

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Revenue	5,526	5,170	22,918	22,473
Cost of sales	(1,849)	(1,704)	(7,871)	(8,630)
Gross profit	<u>3,677</u>	<u>3,466</u>	<u>15,047</u>	<u>13,843</u>
Other income	203	107	650	707
Other operating expenses	(578)	(353)	(1,622)	(1,899)
Marketing expenses	(9)	(8)	(24)	(106)
Administrative expenses	(1,624)	(1,225)	(5,939)	(5,570)
Finance costs	-	-	-	-
Profit before tax	<u>1,669</u>	<u>1,987</u>	<u>8,112</u>	<u>6,975</u>
Tax expense	(319)	(436)	(1,789)	(1,581)
Profit for the period	<u>1,350</u>	<u>1,551</u>	<u>6,323</u>	<u>5,394</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>1,350</u>	<u>1,551</u>	<u>6,323</u>	<u>5,394</u>
Profit for the period attributable to:				
Owners of the parent	1,350	1,551	6,323	5,630
Non-controlling interests	-	-	-	(236)
	<u>1,350</u>	<u>1,551</u>	<u>6,323</u>	<u>5,394</u>
Earnings per share				
- Basic (sen)	<u>0.33</u>	<u>0.75</u>	<u>1.53</u>	<u>2.72</u>
- Diluted (sen)	<u>0.22</u>	<u>N/A</u>	<u>1.02</u>	<u>N/A</u>

(The unaudited Condensed Consolidated Statement of Profit and loss and other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Note	(Unaudited) 31.12.2017 RM'000	(Audited) 31.12.2016 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		3,393	15,908
Development costs		10,431	9,832
Total non-current assets		13,824	25,740
Current assets			
Inventories		26	26
Trade and other receivables	B8	5,673	3,962
Cash and cash equivalents	B7	21,542	23,329
Total current assets		27,241	27,317
Assets held for sale		13,381	-
TOTAL ASSETS		54,446	53,057
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		20,744	20,687
Reserves		25,828	24,815
		46,572	45,502
Non-controlling interests		-	(81)
TOTAL EQUITY		46,572	45,421

(The unaudited Condensed Consolidated Statement of financial position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(The figures have not been audited)

	Note	(Unaudited) 31.12.2017 RM'000	(Audited) 31.12.2016 RM'000
EQUITY AND LIABILITIES			
(continued)			
Non-current liabilities			
Borrowings	B9	3,259	4,240
Deferred tax liabilities		37	63
Total non-current liabilities		3,296	4,303
Current liabilities			
Trade and other payables		3,347	2,291
Borrowings	B9	981	981
Current tax liabilities		250	61
Total current liabilities		4,578	3,333
TOTAL LIABILITIES		7,874	7,636
TOTAL EQUITY AND LIABILITIES		54,446	53,057
Net assets per share attributable to owners of the Parent (RM)		0.11	0.21

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	Share Capital RM'000	Share Premium 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>12 Months Period Ended</u>						
<u>31 December 2017</u>						
At 1 January 2017	20,687	57	24,758	45,502	(81)	45,421
Transition to no-par value regime on 31 January 2017	57	(57)	-	-	-	-
Total comprehensive income for the year	-	-	6,323	6,323	-	6,323
NCI reclassification as result of acquisition of Insage	-	-	(81)	(81)	81	-
Dividend paid	-	-	(5,172)	(5,172)	-	(5,172)
At 31 December 2017	<u>20,744</u>	<u>-</u>	<u>25,828</u>	<u>46,572</u>	<u>-</u>	<u>46,572</u>
<u>12 Months Period Ended</u>						
<u>31 December 2016</u>						
At 1 January 2016	20,677	-	23,263	43,940	507	44,447
Issuance of shares pursuant to conversion of warrants (1)	10	57	-	67	-	67
Total comprehensive income for the period	-	-	5,630	5,630	(236)	5,394
Disposal of non-controlling interest's shares	-	-	-	-	(352)	(352)
Dividend paid	-	-	(4,135)	(4,135)	-	(4,135)
At 31 December 2016	<u>20,687</u>	<u>57</u>	<u>24,758</u>	<u>45,502</u>	<u>(81)</u>	<u>45,421</u>

