

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 September 2010

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.09.2010 RM'000	30.09.2009 RM'000	30.09.2010 RM'000	30.09.2009 RM'000
Revenue	3,396	2,965	10,106	8,799
Other operating income	152	76	387	214
Operating expenses	<u>(1,995)</u>	<u>(1,509)</u>	<u>(5,953)</u>	<u>(4,782)</u>
Profit from operations	1,553	1,532	4,540	4,231
Finance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit before taxation	1,553	1,532	4,540	4,231
Taxation	(25)	(40)	(59)	(107)
Net profit for the period	<u>1,528</u>	<u>1,492</u>	<u>4,481</u>	<u>4,124</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>1,528</u>	<u>1,492</u>	<u>4,481</u>	<u>4,124</u>
Attributable to:				
Equity holders of the parent	1,528	1,503	4,481	4,180
Minority interest	<u>-</u>	<u>(11)</u>	<u>-</u>	<u>(56)</u>
	<u>1,528</u>	<u>1,492</u>	<u>4,481</u>	<u>4,124</u>
Earnings per share				
(i) Basic (sen)	<u>1.00</u>	<u>1.24</u>	<u>3.27</u>	<u>3.45</u>
(ii) Diluted (sen)	<u>NA</u>	<u>1.22</u>	<u>NA</u>	<u>3.45</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 30 September 2010

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	(Unaudited) As at 30.09.2010 RM'000	(Audited) As at 31.12.2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,590	3,465
Prepaid lease payments	312	314
Development costs	5,137	4,881
Intangible assets	278	354
	9,317	9,014
Current assets		
Inventories	66	39
Trade receivables	3,125	3,863
Other receivables and prepaid expenses	492	469
Marketable securities	11,167	5,049
Deposits with financial institutions	13,557	10,926
Cash and bank balances	976	1,013
	29,383	21,359
TOTAL ASSETS	38,700	30,373
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	20,677	12,573
Reserves	16,343	15,953
Equity attributable to equity holders of the Company	37,020	28,526
Minority interest	-	-
Total equity	37,020	28,526
Current liabilities		
Trade payables	340	198
Other payables and accrued expenses	1,311	1,646
Taxation	29	3
	1,680	1,847
TOTAL EQUITY AND LIABILITIES	38,700	30,373
Net assets per share (attributable to ordinary equity shares of the parent) (RM)	0.18	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 30 September 2010

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(The figures have not been audited)

	9 Months Period Ended	
	30.09.2010	30.09.2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,540	4,231
Adjustments for:		
Allowance for doubtful debts	-	55
Amortisation of development costs	736	855
Amortisation of intangible assets	76	76
Amortisation of prepaid lease payments	2	2
Depreciation of property, plant and equipment	397	464
Allowance for doubtful debts no longer required	(14)	-
Gain on disposal of property, plant and equipment	(34)	-
Interest income	(353)	(195)
Operating profit before working capital changes	5,350	5,488
Changes in working capital:		
Increase in inventories	(27)	(14)
Decrease in trade receivables	752	275
Increase in other receivables and prepaid expenses	(23)	(47)
Increase in marketable securities (N1)	(6,118)	(4,025)
Increase in trade payables	134	4
Decrease in other payables and accrued expenses	(327)	(17)
Cash (used in) / generated from operations	(259)	1,664
Tax paid	(33)	(44)
Interest received	353	195
Development costs incurred	(992)	(1,081)
Net cash (used in) / from operating activities	(931)	734
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(522)	(158)
Proceeds from disposal of property, plant and equipment	34	12
Net cash used in investing activities	(488)	(146)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	5,329	33
Dividends paid	(1,257)	(3,030)
Share issue expenses paid – private placement	(36)	-
– bonus issue	(23)	-
Net cash from / (used in) financing activities	4,013	(2,997)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	2,594	(2,409)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	11,939	12,525
CASH AND CASH EQUIVALENTS CARRIED FORWARD	14,533	10,116

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 September 2010

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (CONT'D)

(The figures have not been audited)

	9 Months Period Ended	
	30.09.2010	30.09.2009
	RM'000	RM'000
Cash and cash equivalents comprise:		
Deposits with financial institutions	13,557	9,599
Cash and bank balances	976	517
	<u>14,533</u>	<u>10,116</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.)

Note:

- (N1) The increase in marketable securities consists of placement of funds into money market instruments managed by licensed fund managers.

