

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2010

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.03.2010 RM'000	31.03.2009 RM'000	31.03.2010 RM'000	31.03.2009 RM'000
Revenue	3,216	2,624	3,216	2,624
Other operating income	91	73	91	73
Operating expenses	<u>(1,910)</u>	<u>(1,627)</u>	<u>(1,910)</u>	<u>(1,627)</u>
Profit from operations	1,397	1,070	1,397	1,070
Finance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit before taxation	1,397	1,070	1,397	1,070
Taxation	(15)	(55)	(15)	(55)
Net profit for the period	<u>1,382</u>	<u>1,015</u>	<u>1,382</u>	<u>1,015</u>
Other comprehensive income for the period, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>1,382</u>	<u>1,015</u>	<u>1,382</u>	<u>1,015</u>
Attributable to:				
Equity holders of the parent	1,382	1,031	1,382	1,031
Minority interest	<u>-</u>	<u>(16)</u>	<u>-</u>	<u>(16)</u>
	<u>1,382</u>	<u>1,015</u>	<u>1,382</u>	<u>1,015</u>
Earnings per share				
(i) Basic (sen)	<u>1.10</u>	<u>0.85</u>	<u>1.10</u>	<u>0.85</u>
(ii) Diluted (sen)	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>

(The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2010

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	(Unaudited)	(Audited)
	As at	As at
	31.03.2010	31.12.2009
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,580	3,465
Prepaid lease payments	313	314
Development costs	4,937	4,881
Intangible assets	329	354
	<u>9,159</u>	<u>9,014</u>
Current assets		
Inventories	70	39
Trade receivables	3,047	3,863
Other receivables and prepaid expenses	489	469
Deposits with financial institutions	6,130	5,050
Cash and bank balances	12,566	11,938
	<u>22,302</u>	<u>21,359</u>
TOTAL ASSETS	<u>31,461</u>	<u>30,373</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	12,573	12,573
Reserves	17,335	15,953
Equity attributable to equity holders of the Company	<u>29,908</u>	<u>28,526</u>
Minority interest	-	-
Total equity	<u>29,908</u>	<u>28,526</u>
Current liabilities		
Trade payables	183	198
Other payables and accrued expenses	1,363	1,646
Taxation	7	3
Total current liabilities	<u>1,553</u>	<u>1,847</u>
TOTAL EQUITY AND LIABILITIES	<u>31,461</u>	<u>30,373</u>
Net assets per share (attributable to ordinary equity shares of the parent) (RM)	0.24	0.23

(The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2010

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(The figures have not been audited)

	3 Months Period Ended	
	31.03.2010	31.03.2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,397	1,070
Adjustments for:		
Allowance for doubtful debts	204	44
Amortisation of development costs	245	285
Amortisation of intangible assets	25	25
Amortisation of prepaid lease payments	*	1
Depreciation of property, plant and equipment	140	159
Interest income	(91)	(73)
Operating profit before working capital changes	<u>1,920</u>	<u>1,511</u>
Changes in working capital:		
(Increase)/Decrease in inventories	(22)	19
Decrease/(Increase) in trade receivables	607	(207)
Increase in other receivables and prepaid expenses	(24)	(41)
Decrease in trade payables	(23)	(23)
Decrease in other payables and accrued expenses	(274)	(83)
Cash generated from operations	<u>2,184</u>	<u>1,176</u>
Tax paid	(11)	(11)
Interest received	91	73
Development costs incurred	(301)	(343)
Net cash from operating activities	<u>1,963</u>	<u>895</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(255)	(47)
Net cash used in investing activity	<u>(255)</u>	<u>(47)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid	-	(1,211)
Net cash used in financing activity	<u>-</u>	<u>(1,211)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,708	(363)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	16,988	12,525
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>18,696</u>	<u>12,162</u>

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MSC Berhad

(Company No.: 570777-X)

(Incorporated in Malaysia under the Companies Act, 1965)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2010

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (CONT'D)

(The figures have not been audited)

	3 Months Period Ended	
	31.03.2010	31.03.2009
	RM'000	RM'000
Cash and cash equivalents comprise:		
Deposits with financial institutions	6,130	11,466
Cash and bank balances	12,566	696
	<u>18,696</u>	<u>12,162</u>

(The unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.)

