

**EXCEL FORCE MSC BERHAD (570777-X)**

Interim Financial Report on unaudited results for the 1st Quarter Ended 31 March 2005

**Condensed Income Statement**

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>Individual Quarter</b>	<b>Preceding Year</b>	<b>Cumulative Quarter</b>	<b>Preceding Year</b>
	<b>Current Year</b>	<b>Corresponding</b>	<b>Current Year</b>	<b>Corresponding</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>To Date</b>	<b>Period</b>
	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>	1,106	N/A	1,106	N/A
<b>Other operating income</b>	68	N/A	68	N/A
<b>Operating expenses</b>	(713)	N/A	(713)	N/A
<b>Profit from operations</b>	461	N/A	461	N/A
<b>Finance costs</b>	-	N/A	-	N/A
<b>Profit before taxation</b>	461	N/A	461	N/A
<b>Taxation</b>	(9)	N/A	(9)	N/A
<b>Profit after taxation</b>	452	N/A	452	N/A
<b>Minority interests</b>	-	N/A	-	N/A
<b>Profit after taxation and minority interests</b>	452	N/A	452	N/A
<b>Net profit attributable to shareholders</b>	452	N/A	452	N/A
<b>Earnings per share</b>				
(i) Basic (sen)	0.57	N/A	0.57	N/A
(ii) Diluted (sen)	0.56	N/A	0.56	N/A

Comparative figures for the preceding year comparative quarter is not available as this is the third set of the quarterly 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 1st Quarter Ended 31 March 2005

**Condensed Balance Sheet**

	(Unaudited) As at end of current quarter 31.03.05 RM'000	(Audited) As at preceding financial year end 31.12.04 RM'000
<b>Property, Plant and Equipment</b>	2,252	1,792
<b>Research &amp; Development Costs</b>	1,456	1,356
<b>Intangible Assets</b>	833	858
<b>Current Assets</b>		
Inventories	78	68
Trade and other receivables	1,469	1,484
Cash and cash equivalents	8,848	9,266
	<u>10,395</u>	<u>10,818</u>
<b>Current Liabilities</b>		
Trade and other payables	657	996
Tax liabilities	6	-
Hire purchase creditor (current)	28	28
	<u>691</u>	<u>1,024</u>
<b>Net Current Assets</b>	9,704	9,794
	<u>14,245</u>	<u>13,800</u>
<b>Capital and Reserves</b>		
Share capital	8,000	8,000
Reserves	6,197	5,745
<b>Shareholder's funds</b>	<u>14,197</u>	<u>13,745</u>
<b>Long Term and Deferred Liabilities</b>		
Hire purchase creditor (non-current)	48	55
	<u>14,245</u>	<u>13,800</u>
<b>Net tangible assets per share (RM)</b>	0.15	0.14

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 1st Quarter Ended 31 March 2005

**Condensed Cash Flow Statement**

	<b>(Unaudited) 3 MONTHS ENDED 31.03.05 RM'000</b>	<b>(Unaudited) 3 MONTHS ENDED 31.12.04 RM'000</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	460	761
Adjustments for :		
Non Cash Items	168	127
Interest income/ expenses	(43)	(16)
Operating profit before working capital changes	<u>585</u>	<u>872</u>
Changes in Working Capital		
Net Changes in Current Asset	4	(408)
Net Changes in Current Liabilities	(339)	537
<b>Cash Generated From Operations</b>	<u>250</u>	<u>1,001</u>
Tax paid	(2)	(1)
Interest received/ paid	43	16
Development cost incurred	(169)	(229)
<b>Net Cash From Operating Activities</b>	<u>122</u>	<u>787</u>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(618)	(367)
Proceeds from disposal of property, plant & equipment	85	24
Repayment of hire purchase creditors	(7)	-
<b>Net Cash Used In Investing Activities</b>	<u>(540)</u>	<u>(344)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New Issue of Shares	-	7,568
Listing expenses	-	(904)
Dividends Paid	-	-
<b>Net Cash From Financing Activities</b>	<u>-</u>	<u>6,664</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(418)	7,108
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	9,266	2,158
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>8,848</u></u>	<u><u>9,266</u></u>

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

Comparative figures for the preceding year comparative quarter is not available as this is the third set of the quarterly interim financial statements presented, thus the preceding quarter is provided herewith for comparison.

**EXCEL FORCE MSC BERHAD (570777-W)**  
**Interim Financial Report on unaudited results for the 1st Quarter Ended 31 March 2005**  
**Condensed Statement of Changes in Equity**

	Share Capital	Share Premium	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000
<b><u>Unaudited 3 months ended 31 March 2005</u></b>				
Balance at 1 January 2005	8,000	4,904	841	13,745
Issuance of shares	-	-	-	-
Net profit for the 3 months ended 31 March 2005	-	-	452	452
Dividend paid			-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2005	8,000	4,904	1,293	14,197
	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>Preceding quarter ended 31 December 2004</u></b>				
Balance at 1 October 2004	6,240		85	6,325
<u>Issuance of shares</u>				
Initial Public Offering	1,760	5,808	-	7,568
- listing expenses	-	(904)	-	(904)
Net profit for the 3 months ended 31 December 2004	-	-	756	756
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2004	8,000	4,904	841	13,745
	<hr/>	<hr/>	<hr/>	<hr/>

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

Comparative figures for the preceding year comparative quarter is not available as this is the third set of the quarterly interim financial statements presented, thus the preceeding quarter is provided herewith for comparison.

