

ELSOFT RESEARCH BERHAD

(Company No. 617504-K)

(Incorporated in Malaysia)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Dec 2017 RM'000	Preceding Year Corresponding Quarter 31 Dec 2016 RM'000	Current Year To Date 31 Dec 2017 RM'000	Preceding Year Corresponding Period 31 Dec 2016 RM'000
1 Revenue	17,618	16,209	64,348	63,613
2 Profit before tax	8,557	9,279	30,320	31,409
3 Profit for the period	8,307	9,222	29,850	31,103
4 Profit attributable to ordinary equity holders of the parent	8,307	9,222	29,850	31,103
5 Earnings per share (sen) :				
-Basic	3.02	3.39	10.84	11.45
-Diluted	2.98	3.37	10.70	11.37
6 Proposed / Declared dividend per share (sen)	3	4	8	8 *
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END
		31 Dec 2017 RM		31 Dec 2016 RM
7 Net assets per share attributable to ordinary equity holders of the parent		0.39		0.36

* The weighted average number of ordinary shares for the purpose of the computation of the dividend 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 QUARTER AND YEAR ENDED 31 DECEMBER 2017

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter (Unaudited) 31 Dec 2017 RM'000	Preceding Year Corresponding Quarter (Unaudited) 31 Dec 2016 RM'000	Current Year To Date (Unaudited) 31 Dec 2017 RM'000	Preceding Year Corresponding Period (Audited) 31 Dec 2016 RM'000
Revenue		17,618	16,209	64,348	63,613
Cost of sales		(7,858)	(7,342)	(29,328)	(29,217)
Gross profit		<u>9,760</u>	<u>8,867</u>	<u>35,020</u>	<u>34,396</u>
Other income and expenses		430	2,315	2,522	3,104
Administrative expenses		(1,449)	(1,840)	(6,321)	(6,238)
Share of loss in associate		(184)	(63)	(901)	147
Profit before tax	B14	<u>8,557</u>	<u>9,279</u>	<u>30,320</u>	<u>31,409</u>
Taxation	B5	(250)	(57)	(470)	(306)
Profit for the period		<u>8,307</u>	<u>9,222</u>	<u>29,850</u>	<u>31,103</u>
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		<u><u>8,307</u></u>	<u><u>9,222</u></u>	<u><u>29,850</u></u>	<u><u>31,103</u></u>

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

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter (Unaudited) 31 Dec 2017 RM'000	Preceding Year Corresponding Quarter (Unaudited) 31 Dec 2016 RM'000	Current Year To Date (Unaudited) 31 Dec 2017 RM'000	Preceding Year Corresponding Period (Audited) 31 Dec 2016 RM'000
Attributable to :					
Equity holders of the parent		8,307	9,222	29,850	31,103
Non-controlling interest		-	-	-	-
		<u>8,307</u>	<u>9,222</u>	<u>29,850</u>	<u>31,103</u>
Total comprehensive income attributable to :					
Equity holders of the parent		8,307	9,222	29,850	31,103
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>3.02</u>	<u>3.39</u>	<u>10.84</u>	<u>11.45</u>
Diluted EPS (sen)	B13	<u>2.98</u>	<u>3.37</u>	<u>10.70</u>	<u>11.37</u>

