

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**SUMMARY OF KEY FINANCIAL INFORMATION****31 MARCH 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Mar 2018 RM'000	Preceding Year Corresponding Quarter 31 Mar 2017 RM'000	Current Year To Date 31 Mar 2018 RM'000	Preceding Year Corresponding Period 31 Mar 2017 RM'000
1 Revenue	16,490	14,747	16,490	14,747
2 Profit before tax	8,176	5,571	8,176	5,571
3 Profit for the period	8,089	5,531	8,089	5,531
4 Profit attributable to ordinary equity holders of the parent	8,089	5,531	8,089	5,531
5 Earnings per share (sen) :				
-Basic	2.94	2.03	2.94	2.03
-Diluted	2.90	2.01	2.90	2.01
6 Proposed / Declared dividend per share (sen)	2	-	2	-
	<hr/>	<hr/>	<hr/>	<hr/>
		<b>AS AT END OF CURRENT QUARTER</b>	<b>AS AT PRECEDING FINANCIAL YEAR END</b>	
		<b>31 Mar 2018</b>	<b>31 Dec 2017</b>	
		<b>RM</b>	<b>RM</b>	
7 Net assets per share attributable to ordinary equity holders of the parent		<hr/> 0.40	<hr/> 0.37	

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

**ELSOFT RESEARCH BERHAD**  
(Company No. 617504-K)  
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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter (Unaudited) 31 Mar 2018 RM'000	Preceding Year Corresponding Quarter (Unaudited) 31 Mar 2017 RM'000 Restated	Current Year To Date (Unaudited) 31 Mar 2018 RM'000	Preceding Year Corresponding Period (Audited) 31 Mar 2017 RM'000 Restated
Revenue		16,490	14,747	16,490	14,747
Cost of sales		(6,735)	(7,392)	(6,735)	(7,392)
<b>Gross profit</b>		<u>9,755</u>	<u>7,355</u>	<u>9,755</u>	<u>7,355</u>
Other income and expenses	B14	93	583	93	583
Administrative expenses		(1,741)	(2,035)	(1,741)	(2,035)
Share of profit/(loss) in associate		69	(332)	69	(332)
<b>Profit before tax</b>	B15	<u>8,176</u>	<u>5,571</u>	<u>8,176</u>	<u>5,571</u>
Taxation	B5	(87)	(40)	(87)	(40)
<b>Profit for the period</b>		<u>8,089</u>	<u>5,531</u>	<u>8,089</u>	<u>5,531</u>
<b>Other comprehensive income for the period, net of tax</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<u><u>8,089</u></u>	<u><u>5,531</u></u>	<u><u>8,089</u></u>	<u><u>5,531</u></u>

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter (Unaudited) 31 Mar 2018 RM'000	Preceding Year Corresponding Quarter (Unaudited) 31 Mar 2017 RM'000 Restated	Current Year To Date (Unaudited) 31 Mar 2018 RM'000	Preceding Year Corresponding Period (Audited) 31 Mar 2017 RM'000 Restated
Attributable to :					
Equity holders of the parent		8,089	5,531	8,089	5,531
Non-controlling interest		-	-	-	-
		<u>8,089</u>	<u>5,531</u>	<u>8,089</u>	<u>5,531</u>
Total comprehensive income attributable to :					
Equity holders of the parent		8,089	5,531	8,089	5,531
Non-controlling interest		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Earnings per share ("EPS") attributable to equity holders of the parent :</b>					
Basic EPS (sen)	B13	<u>2.94</u>	<u>2.03</u>	<u>2.94</u>	<u>2.03</u>
Diluted EPS (sen)	B13	<u>2.90</u>	<u>2.01</u>	<u>2.90</u>	<u>2.01</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 2017 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 2018**

