(827)	(811)
Gain on disposal of other investments		(435)	(134)
(Gain)/Loss on fair value adjustment of other investments	B8	(634)	753
Interest income		(79)	(39)
Share based payment		766	1,132
Unrealised (gain)/loss on foreign exchange		(208)	423
Share of loss/(gain) in associate		717	(209)
Operating profit before working capital changes		<u>21,501</u>	<u>23,735</u>
Decrease in inventories		1,876	121
Increase in trade and other receivables		(531)	(1,098)
Decrease in trade and other payables		<u>(2,455)</u>	<u>(930)</u>
		20,391	21,828
Tax(paid)/refund		(328)	78
Net cash flow from operating activities		<u>20,063</u>	<u>21,906</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	A9	(50)	(274)
Purchase of other investments	B8	(38,759)	(35,170)
Proceeds from disposal of other investment		27,652	22,300
Dividend received from an associate		594	756
Interest received		79	39
Net cash flow used in investing activities		<u>(10,484)</u>	<u>(12,349)</u>
CASH FLOW FROM FINANCING ACTIVITY			
Purchase of treasury shares	A6	(150)	(77)
Issue of shares		3,445	-
Interim dividend paid		<u>(19,175)</u>	<u>(12,665)</u>
Net cash flow used in financing activity		<u>(15,880)</u>	<u>(12,742)</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

	(Unaudited) 30 Sept 2017 RM'000	(Unaudited) 30 Sept 2016 RM'000
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,301)	(3,185)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	13	(468)
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>5,354</u>	<u>11,459</u>

Represented by :

Short term funds	-	1,242
Cash and bank balances	<u>5,354</u>	<u>10,217</u>
	<u>5,354</u>	<u>11,459</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 THIRD QUARTER ENDED
30 SEPTEMBER 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 THIRD QUARTER ENDED
30 SEPTEMBER 2017**

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 THIRD QUARTER ENDED
30 SEPTEMBER 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 September 2017.

A5 Material changes in estimates

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

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2017****A7 Dividends paid**First Interim Single tier (tax exempt) dividend

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

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		9 months ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	RM' 000	RM' 000	RM' 000	RM' 000
Malaysia	13,592	15,756	40,324	37,698
China	2,024	1,929	4,000	5,263
Taiwan	992	982	1,818	4,223
Others	21	154	588	220
	<u>16,629</u>	<u>18,821</u>	<u>46,730</u>	<u>47,404</u>

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 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 RM50,000 were acquired during the financial period ended 30 September 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 September 2017.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR MAIN MARKET****B1 Review of performance**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter (Unaudited) 30 Sept 2017 RM'000	Preceding Year Corresponding Quarter (Unaudited) 30 Sept 2016 RM'000	Changes (%)	Current Year To Date (Unaudited) 30 Sept 2017 RM'000	Preceding Year Corresponding Period (Unaudited) 30 Sept 2016 RM'000	Changes (%)
Revenue	16,629	18,821	-12%	46,730	47,404	-1%
Cost of sales	(7,844)	(8,979)	-13%	(21,470)	(21,875)	-2%
Gross profit	8,785	9,842	-11%	25,260	25,529	-1%
Other income and expenses	1,170	1,173	0%	2,092	736	184%
Administrative expenses	(1,391)	(1,458)	-5%	(4,872)	(4,354)	12%
Share of loss in associate	(46)	518	-109%	(717)	209	-443%
Profit before tax	8,518	10,075	-15%	21,763	22,120	-2%
Taxation	(76)	(36)	111%	(220)	(156)	41%
Profit for the period	8,442	10,039	-16%	21,543	21,964	-2%

Comparison with the corresponding quarter in the previous year

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM16.629 million and RM8.518 million respectively. Compared to the preceding year corresponding quarter revenue and profit before tax of approximately RM18.821 million and RM10.075 million respectively, revenue has decreased by approximately 12% and profit before tax has decreased by approximately 15% respectively for the current quarter.

The lower revenue recorded was due to lower demand from automotive industry but partially offset by the return demand from smart devices and general lighting industries. The decrease of PBT by 15% was due to the decrease in revenue and share of losses in associate companies.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**B1 Review of performance (Continued)**Financial period-to-date against preceding year corresponding financial period

The Group recorded revenue and PBT of approximately RM46.730 million and RM21.763 million respectively for the current year-to-date. Compared to the preceding year corresponding year-to-date revenue of RM47.404 million and PBT of RM22.120 million, both revenue and PBT have decreased by approximately 1% and 2% respectively.

The lower revenue for current year to date as compared to the preceding year corresponding year-to-date was mainly due to lower demand from smart devices industry but was offset against greater demand from automotive industry.

The lower PBT for current year to date as compared to the preceding year corresponding year-to-date was mainly due the decrease in revenue, higher administrative expenses and share of losses in associate companies but offset against greater other income for the current year-to-date. Increased in other income was contributed by the increased in rental income and greater gain from quoted investment.

