

Axcelasia Inc.
(Incorporated in Labuan)
(Company Registration No. LL12218)

**Unaudited Financial Statement and Dividend Announcement
For the Half Year Ended 30 June 2016**

*Axcelasia Inc. (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 27 November 2015. The initial public offering of the Company (the "**IPO**") was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**" or "**PPCF**").*

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

Background

The Company was incorporated in Labuan on 21 August 2015 under the Labuan Companies Act as a company limited by shares under the name of "Axcelasia Inc.". The Company and its subsidiaries (the "**Group**") provide integrated professional services mainly in Malaysia to government-linked entities, private and public listed companies and multinational corporations. Prior to the listing on the Catalist of the SGX-ST on 27 November 2015, the Group undertook a restructuring exercise (the "**Restructuring Exercise**"). Please refer to the Company's offer document dated 18 November 2015 for further details on the Restructuring Exercise. As such, the results of the Group for the half year ended 30 June 2015 were presented in a manner on the basis that the Restructuring Exercise had been completed.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) AND FULL YEAR RESULTS

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group		
	Half Year Ended		Change %
	30 June 2016 (Unaudited) RM'000	30 June 2015 (Unaudited) RM'000	
Revenue	8,263	16,642	(50.35)
Other income - net	318	57	457.89
	8,581	16,699	(48.61)
Expenses			
- Depreciation of property, plant and equipment	(153)	(93)	64.52
- Employee compensation	(5,004)	(4,054)	23.43
- Referral fees and research charges	(27)	(57)	(52.63)
- Rental and maintenance	(490)	(329)	48.94
- Subcontractors' fee	(513)	(3,647)	(85.93)
- Other expenses	(2,237)	(820)	172.80
Total expenses	(8,424)	(9,000)	(6.40)
Profit before income tax	157	7,699	(97.96)
Income tax expense	(448)	(1,626)	(72.45)
Total comprehensive income, representing net (loss)/profit	(291)	6,073	N.M.
Total comprehensive income attributable to:			
Equity holders of the Company	(279)	6,052	N.M.
Non-controlling interests	(12)	21	N.M.
	(291)	6,073	N.M.

N.M. – Not meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Profit for the financial period is stated after charging/(crediting) the following:	Half Year Ended	
	30 June 2016 (Unaudited) RM'000	30 June 2015 (Unaudited) RM'000
<i>Interest Income</i>		
Fixed deposits interest income	(254)	(18)
Flexi deposit interest income	(21)	-
Depreciation of property, plant and equipment	153	93
<i>Rental and maintenance</i>		
Rental of office and car park	427	266
Upkeep of office and office equipment	43	42
Upkeep of motor vehicle	-	7
Website maintenance	20	14
<i>Other expenses</i>		
Travelling	221	198
Insurance and road tax	69	44
Seminar and training	29	58
Trade receivables written off	109	-
Goodwill written off	14	-
Professional fees	274	-
Unrealised foreign exchange loss	430	-

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30 June 2016 (Unaudited) RM'000	31 December 2015 (Audited) RM'000	30 June 2016 (Unaudited) RM'000	31 December 2015 (Audited) RM'000
ASSETS				
Current assets				
Trade and other receivables	7,667	6,603	1,160	2,033
Cash and bank balances	25,893	28,982	21,152	23,269
Current tax assets	117	-	-	-
	<u>33,677</u>	<u>35,585</u>	<u>22,312</u>	<u>25,302</u>
Non-Current assets				
Property, plant and equipment	1,043	795	134	-
Investments in subsidiaries	-	-	5,935	4,832
Development cost in progress	480	306	-	-
	<u>1,523</u>	<u>1,101</u>	<u>6,069</u>	<u>4,832</u>
Total assets	<u>35,200</u>	<u>36,686</u>	<u>28,381</u>	<u>30,134</u>
LIABILITIES				
Current liabilities				
Trade and other payables	965	2,020	116	212
Current tax liabilities	31	588	-	-
	<u>996</u>	<u>2,608</u>	<u>115</u>	<u>212</u>
Non-current liabilities				
Deferred tax liabilities	20	20	-	-
Total liabilities	<u>1,016</u>	<u>2,628</u>	<u>116</u>	<u>212</u>
NET ASSETS	<u>34,184</u>	<u>34,058</u>	<u>28,265</u>	<u>29,922</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	27,818	27,818	27,818	27,818
Merger reserve	(2,692)	(2,692)	-	-
Retained profits	8,629	8,908	447	2,104
	<u>33,755</u>	<u>34,034</u>	<u>28,265</u>	<u>29,922</u>
Non-controlling interests	429	24	-	-
TOTAL EQUITY	<u>34,184</u>	<u>34,058</u>	<u>28,265</u>	<u>29,922</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 June 2016 (Unaudited)		As at 31 December 2015 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
-	-	-	-

