

EXCEL FORCE MSC BERHAD

Company no. 570777-X
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS
3RD QUARTER ENDED 30 SEPTEMBER 2007

EXCEL FORCE MSC BERHAD (570777-X)
Quarterly Report on Financial Results for the 3rd Quarter Ended 30 September 2007
Condensed Income Statements
(The figures have not been audited)

	INDIVIDUAL FINANCIAL QUARTER ENDED			CUMULATIVE FINANCIAL QUARTER ENDED		
	30.09.07 RM'000	30.09.06 RM'000	Inc/ (Dec) %	30.09.07 RM'000	30.09.06 RM'000	Inc/ (Dec) %
Revenue	2,854	1,211	136	7,784	4,054	92
Other operating income	80	53	51	225	151	49
Operating expenses	(1,309)	(950)	38	(4,034)	(2,810)	44
Profit from operations	<u>1,625</u>	<u>314</u>	<u>418</u>	<u>3,975</u>	<u>1,395</u>	<u>185</u>
Finance costs	-	-	-	-	(3)	(100)
Profit before taxation	<u>1,625</u>	<u>314</u>	<u>418</u>	<u>3,975</u>	<u>1,392</u>	<u>186</u>
Taxation	(21)	(25)	(16)	(38)	(62)	(39)
Profit after taxation	<u>1,604</u>	<u>289</u>	<u>455</u>	<u>3,937</u>	<u>1,330</u>	<u>196</u>
Net profit for the period	<u><u>1,604</u></u>	<u><u>289</u></u>	<u><u>455</u></u>	<u><u>3,937</u></u>	<u><u>1,330</u></u>	<u><u>196</u></u>
Attributable to:						
Equity holders of the parent	1,604	289	455	3,937	1,330	196
Minority interest	-	-	-	-	-	-
	<u><u>1,604</u></u>	<u><u>289</u></u>	<u><u>455</u></u>	<u><u>3,937</u></u>	<u><u>1,330</u></u>	<u><u>196</u></u>
Earnings per share (Note B13)						
(i) Basic (sen)	2.01	0.36	458	4.92	1.66	196
(ii) Diluted (sen)	1.88	0.35	437	4.64	1.64	183

(The unaudited condensed income statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to this quarterly report.)

EXCEL FORCE MSC BERHAD (570777-X)
Quarterly Report on Financial Results for the 3rd Quarter Ended 30 September 2007
Condensed Balance Sheets

	(Unaudited) As at 30.09.07 RM'000	(Audited) As at 31.12.06 RM'000
Property, plant and equipment	3,883	1,931
Development costs	3,661	3,097
Intangible assets	581	657
Current Assets		
Inventories	197	320
Trade and other receivables	2,905	2,839
Marketable securities	-	1,000
Cash and cash equivalents	8,239	6,113
	<u>11,341</u>	<u>10,272</u>
Current Liabilities		
Trade and other payables	818	1,245
Taxation	-	-
Hire purchase creditor (current)	-	-
	<u>818</u>	<u>1,245</u>
Net Current Assets	10,523	9,027
	<u>18,648</u>	<u>14,712</u>
Capital and Reserves		
Share capital	8,000	8,000
Reserves	10,648	6,712
Shareholder's funds	<u>18,648</u>	<u>14,712</u>
Long Term and Deferred Liabilities		
Hire purchase creditor (non-current)	-	-
	<u>18,648</u>	<u>14,712</u>
Net assets per share (attributable to ordinary equity shares of the parent)(RM)	0.23	0.18

(The unaudited condensed balance sheets should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to this quarterly report.)

