

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

**Unaudited Financial Statement and Dividend Announcement
For the Half Year Ended 30 June 2019**

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 2019 (Unaudited) RM'000	30 June 2018 (Unaudited) RM'000	
Revenue	11,819	11,648	1.47
Other gain - net	317	250	26.8
	12,136	11,898	2.00
Expenses			
- Depreciation of property, plant and equipment	(253)	(239)	5.86
- Employee compensation	(8,383)	(8,426)	(0.51)
- Referral fees and research charges	(5)	(17)	(70.59)
- Rental on operating lease and maintenance	(319)	(571)	(44.13)
- Subcontractors' fee	(71)	(107)	(33.64)
- Other expenses	(2,400)	(2,101)	14.23
Total expenses	(11,431)	(11,461)	(0.26)
Profit before income tax	705	437	61.33
Income tax expense	(430)	(252)	70.63
Net Profit	275	185	48.65
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation – Loss	(1)	(3)	N.M
Total comprehensive profit	274	182	N.M
Profit/(Loss) attributable to:			
Equity holders of the Company	304	278	N.M
Non-controlling interests	(29)	(93)	N.M
	275	185	N.M
Total comprehensive profit/(loss) attributable to:			
Equity holders of the Company	303	278	N.M.
Non-controlling interests	(29)	(96)	N.M.
	274	182	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 2019 (Unaudited) RM'000	30 June 2018 (Unaudited) RM'000	
Other gain - net			
Fixed deposits interest income	(296)	(263)	12.55
Bank deposits interest income	(1)	(5)	(80.00)
Trade receivable written back	-	(5)	N.M.
Reversal in allowance for doubtful debts	(4)	-	N.M.
Realised foreign exchange loss, net	5	2	150.00
Unrealised foreign exchange loss, net	-	47	N.M.
Loss on disposal of property, plant and equipment, net	-	13	N.M.
Property, plant and equipment written off	6	-	N.M.
Sundry income	(27)	(39)	(30.77)
Depreciation of property, plant and equipment	253	239	5.86
Rental on operating lease and maintenance			
Rental of office and car park	279	514	(45.72)
Rental of car and office equipment	4	3	33.33
Upkeep of office and office equipment	34	49	(30.61)
Website maintenance	2	5	(60.00)
Other expenses			
Travelling	103	331	(68.88)
Insurance	130	121	7.44
Seminar and training	71	32	121.88
Audit fee	-	24	N.M.
Professional fees (Internal audit, sponsorship, investor relations, legal, secretarial and other professional fee)	145	239	(39.33)

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 2019 (Unaudited) RM'000	31 December 2018 (Audited) RM'000	30 June 2019 (Unaudited) RM'000	31 December 2018 (Audited) RM'000
ASSETS				
Current assets				
Trade and other receivables	9,841	10,512	4,047	420
Income tax recoverable	499	569	-	-
Cash and cash equivalents	22,310	23,323	10,432	11,527
	<u>32,650</u>	<u>34,404</u>	<u>14,479</u>	<u>11,947</u>
Non-Current assets				
Property, plant and equipment	1,020	1,048	112	145
Goodwill	2,130	2,130	-	-
Investments in subsidiary corporations	-	-	8,815	8,815
	<u>3,150</u>	<u>3,178</u>	<u>8,927</u>	<u>8,960</u>
Total assets	<u>35,800</u>	<u>37,582</u>	<u>23,406</u>	<u>20,907</u>
LIABILITIES				
Current liabilities				
Trade and other payables	3,614	5,846	425	424
Current tax liabilities	219	138	-	-
	<u>3,833</u>	<u>5,984</u>	<u>425</u>	<u>424</u>
Non-current liabilities				
Total liabilities	<u>3,833</u>	<u>5,984</u>	<u>425</u>	<u>424</u>
NET ASSETS	<u>31,967</u>	<u>31,598</u>	<u>22,981</u>	<u>20,483</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	27,818	27,818	27,818	27,818
Treasury shares	(3)	-	(3)	-
Merger reserve	(2,692)	(2,692)	-	-
Other reserve	41	42	-	-
Retained profits/ (accumulated losses)	6,763	6,459	(4,834)	(7,335)
	<u>31,927</u>	<u>31,627</u>	<u>22,981</u>	<u>20,483</u>
Non-controlling interests	<u>40</u>	<u>(29)</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY	<u>31,967</u>	<u>31,598</u>	<u>22,981</u>	<u>20,483</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 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
-	-	-	-

Amount repayable after one year

As at 30 June 2019 (Unaudited)		As at 31 December 2018 (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 2019 and 31 December 2018.

