

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2015

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	31.03.2015 RM'000	31.03.2014 RM'000	31.03.2015 RM'000	31.03.2014 RM'000
Revenue	6,798	5,819	6,798	5,819
Cost of sales	(1,984)	(1,771)	(1,984)	(1,771)
Gross profit	<u>4,814</u>	<u>4,048</u>	<u>4,814</u>	<u>4,048</u>
Other income	115	105	115	105
Other operating expenses	(514)	(419)	(514)	(419)
Marketing expenses	(69)	(11)	(69)	(11)
Administrative expenses	(1,505)	(875)	(1,505)	(875)
Finance costs	(1)	(4)	(1)	(4)
Profit before tax	<u>2,841</u>	<u>2,844</u>	<u>2,841</u>	<u>2,844</u>
Tax expense	(725)	(690)	(725)	(690)
Profit for the period	<u>2,116</u>	<u>2,154</u>	<u>2,116</u>	<u>2,154</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>2,116</u></u>	<u><u>2,154</u></u>	<u><u>2,116</u></u>	<u><u>2,154</u></u>
Profit for the period attributable to:				
Owners of the parent	2,178	2,121	2,178	2,121
Non-controlling interests	(62)	33	(62)	33
	<u>2,116</u>	<u>2,154</u>	<u>2,116</u>	<u>2,154</u>
Earnings per share				
- Basic (sen)	<u>1.05</u>	<u>1.03</u>	<u>1.05</u>	<u>1.03</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 2014 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Note	(Unaudited) 31.03.2015 RM'000	(Audited) 31.12.2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		18,070	18,357
Development costs		8,915	8,552
Goodwill on consolidation		32	32
Total non-current assets		27,017	26,941
Current assets			
Inventories		34	65
Trade and other receivables		9,168	6,980
Cash and cash equivalents	B7	17,105	20,547
Total current assets		26,307	27,592
TOTAL ASSETS		53,324	54,533
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		20,677	20,677
Reserves		22,024	21,914
Non-controlling interests		42,701	42,591
		429	491
TOTAL EQUITY		43,130	43,082

(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 2014 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(The figures have not been audited)

	Note	(Unaudited) 31.03.2015 RM'000	(Audited) 31.12.2014 RM'000
EQUITY AND LIABILITIES			
(continued)			
Non-current liabilities			
Borrowings	B8	5,957	6,202
Deferred tax liabilities		346	346
Total non-current liabilities		6,303	6,548
Current liabilities			
Trade and other payables		2,029	3,403
Borrowings	B8	994	1,033
Current tax liabilities		868	468
Total current liabilities		3,891	4,904
TOTAL LIABILITIES		10,194	11,452
TOTAL EQUITY AND LIABILITIES		53,324	54,533
Net assets per share attributable to equity holders of the Company (RM)		0.21	0.21

(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 2014 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2015

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 2015</u>					
At 1 January 2015	20,677	21,914	42,591	491	43,082
Total comprehensive income for the period	-	2,178	2,178	(62)	2,116
Dividend paid	-	(2,068)	(2,068)	-	(2,068)
At 31 March 2015	<u>20,677</u>	<u>22,024</u>	<u>42,701</u>	<u>429</u>	<u>43,130</u>
<u>3 Months Period Ended</u>					
<u>31 March 2014</u>					
At 1 January 2014	20,677	18,455	39,132	12	39,144
Total comprehensive income for the period	-	2,121	2,121	33	2,154
Dividend paid		(3,102)	(3,102)	-	(3,102)
At 31 March 2014	<u>20,677</u>	<u>17,474</u>	<u>38,151</u>	<u>45</u>	<u>38,196</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 2014 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	Note	3 Months Period Ended	
		31.03.2015 RM'000	31.03.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,841	2,844
Adjustments for:			
Amortisation of development costs		357	249
Amortisation of intangible assets		-	-
Depreciation of property, plant and equipment		374	327
Reversal of impairment loss on trade receivables		-	-
Unrealised gain on foreign exchange		(14)	(3)
(Gain)/Loss on disposal of property, plant and equipment		-	*
Property, plant and equipment written off		-	-
Interest expense		1	4
Interest income from deposits with licensed banks		(94)	(94)
Operating profit before working capital changes		3,465	3,327
Changes in working capital:			
Decrease in inventories		31	4
Decrease in trade and other receivables		(2,158)	(1,736)
Decrease in trade and other payables		(1,408)	651
Cash generated from operations		(70)	2,246
Tax paid		(325)	(383)
Interest expense		(1)	(4)
Interest received		94	94
Development costs incurred		(720)	(658)
Net cash from operating activities		(1,022)	1,295
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(89)	(14,509)
Proceeds from disposal of property, plant and equipment		2	3
Net cash used in investing activities		(87)	(14,506)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 March 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(The figures have not been audited)

