

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

**Unaudited Financial Statement and Dividend Announcement
For the Half Year Ended 30 June 2017**

*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.

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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 2017 (Unaudited) RM'000	30 June 2016 (Unaudited) RM'000	
Revenue	9,614	8,263	16.35
Other income - net	579	318	82.08
	10,193	8,581	18.79
Expenses			
- Depreciation of property, plant and equipment	(259)	(153)	69.28
- Employee compensation	(9,473)	(5,004)	89.31
- Referral fees and research charges	(30)	(27)	11.11
- Rental on operating lease and maintenance	(874)	(490)	78.36
- Subcontractors' fee	(241)	(513)	(53.02)
- Other expenses	(1,812)	(2,237)	(19.00)
Total expenses	(12,689)	(8,424)	50.63
(Loss)/Profit before income tax	(2,496)	157	N.M
Income tax expense	(92)	(448)	(79.46)
Net loss	(2,588)	(291)	N.M
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation - Loss	(39)	-	N.M
Total comprehensive loss	(2,627)	(291)	N.M
Loss attributable to:			
Equity holders of the Company	(2,151)	(279)	N.M
Non-controlling interests	(437)	(12)	N.M
	(2,588)	(291)	N.M
Total comprehensive loss attributable to:			
Equity holders of the Company	(2,197)	(279)	N.M.
Non-controlling interests	(430)	(12)	N.M.
	(2,627)	(291)	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 2017 (Unaudited) RM'000	30 June 2016 (Unaudited) RM'000	
Other Income			
Fixed deposits interest income	(268)	(254)	5.51
Bank deposit interest income	(17)	(21)	[(19.05)]
Write-back of trade receivable written off	(77)	-	N.M
Waiver of debts by non-controlling shareholder	(182)	-	N.M
Other income	(35)	(43)	(18.60)
Depreciation of property, plant and equipment	259	153	69.28
Rental on operating lease and maintenance			
Rental of office and car park	784	427	83.61
Upkeep of office and office equipment	62	43	44.18
Website maintenance	16	20	(20.00)
Other expenses			
Travelling	290	221	31.22
Insurance	73	69	5.80
Seminar and training	58	29	100.00
Trade receivables written off	-	109	N.M
Allowance for impairment of trade receivables	34	-	N.M
Goodwill written off	-	14	N.M
Professional fees (Internal audit, sponsorship, investor relations, legal, secretarial and other professional fee)	340	243	39.92

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 2017 (Unaudited) RM'000	31 December 2016 (Audited) RM'000	30 June 2017 (Unaudited) RM'000	31 December 2016 (Audited) RM'000
ASSETS				
Current assets				
Trade and other receivables	5,927	5,190	203	459
Income tax recoverable	1,438	1,028	-	-
Cash and cash equivalents	21,485	25,328	15,170	20,378
	<u>28,850</u>	<u>31,546</u>	<u>15,373</u>	<u>20,837</u>
Non-Current assets				
Property, plant and equipment	1,608	1,636	252	283
Investments in subsidiary corporations	-	-	8,133	6,262
Goodwill	2,130	-	2,130	-
	<u>3,738</u>	<u>1,636</u>	<u>10,515</u>	<u>6,545</u>
Total assets	<u>32,588</u>	<u>33,182</u>	<u>25,888</u>	<u>27,382</u>
LIABILITIES				
Current liabilities				
Trade and other payables	3,591	1,822	317	309
Current tax liabilities	56	12	-	-
	<u>3,647</u>	<u>1,834</u>	<u>317</u>	<u>309</u>
Non-current liabilities				
Deferred tax liabilities	14	14	-	-
Total liabilities	<u>3,661</u>	<u>1,848</u>	<u>317</u>	<u>309</u>
NET ASSETS	<u>28,927</u>	<u>31,334</u>	<u>25,571</u>	<u>27,073</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	(156)	52	-	-
Retained profits/ (accumulated losses)	3,625	5,776	(2,247)	(745)
	<u>28,595</u>	<u>30,954</u>	<u>25,571</u>	<u>27,073</u>
Non-controlling interests	<u>332</u>	<u>380</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY	<u>28,927</u>	<u>31,334</u>	<u>25,571</u>	<u>27,073</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 2017 (Unaudited)		As at 31 December 2016 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
-	-	-	-

Amount repayable after one year

As at 30 June 2017 (Unaudited)		As at 31 December 2016 (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 2017 and 31 December 2016.

