

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2009

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) 31.12.2009 RM'000	(Unaudited) 31.12.2008 RM'000	(Unaudited) 31.12.2009 RM'000	(Audited) 31.12.2008 RM'000
Revenue	3,319	2,165	12,117	11,485
Other operating income	79	150	294	377
Operating expenses	(1,444)	(1,696)	(6,226)	(6,417)
Profit from operations	1,954	619	6,185	5,445
Finance costs	-	-	-	-
Profit before taxation	1,954	619	6,185	5,445
Taxation	7	(56)	(100)	(234)
Net profit for the period	1,961	563	6,085	5,211
Attributable to:				
Equity holders of the parent	1,991	565	6,155	5,215
Minority interest	(30)	(2)	(70)	(4)
	1,961	563	6,085	5,211
Earnings per share				
(i) Basic (sen)	1.62	0.47	5.08	4.31
(ii) Diluted (sen)	1.62	0.47	5.08	4.26

(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 31 December 2009**CONDENSED CONSOLIDATED BALANCE SHEETS**

	(Unaudited) As at 31.12.2009 RM'000	(Audited) As at 31.12.2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,465	3,833
Prepaid lease payments	314	317
Development costs	4,881	4,443
Intangible assets	353	455
	<u>9,013</u>	<u>9,048</u>
Current assets		
Inventories	40	63
Trade receivables	3,863	3,790
Other receivables and prepaid expenses	469	556
Deposits with financial institutions	15,975	9,697
Cash and bank balances	1,013	2,828
	<u>21,360</u>	<u>16,934</u>
TOTAL ASSETS	<u>30,373</u>	<u>25,982</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	12,573	12,112
Reserves	15,953	10,979
Equity attributable to equity holders of the Company	<u>28,526</u>	<u>23,091</u>
Minority interest	-	70
Total equity	<u>28,526</u>	<u>23,161</u>
Current liabilities		
Trade payables	200	249
Other payables and accrued expenses	1,644	2,554
Taxation	3	18
Total current liabilities	<u>1,847</u>	<u>2,821</u>
TOTAL EQUITY AND LIABILITIES	<u>30,373</u>	<u>25,982</u>
Net assets per share (attributable to ordinary equity shares of the parent) (RM)	0.23	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.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2009

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	FOR THE 12 MONTHS ENDED	
	(Unaudited) 31.12.2009 RM'000	(Audited) 31.12.2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,185	5,445
Adjustments for:		
Allowance for doubtful debts	5	141
Bad debts written back	(212)	-
Amortisation of development costs	1,117	996
Amortisation of intangible assets	101	101
Amortisation of prepaid lease payments	3	3
Depreciation of property, plant and equipment	612	539
Property, plant and equipment written off	-	17
Gain on disposal of property, plant and equipment	*	*
Interest income	(273)	(305)
Operating profit before working capital changes	<u>7,538</u>	<u>6,937</u>
Changes in working capital:		
Decrease/(Increase) in inventories	24	(54)
Decrease/(Increase) in trade receivables	135	(1,357)
Decrease in other receivables and prepaid expenses	86	35
(Decrease)/Increase in trade payables	(49)	249
Increase in other payables and accrued expenses	246	501
Cash generated from operations	<u>7,980</u>	<u>6,311</u>
Tax paid	(60)	(37)
Interest received	273	305
Development costs incurred	<u>(1,557)</u>	<u>(1,648)</u>
Net cash from operating activities	<u>6,636</u>	<u>4,931</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, net of cash acquired	(257)	(925)
Acquisition of investment in subsidiary	-	74
Additions in prepaid lease payments	-	(16)
Proceeds from disposal of property, plant and equipment	15	*
Net cash used in investing activities	<u>(242)</u>	<u>(867)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	1,099	33
Dividends paid	(3,030)	(1,816)
Net cash used in financing activities	<u>(1,931)</u>	<u>(1,783)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,463	2,281
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	12,525	10,244
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>16,988</u>	<u>12,525</u>

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Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2009

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (CONT'D)

	FOR THE 12 MONTHS ENDED	
	(Unaudited)	(Audited)
	31.12.2009	31.12.2008
	RM'000	RM'000
Cash and cash equivalents comprise:		
Deposits with financial institutions	15,975	9,697
Cash and bank balances	1,013	2,828
	16,988	12,525

(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.)

* Denoted less than RM1,000

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Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2009

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to Shareholders of the Company ----->				Total RM'000	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			
Balance as at 1 January 2009	12,112	9,859	1,057	63	23,091	70	23,161
Issuance of share pursuant to ESOS	461	-	638	-	1,099	-	1,099
Share options lapsed	-	63	-	(63)	-	-	-
Net profit for the financial year	-	6,155	-	-	6,155	(70)	6,085
Dividend Paid	-	(1,819)	-	-	(1,819)	-	(1,819)
Balance as at 31 December 2009	<u>12,573</u>	<u>14,258</u>	<u>1,695</u>	<u>-</u>	<u>28,526</u>	<u>-</u>	<u>28,526</u>

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

	<----- Attributable to Shareholders of the Company ----- >				Total RM'000	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			
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
Share options lapsed	-	19		(19)	-	-	-
Net profit for the financial year	-	5,215	-	-	5,215	(4)	5,211
Dividend paid	-	(3,028)	-	-	(3,028)	-	(3,028)
Acquisition of subsidiary	-	-	-	-	-	74	74
Balance as at 31 December 2008	<u>12,112</u>	<u>9,859</u>	<u>1,057</u>	<u>63</u>	<u>23,091</u>	<u>70</u>	<u>23,161</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

The issued and paid-up share capital of the Company was increased from RM12.11 million to RM12.57 million through the issuance of 4.61 million new ordinary shares of RM0.10 each for cash pursuant to the Company's Employees' Share Option Scheme (ESOS) at an exercise price of RM0.29 and RM0.23 per ordinary share.