	Note	3 Months Period Ended	
		31.03.2015 RM'000	31.03.2014 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of			
- Finance lease liabilities		-	(95)
- Hire purchase liabilities		(39)	(36)
- Term loan		(245)	7,918
- Dividend paid		(2,068)	(3,102)
Net cash used in financing activities		(2,352)	4,685
Net increase in cash and cash equivalents		(3,461)	(8,526)
Effects of exchange rate changes		19	5
Cash and cash equivalents at 1 January		20,547	24,044
Cash and cash equivalents at 31 March	B7	17,105	15,523

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 2014 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 2015, 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 2014. 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 2014.

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 2014 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 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.

On 21 November 2014, the Board of Directors had declared a second interim tax exempt dividend of 10% equivalent 1.0 sen per ordinary share of RM0.10 each, amounting to approximately RM2.06 million in respect of financial year ending 31 December 2014. The dividend was paid to the shareholders of EForce on 22 December 2014.

On 24 February 2015, the Board of Directors had declared a first interim tax exempt dividend of 10% equivalent 1.0 sen per ordinary share of RM0.10 each, amounting to approximately RM2.06 million in respect of financial year ending 31 December 2015. The dividend was paid to the shareholders of EForce on 31 March 2015.

On 26 May 2015, the Board of Directors has declared a second interim single tier dividend of 10% equivalent 1.0 sen per ordinary share of RM0.10 each, amounting to approximately RM2.06 million in respect of financial year ending 31 December 2015. The dividend will be paid to the shareholders of EForce on 30 June 2015.

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. Segmental Reporting (continued)

<u>3 Months Period Ended</u> <u>31 March 2015</u>	AS RM'000	ASP RM'000	Maintenance Services RM'000	Total RM'000
Revenue				
Total revenue	2,448	4,028	450	6,926
Inter-segment revenue	-	(128)	-	(128)
Revenue from external customers	2,448	3,900	450	6,798
Results				
Segment results	794	1,702	251	2,747
Finance costs	-	(1)	-	(1)
Interest income from deposits with licensed bank				95
Profit before tax				2,841
Income tax expense				(725)
Net profit for the period / Total comprehensive income for the period				2,116

<u>3 Months Period Ended</u> <u>31 March 2014</u>	AS RM'000	ASP RM'000	Maintenance Services RM'000	Total RM'000
Revenue				
Total revenue	2,031	3,460	440	5,931
Inter-segment revenue	-	(112)	-	(112)
Revenue from external customers	2,031	3,348	440	5,819
Results				
Segment results	1,060	1,423	271	2,754
Finance costs	-	(4)	-	(4)
Interest income from deposits with licensed bank				94
Profit before tax				2,844
Income tax expense				(690)
Net profit for the period / Total comprehensive income for the period				2,154

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 31 March 2015 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 2015, 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 2015, the Group registered a turnover of RM6.8 million, 17% or RM979K higher than the same correspondence period last year. The increase in revenue is contributed from all business segments, mainly from Application Solution (AS) segment and Application Service Provider (ASP).

The profit before tax (PBT) for the quarter under review stood at RM2.841 million, slightly decreased by RM3K compared to same period last year. This is mainly due to higher cost of sales and operating expenditure from a newly acquired subsidiary.

The profit after tax (PAT) recorded at RM2.116 million, decrease of 2% or RM38K compared to correspondence period last year.

B2. Variation of Results against Preceding Quarter

	Q1 2015	Q4 2014	< ----- Increase ----- >	
	RM'000	RM'000	RM'000	%
Revenue	6,798	5,957	842	14
Profit before Tax (PBT)	2,841	2,173	668	31
Profit after Tax (PAT)	2,116	2,205	(89)	(4)

The Group's revenue for current quarter had increased by RM842K, representing 14% higher than the immediate preceding quarter. This was driven by higher sales generated from Application Solution (AS) and Maintenance segment.

