

ELSOFT RESEARCH BERHAD

(Company No. 200301015084 (617504-K))

(Incorporated in Malaysia)

SUMMARY OF KEY FINANCIAL INFORMATION**30 JUNE 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30 Jun 2020 RM'000	Preceding Year Corresponding Quarter 30 Jun 2019 RM'000	Current Year To Date 30 Jun 2020 RM'000	Preceding Year Corresponding Period 30 Jun 2019 RM'000
1 Revenue	4,201	12,333	8,467	22,443
2 Profit before tax	1,268	6,420	1,482	11,442
3 Profit for the period	1,150	6,288	1,256	11,178
4 Profit attributable to ordinary equity holders of the parent	1,150	6,288	1,256	11,178
5 Earnings per share (sen) :				
-Basic	0.17	0.94	0.19	1.68
-Diluted	0.17	0.94	0.19	1.67
6 Proposed / Declared dividend per share (sen)	0.25	1.00	0.50	2.00
		AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END	
		30 Jun 2020 RM	31 Dec 2019 RM	
7 Net assets per share attributable to ordinary equity holders of the parent		0.16	0.16	

Note: For full text of the above announcement, please access the Bursa Malaysia website at www.bursamalaysia.com

ELSOFT RESEARCH BERHAD
 (Company No. 200301015084 (617504-K))
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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2020

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter (Unaudited) 30 Jun 2020 RM'000	Preceding Year Corresponding Quarter (Unaudited) 30 Jun 2019 RM'000	Current Year To Date (Unaudited) 30 Jun 2020 RM'000	Preceding Year Corresponding Period (Unaudited) 30 Jun 2019 RM'000
Revenue		4,201	12,333	8,467	22,443
Cost of sales		(2,686)	(6,258)	(5,382)	(11,386)
Gross profit		<u>1,515</u>	<u>6,075</u>	<u>3,085</u>	<u>11,057</u>
Other income and expenses	B14	1,061	1,596	892	3,068
Administrative expenses		(789)	(1,344)	(1,806)	(2,632)
Share of profit/(loss) in associate		(519)	93	(689)	(51)
Profit before tax	B15	<u>1,268</u>	<u>6,420</u>	<u>1,482</u>	<u>11,442</u>
Taxation	B5	(118)	(132)	(226)	(264)
Profit for the period		<u>1,150</u>	<u>6,288</u>	<u>1,256</u>	<u>11,178</u>
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		<u>1,150</u>	<u>6,288</u>	<u>1,256</u>	<u>11,178</u>

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter (Unaudited) 30 Jun 2020 NOTE RM'000	Preceding Year Corresponding Quarter (Unaudited) 30 Jun 2019 RM'000	Current Year To Date (Unaudited) 30 Jun 2020 RM'000	Preceding Year Corresponding Period (Unaudited) 30 Jun 2019 RM'000
Attributable to :				
Equity holders of the parent	1,150	6,288	1,256	11,178
Non-controlling interest	-	-	-	-
	<u>1,150</u>	<u>6,288</u>	<u>1,256</u>	<u>11,178</u>
Total comprehensive income attributable to :				
Equity holders of the parent	1,150	6,288	1,256	11,178
Non-controlling interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earnings per share ("EPS") attributable to equity holders of the parent :				
Basic EPS (sen)	B13 <u>0.17</u>	<u>0.94</u>	<u>0.19</u>	<u>1.68</u>
Diluted EPS (sen)	B13 <u>0.17</u>	<u>0.94</u>	<u>0.19</u>	<u>1.67</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 2019 and the accompanying explanatory notes attached to the interim financial statements.

ELSOFT RESEARCH BERHAD
(Company No. 200301015084 (617504-K))
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	(Unaudited) 30 Jun 2020 RM'000	(Audited) 31 Dec 2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A9	17,701	17,806
Right-of-use asset		2,793	2,825
Investment properties		2,720	2,762
Investment in associate		14,079	14,768
		<u>37,293</u>	<u>38,161</u>
Current assets			
Inventories		3,148	3,680
Trade receivables		8,567	8,965
Other receivables, deposits and prepayments		506	518
Other investments	B8	56,672	57,526
Cash and bank balances		4,991	10,442
		<u>73,884</u>	<u>81,131</u>
TOTAL ASSETS		<u>111,177</u>	<u>119,292</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		44,119	43,220
Treasury shares	A6	(1,087)	(1,042)
Share options reserve		988	1,185
Retained profits		61,213	63,298
Total equity		<u>105,233</u>	<u>106,661</u>
Non-current liabilities			
Deferred tax liabilities		843	843
		<u>843</u>	<u>843</u>
Current liabilities			
Trade payables		563	826
Other payables, accruals and provisions		3,678	10,015
Current tax liabilities		-	30
Contract liability		860	917
		<u>5,101</u>	<u>11,788</u>
Total liabilities		5,944	12,631
TOTAL EQUITY AND LIABILITIES		<u>111,177</u>	<u>119,292</u>
Net assets per share (RM)		<u>0.16</u>	<u>0.16</u>