* Denotes less than RM1,000

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Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2010

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	<----- 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			
<u>3 Months Period Ended 31 March 2010</u>							
As at 1 January 2010	12,573	14,258	1,695	-	28,526	-	28,526
Total comprehensive income for the period	-	1,382	-	-	1,382	-	1,382
As at 31 March 2010	<u>12,573</u>	<u>15,640</u>	<u>1,695</u>	<u>-</u>	<u>29,908</u>	<u>-</u>	<u>29,908</u>
<u>3 Months Period Ended 31 March 2009</u>							
As at 1 January 2009	12,112	9,860	1,057	63	23,092	70	23,162
Total comprehensive income for the period	-	1,031	-	-	1,031	(16)	1,015
As at 31 March 2009	<u>12,112</u>	<u>10,891</u>	<u>1,057</u>	<u>63</u>	<u>24,123</u>	<u>54</u>	<u>24,177</u>

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.)

A. EXPLANATORY NOTES AS PER FINANCIAL REPORTING STANDARDS (“FRSs”) NO. 134

A1. Accounting Policies and 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 2009.

The accounting policies and method of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2009 except for the adoption of the following new FRSs, Amendments to FRSs and Interpretations applicable to the Group effective for financial period beginning 1 January 2010:

FRS 1	Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate
FRS 7	Financial Instruments : Disclosures Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives
FRS 8	Amendment to FRS 8
FRS 101	Presentation of Financial Statements (Revised)
FRS 108	Amendment to FRS 108
FRS 119	Amendment to FRS 119
FRS 127	Amendment to FRS 127
FRS 132	Amendment to FRS 132: Financial Instruments: Presentation
FRS 134	Amendment to FRS 134
FRS 138	Amendment to FRS 138
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 10	Interim Financial Reporting and Impairment

The adoption of the above mentioned FRSs, Amendments to FRS and Interpretations have no material impact on the financial statements of the Group except for the following:

FRS 7: Financial Instruments: Disclosure

FRS 7 requires additional disclosures in financial statements that enable users to evaluate the significance of financial instruments for the entity’s financial position and performance, and the nature and extent of risks arising from financial instruments to which an entity is exposed and how these risks are managed. This standard requires both qualitative disclosure describing management’s objectives, policies and processes for managing those risk while quantitative disclosure provide information about the extent to which entity is exposed to risk, based on information provided internally to the entity’s key management personnel. However, FRS 7 disclosures are not required in the interim financial statements, and hence, no further disclosures have been made in these interim financial statements.

A1. Accounting Policies and Basic of Preparation (Cont'd)

FRS 8: Operating Segments

FRS 8 replaces FRS 114₂₀₀₄ Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. As the Group's chief operating decision maker, the Group's Board of Directors, relies on internal reports which are similar to those currently disclosed externally, and hence, no further segmental information disclosures will be necessary.

FRS 101: Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consisted of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements. This standard does not have any impact on the financial position and results of the Group.

The total comprehensive income for the period is presented as a one-line item in the statement of changes in equity.

FRS 139: Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in changes to the accounting policies relating to recognition and measurement of financial instruments.

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. As allowed under the transitional provisions of FRS 139, the Group has not applied the standard retrospectively.

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 11 March 2010, the Board of Directors (“Board”) had declared a first interim tax exempt dividend of 10% equivalent 1.0 sen per ordinary share for the financial year ending 31 December 2010. The dividend was paid to the shareholder of EFMB on 12 April 2010.

A8. Segmental Reporting

Segment information is presented in respect of the Group’s business segments.

- (i) Application Solutions (“AS”)
 - Sales of software applications and product on an outright purchase basis.
- (ii) Application Services Providers (“ASP”)
 - Income outsourcing service charge which is volume and transaction based.
- (iii) Maintenance Services
 - Provision of maintenance services

<u>3 Months Period Ended</u> <u>31 March 2010</u>	AS RM’000	ASP RM’000	Maintenance Services RM’000	Total RM’000
REVENUE				
External sales	1,032	2,036	148	3,216
RESULT				
Segment profit	489	749	68	1,306
Gain on foreign exchange				-
Interest income				91
Profit before taxation				1,397
Taxation				(15)
Net profit for the period / Total comprehensive income for the period				1,382

A8. Segmental Reporting (Cont'd)

<u>3 Months Period Ended</u> <u>31 March 2009</u>	AS RM'000	ASP RM'000	Maintenance Services RM'000	Total RM'000
REVENUE				
External sales	927	1,534	163	2,624
RESULT				
Segment profit	427	490	80	997
Gain on foreign exchange				-
Interest income				73
Profit before taxation				1,070
Taxation				(55)
Net profit for the period / Total comprehensive income for the period				1,015

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 March 2010 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 current financial 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. Performance Review

The Group recorded revenue of approximately RM3.22 million for the current financial quarter under review, compared to RM2.62 million generated for the same quarter last year, indicating 22.90% increase in revenue. This is due mainly to higher sales generated from AS and higher trading volume in the ASP business segments. The increase in AS's sales was due mainly to higher contribution from overseas sales in Vietnam.