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 September 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>9 Months Period Ended 30 September 2010</u>							
As at 1 January 2010	12,573	14,258	1,695	-	28,526	-	28,526
Total comprehensive income for the period	-	4,481	-	-	4,481	-	4,481
Dividends paid	-	(1,257)	-	-	(1,257)	-	(1,257)
Issuance of shares pursuant to private placement	1,211	-	4,118	-	5,329	-	5,329
Issuance of shares pursuant to bonus issue	6,893	(1,080)	(5,813)	-	-	-	-
Shares issue expenses paid	-	(59)	-	-	(59)	-	(59)
As at 30 September 2010	<u>20,677</u>	<u>16,343</u>	<u>-</u>	<u>-</u>	<u>37,020</u>	<u>-</u>	<u>37,020</u>

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 September 2010

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

(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>9 Months Period Ended 30 September 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	-	4,180	-	-	4,180	(56)	4,124
Issuance of shares pursuant to ESOS	14	-	19	-	33	-	33
Dividends paid	-	(1,819)	-	-	(1,819)	-	(1,819)
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 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 (“Bursa Securities”).

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: Disclosures

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.

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

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 (Revised)

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

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

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. Issuances, Cancellation, Repurchases, Resale and Repayments of Debts and Equity Securities

On 27 May 2010, it was announced that the Company proposed to implement a bonus issue of 68,922,700 new ordinary shares of RM0.10 each in the Company (“Bonus Shares”) on the basis of one (1) Bonus Share for every two (2) existing ordinary shares of RM0.10 each in the Company (“Bonus Issue”).

The Bonus Issue has been completed with the listing of and quotation for the 68,922,700 Bonus Shares on the ACE Market of Bursa Securities on 26 August 2010.

Save for 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. On 26 November 2010, the Board of Directors (“Board”) had declared a second interim tax exempt dividend of 10% equivalent 1.0 sen per ordinary share for the financial year ending 31 December 2010.

The amount of dividends paid during the current and preceding cumulative financial quarter are as follow: -

	Cumulative Financial Quarter Ended	
	30.09.2010	30.09.2009
In respect of the financial year end 31 December	RM’000	RM’000
2010: Interim tax exempt dividend of 1.0 sen per ordinary share paid on 12 April 2010.	1,257	-
2009: Interim tax exempt dividend of 1.5 sen per ordinary share paid on 25 September 2009.	-	1,819
	<u><u>1,257</u></u>	<u><u>1,819</u></u>

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

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

(a) Individual Quarter

<u>3 Months Period Ended</u> <u>30 September 2010</u>	AS RM’000	ASP RM’000	Maintenance Services RM’000	Total RM’000
REVENUE				
External sales	1,212	1,956	228	3,396
RESULT				
Segment profit	663	625	113	1,401
Gain on foreign exchange				*
Interest income				152
Gain on disposal of property, plant and equipment				-
Profit before taxation				1,553
Taxation				(25)
Net profit for the period / Total comprehensive income for the period				1,528

<u>3 Months Period Ended</u> <u>30 September 2009</u>	AS RM’000	ASP RM’000	Maintenance Services RM’000	Total RM’000
REVENUE				
External sales	416	2,355	194	2,965
RESULT				
Segment profit	178	1,165	114	1,457
Gain on foreign exchange				2
Interest income				73
Profit before taxation				1,532
Taxation				(40)
Net profit for the period / Total comprehensive income for the period				1,492

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

A8. Segmental Reporting (Cont’d)

(b) Cumulative Quarter

<u>9 Months Period Ended</u> <u>30 September 2010</u>	AS RM’000	ASP RM’000	Maintenance Services RM’000	Total RM’000
REVENUE				
External sales	3,267	6,302	537	10,106
RESULT				
Segment profit	1,641	2,246	266	4,153
Gain on foreign exchange				*
Interest income				353
Gain on disposal of property, plant and equipment				34
Profit before taxation				4,540
Taxation				(59)
Net profit for the period / Total comprehensive income for the period				4,481

<u>9 Months Period Ended</u> <u>30 September 2009</u>	AS RM’000	ASP RM’000	Maintenance Services RM’000	Total RM’000
REVENUE				
External sales	1,862	6,380	557	8,799
RESULT				
Segment profit	866	2,822	329	4,017
Gain on foreign exchange				19
Interest income				195
Profit before taxation				4,231
Taxation				(107)
Net profit for the period / Total comprehensive income for the period				4,124

*Denotes less than RM1,000

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.

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

A10. Subsequent Material Event

There was no material event subsequent to the current financial quarter ended 30 September 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.

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

B1. Performance Review

The Group recorded revenue of approximately RM3.40 million for the current financial quarter under review, compared to RM2.97 million generated for the same quarter last year, representing an increase of approximately 14.54%. The improvement in revenue was mainly attributed to the increased sales from the AS business segment after securing a new stockbroking project with local customer.

