

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Dec 2018 RM'000	Preceding Year Corresponding Quarter 31 Dec 2017 RM'000	Current Year To Date 31 Dec 2018 RM'000	Preceding Year Corresponding Period 31 Dec 2017 RM'000
1 Revenue	13,049	16,896	78,150	61,766
2 Profit before tax	6,224	7,787	40,256	27,659
3 Profit for the period	6,167	7,537	39,917	27,205
4 Profit attributable to ordinary equity holders of the parent	6,167	7,537	39,917	27,205
5 Earnings per share (sen) :				
-Basic	0.93 *	1.15 *	6.02 *	4.14 *
-Diluted	0.92 *	1.13 *	5.96 *	4.09 *
6 Proposed / Declared dividend per share (sen)	1.25 *	1.25 *	4.58 *	3.33 *
		<b>AS AT END OF CURRENT QUARTER</b>	<b>AS AT PRECEDING FINANCIAL YEAR END</b>	
		<b>31 Dec 2018 RM</b>	<b>31 Dec 2017 RM</b>	
7 Net assets per share attributable to ordinary equity holders of the parent		0.17 *	0.15 *	

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 basic earning per share, diluted earning per share, dividend per share and net assets per share had been adjusted retrospectively to reflect the company's bonus issue and subdivision of share 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 QUARTER AND YEAR ENDED 31 DECEMBER 2018**

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter (Unaudited) 31 Dec 2018 RM'000	Preceding Year Corresponding Quarter (Unaudited) 31 Dec 2017 RM'000 Restated	Current Year To Date (Unaudited) 31 Dec 2018 RM'000	Preceding Year Corresponding Period (Unaudited) 31 Dec 2017 RM'000 Restated
Revenue		13,049	16,896	78,150	61,766
Cost of sales		(4,819)	(7,858)	(32,177)	(29,106)
<b>Gross profit</b>		<b>8,230</b>	<b>9,038</b>	<b>45,973</b>	<b>32,660</b>
Other income/(expenses)	B14	745	430	1,736	2,522
Administrative expenses		(1,581)	(1,497)	(6,459)	(6,586)
Share of profit/(loss) in associate		(1,170)	(184)	(994)	(937)
<b>Profit before tax</b>	B15	<b>6,224</b>	<b>7,787</b>	<b>40,256</b>	<b>27,659</b>
Taxation	B5	(57)	(250)	(339)	(454)
<b>Profit for the period</b>		<b>6,167</b>	<b>7,537</b>	<b>39,917</b>	<b>27,205</b>
<b>Other comprehensive income for the period, net of tax</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>6,167</b>	<b>7,537</b>	<b>39,917</b>	<b>27,205</b>

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

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter (Unaudited) 31 Dec 2018 RM'000	Preceding Year Corresponding Quarter (Unaudited) 31 Dec 2017 RM'000 Restated	Current Year To Date (Unaudited) 31 Dec 2018 RM'000	Preceding Year Corresponding Period (Unaudited) 31 Dec 2017 RM'000 Restated
Attributable to :					
Equity holders of the parent		6,167	7,537	39,917	27,205
Non-controlling interest		-	-	-	-
		<u>6,167</u>	<u>7,537</u>	<u>39,917</u>	<u>27,205</u>
Total comprehensive income attributable to :					
Equity holders of the parent		6,167	7,537	39,917	27,205
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>0.93</u>	<u>1.15</u>	<u>6.02</u>	<u>4.14</u>
Diluted EPS (sen) *	B13	<u>0.92</u>	<u>1.13</u>	<u>5.96</u>	<u>4.09</u>

\* The weighted average number of ordinary shares for the purpose of the computation of the basic earning per share and diluted earning per share had been adjusted retrospectively to reflect the company's bonus issue and subdivision of share which were completed on 15 November 2018.

