

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2013

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	31.03.2013 RM'000	31.03.2012 RM'000	31.03.2013 RM'000	31.03.2012 RM'000
Revenue	5,953	4,899	5,953	4,899
Cost of sales	(1,298)	(1,874)	(1,298)	(1,874)
Gross profit	4,655	3,025	4,655	3,025
Other income	193	266	193	266
Other operating expenses	(366)	(325)	(366)	(325)
Marketing expenses	(9)	(15)	(9)	(15)
Administrative expenses	(913)	(899)	(913)	(899)
Finance costs	(14)	(16)	(14)	(16)
Profit before tax	3,546	2,036	3,546	2,036
Tax expense	(884)	(20)	(884)	(20)
Profit for the period	2,662	2,016	2,662	2,016
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	2,662	2,016	2,662	2,016
Profit for the period attributable to:				
Owners of the parent	2,670	2,024	2,670	2,024
Non-controlling interests	(8)	(8)	(8)	(8)
	2,662	2,016	2,662	2,016
Earnings per share				
- Basic (sen)	1.29	0.98	1.29	0.98
- Diluted (sen)	N/A	N/A	N/A	N/A

(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 2012 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Note	(Unaudited) 31.03.2013 RM'000	(Audited) 31.12.2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		7,676	7,941
Development costs		6,565	6,361
Intangible assets		25	50
Total non-current assets		14,266	14,352
Current assets			
Inventories		55	56
Trade and other receivables		5,448	6,715
Cash and cash equivalents	B7	29,221	26,331
Total current assets		34,724	33,102
TOTAL ASSETS		48,990	47,454
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		20,677	20,677
Reserves		22,395	19,725
		43,072	40,402
Non-controlling interests		(71)	(63)
TOTAL EQUITY		43,001	40,339

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(The figures have not been audited)

	Note	(Unaudited) 31.03.2013 RM'000	(Audited) 31.03.2012 RM'000
EQUITY AND LIABILITIES			
(continued)			
Non-current liabilities			
Borrowings	B8	356	486
Deferred tax liabilities		871	871
Total non-current liabilities		1,227	1,357
Current liabilities			
Trade and other payables		3,255	5,074
Borrowings	B8	509	499
Current tax liabilities		998	185
Total current liabilities		4,762	5,758
TOTAL LIABILITIES		5,989	7,115
TOTAL EQUITY AND LIABILITIES		48,990	47,454
Net assets per share attributable to equity holders of the Company (RM)		0.21	0.20

(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 2012 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2013

CONDENSED CONSOLIDATED STATEMENT 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 2013</u>					
At 1 January 2013	20,677	19,725	40,402	(63)	40,339
Total comprehensive income for the period	-	2,670	2,670	(8)	2,662
At 31 March 2013	<u>20,677</u>	<u>22,395</u>	<u>43,072</u>	<u>(71)</u>	<u>43,001</u>
<u>3 Months Period Ended</u>					
<u>31 March 2012</u>					
At 1 January 2012	20,677	18,600	39,277	7	39,284
Total comprehensive income for the period	-	2,024	2,024	(8)	2,016
At 31 March 2012	<u>20,677</u>	<u>20,624</u>	<u>41,301</u>	<u>(1)</u>	<u>41,300</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 2012 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	Note	3 Months Period Ended	
		31.03.2013 RM'000	31.03.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,546	2,036
Adjustments for:			
Amortisation of development costs		237	223
Amortisation of intangible assets		25	25
Depreciation of property, plant and equipment		285	225
Reversal of impairment loss on trade receivables		-	(80)
Unrealised gain on foreign exchange		(21)	(12)
(Gain)/Loss on disposal of property, plant and equipment		1	(27)
Property, plant and equipment written off		-	*
Interest expense		14	16
Interest income from deposits with licensed banks		(184)	(180)
Operating profit before working capital changes		3,903	2,226
Changes in working capital:			
Decrease in inventories		1	6
Decrease in trade and other receivables		1,360	1,771
Decrease in trade and other payables		(1,827)	(701)
Cash generated from operations		3,437	3,302
Tax paid		(149)	(18)
Interest expense		(14)	(16)
Interest received		184	180
Development costs incurred		(441)	(355)
Net cash from operating activities		3,017	3,093
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(25)	(162)
Proceeds from disposal of property, plant and equipment		5	33
Net cash used in investing activities		(20)	(129)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(The figures have not been audited)