For the nine (9) months financial period ended 30 September 2010, the Group achieved a total revenue of RM10.11 million compared to the corresponding cumulative quarter in the preceding year of RM8.80 million. The improvement was due mainly to higher contribution from AS business segment as more projects were secured from local customers.

The PBT for the cumulative quarter increased by approximately 7.30% to approximately RM4.54 million, as compared to the PBT of RM4.23 million for the cumulative quarter in the preceding financial year. The increase in PBT was contributed mainly from increased revenue mentioned above as well as higher interest income, lower marketing expenses and recovery of provision for doubtful debts.

B2. Variation of Results against Preceding Quarter

	Q3 2010	Q2 2010	Increase / (Decrease)	
	RM'000	RM'000	RM'000	%
Revenue	3,396	3,494	(98)	(2.80)
PBT	1,553	1,590	(37)	(2.33)
PAT	1,528	1,571	(43)	(2.74)

The Group had recorded lower revenue for the current financial quarter as compared to the immediate preceding quarter due to lower income generated from ASP business segment.

PBT decreased by approximately RM0.04 million or 2.33% to RM1.55 million from RM1.59 million for the current financial quarter under review due to the increase in project cost and operational expenses.

As a result of the foregoing factors, PAT had decreased by approximately 2.74% as compared to the immediate preceding quarter.

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 a satisfactory performance for the financial year ending 31 December 2010.

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

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	
	30.09.10	30.09.09	30.09.10	30.09.09
	RM'000	RM'000	RM'000	RM'000
Taxation	<u>25</u>	<u>40</u>	<u>59</u>	<u>107</u>

The Group has been granted Pioneer Tax Status under the Promotion of Investments (Amendment) Act, 1997 and awarded with the MSC-Status, which carries with it tax exemption until 15 May 2012. The reported tax expense is attributed to interest income on short term deposits and withholding tax arising from foreign sales proceeds.

B6. Sale of Unquoted Investment and/or Property

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

(a) Status of Corporate Proposal Announced but Not Completed

Transfer Listing

On 14 June 2010, Public Investment Bank Berhad (“PIVB”) announced on behalf of the Company, that the Company proposes to undertake a proposed transfer of the listing and quotation for the entire issued and paid-up share capital of the Company from the ACE Market of Bursa Securities to the Main Market of Bursa Securities (“Proposed Transfer Listing”) and the proposed amendments to the Articles of Association of the Company (“Proposed Amendments”).

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

B8. Status of Corporate Proposals (Cont'd)

(a) Status of Corporate Proposal Announced but Not Completed (cont'd)

Transfer Listing (cont'd)

On 25 June 2010, PIVB had on behalf of EFMB made an application to the SC in respect of the Proposed Transfer Listing.

Further to the announcement dated 25 June 2010, the Securities Commission (“SC”) had vide its letter dated 24 November 2010 (which was received on 25 November 2010) granted its approval for the Proposed Transfer Listing under:

- (i) Section 212(5) of the Capital Market & Services Act 2007; and
- (ii) The equity requirement for public companies.

PIVB is required to inform the SC upon completion of the Proposed Transfer Listing.

The approval of the SC for the Proposed Transfer Listing is subject to the following term and conditions:

Term

Transfer of the listing and quotation for the entire issued and paid-up share capital of EFMB from the ACE market to the Main Market of Bursa Malaysia Securities Berhad.

Conditions

- (i) PIVB / EFMB to fully comply with all the relevant requirements pertaining to the implementation of the Proposed Transfer Listing as stipulated in the SC’s Equity Guidelines.
- (ii) PIVB / EFMB to fully comply with the conditions imposed pertaining to the waiver sought from compliance with the Prospectus Guidelines – Equity and Debt and Prospectus Guidelines – Procedures for Registration in relation to the Proposed Transfer Listing:

No.	Description	SC’s Decision
1.	<p><u>Paragraph 12.10 to 12.18 of the Prospectus Guidelines – Equity and Debt</u></p> <p>Waiver sought from complying with the requirements to provide:</p> <ul style="list-style-type: none"> (i) Interim audited financial statement; and (ii) Audited proforma financial information for the interim period 	<p>Approved, subject to EFMB including its latest quarterly report in the Introductory Document.</p>

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

B8. Status of Corporate Proposals (Cont'd)

(a) Status of Corporate Proposal Announced but Not Completed (cont'd)

Transfer Listing (cont'd)

No.	Description	SC's Decision
2.	<p><u>Paragraph 1.13(b) of the Prospectus Guidelines – Procedures for Registration</u></p> <p>Waiver sought from providing a Bahasa Malaysia version of the Introductory Document.</p>	Approved.

With the approval of the SC, the Company shall seek the approval of Bursa Securities on the Proposed Transfer Listing in due course.

The Proposed Transfer Listing is expected to be completed in the fourth quarter of 2010.

