

EXCEL FORCE MSC BERHAD (570777-X)**Interim Financial Report on unaudited results for the 1st Quarter Ended 31 March 2006****Condensed Income Statement**

(The figures have not been audited)

	INDIVIDUAL QUARTER ENDED			CUMULATIVE QUARTER ENDED		
	31.3.06 RM'000	31.3.05 RM'000	Increase/ (Decrease) %	31.3.06 RM'000	31.3.05 RM'000	Increase/ (Decrease) %
Revenue	1,411	1,106	28	1,411	1,106	28
Other operating income	52	68	(24)	52	68	(24)
Operating expenses	(961)	(713)	35	(961)	(713)	35
Profit from operations	502	461	9	502	461	9
Finance costs	(3)	-	100	(3)	-	100
Profit before taxation	499	461	8	499	461	8
Taxation	(10)	(9)	11	(10)	(9)	11
Profit after taxation	489	452	8	489	452	8
Net profit for the period	489	452	8	489	452	8
Attributable to:						
Equity holders of the parent	489	452	8	489	452	8
Minority interest	-	-	-	-	-	-
	489	452	8	489	452	8
Earnings per share (Note B13)						
(i) Basic (sen)	0.61	0.57	7	0.61	0.57	7
(ii) Diluted (sen)	0.61	0.56	9	0.61	0.56	9

For the three (3) months ended 31.3.06, revenue improved by 28% as compared to the corresponding period in the preceding year (31.3.05 : RM1,106,000).

Profit after taxation (PAT) for the three (3) months ended 31.3.06 showed a 8% increase compared to the corresponding quarter in the preceding year (31.3.05 : RM452,000).

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 1st Quarter Ended 31 March 2006
Condensed Balance Sheet

	(Unaudited)	(Audited)
	As at 31.3.06 RM'000	As at preceding financial year ended 31.12.05 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,061	2,024
Development costs	2,333	2,098
Intangible assets	732	758
	<u>5,126</u>	<u>4,880</u>
Current assets		
Inventories	232	253
Trade and other receivables	2,896	1,974
Cash and cash equivalents	7,242	7,812
	<u>10,370</u>	<u>10,039</u>
TOTAL ASSETS	<u><u>15,496</u></u>	<u><u>14,919</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	8,000	8,000
Reserves	4,904	4,904
Retained earnings	1,201	1,512
	<u>14,105</u>	<u>14,416</u>
Minority interest	-	-
TOTAL EQUITY	<u><u>14,105</u></u>	<u><u>14,416</u></u>
Non-current liabilities		
Hire-purchase creditor (non-current)	-	28
	<u>-</u>	<u>28</u>
Current liabilities		
Trade and other payables	583	439
Taxation	8	8
Hire purchase creditor (current)	-	28
Dividend Payable	800	-
	<u>1,391</u>	<u>475</u>
Total liabilities	1,391	503
TOTAL EQUITY AND LIABILITIES	<u><u>15,496</u></u>	<u><u>14,919</u></u>
Net assets per share attributable to ordinary equity shares of the parent (RM)	0.18	0.18

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 2006
Condensed Cash Flow Statement

	3 MONTHS ENDED 31.3.06 RM'000	3 MONTHS ENDED 31.3.05 RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	499	460
Adjustment for Non Cash Items		
Amortisation of intangible assets and development cost	102	94
Depreciation of assets	121	98
Gain of disposal of asset	-	(24)
Interest income	(52)	(43)
Interest expenses	3	-
Operating profit before changes in working capital	<u>673</u>	<u>585</u>
Changes in Working Capital		
Net Changes in Current Assets	(900)	4
Net Changes in Current Liabilities	145	(339)
Cash (Used In)/From Operations	<u>(82)</u>	<u>250</u>
Tax paid	(11)	(2)
Interest received	52	43
Interest paid	(3)	-
Development cost incurred	(312)	(169)
Net Cash (Used In)/From Operating Activities	<u>(356)</u>	<u>122</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(159)	(618)
Proceeds from disposal of property, plant and equipment	-	85
Net Cash Used In Investing Activities	<u>(159)</u>	<u>(533)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase creditor	(55)	(7)
Net Cash Used In Financing Activities	<u>(55)</u>	<u>(7)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(570)	(418)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,812	9,266
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>7,242</u></u>	<u><u>8,848</u></u>
Cash and cash equivalents comprise:		
Fixed deposit with licensed banks	6,962	8,732
Cash and bank balances	280	116
	<u><u>7,242</u></u>	<u><u>8,848</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 1st Quarter Ended 31 March 2006****Statement of Changes in Equity****For the period from 1 January 2006 to 31 March 2006**

(The figures have not been audited)

	Attributable to equity holders of the parent			Total
	Share Capital	Share Premium	Retained Profits	Equity
	RM'000	RM'000	RM'000	RM'000
<u>3 months ended 31 March 2006</u>				
Balance at 1 January 2006	8,000	4,904	1,512	14,416
Net profit for the 3 months ended 31 March 2006	-	-	489	489
Dividends payable	-	-	(800)	(800)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2006	8,000	4,904	1,201	14,105
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Preceding year comparative period 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 March 2005	-	-	452	452
	<hr/>	<hr/>	<hr/>	<hr/>
Balance 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.

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

A1. Basis of Preparation

These interim unaudited financial statements have been prepared in compliance with the Financial Reporting Standard ("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 2005.