EXCEL FORCE MSC BERHAD (570777-X)
Quarterly Report on Financial Results for the 3rd Quarter Ended 30 September 2007
Condensed Cash Flow Statements

	(Unaudited) 9 MONTHS ENDED 30.09.07 RM'000	(Audited) 12 MONTHS ENDED 31.12.06 RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	3,975	1,968
Adjustment for Non Cash Item		
Amortisation of intangible assets and development cost	600	408
Amortisation of leasehold land	1	-
Depreciation of assets	388	514
Gain of disposal of asset	(76)	(32)
Interest income	(146)	(193)
Interest expenses	-	3
Provision for doubtful debt	196	-
Operating profit before working capital changes	<u>4,938</u>	<u>2,668</u>
Changes in Working Capital		
Net Changes in Current Asset	855	(1,925)
Net Changes in Current Liabilities	373	6
Cash Generated From Operations	<u>6,166</u>	<u>749</u>
Tax paid	(32)	(87)
Interest received	146	193
Interest paid	-	(3)
Development cost incurred	(1,089)	(1,306)
Net Cash From/ (Used in) Operating Activities	<u>5,191</u>	<u>(454)</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,374)	(452)
Proceeds from disposal of property, plant & equipment	109	62
Net Cash Used In Investing Activities	<u>(2,265)</u>	<u>(390)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase creditor	-	(55)
Dividends Paid	(800)	(800)
Net Cash Used In Financing Activities	<u>(800)</u>	<u>(855)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,126	(1,699)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6,113	7,812
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>8,239</u>	<u>6,113</u>
Cash and cash equivalents comprise:		
Deposits	5,958	5,714
Cash and bank balances	2,281	399
	<u>8,239</u>	<u>6,113</u>

(The unaudited condensed cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to this quarterly report.)

EXCEL FORCE MSC BERHAD (570777-X)
Quarterly Report on Financial Results for the 3rd Quarter Ended 30 September 2007
Condensed Statement of Changes in Equity
(The figures have not been audited)

	Share Capital	Share Premium	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000
<u>Nine (9) months ended 30 September 2007</u>				
Balance at 1 January 2007	8,000	4,904	1,807	14,711
Net profit for the nine (9) months ended 30 September 2007	-	-	3,937	3,937
Dividend paid	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2007	8,000	4,904	5,744	18,648
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Preceding year comparative period ended 30 September 2006</u>				
Balance at 1 January 2006	8,000	4,904	1,512	14,416
Net profit for the nine (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/>

EXCEL FORCE MSC BERHAD (570777-X)
Notes on the quarterly report - 30 September 2007

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

A1. Basis of Preparation

These interim unaudited financial report have been prepared in compliance with the Financial Reporting Standard ("FRS") No. 134, Interim Financial Reporting and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market ("MMLR"), and should be read in conjunction with the Company's annual audited financial statements for the financial year ended 31 December 2006.

A2. Changes in accounting policies

The accounting policies and methods of computation adopted by the Company in this interim unaudited financial report are consistent with those adopted in the financial statements for the year ended 31 December 2006 except for the adoption of the following new Financial Reporting Standards ("FRS") effective for financial period beginning 1st October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of the above new and revised FRSs does not result in significant changes in the accounting policies of the Company.

The adoption of all FRS mentioned above does not have a significant impact on the Company's interim unaudited financial report.

A3. Audit Report

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

A4. Seasonality or Cyclicity of Interim Operations

There were no seasonal or cyclical factors affecting the results of the Company for the current financial quarter under review.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the current financial 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 current financial 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 financial quarter under review.

A8. Dividend Paid

No dividend was declared or paid during the current financial quarter under review.

A9. Segmental Reporting

Primary reporting - Business segments

	←----- For the individual financial quarter ended ----->							
	Application Solutions *		Application Services Providers (ASP) ^		Maintenance Services		Total	
	30.09.07 RM'000	30.09.06 RM'000	30.09.07 RM'000	30.09.06 RM'000	30.09.07 RM'000	30.09.06 RM'000	30.09.07 RM'000	30.09.06 RM'000
REVENUE								
External sales	484	211	2,153	701	217	299	2,854	1,211
RESULT								
Segment Profit/(Loss)	256	(22)	1,163	166	126	117	1,545	261
Other operating income							80	53
Finance Costs							-	-
Profit Before Taxation							1,625	314
Taxation							(21)	(25)
Profit After Taxation							1,604	289

