

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**SUMMARY OF KEY FINANCIAL INFORMATION**

**30 SEPTEMBER 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 Sept 2018 RM'000	Preceding Year Corresponding Quarter 30 Sept 2017 RM'000	Current Year To Date 30 Sept 2018 RM'000	Preceding Year Corresponding Period 30 Sept 2017 RM'000
1 Revenue	24,459	15,535	65,101	44,870
2 Profit before tax	13,756	7,424	34,031	19,903
3 Profit for the period	13,649	7,348	33,749	19,683
4 Profit attributable to ordinary equity holders of the parent	13,649	7,348	33,749	19,683
5 Earnings per share (sen) :				
-Basic	2.06 *	1.11 *	5.09 *	2.98 *
-Diluted	2.04 *	1.10 *	5.04 *	2.95 *
6 Proposed / Declared dividend per share (sen)	1.25 *	0.83 *	3.33 *	2.08 *
	<b>AS AT END OF CURRENT QUARTER</b>		<b>AS AT PRECEDING FINANCIAL YEAR END</b>	
	<b>30 Sept 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	<u>0.17 *</u>		<u>0.15 *</u>	

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

\* 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 and share split which were completed on 15 November 2018.

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 (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 2018**

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter (Unaudited) 30 Sept 2018 RM'000	Preceding Year Corresponding Quarter (Unaudited) 30 Sept 2017 RM'000 Restated	Current Year To Date (Unaudited) 30 Sept 2018 RM'000	Preceding Year Corresponding Period (Unaudited) 30 Sept 2017 RM'000 Restated
Revenue		24,459	15,535	65,101	44,870
Cost of sales		(10,060)	(7,844)	(27,358)	(21,470)
<b>Gross profit</b>		<u>14,399</u>	<u>7,691</u>	<u>37,743</u>	<u>23,400</u>
Other income/(expenses)	B14	659	1,170	990	2,092
Administrative expenses		(1,547)	(1,391)	(4,878)	(4,872)
Share of profit/(loss) in associate		245	(46)	176	(717)
<b>Profit before tax</b>	B15	<u>13,756</u>	<u>7,424</u>	<u>34,031</u>	<u>19,903</u>
Taxation	B5	(107)	(76)	(282)	(220)
<b>Profit for the period</b>		<u>13,649</u>	<u>7,348</u>	<u>33,749</u>	<u>19,683</u>
<b>Other comprehensive income for the period, net of tax</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<u><u>13,649</u></u>	<u><u>7,348</u></u>	<u><u>33,749</u></u>	<u><u>19,683</u></u>

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter (Unaudited) 30 Sept 2018 RM'000	Preceding Year Corresponding Quarter (Unaudited) 30 Sept 2017 RM'000 Restated	Current Year To Date (Unaudited) 30 Sept 2018 RM'000	Preceding Year Corresponding Period (Unaudited) 30 Sept 2017 RM'000 Restated
Attributable to :					
Equity holders of the parent		13,649	7,348	33,749	19,683
Non-controlling interest		-	-	-	-
		<u>13,649</u>	<u>7,348</u>	<u>33,749</u>	<u>19,683</u>
Total comprehensive income attributable to :					
Equity holders of the parent		13,649	7,348	33,749	19,683
Non-controlling interest		-	-	-	-
		<u>13,649</u>	<u>7,348</u>	<u>33,749</u>	<u>19,683</u>
<b>Earnings per share ("EPS") attributable to equity holders of the parent :</b>					
Basic EPS (sen)	B13	<u>4.94</u>	<u>2.67</u>	<u>12.21</u>	<u>7.16</u>
Diluted EPS (sen)	B13	<u>4.89</u>	<u>2.64</u>	<u>12.09</u>	<u>7.07</u>
<b>Earnings per share ("EPS") after adjustment to reflect bonus issue and share split which were completed on 15 November 2018 :</b>					
Basic EPS (sen)	B13	<u>2.06</u>	<u>1.11</u>	<u>5.09</u>	<u>2.98</u>
Diluted EPS (sen)	B13	<u>2.04</u>	<u>1.10</u>	<u>5.04</u>	<u>2.95</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**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2018**

