

EXCEL FORCE MSC BERHAD (570777-X)

Interim Financial Report on unaudited results for the 4th Quarter Ended 31 December 2004

Condensed Income Statement

	(Unaudited) Individual Quarter		(Unaudited)	(Audited)
	Current Year Quarter 31.12.04 RM'000	Preceeding Year Corresponding Quarter 31.12.03 RM'000	Cumulative Quarter Current Year To Date 31.12.04 RM'000	Preceeding Year Corresponding Period 31.12.03 RM'000
Revenue	2,020	N/A	4,299	3,249
Other operating income	16	N/A	41	25
Operating expenses	(1,275)	N/A	(2,769)	(1,756)
Profit from operations	761	N/A	1,571	1,518
Finance costs	-	N/A	-	-
Profit before taxation	761	N/A	1,571	1,518
Taxation	(5)	N/A	(52)	(5)
Profit after taxation	756	N/A	1,519	1,513
Minority interests	-	N/A	-	-
Profit after taxation and minority interests	756	N/A	1,519	1,513
Net profit attributable to shareholders	756	N/A	1,519	1,513
Earnings per share				
(i) Basic (sen)	1.15	N/A	3.30	27.54
(ii) Diluted (sen)	N/A	N/A	N/A	N/A

Comparative figures for the preceding year comparative quarter is not available as this is the first set of the 4th Quarter interim financial statements presented.

The attached condensed financial statements (Balance Sheet, Cashflow Statement, Statement of Changes in Equity) and explanatory notes form an integral part of this report.

EXCEL FORCE MSC BERHAD (570777-X)

Interim Financial Report on unaudited results for the 4th Quarter Ended 31 December 2004

Condensed Balance Sheet

	(Unaudited) As at end of current quarter 31.12.04 RM'000	(Audited) As at preceeding financial year end 31.12.03 RM'000
Property, Plant and Equipment	1,792	839
Research & Development Costs	1,356	734
Intangible Assets	858	960
Current Assets		
Inventories	68	159
Trade and other receivables	1,484	1,052
Cash and cash equivalents	9,266	1,134
	<u>10,818</u>	<u>2,345</u>
Current Liabilities		
Trade and other payables	996	660
Tax liabilities	-	5
Hire purchase creditor (current)	28	-
Dividend payable	-	71
	<u>1,024</u>	<u>736</u>
Net Current Assets	9,794	1,609
	<u>13,800</u>	<u>4,142</u>
Capital and Reserves		
Share capital	8,000	1,600
Reserves	5,745	2,542
Shareholder's funds	<u>13,745</u>	<u>4,142</u>
Long Term and Deferred Liabilities		
Minority interests	-	-
Deferred taxation	-	-
Hire purchase creditor (non-current)	55	-
	<u>13,800</u>	<u>4,142</u>
Net tangible assets per share (RM)	0.14	0.15

The accompanying explanatory notes form an integral part of this report.

EXCEL FORCE MSC BERHAD (570777-W)

Interim Financial Report on unaudited results for the 4th Quarter Ended 31 December 2004

Condensed Cash Flow Statement

	(Unaudited) 12 Months Ended 31.12.04 RM'000	(Audited) 12 Months Ended 31.12.03 RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	1,571	1,518
Adjustment for :		
Non Cash Items	392	217
Interest income	(41)	(24)
Operating profit before working capital changes	<u>1,922</u>	<u>1,711</u>
Changes in Working Capital		
Net Changes in Current Asset	(339)	(433)
Net Changes in Current Liabilities	337	(131)
Cash Generated From Operations	<u>1,920</u>	<u>1,147</u>
Tax paid	(58)	(2)
Interest received	41	24
Development cost incurred	(646)	(508)
Net Cash From Operating Activities	<u>1,257</u>	<u>661</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,161)	(310)
Proceeds from disposal of property, plant & equipment	24	-
Net Cash Used In Investing Activities	<u>(1,138)</u>	<u>(310)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New Issue of Shares	10,288	203
listing expenses	(904)	-
Dividends Paid	(1,371)	(89)
Net Cash From/(Used In) Financing Activities	<u>8,013</u>	<u>114</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	8,132	465
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	1,134	669
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER	<u><u>9,266</u></u>	<u><u>1,134</u></u>

The accompanying explanatory notes form an integral part of this report.

