

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2014

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Revenue	5,823	4,399	11,642	10,352
Cost of sales	(1,519)	(1,638)	(3,290)	(2,936)
Gross profit	4,304	2,761	8,352	7,416
Other income	53	171	158	364
Other operating expenses	(922)	(378)	(1,771)	(744)
Marketing expenses	(4)	(11)	(15)	(20)
Administrative expenses	(739)	(915)	(1,184)	(1,828)
Finance costs	(3)	(11)	(7)	(25)
Profit before tax	2,689	1,617	5,533	5,163
Tax expense	(622)	(399)	(1,312)	(1,283)
Profit for the period	2,067	1,218	4,221	3,880
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	2,067	1,218	4,221	3,880
Profit for the period attributable to:				
Owners of the parent	2,007	1,251	4,128	3,921
Non-controlling interests	60	(33)	93	(41)
	2,067	1,218	4,221	3,880
Earnings per share				
- Basic (sen)	0.97	0.60	2.00	1.90
- 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 2013 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Note	(Unaudited) 30.06.2014 RM'000	(Audited) 31.12.2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		21,615	7,294
Development costs		8,195	7,424
Intangible assets		-	-
Total non-current assets		29,810	14,718
Current assets			
Inventories		35	51
Trade and other receivables		8,673	4,754
Cash and cash equivalents	B7	15,057	24,044
Total current assets		23,765	28,849
TOTAL ASSETS		53,575	43,567
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		20,677	20,677
Reserves		19,481	18,455
Non-controlling interests		40,158	39,132
		105	12
TOTAL EQUITY		40,263	39,144

(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 2013 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(The figures have not been audited)

	Note	(Unaudited) 30.06.2014 RM'000	(Audited) 31.12.2013 RM'000
EQUITY AND LIABILITIES			
(continued)			
Non-current liabilities			
Borrowings	B8	7,674	51
Deferred tax liabilities		880	880
Total non-current liabilities		8,554	931
Current liabilities			
Trade and other payables		3,548	2,618
Borrowings	B8	223	436
Current tax liabilities		986	438
Total current liabilities		4,757	3,492
TOTAL LIABILITIES		13,311	4,423
TOTAL EQUITY AND LIABILITIES		53,575	43,567
Net assets per share attributable to equity holders of the Company (RM)		0.19	0.19

(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 2013 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2014

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>6 Months Period Ended</u>					
<u>30 June 2014</u>					
At 1 January 2014	20,677	18,455	39,132	12	39,144
Total comprehensive income for the period	-	4,128	2,121	93	4,221
Dividend paid	-	(3,102)	(3,102)	-	(3,102)
At 30 June 2014	<u>20,677</u>	<u>19,481</u>	<u>40,158</u>	<u>105</u>	<u>40,263</u>
<u>6 Months Period Ended</u>					
<u>30 June 2013</u>					
At 1 January 2013	20,677	19,725	40,402	(63)	40,339
Total comprehensive income for the period	-	3,921	3,921	(41)	3,880
NCI on equity share - CMRA	-	-	-	60	60
Dividend declared	-	(3,102)	(3,102)	-	(3,102)
At 30 June 2013	<u>20,677</u>	<u>20,544</u>	<u>41,221</u>	<u>(44)</u>	<u>41,177</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 2013 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2014

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	Note	6 Months Period Ended	
		30.06.2014 RM'000	30.06.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		5,533	5,163
Adjustments for:			
Amortisation of development costs		498	482
Amortisation of intangible assets		-	51
Depreciation of property, plant and equipment		684	572
Reversal of impairment loss on trade receivables		-	-
Unrealised gain on foreign exchange		4	(38)
(Gain)/Loss on disposal of property, plant and equipment		-	1
Property, plant and equipment written off		-	-
Interest expense		7	25
Interest income from deposits with licensed banks		(147)	(327)
Operating profit before working capital changes		6,579	5,929
Changes in working capital:			
Decrease/(Increase) in inventories		16	(210)
(Increase)/Decrease in trade and other receivables		(4,065)	1,276
Increase in trade and other payables		1,076	1,407
Cash generated from operations		3,606	8,402
Tax paid		(765)	(256)
Interest expense		(7)	(25)
Interest received		147	327
Development costs incurred		(1,269)	(913)
Net cash from operating activities		1,712	7,535
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(15,009)	(245)
Proceeds from disposal of property, plant and equipment		4	6
Net cash used in investing activities		(15,005)	(239)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2014

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(The figures have not been audited)

	Note	6 Months Period Ended	
		30.06.2014 RM'000	30.06.2013 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of			
- Finance lease liabilities		(191)	(176)
- Term loan		(326)	-
- Hire purchase liabilities		(73)	(68)
Proceed from term loan		8,000	60
Dividend paid		(3,102)	(3,102)
Net cash used in financing activities		4,308	(3,286)
Net increase in cash and cash equivalents		(8,985)	4,010
Effects of exchange rate changes		(2)	38
Cash and cash equivalents at 1 January		24,044	26,331
Cash and cash equivalents at 30 June	B7	15,057	30,379

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 2013 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 30 June 2014, 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 2013. 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 2013.

