

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

*(The figures have not been audited)*

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) 31.12.2010 RM'000	(Unaudited) 31.12.2009 RM'000	(Unaudited) 31.12.2010 RM'000	(Audited) 31.12.2009 RM'000
Revenue	3,276	3,319	13,382	12,117
Other operating income	167	79	555	482
Operating expenses	(2,547)	(1,444)	(8,501)	(6,414)
<b>Profit from operations</b>	<b>896</b>	<b>1,954</b>	<b>5,436</b>	<b>6,185</b>
Finance costs	-	-	-	-
<b>Profit before taxation</b>	<b>896</b>	<b>1,954</b>	<b>5,436</b>	<b>6,185</b>
Taxation	(14)	7	(73)	(100)
<b>Net profit for the period</b>	<b>882</b>	<b>1,961</b>	<b>5,363</b>	<b>6,085</b>
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>882</b>	<b>1,961</b>	<b>5,363</b>	<b>6,085</b>
<b>Attributable to:</b>				
Owners of the parent	882	1,991	5,363	6,155
Non-controlling interests	-	(30)	-	(70)
	<b>882</b>	<b>1,961</b>	<b>5,363</b>	<b>6,085</b>
<b>Earnings per share</b>				
- Basic / Diluted (sen)	0.45	1.62	4.00	5.07

*(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 December 2010**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (AMENDED)**

*(The figures have not been audited)*

	(Unaudited) As at <b>31.12.2010</b> RM'000	(Audited) As at <b>31.12.2009</b> RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,496	3,465
Prepaid lease payments	311	314
Development costs	5,285	4,881
Intangible assets	253	354
	<u>9,345</u>	<u>9,014</u>
<b>Current assets</b>		
Inventories	66	39
Trade receivables	3,820	3,863
Other receivables and prepaid expenses	147	469
Deposits with financial institutions	21,992	15,975
Cash and bank balances	1,771	1,013
	<u>27,796</u>	<u>21,359</u>
<b>TOTAL ASSETS</b>	<b><u>37,141</u></b>	<b><u>30,373</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	20,677	12,573
Reserves	15,157	15,953
<b>Equity attributable to owners of the parent</b>	<u>35,834</u>	<u>28,526</u>
Non-controlling interests	-	-
Total equity	<u>35,834</u>	<u>28,526</u>
<b>Current liabilities</b>		
Trade payables	285	198
Other payables and accrued expenses	1,009	1,646
Taxation	13	3
	<u>1,307</u>	<u>1,847</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>37,141</u></b>	<b><u>30,373</u></b>
<b>Net assets per share (attributable to owners of the parent) (RM)</b>	0.17	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 December 2010**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (AMENDED)**

*(The figures have not been audited)*

	(Unaudited) 31.12.2010 RM'000	(Audited) 31.12.2009 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	5,436	6,185
Adjustments for:		
Allowance for doubtful debts	32	-
Amortisation of development costs	1,028	1,117
Amortisation of intangible assets	101	101
Amortisation of prepaid lease payments	3	3
Depreciation of property, plant and equipment	527	612
Allowance for doubtful debts no longer required	-	(207)
Gain on disposal of property, plant and equipment	(33)	*
Interest income	(519)	(273)
Operating profit before working capital changes	<u>6,575</u>	<u>7,538</u>
Changes in working capital:		
(Increase) / Decrease in inventories	(27)	24
Decrease in trade receivables	11	135
Decrease in other receivables and prepaid expenses	322	86
Increase / (Decrease) in trade payables	87	(50)
(Decrease) / Increase in other payables and accrued expenses	(637)	247
Cash generated from operations	<u>6,331</u>	<u>7,980</u>
Tax paid	(63)	(60)
Interest received	519	273
Development costs incurred	(1,432)	(1,555)
<b>Net cash from operating activities</b>	<u><b>5,355</b></u>	<u><b>6,638</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(559)	(259)
Proceeds from disposal of property, plant and equipment	34	15
<b>Net cash used in investing activities</b>	<u><b>(525)</b></u>	<u><b>(244)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	5,329	1,099
Dividends paid	(3,325)	(3,030)
Share issue expenses paid – private placement	(36)	-
– bonus issue	(23)	-
<b>Net cash from / (used in) financing activities</b>	<u><b>1,945</b></u>	<u><b>(1,931)</b></u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>6,775</b>	<b>4,463</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>16,988</b>	<b>12,525</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<u><b>23,763</b></u>	<u><b>16,988</b></u>

