

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**SUMMARY OF KEY FINANCIAL INFORMATION****30 JUNE 2019**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 June 2019 RM'000	Preceding Year Corresponding Quarter 30 June 2018 RM'000	Current Year To Date 30 June 2019 RM'000	Preceding Year Corresponding Period 30 June 2018 RM'000
1 Revenue	12,333	24,152	22,443	40,642
2 Profit before tax	6,420	12,099	11,442	20,275
3 Profit for the period	6,288	12,011	11,178	20,100
4 Profit attributable to ordinary equity holders of the parent	6,288	12,011	11,178	20,100
5 Earnings per share (sen) :				
-Basic	0.94	1.81 *	1.68	3.03 *
-Diluted	0.94	1.79 *	1.67	3.00 *
6 Proposed / Declared dividend per share (sen)	1.00	1.25 *	2.00	2.08 *
		<b>AS AT END OF CURRENT QUARTER</b>		<b>AS AT PRECEDING FINANCIAL YEAR END</b>
		<b>30 June 2019 RM</b>		<b>31 Dec 2018 RM</b>
7 Net assets per share attributable to ordinary equity holders of the parent		0.17		0.17 *

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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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter (Unaudited) 30 June 2019 RM'000	Preceding Year Corresponding Quarter (Unaudited) 30 June 2018 RM'000	Current Year To Date (Unaudited) 30 June 2019 RM'000	Preceding Year Corresponding Period (Unaudited) 30 June 2018 RM'000
Revenue		12,333	24,152	22,443	40,642
Cost of sales		(6,258)	(10,563)	(11,386)	(17,298)
<b>Gross profit</b>		<u>6,075</u>	<u>13,589</u>	<u>11,057</u>	<u>23,344</u>
Other income and expenses	B14	1,596	238	3,068	331
Administrative expenses		(1,344)	(1,590)	(2,632)	(3,331)
Share of profit/(loss) in associate		93	(138)	(51)	(69)
<b>Profit before tax</b>	B15	<u>6,420</u>	<u>12,099</u>	<u>11,442</u>	<u>20,275</u>
Taxation	B5	(132)	(88)	(264)	(175)
<b>Profit for the period</b>		<u>6,288</u>	<u>12,011</u>	<u>11,178</u>	<u>20,100</u>
<b>Other comprehensive income for the period, net of tax</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<u>6,288</u>	<u>12,011</u>	<u>11,178</u>	<u>20,100</u>

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	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter (Unaudited) 30 June 2019 NOTE	Preceding Year Corresponding Quarter (Unaudited) 30 June 2018 RM'000	Current Year To Date (Unaudited) 30 June 2019 RM'000	Preceding Year Corresponding Period (Unaudited) 30 June 2018 RM'000
Attributable to :				
Equity holders of the parent	6,288	12,011	11,178	20,100
Non-controlling interest	-	-	-	-
	<u>6,288</u>	<u>12,011</u>	<u>11,178</u>	<u>20,100</u>
Total comprehensive income attributable to :				
Equity holders of the parent	6,288	12,011	11,178	20,100
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>0.94</u>	<u>1.81</u> *	<u>1.68</u>	<u>3.03</u> *
Diluted EPS (sen)	B13 <u>0.94</u>	<u>1.79</u> *	<u>1.67</u>	<u>3.00</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 2018 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 JUNE 2019**

	NOTE	(Unaudited) 30 June 2019 RM'000	(Audited) 31 Dec 2018 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A9	15,779	16,124
Prepaid lease payment		2,857	2,889
Investment properties		2,804	2,846
Investment in associate		15,170	15,221
		<u>36,610</u>	<u>37,080</u>
<b>Current assets</b>			
Inventories		3,861	5,758
Trade receivables		18,163	13,591
Other receivables, deposits and prepayments		841	600
Other investments	B8	48,082	62,292
Cash and bank balances		15,102	10,187
		<u>86,049</u>	<u>92,428</u>
<b>TOTAL ASSETS</b>		<u>122,659</u>	<u>129,508</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		42,077	41,168
Treasury shares	A6	(1,043)	(916)
Share options reserve		1,389	1,403
Retained profits		67,479	71,276
<b>Total equity</b>		<u>109,902</u>	<u>112,931</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		639	639
		<u>639</u>	<u>639</u>
<b>Current liabilities</b>			
Trade payables		1,229	1,942
Other payables, accruals and provisions		6,138	8,663
Current tax liabilities		189	111
Contract liability		4,562	5,222
		<u>12,118</u>	<u>15,938</u>
<b>Total liabilities</b>		12,757	16,577
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>122,659</u>	<u>129,508</u>
Net assets per share (RM)		<u>0.17</u>	<u>0.17</u> *