		<b>(Unaudited)</b> <b>31 Mar 2018</b>	<b>(Audited)</b> <b>31 Dec 2017</b>
	<b>NOTE</b>	<b>RM'000</b>	<b>RM'000</b> <b>Restated</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A9	15,841	15,934
Prepaid lease payments		2,937	2,953
Investment properties		2,908	2,929
Investment in associate		16,271	16,202
		<u>37,957</u>	<u>38,018</u>
<b>Current assets</b>			
Inventories		6,783	3,365
Trade receivables		19,513	22,996
Other receivables, deposits and prepayments		821	704
Current tax assets		29	124
Other investment	B8	58,477	41,553
Cash and cash equivalents		9,819	12,501
		<u>95,442</u>	<u>81,243</u>
<b>TOTAL ASSETS</b>		<u>133,399</u>	<u>119,261</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		38,603	38,451
Treasury shares	A6	(693)	(617)
Share premium		-	-
Share option reserve		1,437	1,284
Retained profits		69,963	61,874
<b>Total equity</b>		<u>109,310</u>	<u>100,992</u>
<b>Non-current liability</b>			
Deferred tax liability		600	600
		<u>600</u>	<u>600</u>
<b>Current liabilities</b>			
Trade payables		5,091	5,025
Other payables and accruals		4,156	6,268
Deferred revenue		14,242	6,376
		<u>23,489</u>	<u>17,669</u>
<b>Total liabilities</b>		24,089	18,269
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>133,399</u>	<u>119,261</u>
Net assets per share (RM)		<u>0.40</u>	<u>0.37</u>

**ELSOFT RESEARCH BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2018**

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2018**

(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
Balance as at 31 December 2017, as previously reported	38,451	-	1,284	(617)	68,298	107,416
Adjustments from adoption of MFRS 15 and MFRS 9	-	-	-	-	(6,424)	(6,424)
Restated balance as at 1 January 2018	38,451	-	1,284	(617)	61,874	100,992
<b>Total comprehensive income</b>	-	-	-	-	8,089	8,089
<b>Transaction with owners</b>						
Purchase of treasury shares	-	-	-	(76)	-	(76)
Share-based payments	-	-	192	-	-	192
Issue of shares pursuant to ESOS	152	-	(39)	-	-	113
	152	-	153	(76)	-	229
At 31 March 2018	38,603	-	1,437	(693)	69,963	109,310

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

(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
Balance as at 31 December 2016, as previously reported	27,170	6,321	1,587	-	63,141	98,219
Adjustments from adoption of MFRS 15 and MFRS 9	-	-	-	-	(3,794)	(3,794)
Restated balance as at 1 January 2017	27,170	6,321	1,587	-	59,347	94,425
<b>Adjustments for effects of Companies Act 2016 (Note a)</b>	6,321	(6,321)	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	5,531	5,531
<b>Transaction with owners</b>						
Purchase of treasury shares	-	-	-	(150)	-	(150)
Issue of shares pursuant to ESOS	2,018	-	(512)	-	-	1,506
Share-based payments	-	-	394	-	-	394
	2,018	-	(118)	(150)	-	1,750
At 31 March 2017	35,509	-	1,469	(150)	64,878	101,706

**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 2017 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST QUARTER ENDED  
31 MARCH 2018**

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	8,176	5,571
Adjustment for:		
Amortisation of prepaid lease payment	16	16
Depreciation of property, plant and equipment	105	110
Depreciation of investment properties	21	21
Dividend income	(303)	(207)
Loss/(Gain) on fair value adjustment of other investments	380	(336)
Interest income	(15)	(30)
Share based payment	192	394
Unrealised loss/(gain) on foreign exchange	95	(917)
Share of (gain)/loss in associate	(69)	332
Operating profit before working capital changes	<u>8,598</u>	<u>4,954</u>
(Increase)/Decrease in inventories	(3,418)	1,076
Decrease in trade and other receivables	3,318	1,976
Increase/(Decrease) in trade and other payables	<u>5,816</u>	<u>(5,765)</u>
	14,314	2,241
Tax refund/(paid)	9	(80)
Net cash flow from operating activities	<u>14,323</u>	<u>2,161</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	A9 (12)	(8)
Purchase of other investments	B8 (18,376)	(4,768)
Proceeds from disposal of other investment	1,375	6,003
Dividend received from an associate	-	594
Interest received	<u>15</u>	<u>30</u>
Net cash flow (used in)/from investing activities	<u>(16,998)</u>	<u>1,851</u>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Purchase of treasury shares	A6 (76)	(150)
Issue of shares	<u>113</u>	<u>1,506</u>
Net cash flow from financing activity	<u>37</u>	<u>1,356</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST QUARTER ENDED  
 31 MARCH 2018**

	<b>(Unaudited)</b> <b>31 Mar 2018</b> <b>RM'000</b>	<b>(Audited)</b> <b>31 Mar 2017</b> <b>RM'000</b> <b>Restated</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(2,638)	5,368
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	(44)	688
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	12,501	11,642
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<u>9,819</u>	<u>17,698</u>
Represented by :		
Short term funds	-	2,217
Cash and bank balances	<u>9,819</u>	<u>15,481</u>
	<u>9,819</u>	<u>17,698</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 2017 and the accompanying explanatory notes attached to the interim financial statements.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED  
31 MARCH 2018**

**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 2017. 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 2017.

