

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2012

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	31.03.2012 RM'000	31.03.2011 RM'000	31.03.2012 RM'000	31.03.2011 RM'000
Revenue	4,899	3,518	4,899	3,518
Cost of sales	(1,874)	(1,149)	(1,874)	(1,149)
Gross profit	<u>3,025</u>	<u>2,369</u>	<u>3,025</u>	<u>2,369</u>
Other income	266	192	266	192
Other operating expenses	(325)	(312)	(325)	(312)
Marketing expenses	(15)	(46)	(15)	(46)
Administrative expenses	(899)	(587)	(899)	(587)
Finance costs	(16)	-	(16)	-
Profit before tax	<u>2,036</u>	<u>1,616</u>	<u>2,036</u>	<u>1,616</u>
Tax expense	(20)	(23)	(20)	(23)
Profit for the period	<u>2,016</u>	<u>1,593</u>	<u>2,016</u>	<u>1,593</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><u>2,016</u></u>	<u><u>1,593</u></u>	<u><u>2,016</u></u>	<u><u>1,593</u></u>
Profit for the period attributable to:				
Owners of the parent	2,024	1,593	2,024	1,593
Non-controlling interests	(8)	-	(8)	-
	<u>2,016</u>	<u>1,593</u>	<u>2,016</u>	<u>1,593</u>
Earnings per share				
- Basic (sen)	<u>0.98</u>	<u>0.77</u>	<u>0.98</u>	<u>0.77</u>
- Diluted (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2012

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(The figures have not been audited)

	31.03.2012 RM'000 (Unaudited)	31.12.2011 RM'000 (Restated)	01.01.2011 RM'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	5,394	5,462	3,808
Development costs	5,791	5,659	5,285
Intangible assets	126	151	252
Total non-current assets	11,311	11,272	9,345
Current assets			
Inventories	54	60	66
Trade and other receivables	5,504	7,190	3,967
Cash and cash equivalents	28,163	25,332	24,888
Total current assets	33,721	32,582	28,921
TOTAL ASSETS	45,032	43,854	38,266
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	20,677	20,677	20,677
Reserves	19,084	17,060	15,156
	39,761	37,737	35,833
Non-controlling interests	(1)	7	-
TOTAL EQUITY	39,760	37,744	35,833

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

(The figures have not been audited)

	31.03.2012	31.12.2011	01.01.2011
	RM'000	RM'000	RM'000
Note	(Unaudited)	(Restated)	(Restated)
EQUITY AND LIABILITIES			
(continued)			
Non-current liabilities			
Borrowings	560	647	891
Deferred tax liabilities	351	351	-
Total non-current liabilities	911	998	891
Current liabilities			
Trade and other payables	3,181	3,882	1,294
Borrowings	1,170	1,222	235
Current tax liabilities	10	8	13
Total current liabilities	4,361	5,112	1,542
TOTAL LIABILITIES	5,272	6,110	2,433
TOTAL EQUITY AND LIABILITIES	45,032	43,854	38,266
Net assets per share attributable to equity holders of the Company (RM)	0.19	0.18	0.17

(The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2012

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

	Share Capital RM'000	Retained Earnings RM'000	Total Attributable to the Owners of the Parent RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
<u>3 Months Period Ended</u>					
<u>31 March 2012</u>					
At 1 January 2012	20,677	17,060	37,737	7	37,744
Total comprehensive income for the period	-	2,024	2,024	(8)	2,016
Dividends paid	-	-	-	-	-
At 31 March 2012	<u>20,677</u>	<u>19,084</u>	<u>39,761</u>	<u>(1)</u>	<u>39,760</u>
<u>3 Months Period Ended</u>					
<u>31 March 2011</u>					
At 1 January 2011	20,677	15,156	35,833	-	35,833
Total comprehensive income for the period	-	1,593	1,593	-	1,593
Dividends paid	-	-	-	-	-
At 31 March 2011	<u>20,677</u>	<u>16,749</u>	<u>37,426</u>	<u>-</u>	<u>37,426</u>

(The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2012

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(The figures have not been audited)

	3 Months Period Ended	
	31.03.2012	31.03.2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,036	1,616
Adjustments for:		
Amortisation of development costs	223	307
Amortisation of intangible assets	25	26
Depreciation of property, plant and equipment	225	128
Impairment loss on trade receivables	-	-
Reversal of impairment loss on trade receivables	(80)	-
Unrealised (gain)/ loss on foreign exchange	(12)	19
(Gain)/ Loss on disposal of property, plant and equipment	(27)	-
Property, plant and equipment written off	*	8
Interest expense	16	-
Interest income from deposits with licensed banks	(180)	(160)
Operating profit before working capital changes	2,226	1,944
Changes in working capital:		
Decrease in inventories	6	5
Decrease in trade and other receivables	1,771	463
(Decrease) / Increase in trade and other payables	(701)	277
Cash generated from operations	3,302	2,689
Tax paid	(18)	(28)
Interest expense	(16)	-
Interest received	180	160
Development costs incurred	(355)	(336)
Net cash from operating activities	3,093	2,485
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(162)	(27)
Proceeds from disposal of property, plant and equipment	33	-
Net cash used in investing activities	(129)	(27)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of		
- Finance lease liabilities	(80)	-
- Term loan	(59)	-
Dividends paid	-	-
Net cash used in financing activities	(139)	-