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

(b) Utilisation of Proceeds

Proceeds from Private Placement

The Company had raised approximately RM5.33 million from its private placement exercise of 12,111,800 ordinary shares of RM0.10 each in EFMB ("Placement Shares") which was completed on 24 May 2010.

As at 30 September 2010, the status of the utilisation of proceeds is as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised/ Deviation RM'000	%	Adjusted Balance for the Working Capital of EFMB Group RM'000	Remaining Balance RM'000	Intended Time Frame for Utilisation	Explanation
- Business expansion	4,000	-	4,000	100.00	-	4,000	23 May 2012	Note 2
- Working capital requirements	1,279	-	1,279	100.00	14	1,293	23 May 2011	Note 3
- Estimated expenses in relation to the private placement	50	36	14	28.00	(14) ⁵	-	N/A	Note 4
Total ¹	5,329	36	5,293		-	5,293		

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

B8. Status of Corporate Proposals (Cont'd)

(b) Utilisation of Proceeds (cont'd)

Notes:

- 1. Computed based on 12,111,800 Placement Shares which was issued at an issue price of RM0.44 per share. The issue price was determined on 11 May 2010 (price-fixing date) and represents a discount of approximately 9.26% to the five (5) day weighted average market price of EFMB share from 4 May 2010 to 10 May 2010 of RM0.4849.*
- 2. EFMB and its subsidiary ("EFMB Group") intend to utilise a portion of the placement proceeds for business expansion domestically and overseas for the next two (2) years, of which is expected to contribute positively to the Group's future financial performance. The estimated cost for local expansion is approximately RM2 million while the estimated cost for its overseas expansion would require approximately RM2 million for research works, travelling, accommodation, exhibitions, marketing and promotion activities, which is in line with the Group's overseas market penetration efforts.*
- 3. Proceeds from the Private Placement will also be utilised for working capital requirements of the EFMB Group. This amount will be utilised for but are not limited to operating expenses such as staff salaries, development expenditure, promotional and marketing expenditure, and other expenditures.*
- 4. The proceeds of approximately RM36,000 of the Private Placement has been utilised for professional fees, placement fees, fee payable to authorities and other miscellaneous expenses relating to the Private Placement.*
- 5. The surplus funds of approximately RM14,000 of the Private Placement would be adjusted to the amount earmarked for working capital.*

B9. Group Borrowings and Debt Securities

The Company does not have any borrowings and debt securities as at 30 September 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.

**B. EXPLANATORY NOTES AS PER ACE MARKET LISTING REQUIREMENT
(APPENDIX 9B) (CONT'D)**

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") had 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. Due to this, 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 High Court of Malaya ("Court") had on 29 February 2008 dismissed AIT's application and Originating Summons. Thereafter, AIT filed an appeal against the Court decision at the Court of Appeal. The Court of Appeal has yet to list the appeal for hearing and has not fixed the matter for case management.

Pending the appeal, AIT further filed for a summons in chambers for an Erinford Injunction to restrain EFMB from proceeding with the winding up petition against AIT. The Court had granted the Erinford Injunction subject to the condition that AIT shall deposit a sum of RM150,000 by 11 December 2008. AIT had on 5 December 2008 deposited the said sum into Court.

The solicitors in charge of the matter is of view that the appeal by AIT is likely to be dismissed as there is evidence that AIT had admitted to the debt.

B12. Dividend

No dividend was declared or paid during the current financial quarter under review. On 26 November 2010, the Board of Directors ("Board") had declared a second interim tax exempt dividend of 10% equivalent 1.0 sen per ordinary share for the financial year ending 31 December 2010.

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

B13. Earnings per Share ("EPS")

(a) Basic EPS	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	30.09.10	30.09.09	30.09.10	30.09.09
Net profit for the period (RM'000)	1,528	1,503	4,481	4,180
Weighted average number of ordinary shares in issue ('000)	153,453	121,162	136,938	121,133
Basic EPS (sen)	<u>1.00</u>	<u>1.24</u>	<u>3.27</u>	<u>3.45</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 30 September 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.

(b) Diluted EPS	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	30.09.10	30.09.09	30.09.10	30.09.09
Net profit for the period (RM'000)	1,528	1,503	4,481	4,180
Weighted average number of ordinary shares in issue ('000)	153,453	121,162	136,938	121,133
Add: Dilutive potential of ESOS options ('000)	-	1,734	-	-
	<u>153,453</u>	<u>122,896</u>	<u>136,938</u>	<u>121,133</u>
Diluted EPS (sen)	<u>NA</u>	<u>1.22</u>	<u>NA</u>	<u>3.45</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 30 September 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 for ordinary shares as at 30 September 2010.