Amount repayable after one year

As at 30 June 2016 (Unaudited)		As at 31 December 2015 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
-	-	-	-

Details of any collateral

Not applicable. There were no Group's borrowings and/or debt securities as at 30 June 2016 and 31 December 2015.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows

	Half year Ended	
	30 June 2016 (Unaudited) RM'000	30 June 2015 (Unaudited) RM'000
Cash flows from operating activities		
Net (loss)/profit	(291)	6,073
Adjustments for:		
Income tax expense	448	1,626
Depreciation of property, plant and equipment	153	93
Interest income	(275)	(18)
Government grant	-	(28)
Investment in associate written off	-	6
Goodwill written off	14	-
Operating cash flows before working capital changes	49	7,752
Change in working capital		
Trade and other receivables	(1,065)	(5,220)
Trade and other payables	(1,054)	(479)
Cash (used in)/generated from operations	(2,070)	2,053
Interest received	275	18
Income tax paid	(1,123)	(115)
Net cash (used in)/generated from operating activities	(2,918)	1,956

	Half year Ended	
	30 June 2016	30 June 2015
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(14)	139
Additions to property, plant and equipment	(400)	(43)
Development cost in progress	(174)	(148)
Net cash used in investing activities	<u>(588)</u>	<u>(52)</u>
Cash flows from financing activities		
Proceeds from issuance of ordinary shares of subsidiaries	417	150
Government grant received	-	28
Dividends paid	-	(1,650)
Advances from directors	-	416
Net cash generated from/(used in) financing activities	<u>417</u>	<u>(1,056)</u>
Net increase/decrease in cash and bank balances		
Cash and bank balances	(3,089)	848
Beginning of financial period	<u>28,982</u>	<u>2,870</u>
End of financial period	<u>25,893</u>	<u>3,718</u>

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

**Statement of Changes in Equity
Group**

(Unaudited)	Share Capital	Merger Reserve	Retained Profits	Non- controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2016	27,818	(2,692)	8,908	24	34,058
Issue of ordinary shares of subsidiaries	-	-	-	417	417
Total comprehensive income for the year	-	-	(279)	(12)	(291)
Balance as at 30 June 2016	27,818	(2,692)	8,629	429	34,184
(Unaudited)					
Balance as at 1 January 2015	250	-	2,692	-	2,942
Issue of new shares as consideration paid for acquisition of subsidiaries	1,889	-	-	50	1,939
Issue of new shares	100	-	-	-	100
Dividend relating to 2014 paid	-	-	(1,650)	-	(1,650)
Total comprehensive income for the year	-	-	6,052	21	6,073
Balance as at 30 June 2015	2,239	-	7,094	71	9,404

**Statement of Changes in Equity
Company⁽¹⁾**

(Unaudited)

	Share capital RM'000	Retained profits RM'000	Total equity RM'000
Balance as at 1 January 2016	27,818	2,104	29,922
Total comprehensive income for the year	-	(1,657)	(1,657)
Balance as at 30 June 2016	<u>27,818</u>	<u>447</u>	<u>28,265</u>

Note:

(1) There are no comparative figures at the Company level for the corresponding period of the immediately preceding financial period as the Company was incorporated on 21 August 2015.

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Shares Capital – Ordinary Shares

	Number of issued shares	Issued and paid-up share capital (RM)
Balance as at 31 December 2015	160,320,000	27,817,984
Balance as at 30 June 2016	160,320,000	27,817,984

The Company did not have any treasury shares or convertible instruments as at 30 June 2016 and 30 June 2015.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	As at 30 June 2016	As at 31 December 2015
Total number of issued shares	160,320,000	160,320,000

The Company did not have any treasury shares as at 30 June 2016 and 31 December 2015.