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2012

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(The figures have not been audited)

	3 Months Period Ended	
	31.03.2012	31.03.2011
	RM'000	RM'000
Net Increase in cash and cash equivalents	2,825	2,458
Effects of exchange rate changes	6	-
Cash and cash equivalents at 1 January	25,332	23,762
Cash and cash equivalents at 31 March	28,163	26,220

Notes:

* Denotes amount less than RM1,000

(The unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”)

A1. Basis of Preparation

The unaudited interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standard Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The unaudited interim financial statements should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 December 2011. The explanatory notes attached to the interim financial statements provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Group has adopted the Malaysia Financial Reporting Standards (“MFRS”) framework issued by MASB with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board.

In preparing its opening MFRS Statement of Financial Position as 1 January 2011 (which is also the date of transition), the Group has reviewed its accounting policies and considered the transitional opportunities in MFRS 1 First-time Adoption of Malaysia Financial Reporting Standards. The transition to the MFRS framework does not have any financial impact to the financial statements of the Group.

At the date of issuance of this unaudited interim financial statements, the MFRSs, amendments to MFRSs and IC Interpretation have been issued by MASB but not yet effective are as listed below:

Effective for financial period beginning on or after 1 July 2012:

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

Effective for financial period beginning on or after 1 January 2013:

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (as amended by IASB in May 2011)
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 1	Government Loans
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities

A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)

A1. Basis of Preparation (continued)

Effective for financial period beginning on or after 1 January 2014:

Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities

Effective for financial period beginning on or after 1 January 2015:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)

A2. Auditors’ Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2011 was not qualified.

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. Material Changes in Accounting 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 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.

A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)

A7. Dividends Paid and Distributed

On 24 February 2012, the Board of Directors had declared a first interim tax exempt dividend of 10% equivalent to 1.0 sen per ordinary share of RM0.10 each, amounting to approximately RM2.07 million in respect of the financial year ending 31 December 2012. The dividend was paid to the shareholders of Excel Force MSC Berhad (“EForce”) on 10 April 2012.

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.

<u>3 Months Period Ended</u>	AS	ASP	Maintenance	Total
<u>31 March 2012</u>	RM’000	RM’000	Services	RM’000
			RM’000	
Revenue				
Total revenue	2,316	2,408	178	4,902
Inter-segment revenue	-	(3)	-	(3)
Revenue from external customers	2,316	2,405	178	4,899
Results				
Segment results	1,350	463	59	1,872
Finance costs				(16)
Interest income from short term deposits				180
Profit before tax				2,036
Income tax expense				(20)
Net profit for the period / Total comprehensive income for the period				2,016

A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)

A8. Segmental Reporting (Cont’d)

<u>3 Months Period Ended</u> <u>31 March 2011</u>	AS RM’000	ASP RM’000	Maintenance Services RM’000	Total RM’000
Revenue				
Total revenue	608	2,663	250	3,521
Inter-segment revenue	-	(3)	-	(3)
Revenue from external customers	608	2,660	250	3,518
Results				
Segment results	197	1,132	127	1,456
Finance costs				-
Interest income from short term deposits				160
Profit before tax				1,616
Income tax expense				(23)
Net profit for the period / Total comprehensive income for the period				1,593

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 2012 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.

A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)

A13. Recurrent Related Party Transactions (“RRPT”)

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

A14. Capital Commitments

The Group has the following commitments as at 31 March 2012:

	RM’000
Authorised capital expenditure not provided during the current financial quarter under review:	
- Not contracted	<u>428</u>
Analysed as follows:	
- Property, plant and equipment	<u>428</u>

B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B)

B1. Review of Group's Performance

1st Quarter 2012 versus 1st Quarter 2011

The Group registered revenue of RM4.90 million, 39.26% or RM1.38 million higher than the corresponding period in year 2011. The significant improvement in revenue was largely driven by AS business segment as a result of recognition of progress billings and new projects secured.

In line with the improvement in revenue, the Group's profit before tax ("PBT") grew by 25.99% or RM0.42 million in the current financial period as compared to the corresponding period in the preceding financial year. The improvement in PBT was due mainly to contribution from higher sales generated from AS business segment, reversal of impairment loss of trade receivable as well as higher interest income from short term deposit. However, the higher revenue was offset by higher project cost and personnel expenses in the current financial period.

B2. Variation of Results against Preceding Quarter

	Q1 2012	Q4 2011	Increase / (Decrease)	
	RM'000	RM'000	RM'000	%
Revenue	4,899	5,039	(140)	(2.78)
PBT	2,036	1,740	296	17.01
("Profit after Tax") PAT	2,016	1,370	646	47.15

The Group had posted lower revenue for the current financial quarter as compared to the immediate preceding quarter due to lower income generated from both AS and maintenance business segment due to lower progress billings made for the existing projects.