ELSOFT RESEARCH BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 SECOND QUARTER ENDED 30 JUNE 2020

(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 2020	43,220	1,185	(1,042)	63,298	106,661
Total comprehensive income	-	-	-	1,256	1,256
Transaction with owners					
Purchase of treasury shares	-	-	(45)	-	(45)
Share-based payments	-	32	-	-	32
Issue of shares pursuant to ESOS	899	(229)	-	-	670
Interim dividend paid	-	-	-	(3,341)	(3,341)
	899	(197)	(45)	(3,341)	(2,684)
Balance as at 30 June 2020	44,119	988	(1,087)	61,213	105,233
Balance as at 1 January 2019	41,168	1,403	(916)	71,276	112,931
Total comprehensive income	-	-	-	11,178	11,178
Transaction with owners					
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

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 2019 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 2020

	(Unaudited) 30 Jun 2020 RM'000	(Unaudited) 30 Jun 2019 RM'000
	Note	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,482	11,442
Adjustment for:		
Amortisation of prepaid lease payment	32	32
Depreciation of property, plant and equipment	316	364
Depreciation of investment properties	42	42
Dividend income	(712)	(1,113)
(Gain)/Loss on disposal of other investments	1,317	(29)
(Gain)/Loss on fair value adjustment of other investments	213	(777)
Interest income	(35)	(118)
Share based payment	32	218
Unrealised (gain)/loss on foreign exchange	(249)	3
Share of (gain)/loss in associate	689	51
Reversal of Impairment loss on other receivables	(9)	-
Operating profit before working capital changes	3,118	10,115
Decrease/(Increase) in inventories	532	1,897
Decrease/(Increase) in trade and other receivables	551	(4,821)
(Decrease)/Increase in trade and other payables	(3,264)	(3,246)
(Decrease)/Increase in contract liability	(57)	(660)
	880	3,285
Tax (paid)/refund	(256)	(186)
Net cash flow from/(used in) operating activities	624	3,099
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(211)	(19)
Purchase of other investments	(108,364)	(52,107)
Proceeds from disposal of other investment	108,424	68,236
Interest received	35	118
Net cash flow (used in)/from investing activities	(116)	16,228

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SECOND QUARTER ENDED 30 JUNE 2020

	(Unaudited) 30 Jun 2020 RM'000	(Unaudited) 30 Jun 2019 RM'000
CASH FLOW FROM FINANCING ACTIVITY		
Purchase of treasury shares	A6 (45)	(127)
Issue of shares	670	677
Interim dividend paid	<u>(6,678)</u>	<u>(14,975)</u>
Net cash flow (used in)/from financing activity	<u>(6,053)</u>	<u>(14,425)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,545)	4,902
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	94	13
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		
	10,442	10,187
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD		
	<u>4,991</u>	<u>15,102</u>
Represented by :		
Short term funds	-	-
Cash and bank balances	<u>4,991</u>	<u>15,102</u>
	<u>4,991</u>	<u>15,102</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 2019 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 2020**

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 2019. 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 2019.

The financial statements of the Group and the Company for the financial year ended 31 December 2019 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 2019, except for the adoption of the Standards, Amendments and Annual Improvement to Standards effective as of 1 January 2020.

Effective for annual periods commencing on or after 1 January 2020

Amendments to MFRS 3 Business Combinations - *Definition of a Business*
Amendments to MFRS 7 Financial Instruments: Disclosure, MFRS 9 Financial Instruments
and MFRS 139 Financial Instruments: *Recognition and Measurement - Interest Rate Benchmark Reform*
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies,
Changes in Accounting Estimates and Errors - *Definition of Material*

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
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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 financial periods beginning on or after 1 June 2020

Amendments to MFRS 16 Leases - *Covid-19 - Related Rent Concessions*

Effective for annual periods commencing on or after 1 January 2021

MFRS 17 Insurance Contracts

Effective for annual periods commencing on or after 1 January 2022

Amendments to MFRS 3 Business Combinations - *Reference to the Conceptual Framework*

Amendments to MFRS 101 Presentation of Financial Statements

- *Classification of Liabilities as Current or Non-Current*

Amendments to MFRS 116 Property, Plant and Equipment - *Proceeds before Intended Use*

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

- *Onerous Contracts - Cost of Fulfilling a Contract*

Annual Improvements to MFRS Standards 2018-2020:

- Amendment to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

- Amendment to MFRS 9 Financial Instruments

- Amendment to MFRS 141 Agriculture

Issued but not yet effective

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 *Investments in Associates and*

Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED
30 JUNE 2020**

A2 Audit report of preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2019 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 2020.