EXCEL FORCE MSC BERHAD (570777-W)
Interim Financial Report on unaudited results for the 4th Quarter Ended 31 December 2004
Condensed Statement of Changes in Equity

	Share Capital	Share Premium	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000
<u>Unaudited 12 months ended 31 December 2004</u>				
Balance at 1 January 2004	1,600	-	2,542	4,142
<u>Issuance of shares</u>				
Bonus	1,920	-	(1,920)	-
Rights	2,720	-	-	2,720
Public	1,760	5,808	-	7,568
- listing expenses	-	(904)	-	(904)
Net profit for the 12 months ended 31 December 2004	-	-	1,519	1,519
Dividend paid	-	-	(1,300)	(1,300)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2004	8,000	4,904	841	13,745
	<hr/>	<hr/>	<hr/>	<hr/>

Preceding audited financial year ended 31 December 2003

Balance at 1 January 2003	*	-	1,189	1,189
Issuance of shares	1,600	-	-	1,600
Profit for the year	-	-	1,513	1,513
Dividend paid	-	-	(160)	(160)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2003	1,600	-	2,542	4,142
	<hr/>	<hr/>	<hr/>	<hr/>

Note :

* Share capital as at 1 January 2003 is RM100.

The accompanying explanatory notes form an integral part of this report.

A. EXPLANATORY NOTES AS PER FINANCIAL REPORTING STANDARDS NO. 134

A1. Basis of Preparation

These interim unaudited financial statements have been prepared in compliance with the Financial Reporting Standards ("FRS") No. 134, Interim Financial Reporting and Appendix 7A of the Listing Requirements of Bursa Malaysia Securities Berhad ("Securities Exchange") for the MESDAQ Market, and should be read in conjunction with the Company's annual audited financial statements for the financial year ended 31 December 2003. The accounting policies and methods of computation adopted by the Company in the interim financial statements are consistent with those adopted for the financial year ended 31 December 2003.

A2. Audit Report

The audit report on the Company's preceding annual financial statements was not subject to any qualification.

A3. Seasonality or Cyclical of Interim Operations

The Company's interim operations were not affected by seasonal or cyclical factors.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A5. Changes In Estimates

There were no material changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years that have a material effect on the quarter under review.

A6. Debt And Equity Securities

In the quarter under review, the following new securities has been issued :-

Date of allotment	No. of shares allotted	Consideration	Par value RM	Issued and paid-up share capital RM
14.12.04	17,600,000	Public Issue at 43 sen per share	0.10	8,000,000

Other than the above, there were no issuance and repayment of debts and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the quarter under review.

A7. Dividend Paid

No dividend was declared and paid in the quarter under review.

A8. Segmental Reporting

Primary reporting - Business segments

	<----- For the individual quarter ended 31 December 2004 ----->			
	Application Solutions RM'000	Maintenance Services RM'000	Application Services Providers RM'000	Total RM'000
REVENUE				
External sales	1,387	239	394	2,020
Inter-segment revenue	-	-	-	-
Total Revenue	<u>1,387</u>	<u>239</u>	<u>394</u>	<u>2,020</u>
RESULT				
Segment Result	170	184	391	745
Interest & Miscellaneous Income				<u>16</u>
				761
Income Tax Expense				<u>(5)</u>
Net Profit				<u><u>756</u></u>

	←----- For the cumulative quarter ended 31 December 2004 ----->			
	Application Solutions	Maintenance Services	Application Services Providers	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
External sales	2,321	896	1,082	4,299
Inter-segment revenue	-	-	-	-
Total Revenue	<u>2,321</u>	<u>896</u>	<u>1,082</u>	<u>4,299</u>
RESULT				
Segment Result	405	554	571	1,530
Interest & Miscellaneous Income				<u>41</u>
				1,571
Income Tax Expense				<u>(52)</u>
Net Profit				<u><u>1,519</u></u>

A9. Valuation of Property, Plant and Equipment

There were no changes or revaluation on the value of the Company's property, plant and equipment from the previous quarters and preceding annual audited financial statements.

A10. Subsequent Material Event

There was no material event subsequent to the current financial quarter ended 31 December 2004 up to the date of this report which is likely to substantially affect the results of the operations of the Company for the quarter under review.

A11. Changes in Group Composition

There were no changes in the composition of the Company during the quarter under review.

A12. Changes in contingent liabilities or contingent assets

There were no changes in contingent liabilities or contingent assets since the last audited financial statements as at 31 December 2003.