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 DECEMBER 2018**

	NOTE	(Unaudited) 31 Dec 2018 RM'000	(Unaudited) 31 Dec 2017 RM'000 Restated
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A9	16,123	15,934
Prepaid lease payments		2,889	2,953
Investment properties		2,846	2,929
Investment in associate		15,208	16,202
		<u>37,066</u>	<u>38,018</u>
<b>Current assets</b>			
Inventories		5,758	3,365
Trade receivables		13,549	22,996
Other receivables, deposits and prepayments		599	704
Current tax assets		40	124
Other investment	B8	62,268	41,553
Cash and cash equivalents		10,187	12,501
		<u>92,401</u>	<u>81,243</u>
<b>TOTAL ASSETS</b>		<u>129,467</u>	<u>119,261</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		41,167	38,451
Treasury shares	A6	(915)	(617)
Share premium		-	-
Share option reserve		1,403	1,284
Retained profits		71,392	61,874
<b>Total equity</b>		<u>113,047</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		1,942	5,025
Other payables and accruals		8,657	6,268
Deferred revenue		5,221	6,376
		<u>15,820</u>	<u>17,669</u>
<b>Total liabilities</b>		16,420	18,269
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>129,467</u>	<u>119,261</u>
Net assets per share (RM) *		<u>0.17</u>	<u>0.15</u>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2018**

\* The weighted average number of ordinary shares for the purpose of the computation of the net assets per share had been adjusted retrospectively to reflect the company's bonus issue and subdivision of share which were completed on 15 November 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.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 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>	-	-	-	-	39,917	39,917
<b>Transaction with owners</b>						
Purchase of treasury shares	-	-	-	(298)	-	(298)
Share-based payments	-	-	808	-	-	808
Issue of shares pursuant to ESOS	2,716	-	(689)	-	-	2,027
Interim dividend paid	-	-	-	-	(30,399)	(30,399)
	2,716	-	119	(298)	(30,399)	(27,862)
At 31 December 2018	41,167	-	1,403	(915)	71,392	113,047

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 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>	-	-	-	-	27,205	27,205
<b>Transaction with owners</b>						
Purchase of treasury shares	-	-	-	(617)	-	(617)
Issue of shares pursuant to ESOS	4,960	-	(1,258)	-	-	3,702
Share-based payments	-	-	955	-	-	955
Interim dividend paid	-	-	-	-	(24,678)	(24,678)
	4,960	-	(303)	(617)	(24,678)	(20,638)
At 31 December 2017	38,451	-	1,284	(617)	61,874	100,992

**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 QUARTER AND YEAR ENDED 31 DECEMBER 2018**

	(Unaudited) 31 Dec 2018 RM'000	(Unaudited) 31 Dec 2017 RM'000 Restated
	Note	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	40,256	27,659
Adjustment for:		
Dividend income	(1,660)	(1,454)
Interest income	(558)	(89)
Inventory written off	23	2
Unrealised gain on foreign exchange	(667)	(51)
Share of (gain)/loss in associate	994	937
Share based payment	808	955
Amortisation of prepaid lease payment	64	64
Depreciation of property, plant and equipment	480	437
Depreciation of investment properties	83	83
Gain on disposal of property, plant and equipment	(9)	-
Gain on disposal of other investments	(11)	(463)
Loss/(Gain) on fair value adjustment of other investments	2,609	(299)
Impairment loss on other receivables	119	716
Reversal of Impairment loss on other receivables	(31)	-
Operating profit before working capital changes	42,500	28,497
(Increase)/Decrease in inventories	(2,416)	1,749
Decrease/(Increase) in trade and other receivables	10,020	(2,006)
(Decrease)/Increase in trade and other payables	(1,729)	1,123
	48,375	29,363
Tax paid	(255)	(579)
Net cash flow from operating activities	48,120	28,784
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Dividend received from an associate	-	594
Dividend received from other investment	3	-
Interest received	558	89
Purchase of other investments	(64,224)	(54,713)
Proceeds from disposal of other investment	42,567	48,813
Purchase of property, plant and equipment	(669)	(57)
Proceeds from disposal of property, plant and equipment	9	-
Additional interest acquired in an associate	-	(1,500)
Net cash flow (used in)/from investing activities	(21,756)	(6,774)



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2018**

		<b>(Unaudited)</b> <b>31 Dec 2018</b> <b>RM'000</b>	<b>(Unaudited)</b> <b>31 Dec 2017</b> <b>RM'000</b> <b>Restated</b>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>			
Purchase of treasury shares	A6	(298)	(618)
Interim dividend paid		(30,399)	(24,678)
Issue of shares		2,027	3,702
Net cash flow (used in)/from financing activity		<u>(28,670)</u>	<u>(21,594)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		(2,306)	416
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		(8)	443
<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>10,187</u>	<u>12,501</u>
Represented by :			
Cash and bank balances		<u>10,187</u>	<u>12,501</u>