	Note	3 Months Period Ended	
		31.03.2013 RM'000	31.03.2012 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of			
- Finance lease liabilities		(87)	(80)
- Hire purchase liabilities		(33)	-
- Term loan		-	(59)
Net cash used in financing activities		(120)	(139)
Net increase in cash and cash equivalents		2,877	2,825
Effects of exchange rate changes		13	6
Cash and cash equivalents at 1 January		26,331	25,332
Cash and cash equivalents at 31 March	B7	29,221	28,163

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 2012 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 2013, 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 2012. 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 2012.

Since the previous annual audited financial statements as at 31 December 2012 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 converged Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board.

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 Presentation of Items of Other Comprehensive Income 101

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
Amendments to MFRSs Annual Improvements 2009 – 2011 Cycle	
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities : Transition Guidance
MFRS 3	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 127	Consolidated and Separate Financial Statements (as issued by the IASB in December 2003)

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 MFRS 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 2012 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.

On 30 May 2013, the Board of Directors had declared a first interim tax exempt dividend of 15% equivalent to 1.5 sen per ordinary share of RM0.10 each, amounting to approximately RM3.10 million in respect of the financial year ending 31 December 2013. The dividend will be paid to the shareholders of the Company on 08 July 2013.

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 2013</u>	RM’000	RM’000	Services	RM’000
			RM’000	
Revenue				
Total revenue	1,707	3,053	1,196	5,956
Inter-segment revenue	-	(3)	-	(3)
Revenue from external customers	1,707	3,050	1,196	5,953
Results				
Segment results	1,094	1,501	781	3,376
Finance costs	-	(14)	-	(14)
Interest income from deposits with licensed bank				184
Profit before tax				3,546
Income tax expense				(884)
Net profit for the period / Total comprehensive income for the period				2,662

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

A8. Segmental Reporting (continued)

<u>3 Months Period Ended</u> <u>31 March 2012</u>	AS RM'000	ASP RM'000	Maintenance Services RM'000	Total 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)	-	(16)
Interest income from deposits with licensed bank				180
Profit before tax				2,036
Income tax expense				(20)
Net profit for the period / Total comprehensive income for the period				2,016

A9. Subsequent Material Event

There was no material event subsequent to the current financial quarter ended 31 March 2013 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.

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.

A11. Changes in Contingent Liabilities or Contingent Assets

There were no material contingent liabilities or contingent assets for the current financial quarter under review.

A12. Recurrent Related Party Transactions (“RRPT”)

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

A13. Capital Commitments

As at 31 March 2013, the Group has no material capital commitment in respect of property, plant and equipment.

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

B1. Review of Group's Performance

Current Year- to date vs. Previous Year-to date

For the first quarter ending 31 March 2013, the Group registered a turnover of RM5.95 million, 21.51% higher than the same period last year. The improvement in the revenue was largely driven by ASP and Maintenance business segment as a result of contribution from newly implemented projects in previous year.

Despite the increase in direct costs and operating expenses, the Group through its internal cost savings programme, managed to offset some of the expenses. The gross profit margin had increase by RM1.63 million or 53.88% as compared to the previous corresponding period. The Group's profit before tax ("PBT") had growth by 74.17% to RM3.55 million as compared to RM2.04 million in the preceding year. This was driven by higher interest income from short term deposit, lower marketing expenses and personnel expenses.

B2. Variation of Results against Preceding Quarter

	Q1 2013	Q4 2012	< ----- Increase ----- >	
	RM'000	RM'000	RM'000	%
Revenue	5,953	4,795	1,158	24.15
PBT	3,546	922	2,624	284.60
("Profit after Tax") PAT	2,662	567	2,095	369.49

The Group's revenue for current quarter had increased significantly by RM1.16 million, representing 24.15% higher than the immediate preceding quarter. This was driven by higher sales generated from ASP and Maintenance business segment.