The financial statements of the Group and the Company for the financial year ended 31 December 2017 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 2017, except for the adoption of the Standards, Amendments and Annual Improvement to Standards effective as of 1 January 2018.

**Effective for annual periods commencing on or after 1 January 2018**

Amendments to MFRS 1 *Annual Improvements to MFRSs 2014 - 2016 Cycle*)

MFRS 15 *Revenue from Contracts with Customers*

Clarification to MFRS 15

MFRS 9 *Financial Instruments (IFRS 9 as issued by IASB in July 2014)*

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

Amendments to MFRS 128 *Annual Improvements to MFRSs 2014 - 2016 Cycle*)

IC Interpretations 22 *Foreign Currency Transactions and Advance Consideration*

Amendments to MFRS 140 *Transfers of Investment Property*

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

The adoption of the above pronouncements did not have any impact on the financial statements of the Group, except for MFRS 15 and MFRS 9.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED  
31 MARCH 2018**

**A1 Basis of preparation (Continued)**

**MFRS 9 Financial Instruments**

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of MFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

In respect of impairment of financial assets, MFRS 9 replaces the ‘incurred loss’ model in MFRS 139 with an “expected credit loss” (ECL) model. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group assesses on a forward-looking basis the ECLs associated with its financial assets classified at amortised cost under MFRS 15 Revenue from Contracts with Customers . The impairment methodology applied depends on whether there has been a significant increase in credit risk.

**MFRS 15 Revenue from Contracts with Customers**

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers.

Under MFRS 15, an entity recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service).

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED  
31 MARCH 2018****A1 Basis of preparation (Continued)**

The following reconciliations provide an estimate of the expected impact upon initial application of new MFRS Framework, MFRS 15 and MFRS 9 on the financial position, profit or loss and other comprehensive income of the Group.

## (a) Reconciliation of financial position and equity

<b>Group</b>	<b>Previously Reported RM' 000</b>	<b>Effect of MFRS 9 RM' 000</b>	<b>Effect of MFRS 15 RM' 000</b>	<b>Restated RM' 000</b>
<b>31 December 2017</b>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	15,934	-	-	15,934
Prepaid lease payments	2,953	-	-	2,953
Investment properties	2,929	-	-	2,929
Investment in associate	16,202	-	-	16,202
	<u>38,018</u>	<u>-</u>	<u>-</u>	<u>38,018</u>
<b>Current assets</b>				
Inventories	3,365	-	-	3,365
Trade receivables	23,044	(48)	-	22,996
Other receivables, deposits and prepayments	704	-	-	704
Current tax assets	124	-	-	124
Other investment	41,553	-	-	41,553
Cash and cash equivalents	12,501	-	-	12,501
	<u>81,291</u>	<u>(48)</u>	<u>-</u>	<u>81,243</u>
<b>TOTAL ASSETS</b>	<u>119,309</u>	<u>(48)</u>	<u>-</u>	<u>119,261</u>

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED  
31 MARCH 2018**

**A1 Basis of preparation (Continued)**

The following reconciliations provide an estimate of the expected impact upon initial application of new MFRS Framework, MFRS 15 and MFRS 9 on the financial position, profit or loss and other comprehensive income of the Group. (Continued)

(a) Reconciliation of financial position and equity (Continued)

	<b>Previously Reported RM' 000</b>	<b>Effect of MFRS 9 RM' 000</b>	<b>Effect of MFRS 15 RM' 000</b>	<b>Restated RM' 000</b>
<b>Group</b>				
<b>31 December 2017</b>				
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>				
Share capital	38,451	-	-	38,451
Treasury shares	(617)	-	-	(617)
Share premium	-	-	-	-
Share option reserve	1,284	-	-	1,284
Retained profits	68,298	(48)	(6,376)	61,874
<b>Total equity</b>	<u>107,416</u>	<u>(48)</u>	<u>(6,376)</u>	<u>100,992</u>
<b>Non-current liability</b>				
Deferred tax liability	600	-	-	600
<b>Current liabilities</b>				
Trade payables	5,025	-	-	5,025
Other payables and accruals	6,268	-	-	6,268
Deferred revenue	-	-	6,376	6,376
	<u>11,293</u>	<u>-</u>	<u>6,376</u>	<u>17,669</u>
<b>Total liabilities</b>	11,893	-	6,376	18,269
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>119,309</u>	<u>(48)</u>	<u>-</u>	<u>119,261</u>
Net assets per share (RM)	<u>0.40</u>			<u>0.37</u>