B2 Variation of results against preceding quarter

	Current Year Quarter (Unaudited) 30 Sept 2017 RM'000	Immediate Preceding Quarter (Unaudited) 30 June 2017 RM'000	Changes (%)
Revenue	16,629	14,879	12%
Cost of sales	(7,844)	(6,234)	26%
Gross profit	<u>8,785</u>	<u>8,645</u>	2%
Other income and expenses	1,170	339	245%
Administrative expenses	(1,391)	(1,446)	-4%
Share of loss in associate	<u>(46)</u>	<u>(339)</u>	-86%
Profit before tax	<u>8,518</u>	<u>7,199</u>	18%
Taxation	<u>(76)</u>	<u>(104)</u>	-27%
Profit for the period	<u><u>8,442</u></u>	<u><u>7,095</u></u>	19%

Comparison with the immediate preceding quarter

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM16.629 million and RM8.518 million respectively. Compared to the previous quarter revenue and profit before tax of approximately RM14.879 million and RM7.199 million respectively, revenue has increased by approximately 12% and profit before tax has increased by approximately 18%.

The higher revenue recorded was due to higher demand from smart devices and general lighting industry but was offset against the lower demand from automotive industry for current quarter as compared to previous quarter. The PBT increase was due to increase in revenue and greater other income for current quarter as compared to previous quarter.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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		Cumulative Quarter	
	3 months ended		9 months ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	RM' 000	RM' 000	RM' 000	RM' 000
Current tax	76	36	220	156

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 THIRD QUARTER ENDED 30 SEPTEMBER 2017**B8 Other investment**

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

	RM'000
Other investment	
Balance at 1 January 2017	33,435
Acquisition during the period	38,759
Dividend reinvest	827
Less : Disposal during the period	<u>(27,217)</u>
	45,804
Add : Gain on fair value adjustment	<u>634</u>
Balance at 30 September 2017	<u><u>46,438</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>Second Interim Single tier (tax exempt) dividend</u>	
For the financial year	31 December 2017
Approved and declared on	17 November 2017
Dividend per share	RM0.02
Payable on	22 December 2017
Entitlement to dividend based on Record of Depositors as at	15 December 2017

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 9 months ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	RM' 000	RM' 000	RM' 000	RM' 000
Profit attributable to ordinary equity holders of the parent	8,442	10,039	21,543	21,964
	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	RM' 000	RM' 000	RM' 000	RM' 000
Weighted average number of ordinary shares in issue	275,053	271,679	275,053	271,679
	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	Sen	Sen	Sen	Sen
Basic earnings per share for: Profit for the period	3.07	3.70	7.83	8.08

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 THIRD QUARTER ENDED 30 SEPTEMBER 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 9 months ended	
	30 Sept 2017 RM '000	30 Sept 2016 RM '000	30 Sept 2017 RM '000	30 Sept 2016 RM '000
Profit attributable to ordinary equity holders of the parent	8,442	10,039	21,543	21,964
	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 Sept 2017 RM '000	30 Sept 2016 RM '000	30 Sept 2017 RM '000	30 Sept 2016 RM '000
Weighted average number of ordinary shares in issue	275,053	271,679	275,053	271,679
Effects of dilution :				
Share option	3,310	2,229	3,310	2,229
	<u>278,363</u>	<u>273,908</u>	<u>278,363</u>	<u>273,908</u>
	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 Sept 2017 Sen	30 Sept 2016 Sen	30 Sept 2017 Sen	30 Sept 2016 Sen
Diluted earnings per share for: Profit for the period	<u>3.03</u>	<u>3.67</u>	<u>7.74</u>	<u>8.02</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 THIRD QUARTER ENDED
30 SEPTEMBER 2017****B14 Profit Before Tax**

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 Sept 2017 RM '000	30 Sept 2016 RM '000	30 Sept 2017 RM '000	30 Sept 2016 RM '000
Profit before tax is arrived after charging:				
Amortisation of prepaid leasehold land	16	16	48	48
Audit fee	21	7	38	19
Depreciation				
- property, plant and equipment	108	129	327	389
- Investment property	21	21	63	63
Loss on disposal of short term investment	-	-	-	-
Loss on fair value adjustment on other investment	15	147	-	753
Realised loss on foreign exchange	-	571	1,502	601
Unrealised loss on foreign exchange	270	-	-	423
	<u>417</u>	<u>303</u>	<u>827</u>	<u>811</u>
and crediting:				
Dividend income	417	303	827	811
Gain on disposal of other investment	354	-	435	134
Gain on disposal of short term investment	2	70	1	540
Gain on fair value adjustment on other investment	-	-	634	-
Interest income	13	-	79	39
Realised gain on foreign exchange	120	-	-	-
Unrealised gain on foreign exchange	-	1,184	208	-
Rental received	549	334	1,412	989
	<u>549</u>	<u>334</u>	<u>1,412</u>	<u>989</u>

ELSOFT RESEARCH BERHAD

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 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 Sept 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	69,935	67,409
- Unrealised profits / (losses)	254	(900)
	<u>70,189</u>	<u>66,509</u>
Total share of retained earnings from an associate:		
- Realised profits	(45)	1,231
- Unrealised profits	(4)	32
	<u>70,140</u>	<u>67,772</u>
Less : Consolidation adjustments	(4,631)	(4,631)
Total Group retained profits as per consolidated accounts	<u><u>65,509</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 17 November 2017.

By Order of the Board

Tan Cheik Eaik

Director