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

A9. Segmental Reporting (Cont'd)

Primary reporting - Business segments

REVENUE	←-----For the cumulative financial quarter ended-----→							
	Application Solutions *		Application Services Providers (ASP) ^		Maintenance Services		Total	
	30.9.07 RM'000	30.9.06 RM'000	30.9.07 RM'000	30.9.06 RM'000	30.9.07 RM'000	30.9.06 RM'000	30.9.07 RM'000	30.9.06 RM'000
External sales	1,213	1,252	6,043	2,066	528	736	7,784	4,054
RESULT								
Segment Profit	288	209	3,143	738	319	297	3,750	1,244
Other operating income							225	151
Finance Costs							-	(3)
Profit Before Taxation							3,975	1,392
Taxation							(38)	(62)
Profit After Taxation							3,937	1,330

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

The Company did not revalue any of its property, plant and equipment during the current financial quarter under review. Therefore, the valuation of property, plant and equipment has been brought forward without amendment from the previous annual financial statements.

A11. Subsequent Material Event

Save as disclosed below, there were no material events which have occurred from 1 October 2007 to the date of this announcement.

On 23 July 2007 and 2 August 2007, Public Investment Bank Berhad (formerly known as PB Securities Sdn Bhd) announced on behalf of the Company, that the Company intends to undertake a proposed bonus issue of up to 45,280,000 new ordinary shares of RM0.10 each in EFMB ("Bonus Shares"), to be credited as fully paid-up, on the basis of one (1) Bonus Share for every two (2) existing EFMB shares held on an entitlement date to be determined and announced later ("Proposed Bonus Issue"). The resolution as set out in the notice of Extraordinary General Meeting ("EGM") dated 15 August 2007 on the Proposed Bonus Issue was duly passed and carried at the EGM held on 7 September 2007. On 27 September 2007, the Company announced that the entitlement date for the issuance of the Bonus Shares would be 12 October 2007. The bonus issue of 40,000,000 new ordinary shares of RM0.10 each in EFMB was listed and quoted on the Mesdaq Market of Bursa Securities on 16 October 2007.

A12. Changes in Company Composition

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

A13. Changes in Contingent Liabilities or Contingent Assets

There were no material contingent liabilities or contingent assets for the current financial quarter under review.

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

B1. Review of Performance for the Current Financial Quarter and the Cumulative Financial Quarter

For the current financial quarter ended 30 September 2007, the Company achieved a total revenue of RM2.85 million (30.09.06: RM1.21 million) and profit before taxation ("PBT") of RM1.63 million (30.09.06: RM0.31 million) respectively. The current financial quarter under review indicated an increase of 136% and 418% in revenue and PBT respectively as compared to the corresponding quarter in the preceding year as a result of new ASP customers and higher ASP sales.

For the nine (9) months financial period ended 30 September 2007, the Company achieved a revenue and PBT of RM7.78 million (30.09.06: RM4.05 million) and RM3.98 million (30.09.06: RM1.39 million) respectively. The cumulative financial quarter ended 30 September 2007 indicated an increase of 92% and 186% in revenue and PBT respectively as compared to the corresponding cumulative quarter in the preceding year due mainly to higher ASP sales which is volume and transaction related.

B2. Comparison with Previous Financial Quarter's PBT

PBT of RM1.63 million for the current financial quarter under review was higher than the PBT of RM1.24 million recorded in the previous quarter. This is due mainly to the increase in sales and also the marginal decrease in operating expenses.

B3. Prospects for 2007

The board of directors are optimistic that the Company shall be able to achieve the internal target of 100% growth in terms of net profit for the financial year ending 31 December 2007. This is in view that the Company has managed to achieve the PAT growth at 196% for the cumulative financial quarter ended 30 September 2007 as compared to the corresponding cumulative financial quarter in the preceding year.