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during, and at the end of, the financial period reported on.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation

adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited combined financial statements for the financial year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (“SFRS”) and Interpretations of Financial Reporting Standards (“INT FRS”) that are mandatory for the accounting periods beginning on or after 1 January 2016. The adoption of these new and revised SFRS and INT FRS did not result in any substantial change to the Group’s and the Company’s accounting policies and has no significant impact on the financial statements for the current financial reporting period.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

(Loss)/Earnings per share (“LPS” or “EPS”)	Group	
	Half year Ended	
	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)
(Loss)/Profit attributable to owners of the parent (RM)	(279,431)	6,051,508
Weighted average number of ordinary shares in issue	160,320,000	123,000,000 ⁽²⁾
Basic (LPS)/EPS (RM cents per share)	(0.17)	4.92
Fully diluted (LPS)/EPS (RM cents per share) ⁽¹⁾	(0.17)	4.92

Notes:-

- (1) The basic and fully diluted LPS or EPS were the same as there were no dilutive ordinary shares in issue as at 30 June 2016 and 30 June 2015.
- (2) The weighted average number of ordinary shares in issue for the half year ended 30 June 2015 is based on the issued and paid-up ordinary share capital of the Company subsequent to the Restructuring Exercise and the sub-division of every one share to 123 shares as at 30 June 2015. Please refer to the Company’s offer document dated 18 November 2015 for further details.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**
(a) Current period reported on; and
(b) Immediately preceding financial year

Net asset value (“NAV”)	Group		Company	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)	30 June 2016 (Unaudited)	31 December 2015 (Audited)
NAV (RM)	34,183,747	34,058,241	28,264,538	29,921,645
Number of ordinary shares in issue	160,320,000	160,320,000	160,320,000	160,320,000
NAV per ordinary share (RM cents)	21.32	21.24	17.63	18.66

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review for the performance of the Group for the half year ended 30 June 2016 ("1H2016") as compared to the half year ended 30 June 2015 ("1H2015").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenue

The Group's revenue breakdown for each business segment was as follows:

	1H2016 (RM million)	1H2015 (RM million)	% Change
Tax Advisory	3.1	6.0	(48.33)
Business Consultancy	3.8	8.8	(56.82)
Enterprise Management System ("EMS") Application	0.2	0.6	(66.67)
Business Support	1.2	1.2	(0.00)
Total	8.3	16.6	(50.00)

Revenue for the Group decreased 50.0% or RM8.3 million in 1H2016 due to a decline in the securing of large consultancy projects in the 1H2016 and the completion of Goods and Services Tax implementation projects in the financial year ended 30 December 2015. Besides, there were also a number of proposals that were expected to be secured during 1H2016 which are still pending due to clients deferring decisions on the projects.

Other income

Other income increased by RM0.3 million derived from interest of fixed deposits, as a result of higher fixed deposits placed with the financial institutions.

Expenses

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment increased by RM0.1 million due to the renovation and information technology costs incurred for the Company and its wholly-owned subsidiary, Axcelasia Singapore Pte Ltd ("**Axcelasia Singapore**"), which was incorporated in the period under review.

Employee compensation

Employee compensation increased by RM0.9 million largely due to an increase in the total staff headcount of the Group.

Referral fees and research charges

Referral fees and research charges decreased by RM30,000 as there was a reduction in assignments which required third party's advice.

Rental and maintenance

Rental and maintenance expense increased by RM0.2 million due to the additional office premise taken up by the Company.

Subcontractors' fee

Subcontractors' fee decreased by RM3.1 million due to the settlement of the subcontractors' fee following the completion of a substantial portion of a major contract in FY2015.

Other expenses

Other expenses increased by RM1.4 million mainly due to overall increase in professional fees following the listing of the Company, unrealised foreign exchange loss, travelling expenses, branding expenses and administrative expenses.

Profit before income tax

As a result of the above, profit before income tax decreased by RM7.5 million to RM0.2 million in 1H2016 from RM7.7 million in 1H2015.

Income tax expense

In line with the lower profit before income tax, income tax expense decreased by approximately 72.0% or RM1.2 million to RM0.5 million in 1H2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 June 2016 and 31 December 2015.

Current assets

Trade and other receivables comprised mainly trade receivables from non-related parties of RM6.3 million and other receivables of RM1.4 million which were mainly of deposits paid on office rental. The increased of RM1.1 million was due to delay in payments by certain major customers.

Cash and bank balances decreased by RM3.1 million, mainly due to costs for the Group's ASEAN expansion and working capital requirements.

Current tax assets of RM0.1 million relate to the overpayment of tax installments in 1H2016.

Non-current assets

Property, plant and equipment increased by RM0.2 million mainly due to the addition of computers, office equipment and renovation for the Company and the new office of Axcelasia Singapore.