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 2019 (Unaudited) RM'000	30 June 2018 (Unaudited) RM'000
Cash flows from operating activities		
Net profit	275	185
Adjustments for:		
Income tax expense	430	252
Depreciation of property, plant and equipment	253	239
Interest income	(297)	(268)
Loss on disposal of property, plant and equipment	-	13
Property, plant and equipment written off	6	55
Unrealised currency translation difference	(2)	51
Operating cash flows before working capital changes	665	527
Change in working capital		
Trade and other receivables	671	(593)
Trade and other payables	(757)	(1,753)
Cash generated from/(used in) operations	579	(1,819)
Income tax paid	(279)	(288)
Net cash generated from/(used in) operating activities	300	(2,107)
Cash flows from investing activities		
Additions to property, plant and equipment	(232)	(254)
Interest received	297	268
Disposal of property, plant and equipment	-	6
Net cash generated from investing activities	65	20
Cash flows from financing activities		
Acquisition of a subsidiary corporation by non-controlling interest	98	-
Advances from a director of a subsidiary corporation	-	73
Placement of fixed deposit pledged	(12)	-
Share buyback	(3)	-
Net cash generated from financing activities	83	73

	30 June 2019	30 June 2018
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	448	(2,014)
Cash and cash equivalents		
Beginning of financial period	21,848	22,927
Effects of currency translation on cash and cash equivalents	2	(51)
End of financial period	<u>22,298</u>	<u>20,862</u>
Cash and bank balances	22,310	22,531
Bank deposits pledged	(12) ⁽¹⁾	-
Bank balances restricted	-	(1,669) ⁽²⁾
Cash and cash equivalents per consolidated statement of cash flow	<u>22,298</u>	<u>20,862</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	Treasury shares 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 2019	27,818	-	(2,692)	42	6,459	(29)	31,598
Total comprehensive profit for the year	-	-	-	(1)	304	(29)	274
Acquisition of subsidiary Corporation	-	-	-	-	-	98	98
Share buyback	-	(3)	-	-	-	-	(3)
Balance as at 30 June 2019	27,818	(3)	(2,692)	41	6,763	40	31,967

(Unaudited)

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

**Statement of Changes in Equity
Company**

(Unaudited)

	Share capital RM'000	Treasury shares RM'000	Accumulated losses RM'000	Total equity RM'000
Balance as at 1 January 2019	27,818	-	(7,335)	20,483
Total comprehensive profit for the year	-	-	2,501	2,501
Share buyback	-	(3)	-	(3)
Balance as at 30 June 2019	27,818	(3)	(4,834)	22,981

(Unaudited)

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	27,818	-	(4,894)	22,924

- 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 2018	160,320,000	27,817,984
Purchased of shares pursuant to the Share Buy Back Mandate	(9,700)	-
Balance as at 30 June 2019	160,310,300	27,817,984

Treasury Shares

There were 9,700 treasury shares representing 0.006% of the Company’s 160,310,300 ordinary shares (excluding treasury shares) as at 30 June 2019. There were no treasury shares as at 30 June 2018.

Subsidiary Holdings and Convertible Instruments

The Company did not have any subsidiary holdings or convertible instruments as at 30 June 2019 and 30 June 2018.

- 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 2019	As at 31 December 2018
Total number of issued shares (excluding treasury shares)	160,310,300	160,320,000

- 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 sales, transfers, cancellation and/or use of 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 2018.

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 2019. 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 per share ("EPS")	Group	
	Half year Ended	
	30 June 2019 (Unaudited)	30 June 2018 (Unaudited)
Earnings attributable to owners of the parent (RM)	303,919	278,266
Weighted average number of ordinary shares in issue	160,315,150	160,320,000
Basic EPS (RM cents per share)	0.19	0.17
Fully diluted EPS (RM cents per share) ⁽¹⁾	0.19	0.17

Notes:-

- (1) The basic and fully diluted EPS were the same as there were no potential dilutive ordinary shares in issue as at 30 June 2019 and 30 June 2018.

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 2019 (Unaudited)	31 December 2018 (Audited)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
NAV (RM)	31,967,534	31,597,530	22,981,312	20,482,848
Number of ordinary shares in issue (excluding treasury shares)	160,310,300	160,320,000	160,310,300	160,320,000
NAV per ordinary share (RM cents)	19.94	19.71	14.34	12.78

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 2019 ("1H2019") as compared to the half year ended 30 June 2018 ("1H2018").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenue

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

	1H2019 (RM million)	1H2018 (RM million)	% Change
Tax Advisory	4.2	3.9	7.69
Business Consultancy	4.7	4.9	(4.08)
Enterprise Management System ("EMS") Application	0.4	0.4	-
Business Support	2.5	2.4	4.17
Total	11.8	11.6	1.72

Revenue for the Group increased by 1.7% or RM0.2 million in 1H2019 mainly due to the improved performance in tax advisory and business support services divisions, slightly offset by the decrease in revenue from the business consultancy segment.