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

**A1 Basis of preparation (Continued)**

The following reconciliations provide an estimate of the expected impact upon initial application of new MFRS Framework, MFRS 15 and MFRS 9 on the financial position, profit or loss and other comprehensive income of the Group. (Continued)

(b) Reconciliation of profit or loss and comprehensive income

	INDIVIDUAL QUARTER ENDED 31 MARCH 2017			CUMULATIVE QUARTER ENDED 31 MARCH 2017			CUMULATIVE QUARTER ENDED 31 MARCH 2018		
	Previously Reported RM' 000	Effect of MFRS 9 RM' 000	Effect of MFRS 15 RM' 000	Restated RM' 000	Previously Reported RM' 000	Effect of MFRS 9 RM' 000	Effect of MFRS 15 RM' 000	Restated RM' 000	
Revenue	15,222	-	(475)	14,747	15,222	-	(475)	14,747	
Cost of sales	(7,392)	-	-	(7,392)	(7,392)	-	-	(7,392)	
Gross profit	7,830	-	(475)	7,355	7,830	-	(475)	7,355	
Other income and expenses	583	-	-	583	583	-	-	583	
Administrative expenses	(2,035)	-	-	(2,035)	(2,035)	-	-	(2,035)	
Share of profit/(loss) in associate	(332)	-	-	(332)	(332)	-	-	(332)	
Profit before tax	6,046	-	(475)	5,571	6,046	-	(475)	5,571	
Taxation	(40)	-	-	(40)	(40)	-	-	(40)	
Profit for the period	6,006	-	(475)	5,531	6,006	-	(475)	5,531	
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-	-	
Total comprehensive income for the period	6,006	-	(475)	5,531	6,006	-	(475)	5,531	
Total comprehensive income attributable to:									
Equity holders of the parent	6,006	-	-	5,531	6,006	-	-	5,531	
Non-controlling interest	-	-	-	-	-	-	-	-	
Earnings per share ("EPS") attributable to equity holders of the parent :									
Basic EPS (sen)	2.20			2.03	2.20			2.03	
Diluted EPS (sen)	2.18			2.01	2.18			2.01	

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(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018****A1 Basis of preparation (Continued)**

The following reconciliations provide an estimate of the expected impact upon initial application of new MFRS Framework, MFRS 15 and MFRS 9 on the financial position, profit or loss and other comprehensive income of the Group. (Continued)

## (c) Reconciliation of cash flows

	<b>QUARTER ENDED 31 MARCH 2017</b>			
	<b>Previously Reported RM' 000</b>	<b>Effect of MFRS 9 RM' 000</b>	<b>Effect of MFRS 15 RM' 000</b>	<b>Restated RM' 000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax	6,046	-	(475)	5,571
Adjustment for:				
Amortisation of prepaid lease payment	16	-	-	16
Depreciation of property, plant and equipment	110	-	-	110
Depreciation of investment properties	21	-	-	21
Dividend income	(207)	-	-	(207)
Loss/(Gain) on fair value adjustment of other investments	(336)	-	-	(336)
Interest income	(30)	-	-	(30)
Share based payment	394	-	-	394
Unrealised loss/(gain) on foreign exchange	(917)	-	-	(917)
Share of (gain)/loss in associate	332	-	-	332
Operating profit before working capital changes	5,429	-	(475)	4,954
(Increase)/Decrease in inventories	1,076	-	-	1,076
Decrease in trade and other receivables	1,976	-	-	1,976
Increase/(Decrease) in trade and other payables	(6,240)	-	475	(5,765)
	2,241	-	-	2,241
Tax refund/(paid)	(80)	-	-	(80)
Net cash flow from operating activities	2,161	-	-	2,161

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED  
31 MARCH 2018**

**A1 Basis of preparation (Continued)**

The following reconciliations provide an estimate of the expected impact upon initial application of new MFRS Framework, MFRS 15 and MFRS 9 on the financial position, profit or loss and other comprehensive income of the Group. (Continued)

(c) Reconciliation of cash flows (Continued)