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2019**

\* 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 2018 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

(The figures have not been audited)

	-----Non-distributable -----			Distributable	
	Share capital	Share option reserves	Treasury shares	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2019	41,168	1,403	(916)	71,276	112,931
<b>Total comprehensive income</b>	-	-	-	11,178	11,178
<b>Transaction with owners</b>					
Purchase of treasury shares	-	-	(127)	-	(127)
Share-based payments	-	218	-	-	218
Issue of shares pursuant to ESOS	909	(232)	-	-	677
Interim dividend paid	-	-	-	(14,975)	(14,975)
	909	(14)	(127)	(14,975)	(14,207)
Balance as at 30 June 2019	42,077	1,389	(1,043)	67,479	109,902
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>	-	-	-	20,100	20,100
<b>Transaction with owners</b>					
Purchase of treasury shares	-	-	(298)	-	(298)
Share-based payments	-	496	-	-	496
Issue of shares pursuant to ESOS	1,667	(423)	-	-	1,244
Interim dividend paid	-	-	-	(13,781)	(13,781)
	1,667	73	(298)	(13,781)	(12,339)
Balance as at 30 June 2018	40,118	1,357	(915)	68,193	108,753

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

	(Unaudited) 30 June 2019	(Unaudited) 30 June 2018
Note	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	11,442	20,275
Adjustment for:		
Amortisation of prepaid lease payment	32	32
Depreciation of property, plant and equipment	364	219
Depreciation of investment properties	42	42
Dividend income	(1,113)	(582)
Gain on disposal of other investments	(29)	(11)
(Gain)/Loss on fair value adjustment of other investments	B8 (777)	1,362
Interest income	(118)	(148)
Share based payment	218	496
Unrealised loss/(gain) on foreign exchange	3	(492)
Share of loss/(gain) in associate	51	69
Operating profit before working capital changes	<u>10,115</u>	<u>21,262</u>
Decrease/(Increase) in inventories	1,897	(3,676)
(Increase)/Decrease in trade and other receivables	(4,821)	(2,618)
(Decrease)/Increase in trade and other payables	(3,246)	(1,553)
(Decrease)/Increase in contract liability	(660)	6,625
	<u>3,285</u>	<u>20,040</u>
Tax (paid)/refund	(186)	(80)
Net cash flow from/(used in) operating activities	<u>3,099</u>	<u>19,960</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	A9 (19)	(341)
Purchase of other investments	B8 (52,107)	(16,466)
Proceeds from disposal of other investment	B8 68,236	7,091
Interest received	118	148
Net cash flow from/(used in) investing activities	<u>16,228</u>	<u>(9,568)</u>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Purchase of treasury shares	A6 (127)	(298)
Issue of shares	677	1,244
Interim dividend paid	(14,975)	(13,781)
Net cash flow used in financing activity	<u>(14,425)</u>	<u>(12,835)</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

	<b>(Unaudited)</b> <b>30 June 2019</b> <b>RM'000</b>	<b>(Unaudited)</b> <b>30 June 2018</b> <b>RM'000</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	4,902	(2,443)
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	13	69
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	10,187	12,501
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<u>15,102</u>	<u>10,127</u>
Represented by :		
Short term funds	-	-
Cash and bank balances	<u>15,102</u>	<u>10,127</u>
	<u>15,102</u>	<u>10,127</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 2018 and the accompanying explanatory notes attached to the interim financial statements.



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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED  
30 JUNE 2019**

**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 2018. 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 2018.

The financial statements of the Group and the Company for the financial year ended 31 December 2018 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 ended 31 December 2018, except for the adoption of the Standards, Amendments and Annual Improvement to Standards effective as of 1 January 2019.

**Effective for annual periods commencing on or after 1 January 2019**

MFRS 16 *Leases*

IC Interpretation 23 *Uncertainty over Income Tax Treatments*

Amendments to MFRS 9 *Prepayment Features with Negative Compensation*

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*

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

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED  
30 JUNE 2019**

**A1 Basis of preparation (Continued)**

The following 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 2020

Amendments to MFRS 3 *Business Combinations - Definition of a Business*

Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates  
and Errors - Definition of Material*

Amendment to MFRS 101 *Presentation of Financial Statements - Definition of Material*

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 SECOND QUARTER ENDED 30 JUNE 2019**

**A2 Audit report of preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2018 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 June 2019.

