

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

Interim Financial Report on unaudited results for the 3rd Quarter Ended 30 September 2006

**Condensed Income Statement**

(The figures have not been audited)

	INDIVIDUAL QUARTER ENDED		Increase/ (Decrease) %	CUMULATIVE QUARTER ENDED		Increase/ (Decrease) %
	30.9.06 RM'000	30.9.05 RM'000		30.9.06 RM'000	30.9.05 RM'000	
<b>Revenue</b>	1,211	1,369	(11)	4,054	3,811	6
<b>Other operating income</b>	53	54	(2)	151	172	(12)
<b>Operating expenses</b>	(950)	(934)	2	(2,810)	(2,494)	13
<b>Profit from operations</b>	314	489	(36)	1,395	1,489	(6)
<b>Finance costs</b>	-	(2)	N/A	(3)	(2)	50
<b>Profit before taxation</b>	314	487	(36)	1,392	1,487	(6)
<b>Taxation</b>	(25)	(11)	127	(62)	(31)	100
<b>Profit after taxation</b>	289	476	(39)	1,330	1,456	(9)
<b>Net profit for the period</b>	289	476	(39)	1,330	1,456	(9)
<b>Attributable to:</b>						
Equity holders of the parent	289	476	(39)	1,330	1,456	(9)
Minority interest	-	-	-	-	-	-
	289	476	(39)	1,330	1,456	(9)
<b>Earnings per share (Note B13)</b>						
(i) Basic (sen)	0.36	0.60	(40)	1.66	1.82	(9)
(ii) Diluted (sen)	0.35	0.59	(41)	1.64	1.81	(9)

For the three (3) months ended 30.9.06, the revenue decreased by 11% as compared to the corresponding period in the preceding year (30.9.05 : RM1,369,000).  
For the nine (9) months ended 30.9.06, the revenue improved by 6% as compared to the corresponding period in the preceding year (30.9.05 : RM3,811,000).

Profit after tax (PAT) for the quarter ended 30.9.06 showed a 39% decrease compared to the corresponding quarter in the preceding year (30.9.05 : RM476,000).  
PAT for the nine (9) months ended 30.9.06 has shown a 9% decrease as compared to the corresponding period in the preceding year (30.09.05 : RM1,456,000).

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 3rd Quarter Ended 30 September 2006  
Condensed Balance Sheet**

	(Unaudited)	(Audited)
	As at 30.9.06 RM'000	As at preceding financial year ended 31.12.05 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,909	2,024
Development costs	2,778	2,098
Intangible assets	682	758
	<u>5,369</u>	<u>4,880</u>
<b>Current Assets</b>		
Inventories	209	253
Trade and other receivables	2,545	1,974
Cash and cash equivalents	7,166	7,812
	<u>9,920</u>	<u>10,039</u>
<b>TOTAL ASSETS</b>	<u>15,289</u>	<u>14,919</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	8,000	8,000
Reserves	4,904	4,904
Retained earnings	2,042	1,512
	<u>14,946</u>	<u>14,416</u>
<b>Minority interest</b>	-	-
<b>TOTAL EQUITY</b>	<u>14,946</u>	<u>14,416</u>
<b>Non-current liabilities</b>		
Hire purchase creditor	-	28
	<u>-</u>	<u>28</u>
<b>Current Liabilities</b>		
Trade and other payables	340	439
Taxation	3	8
Hire purchase creditor	-	28
	<u>343</u>	<u>475</u>
<b>Total liabilities</b>	343	503
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>15,289</u>	<u>14,919</u>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	0.19	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 3rd Quarter Ended 30 September 2006**  
**Condensed Cash Flow Statement**