	<b>QUARTER ENDED 31 MARCH 2017</b>			
	<b>Previously Reported RM' 000</b>	<b>Effect of MFRS 9 RM' 000</b>	<b>Effect of MFRS 15 RM' 000</b>	<b>Restated RM' 000</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(8)	-	-	(8)
Purchase of other investments	(4,768)	-	-	(4,768)
Proceeds from disposal of other investment	6,003	-	-	6,003
Dividend received from an associate	594	-	-	594
Interest received	30	-	-	30
Net cash flow used in investing activities	<u>1,851</u>	<u>-</u>	<u>-</u>	<u>1,851</u>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>				
Purchase of treasury shares	(150)	-	-	(150)
Issue of shares	1,506	-	-	1,506
Net cash flow used in financing activity	<u>1,356</u>	<u>-</u>	<u>-</u>	<u>1,356</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	5,368	-	-	5,368
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	688	-	-	688
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	11,642	-	-	11,642
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<u>17,698</u>	<u>-</u>	<u>-</u>	<u>17,698</u>
Represented by :				
Short term funds	2,217			2,217
Cash and bank balances	15,481			15,481
	<u>17,698</u>			<u>17,698</u>

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**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 2019

MFRS 16 *Leases*

Amendments to MFRS 9 *Prepayment Features with Negative Compensation*

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

IC Interpretation 23 *Uncertainty over Income Tax Treatments*

Amendments to MFRS 3 *Annual Improvements to MFRSs Standards 2015–2017 Cycle*

Amendments to MFRS11 *Annual Improvements to MFRSs Standards 2015–2017 Cycle*

Amendments to MFRS 112 *Annual Improvements to MFRSs Standards 2015–2017 Cycle*

Amendments to MFRS 123 *Annual Improvements to MFRSs Standards 2015–2017 Cycle*

Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*

Effective for annual periods commencing on or after 1 January 2021

MFRS 17 *Insurance Contracts*

Issued but not yet effective

Amendments to MFRS 10 and MFRS 128 *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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**A2 Audit report of preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2017 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 2018.

**A5 Material changes in estimates**

There were no changes in estimates that have had any material effect on the quarter ended 31 March 2018.

**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 2018 were as follows:

	<b>RM'000</b>
Balance as at 1 January 2018	617
Add: Purchase of treasury shares	76
Less: Resale of treasury shares	-
Balance as at 31 March 2018	<u>693</u>

**A7 Dividend paid**

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

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

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

**Geographical information**

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>
	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>
Malaysia	16,154	13,527	16,154	13,527
China	307	340	307	340
Others	29	880	29	880
	<u>16,490</u>	<u>14,747</u>	<u>16,490</u>	<u>14,747</u>

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**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 2017.

Property, plant and equipment costing approximately RM12,000 were acquired during the financial period ended 31 March 2018.

**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 2018.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018****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 Mar 2018 RM'000	Preceding Year Corresponding Quarter (Unaudited) 31 Mar 2017 RM'000 Restated	Changes (%)	Current Year To Date (Unaudited) 31 Mar 2018 RM'000	Preceding Year Corresponding Period (Audited) 31 Mar 2017 RM'000 Restated	Changes (%)
Revenue	16,490	14,747	12%	16,490	14,747	12%
Cost of sales	(6,735)	(7,392)	-9%	(6,735)	(7,392)	-9%
Gross profit	9,755	7,355	33%	9,755	7,355	33%
Other income and expenses	93	583	-84%	93	583	-84%
Administrative expenses	(1,741)	(2,035)	-14%	(1,741)	(2,035)	-14%
Share of profit/(loss) in associate	69	(332)	121%	69	(332)	121%
Profit before tax	8,176	5,571	47%	8,176	5,571	47%
Taxation	(87)	(40)	118%	(87)	(40)	118%
Profit for the period	8,089	5,531	46%	8,089	5,531	46%

*Comparison with the corresponding quarter in the previous year*

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM16.490 million and RM8.176 million respectively. Compared to the preceding year corresponding quarter revenue and profit before tax of approximately RM14.747 million and RM5.531 million respectively, revenue has increased by approximately 12% and profit before tax has increased by approximately 47% respectively for the current quarter.