**A5 Material changes in estimates**

There were no changes in estimates that have had any material effect on the quarter ended 30 June 2019.

**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 June 2019 were as follows:

	<b>RM'000</b>
Balance as at 1 January 2019	(916)
Add: Purchase of treasury shares	(127)
Less: Resale of treasury shares	-
Balance as at 30 June 2019	<u><u>(1,043)</u></u>

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019****A7 Dividends paid**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

First Interim Single tier (tax exempt) dividend

For the financial year	31 December 2019
Approved and declared on	27 May 2019
Dividend per share	RM0.01
Payable on	28 June 2019
Entitlement to dividend based on Record of Depositors as at	19 June 2019

**A8 Segmental information****Operating Segments**

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely research, design and development of test, burn-in and application specific embedded system.

**Geographical information**

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM' 000	RM' 000	RM' 000	RM' 000
Malaysia	9,567	20,778	15,509	36,932
China	2,765	3,210	5,806	3,517
Others	1	164	1,128	193
	<u>12,333</u>	<u>24,152</u>	<u>22,443</u>	<u>40,642</u>

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED  
30 JUNE 2019**

**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 2018.

Property, plant and equipment costing approximately RM19,000 were acquired during the financial period ended 30 June 2019.

**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 June 2019.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019****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 June 2019 RM'000	Preceding Year Corresponding Quarter (Unaudited) 30 June 2018 RM'000	Changes (%)	Current Year To Date (Unaudited) 30 June 2019 RM'000	Preceding Year Corresponding Period (Unaudited) 30 June 2018 RM'000	Changes (%)
Revenue	12,333	24,152	-49%	22,443	40,642	-45%
Cost of sales	(6,258)	(10,563)	-41%	(11,386)	(17,298)	-34%
Gross profit	6,075	13,589	-55%	11,057	23,344	-53%
Other income and expenses	1,596	238	571%	3,068	331	827%
Administrative expenses	(1,344)	(1,590)	-15%	(2,632)	(3,331)	-21%
Share of profit/(loss) in associate	93	(138)	167%	(51)	(69)	26%
Profit before tax	6,420	12,099	-47%	11,442	20,275	-44%
Taxation	(132)	(88)	50%	(264)	(175)	51%
Profit for the period	6,288	12,011	-48%	11,178	20,100	-44%

*Comparison with the corresponding quarter in the previous year*

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM12.333 million and RM6.420 million respectively. Compared to the preceding year corresponding quarter revenue and PBT of approximately RM24.152 million and RM12.099 million respectively, revenue has decreased by approximately 49% and PBT has decreased by approximately 47%.

The lower revenue recorded was due to lower demand for Automated Test Equipment ("ATE") for current quarter under review. PBT was directly affected by the lower revenue but its impact was slightly reduced by the contribution of other income derived from other investment.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019****B1 Review of performance (cont'd)***Financial period-to-date against preceding year corresponding financial period*

The Group recorded revenue and PBT of approximately RM22.443 million and RM11.442 million respectively for the current year-to-date. Compared to the preceding year corresponding year-to-date revenue of RM40.642 million and PBT of RM20.275 million, revenue and PBT have decreased by approximately 45% and 44% respectively.

The lower revenue for current year to date as compared to the preceding year corresponding year-to-date was mainly due to lower demand for ATE. PBT was directly affected by the lower revenue but its impact was slightly reduced by the contribution of other income derived from other investment.

**B2 Variation of results against preceding quarter**

	<b>Current Year Quarter (Unaudited) 30 June 2019 RM'000</b>	<b>Immediate Preceding Quarter (Unaudited) 31 Mar 2019 RM'000</b>	<b>Changes (%)</b>
Revenue	12,333	10,110	22%
Cost of sales	(6,258)	(5,128)	22%
Gross profit	<u>6,075</u>	<u>4,982</u>	22%
Other income and expenses	1,596	1,472	8%
Administrative expenses	(1,344)	(1,288)	4%
Share of profit/(loss) in associate	93	(144)	-165%
Profit before tax	<u>6,420</u>	<u>5,022</u>	28%
Taxation	<u>(132)</u>	<u>(132)</u>	0%
Profit for the period	<u><u>6,288</u></u>	<u><u>4,890</u></u>	29%

*Comparison with the immediate preceding quarter*

For the current quarter, the Group registered revenue and PBT of approximately RM12.333 million and RM6.420 million respectively. Compared to the previous quarter revenue and PBT of approximately RM10.110 million and RM5.022 million respectively, revenue has increased by approximately 22% and PBT has increased by approximately 28%.