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 QUARTER AND YEAR ENDED  
31 DECEMBER 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 *Rvenue 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 QUARTER AND YEAR ENDED  
31 DECEMBER 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 QUARTER AND YEAR ENDED  
31 DECEMBER 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 QUARTER AND YEAR ENDED  
31 DECEMBER 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>0.16</u> *			<u>0.15</u> *

\* The weighted average number of ordinary shares for the purpose of the computation of the net assets per share had been adjusted retrospectively to reflect the company's bonus issue and subdivision of share which were completed on 15 November 2018.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 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 DECEMBER 2017			CUMULATIVE QUARTER ENDED 31 DECEMBER 2017				
	Previously Reported	Effect of MFRS 9	Effect of MFRS 15	Restated	Previously Reported	Effect of MFRS 9	Effect of MFRS 15	Restated
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	17,618	-	(722)	16,896	64,348	-	(2,582)	61,766
Cost of sales	(7,858)	-	-	(7,858)	(29,106)	-	-	(29,106)
Gross profit	9,760	-	(722)	9,038	35,242	-	(2,582)	32,660
Other income/(expenses)	430	-	-	430	2,522	-	-	2,522
Administrative expenses	(1,449)	-	(48)	(1,497)	(6,538)	-	(48)	(6,586)
Share of profit/(loss) in associate	(184)	-	-	(184)	(937)	-	-	(937)
Profit before tax	8,557	-	(770)	7,787	30,289	-	(2,630)	27,659
Taxation	(250)	-	-	(250)	(454)	-	-	(454)
Profit for the period	8,307	-	(770)	7,537	29,835	-	(2,630)	27,205
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period	8,307	-	(770)	7,537	29,835	-	(2,630)	27,205
Total comprehensive income attributable to:								
Equity holders of the parent	8,307			7,537	29,835			27,205
Non-controlling interest	-			-	-			-
Earnings per share ("EPS") attributable to equity holders of the parent :								
Basic EPS (sen)	1.26 *			1.15 *	4.54 *			4.14 *
Diluted EPS (sen)	1.25 *			1.13 *	4.48 *			4.09 *

\* The weighted average number of ordinary shares for the purpose of the computation of the basic earning per share and diluted earning per share had been adjusted retrospectively to reflect the company's bonus issue and subdivision of share which were completed on 15 November 2018.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 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>YEAR ENDED 31 DECEMBER 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	30,289	-	(2,630)	27,659
Adjustment for:				
Dividend income	(1,454)	-	-	(1,454)
Interest income	(89)	-	-	(89)
Inventory written off	2	-	-	2
Unrealised loss/(gain) on foreign exchange	(51)	-	-	(51)
Share of (gain)/loss in associate	937	-	-	937
Share based payment	955	-	-	955
Amortisation of prepaid lease payment	64	-	-	64
Depreciation of property, plant and equipment	437	-	-	437
Depreciation of investment properties	83	-	-	83
Loss/(Gain) on other investment	(463)	-	-	(463)
Loss/(Gain) on fair value adjustment of other investments	(299)	-	-	(299)
Impairment loss on other receivables	716	-	-	716
Operating profit before working capital changes	31,127	-	(2,630)	28,497
(Increase)/Decrease in inventories	1,749	-	-	1,749
(Increase)/Decrease in trade and other receivables	(2,054)	-	48	(2,006)
Increase/(Decrease) in trade and other payables	(1,459)	-	2,582	1,123
	29,363	-	-	29,363
Tax refund/(paid)	(579)	-	-	(579)
Net cash flow from operating activities	28,784	-	-	28,784