	NOTE	(Unaudited) 30 Sept 2018 RM'000	(Audited) 31 Dec 2017 RM'000 Restated
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A9	16,045	15,934
Prepaid lease payments		2,905	2,953
Investment properties		2,866	2,929
Investment in associate		16,378	16,202
		<u>38,194</u>	<u>38,018</u>
<b>Current assets</b>			
Inventories		5,033	3,365
Trade receivables		25,167	22,996
Other receivables, deposits and prepayments		805	704
Current tax assets		1	124
Other investment	B8	56,148	41,553
Cash and cash equivalents		11,333	12,501
		<u>98,487</u>	<u>81,243</u>
<b>TOTAL ASSETS</b>		<u>136,681</u>	<u>119,261</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		40,992	38,451
Treasury shares	A6	(915)	(617)
Share premium		-	-
Share option reserve		1,291	1,284
Retained profits		73,535	61,874
<b>Total equity</b>		<u>114,903</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		1,817	5,025
Other payables and accruals		9,072	6,268
Deferred revenue		10,289	6,376
		<u>21,178</u>	<u>17,669</u>
<b>Total liabilities</b>		21,778	18,269
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>136,681</u>	<u>119,261</u>
Net assets per share (RM)		<u>0.42</u>	<u>0.37</u>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 30 SEPTEMBER 2018**

Net assets per share (RM) after adjustment to reflect  
the company's bonus issue and share split which  
were completed on 15 November 2018

0.17

0.15

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**

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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>	-	-	-	-	33,749	33,749
<b>Transaction with owners</b>						
Purchase of treasury shares	-	-	-	(298)	-	(298)
Share-based payments	-	-	652	-	-	652
Issue of shares pursuant to ESOS	2,541	-	(645)	-	-	1,896
Interim dividend paid	-	-	-	-	(22,088)	(22,088)
	2,541	-	7	(298)	(22,088)	(19,838)
At 30 September 2018	40,992	-	1,291	(915)	73,535	114,903

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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>	-	-	-	-	19,683	19,683
<b>Transaction with owners</b>						
Purchase of treasury shares	-	-	-	(150)	-	(150)
Issue of shares pursuant to ESOS	4,616	-	(1,171)	-	-	3,445
Share-based payments	-	-	766	-	-	766
Interim dividend paid	-	-	-	-	(19,175)	(19,175)
	4,616	-	(405)	(150)	(19,175)	(15,114)
At 30 September 2017	38,107	-	1,182	(150)	59,855	98,994

**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 THIRD QUARTER ENDED 30 SEPTEMBER 2018**

	Note	(Unaudited) 30 Sept 2018 RM'000	(Unaudited) 30 Sept 2017 RM'000 Restated
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax		34,031	19,903
Adjustment for:			
Amortisation of prepaid lease payment		48	48
Depreciation of property, plant and equipment		339	327
Depreciation of investment properties		63	63
Gain on disposal of property, plant and equipment		(9)	-
Dividend income		(863)	(827)
Loss/(Gain) on disposal of other investments		(11)	(435)
Loss/(Gain) on fair value adjustment of other investments	B8	1,761	(634)
Interest income		(233)	(79)
Share based payment		652	766
Unrealised loss/(gain) on foreign exchange		(674)	(208)
Share of (gain)/loss in associate		(176)	717
Operating profit before working capital changes		<u>34,928</u>	<u>19,641</u>
(Increase)/Decrease in inventories		(1,668)	1,876
(Increase)/Decrease in trade and other receivables		(1,712)	(531)
Increase/(Decrease) in trade and other payables		3,638	(595)
		<u>35,186</u>	<u>20,391</u>
Tax refund/(paid)		(159)	(328)
Net cash flow from operating activities		<u>35,027</u>	<u>20,063</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	A9	(450)	(50)
Purchase of other investments	B8	(31,412)	(38,759)
Proceeds from disposal of property, plant and equipment		9	-
Proceeds from disposal of other investment		15,930	27,652
Dividend received from an associate		-	594
Interest received		233	79
Net cash flow (used in)/from investing activities		<u>(15,690)</u>	<u>(10,484)</u>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>			
Purchase of treasury shares	A6	(298)	(150)
Issue of shares		1,896	3,445
Interim dividend paid		(22,088)	(19,175)
Net cash flow (used in)/from financing activity		<u>(20,490)</u>	<u>(15,880)</u>