Since the previous annual audited financial statements as at 31 December 2013 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 January 2014:

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been early adopted by the Group and the Company.

Title	Effective Date
Amendments to MFRS 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to MFRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to MFRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014
<i>Defined Benefit Plans: Employee Contributions</i> (Amendments to MFRS 119)	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2010 - 2012 Cycle</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2011 - 2013 Cycle</i>	1 July 2014

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

A1. Basis of Preparation (continued)

<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	Deferred
<i>MFRS 9 Financial Instruments (2009)</i>	Deferred
<i>MFRS 9 Financial Instruments (2010)</i>	Deferred
<i>MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

A2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2013 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 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 ended 31 December 2013. The dividend was paid to the shareholders of EForce on 08 July 2013.

On 03 September 2013, the Board of Directors had declared a second interim tax exempt dividend of 25% equivalent to 2.5 sen per ordinary share of RM0.10 each, amounting to approximately RM5.17 million in respect of the financial year ended 31 December 2013. The dividend was paid to the shareholders of EForce on 10 October 2013.

On 25 February 2014, 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 financial year ending 31 December 2014. The dividend was paid to the shareholders of EForce on 28 March 2014.

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

A8 Segment Reporting

(a) Individual quarter

<u>3 Months Period Ended</u> <u>30 June 2014</u>	AS RM'000	ASP RM'000	Maintenance Services RM'000	Total RM'000
Revenue				
Total revenue	699	4,890	440	6,029
Inter-segment revenue	-	(206)	-	(206)
Revenue from external customers	699	4,684	440	5,823
Results				
Segment results	358	2,030	251	2,639
Finance costs	-	(3)	-	(3)
Interest income from deposits with licensed bank				53
Profit before tax				2,689
Income tax expense				(622)
Net profit for the period / Total comprehensive income for the period				2,067

<u>3 Months Period Ended</u> <u>30 June 2013</u>	AS RM'000	ASP RM'000	Maintenance Services RM'000	Total RM'000
Revenue				
Total revenue	543	3,504	356	4,403
Inter-segment revenue	-	(4)	-	(4)
Revenue from external customers	543	3,500	356	4,399
Results				
Segment results	95	1,249	141	1485
Finance costs	-	(11)	-	(11)
Interest income from deposits with licensed bank				143
Profit before tax				1,617
Income tax expense				(399)
Net profit for the period / Total comprehensive income for the period				1,218

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

A8. Segmental Reporting (continued)

(a) Cumulative quarter

<u>6 Months Period Ended</u> <u>30 June 2014</u>	AS RM'000	ASP RM'000	Maintenance Services RM'000	Total RM'000
Revenue				
Total revenue	2,730	8,350	880	11,960
Inter-segment revenue	-	(318)	-	(318)
Revenue from external customers	2,730	8,032	880	11,642
Results				
Segment results	1,418	3,453	522	5,393
Finance costs	-	(7)	-	(7)
Interest income from deposits with licensed bank				147
Profit before tax				5,533
Income tax expense				(1,312)
Net profit for the period / Total comprehensive income for the period				4,221

<u>6 Months Period Ended</u> <u>30 June 2013</u>	AS RM'000	ASP RM'000	Maintenance Services RM'000	Total RM'000
Revenue				
Total revenue	2,250	6,557	1,552	10,359
Inter-segment revenue	-	(7)	-	(7)
Revenue from external customers	2,250	6,550	1,552	10,352
Results				
Segment results	1,189	2,750	922	4,861
Finance costs	-	-	-	(25)
Interest income from deposits with licensed bank				327
Profit before tax				5,163
Income tax expense				(1,283)
Net profit for the period / Total comprehensive income for the period				3,880

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

A9. Subsequent Material Event

There was no material event subsequent to the current financial quarter ended 30 June 2014 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 30 June 2014, 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 6 months ended 30 June 2014, the Group recorded revenue of RM11.64 million, revenue increased by RM1.29 million or 12% compared to the same correspondence period last year. The increase in revenue was mainly due to higher revenue contributed from Application Solution (AS) and Application Service Provider (ASP) segment, which is increase by RM0.48 million and RM1.48 million respectively. Whereas the maintenance segment recorded a lower revenue by RM0.67 million compared to the same period last year.