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 DECEMBER 2017**

		(Unaudited) 31 Dec 2017 RM'000	(Audited) 31 Dec 2016 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A9	15,900	16,315
Prepaid lease payments		2,953	3,017
Investment properties		2,929	3,012
Investment in associate		16,238	16,233
		<u>38,020</u>	<u>38,577</u>
Current assets			
Inventories		3,367	5,116
Trade receivables		23,044	21,487
Other receivables, deposits and prepayments		692	1,332
Current tax assets		97	-
Other investment	B8	41,553	33,435
Cash and cash equivalents		12,502	11,642
		<u>81,255</u>	<u>73,012</u>
TOTAL ASSETS		<u>119,275</u>	<u>111,589</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		38,451	27,170
Treasury shares	A6	(617)	-
Share premium		-	6,321
Share option reserve		1,284	1,587
Retained profits		68,313	63,141
Total equity		<u>107,431</u>	<u>98,219</u>
Non-current liability			
Deferred tax liability		588	588
		<u>588</u>	<u>588</u>
Current liabilities			
Trade payables		5,025	5,511
Other payables and accruals		6,231	7,259
Current tax liabilities		-	12
		<u>11,256</u>	<u>12,782</u>
Total liabilities		11,844	13,370
TOTAL EQUITY AND LIABILITIES		<u>119,275</u>	<u>111,589</u>
Net assets per share (RM)		<u>0.39</u>	<u>0.36</u>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 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 YEAR ENDED 31 DECEMBER 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	-	-	-	-	29,850	29,850
Transaction with owners						
Purchase of treasury shares	-	-	-	(617)	-	(617)
Share-based payments	-	-	955	-	-	955
Issue of shares pursuant to ESOS	4,960	-	(1,258)	-	-	3,702
Interim dividend paid	-	-	-	-	(24,678)	(24,678)
	4,960	-	(303)	(617)	(24,678)	(20,638)
At 31 December 2017	38,451	-	1,284	(617)	68,313	107,431
At 1 January 2016	18,113	15,166	-	(158)	50,137	83,258
Total comprehensive income	-	-	-	-	31,103	31,103
Transaction with owners						
Purchase of treasury shares	-	-	-	(77)	-	(77)
Disposal of treasury shares	-	212	-	235	-	447
Issue of shares pursuant to ESOS	9,057	(9,057)	-	-	-	-
Share-based payments	-	-	1,587	-	-	1,587
Interim dividend paid	-	-	-	-	(18,099)	(18,099)
	9,057	(8,845)	1,587	158	(18,099)	(16,142)
At 31 December 2016	27,170	6,321	1,587	-	63,141	98,219

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 YEAR ENDED
31 DECEMBER 2017**

	Note	(Unaudited) 31 Dec 2017 RM'000	(Audited) 31 Dec 2016 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		30,320	31,409
Adjustment for:			
Amortisation of prepaid lease payment		64	64
Depreciation of property, plant and equipment		472	521
Depreciation of investment properties		83	83
Impairment loss on trade receivables		715	82
Impairment loss on other receivables		-	19
Inventories written off		-	85
Dividend income		(1,454)	(1,198)
Gain on disposal of other investments		(463)	(106)
(Gain)/Loss on fair value adjustment of other investments	B8	(299)	953
Interest income		(89)	(186)
Share based payment		955	1,587
Unrealised gain on foreign exchange		(51)	(641)
Share of loss/(gain) in associate		901	(147)
Operating profit before working capital changes		<u>31,154</u>	<u>32,525</u>
Decrease/(Increase) in inventories		1,749	(2,590)
Increase in trade and other receivables		(2,042)	(1,542)
(Decrease)/increase in trade and other payables		<u>(1,496)</u>	<u>3,484</u>
		29,365	31,877
Tax(paid)/refund		<u>(579)</u>	<u>135</u>
Net cash flow from operating activities		<u>28,786</u>	<u>32,012</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	A9	(57)	(429)
Purchase of other investments	B8	(54,713)	(82,251)
Proceeds from disposal of other investment		48,811	63,931
Dividend received from an associate		594	756
Interest received		89	186
Subscription for ordinary shares in associate		(1,500)	-
Net cash flow used in investing activities		<u>(6,776)</u>	<u>(17,807)</u>
CASH FLOW FROM FINANCING ACTIVITY			
Purchase of treasury shares	A6	(617)	(77)
Disposal of treasury shares		-	447
Issue of shares		3,702	-
Interim dividend paid		<u>(24,678)</u>	<u>(18,099)</u>
Net cash flow used in financing activity		<u>(21,593)</u>	<u>(17,729)</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED
31 DECEMBER 2017**

	(Unaudited) 31 Dec 2017 RM'000	(Audited) 31 Dec 2016 RM'000
NET CHANGE IN CASH AND CASH EQUIVALENTS	417	(3,524)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	443	54
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>12,502</u>	<u>11,642</u>

Represented by :

Short term funds	-	450
Cash and bank balances	<u>12,502</u>	<u>11,192</u>
	<u>12,502</u>	<u>11,642</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 QUARTER AND YEAR ENDED
31 DECEMBER 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 QUARTER AND YEAR ENDED
31 DECEMBER 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

Amendments to MFRS 3 Business Combinations (*Annual Improvements to MFRSs Standards 2015–2017 Cycle*)

Amendments to MFRS 9 - Prepayment Features with Negative Compensation

Amendments to MFRS 11 Joint Arrangements (*Annual Improvements to MFRSs Standards 2015–2017 Cycle*)

Amendments to MFRS 112 Income Taxes (*Annual Improvements to MFRSs Standards 2015–2017 Cycle*)

Amendments to MFRS 123 Borrowing Costs (*Annual Improvements to MFRSs Standards 2015–2017 Cycle*)

Amendments to MFRS 128 Investments in Associates and Joint Ventures - *Long-term Interests in Associates and Joint Ventures*

IC Interpretation 23 Uncertainty over Income Tax Treatments

Effective for annual periods commencing on or after 1 January 2021

MFRS 17 Insurance Contracts

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 QUARTER AND YEAR ENDED
31 DECEMBER 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 and year ended 31 December 2017.