PBT in current quarter stood at RM2.841 million, which is 31% or RM668K higher than immediate preceding quarter. This was mainly due to higher revenue and lower operating cost.

The profit after tax (PAT) recorded at RM2.116 million, a slight decrease of 4% or RM89K compared to correspondence period last year. This mainly due to the effect of deferred taxation written back in Q4 2014.

B3. Prospects for 2015

The Group is optimistic about its growth in the upcoming years where we aim to advance and penetrate the retail market. In this respect, the Group will capitalize on the clientele gained through its respective subsidiary companies and expand its market presence in the relevant markets. The Board remains confident of achieving a satisfactory performance for the financial year ending 31 December 2015.

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.

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

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	
	31.03.15	31.03.14	31.03.15	31.03.14
	RM'000	RM'000	RM'000	RM'000
Income tax	725	690	725	690
Deferred tax	-	-	-	-
	<u>725</u>	<u>690</u>	<u>725</u>	<u>690</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 2015 comprise of:-

	RM'000
Cash in hand	22
Cash at banks	8,815
Deposits with licensed banks	8,268
	<u>17,105</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 2015 were as follow:-

	Term Loan RM'000	Finance Lease RM'000	Hire Purchase RM'000	Total RM'000
Current	981	-	13	994
Non- current	5,957	-	-	5,957
	6,938	-	13	6,951

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 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.

On 21 November 2014, the Board of Directors had declared a second interim tax exempt dividend of 10% equivalent 1.0 sen per ordinary share of RM0.10 each, amounting to approximately RM2.06 million in respect of financial year ending 31 December 2014. The dividend was paid to the shareholders of EForce on 22 December 2014.

On 24 February 2015, the Board of Directors had declared a first interim tax exempt dividend of 10% equivalent 1.0 sen per ordinary share of RM0.10 each, amounting to approximately RM2.06 million in respect of financial year ending 31 December 2015. The dividend was paid to the shareholders of EForce on 31 March 2015.

On 26 May 2015, the Board of Directors has declared a second interim single tier dividend of 10% equivalent 1.0 sen per ordinary share of RM0.10 each, amounting to approximately RM2.06 million in respect of financial year ending 31 December 2015. The dividend will be paid to the shareholders of EForce on 30 June 2015.

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	
	31.03.15	31.03.14	31.03.15	31.03.14
<u>(a) Basic EPS</u>				
Net profit for the period (RM'000)	2,178	2,121	2,178	2,121
Weighted average number of ordinary shares in issue ('000)	206,768	206,768	206,768	206,768
Basic EPS (sen)	<u>1.05</u>	<u>1.03</u>	<u>1.05</u>	<u>1.03</u>

The calculation of the basic EPS is based on the net profit attributable to equity holders of the parent for the current financial quarter ended 31 March 2015, divided by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted EPS

The diluted earnings per ordinary share is same as the basic earnings per share because the effect of the assumed conversion of warrants will be anti-dilutive and the Company has no other dilutive potential ordinary share in issue as at the end of the reporting period.

B13. Realised and Unrealised Profits

The breakdown of retained profits of the Group as at 31 March 2015 into realised and unrealised profits, pursuant to the directive issued by Bursa Securities dated 25 March 2010, is as follow:

	As At 31.03.15 RM'000	As At 31.12.14 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	22,102	18,199
- Unrealised (loss) / profit	(332)	(884)
	<u>21,770</u>	<u>17,315</u>
Add: Consolidation adjustments	255	160
Total Group retained profits as per consolidated accounts	<u>22,025</u>	<u>17,475</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	
	31.03.15 RM'000	31.03.14 RM'000	31.03.15 RM'000	31.03.14 RM'000
Profit for the period is arrived after charging:				
Amortisation of development costs	357	249	357	249
Amortisation of intangible assets	-	-	-	-
Depreciation of property, plant and equipment	361	327	361	327
Finance costs	1	4	1	4
Impairment loss on trade receivables	-	-	-	-
Loss on foreign exchange	1	-	1	-
Property, plant and equipment written off	-	-	-	-
Loss on disposal of property, plant and equipment	-	-	-	-
and after crediting:				
Gain on disposal of property, plant and equipment	*	*	-	*
Gain on foreign exchange	20	4	20	4
Interest income from deposits with licensed bank	94	94	94	94
Reversal of impairment loss on trade receivables	-	-	-	-

Notes:

* Denotes amount less than RM1,000