

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

**Unaudited Financial Statement and Dividend Announcement
For the Half Year Ended 30 June 2018**

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 2018 (Unaudited) RM'000	30 June 2017 (Unaudited) RM'000	
Revenue	11,648	9,614	21.16
Other gain - net	250	579	(56.82)
	11,898	10,193	16.73
Expenses			
- Depreciation of property, plant and equipment	(239)	(259)	(7.73)
- Employee compensation	(8,426)	(9,473)	(11.05)
- Referral fees and research charges	(17)	(30)	(43.33)
- Rental on operating lease and maintenance	(571)	(874)	(34.67)
- Subcontractors' fee	(107)	(241)	(55.60)
- Other expenses	(2,101)	(1,812)	15.95
Total expenses	(11,461)	(12,689)	(9.68)
Profit/(Loss) before income tax	437	(2,496)	N.M
Income tax expense	(252)	(92)	173.91
Net Profit/(Loss)	185	(2,588)	N.M
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation – Loss	(3)	(39)	N.M
Total comprehensive profit/(loss)	182	(2,627)	N.M
Profit/(Loss) attributable to:			
Equity holders of the Company	278	(2,151)	N.M
Non-controlling interests	(93)	(437)	N.M
	185	(2,588)	N.M
Total comprehensive profit/(loss) attributable to:			
Equity holders of the Company	278	(2,197)	N.M.
Non-controlling interests	(96)	(430)	N.M.
	182	(2,627)	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		Change %
	30 June 2018 (Unaudited) RM'000	30 June 2017 (Unaudited) RM'000	
Other gain - net			
Fixed deposits interest income	(263)	(268)	(1.87)
Bank deposits interest income	(5)	(17)	(70.59)
Trade receivable written back	(5)	(77)	(93.50)
Waiver of debts by non-controlling shareholder	-	(182)	N.M.
Rental income	-	12	N.M.
Realised foreign exchange loss/(gain), net	2	(13)	N.M.
Unrealised foreign exchange loss/(gain), net	47	6	683.33
Loss/(gain) on disposal of property, plant and equipment, net	13	(4)	N.M.
Sundry income	(39)	(36)	8.33
Depreciation of property, plant and equipment	239	259	(7.72)
Rental on operating lease and maintenance			
Rental of office and car park	514	784	(34.44)
Rental of car and office equipment	3	12	(75.00)
Upkeep of office and office equipment	49	62	20.97
Website maintenance	5	16	(68.75)
Other expenses			
Travelling	331	290	14.14
Insurance	121	73	65.75
Seminar and training	32	58	(44.82)
Audit fee	24	12	100.00
Allowance for impairment of trade receivables	-	34	N.M.
Professional fees (Internal audit, sponsorship, investor relations, legal, secretarial and other professional fee)	239	340	(29.71)

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 2018 (Unaudited) RM'000	31 December 2017 (Audited) RM'000	30 June 2018 (Unaudited) RM'000	31 December 2017 (Audited) RM'000
ASSETS				
Current assets				
Trade and other receivables	7,970	7,271	258	275
Income tax recoverable	650	633	-	-
Cash and cash equivalents	22,531	22,927	12,403	13,797
	<u>31,151</u>	<u>30,831</u>	<u>12,661</u>	<u>14,072</u>
Non-Current assets				
Property, plant and equipment	1,247	1,347	180	216
Goodwill	2,130	2,130	-	-
Investments in subsidiary corporations	-	-	10,264	10,264
	<u>3,377</u>	<u>3,477</u>	<u>10,444</u>	<u>10,480</u>
Total assets	<u>34,528</u>	<u>34,308</u>	<u>23,105</u>	<u>24,552</u>
LIABILITIES				
Current liabilities				
Trade and other payables	3,861	3,872	181	228
Current tax liabilities	322	273	-	-
	<u>4,183</u>	<u>4,145</u>	<u>181</u>	<u>228</u>
Non-current liabilities				
Deferred tax liabilities	12	12	-	-
Total liabilities	<u>4,195</u>	<u>4,157</u>	<u>181</u>	<u>228</u>
NET ASSETS	<u>30,333</u>	<u>30,151</u>	<u>22,924</u>	<u>24,324</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)	-	-
Other reserve	46	46	-	-
Retained profits/ (accumulated losses)	5,131	4,853	(4,894)	(3,494)
	<u>30,303</u>	<u>30,025</u>	<u>22,924</u>	<u>24,324</u>
Non-controlling interests	<u>30</u>	<u>126</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY	<u>30,333</u>	<u>30,151</u>	<u>22,924</u>	<u>24,324</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 2018 (Unaudited)		As at 31 December 2017 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
-	-	-	-

Amount repayable after one year

As at 30 June 2018 (Unaudited)		As at 31 December 2017 (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 2018 and 31 December 2017.