A5 Material changes in estimates

There were no changes in estimates that have had any material effect on the quarter ended 30 June 2020.

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 2020 were as follows:

	RM'000
Balance as at 1 January 2020	(1,042)
Add: Purchase of treasury shares	(45)
Less: Resale of treasury shares	-
Balance as at 30 June 2020	<u><u>(1,087)</u></u>

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED
 30 JUNE 2020**

A7 Dividends paid

<u>Fourth Interim Single tier (tax exempt) dividend</u>	
For the financial year	31 December 2019
Approved and declared on	26 February 2020
Dividend per share	RM0.005
Payable on	17 April 2020
Entitlement to dividend based on Record of Depositors as at	25 March 2020

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 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	RM' 000	RM' 000	RM' 000	RM' 000
Malaysia	3,276	9,567	7,452	15,509
China	883	2,765	944	5,806
Others	42	1	71	1,128
	<u>4,201</u>	<u>12,333</u>	<u>8,467</u>	<u>22,443</u>

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

Property, plant and equipment costing approximately RM211,000 were acquired during the financial period ended 30 June 2020.

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 2020.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020**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 Jun 2020 RM'000	Preceding Year Corresponding Quarter (Unaudited) 30 Jun 2019 RM'000	Changes (%)	Current Year To Date (Unaudited) 30 Jun 2020 RM'000	Preceding Year Corresponding Period (Unaudited) 30 Jun 2019 RM'000	Changes (%)
Revenue	4,201	12,333	-66%	8,467	22,443	-62%
Cost of sales	(2,686)	(6,258)	-57%	(5,382)	(11,386)	-53%
Gross profit	1,515	6,075	-75%	3,085	11,057	-72%
Other income and expenses	1,061	1,596	-34%	892	3,068	-71%
Administrative expenses	(789)	(1,344)	-41%	(1,806)	(2,632)	-31%
Share of profit/(loss) in associate	(519)	93	658%	(689)	(51)	-1251%
Profit before tax	1,268	6,420	-80%	1,482	11,442	-87%
Taxation	(118)	(132)	-11%	(226)	(264)	-14%
Profit for the period	1,150	6,288	-82%	1,256	11,178	-89%

Comparison with the corresponding quarter in the previous year

For the current quarter, the Group registered revenue and profit before tax ("PBT") of approximately RM4.201 million and RM1.268 million respectively. Compared to the preceding year corresponding quarter revenue and PBT of approximately RM12.333 million and RM6.420 million respectively, revenue and PBT have decreased by approximately 66% and 80% respectively.

The decrease of revenue was mainly due to lower demand for Automated Test Equipment ("ATE") for current quarter under review. The decrease of PBT was due to lower revenue, lower other income and share of loss in associate company.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020**B1 Review of performance (cont'd)***Financial period-to-date against preceding year corresponding financial period*

The Group recorded revenue and PBT of approximately RM8.467 million and RM1.482 million respectively for the current year-to-date. Compared to the preceding year corresponding year-to-date revenue of RM22.443 million and PBT of RM11.442 million, revenue and PBT have decreased by approximately 62% and 87% 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. The decrease of PBT was due to lower revenue, lower other income and share of loss in associate company.

B2 Variation of results against preceding quarter

	Current Year Quarter (Unaudited) 30 Jun 2020 RM'000	Immediate Preceding Quarter (Unaudited) 31 Mar 2020 RM'000	Changes (%)
Revenue	4,201	4,266	-2%
Cost of sales	(2,686)	(2,696)	0%
Gross profit	<u>1,515</u>	<u>1,570</u>	-4%
Other income and expenses	1,061	(169)	-728%
Administrative expenses	(789)	(1,017)	-22%
Share of profit/(loss) in associate	<u>(519)</u>	<u>(170)</u>	205%
Profit before tax	<u>1,268</u>	<u>214</u>	493%
Taxation	<u>(118)</u>	<u>(108)</u>	9%
Profit for the period	<u><u>1,150</u></u>	<u><u>106</u></u>	985%

Comparison with the immediate preceding quarter

For the current quarter, the Group registered revenue and PBT of approximately RM4.201 million and RM1.268 million respectively. Compared to the previous quarter revenue and PBT of approximately RM4.266 million and RM0.214 million respectively, revenue remain stagnant but PBT has increased by approximately 493%.