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

	<b>(Unaudited) 30 Sept 2018 RM'000</b>	<b>(Unaudited) 30 Sept 2017 RM'000 Restated</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,153)	(6,301)
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	(15)	13
<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>11,333</u>	<u>5,354</u>
Represented by :		
Short term funds	-	-
Cash and bank balances	<u>11,333</u>	<u>5,354</u>
	<u>11,333</u>	<u>5,354</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 THIRD QUARTER ENDED  
30 SEPTEMBER 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 THIRD QUARTER ENDED  
30 SEPTEMBER 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 THIRD QUARTER ENDED  
30 SEPTEMBER 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>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>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 THIRD QUARTER ENDED  
30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 30 SEPTEMBER 2017 CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2017				INDIVIDUAL QUARTER ENDED 30 SEPTEMBER 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	16,629	-	(1,094)	15,535	46,730	-	(1,860)	44,870
Cost of sales	(7,844)	-	-	(7,844)	(21,470)	-	-	(21,470)
Gross profit	8,785	-	(1,094)	7,691	25,260	-	(1,860)	23,400
Other income/(expenses)	1,170	-	-	1,170	2,092	-	-	2,092
Administrative expenses	(1,391)	-	-	(1,391)	(4,872)	-	-	(4,872)
Share of profit/(loss) in associate	(46)	-	-	(46)	(717)	-	-	(717)
Profit before tax	8,518	-	(1,094)	7,424	21,763	-	(1,860)	19,903
Taxation	(76)	-	-	(76)	(220)	-	-	(220)
Profit for the period	8,442	-	(1,094)	7,348	21,543	-	(1,860)	19,683
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period	8,442	-	(1,094)	7,348	21,543	-	(1,860)	19,683
Total comprehensive income attributable to:								
Equity holders of the parent	8,442			7,348	21,543			19,683
Non-controlling interest	-			-	-			-
	8,442			7,348	21,543			19,683
Earnings per share ("EPS") attributable to equity holders of the parent :								
Basic EPS (sen)	3.07			2.67	7.83			7.16
Diluted EPS (sen)	3.03			2.64	7.74			7.07

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30 SEPTEMBER 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	21,763	-	(1,860)	19,903
Adjustment for:				
Amortisation of prepaid lease payment	48	-	-	48
Depreciation of property, plant and equipment	327	-	-	327
Depreciation of investment properties	63	-	-	63
Dividend income	(827)	-	-	(827)
Loss/(Gain) on other investment	(435)	-	-	(435)
Loss/(Gain) on fair value adjustment of other investments	(634)	-	-	(634)
Interest income	(79)	-	-	(79)
Share based payment	766	-	-	766
Unrealised loss/(gain) on foreign exchange	(208)	-	-	(208)
Share of (gain)/loss in associate	717	-	-	717
Operating profit before working capital changes	21,501	-	(1,860)	19,641
(Increase)/Decrease in inventories	1,876	-	-	1,876
(Increase)/Decrease in trade and other receiv	(531)	-	-	(531)
Increase/(Decrease) in trade and other payables	(2,455)	-	1,860	(595)
	20,391	-	-	20,391
Tax refund/(paid)	(328)	-	-	(328)
Net cash flow from operating activities	20,063	-	-	20,063

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30 SEPTEMBER 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	(50)	-	-	(50)
Purchase of other investments	(38,759)	-	-	(38,759)
Proceeds from disposal of other investment	27,652	-	-	27,652
Dividend received from an associate	594	-	-	594
Interest received	79	-	-	79
Net cash flow used in investing activities	<u>(10,484)</u>	<u>-</u>	<u>-</u>	<u>(10,484)</u>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>				
Purchase of treasury shares	(150)	-	-	(150)
Issue of shares	3,445	-	-	3,445
Interim dividend paid	(19,175)	-	-	(19,175)
Net cash flow used in financing activity	<u>(15,880)</u>	<u>-</u>	<u>-</u>	<u>(15,880)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(6,301)</b>	<b>-</b>	<b>-</b>	<b>(6,301)</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>13</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>11,642</b>	<b>-</b>	<b>-</b>	<b>11,642</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b><u>5,354</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>5,354</u></b>
Represented by :				
Short term funds	-			-
Cash and bank balances	<u>5,354</u>			<u>5,354</u>
	<u>5,354</u>			<u>5,354</u>



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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED  
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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 119 *Plan Amendment, Curtailment or Settlement*

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

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*

IC Interpretation 23 *Uncertainty over Income Tax Treatments*

Effective for annual periods commencing on or after 1 January 2020

Amendments to MFRS 2 *Share-based Payment*

Amendment to MFRS 3 *Business Combinations*

Amendments to MFRS 6 *Exploration for and Evaluation of Mineral Resources*

Amendment to MFRS 14 *Regulatory Deferral Accounts*

Amendments to MFRS 101 *Presentation of Financial Statements*

Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

Amendments to MFRS 134 *Interim Financial Reporting*

Amendment to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*

Amendment to MFRS 138 *Intangible Assets*

Amendments to IC Interpretation 12 *Service Concession Arrangements*

Amendments to IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*

Amendments to IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

Amendments to IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

Amendments to IC Interpretation 132 *Intangible Assets - Web Site Costs*

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 30 September 2018.