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 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 December 2017 were as follows:

	RM'000
Balance as at 1 January 2017	-
Add: Purchase of treasury shares	617
Less: Resale of treasury shares	-
Balance as at 31 December 2017	<u><u>617</u></u>

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED
31 DECEMBER 2017****A7 Dividends paid**Second Interim Single tier (tax exempt) dividend

For the financial year	31 December 2017
Approved and declared on	17 November 2017
Dividend per share	RM0.02
Paid on	22 December 2017
Entitlement to dividend based on Record of Depositors as at	15 December 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		12 months ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	RM' 000	RM' 000	RM' 000	RM' 000
Malaysia	13,373	12,184	53,697	49,882
China	1,895	1,956	5,895	7,219
Taiwan	809	1,785	2,627	6,008
US	1,427	-	1,990	-
Others	114	284	139	504
	<u>17,618</u>	<u>16,209</u>	<u>64,348</u>	<u>63,613</u>

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED
31 DECEMBER 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 RM57,000 were acquired during the financial period ended 31 December 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 December 2017.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 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) 31 Dec 2017 RM'000	Preceding Year Corresponding Quarter (Unaudited) 31 Dec 2016 RM'000	Changes (%)	Current Year To Date (Unaudited) 31 Dec 2017 RM'000	Preceding Year Corresponding Period (Audited) 31 Dec 2016 RM'000	Changes (%)
Revenue	17,618	16,209	9%	64,348	63,613	1%
Cost of sales	(7,858)	(7,342)	7%	(29,328)	(29,217)	0%
Gross profit	9,760	8,867	10%	35,020	34,396	2%
Other income and expenses	430	2,315	-81%	2,522	3,104	-19%
Administrative expenses	(1,449)	(1,840)	-21%	(6,321)	(6,238)	1%
Share of loss in associate	(184)	(63)	192%	(901)	147	-713%
Profit before tax	8,557	9,279	-8%	30,320	31,409	-3%
Taxation	(250)	(57)	339%	(470)	(306)	54%
Profit for the period	8,307	9,222	-10%	29,850	31,103	-4%

Comparison with the corresponding quarter in the previous year

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM17.618 million and RM8.557 million respectively. Compared to the preceding year corresponding quarter revenue and profit before tax of approximately RM16.209 million and RM9.279 million respectively, revenue has increased by approximately 9% and profit before tax has decreased by approximately 8% respectively for the current quarter.

The higher revenue recorded was due to strong demand from smart devices industry but partially offset against the lower demand from automotive industries. The decrease of PBT by 8% was mainly due to unfavourable foreign exchange differences and share of losses in associate company.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2017**B1 Review of performance (Continued)***Financial period-to-date against preceding year corresponding financial period*

The Group recorded revenue and PBT of approximately RM64.348 million and RM30.320 million respectively for the current year-to-date. Compared to the preceding year corresponding year-to-date revenue of RM63.613 million and PBT of RM31.409 million, revenue have increased by approximately 1% but PBT have decreased by approximately 3%.

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 smart devices industry but was offset against lower 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 unfavourable foreign exchange differences and share of losses in associate company.

B2 Variation of results against preceding quarter

	Current Year Quarter (Unaudited) 31 Dec 2017 RM'000	Immediate Preceding Quarter (Unaudited) 30 Sept 2017 RM'000	Changes (%)
Revenue	17,618	16,629	6%
Cost of sales	(7,858)	(7,844)	0%
Gross profit	9,760	8,785	11%
Other income and expenses	430	1,170	-63%
Administrative expenses	(1,449)	(1,391)	4%
Share of loss in associate	(184)	(46)	300%
Profit before tax	8,557	8,518	0%
Taxation	(250)	(76)	229%
Profit for the period	<u>8,307</u>	<u>8,442</u>	-2%

Comparison with the immediate preceeding quarter

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM17.618 million and RM8.557 million respectively. Compared to the previous quarter revenue and profit before tax of approximately RM16.629 million and RM8.518 million respectively, revenue has increased by approximately 6% and PBT has sustained as the same level to the previous quarter.