The profit before tax (PBT) for the 6 months under reviewed stood at RM5.53million, increase by RM370K or 7% compared to same period last year. The lower percentage increase in profit compared to 12 % increase in revenue is due primarily to higher operating costs in administrative expenses, which include one off expenses incurred on bonus issue of warrants, processing fees incurred on the disposal of Jaya One office and higher premises maintenance cost.

The profit after tax (PAT) recorded at RM4.22 million, increase by of 9% or RM341K compared to correspondence period last year.

B2. Variation of Results against Preceding Quarter

	Q2 2014	Q1 2014	< ----- Increase ----- >	
	RM'000	RM'000	RM'000	%
Revenue	5,822	5,819	3	0.05
PBT	2,689	2,844	(155)	(5.45)
PAT ("Profit after Tax")	2,067	2,154	(87)	(4.04)

The Group's revenue for current quarter recorded at RM5.82 million, is comparable to the immediate preceding quarter. Although ASP segment contributed a higher revenue for this quarter, the AS segment experience a drop.

PBT for the period under review stood at RM2.70 million, which is 5% or RM155K lower than immediate preceding quarter. This was mainly due to higher operating expenditure and lower interest income.

PAT had decrease by RM87K or 4% as compared to the immediate preceding quarter.

B3. Prospects for 2014

The Group will continue to focus on enhancement, development and implementation of its products. Barring any unforeseen circumstances, the Board is optimistic of achieving a satisfactory performance for the financial year ending 31 December 2014.

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	
	30.06.14 RM'000	30.06.13 RM'000	30.06.14 RM'000	30.06.13 RM'000
Income tax	622	399	1,312	1,283
Deferred tax	-	-	-	-
	<u>622</u>	<u>399</u>	<u>1,312</u>	<u>1,283</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 30 June 2014 comprise of:-

	RM'000
Cash in hand	13
Cash at banks	8,552
Deposits with licensed banks	6,492
	<u>15,057</u>

B8. Group Borrowings and Debt Securities

The Group borrowings as at 30 June 2014 were as follow:-

	Term Loan RM'000	Finance Lease RM'000	Hire Purchase RM'000	Total RM'000
Current	-	96	127	223
Non- current	7,674	-	-	7,674
	<u>7,674</u>	<u>96</u>	<u>127</u>	<u>7,897</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 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 ended 31 December 2013. The dividend was paid to the shareholders of EForce on 08 July 2013.

On 03 September 2013, the Board of Directors had declared a second interim tax exempt dividend of 25% equivalent to 2.5 sen per ordinary share of RM0.10 each, amounting to approximately RM5.17 million in respect of the financial year ended 31 December 2013. The dividend was paid to the shareholders of EForce on 10 October 2013.

On 25 February 2014, 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 financial year ending 31 December 2014. The dividend was paid to the shareholders of EForce on 28 March 2014.

B12. Earnings per Share ("EPS")

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	30.06.14	30.06.13	30.06.14	30.06.13
<u>(a) Basic EPS</u>				
Net profit for the period (RM'000)	2,007	1,251	4,128	3,921
Weighted average number of ordinary shares in issue ('000)	206,768	206,768	206,768	206,768
Basic EPS (sen)	<u>0.97</u>	<u>0.60</u>	<u>2.00</u>	<u>1.90</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 June 2014, 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. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)

(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 30 June 2014 into realised and unrealised profits, pursuant to the directive issued by Bursa Securities dated 25 March 2010, is as follow:

	As At 30.06.14 RM'000	As At 30.06.13 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	20261	21,220
- Unrealised (loss) / profit	(879)	(910)
	<u>19,382</u>	<u>20,310</u>
Add: Consolidation adjustments	99	235
Total Group retained profits as per consolidated accounts	<u>19,481</u>	<u>20,545</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.

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

B14. Profit for the Period

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	30.06.14 RM'000	30.06.13 RM'000	30.06.14 RM'000	30.06.13 RM'000
Profit for the period is arrived after charging:				
Amortisation of development costs	249	245	498	482
Amortisation of intangible assets	-	25	-	51
Depreciation of property, plant and equipment	357	287	684	572
Finance costs	3	11	7	25
Impairment loss on trade receivables	-	-	-	-
Loss on foreign exchange	5	-	5	-
Property, plant and equipment written off	-	-	-	2
Loss on disposal of property, plant and equipment	*	-	-	1
and after crediting:				
Gain on disposal of property, plant and equipment	*	-	*	-
Gain on foreign exchange	-	28	4	39
Interest income from deposits with licensed bank	53	143	147	327
Reversal of impairment loss on trade receivables	-	-	-	-

Notes:

* Denotes amount less than RM1,000