The higher revenue recorded was due to strong demand from smart devices industry for current quarter under review. The increase of PBT was mainly due to increase in revenue, lower administrative expenses and positive contribution from associate companies in aggregate.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018****B2 Variation of results against preceding quarter**

	Current Year Quarter (Unaudited) 31 Mar 2018 RM'000 (A)	Immediate Preceding Quarter Ended 31 Dec 2017 (Unaudited)			Restated RM'000 (B)	Changes (%) (A-B)/B
		Previously Reported RM'000	Effect of MFRS 9 RM'000	Effect of MFRS 15 RM'000		
Revenue	16,490	17,618	-	(722)	16,896	-2%
Cost of sales	(6,735)	(7,858)	-	-	(7,858)	-14%
Gross profit	9,755	9,760	-	(722)	9,038	8%
Other income and expenses	93	430	-	-	430	-78%
Administrative expenses	(1,741)	(1,449)	(48)	-	(1,497)	16%
Share of profit/(loss) in associate	69	(184)	-	-	(184)	138%
Profit before tax	8,176	8,557	(48)	(722)	7,787	5%
Taxation	(87)	(250)	-	-	(250)	-65%
Profit for the period	8,089	8,307	(48)	(722)	7,537	7%

*Comparison with the immediate preceding quarter*

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM16.490 million and RM8.176 million respectively. Compared to the previous quarter revenue and profit before tax of approximately RM16.896 million and RM7.537 million respectively, revenue has slightly decreased by approximately 2% but PBT has increased by 5%.

The revenue recorded for current quarter was mainly from smart devices industry. The demand from smart devices industry remain strong since previous quarter. The increased of PBT was mainly due to the improved product mix margin.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018****B3 Prospects**

Barring any unforeseen circumstances, the Board is of the opinion that financial year ending 31 December 2018 would be a growth year for the Group due to strong demand from Smart Devices Sector.

**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**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>
	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>
Current tax	87	40	87	40

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  
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A summary of the movement of other investments during the period ended 31 March 2018 is as follow:

	<b>RM'000</b>
<b>Other investment</b>	
Balance at 1 January 2018	41,553
Acquisition during the period	18,376
Dividend reinvest	303
Less : Disposal during the period	<u>(1,375)</u>
	58,857
Add : Gain on fair value adjustment	<u>(380)</u>
Balance at 31 March 2018	<u><u>58,477</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 2018
Approved and declared on	25 May 2018
Dividend per share	RM0.02
Payable on	29 June 2018
Entitlement to dividend based on Record of Depositors as at	22 June 2018

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018****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.

	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 3 months ended</b>	
	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>
	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>
Profit attributable to ordinary equity holders of the parent	8,089	5,531	8,089	5,531
	<hr/>		<hr/>	
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 3 months ended</b>	
	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>
	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>
	<b>(In thousands)</b>	<b>(In thousands)</b>	<b>(In thousands)</b>	<b>(In thousands)</b>
Weighted average number of ordinary shares in issue	275,463	272,823	275,463	272,823
	<hr/>		<hr/>	
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 3 months ended</b>	
	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Basic earnings per share for: Profit for the period	2.94	2.03	2.94	2.03
	<hr/>		<hr/>	

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018****B13 Earnings per share (cont'd)**

## b. Diluted

For the purpose of calculating diluted earnings per share, the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, i.e share option granted to employees.

	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 3 months ended</b>	
	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
Profit attributable to ordinary equity holders of the parent	8,089	5,531	8,089	5,531
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 3 months ended</b>	
	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>
	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>
	<b>(In thousands)</b>	<b>(In thousands)</b>	<b>(In thousands)</b>	<b>(In thousands)</b>
Weighted average number of ordinary shares in issue	275,463	272,823	275,463	272,823
Effects of dilution :				
Share option	3,612	2,416	3,612	2,416
	<u>279,075</u>	<u>275,239</u>	<u>279,075</u>	<u>275,239</u>
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 3 months ended</b>	
	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Diluted earnings per share for: Profit for the period	2.90	2.01	2.90	2.01

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED  
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	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM '000	RM '000	RM '000	RM '000
Other income/(expenses):				
Dividend income	303	207	303	207
Interest income	15	30	15	30
Rental received	555	405	555	405
Gain/(loss) on fair value adjustment other investment	(380)	336	(380)	336
Gain/(loss) on disposal of short term investment	-	10	-	10
Unrealised gain/(loss) on foreign exchange	(95)	917	(95)	917
Realised gain/(loss) on foreign exchange	(305)	(1,322)	(305)	(1,322)
Total other income/(expenses)	93	583	93	583

**B15 Profit before tax**

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	RM '000	RM '000	RM '000	RM '000
Profit before tax is arrived after charging:				
Audit Fee	10	13	10	13
Amortisation of prepaid leasehold land	16	16	16	16
Depreciation				
- preproperty, plant and equipment	105	110	105	110
- Investment property	21	21	21	21
Share based payment	192	394	192	394

**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 25 May 2018.

By Order of the Board

**Tan Cheik Eaik**

Director