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 2017 (Unaudited) RM'000	30 June 2016 (Unaudited) RM'000
Cash flows from operating activities		
Net loss	(2,588)	(291)
Adjustments for:		
Income tax expense	92	448
Depreciation of property, plant and equipment	259	153
Interest income	(285)	(275)
Gain on disposal of property, plant and equipment	(4)	-
Provision for repayment of government grant	15	-
Goodwill written off	-	14
Unrealised currency translation difference	(55)	-
Operating cash flows before working capital changes	(2,566)	49
Change in working capital		
Trade and other receivables	492	(1,065)
Trade and other payables	341	(1,054)
Cash used in operations	(1,733)	(2,070)
Interest received	17	275
Income tax paid	(410)	(1,123)
Net cash used in operating activities	(2,126)	(2,918)

	Half year Ended	
	30 June 2017 (Unaudited) RM'000	30 June 2016 (Unaudited) RM'000
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(2,574)	(14)
Additions to property, plant and equipment	(209)	(400)
Development cost in progress	-	(174)
Interest received	268	-
Disposal of property, plant and equipment	8	-
Net cash used in investing activities	(2,507)	(588)
Cash flows from financing activities		
Acquisition of a subsidiary corporation by non-controlling interest	397	417
Advances from directors	375	-
Placement of fixed deposit pledged	(45)	-
Net cash generated from financing activities	727	417
Net decrease in cash and cash equivalents	(3,906)	(3,089)
Cash and cash equivalents		
Beginning of financial period	25,328	28,982
Effects of currency translation on cash and cash equivalents	18	-
End of financial period	21,440	25,893
Cash and bank balances	21,485	25,893
Bank deposits pledged	(45) ⁽¹⁾	-
Cash and cash equivalents per consolidated statement of cash flow	21,440	25,893

Note:-

(1) Bank deposits are pledged in relation to the security granted for a bank guarantee.

- 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 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

(Unaudited)

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

**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 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>

(Unaudited)

Balance as at 1 January 2016	27,818	2,104	29,922
Total comprehensive loss for the year	-	(1,657)	(1,657)
Balance as at 30 June 2016	<u>27,818</u>	<u>447</u>	<u>28,265</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 2016	160,320,000	27,817,984
Balance as at 30 June 2017	160,320,000	27,817,984

The Company did not have any treasury shares, subsidiary holdings or convertible instruments as at 30 June 2017 and 30 June 2016.

- 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 2017	As at 31 December 2016
Total number of issued shares	160,320,000	160,320,000

The Company did not have any treasury shares as at 30 June 2017 and 31 December 2016.

- 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.

- 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 2016.

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 2017 (Unaudited)	30 June 2016 (Unaudited)
Loss attributable to owners of the parent (RM)	(2,150,766)	(279,431)
Weighted average number of ordinary shares in issue	160,320,000	160,320,000
Basic (LPS) (RM cents per share)	(1.34)	(0.17)
Fully diluted (LPS) (RM cents per share) ⁽¹⁾	(1.34)	(0.17)

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 2017 and 30 June 2016.

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 2017 (Unaudited)	31 December 2016 (Audited)	30 June 2017 (Unaudited)	31 December 2016 (Audited)
NAV (RM)	28,927,489	31,333,956	25,571,368	27,073,238
Number of ordinary shares in issue	160,320,000	160,320,000	160,320,000	160,320,000
NAV per ordinary share (RM cents)	18.04	19.54	15.95	16.89

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 2017 ("1H2017") as compared to the half year ended 30 June 2016 ("1H2016").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenue

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

	1H2017 (RM million)	1H2016 (RM million)	% Change
Tax Advisory	3.4	3.1	9.68
Business Consultancy	4.4	3.8	15.79
Enterprise Management System ("EMS") Application	0.3	0.2	50.00
Business Support	1.5	1.2	25.00
Total	9.6	8.3	15.66

Revenue for the Group increased 15.7% or RM1.3 million in 1H2017 mainly due to revenue generated from its newly incorporated subsidiary corporation, Axcelasia Vietnam Co Ltd ("**Axcelasia Vietnam**") and acquisition of a wholly-owned subsidiary corporation, Audex Governance Sdn Bhd ("**Audex**").

Other income increased by RM0.3 million derived mainly from waiver of debts by non-controlling interest from acquisition of additional equity interest in a subsidiary corporation, Axcelasia Lao Co Ltd ("**Axcelasia Laos**").