A2. Changes in accounting policies

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 2005 except for the adoption of the following new FRS effective for financial periods beginning 1 January 2006:-

FRS 2	Share based payment
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 107	Cash Flow Statements
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 112	Income Taxes
FRS 114	Segment Reporting
FRS 116	Property, Plant and Equipment
FRS 119	Employee Benefits
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
FRS 138	Intangible Assets

The adoption of all FRS mentioned above does not have a significant impact on the Company.

A3. Audit Report

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

A4. Seasonality or Cyclicity of Interim Operations

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

A5. 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.

A6. 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.

A7. 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.

A8. Dividend Paid

The second interim tax exempt dividend of 10% equivalent to 1.0 sen per ordinary share was declared on 28 February 2006 and paid on 18 April 2006.

A9. Segmental Reporting

Primary reporting - Business segments

	----- For the individual and cumulative quarter ended ----->							
	Application Solutions *		Application Services Providers (ASP) ^		Maintenance Services		Total	
	31.3.06	31.3.05	31.3.06	31.3.05	31.3.06	31.3.05	31.3.06	31.3.05
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	604	493	591	398	216	215	1,411	1,106
RESULT								
Segment Profit	113	122	255	174	82	97	450	393
Other operating income							52	68
Finance Costs							(3)	-
Profit Before Taxation							499	461
Taxation							(10)	(9)
Profit After Taxation							489	452

Notes :

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

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

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

A10. 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.

A11. Subsequent Material Event

There was no material event subsequent to the current financial quarter ended 31 March 2006 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.

A12. Changes in Company Composition

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

A13. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets since 31 December 2005.

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 2006, the Company achieved a total revenue of RM1,411,000 (31.3.05: RM1,106,000) and profit before taxation ("PBT") of RM499,000 (31.3.05: RM461,000) respectively. The quarter under review showed a higher revenue as compared to the corresponding quarter in 2005 as the Company commenced billing of a major project which began in the last quarter of 2005 and the major part of the revenue from that project is recognizable in 2006. Further, the volume-based ASP income has improved. However, PBT only recorded a 8% increase due to higher operating expenses for the quarter under review.

B2. Comparison with Previous Quarter's PBT

PBT of RM499,000 for the quarter under review was higher by 17% than the PBT of RM425,000 recorded in the previous quarter. This is due to a major project which began in the last quarter of 2005 where the major part of the revenue from that project is recognizable in 2006. Further, the volume-based ASP income has improved.

B3. Prospects for 2006

Barring unforeseen circumstances, the Directors are optimistic that the Company shall achieve a satisfactory performance for the financial year ending 31 December 2006.

B4. Variance of Profit Forecast

Not applicable as no profit forecast was announced.

B5. Taxation

The taxation charge for the individual and cumulative quarter are as follows:

	INDIVIDUAL QUARTER ENDED		CUMULATIVE QUARTER ENDED	
	31.3.06 RM'000	31.3.05 RM'000	31.3.06 RM'000	31.3.05 RM'000
Taxation	10	9	10	9

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 31 March 2006. There were no purchases or disposals of quoted securities made during the quarter under review.

B8. Status of Corporate Proposals

(i) As at 31 March 2006, the status of utilisation of the proceeds raised from the Company's listing exercise is as follows: -

	Amount approved for utilisation per Prospectus RM'000	Revised amount approved for utilisation* RM'000	Amount utilised RM'000	Amount not utilised RM'000	Extended timeframe for utilisation*
Working Capital	7,688	7,884	2,489	5,395	By December 2007
Research & Development Expenses	1,500	1,500	1,500	-	-
Listing Expenses	1,100	904	904	-	-
	<u>10,288</u>	<u>10,288</u>	<u>4,893</u>	<u>5,395</u>	

Note:

* Following an application on 16 December 2005, the Securities Commission ("SC") approved an extension of time for and variation to the utilisation of listing proceeds on 17 January 2006.

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

B8. Status of Corporate Proposals

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

On 1 July 2005, the Company offered to grant options for 13,500,000 shares to the eligible directors and employees. At the closing date, the Company received acceptances for options in respect of 13,280,000 shares. As at the date of this report, none of the options granted has been exercised.

B9. Borrowings and Debt Securities

The borrowings in respect of a hire purchase of a motor vehicle was settled in the month of March 2006.

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

On 28 February 2006, the Board of Directors declared a second interim tax exempt dividend of 10% equivalent to 1.0 sen per ordinary share for the financial year ended 31 December 2005 (31 December 2004 : Nil). The dividend was paid on 18 April 2006 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 20 March 2006.

As such, the total tax exempt dividend declared for the financial year ended 31 December 2005 is 2.5 sen per ordinary share (31 December 2004: 3.69 sen).

B13. Earnings Per Share ("EPS")

Basic EPS	Individual Quarter Ended		Cumulative Quarter Ended	
	31.3.06	31.3.05	31.3.06	31.3.05
Net profit for the period (RM'000)	489	452	489	452
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic EPS (sen)	0.61	0.57	0.61	0.57

Basic EPS is calculated by dividing the net profit by the weighted average number of ordinary shares in issue during the period. The basic EPS for the three (3) months ended 31 March 2006 is higher than the basic EPS for the corresponding period in 2005 as a result of higher net profit.

Diluted EPS	Individual Quarter Ended		Cumulative Quarter Ended	
	31.3.06	31.3.05	31.3.06	31.3.05
Net profit for the period (RM'000)	489	452	489	452
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Add: Dilutive potential of ESOS options ('000)	268	10	268	10
	80,268	80,010	80,268	80,010
Diluted EPS (sen)	0.61	0.56	0.61	0.56

The calculation of the diluted EPS is based on the net profit for the period under review, divided by the weighted average number of ordinary shares of RM0.10 each in issue adjusted for shares issuable under the ESOS.