Save for the above, 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

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

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	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
REVENUE								
External sales	1,190	566	1,965	1,371	164	228	3,319	2,165
RESULT								
Segment profit	723	55	1,048	331	95	85	1,866	471
Gain on foreign exchange							10	59
Interest income							78	89
Profit before taxation							1,954	619
Taxation							7	(56)
Net profit for the financial period							1,961	563
Net profit for the financial period attributable to:								
Equity holders of parent							1,991	565
Minority interest							(30)	(2)
							1,961	563

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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	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
REVENUE								
External sales	3,052	3,673	8,345	6,917	720	895	12,117	11,485
RESULT								
Segment profit	1,589	1,609	3,870	2,979	424	482	5,883	5,070
Gain on foreign exchange							29	63
Interest income							273	312
Profit before taxation							6,185	5,445
Taxation							(100)	(234)
Net profit for the financial period							6,085	5,211
Net profit for the financial period attributable to:								
Equity holders of parent							6,155	5,215
Minority interest							(70)	(4)
							6,085	5,211

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 31 December 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 31 December 2009, the Group achieved revenue of RM3.32 million (31.12.08: RM2.17 million) and profit before taxation ("PBT") of RM1.95 million (31.12.08: RM0.62 million). The current financial quarter under review recorded an increase of 53% and 214% in revenue and PBT respectively as compared to the corresponding quarter in the preceding year. This is mainly due to higher sales generated from AS and higher trading volume in the ASP business segments. AS's sales was mainly driven by contribution from overseas sales in Vietnam and Indonesia.

The higher trading volume of ASP business segment for current financial quarter compared with the same period last year was due to improved confidence and growth prospects in the global economic outlook. Generally, global activities in equity trading improved from the low in March of 2009. Bursa Malaysia's trading volume and confidence also improved in tandem.

For the twelve (12) months financial period ended 31 December 2009, the Group achieved a total revenue of RM12.12 million (31.12.08: RM11.49 million) and PBT of RM6.19 million (31.12.08: RM5.45 million).

The cumulative financial quarter ended 31 December 2009 showed a 5.5% and 13.6% increase in revenue and PBT respectively as compared to the corresponding cumulative quarter in the preceding year. ASP segment contributed approximately 68.9% of total revenue and this segment grew by 20.6% (RM1.4m) if compared to previous year. PBT also improved significantly compare to previous year as a result of recovery of doubtful debts, lower project cost, marketing expenses and operational expenses.

B2. Comparison with Previous Financial Quarter's PBT

PBT of RM1.95 million for the current financial quarter under review was higher than the PBT of RM1.53 million recorded in the previous quarter. This was due mainly to increase in revenue by 11.94% during the quarter under review. In addition, other income increased by 3.95% and expenses decreased by 4.31% which improved the PBT of current financial quarter.

B3. Prospects for 2010

The Board takes cognisance of the current challenging market environment. Notwithstanding, the Board is of the view that barring any unforeseen circumstances, the Group is optimistic of achieving better performance for the coming year.

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	
	31.12.09 RM'000	31.12.08 RM'000	31.12.09 RM'000	31.12.08 RM'000
Provision for the year	7	56	114	234
Overprovision in prior year	(14)	-	(14)	-
	<u>(7)</u>	<u>56</u>	<u>100</u>	<u>234</u>

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 31 December 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 Sdn Bhd ("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

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

B13. Earnings Per Share ("EPS")

i) Basic EPS

	Individual Financial		Cumulative Financial	
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	31.12.09	31.12.08	31.12.09	31.12.08
Basic EPS				
Net profit for the period (RM'000)	1,991	565	6,171	5,215
Weighted average number of ordinary shares in issue ('000)	122,659	121,119	121,482	121,091
Basic EPS (sen)	<u>1.62</u>	<u>0.47</u>	<u>5.08</u>	<u>4.31</u>

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 31 December 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	
	31.12.09	31.12.08	31.12.09	31.12.08
Diluted EPS				
Net profit for the period (RM'000)	1,991	565	6,171	5,215
Weighted average number of ordinary shares in issue ('000)	122,659	121,119	121,482	121,091
Add: Dilutive potential of ESOS options ('000)	-	-	-	1,343
	<u>122,659</u>	<u>121,119</u>	<u>121,482</u>	<u>122,434</u>
Diluted EPS (sen)	<u>1.62</u>	<u>0.47</u>	<u>5.08</u>	<u>4.26</u>

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 31 December 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. No adjustment is made to profit attributable to equity holders for the share options calculation.

The Company's Employees' Share Option Scheme (ESOS) expired on 9 December 2009 and the remaining options unexercised as at 9 December 2009 had lapsed and became null and void. There is no dilutive potential ordinary share as at 31 December 2009. Thus, diluted earnings per share is equal to basic earnings per share.