	<b>9 MONTHS ENDED 30.09.06 RM'000</b>	<b>9 MONTHS ENDED 30.09.05 RM'000</b>
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Taxation	1,392	1,487
Adjustment for Non Cash Items		
Amortisation of intangible assets and development cost	306	283
Depreciation of assets	381	328
Gain of disposal of assets	-	(15)
Interest income	(151)	(156)
Interest expenses	3	2
Operating profit before working capital changes	<u>1,931</u>	<u>1,929</u>
Changes in Working Capital		
Net Changes in Current Assets	(528)	(802)
Net Changes in Current Liabilities	(99)	(571)
<b>Cash Generated From Operations</b>	<u>1,304</u>	<u>556</u>
Tax paid	(67)	(18)
Interest received	151	156
Interest paid	(3)	(2)
Development cost incurred	(910)	(680)
<b>Net Cash From Operating Activities</b>	<u>475</u>	<u>12</u>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(266)	(739)
Proceeds from disposal of property, plant and equipment	-	85
<b>Net Cash Used In Investing Activities</b>	<u>(266)</u>	<u>(654)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase creditor	(55)	(21)
Dividends Paid	(800)	-
<b>Net Cash Used In Financing Activities</b>	<u>(855)</u>	<u>(21)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(646)	(663)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	7,812	9,266
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>7,166</u>	<u>8,603</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposit with licensed banks	4,671	8,504
Cash and bank balances	2,495	99
	<u>7,166</u>	<u>8,603</u>

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

**EXCEL FORCE MSC BERHAD (570777-W)**  
**Statement of Changes in Equity**  
**For the period from 1 January 2006 to 30 September 2006**  
(The figures have not been audited)

	Attributable to equity holders of the parent			Total
	<-- Non-Distributable --> Share Capital	Share Premium	Distributable Retained Profits	
	RM'000	RM'000	RM'000	RM'000
<b><u>9 months ended 30 September 2006</u></b>				
Balance at 1 January 2006	8,000	4,904	1,512	14,416
Net profit for the 9 months ended 30 September 2006	-	-	1,330	1,330
Dividend paid	-	-	(800)	(800)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2006	8,000	4,904	2,042	14,946
	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>Preceding year comparative period ended 30 September 2005</u></b>				
Balance at 1 January 2005	8,000	4,904	841	13,745
Net profit for the 9 months ended 30 September 2005	-	-	1,456	1,456
Dividend payable			(1,200)	(1,200)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2005	8,000	4,904	1,097	14,001
	<hr/>	<hr/>	<hr/>	<hr/>

**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 9B 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's interim financial statement.

**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**

No dividend was paid in the quarter under review.

**A9. Segmental Reporting**

**Primary reporting - Business segments**

	----- For the individual quarter ended ----->							
	Application Solutions *		Application Services Providers (ASP) ^		Maintenance Services		Total	
	30.9.06 RM'000	30.9.05 RM'000	30.9.06 RM'000	30.9.05 RM'000	30.9.06 RM'000	30.9.05 RM'000	30.9.06 RM'000	30.9.05 RM'000
REVENUE								
External sales	211	635	701	485	299	249	1,211	1,369
<b>RESULT</b>								
Segment Profit	(22) #	58	166	259	117	118	261	435
Other operating income							53	54
Finance Costs							-	(2)
Profit Before Taxation							314	487
Taxation							(25)	(11)
Profit After Taxation							289	476

**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.

# For the quarter ended 30.9.06, the loss in the Application Solutions segment is contributed by 2 reasons, the sales of Application Solutions has reduced while the overhead costs allocated to that segment has increased due to a overall higher expenditure incurred for upgrading the infrastructure set-up and the enhancement of capacity for future commercial benefits.

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

A9. Segmental Reporting

Primary reporting - Business segments

REVENUE	For the cumulative quarter ended							
	Application Solutions *		Application Services Providers (ASP) ^		Maintenance Services		Total	
	30.9.06 RM'000	30.9.05 RM'000	30.9.06 RM'000	30.9.05 RM'000	30.9.06 RM'000	30.9.05 RM'000	30.9.06 RM'000	30.9.05 RM'000
External sales	1,252	1,893	2,066	1,247	736	671	4,054	3,811
<b>RESULT</b>								
Segment Profit	209	426	738	556	297	335	1,244	1,317
Other operating income							151	172
Finance Costs							(3)	(2)
Profit Before Taxation							1,392	1,487
Taxation							(62)	(31)
Profit After Taxation							1,330	1,456

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.