PBT in current quarter was two-fold higher than previous quarter. This was mainly due to revenue growth and lower operating expenses as well as personnel expenses.

PAT had increased by three-fold as compared to the immediate preceding quarter even though higher tax liability incurred in the current quarter due to result of the foregoing factors.

B3. Prospects for 2013

Looking ahead, the Group will continue to focus on enhancement, development and implementation of its products. In spite of uncertainties in world economic climate, the Board remains optimistic of achieving a satisfactory performance for the financial year ending 31 December 2013.

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	
	31.03.13 RM'000	31.03.12 RM'000	31.03.13 RM'000	31.03.12 RM'000
Income tax	884	20	884	20
Deferred tax	-	-	-	-
	<u>884</u>	<u>20</u>	<u>884</u>	<u>20</u>

B6. Status of Corporate Proposals

There were no corporate proposals announced as at the date of this quarterly report.

B7. Cash and cash equivalents

The Group cash and cash equivalents as at 31 March 2013 comprise of:-

	RM'000
Cash in hand	14
Cash at banks	2,709
Deposits with licensed banks	26,498
	<u>29,221</u>

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

B8. Group Borrowings and Debt Securities

The Group borrowings as at 31 March 2013 were as follow:-

	Finance Lease RM'000	Hire Purchase RM'000	Total RM'000
Current	367	142	509
Non- current	193	163	356
	560	305	865

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.

On 30 May 2013, the Board of Directors had declared a first interim tax exempt dividend of 15% equivalent to 1.5 sen per ordinary share of RM0.10 each, amounting to approximately RM3.10 million in respect of the financial year ending 31 December 2013. The dividend will be paid to the shareholders of the Company on 08 July 2013.

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

B12. Earnings per Share ("EPS")

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	31.03.13	31.03.12	31.03.13	31.03.12
<u>(a) Basic EPS</u>				
Net profit for the period (RM'000)	2,670	2,024	2,670	2,024
Weighted average number of ordinary shares in issue ('000)	206,768	206,768	206,768	206,768
Basic EPS (sen)	<u>1.29</u>	<u>0.98</u>	<u>1.29</u>	<u>0.98</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 2013, 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.

B13. Realised and Unrealised Profits

The breakdown of retained profits of the Group as at 31 March 2013 into realised and unrealised profits, pursuant to the directive issued by Bursa Securities dated 25 March 2010, is as follow:

	As At 31.03.13 RM'000	As At 31.12.12 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	23,086	20,355
- Unrealised (loss) / profit	<u>(892)</u>	<u>(894)</u>
	22,194	19,461

Add: Consolidation adjustments	201	264
Total Group retained profits as per consolidated accounts	22,395	19,725

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.

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

B14. Profit for the Period

	Individual Financial		Cumulative Financial	
	Quarter Ended		Quarter Ended	
	31.03.13	31.03.12	31.03.13	31.03.12
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived after charging:				
Amortisation of development costs	237	223	237	223
Amortisation of intangible assets	25	25	25	25
Depreciation of property, plant and equipment	285	225	285	225
Finance costs	14	16	14	16
Impairment loss on trade receivables	-	-	-	-
Loss on foreign exchange	2	21	2	21
Property, plant and equipment written off	-	*	-	*
Loss on disposal of property, plant and equipment	1	-	1	-
	_____	_____	_____	_____
and after crediting:				
Gain on disposal of property, plant and equipment	-	27	-	27
Gain on foreign exchange	11	-	11	-
Interest income from deposits with licensed bank	184	180	184	180
Reversal of impairment loss on trade receivables	-	80	-	80
	_____	_____	_____	_____

Notes:

* Denotes amount less than RM1,000



(Company No.: 570777-X)

(Incorporated in Malaysia under the Companies Act, 1965)