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 2018 (Unaudited) RM'000	30 June 2017 (Unaudited) RM'000
Cash flows from operating activities		
Net profit/(loss)	185	(2,588)
Adjustments for:		
Income tax expense	252	92
Depreciation of property, plant and equipment	239	259
Interest income	(268)	(285)
Loss/(Gain) on disposal of property, plant and equipment	13	(4)
Provision for repayment of government grant	-	15
Property, plant and equipment written off	55	-
Unrealised currency translation difference	51	(55)
Operating cash flows before working capital changes	527	(2,566)
Change in working capital		
Trade and other receivables	(593)	492
Trade and other payables	(1,753)	341
Cash used in operations	(1,819)	(1,733)
Interest received	-	17
Income tax paid	(288)	(410)
Net cash used in operating activities	(2,107)	(2,126)
Cash flows from investing activities		
Acquisition of subsidiary corporation, net of cash acquired	-	(2,574)
Additions to property, plant and equipment	(254)	(209)
Interest received	268	268
Disposal of property, plant and equipment	6	8
Net cash generated from/ (used in) investing activities	20	(2,507)
Cash flows from financing activities		
Acquisition of a subsidiary corporation by non-controlling interest	-	397
Advances from a director	73	375
Placement of fixed deposit pledged	-	(45)
Net cash generated from financing activities	73	727

	30 June 2018	30 June 2017
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Net decrease in cash and cash equivalents	(2,014)	(3,906)
Cash and cash equivalents		
Beginning of financial period	22,927	25,328
Effects of currency translation on cash and cash equivalents	(51)	18
End of financial period	<u>20,862</u>	<u>21,440</u>
Cash and bank balances	22,531	21,485
Bank deposits pledged	-	(45) ⁽¹⁾
Bank balances restricted	<u>(1,669) ⁽²⁾</u>	-
Cash and cash equivalents per consolidated statement of cash flow	<u>20,862</u>	<u>21,440</u>

Note:-

(1) Bank deposits are pledged as security for a bank guarantee.

(2) Bank balances are restricted in use as these were kept by a subsidiary corporation on behalf of one of its clients for the purpose of making repayment to the client's claimant.

- 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 RM'000	Merger reserve RM'000	Other reserve RM'000	Retained profits RM'000	Non- controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2018	27,818	(2,692)	46	4,853	126	30,151
Total comprehensive profit for the year	-	-	-	278	(96)	182
Balance as at 30 June 2018	27,818	(2,692)	46	5,131	30	30,333

(Unaudited)

Balance as at 1 January 2017	27,818	(2,692)	52	5,776	380	31,334
Total comprehensive loss for the year	-	-	(46)	(2,151)	(430)	(2,627)
Acquisition of subsidiary corporation	-	-	-	-	220	220
Acquisition of additional equity interest in subsidiary corporation	-	-	(162)	-	162	-
Balance as at 30 June 2017	27,818	(2,692)	(156)	3,625	332	28,927

**Statement of Changes in Equity
Company**

(Unaudited)

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
Balance as at 1 January 2018	27,818	(3,494)	24,324
Total comprehensive loss for the year	-	(1,400)	(1,400)
Balance as at 30 June 2018	<u>27,818</u>	<u>(4,894)</u>	<u>22,924</u>

(Unaudited)

Balance as at 1 January 2017	27,818	(745)	27,073
Total comprehensive loss for the year	-	(1,502)	(1,502)
Balance as at 30 June 2017	<u>27,818</u>	<u>(2,247)</u>	<u>25,571</u>

- 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, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2017	160,320,000	27,817,984
Balance as at 30 June 2018	160,320,000	27,817,984

The Company did not have any treasury shares, subsidiary holdings or convertible instruments as at 30 June 2018 and 30 June 2017.

- 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 2018	As at 31 December 2017
Total number of issued shares	160,320,000	160,320,000

The Company did not have any treasury shares as at 30 June 2018 and 31 December 2017.

- 1(d)(iv) A statement showing all sales, transfers, 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.

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

Not applicable. The Company did not have any subsidiary holdings during, and as 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 2017.

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 2017. 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

Earnings/(Loss) per share ("EPS" or "LPS")	Group	
	Half year Ended	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Earnings/(Loss) attributable to owners of the parent (RM)	278,266	(2,150,766)
Weighted average number of ordinary shares in issue	160,320,000	160,320,000
Basic EPS / (LPS) (RM cents per share)	0.17	(1.34)
Fully diluted EPS / (LPS) (RM cents per share) ⁽¹⁾	0.17	(1.34)

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 2018 and 30 June 2017.

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 2018 (Unaudited)	31 December 2017 (Audited)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
NAV (RM)	30,333,160	30,150,476	22,924,060	24,324,047
Number of ordinary shares in issue	160,320,000	160,320,000	160,320,000	160,320,000
NAV per ordinary share (RM cents)	18.92	18.81	14.30	15.17

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 2018 ("1H2018") as compared to the half year ended 30 June 2017 ("1H2017").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenue

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

	1H2018 (RM million)	1H2017 (RM million)	% Change
Tax Advisory	3.9	3.4	14.7
Business Consultancy	4.9	4.4	11.4
Enterprise Management System ("EMS") Application	0.4	0.3	33.3
Business Support	2.4	1.5	60.0
Total	11.6	9.6	20.8

Revenue for the Group increased by 20.8% or RM2.0 million in 1H2018 mainly due to the improved performance in tax advisory, business consultancy and business support services divisions. The improved business was mainly attributable to the more marketing initiatives undertaken by the Group.