Other gain increased by RM67,000 mainly due to the increase in interest income derived from higher fixed deposits placed with the financial institutions, decrease in unrealised foreign exchange loss (net) and reversal in allowance for doubtful debts, partially offset by property, plant and equipment written off in 1H2019.

Rental on operating lease and maintenance expenses decreased by RM0.3 million mainly due to lower rental for new office premise for Axcelasia Columbus Sdn Bhd ("**Axcelasia Columbus**") and renegotiated rental rates for the other tenancy agreements within the Group in 1H2019.

Subcontractors' fee decreased by RM36,000 due to lesser services required from third party subcontractors for assignments in 1H2019.

Other expenses increased by RM0.3 million mainly due increased expenses in respect of a business support project in 1H2019.

As a result of the above, profit before income tax increased by RM0.3 million to RM0.7 million in 1H2019 from RM0.4 million in 1H2018.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Current assets

Trade and other receivables comprised mainly trade receivables from non-related parties of RM8.6 million and other receivables of RM1.3 million which mainly consist of other receivables from non-related parties, rental deposits and accrued interest income derived from fixed deposits. The decrease in trade and other receivables by RM0.7 million was due to higher collections from clients, partially offset by higher receivables arising from increased revenue in 1H2019.

Cash and cash equivalents decreased by RM1.0 million mainly due to refund of bank balances (restricted in use) of RM1.5 million to a client under the Group's business support segment partially offset by higher collections from clients

Non-current assets

Property, plant and equipment decreased by RM28,000 mainly due to depreciation charged and renovation cost written off by Axcelasia Softnex Sdn Bhd ("**Axcelasia Softnex**"), partially offset by the additions of renovation cost for the new office premises taken up by Axcelasia Columbus and Axcelasia Global Business Services Sdn Bhd ("**Axcelasia Global**") in 1H2019.

Goodwill of RM2.1 million arose from the acquisition of Audex Governance Sdn Bhd ("**Audex**").

Current liabilities

Other payables decreased by RM2.2 million mainly due to the refund of bank balances (restricted in use) of RM1.5 million relating to a client account under the Group's business support segment and decrease in accruals due to lesser accruals provided for direct expenses. There were no trade payables as at 30 June 2019.

CONSOLIDATED STATEMENT OF CASH FLOW

Net cash generated from operating activities in 1H2019 was RM0.3 million, which comprised cash generated from operating activities before working capital changes of RM0.7 million, working capital outflow of RM0.1 million and income tax paid of RM0.3 million. Working capital outflow was mainly due to decrease in trade and other receivables of RM0.7 million and other payables of RM0.8 million.

Net cash generated from investing activities in 1H2019 was RM0.1 million, mainly due to an inflow of bank interest income of RM0.3 million, partially offset by additions to property, plant and equipment of RM0.2 million.

Net cash generated from financing activities in 1H2019 was RM0.1 million, mainly due to capitalisation of interest-free advance provided by a minority shareholder of Axcelasia HR Consulting Sdn Bhd ("**AHC**"), a 51% -owned subsidiary of the Company, to AHC , partially offset by placement of fixed deposit pledged of RM12,000.

Cash and cash equivalents decreased to RM22.3 million as at 30 June 2019.

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 provided 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.

The Group managed to achieve an improved revenue and profit after tax during the 6 months ended 30 June 2019.

Axcelasia will continue to enhance its marketing initiatives for all business segments to build on the momentum of its financial performance for the first 6 months ended 30 June 2019. Besides, the Group has been actively exploring acquisition opportunities, as and when they arise, of businesses which are synergistic with the Group's existing businesses.

11. Dividend

If a decision regarding dividend has been made: -

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

Yes, interim dividend has been approved by the Board.

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

Name of Dividend (First and Final)	Interim
Dividend Type	Cash
Dividend Amount per Share	0.002 Singapore dollar
Tax Rate	Single tier tax exempt

- (b)(ii) Previous corresponding period (cents)

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).

The proposed interim dividend is tax-exempt.

(c) The date the dividend is payable.

To be announced at a later date.

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

To be announced at a later date.

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

Not applicable.

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. There was no IPT of S\$100,000 and above entered into during 1H2019.

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 8 August 2019 (S\$'000)</u>	<u>Amount unutilised as at 8 August 2019 (S\$'000)</u>
Expand our business operations in Malaysia and the ASEAN region and enhance our range of professional services	6,000	4,000	(1,843)	2,157
Enhance our Group's office and support infrastructure	500	500	(118)	382
Working capital	1,080	3,080	(3,080) ⁽¹⁾	-
Listing expenses to be borne by our Company	1,300	1,300	(1,300)	-
Total	8,880	8,880	(6,341)	2,539

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 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ranjit Singh A/L Taram Singh
Group Chief Executive Officer
13 August 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Ms Tan Pei Woon, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg)