

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 September 2009

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.09.2009 RM'000	30.09.2008 RM'000	30.09.2009 RM'000	30.09.2008 RM'000
Revenue	2,965	2,644	8,799	9,320
Other operating income	76	81	214	227
Operating expenses	(1,509)	(1,635)	(4,782)	(4,721)
Profit from operations	1,532	1,090	4,231	4,826
Finance costs	-	-	-	-
Profit before taxation	1,532	1,090	4,231	4,826
Taxation	(40)	(45)	(107)	(178)
Net profit for the period	1,492	1,045	4,124	4,648
Attributable to:				
Equity holders of the parent	1,503	1,047	4,180	4,650
Minority interest	(11)	(2)	(56)	(2)
	1,492	1,045	4,124	4,648
Earnings per share				
(i) Basic (sen)	1.62	0.86	3.45	3.84
(ii) Diluted (sen)	1.59	0.86	3.45	3.77

(The unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 September 2009

CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited)	(Audited)
	As at	As at
	30.09.2009	31.12.2008
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,515	3,833
Prepaid lease payments	315	317
Development costs	4,668	4,443
Intangible assets	379	455
	<u>8,877</u>	<u>9,048</u>
Current assets		
Inventories	77	63
Trade receivables	3,460	3,790
Other receivables and prepaid expenses	603	556
Deposits with financial institutions	13,624	9,697
Cash and bank balances	517	2,828
	<u>18,281</u>	<u>16,934</u>
TOTAL ASSETS	<u>27,158</u>	<u>25,982</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	12,126	12,112
Reserves	13,360	10,979
Equity attributable to equity holders of the Company	<u>25,486</u>	<u>23,091</u>
Minority interest	14	70
Total equity	<u>25,500</u>	<u>23,161</u>
Current liabilities		
Trade payables	252	249
Other payables and accrued expenses	1,380	2,554
Taxation	26	18
Total current liabilities	<u>1,658</u>	<u>2,821</u>
TOTAL EQUITY AND LIABILITIES	<u>27,158</u>	<u>25,982</u>
Net assets per share (attributable to ordinary equity shares of the parent) (RM)	0.21	0.19

(The unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	FOR THE 9 MONTHS ENDED	
	30.09.2009	30.09.2008
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,231	4,826
Adjustments for:		
Allowance for doubtful debts	55	23
Amortisation of development costs	855	718
Amortisation of intangible assets	76	76
Amortisation of prepaid lease payments	2	2
Depreciation of property, plant and equipment	464	395
Interest income	(196)	(223)
Operating profit before working capital changes	<u>5,487</u>	<u>5,817</u>
Changes in working capital:		
Increase in inventories	(14)	(68)
Decrease/(Increase) in trade receivables	275	(1,894)
Increase in other receivables and prepaid expenses	(47)	(8)
Increase in marketable securities	-	(2,500)
Increase in trade payables	4	275
(Decrease)/Increase in other payables and accrued expenses	(17)	577
Cash generated from operations	<u>5,688</u>	<u>2,199</u>
Tax paid	(44)	(23)
Interest received	196	223
Development costs incurred	(1,081)	(1,194)
Net cash from operating activities	<u>4,759</u>	<u>1,205</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(158)	(130)
Additions in prepaid lease payments	-	(108)
Proceeds from disposal of property, plant and equipment	12	-
Net cash used in investing activities	<u>(146)</u>	<u>(238)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	33	33
Proceeds arising from the increase of shares of subsidiary company	-	80
Dividends paid	(3,030)	(1,816)
Net cash used in financing activities	<u>(2,997)</u>	<u>(1,703)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,616	(736)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	12,525	10,324
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>14,141</u></u>	<u><u>9,588</u></u>

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (CONT'D)

	FOR THE 9 MONTHS ENDED	
	30.09.2009	30.09.2008
	RM'000	RM'000
Cash and cash equivalents comprise:		
Deposits with financial institutions	13,624	7,707
Cash and bank balances	517	1,881
	14,141	9,588

(The unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Reports for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to Shareholders of the Company ----->					Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Distributable Retained Profits RM'000	Non Distributable Share Premium RM'000	ESOS Reserve RM'000	Total RM'000		
Balance as at 1 January 2008	12,098	7,653	1,038	82	20,871	-	20,871
Issuance of share pursuant to ESOS	14	-	19	-	33	-	33
Arising from acquisition of shares in subsidiary company	-	-	-	-	-	74	74
Net profit for the nine (9) months ended 30 September 2008	-	4,650	-	-	4,650	(2)	4,648
Dividend paid	-	(1,816)	-	-	(1,816)	-	(1,816)
Balance as at 30 September 2008	<u>12,112</u>	<u>10,487</u>	<u>1,057</u>	<u>82</u>	<u>23,738</u>	<u>72</u>	<u>23,810</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

	<----- Attributable to Shareholders of the Company ----->						
	Share Capital RM'000	Distributable Retained Profits RM'000	Non Distributable Share Premium RM'000	ESOS Reserve RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
Balance as at 1 January 2009	12,112	9,860	1,057	63	23,092	70	23,162
Issuance of share pursuant to ESOS	14	-	19	-	33	-	33
Net profit for the nine (9) months ended 30 September 2009	-	4,180	-	-	4,180	(56)	4,124
Dividend Paid	-	(1,819)	-	-	(1,819)	-	(1,819)
Balance as at 30 September 2009	<u>12,126</u>	<u>12,221</u>	<u>1,076</u>	<u>63</u>	<u>25,486</u>	<u>14</u>	<u>25,500</u>

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.)