The higher trading volume of ASP business segment for the current financial quarter as compared with corresponding quarter in the preceding quarter was due mainly to improved confidence and growth prospects in the global economic outlook. Generally, global activities in equity trading have improved from the downturn in March of 2009. This turn had also improved investors confidence in the domestic equity trading activities and resulted in higher trading volume and transactions.

B2. Variation of Results against Preceding Quarter

	Q1 2010	Q4 2009
	RM'000	RM'000
Revenue	3,216	3,319
PBT	1,397	1,954
PAT	1,382	1,961

The Group had recorded lower revenue for the current financial quarter as compared to the immediate preceding quarter due mainly to higher overseas revenue generated from Vietnam and Indonesia in the preceding quarter in AS business segment.

PBT of RM1.40 million for the current financial quarter under review was lower than the PBT of RM1.95 million recorded in the previous quarter. This was due mainly to higher purchases and operating costs incurred during current financial quarter in order to support new product development.

B3. Prospects for 2010

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 optimistic of achieving satisfactory performance for the financial year ending 31 December 2010.

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		Cumulative Financial	
	Quarter Ended		Quarter Ended	
	31.03.10	31.03.09	31.03.10	31.03.09
	RM'000	RM'000	RM'000	RM'000
Taxation	<u>15</u>	<u>55</u>	<u>15</u>	<u>55</u>

B5. Taxation (Cont'd)

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

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of this report.

On 30 April 2010, on behalf of the Board of Directors of Excel Force MSC Berhad (“EFMB”), Public Investment Bank Berhad announced that the Company proposed to undertake a private placement of up to 12,111,850 new ordinary shares of RM0.10 each in EFMB (“EFMB Shares or “Shares”) (“Placement Shares”), representing up to ten percent (10%) of the issue and paid-up share capital of EFMB at an issue price to be determined and announced later (“Proposed Private Placement”).

Bursa Malaysia Securities Berhad (“Bursa Securities) had vide its letter dated 10 May 2010, which was received on 11 May 2010, approved in principle the listing of and quotation for the Placement Shares on the ACE Market of Bursa Securities.

The issue price of RM0.44 per Placement Share was determined on the price fixing date on 11 May 2010. The issue price of the Placement Shares represents a discount of approximately 9.26% to the five (5) day weighted average market price of EFMB Shares up to 10 May 2010 of RM0.4989.

The Proposed Private Placement had been completed on 24 May 2010, being the date on which 12,111,800 Placement Shares are listed and quoted on the Official List of Bursa Securities.

B9. Borrowings and Debt Securities

The Company does not have any borrowings and debt securities as at 31 March 2010. 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

On 11 March 2010, the Board of Directors ("Board") had declared a first interim tax exempt dividend of 10% equivalent 1.0 sen per ordinary share for the financial year ended 31 December 2010. The dividends was paid to the shareholders of EFMB on 12 April 2010.

B13. Earnings per Share ("EPS")**i) Basic EPS**

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	31.03.10	31.03.09	31.03.10	31.03.09
Basic EPS				
Net profit for the period (RM'000)	1,382	1,031	1,382	1,031
Weighted average number of ordinary shares in issue ('000)	125,734	121,119	125,734	121,119
Basic EPS (sen)	<u>1.10</u>	<u>0.85</u>	<u>1.10</u>	<u>0.85</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 March 2010, 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	
	31.03.10	31.03.09	31.03.10	31.03.09
Diluted EPS				
Net profit for the period (RM'000)	1,382	1,031	1,382	1,031
Weighted average number of ordinary shares in issue ('000)	125,734	121,119	125,734	121,119
Add: Dilutive potential of ESOS options ('000)		-	-	-
	<u>125,734</u>	<u>121,119</u>	<u>125,734</u>	<u>121,119</u>
Diluted EPS (sen)	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</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 March 2010, 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) has 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 March 2010.