B. EXPLANATORY NOTES AS PER MESDAQ LISTING REQUIREMENT (APPENDIX 7A)

B1. Review of Performance for the Quarter and Year to Date

For the quarter ended 31 December 2004, the Company achieved a revenue and profit after taxation of RM2,020,459 and RM756,577 respectively. The Company has successfully commissioned and completed several projects in the quarter under review and was thereby able to recognise a significantly higher level of profit. For the 12 months ended 31 December 2004, the Company recorded total revenue of RM4,299,062 (2003:RM3,249,489) and profit after tax of RM1,519,399 (2003: RM1,513,314). Compared to 2003, the Company's revenue grew by approximately 32%. The marginal growth in profit after tax is due to higher operating cost as a result of higher lease expenses and amortisation charges.

B2. Comparison with Previous Quarter's Profit Before Tax

The profit before taxation of RM761,359 for the current quarter is a significant improvement over that of the previous quarter that recorded a profit of of RM50,974. As stated above, the increase is attributed to the commissioning and completion of several projects during the quarter under review.

B3. Prospects for 2005

Barring unforeseen circumstances, the Directors are optimistic that the Company shall be able to achieve a better financial performance for the year ending 31 December 2005.

B4. Variance of Profit Forecast

Not applicable as no profit forecast was announced.

B5. Taxation

The taxation charge for the current quarter includes the following:

	Quarter Ended 31.12.04 RM'000	Year Ended 31.12.04 RM'000
Current tax payable	5	9
Foreign tax	<u>-</u>	<u>43</u>
	<u>5</u>	<u>52</u>

The effective tax rate is lower than statutory tax rate of 28% as the Company has been awarded Multimedia Super Corridor Status by the Government of Malaysia on 31 December 2001. Accordingly, the Company is exempted from tax on business income due to the grant of the pioneer status under the Promotion of Investments (Amendment) Act, 1997. The current tax payable is attributed to interest income received on term deposits.

B6. Sale of Unquoted Investments and/or Properties

There were no disposal of unquoted investments or properties during the period under review.

B7. Quoted and Marketable Securities

The Company did not own any quoted or marketable securities as at 31 December 2004. There were no purchases or disposals of quoted securities made during the quarter under review.

B8. Status of Corporate Proposals

- (i) The Company successfully completed its initial public offering of 17,600,000 new ordinary shares of 10 sen each at an issue price of 43 sen per ordinary share payable in full on application when the Company's entire share capital was listed on the MESDAQ Market on 21 December 2004. As at 31 December 2004, the status of utilisation of the proceeds raised from the listing exercise is summarised below: -

	Amount approved for utilisation RM('000)	Amount utilised RM('000)	Amount not utilised RM('000)	Timeframe for utilisation per Prospectus RM('000)
Working Capital	7,688	0	7,688	By June 2006
R& D Expenses	1,500	0	1,500	By December 2005
Estimated Listing Expenses	1,100	904	196*	By December 2004
	<u>10,288</u>	<u>904</u>	<u>9,384</u>	

* The balance shall be used as working capital.

- (ii) The Company had implemented an Employee's Share Option Scheme (ESOS) on 10 December 2004 and the committee administrating the ESOS has offered 15,000,000 options to the eligible directors and eligible employees ("Grantees") on 20 December 2004. The Grantees are given a 3-month period to accept the options offered.

B9. Borrowings and Debt Securities

During the quarter under review, the Company acquired a car under hire purchase with a repayment period of 36 months.

	As at 31.12.04 RM('000)
(a) Portion payable within 12 months	<u>28</u>
(b) Portion payable after 12 months	<u>55</u>

All borrowings are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

The Company does not have any financial instruments involving off balance sheet risk as at the date of this report.

B11. Material Litigation

The Company is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Company as at the date of this report.

B12. Dividend

The directors do not recommend the payment of a final dividend in respect of the current financial year.

B13. Earnings Per Share ("EPS")

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.04 RM'000	31.12.03 RM'000	31.12.04 RM'000	31.12.03 RM'000
Basic EPS				
Net profit for the period (RM'000)	756	N/A	1,519	1,513
Weighted average number of ordinary shares in issue ('000)	65,843	N/A	46,098	5,493
Basic earnings per share (sen)	<u>1.15</u>	<u>N/A</u>	<u>3.30</u>	<u>27.54</u>

Basic EPS is calculated by dividing the net profit for the period under review by the weighted average number of ordinary shares in issue during the period.

Diluted EPS

There were no potential dilutive components in the shareholdings of the Company as at 31 December 2004 as the Grantees have not accepted the options offered to them as at that date.