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

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (AMENDED) (CONT'D)**

*(The figures have not been audited)*

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>31.12.2010</b>	<b>31.12.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents comprise:		
Deposits with financial institutions	21,992	15,975
Cash and bank balances	1,771	1,013
	<b><u>23,763</u></b>	<b><u>16,988</u></b>

*(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:**

\* Denoted less than RM1,000

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*(The figures have not been audited)*

	<----- Attributable to Owners of the Parent ----->				Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Retained Profits RM'000	Share Premium RM'000	ESOS Reserve RM'000			
<u>12 Months Period Ended 31 December 2010</u>							
As at 1 January 2010	12,573	14,258	1,695	-	28,526	-	28,526
Total comprehensive income for the period	-	5,363	-	-	5,363	-	5,363
Dividends paid	-	(3,325)	-	-	(3,325)	-	(3,325)
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 31 December 2010	<u>20,677</u>	<u>15,157</u>	<u>-</u>	<u>-</u>	<u>35,834</u>	<u>-</u>	<u>35,834</u>

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

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

*(The figures have not been audited)*

	<----- Attributable to Owners of the Parent ----->				Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Retained Profits RM'000	Share Premium RM'000	ESOS Reserve RM'000			
<u>12 Months Period Ended 31 December 2009</u>							
As at 1 January 2009	12,112	9,859	1,057	63	23,091	70	<b>23,161</b>
Total comprehensive income for the period	-	6,155	-	-	6,155	(70)	<b>6,085</b>
Issuance of shares pursuant to ESOS	461	-	638	-	1,099	-	<b>1,099</b>
Share options lapsed	-	63	-	(63)	-	-	-
Dividends paid	-	(1,819)	-	-	(1,819)	-	<b>(1,819)</b>
As at 31 December 2009	<u><b>12,573</b></u>	<u><b>14,258</b></u>	<u><b>1,695</b></u>	<u><b>-</b></u>	<u><b>28,526</b></u>	<u><b>-</b></u>	<u><b>28,526</b></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**

Excel Force MSC Berhad (“EFMB”) was successfully transferred to the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 21 December 2010.

The interim financial report has been prepared in compliance with FRS No. 134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of 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)**

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

FRS 8: Operating Segments

FRS 8 replaces FRS 114<sub>2004</sub> 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**

There was 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 26 November 2010, the Board of Directors (“Board”) had declared a second interim tax exempt dividend of 10% equivalent to 1.0 sen per ordinary share of RM0.10 amounting to approximately RM2.07 million for the financial year ended 31 December 2010. The dividend was paid to the shareholders of EFMB on 28 December 2010.

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

	<b>Cumulative Financial Quarter Ended</b>	
	<b>31.12.2010 RM’000</b>	<b>31.12.2009 RM’000</b>
<b>In respect of the financial year ended 31 December</b>		
2010: Interim tax exempt dividend of 1.0 sen per ordinary share of RM0.10 paid on 28 December 2010.	2,068	-
: Interim tax exempt dividend of 1.0 sen per ordinary share of RM0.10 paid on 12 April 2010.	1,257	-
2009: Interim tax exempt dividend of 1.5 sen per ordinary share of RM0.10 paid on 25 September 2009.	-	1,819
	<b>3,325</b>	<b>1,819</b>

**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 from 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>31 December 2010</u>	<b>AS</b> <b>RM’000</b>	<b>ASP</b> <b>RM’000</b>	<b>Maintenance</b> <b>Services</b> <b>RM’000</b>	<b>Total</b> <b>RM’000</b>
<b>REVENUE</b>				
External sales	657	2,418	201	3,276
<b>RESULT</b>				
Segment profit	124	537	68	729
Gain on foreign exchange				1
Interest income				166
Gain on disposal of property, plant and equipment				-
Profit before taxation				896
Taxation				(14)
<b>Net profit for the period / Total comprehensive income for the period</b>				<b>882</b>