Other gain decreased by RM0.3 million mainly due to the waiver of debts amounting to RM0.2 million in the prior year which was not recurring in 1H2018.

Employee compensation decreased by RM1.0 million mainly due to temporary cessation of business operations in Axcelasia Vietnam Co., Ltd ("**Axcelasia Vietnam**") in 2H2017.

Rental on operating lease and maintenance expenses decreased by RM0.3 million mainly due to termination of tenancy of office premise for Audex Governance Sdn Bhd ("**Audex**"), Axcelasia Vietnam and Axcelasia Laos.

Subcontractors' fee decreased by RM0.1 million due to lesser services required from third party subcontractors for assignments in 1H2018.

Other expenses increased by RM0.3 million mainly due to increase in travelling expenses, insurance, license fee, printing and stationery, subscription fee partially offset by absence of allowance for

doubtful debts and repayment for cradle fund, decrease in VAT expenses, legal fee, investor relation, professional fees, share of administration, search fee and website maintenance.

As a result of the above, profit before income tax was RM0.4 million in 1H2018 compared to a loss before income tax of RM2.5 million in 1H2017.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Current assets

Trade and other receivables comprised mainly trade receivables from non-related parties of RM7.3 million and other receivables of RM0.7 million which mainly consist of rental deposits and accrued interest income derived from fixed deposits. The increase in trade and other receivables by RM0.7 million was in line with the higher revenue in 1H2018.

Cash and bank balances decreased by RM0.4 million mainly due to expenses incurred for the Group's working capital requirements and partially offset by higher collections from clients.

Non-current assets

Property, plant and equipment decreased by RM0.1 million mainly due to the disposal of furniture and office equipment of Audex in 2H 2017, partially offset by the additions of renovation cost for the new office premise taken up by Axcelasia Global Business Services Sdn Bhd ("**Axcelasia Global**") in 1H2018.

Goodwill of RM2.1 million arose from the acquisition of Audex.

Current liabilities

Other payables decreased by RM11,000 mainly due to lower goods and services tax liability of RM0.1 million, settlement of dividend payment of RM0.4 million to previous shareholder of Audex before the acquisition in March 2017 pursuant to the terms of the sale and purchase agreement, and partially offset by increase in other payables arising from increase in bank balances relating to a client account under the Group's business support segment. There were no trade payables as at 30 June 2018.

CONSOLIDATED STATEMENT OF CASH FLOW

Net cash used in operating activities in 1H2018 was RM2.1 million, which comprised cash generated in operating activities before working capital changes of RM0.5 million, working capital outflow of RM2.3 million and income tax paid of RM0.3 million. Working capital outflow was mainly due to increase in trade and other receivables of RM0.6 million and decrease in other payables of RM1.7 million.

Net cash generated from investing activities in 1H2018 was RM20,000, mainly due to an inflow of bank interest income of RM0.3 million offset by additions to property, plant and equipment of RM0.3 million.

Net cash generated from financing activities in 1H2018 was RM0.1 million, mainly due to interest-free advance from a director of the Company's subsidiary for the purposes of working capital for that subsidiary.

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 forecast or a prospect statement has been done prior to this.

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.

The Group has returned to profitability based on the 6 months ended 30 June 2018 results, which is a testament to the turnaround strategy that was implemented by the Axcelasia Group in FY2017.

Axcelasia will continue its marketing initiatives and build capacity in the areas such as business continuity management, corporate finance and information technology. Besides, the Group has also been actively exploring acquisition opportunities, as and when they arise, of businesses which are synergistic with the Group's business.

Despite the positive turnaround in the Group results, there may be changes to the political environment in Malaysia which may result in corporate clients deferring commencement of large engagements.

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 1H2018.

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

The Company refers to the net proceeds amounting to S\$7.58 million (excluding listing expenses of approximately S\$1.3 million) raised from the IPO on the Catalist Board of SGX-ST on 27 November 2015 and the Company’s announcement dated 23 February 2017 on the re-allocation of IPO net 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 in the Offer Document (S\$’000)</u>	<u>Amount reallocated on 22 February 2017 (S\$’000)</u>	<u>Amount utilised as at 2 August 2018 (S\$’000)</u>	<u>Amount unutilised as at 2 August 2018 (S\$’000)</u>
Expand our business operations in Malaysia and the ASEAN region and enhance our range of professional services	6,000	4,000	(1,842)	2,158
Enhance our Group’s office and support infrastructure	500	500	(118)	382
Working capital	1,080	3,080	(2,541) ⁽¹⁾	539

Listing expenses to be borne by our Company	1,300	1,300	(1,300)	-
Total	8,880	8,880	(5,801)	3,079

Note:

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

The above utilisations are in accordance with the intended use of IPO net proceeds, as stated in the Company's offer document dated 18 November 2015 and the Re-allocation Announcement.

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 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Veerinderjeet Singh
 Non Executive Chairman
 3 August 2018

This announcement has been prepared by Axcelasia Inc (the "Company") and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (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.

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