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 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>YEAR ENDED 31 DECEMBER 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>				
Dividend received from an associate	594	-	-	594
Interest received	89	-	-	89
Proceeds from disposal of other investment	48,813	-	-	48,813
Purchase of other investments	(54,713)	-	-	(54,713)
Purchase of property, plant and equipment	(57)	-	-	(57)
Additional interest acquired in an associate	(1,500)	-	-	(1,500)
Net cash flow used in investing activities	<u>(6,774)</u>	<u>-</u>	<u>-</u>	<u>(6,774)</u>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>				
Purchase of treasury shares	(618)	-	-	(618)
Interim dividend paid	(24,678)	-	-	(24,678)
Issue of shares	3,702	-	-	3,702
Net cash flow used in financing activity	<u>(21,594)</u>	<u>-</u>	<u>-</u>	<u>(21,594)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	416	-	-	416
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	443	-	-	443
<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>12,501</u>	<u>-</u>	<u>-</u>	<u>12,501</u>
Represented by :				
Cash and bank balances	<u>12,501</u>			<u>12,501</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 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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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED  
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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 and year ended 31 December 2018.

**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 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 December 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 31 December 2018	<u>915</u>

**A7 Dividend paid**Third Interim Single tier (tax exempt) dividend

For the financial year	31 December 2018
Approved and declared on	16 November 2018
Dividend per share	RM0.0125
Paid on	21 December 2018
Entitlement to dividend based on Record of Depositors as at	10 December 2018

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**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>12 months ended</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>
Malaysia	8,225	12,846	67,022	50,932
China	4,649	1,873	10,199	5,873
Others	175	2,177	929	4,961
	<u>13,049</u>	<u>16,896</u>	<u>78,150</u>	<u>61,766</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 RM669,000 were acquired during the financial year ended 31 December 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 December 2018.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 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 Dec 2018 RM'000	Preceding Year Corresponding Quarter (Unaudited) 31 Dec 2017 RM'000 Restated	Changes (%)	Current Year To Date (Unaudited) 31 Dec 2018 RM'000	Preceding Year Corresponding Period (Unaudited) 31 Dec 2017 RM'000 Restated	Changes (%)
Revenue	13,049	16,896	-23%	78,150	61,766	27%
Cost of sales	(4,819)	(7,858)	-39%	(32,177)	(29,106)	11%
Gross profit	8,230	9,038	-9%	45,973	32,660	41%
Other income/(expenses)	745	430	73%	1,736	2,522	-31%
Administrative expenses	(1,581)	(1,497)	6%	(6,459)	(6,586)	-2%
Share of profit/(loss) in associate	(1,170)	(184)	-536%	(994)	(937)	-6%
Profit before tax	6,224	7,787	-20%	40,256	27,659	46%
Taxation	(57)	(250)	-77%	(339)	(454)	-25%
Profit for the period	6,167	7,537	-18%	39,917	27,205	47%

*Comparison with the corresponding quarter in the previous year*

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM13.049 million and RM6.224 million respectively. Compared to the preceding year corresponding quarter revenue and profit before tax of approximately RM16.896 million and RM7.787 million respectively, revenue and profit before tax have decreased by approximately 23% and 20% respectively for the current quarter.

The lower revenue recorded was due to slower demand from both smart devices industry and automotive industry for current quarter under review. The decrease of PBT was mainly due to decrease in revenue and also the share of loss in associates.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2018****B1 Review of performance (Continued)***Financial period-to-date against preceding year corresponding financial period*

The Group recorded revenue and PBT of approximately RM78.150 million and RM40.256 million respectively for the current year-to-date. Compared to the preceding year corresponding year-to-date revenue of RM61.766 million and PBT of RM27.659 million, revenue and PBT have increased by approximately 27% and 46% 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 and benefited from economies of scale.

**B2 Variation of results against preceding quarter**

	<b>Current Year Quarter (Unaudited) 31 Dec 2018 RM'000</b>	<b>Immediate Preceding Quarter (Unaudited) 30 Sept 2018 RM'000</b>	<b>Changes (%)</b>
Revenue	13,049	24,459	-47%
Cost of sales	(4,819)	(10,060)	-52%
Gross profit	<u>8,230</u>	<u>14,399</u>	-43%
Other income/(expenses)	745	659	13%
Administrative expenses	(1,581)	(1,547)	2%
Share of profit/(loss) in associate	<u>(1,170)</u>	<u>245</u>	578%
Profit before tax	6,224	13,756	-55%
Taxation	<u>(57)</u>	<u>(107)</u>	-47%
Profit for the period	<u><u>6,167</u></u>	<u><u>13,649</u></u>	-55%

*Comparison with the immediate preceding quarter*

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM13.049 million and RM6.224 million respectively. Compared to the previous quarter revenue and profit before tax of approximately RM24.459 million and RM13.756 million respectively, revenue and PBT have decreased by approximately 47% and 55% respectively.