B4. Variance of Profit Forecast and Shortfall in Profit Guarantee

The Company has not issued any profit forecast nor profit guarantee for the current financial quarter under review and the financial period to date.

B5. Taxation

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

Taxation	INDIVIDUAL FINANCIAL QUARTER ENDED		CUMULATIVE FINANCIAL QUARTER ENDED	
	30.09.07	30.09.06	30.09.07	30.09.06
	RM'000	RM'000	RM'000	RM'000
	21	25	38	62

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 and withholding tax arising from foreign sales proceed.

B6. Sale of Unquoted Investments and/or Properties

There were no disposal of unquoted investments and/or properties by the Company during the current financial quarter and the cumulative financial quarter under review.

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

B7. Quoted and Marketable Securities

Investments in quoted securities amounted RM1 million as disclosed in the previous quarter has been disposed on 9 April 2007 at RM1.02 million.

B8. Status of Corporate Proposals

(I) Status of Corporate Proposal

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

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

On 23 July 2007 and 2 August 2007, Public Investment Bank Berhad (formerly known as PB Securities Sdn Bhd) announced on behalf of the Company, that the Company intends to undertake a proposed bonus issue of up to 45,280,000 new ordinary shares of RM0.10 each in EFMB ("Bonus Shares"), to be credited as fully paid-up, on the basis of one (1) Bonus Share for every two (2) existing EFMB shares held on an entitlement date to be determined and announced later ("Proposed Bonus Issue"). The resolution as set out in the notice of Extraordinary General Meeting ("EGM") dated 15 August 2007 on the Proposed Bonus Issue was duly passed and carried at the EGM held on 7 September 2007. On 27 September 2007, the Company announced that the entitlement date for the issuance of the Bonus Shares would be 12 October 2007. The bonus issue of 40,000,000 new ordinary shares of RM0.10 each in EFMB was listed and quoted on the Mesdaq Market of Bursa Securities on 16 October 2007.

(II) Status of Utilisation of Proceeds

As at 30 September 2007, the listing proceeds raised from the Company's listing exercise is fully utilised as follows:

	Amount approved for utilisation RM'000	Revised amount approved for utilisation* RM'000	Actual utilisation RM'000	Deviation* RM'000	%	Intended timeframe for utilisation*	Explanation *
Working Capital	7,688	7,884	7,884	-	-	-	
Research & Development Expenses	1,500	1,500	1,500	-	-	-	
Listing Expenses	1,100	904	904	-	-	-	
	10,288	10,288	10,288	-	-		

Note:

* As disclosed in the extension letter for the variation in utilisation applied on 16 December 2005, the utilisation for the working capital has been extended from June 2006 to December 2007 on the grounds that the Company had revised the business strategy of moving vigorously to overseas markets, which considerably reduces the operational cost thereto. On 17 January 2006, the Securities Commission ("SC") approved an extension of time for the utilisation and variation of the proceeds.

B9. Borrowings and Debt Securities

The Company does not have any borrowings and debt securities as at 30 September 2007. However, on 8 January 2007, the Company acquired 4 units of new office block located at Jaya 1, Section 13, Petaling Jaya, Selangor Darul Ehsan ("Properties") for a total purchase consideration of RM 2.15 million ("Acquisition"). The Acquisition is financed by secured bank borrowings (approximately 80%) and internally generated funds (approximately 20%). This term loan is for a period of ten (10) years and it has a feature of Savelink Term Loan where interest shall only be calculated at the prescribed rate on the daily outstanding amount.

B10. Off Balance Sheet Financial Instruments

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

B11. Material Litigation

Save as disclosed below, the Company is not engaged in any material litigation either as plaintiff or defendant and the board of directors do not have any knowledge of any proceedings pending or threatened against the Company as at the date of this report.

**Kuala Lumpur High Court Originating Summons No. No. D7-24-118-227
Excel Force MSC Bhd ("Plaintiff") -vs- Automatic Identification Technology ("Defendant")**

On 30 March 2007, Excel Force MSC Bhd ("EFMB") served a statutory notice under Section 218 of the Act to Automatic Identification Technology ("AIT") ("Statutory Notice") for a long outstanding amount of RM150,000, being the cost of application, software with installation and configuration of a system at an end client.