Depreciation of property, plant and equipment increased by RM0.1 million due to the the addition of computers, office equipment and renovation for the new office of Axcelasia Vietnam and depreciation charges arising from the acquisition of Audex.

Employee compensation increased by RM4.5 million largely due to an increase in the total staff headcount of the Group, mainly attributable to the incorporation and acquisition of Axcelasia Vietnam and Audex respectively during 1H2017.

Rental on operating leases and maintenance expense increased by RM0.4 million due to the additional and new office premise taken up by the Company and Axcelasia Vietnam respectively.

Subcontractors' fee decreased by RM0.3 million due to the settlement of the subcontractors' fee following the completion of a substantial portion of a major contract in FY2016.

Other expenses decreased by RM0.4 million mainly due to decrease in advertising and promotions, conference expenses and absence of trade receivables written off partially offset by increase in travelling expenses, printing and stationery, allowance for doubtful debts, legal fees, other professional fee and other expenses due to the higher staff headcount, setting up of Axcelasia Vietnam and acquisition expenses arising from the acquisition of Audex.

As a result of the above, loss before income tax was RM2.5 million in 1H2017 compared to a profit before tax of RM0.2 million in 1H2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Current assets

Trade and other receivables comprised mainly trade receivables from non-related parties of RM5.0 million and other receivables of RM1.0 million which were mainly consist of deposits paid on office rental and accrued interest income derived from fixed deposits. Trade and other receivables increased by RM0.7 million was in line with the higher revenue in 1H2017.

Cash and bank balances decreased by RM3.8 million mainly due to costs incurred for the Group's ASEAN expansion, acquisition of a wholly-owned subsidiary corporation and working capital requirements.

Non-current assets

Property, plant and equipment decreased by RM30,000 mainly due to depreciation charged on capitalisation of the EMS Application software in FY2016 and partially offset by the addition of computers, office equipment and renovation for the new office of Axcelasia Vietnam.

Goodwill of RM2.1 million is due to acquisition of Audex.

Current liabilities

Other payables increased by RM1.8 million mainly due to higher Goods and Services Tax liability of RM0.4 million arising from higher revenue, an increase of RM1.0 million in accruals and amounts owing to other creditors as a result of more accruals provided for staff bonuses, an increase in amount due to directors due to advances from directors and also dividend payable to previous shareholders. There were no trade payables as at 30 June 2017.

CONSOLIDATED STATEMENT OF CASH FLOW

Net cash used in operating activities in 1H2017 was RM2.1 million, which comprised cash used in operating activities before working capital changes of RM2.6 million, working capital outflow of RM1.7 million and income tax paid of RM0.4 million offset by an inflow of bank interest income of RM17,000.

Net cash used in investing activities in 1H2017 was RM2.5 million, mainly due to the acquisition of Audex for a net cash consideration of RM2.6 million.

Net cash generated from financing activities in 1H2017 was RM0.7 million, mainly attributable to proceeds from issuance of ordinary shares of Axcelasia Vietnam of RM0.4 million and advances from directors of RM0.4 million.

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.

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 expansions in Singapore, Laos and Vietnam focusing on tax advisory, business consultancy, internal audit, risk management advisory and business support services. However there are initial challenges in terms of establishing a foothold in the respective markets and the Group will continue to explore options for such operations. The recent acquisition of Audex Governance Sdn Bhd has served to increase the client base of the Group which will provide potential synergies with other services provided by the Group. The group has also been active in discussions with relevant parties for the acquisition of businesses which are synergistic with the Group's business.

Axcelasia will continue its marketing activities and build capacity in complementary areas such as business continuity management, corporate finance and information technology. The Group will take part in various conferences in 2H2017 to further raise its profile and promote its capabilities.

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 1H2017.

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 IPTs.

There are no IPTs of S\$100,000 and above entered into during 1H 2017.

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 ("**Re-allocation Announcement**").

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 24 July 2017 (S\$'000)</u>	<u>Amount unutilised as at 24 July 2017 (S\$'000)</u>
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Expand our business operations in Malaysia and the ASEAN region and enhance our range of professional services	6,000	4,000	(1,776)	2,224
Enhance our Group's office and support infrastructure	500	500	(112)	388
Working capital	1,080	3,080	(1,615) ⁽¹⁾	1,465
Listing expenses to be borne by our Company	1,300	1,300	(1,300)	-
Total	8,880	8,880	(4,803)	4,077

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 2017 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr. Veerinderjeet Singh
Executive Chairman
11 August 2017