<u>3 Months Period Ended</u> <u>31 December 2009</u>	<b>AS</b> <b>RM’000</b>	<b>ASP</b> <b>RM’000</b>	<b>Maintenance</b> <b>Services</b> <b>RM’000</b>	<b>Total</b> <b>RM’000</b>
<b>REVENUE</b>				
External sales	1,190	1,965	164	3,319
<b>RESULT</b>				
Segment profit	723	1,048	95	1,866
Gain on foreign exchange				10
Interest income				78
Profit before taxation				1,954
Taxation				7
<b>Net profit for the period / Total comprehensive income for the period</b>				<b>1,961</b>

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

**A8. Segmental Reporting (Cont’d)**

**(b) Cumulative Quarter**

<u>12 Months Period Ended</u> <u>31 December 2010</u>	<b>AS</b> <b>RM’000</b>	<b>ASP</b> <b>RM’000</b>	<b>Maintenance</b> <b>Services</b> <b>RM’000</b>	<b>Total</b> <b>RM’000</b>
<b>REVENUE</b>				
External sales	3,924	8,720	738	13,382
<b>RESULT</b>				
Segment profit	1,765	2,783	334	4,882
Gain on foreign exchange				1
Interest income				519
Gain on disposal of property, plant and equipment				34
Profit before taxation				5,436
Taxation				(73)
<b>Net profit for the period / Total comprehensive income for the period</b>				<b>5,363</b>

<u>12 Months Period Ended</u> <u>31 December 2009</u>	<b>AS</b> <b>RM’000</b>	<b>ASP</b> <b>RM’000</b>	<b>Maintenance</b> <b>Services</b> <b>RM’000</b>	<b>Total</b> <b>RM’000</b>
<b>REVENUE</b>				
External sales	3,052	8,345	720	12,117
<b>RESULT</b>				
Segment profit	1,589	3,870	424	5,883
Gain on foreign exchange				29
Interest income				273
Profit before taxation				6,185
Taxation				(100)
<b>Net profit for the period / Total comprehensive income for the period</b>				<b>6,085</b>

**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)**

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**A10. Subsequent Material Event**

There was no material event subsequent to the current financial quarter ended 31 December 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 MAIN MARKET LISTING REQUIREMENT (APPENDIX 9B)**

### **B1. Performance Review**

The Group recorded revenue of approximately RM3.28 million for the current financial quarter under review, compared to RM3.32 million generated in the corresponding quarter in the preceding year, representing a slight decrease of approximately 1.30%. The decreased in revenue was due mainly to lower income generated from overseas market in the AS business segment resulting from the completion of a project in Vietnam.

For the twelve (12) months financial period ended 31 December 2010, the Group achieved a total revenue of RM13.38 million compared to the corresponding cumulative quarter in the preceding year of RM12.12 million. The improvement was due mainly to the contribution from all business segments especially the AS business segment as more projects were secured from local and overseas market.

However, the PBT for the current cumulative quarter had declined to RM5.44 million as compared to RM6.19 million in the preceding year, representing a decreased of approximately 12.11%. The decrease in PBT was due mainly to higher operational expenses and direct technical staff costs incurred to support the business operations to cater for the additional projects.

### **B2. Variation of Results against Preceding Quarter**

	<b>Q4 2010</b>	<b>Q3 2010</b>	<b>Decrease</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	3,276	3,396	120	3.53
PBT	896	1,553	657	42.31
PAT	882	1,528	646	42.28

The Group had recorded lower revenue for the current financial quarter as compared to the immediate preceding quarter due mainly to lower income generated from the AS business segment as explained in B1 above.

PBT decreased by approximately RM0.66 million or 42.31% from RM1.55 million to RM0.90 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 42.28% as compared to the immediate preceding quarter.