**A5 Material changes in estimates**

There were no changes in estimates that have had any material effect on the quarter ended 30 September 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 30 September 2018 were as follows:

	<b>RM'000</b>
Balance as at 1 January 2018	617
Add: Purchase of treasury shares	298
Less: Resale of treasury shares	-
Balance as at 30 September 2018	<u>915</u>

**A7 Dividend paid**

Second Interim Single tier (tax exempt) dividend

For the financial year	31 December 2018
Approved and declared on	17 August 2018
Dividend per share	RM0.03
Payable on	28 September 2018
Entitlement to dividend based on Record of Depositors as at	14 September 2018

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED  
30 SEPTEMBER 2018****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: -

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 Sept 2018</b>	<b>30 Sept 2017</b>	<b>30 Sept 2018</b>	<b>30 Sept 2017</b>
	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>
Malaysia	21,865	12,642	58,797	38,086
China	2,033	2,024	5,550	4,000
Others	561	869	754	2,784
	<u>24,459</u>	<u>15,535</u>	<u>65,101</u>	<u>44,870</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 RM450,000 were acquired during the financial period ended 30 September 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 30 September 2018.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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) 30 Sept 2018 RM'000	Preceding Year Corresponding Quarter (Unaudited) 30 Sept 2017 RM'000 Restated	Changes (%)	Current Year To Date (Unaudited) 30 Sept 2018 RM'000	Preceding Year Corresponding Period (Unaudited) 30 Sept 2017 RM'000 Restated	Changes (%)
Revenue	24,459	15,535	57%	65,101	44,870	45%
Cost of sales	(10,060)	(7,844)	28%	(27,358)	(21,470)	27%
Gross profit	14,399	7,691	87%	37,743	23,400	61%
Other income/(expenses)	659	1,170	-44%	990	2,092	-53%
Administrative expenses	(1,547)	(1,391)	11%	(4,878)	(4,872)	0%
Share of profit/(loss) in associate	245	(46)	633%	176	(717)	125%
Profit before tax	13,756	7,424	85%	34,031	19,903	71%
Taxation	(107)	(76)	41%	(282)	(220)	28%
Profit for the period	13,649	7,348	86%	33,749	19,683	71%

*Comparison with the corresponding quarter in the previous year*

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM24.459 million and RM13.756 million respectively. Compared to the preceding year corresponding quarter revenue and profit before tax of approximately RM15.535 million and RM7.424 million respectively, revenue and profit before tax have increased by approximately 57% and 85% respectively for the current quarter.

The higher revenue recorded was due to strong demand from both smart devices industry and automotive industry for current quarter under review. The increase of PBT was mainly due to increase in revenue.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018****B1 Review of performance (Continued)**Financial period-to-date against preceding year corresponding financial period

The Group recorded revenue and PBT of approximately RM65.101 million and RM34.031 million respectively for the current year-to-date. Compared to the preceding year corresponding year-to-date revenue of RM44.870 million and PBT of RM19.903 million, revenue and PBT have increased by approximately 45% and 71% respectively.

The higher revenue for current year to date as compared to the preceding year corresponding year-to-date was mainly due to greater demand from smart devices industry and continuous demand from automotive and general lighting industry .

The higher PBT for current year to date as compared to the preceding year corresponding year-to-date was mainly due to the increase in revenue.

**B2 Variation of results against preceding quarter**

	<b>Current Year Quarter (Unaudited) 30 Sept 2018 RM'000</b>	<b>Immediate Preceding Quarter (Unaudited) 30 June 2018 RM'000</b>	<b>Changes (%)</b>
Revenue	24,459	24,152	1%
Cost of sales	(10,060)	(10,563)	-5%
Gross profit	<u>14,399</u>	<u>13,589</u>	6%
Other income/(expenses)	659	238	177%
Administrative expenses	(1,547)	(1,590)	-3%
Share of profit/(loss) in associate	<u>245</u>	<u>(138)</u>	278%
Profit before tax	<u>13,756</u>	<u>12,099</u>	14%
Taxation	<u>(107)</u>	<u>(88)</u>	22%
Profit for the period	<u><u>13,649</u></u>	<u><u>12,011</u></u>	14%

Comparison with the immediate preceding quarter

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM24.459 million and RM13.756 million respectively. Compared to the previous quarter revenue and profit before tax of approximately RM24.152 million and RM12.099 million respectively, revenue and PBT have increased by approximately 1% and 14% respectively.