The improved revenue was contributed from Automotive Industry for current quarter under review. The increased in PBT was due to the improved revenue and also the contribution from other income derived from other investment.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019****B3 Prospects**

The Group experienced weaken demand for Automated Test Equipment ("ATE") for the first half of 2019. The Board and the Management expect the situation will remain challenging until the end of the year. Despite the market uncertainties, the Group will continue to focus on its R&D activities for new product development.

**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 3 months ended		Cumulative Quarter 6 months ended	
	30 June 2019 RM' 000	30 June 2018 RM' 000	30 June 2019 RM' 000	30 June 2018 RM' 000
Current tax	132	88	264	175

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 SECOND QUARTER ENDED 30 JUNE 2019****B8 Other investment**

A summary of the movement of other investments during the period ended 30 June 2019 is as follow:

	<b>RM'000</b>
<b>Other investment</b>	
Balance at 1 January 2019	62,292
Acquisition during the period	52,107
Dividend reinvest	1,113
Less : Disposal during the period	(68,207)
	<u>47,305</u>
Add : Gain on fair value adjustment	777
Balance at 30 June 2019	<u><u>48,082</u></u>

**B9 Group's borrowings and debt securities**

There were no borrowings and debt securities outstanding/issued during the current quarter under review.

**B10 Off balance sheet financial instruments**

There were no off balance sheet financial instruments as at the date of this report (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

**B11 Material litigation**

The Group is not engaged in any material litigation as at the date of this report (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

**B12 Dividends**

<u>Second Interim Single tier (tax exempt) dividend</u>	
For the financial year	31 December 2019
Approved and declared on	16 August 2019
Dividend per share	RM0.01
Payable on	27 September 2019
Entitlement to dividend based on Record of Depositors as at	18 September 2019

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019****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 6 months ended</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</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	6,288	12,011	11,178	20,100
	<hr/>		<hr/>	
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 6 months ended</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</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	666,059	662,585	666,059	662,585
	<hr/>		<hr/>	
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 6 months ended</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Basic earnings per share for: Profit for the period	0.94	1.81	1.68	3.03
	<hr/>		<hr/>	

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019****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 6 months ended</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</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	6,288	12,011	11,178	20,100
	<hr/>		<hr/>	
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 6 months ended</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</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	666,059	662,585	666,059	662,585
Effects of dilution :				
Share option	5,111	7,260	5,111	7,260
	<hr/>		<hr/>	
	671,170	669,845	671,170	669,845
	<hr/>		<hr/>	
	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 6 months ended</b>	
	<b>30 June 2019</b>	<b>30 June 2018</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Diluted earnings per share for: Profit for the period	0.94	1.79	1.67	3.00
	<hr/>		<hr/>	

**ELSOFT RESEARCH BERHAD**

(Company No. 617504-K)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019****B14 Other income and expenses**

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM '000	RM '000	RM '000	RM '000
Other income/(expenses):				
Dividend income	704	279	1,113	582
Interest income	39	133	118	148
Rental received	525	497	981	1,052
Gain/(loss) on disposal of other investment	24	11	29	11
Gain/(loss) on fair value adjustment other investment	126	(982)	777	(1,362)
Gain/(loss) on disposal of short term investment	-	-	(4)	-
Unrealised gain/(loss) on foreign exchange	130	587	(3)	492
Realised gain/(loss) on foreign exchange	48	(287)	57	(592)
Total other income/(expenses)	<u>1,596</u>	<u>238</u>	<u>3,068</u>	<u>331</u>

**B15 Profit before tax**

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM '000	RM '000	RM '000	RM '000
Profit before tax is arrived after charging:				
Audit Fee	21	11	40	21
Amortisation of prepaid leasehold land	16	16	32	32
Depreciation				
- property, plant and equipment	237	114	364	219
- Investment property	21	21	42	42
Share based payment	61	304	218	496

**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 August 2019.

By Order of the Board

*Tan Cheik Eaik*

Director