A. EXPLANATORY NOTES AS PER FINANCIAL REPORTING STANDARD (“FRS”) NO. 134

A1. Basic of Preparation

The interim financial report has been prepared in compliance with FRS No. 134, Interim Financial Reporting and Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2008.

The accounting policies and methods of computation adopted by the Group for this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2008.

The Group has not adopted FRS No. 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS No. 139 of which are effective for annual reporting periods beginning on or after 1 January 2010.

A2. Audit Report

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

A3. Seasonality or Cyclicity of Interim Operations

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

A4. 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.

A5. Changes in Estimates

There was no material changes in estimates of amounts reported in the prior financial year that has a material effect on the current financial 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 financial quarter under review.

A7. Dividend Paid

On 24 August 2009, the Board of Directors (“Board”) had declared a first interim tax exempt dividend of 15% equivalent to 1.5 sen per ordinary share of RM0.10 each, amounting to approximately RM1.82 million in respect of the financial year ending 31 December 2009. The dividend was paid to the shareholders of EForce on 25 September 2009.

A8. Segmental Reporting

Primary reporting - Business segments

The segmental results of the Group for the current financial quarter and cumulative financial period to-date under review are set out below:

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A8. Segmental Reporting (Cont'd)

i) Individual Quarter

	<----- For the individual financial quarter ended ----->							
	Application Solutions*		Application Services Providers^		Maintenance Services		Total	
	30.09.09 RM'000	30.09.08 RM'000	30.09.09 RM'000	30.09.08 RM'000	30.09.09 RM'000	30.09.08 RM'000	30.09.09 RM'000	30.09.08 RM'000
REVENUE								
External sales	416	836	2,355	1,585	194	223	2,965	2,644
RESULT								
Segment profit	178	261	1,165	630	114	118	1,457	1,009
Gain on foreign exchange							2	4
Interest income							73	77
Profit before taxation							1,532	1,090
Taxation							(40)	(45)
Net profit for the financial period							1,492	1,045
Net profit for the financial period attributable to:								
Equity holders of parent							1,503	1,047
Minority interest							(11)	(2)
							1,492	1,045

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A8. Segmental Reporting (Cont'd)

ii) Cumulative Quarter

	<----- For the cumulative financial quarter ended ----->							
	Application Solutions*		Application Services Providers^		Maintenance Services		Total	
	30.09.09 RM'000	30.09.08 RM'000	30.09.09 RM'000	30.09.08 RM'000	30.09.09 RM'000	30.09.08 RM'000	30.09.09 RM'000	30.09.08 RM'000
REVENUE								
External sales	1,862	3,107	6,380	5,546	557	667	8,799	9,320
RESULT								
Segment profit	866	1,554	2,822	2,648	329	397	4,017	4,599
Gain on foreign exchange							19	4
Interest income							195	223
Profit before taxation							4,231	4,826
Taxation							(107)	(178)
Net profit for the financial period							4,124	4,648
Net profit for the financial period attributable to:								
Equity holders of parent							4,180	4,650
Minority interest							(56)	(2)
							4,124	4,648

Notes:

* Application Solutions ("AS") 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.

A9. Valuation of Property, Plant and Equipment

The Group 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.

A10. Subsequent Material Event

There was no material event subsequent to the current financial quarter ended 30 September 2009 up to the date of the announcement of this report which is likely to substantially affect the results of the operations of the Group for the quarter under review.

A11. Changes in the Composition of the Group

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

A12. Changes in Contingent Liabilities or Contingent Assets

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

A13. Recurrent Related Party Transactions ("RRPT")

There were no RRPT in the Group during the current financial quarter under review.

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

B1. Review of Performance for the Current Financial Quarter

For the current financial quarter ended 30 September 2009, the Group achieved a total revenue of RM2.97 million (30.09.08: RM2.64 million) and profit before taxation ("PBT") of RM1.53 million (30.09.08: RM1.09 million) respectively. The current financial quarter under review recorded an increase of 12% and 41% in revenue and PBT respectively as compared to the corresponding quarter in the preceding year as a result of higher sales generated from the ASP business segments.