The lower revenue recorded for current quarter as compared to previous quarter was due to slower demand from both smart devices industry and automotive industry. The decrease of PBT for current quarter as compared to previous quarter was mainly due to decrease in revenue and also the share of loss in associates.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2018****B3 Prospects**

Barring any unforeseen circumstances, the Board is optimistic on the Group's prospects for the financial year ending 31 December 2019.

**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>12 months ended</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>
Current tax	57	250	339	454

For the year ended 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 QUARTER AND YEAR ENDED  
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A summary of the movement of other investments during the period ended 31 December 2018 is as follow:

	<b>RM'000</b>
<b>Other investment</b>	
Balance at 1 January 2018	41,553
Acquisition during the period	64,224
Dividend reinvest	1,656
Less : Disposal during the period	<u>(42,556)</u>
	64,877
Add : Gain on fair value adjustment	<u>(2,609)</u>
Balance at 31 December 2018	<u><u>62,268</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**Fourth Interim Single tier (tax exempt) dividend

For the financial year	31 December 2018
Approved and declared on	22 February 2018
Dividend per share	RM0.0125
Payable on	19 April 2019
Entitlement to dividend based on Record of Depositors as at	22 March 2019



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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED  
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## 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 12 months ended</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>31 Dec 2018</b>	<b>31 Dec 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	6,167	7,537	39,917	27,205
	<hr/>		<hr/>	
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 12 months ended</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>31 Dec 2018</b>	<b>31 Dec 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 *	663,171	657,067	663,171	657,067
	<hr/>		<hr/>	
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 12 months ended</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Basic earnings per share for: Profit for the period	0.93	1.15	6.02	4.14
	<hr/>		<hr/>	

\* The weighted average number of ordinary shares had been adjusted retrospectively to reflect the company's bonus issue and subdivision of share which were completed on 15 November 2018.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 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 12 months ended</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>31 Dec 2018</b>	<b>31 Dec 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	6,167	7,537	39,917	27,205
	<hr/>		<hr/>	
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 12 months ended</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>31 Dec 2018</b>	<b>31 Dec 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 *	663,171	657,067	663,171	657,067
Effects of dilution :				
Share option	6,295	8,520	6,295	8,520
	<hr/>		<hr/>	
	669,466	665,587	669,466	665,587
	<hr/>		<hr/>	
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 12 months ended</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Diluted earnings per share for: Profit for the period	0.92	1.13	5.96	4.09
	<hr/>		<hr/>	

\* The weighted average number of ordinary shares had been adjusted retrospectively to reflect the company's bonus issue and subdivision of share which were completed on 15 November 2018.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2018****B14 Other income and expenses**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	RM '000	RM '000	RM '000	RM '000
Other income/(expenses):				
Dividend income	797	627	1,660	1,454
Interest income	325	10	558	89
Rental received	457	550	1,966	1,962
Gain/(loss) on disposal of property, plant and equipment	-	-	9	-
Gain/(loss) on fair value adjustment other investment	(848)	(335)	(2,609)	299
Gain/(loss) on disposal of other investment	-	28	11	463
Gain/(loss) on disposal of short term investment	-	-	3	(1)
Unrealised gain/(loss) on foreign exchange	(8)	(157)	667	51
Realised gain/(loss) on foreign exchange	22	(293)	(529)	(1,795)
Total other income/(expenses)	745	430	1,736	2,522

**B15 Profit before tax**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	RM '000	RM '000	RM '000	RM '000
Profit before tax is arrived after charging:				
Audit Fee				
- Current Year	13	24	57	62
- Prior Year	-	-	(5)	-
Amortisation of prepaid leasehold land	16	16	64	64
Depreciation				
- preproperty, plant and equipment	141	110	480	437
- Investment property	20	20	83	83
Impairment loss on other receivables	119	716	119	716
Reversal of Impairment loss on other receivables	(31)	-	(31)	-
Inventories written off	23	2	23	2
Share based payment	156	189	808	955

**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 22 February 2019.

By Order of the Board

**Tan Cheik Eaik**

Director