Development cost in progress increased by RM0.2 million mainly attributable to the direct labor and overheads in the product development of the EMS Application software.

Current liabilities

Other payables decreased by RM1.1 million mainly due to lower Goods and Services Tax liability of RM0.1 million arising from lower revenue, and decrease of RM1.0 million in accruals and amounts owed to other creditors as a result of less accruals provided for bonuses and incentive payments. There were no trade payables as at 30 June 2016.

The decrease in current income tax liability by RM0.6 million was mainly due to the lower taxable profits in 1H2016.

Non-current liabilities

There was no change in deferred tax liabilities in 1H2016.

Consolidated Statement of Cash Flow

Net cash used in operating activities in 1H2016 was RM2.9 million, which comprised working capital outflow of RM2.1 million, interest income of RM0.3 million and income tax paid of RM1.1 million. This was partially offset by cash provided from operating activities before working capital changes of RM49,000.

Net cash used in investing activities in 1H2016 was RM0.6 million, mainly attributable to the purchase of plant and equipment of RM0.4 million and development cost in progress of RM0.2 million.

Net cash generated from financing activities in 1H2016 was RM0.4 million, mainly attributable to proceeds from issuance of ordinary shares of subsidiaries of RM0.4 million.

Cash and cash equivalents decreased to RM26.0 million as at 30 June 2016.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable as no specific forecast or a prospect statement has been issued previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Axcelasia's public listing on the Catalist board of the Singapore Exchange on 27 November 2015 has served as a major catalyst to raise the Group's profile as it widens its range of professional services and expands beyond Malaysia. With a stronger balance sheet, the Group is better able to tap growth opportunities in Southeast Asia.

In line with its listing plans, the Group has made progress in its regional expansion. Its Singapore office commenced operations on 1 March 2016, focusing on tax advisory, business consultancy, internal audit, risk management advisory and business support services. Subsequent to 1H2016, the Group will establish operations in Laos and Vietnam, its second and third markets in Southeast Asia.

Beyond these first three partnerships in ASEAN, the Group has also been active in discussions with potential partners in Thailand, Indonesia, the Philippines and Brunei. Overall, the Group expects to start recognising revenue from outside Malaysia from the current financial year ending 31 December 2016.

The operating environment remains challenging amidst economic volatility and cost containment measures by our corporate clients. To improve our performance for the rest of the current financial year ending 31 December 2016, we will continue to pursue marketing activities and drive synergies between our core businesses by cross selling our services.

Axcelasia will continue its marketing activities and build capacity in complementary areas such as business continuity management, corporate finance and information technology. It will build up its technology capabilities to include managed services, leveraging on its Enterprise Management System platform, which was officially launched in Kuala Lumpur in 1H2016.

The Group has taken and will take part in various conferences in 2H2016 to further raise its profile and promote its capabilities. These include the Institute of Internal Auditors Malaysia National Conference, the Asian Confederation of Institute of Internal Auditors Annual Conference, the Malaysian Association of Risk and Insurance Management Annual Conference and the Malaysian International Accountants Conference.

11. Dividend

If a decision regarding dividend has been made: -

(a) Whether an interim (final) dividend has been declared (recommended); and

No dividend has been declared or recommended for the current financial period reported on.

(b)(i) Amount per share (cents)
(Optional) Rate (%)

Not applicable.

- (b)(ii) Previous corresponding period (cents)
(Optional) Rate (%)

None.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

- (d) The date the dividend is payable.

Not applicable.

- (e) The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for 1H2016.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from shareholders for interested person transactions.

14. Use of IPO proceeds

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

<u>Use of IPO net proceeds</u>	<u>Amount allocated (S\$'000)</u>	<u>Amount utilised (S\$'000)</u>	<u>Balance (S\$'000)</u>
Expand our business operations in Malaysia and the ASEAN region and enhance our range of professional services	6,000	375	5,625
Enhance our Group's office and support infrastructure	500	45	455

Working capital ⁽¹⁾	1,080	248	832
Listing expenses	1,300	1,300	-
Total	8,880	1,968	6,912

Note:

(1) The amount of working capital was used for payment of salaries and office expenses.

The above utilizations are in accordance with the intended use of IPO net proceeds, as stated in the Company's offer document dated 18 November 2015.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

16. Negative Confirmation by the Board Pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the half year ended 30 June 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr. Veerinderjeet Singh
 Executive Chairman
 12 August 2016