On 9 April 2007, AIT through its legal counsel, served EFMB with an express notice not to file any winding up petition and requested EFMB to withdraw the said Statutory Notice immediately and to provide an undertaking within forty eight (48) hours not to proceed further with the said Statutory Notice as well as an undertaking not to file any winding up petition based on the Statutory Notice. EFMB did not withdraw the said Statutory Notice.

AIT then proceeded to file an application for injunction to stop EFMB from proceeding with the winding-up petition against AIT on the ground *inter-alia* AIT has a claim of RM557,160 against EFMB (See Kuala Lumpur High Court Origination Summons No. No. D8-24-131-2007 below).

At the hearing on 16 May 2007, the Court has directed both parties to file written submissions and had fixed 17 October 2007 to hear the oral submission. EFMB has filed a further affidavit on 27 July informing the Court of the fact that AIT's claim of RM557,160 vide the statutory notice under Kuala Lumpur High Court No. D8-24-131-2007 has been withdrawn.

EFMB's solicitors is of the opinion that with the withdrawal of AIT's statutory notice, AIT will be deprived of a ground in the 'Injunction application' that AIT has a claim of RM557,160 against EFMB. As such, EFMB has a fair chance of successfully defending and defeating AIT's application for injunction and thereafter proceeding with its claim for the long outstanding amount of RM150,000 against AIT.

The hearing on 17 October 2007 has been adjourned to 7 December 2007.

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

B11. Material Litigation (Cont'd)

**Kuala Lumpur High Court Originatin Summons No. D8-24-131-2007
Automatic Identification Technology ("Plaintiff") - vs - Excel Force MSC Bhd ("Defendant")**

On 12 April 2007, AIT served a statutory notice under Section 218 of the Act to the Company claiming a sum of RM557,160 for services provided and works done by the Company that were inadequate, defective and not up to specifications at the site of a client ("Notice"). EFMB had on the same day responded that the alleged amount in the Notice was not particularised and is therefore unable to plead thereto and demanded that AIT withdraw the Notice immediately which was not met with.

On 27 April 2007 EFMB vide its solicitors filed an Originating Summons for an injunction to stop AIT from proceeding with the winding-up petition against EFMB. At the hearing on 17 July 2007, the Court had requested AIT to withdraw the Notice as it was ambiguous and does not show that EFMB owe monies to AIT.

AIT subsequently withdrew the Notice and thereafter EFMB vide its solicitors also withdrew the application for injunction from the Court. The Court had also ordered AIT to pay the cost of the application for injunction. As at 26 November 2007, the cost of the application for injunction has not been paid by AIT.

B12. Dividend

No interim/ final dividend was declared or paid during the current financial quarter under review.

B13. Earnings Per Share ("EPS")

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	30.09.07	30.09.06	30.09.07	30.09.06
Basic EPS*				
Net profit for the period (RM'000)	1,604	289	3,937	1,330
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic EPS (sen)	2.01	0.36	4.92	1.66

Note:

* The calculation of the basic EPS is based on the net profit for the current financial quarter under review and the cumulative financial quarter ended 30 June 2007 divided by the weighted average number of ordinary shares of RM0.10 each in issue during the current financial quarter and the said cumulative financial quarter.

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	30.09.07	30.09.06	30.09.07	30.09.06
Diluted EPS**				
Net profit for the period (RM'000)	1,604	289	3,937	1,330
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Add: Dilutive potential of ESOS options ('000)	5,350	2,076	4,844	1,007
	85,350	82,076	84,844	81,007
Diluted EPS (sen)	1.88	0.35	4.64	1.64

Note:

** The calculation of the diluted EPS is based on the net profit for the current financial quarter under review and the cumulative financial quarter ended 30 September 2007, 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.