### **B3. Prospects for 2011**

Moving forward in year 2011, the Group will continue to focus on strengthening its brand equity coupled with new business strategies to provide a full suite of propriety front, middle and back office solutions to the stockbroking industry.

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

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**B3. Prospects for 2011 (Cont'd)**

The Group will continue to embark on market development and expansion of existing products and services, through introduction of new application solutions and services, and improved versions of existing application solutions to keep abreast with market demand. The Board is optimistic of achieving a satisfactory performance for the financial year ending 31 December 2011.

**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	
	31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Taxation	<u>14</u>	<u>(7)</u>	<u>73</u>	<u>100</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.

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

**B8. Status of Corporate Proposals**

**(a) Status of Corporate Proposal Announced but Not Completed**

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 31 December 2010, the status of the utilisation of proceeds is as follows:

	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Balance Unutilised/ Deviation RM'000</b>	<b>%</b>	<b>Adjusted Balance for the Working Capital of EFMB Group RM'000</b>	<b>Remaining Balance RM'000</b>	<b>Intended Time Frame for Utilisation</b>	<b>Explanation</b>
- Business expansion	4,000	-	4,000	100.00	-	4,000	23 May 2012	Note 2
- Working capital requirements	1,279	524	755	59.03	14	769	23 May 2011	Note 3
- Estimated expenses in relation to the private placement	50	36	14	28.00	(14) <sup>5</sup>	-	N/A	Note 4
<b>Total<sup>1</sup></b>	<b>5,329</b>	<b>560</b>	<b>4,769</b>		<b>-</b>	<b>4,769</b>		

*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.

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

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### **B8. Status of Corporate Proposals (Cont'd)**

#### **(b) Utilisation of Proceeds (cont'd)**

##### Proceeds from Private Placement (cont'd)

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 expenditure.*
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 31 December 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.



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

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**B11. Material Litigation (Cont'd)**

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

The Court of Appeal has fixed 16 February 2011 for hearing of AIT's appeal. The solicitor for the AIT has prior to the hearing of their appeal agreed to deposit RM150,000 with EFMB's solicitor to be held as stakeholder pending EFMB recovers such sum from AIT in the Kuala Lumpur Session Court, which sum is to be released to EFMB upon procurement of judgment. Accordingly, the Court of Appeal struck out the appeal upon the request from the solicitor for AIT to withdraw their appeal on 16 February 2011.

**B12. Dividend**

On 26 November 2010, the Board had declared a second interim tax exempt dividend of 10% equivalent to 1.0 sen per ordinary share of RM0.10 amounting to approximately RM2.07 million for the financial year ended 31 December 2010. The dividend was paid to the shareholders of EFMB on 28 December 2010.

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

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

<u>(a) Basic EPS</u>	<b>Individual Financial Quarter Ended</b>		<b>Cumulative Financial Quarter Ended</b>	
	<b>31.12.10</b>	<b>31.12.09</b>	<b>31.12.10</b>	<b>31.12.09</b>
Net profit for the period (RM'000)	882	1,991	5,363	6,155
Weighted average number of ordinary shares in issue ('000)	194,656	122,659	134,114	121,482
Basic EPS (sen)	<u>0.45</u>	<u>1.62</u>	<u>4.00</u>	<u>5.07</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 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**

The Group has no dilution in its earnings per ordinary shares in the current year and the preceding year as there are no dilutive potential ordinary shares.

**B14. Realised and Unrealised Profits**

On 25 March 2010, Bursa Securities had issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Securities Main Market Listing Requirements. The directive required all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

The breakdown of the retained earnings of the Group as of 31 December 2010 into realised and unrealised profits and losses, pursuant to the directive, is as follow:

	<b>As At 31.12.10 RM'000</b>	<b>As At 30.09.10 RM'000</b>
Total retained profits of Excel Force MSC Berhad and its subsidiaries:		
- Realised	15,171	16,363
- Unrealised	<u>(14)</u>	<u>(20)</u>
Total Group retained profits as per consolidated accounts	<u>15,157</u>	<u>16,343</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirement", issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.