The higher revenue recorded was due to returned demand from smart devices but was offset against the lower demand from automotive industry for current quarter as compared to previous quarter. Despite higher revenue recorded, the profit sustained at the same level with the previous quarter due to lower contribution from other investment income and also unfavourable foreign exchange differences.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED
31 DECEMBER 2017****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		Cumulative Quarter	
	3 months ended		12 months ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	RM' 000	RM' 000	RM' 000	RM' 000
Current tax	250	57	470	306

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 QUARTER AND YEAR ENDED
31 DECEMBER 2017****B8 Other investment**

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

	RM'000
Other investment	
Balance at 1 January 2017	33,435
Acquisition during the period	54,713
Dividend reinvest	1,454
Less : Disposal during the period	<u>(48,348)</u>
	41,254
Add : Gain on fair value adjustment	<u>299</u>
Balance at 31 December 2017	<u><u>41,553</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>Third Interim Single tier (tax exempt) dividend</u>	
For the financial year	31 December 2017
Approved and declared on	23 February 2018
Dividend per share	RM0.03
Payable on	20 April 2018
Entitlement to dividend based on Record of Depositors as at	22 March 2018

ELSOFT RESEARCH BERHAD

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED
31 DECEMBER 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 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	RM' 000	RM' 000	RM' 000	RM' 000
Profit attributable to ordinary equity holders of the parent	8,307	9,222	29,850	31,103
	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	RM' 000	RM' 000	RM' 000	RM' 000
Weighted average number of ordinary shares in issue	275,298	271,718	275,298	271,718
	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	Sen	Sen	Sen	Sen
Basic earnings per share for: Profit for the period	3.02	3.39	10.84	11.45

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 QUARTER AND YEAR ENDED 31 DECEMBER 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 12 months ended	
	31 Dec 2017 RM '000	31 Dec 2016 RM '000	31 Dec 2017 RM '000	31 Dec 2016 RM '000
Profit attributable to ordinary equity holders of the parent	8,307	9,222	29,850	31,103
	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 2017 RM '000	31 Dec 2016 RM '000	31 Dec 2017 RM '000	31 Dec 2016 RM '000
Weighted average number of ordinary shares in issue	275,298	271,718	275,298	271,718
Effects of dilution :				
Share option	3,550	1,902	3,550	1,902
	<u>278,848</u>	<u>273,620</u>	<u>278,848</u>	<u>273,620</u>
	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 2017 Sen	31 Dec 2016 Sen	31 Dec 2017 Sen	31 Dec 2016 Sen
Diluted earnings per share for: Profit for the period	<u>2.98</u>	<u>3.37</u>	<u>10.70</u>	<u>11.37</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 QUARTER AND YEAR ENDED
31 DECEMBER 2017****B14 Profit Before Tax**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 2017 RM '000	31 Dec 2016 RM '000	31 Dec 2017 RM '000	31 Dec 2016 RM '000
Profit before tax is arrived after charging:				
Amortisation of prepaid leasehold land	16	16	64	64
Audit fee	24	40	62	59
Depreciation				
- property, plant and equipment	145	130	472	521
- Investment property	20	20	83	83
Impairment loss on trade receivables	-	19	-	19
Impairment loss on other receivables	715	82	715	82
Inventory written off	-	85	-	85
Loss on disposal of short term investment	-	25	1	-
Loss on fair value adjustment on other investment	335	202	-	953
Realised loss on foreign exchange	293	-	1,795	-
Unrealised loss on foreign exchange	157	-	-	-
and crediting:				
Dividend income	627	387	1,454	1,198
Gain on disposal of other investment	28	-	463	106
Gain on disposal of short term investment	-	59	-	489
Gain on fair value adjustment on other investment	-	-	299	-
Interest income	10	6	89	186
Realised gain on foreign exchange	-	638	-	29
Unrealised gain on foreign exchange	-	1,033	51	641
Compensation received		25		25
Rental received	550	394	1,962	1,383

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED
31 DECEMBER 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 Dec 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	71,914	67,409
- Unrealised profits / (losses)	(238)	(900)
	<u>71,676</u>	<u>66,509</u>
Total share of retained earnings from an associate:		
- Realised profits	1,272	1,231
- Unrealised profits	(4)	32
	<u>72,944</u>	<u>67,772</u>
Less : Consolidation adjustments	(4,631)	(4,631)
Total Group retained profits as per consolidated accounts	<u><u>68,313</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 23 February 2018.

By Order of the Board

Tan Cheik Eaik

Director