The revenue of current and previous quarter was about the same but PBT have increased due to the improvement of mixed product margin, greater other income and positive contribution from associate companies.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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**

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM' 000	RM' 000	RM' 000	RM' 000
Current tax	107	76	282	220

For the year ending 31 December 2018, 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 2018****B8 Other investment**

A summary of the movement of other investments during the period ended 30 September 2018 is as follow:

	<b>RM'000</b>
<b>Other investment</b>	
Balance at 1 January 2018	41,553
Acquisition during the period	31,412
Dividend reinvest	863
Less : Disposal during the period	<u>(15,919)</u>
	57,909
Add : Gain on fair value adjustment	<u>(1,761)</u>
Balance at 30 September 2018	<u><u>56,148</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 2018
Approved and declared on	16 November 2018
Dividend per share	RM0.0125
Payable on	21 December 2018
Entitlement to dividend based on Record of Depositors as at	10 December 2018



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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 9 months ended</b>	
	<b>30 Sept 2018</b>	<b>30 Sept 2017</b>	<b>30 Sept 2018</b>	<b>30 Sept 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	13,649	7,348	33,749	19,683
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 9 months ended</b>	
	<b>30 Sept 2018</b>	<b>30 Sept 2017</b>	<b>30 Sept 2018</b>	<b>30 Sept 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	276,300	275,053	276,300	275,053
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 9 months ended</b>	
	<b>30 Sept 2018</b>	<b>30 Sept 2017</b>	<b>30 Sept 2018</b>	<b>30 Sept 2017</b>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Basic earnings per share for: Profit for the period	4.94	2.67	12.21	7.16
Basic earnings per share for: Profit for the period after the adjustment to reflect the company's bonus issue and share split which were completed on 15 November 2018	2.06	1.11	5.09	2.98

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 9 months ended</b>	
	<b>30 Sept 2018</b>	<b>30 Sept 2017</b>	<b>30 Sept 2018</b>	<b>30 Sept 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	13,649	7,348	33,749	19,683
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 9 months ended</b>	
	<b>30 Sept 2018</b>	<b>30 Sept 2017</b>	<b>30 Sept 2018</b>	<b>30 Sept 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	276,300	275,053	276,300	275,053
Effects of dilution :				
Share option	2,789	3,310	2,789	3,310
	<u>279,089</u>	<u>278,363</u>	<u>279,089</u>	<u>278,363</u>
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 9 months ended</b>	
	<b>30 Sept 2018</b>	<b>30 Sept 2017</b>	<b>30 Sept 2018</b>	<b>30 Sept 2017</b>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Diluted earnings per share for:				
Profit for the period	4.89	2.64	12.09	7.07
Diluted earnings per share for:				
Profit for the period after the adjustment to reflect the company's bonus issue and share split which were completed on 15 November 2018	2.04	1.10	5.04	2.95

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018****B14 Other income and expenses**

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM '000	RM '000	RM '000	RM '000
Other income/(expenses):				
Dividend income	281	417	863	827
Interest income	85	13	233	79
Rental received	457	549	1,509	1,412
Gain/(loss) on disposal of property, plant and equipment	9	-	9	-
Gain/(loss) on fair value adjustment other investment	(399)	(15)	(1,761)	634
Gain/(loss) on disposal of other investment	-	354	11	435
Gain/(loss) on disposal of short term investment	3	2	3	(1)
Unrealised gain/(loss) on foreign exchange	182	(270)	674	208
Realised gain/(loss) on foreign exchange	41	120	(551)	(1,502)
Total other income/(expenses)	<u>659</u>	<u>1,170</u>	<u>990</u>	<u>2,092</u>

**B15 Profit before tax**

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM '000	RM '000	RM '000	RM '000
Profit before tax is arrived after charging:				
Audit Fee	18	21	39	38
Amortisation of prepaid leasehold land	16	16	48	48
Depreciation				
- preproperty, plant and equipment	120	108	339	327
- Investment property	21	21	63	63
Share based payment	156	178	652	766

**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 16 November 2018.

By Order of the Board

*Tan Cheik Eaik*

Director