

EXCEL FORCE MSC BERHAD (570777-X)

Interim Financial Report on unaudited results for the 2nd Quarter Ended 30 June 2005

Condensed Income Statement

	(Unaudited)		(Unaudited)	
	INDIVIDUAL QUARTER ENDED		CUMULATIVE QUARTER ENDED	
	30.06.05	30.06.04	30.06.05	30.06.04
	RM'000	RM'000	RM'000	RM'000
Revenue	1,336	N/A	2,442	N/A
Other operating income	50	N/A	118	N/A
Operating expenses	(846)	N/A	(1,560)	N/A
Profit from operations	540	N/A	1,000	N/A
Finance costs	-	N/A	-	N/A
Profit before taxation	540	N/A	1,000	N/A
Taxation	(12)	N/A	(20)	N/A
Profit after taxation	528	N/A	980	N/A
Minority interests	-	N/A	-	N/A
Profit after taxation and minority interests	528	N/A	980	N/A
Net profit attributable to shareholders	528	N/A	980	N/A
Earnings per share				
(i) Basic (sen)	0.66	N/A	1.23	N/A
(ii) Diluted (sen)	0.66	N/A	1.22	N/A

Comparative figures for the preceding year comparative quarter is not available as this is the fourth set of the quarterly interim financial statements presented.

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

EXCEL FORCE MSC BERHAD (570777-X)
Interim Financial Report on unaudited results for the 2nd Quarter Ended 30 June 2005
Condensed Balance Sheet

	(Unaudited) As at the end of current quarter 30.06.05 RM'000	(Audited) As at preceding financial year end 31.12.04 RM'000
Property, Plant and Equipment	2,216	1,792
Research & Development Costs	1,642	1,356
Intangible Assets	808	858
Current Assets		
Inventories	151	68
Trade and other receivables	1,950	1,484
Cash and cash equivalents	8,797	9,266
	<u>10,898</u>	<u>10,818</u>
Current Liabilities		
Trade and other payables	755	996
Tax liabilities	15	-
Hire purchase creditor (current)	21	28
	<u>791</u>	<u>1,024</u>
Net Current Assets	10,107	9,794
	<u>14,773</u>	<u>13,800</u>
Capital and Reserves		
Share capital	8,000	8,000
Reserves	6,725	5,745
Shareholders' funds	<u>14,725</u>	<u>13,745</u>
Long Term and Deferred Liabilities		
Hire purchase creditor (non-current)	48	55
	<u>14,773</u>	<u>13,800</u>
Net tangible assets per share (RM)	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 2nd Quarter Ended 30 June 2005

Condensed Cash Flow Statement

	(Unaudited) 6 MONTHS ENDED 30.06.05 RM'000	(Audited) 12 MONTHS ENDED 31.12.04 RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	1,000	1,571
Adjustments for :		
Non Cash Items	385	392
Interest income	(101)	(41)
Operating profit before working capital changes	<u>1,284</u>	<u>1,922</u>
Changes in Working Capital		
Net Changes in Current Assets	(550)	(339)
Net Changes in Current Liabilities	(242)	337
Cash Generated From Operations	<u>492</u>	<u>1,920</u>
Tax paid	(4)	(58)
Interest received	101	41
Development cost incurred	(423)	(646)
Net Cash From Operating Activities	<u>166</u>	<u>1,257</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(707)	(1,161)
Proceeds from disposal of property, plant and equipment	85	23
Repayment of hire purchase creditors	(13)	-
Net Cash Used In Investing Activities	<u>(635)</u>	<u>(1,138)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New Issue of Shares	-	10,288
Listing expenses	-	(904)
Dividends Paid	-	(1,371)
Net Cash From/(Used In) Financing Activities	<u>-</u>	<u>8,013</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(469)	8,132
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,266	1,134
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>8,797</u>	<u>9,266</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 fourth set of the quarterly interim financial statements presented, thus the preceding financial year is provided herewith for comparison.