Despite lower revenue, the PBT for the current financial quarter had increased by 17.01% or approximately RM0.30 million to RM2.04 million mainly due to higher project cost and direct technical staff cost incurred in preceding quarter.

The current financial quarter's PAT of RM2.02 million was higher as compared to RM1.37 million in preceding quarter. The higher PAT was due mainly to the deferred tax liability incurred in preceding quarter as well as foregoing factors mentioned above.

B3. Prospects for 2012

Moving forward, the Group will continue to focus on implementing its new cutting edge equity trading platform, BTXTM Bridging Traders & Exchanges system, to replace the Broker Front End System ("BFE System") to the domestic investment banks and securities intermediaries.

The Group will strategize its planning to internationalize the BTX system in foreign markets which have the potential for high market demand. In view of this, the Board continues to believe its prospects will remain favourable to achieve sustainable growth for the financial year ending 31 December 2012.

B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)

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	
	31.03.12 RM'000	31.03.11 RM'000	31.03.12 RM'000	31.03.11 RM'000
Income tax	20	23	20	23
Deferred tax	-	-	-	-
	<u>20</u>	<u>23</u>	<u>20</u>	<u>23</u>

The Group has been granted Pioneer Tax Status under the Promotion of Investments (Amendment) Act, 1997 and awarded with the MSC-Status. Accordingly, the Group is exempted from tax on statutory income, of which has been extended for a second five (5)-year term on 16 May 2007 and will expire on 15 May 2012. The reported tax expense is attributed to interest income on short term deposits.

B6. 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 which was completed on 24 May 2010.

B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)

B6. Status of Corporate Proposals (Cont'd)

As at 31 March 2012, the status of the utilisation of proceeds is as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Adjusted Balance for the Working Capital of the EForce Group RM'000	Intended Time Frame for Utilisation
- Business expansion	4,000	4,000	-	23 May 2012
- Working capital requirements	1,279	1,293	(14)	23 May 2011
- Estimated expenses in relation to the private placement	50	36	14*	N/A
Total	5,329	5,329	-	

* Expenses relating to the private placement was lower than estimated, the remaining portion was used for working capital purpose.

B7. Cash and cash equivalents

The Group cash and cash equivalents as at 31 March 2012 comprise of:-

	RM'000
Cash in hand	13
Cash at banks	1,685
Deposits with licensed banks	26,465
	<u>28,163</u>

B8. Group Borrowings and Debt Securities

The Group borrowings as at 31 March 2012 were as follow:-

	Term Loan RM'000	Finance Lease RM'000	Total RM'000
Current	832	338	1,170
Non- current	-	560	560
	<u>832</u>	<u>898</u>	<u>1,730</u>

B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)

B9. Off Balance Sheet Financial Instruments

The Company does not have any off balance sheet financial instruments as at the date of this report.

B10. Material Litigation

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

B11. Dividends

On 24 February 2012, the Board of Directors had declared a first interim tax exempt dividend of 10% equivalent to 1.0 sen per ordinary share of RM0.10 each, amounting to approximately RM2.07 million in respect of the financial year ending 31 December 2012. The dividend was paid to the shareholders of EForce on 10 April 2012.

B12. Earnings per Share ("EPS")

<u>(a) Basic EPS</u>	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	31.03.12	31.03.11	31.03.12	31.03.11
Net profit for the period (RM'000)	2,024	1,593	2,024	1,593
Weighted average number of ordinary shares in issue ('000)	206,768	206,768	206,768	206,768
Basic EPS (sen)	<u>0.98</u>	<u>0.77</u>	<u>0.98</u>	<u>0.77</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 2012, 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 does not have in issue any financial instruments, convertible securities and / or other contracts that may entitle its holders to new ordinary shares and therefore dilute its basic earnings per share.

B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)

B13. Realised and Unrealised Profits

The breakdown of retained profits of the Group as at 31 March 2012 into realised and unrealised profits, pursuant to the directive issued by Bursa Securities dated 25 March 2010, is as follow:

	As At 31.03.12 RM'000	As At 31.12.11 RM'000
Total retained profits of EForce and its subsidiaries:		
- Realised	18,871	17,184
- Unrealised profit / (losses)	12	(317)
	<u>18,883</u>	<u>16,867</u>
Add: Consolidation adjustments	201	193
Total Group retained profits as per consolidated accounts	<u>19,084</u>	<u>17,060</u>

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.

B14. Profit for the Period

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	31.03.12 RM'000	31.03.11 RM'000	31.03.12 RM'000	31.03.11 RM'000
Profit for the period is arrived after charging:				
Amorisation of development costs	223	307	223	307
Amorisation of intangible assets	25	26	25	26
Depreciation of property, plant and equipment	225	128	225	128
Finance costs	16	-	16	-
Impairment loss on trade receivables	-	-	-	-
Loss on foreign exchange	21	-	21	-
Property, plant and equipment written off	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
and after crediting:				
Gain on disposal of property, plant and equipment	27	-	27	-
Gain on foreign exchange - unrealised	-	-	-	-
Interest income from short term deposits	180	160	180	160
Reversal of impairment loss on trade receivables	80	-	80	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>