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 30 September 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 the last financial year ended 31 December 2005.

B. EXPLANATORY NOTES AS PER MESDAQ LISTING REQUIREMENT (APPENDIX 9B)

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

For the quarter ended 30 September 2006, the Company achieved a total revenue of RM1,211,000 (30.9.05: RM1,369,000) and profit before taxation ("PBT") of RM314,000 (30.9.05: RM487,000) respectively. The quarter under review showed a lower revenue as compared to the corresponding quarter in 2005 as a result of a dip in Application Solution sales. The decrease in the PBT is caused by a higher expenditure incurred for upgrading the capacity in setting up better infrastructure in anticipation of future commercial benefits in final quarter of 2006 and future years.

For the nine (9) months ended 30 September 2006, the Company achieved a total revenue of RM4,054,000 (30.9.05:RM3,811,000) and PBT of RM1,392,000 (30.9.05:RM1,487,000). The period under review showed a higher revenue compared to the corresponding period in 2005 due to higher Application Services Providers ("ASP") sales but the effects of higher ASP sales were lessened by the dip in Application Solution sales. However, PBT for the period under review was lower compared to the corresponding period in the previous financial year as higher operating expenses of RM2,810,000 (30.9.05:RM2,494,000) was incurred in the period under review.

B2. Comparison with Previous Quarter's PBT

PBT of RM314,000 for the quarter under review was lower than the PBT of RM579,000 recorded in the previous quarter. This is due to a decrease in the sales of Application Solutions while a higher expenditure incurred for upgrading the capacity in setting up better infrastructure in anticipation of future commercial benefits in final quarter of 2006 and future years.

B3. Prospects for 2006

Barring unforeseen circumstances, the Directors are optimistic that the Company can maintain similar financial performance of 2005 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:

Taxation	INDIVIDUAL QUARTER ENDED		CUMULATIVE QUARTER ENDED	
	30.9.06	30.9.05	30.9.06	30.9.05
	RM'000	RM'000	RM'000	RM'000
	25	11	62	31

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.

**B. EXPLANATORY NOTES AS PER MESDAQ LISTING REQUIREMENT (APPENDIX 9B)**

**B6. Sale of Unquoted Investments and/or Properties**

There were no disposal of unquoted investments or properties during the quarter under review and financial year to-date.

**B7. Quoted and Marketable Securities**

The Company did not own any quoted or marketable securities as at 30 September 2006. There were no purchases or disposals of quoted securities made during the quarter under review and financial year to-date.

**B8. Status of Corporate Proposals**

(i) As at 30 September 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	3,850	4,034	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>6,254</u>	<u>4,034</u>	

Note:

\* On 17 January 2006, the Securities Commission ("SC") approved an extension of time for and variation to the utilisation of listing proceeds.

(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 Company does not have any borrowings nor has the Company issued any debt securities as at 30 September 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 29 November 2006, the Board declared a first interim tax exempt dividend of 10% equivalent to 1.0 sen per ordinary share for the financial year ending 31 December 2006. (Previous year corresponding period : 1.5 sen per share tax exempt). The dividend will be paid on 26 January 2007 to holders of ordinary shares of RM0.10 each whose names appeared in the Record of Depositors of the Company at the close of business on 29 December 2006.

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.9.06	30.9.05	30.9.06	30.9.05
<b>Basic EPS</b>				
Net profit for the period (RM'000)	289	476	1,330	1,456
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic EPS (sen)	<u>0.36</u>	<u>0.60</u>	<u>1.66</u>	<u>1.82</u>

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.9.06	30.9.05	30.9.06	30.9.05
<b>Diluted EPS</b>				
Net profit for the period (RM'000)	289	476	1,330	1,456
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Add: Dilutive potential of ESOS options ('000)	2,076	1,229	1,007	588
	<u>82,076</u>	<u>81,229</u>	<u>81,007</u>	<u>80,588</u>
Diluted EPS (sen)	<u>0.35</u>	<u>0.59</u>	<u>1.64</u>	<u>1.81</u>

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.