The revenue remain stagnant as the demand for Automated Test Equipment ("ATE") remain weak. The profit for current quarter has improved as there was no significant loss on disposal of other investment as compared to preceding quarter.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020**B3 Prospects**

The Board and the management expect remaining part of FY2020 to be challenging due to the outbreak of Covid-19 pandemic. Demand for our Automated Test Equipment remain weak as customers have more cautious control on capital expenditure (CAPEX). Countries travel restrictions and policies have also delayed our projects delivery timeline to overseas customer.

Despite all uncertainties to be, the Group is confidence to get through the pandemic crisis with our strong fundamental built over the years.

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		6 months ended	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	RM' 000	RM' 000	RM' 000	RM' 000
Current tax	118	132	226	264

For the year ending 31 December 2020, 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 2020****B8 Other investment**

A summary of the movement of other investments during the period ended 31 March 2020 is as follow:

	RM'000
Other investment	
Balance at 1 January 2020	57,526
Acquisition during the period	108,364
Dividend reinvest	712
Less : Disposal during the period	<u>(109,741)</u>
	56,861
Gain/(Loss) on fair value adjustment	(213)
Gain/(Loss) on foreign exchange	<u>24</u>
Balance at 31 March 2020	<u><u>56,672</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 2020
Approved and declared on	28 August 2020
Dividend per share	RM0.0025
Payable on	9 October 2020
Entitlement to dividend based on Record of Depositors as at	18 September 2020

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020**B13 Earnings per share**

a. Basic

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by weighted average number of ordinary shares in issue during the period.

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	RM' 000	RM' 000	RM' 000	RM' 000
Profit attributable to ordinary equity holders of the parent	1,150	6,288	1,256	11,178
	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	Units	Units	Units	Units
	(In thousands)	(In thousands)	(In thousands)	(In thousands)
Weighted average number of ordinary shares in issue	670,280	666,059	670,280	666,059
	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	Sen	Sen	Sen	Sen
Basic earnings per share for: Profit for the period	0.17	0.94	0.19	1.68

ELSOFT RESEARCH BERHAD

(Company No. 200301015084 (617504-K))

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020**B13 Earnings per share (cont'd)**

b. Diluted

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

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	RM '000	RM '000	RM '000	RM '000
Profit attributable to ordinary equity holders of the parent	1,150	6,288	1,256	11,178
	<hr/>		<hr/>	
	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	Units	Units	Units	Units
	(In thousands)	(In thousands)	(In thousands)	(In thousands)
Weighted average number of ordinary shares in issue	670,280	666,059	670,280	666,059
Effects of dilution :				
Share option	1,831	5,111	1,831	5,111
	<hr/>	<hr/>	<hr/>	<hr/>
	672,111	671,170	672,111	671,170
	<hr/>		<hr/>	
	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	Sen	Sen	Sen	Sen
Diluted earnings per share for: Profit for the period	0.17	0.94	0.19	1.67
	<hr/>		<hr/>	

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(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020**B14 Other income and expenses**

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	RM '000	RM '000	RM '000	RM '000
Other income/(expenses):				
Dividend income	148	704	712	1,113
Interest income	18	39	35	118
Rental received	650	525	1,371	981
Gain/(loss) on disposal of other investment	513	24	(1,317)	29
Gain/(loss) on fair value adjustment other investment	(213)	126	(213)	777
Gain/(loss) on disposal of short term investment	-	-	-	(4)
Unrealised gain/(loss) on foreign exchange	(65)	130	249	(3)
Realised gain/(loss) on foreign exchange	10	48	55	57
Total other income/(expenses)	<u>1,061</u>	<u>1,596</u>	<u>892</u>	<u>3,068</u>

B15 Profit before tax

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	RM '000	RM '000	RM '000	RM '000
Profit before tax is arrived after charging:				
Audit Fee	19	21	38	40
Amortisation of prepaid leasehold land	16	16	32	32
Depreciation				
- property, plant and equipment	160	237	316	364
- Investment property	21	21	42	42
Reversal of Impairment loss on				
- other receivables	(9)	-	(9)	-
Share based payment	(29)	61	32	218

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 28 August 2020.

By Order of the Board

Tan Cheik Eaik

Director