EXCEL FORCE MSC BERHAD (570777-W)
Interim Financial Report on unaudited results for the 2nd Quarter Ended 30 June 2005
Condensed Statement of Changes in Equity

	Share Capital	Share Premium	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000
<u>Unaudited 6 months ended 30 June 2005</u>				
Balance at 1 January 2005	8,000	4,904	841	13,745
Net profit for the 6 months ended 30 June 2005	-	-	980	980
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2005	8,000	4,904	1,821	14,725
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Preceding quarter ended 31 March 2005</u>				
Balance at 1 January 2005	8,000	4,904	841	13,745
Net profit for the 3 months ended 31 Mar 2005	-	-	452	452
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 March 2005	8,000	4,904	1,293	14,197
	<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 fourth 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 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

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 30 June 2005 ----->				
	Application Solutions *	Application Services (ASP) ^	Providers	Maintenance Services	Total
	RM'000	RM'000		RM'000	RM'000
REVENUE					
External sales	766	363		207	1,336
RESULT					
Segment Result	247	123		120	490
Interest Income					59
Loss on disposal of property, plant and equipment					(9)
Profit Before Tax					540
Income Tax Expense					(12)
Profit After Tax					528

	<----- For the cumulative quarter ended 30 June 2005 ----->				
	Application Solutions *	Application Services (ASP) ^	Providers	Maintenance Services	Total
	RM'000	RM'000		RM'000	RM'000
REVENUE					
External sales	1,259	761		422	2,442
RESULT					
Segment Result	368	297		217	882
Interest Income					103
Gain on disposal of property, plant and equipment					15
Profit Before Tax					1,000
Income Tax Expense					(20)
Profit After Tax					980

Notes :

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

^ Application Services Provider (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 30 June 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 30 June 2005, the Company achieved a revenue and profit before taxation ("PBT") of RM1,336,000 and RM540,000 respectively. For the six (6) months ended 30 June 2005, the revenue and PBT recorded amounted to RM2,442,000 and RM1,000,000 respectively. Revenue and PBT for the quarter under review have improved over that recorded in the previous quarter mainly due to higher sales of application solutions. The financial results for the quarter under review are considered satisfactory in light of the depressed stock market conditions caused by sharp declines in share prices and lower trading volume.

B2. Comparison with Previous Quarter's Profit Before Tax

The PBT of RM540,000 for the quarter under review is 17% higher than that of the previous quarter ended 31 March 2005 of RM461,000. As stated above, the increase is attributed to higher sales of application solutions during the quarter under review.

B3. Prospects for 2005

Barring unforeseen circumstances, the Directors remain optimistic that the Company shall be able to achieve a better financial performance for the financial 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:

	Individual Quarter Ended 30.06.2005 RM'000	Cumulative Quarter Ended 30.06.2005 RM'000
Tax on interest income received	<u>12</u>	<u>20</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 quarter under review.

B7. Quoted and Marketable Securities

The Company did not own any quoted or marketable securities as at 30 June 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 30 June 2005, 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
Working Capital	7,688	1,132	6,556	By June 2006
Research & Development Expenses	1,500	579	921	By December 2005
Listing Expenses	1,100	904	196 *	By December 2004
	<u>10,288</u>	<u>2,615</u>	<u>7,673</u>	

Note:

* The balance shall be used as working capital.

- (ii) The Company implemented an Employee's Share Option Scheme (ESOS) on 10 December 2004. Prior to the listing of the Company on 21 December 2004, the Company offered to grant 15,000,000 options to the eligible directors and employees of the Company ("Grantees") ("Initial Grant"). At the closing date for accepting the Initial Grant, the Company received acceptances for 1,500,000 options. As at the date of this report, none of the 1,500,000 options granted has been exercised.

B9. Borrowings and Debt Securities

	As at 30.06.05
	RM'000
(a) Portion payable within 12 months	<u>21</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 Board has declared a first interim tax exempt dividend of 15% equivalent to 1.5 sen per ordinary share for the financial year ending 31 December 2005 (dividend for the financial year ended 31 December 2004 : 3.7 sen per share tax exempt). The dividend will be paid on 10 October 2005 to holders of ordinary shares of RM0.10 each in the Company whose names appear in the Record of Depositors at the close of business on 12 September 2005.

B13. Earnings Per Share ("EPS")

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.05	30.06.04	30.06.05	30.06.04
Basic EPS				
Net profit for the period (RM'000)	528	N/A	980	N/A
Weighted average number of ordinary shares in issue ('000)	80,000	N/A	80,000	N/A
Basic EPS (sen)	<u>0.66</u>	<u>N/A</u>	<u>1.23</u>	<u>N/A</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.

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.05	30.06.04	30.06.05	30.06.04
Diluted EPS				
Net profit for the period (RM'000)	528	N/A	980	N/A
Weighted average number of ordinary shares in issue ('000)	80,000	N/A	80,000	N/A
Add: Dilutive potential of ESOS options ('000)	36	N/A	112	N/A
	<u>80,036</u>	<u>N/A</u>	<u>80,112</u>	<u>N/A</u>
Diluted EPS (sen)	<u>0.66</u>	<u>N/A</u>	<u>1.22</u>	<u>N/A</u>

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.