**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 2004. 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 2004.

**A2. Audit Report**

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

**A3. Seasonality or Cyclicity 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**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current 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 March 2005 ----->			
	Application Solutions *	Application Services Providers (ASP) ^	Maintenance Services	Total
	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>				
External sales	493	215	398	1,106
<b>RESULT</b>				
Segment Result	122	174	97	393
Interest Income/ Expenses				44
Gain on disposal of property, plant and equipment				24
				461
Income Tax Expense				(9)
Net Profit				452

**Note :**

\* Application Solutions are sales of software applications and product on a outright purchase basis.

^ Application Services Providers (ASP) income is outsourcing service charge which is volume and transaction based.

**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 March 2005 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 Company 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 contingent liabilities or contingent assets since the last audited financial year ended 31 December 2004.

## 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 March 2005, the Company achieved a revenue and profit before taxation of RM1,106,000 and RM461,000 respectively. Although stock market activities were in decline during the first quarter, they did not have any significant adverse impact on the business of the Company as a service provider. The Company secured a number of new contracts for its stockbroking products and expect to gain more of these projects in the later part of the year. During the quarter, the Management launched its overseas marketing campaign and has since identified potential customers and projects for exploration as part of its expansion plan.

### B2. Comparison with Previous Quarter's Profit Before Tax

The profit before taxation of RM461,000 is lower than that of the previous quarter ended 31 December 2004 of RM761,000. As explained previously, the high profit in the previous quarter was due to the recognition of profit of several projects that were completed during that period. The financial result of the quarter under review reflects a normal level of business activity for the Company as traditionally, more projects are completed in the second half of the financial year.

### B3. Prospects for 2005

Based on contracts secured on hand and 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:

	<b>Individual Quarter Ended 31/03/2005 RM'000</b>	<b>Cumulative Quarter Ended 31/03/2005 RM'000</b>
Tax on interest income received	<u>9</u>	<u>9</u>

The Company has been granted Pioneer Tax Status under the Promotion of Investments (Amendment) Act, 1997. Accordingly, the Company is exempted from tax on business income. The reported tax expense is attributed to interest income 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 March 2005. 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 March 2005, the status of utilisation of the proceeds raised from the listing exercise is summarised below: -

	<b>Amount approved for utilisation RM'000</b>	<b>Amount utilised RM'000</b>	<b>Amount not utilised RM'000</b>	<b>Timeframe for utilisation per Prospectus RM'000</b>
Working Capital	7,688	981	6,707	By June 2006
Research & Development Expenses	1,500	267	1,233	By December 2005
Listing Expenses	1,100	904	196 *	By December 2004
	<u>10,288</u>	<u>2,152</u>	<u>8,136</u>	

\* The balance shall be used as working capital.

- (ii) The Company implemented an Employee's Share Option Scheme (ESOS) on 10 December 2004. On 20 December 2004, the Committee that administer the ESOS has since offered 1,500,000 options out of the 15,000,000 Initial Grant options, as disclosed in the prospectus dated 30 November 2004, to the eligible directors and employees ("Grantees") who were given a period of three (3) months to accept the options. At the date of this report, none of the Grantees had exercised their options.

### B9. Borrowings and Debt Securities

	<b>As at 31.03.05 RM'000</b>
(a) Portion payable within 12 months	<u>28</u>
(b) Portion payable after 12 months	<u>48</u>

The borrowings in respect of a hire purchase of a motor vehicle is 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 dividend in respect of the current financial year.

**B13. Earnings Per Share ("EPS")**

<b>Basic EPS</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>
Net profit for the period (RM'000)	452	N/A	452	N/A
Weighted average number of ordinary shares in issue ('000)	80,000	N/A	80,000	N/A
Basic EPS (sen)	0.57	N/A	0.57	N/A

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.

<b>Diluted EPS</b>	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>
Net profit for the period (RM'000)	452	N/A	452	N/A
Weighted average number of ordinary shares in issue ('000)	80,000	N/A	80,000	N/A
Add: Effect of dilutive potential ordinary shares on options under ESOS ('000)	178	N/A	178	N/A
	<u>80,178</u>		<u>80,178</u>	
Diluted EPS (sen)	0.56	N/A	0.56	N/A

The calculation of the diluted EPS is based on the net profit for the quarter, divided by the adjusted weighted average number of ordinary shares of RM0.10 each in issue and issuable under the exercise of share options granted under the ESOS.