The sales contribution from ASP, also recorded higher value as compared to the corresponding quarter in the preceding year. This was due to the higher volume generated in equity-trade related activities as a result of renewed confidence in the overall local stock market.

For the nine (9) months financial period ended 30 September 2009, the Group achieved a total revenue of RM8.80 million (30.09.08: RM9.32 million) and PBT of RM4.23 million (30.09.08: RM4.83 million) respectively.

The cumulative financial quarter ended 30 September 2009 showed a 5.6% and 12.3% decrease in revenue and PBT respectively as compared to the corresponding cumulative quarter in the preceding year. This was due mainly to lower revenue generated from AS and maintenance services business segment. The overall impact was mitigated with the positive contribution from the ASP segment and ASP business model remained the major revenue contributor among the business segments as compared to the corresponding cumulative quarter in preceding year.

B2. Comparison with Previous Financial Quarter's PBT

PBT of RM1.53 million for the current financial quarter under review was lower than the PBT of RM1.63 million recorded in the previous quarter. This was due mainly to lower sales generated from each business segment during the quarter under review. For the nine (9) months financial period ended 30 September 2009, AS and ASP achieve a best performance in month of June 2009, which had led to stronger numbers in the previous quarter as compared to the current quarter.

B3. Prospects for 2009

The Board takes cognisance of the current challenging market environment. Notwithstanding that, the Board is of the view that barring any unforeseen circumstances, the Group is expected to achieve a satisfactory performance for the financial year ending 31 December 2009.

B4. Variance of Profit Forecast and Shortfall in Profit Guarantee

The Group 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:

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	30.09.09 RM'000	30.09.08 RM'000	30.09.09 RM'000	30.09.08 RM'000
Taxation	40	45	107	178

The Group has been granted Pioneer Tax Status under the Promotion of Investments (Amendment) Act, 1997. Therefore, the Group 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 proceeds.

B6. Sale of Unquoted Investments and/or Properties

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

B7. Quoted and Marketable Securities

There was no purchase or disposal of quoted and marketable securities during the current financial quarter under review.

B8. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report.

B9. Borrowings and Debt Securities

The Company does not have any borrowings and debt securities as at 30 September 2009. However, on 8 January 2007, the Company acquired four (4) units of new office block located at Jaya 1, Section 13, Petaling Jaya, Selangor Darul Ehsan ("Properties") for a total purchase consideration of RM2.150 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 off balance sheet financial instruments as at the date of this report.

B11. Material Litigation

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

**Kuala Lumpur High Court Originating Summons No. D7-24-118-2007
*Automatic Identification Technology Sdn Bhd v Excel Force MSC Bhd***

Excel Force MSC Bhd ("EFMB") served a Statutory Notice pursuant to Section 218 of the Companies Act 1965 against Automatic Identification Technology ("AIT") on 30 March 2007 for non-payment of a sum of RM150,000, being the cost of application, software installation and system configuration at the business premises owned by the end client. For this reason, AIT filed an application vide Originating Summons No. D7-24-118-2007, which inter alia prayed for an injunction restraining EFMB to proceed further for winding-up petition against AIT.

The case was called for hearing and the High Court had on 29 February 2008 dismissed AIT's application and Originating Summons. Thereafter, AIT filed an appeal against the High Court decision and the case is pending appeal at the Court of Appeal.

B12. Dividend

On 24 August 2009, the Board of Directors ("Board") had declared a first interim tax exempt dividend of 15% equivalent to 1.5 sen per ordinary share of RM0.10 each, amounting to approximately RM1.82 million in respect of the financial year ending 31 December 2009. The dividend was paid to the shareholders of EForce on 25 September 2009.

B13. Earnings Per Share ("EPS")

i) Basic EPS

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	30.09.09	30.09.08	30.09.09	30.09.08
Basic EPS*				
Net profit for the period (RM'000)	1,503	1,047	4,180	4,650
Weighted average number of ordinary shares in issue ('000)	92,891	121,119	121,133	121,082
Basic EPS (sen)	<u>1.62</u>	<u>0.86</u>	<u>3.45</u>	<u>3.84</u>

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 September 2009, divided by the adjusted weighted average number of ordinary shares of RM0.10 each in issue during the current financial quarter and the said cumulative financial quarter.*

B13. Earnings Per Share ("EPS") (Cont'd)

ii) Diluted EPS

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	30.09.09	30.09.08	30.09.09	30.09.08
Diluted EPS**				
Net profit for the period (RM'000)	1,503	1,047	4,180	4,650
Weighted average number of ordinary shares in issue ('000)	92,891	121,119	121,133	121,082
Add: Dilutive potential of ESOS options ('000)	1,734	49	-	2,386
	<u>94,625</u>	<u>121,168</u>	<u>121,133</u>	<u>123,468</u>
Diluted EPS (sen)	<u>1.59</u>	<u>0.86</u>	<u>3.45</u>	<u>3.77</u>

Notes:

** 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 2009, 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.