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	Note	12 Months Period Ended	
		31.12.2017 RM'000	31.12.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		8,112	6,975
Adjustments for:			
Amortisation of development costs		2,061	1,774
Depreciation of property, plant and equipment		968	1,281
Unrealised loss/(gain) on foreign exchange		89	(34)
Loss/(gain) on disposal of property, plant and equipment		31	(23)
Property, plant and equipment written off		-	96
Impairment loss on trade receivables		12	16
Gain on disposal of investment		-	(69)
Interest income from deposits with licensed banks		(562)	(470)
Operating profit before working capital changes		10,711	9,546
Changes in working capital:			
Decrease in inventories		-	53
(Increase)/decrease in trade and other receivables		(1,663)	3,723
Increase/(Decrease) in trade and other payables		993	(521)
(Increase) in development cost		(2,660)	(2,476)
Cash generated from operations		7,381	10,325
Tax paid		(1,627)	(2,239)
Net cash from operating activities		5,754	8,086
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		562	470
Effect on cash flow from disposal of subsidiary		-	242
Purchase of property, plant and equipment		(1,870)	(171)
Proceeds from disposal of property, plant and equipment		4	24
Net cash used in investing activities		(1,304)	565

Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(The figures have not been audited)

	Note	12 Months Period Ended	
		31.12.2017	31.12.2016
		RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of			
- Term loan		(981)	(981)
Proceed from issuance of new shares		-	67
Dividend paid		(5,172)	(4,135)
Net cash used in financing activities		(6,153)	(5,049)
Net (decrease)/increase in cash and cash equivalents		(1,703)	3,602
Effects of exchange rate changes		(84)	25
Cash and cash equivalents at 1 January		23,329	19,702
Cash and cash equivalents at 31 December	B7	21,542	23,329

(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 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 year ended 31 December 2017, 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 2016. 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 2016.

Since the previous annual audited financial statements as at 31 December 2016 were issued, the Group has adopted the Malaysian 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 Interpretations have been issued by MASB but not yet effective are as listed below:

New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

The Standards and Amendments that are issued but not yet effective up to the date of issuance of financial statements of the Group and the Company are disclosed below. The Group and the Company intend to adopt these Standards and Amendments, if applicable, when they become effective.

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

A1. Basis of Preparation (continue)

		Effective dates for financial periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2	Clarification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i>	1 January 2018*
Amendments to MFRS 15	Clarification to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfer of Investment Property	1 January 2018
Annual Improvements to MFRSs 2014 – 2016 Cycle		
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2018*
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Annual Improvements to MFRSs 2015 – 2017 Cycle		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

* Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

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

A1. Basis of Preparation (continue)

The Group and the Company are in the process of assessing the impact of implementing these Amendments and Standards, since the effects would only be observable for the 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 2016 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 2017, the Board of Directors had declared a first interim tax exempt dividend of 1.0 sen per ordinary share, amounting to approximately RM2.06 million in respect of financial year ending 31 December 2017. The dividend was paid to the shareholders of EForce on 28 March 2017.

On 19 May 2017, the Board of Directors had declared a second interim tax exempt dividend of 1.5 sen per ordinary share, amounting to approximately RM3.09 million in respect of financial year ending 31 December 2017. The dividend was paid to the shareholders of EForce on 16 June 2017.

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 (continue)

(a) Individual quarter

<u>3 Months Period Ended</u> <u>31 December 2017</u>	AS RM'000	ASP RM'000	Maintenance Services RM'000	Total RM'000
Revenue				
Total revenue	968	4,258	379	5,605
Inter-segment revenue	-	(79)	-	(79)
Revenue from external customers	968	4,179	379	5,526
Results				
Segment results	466	963	109	1,538
Finance costs	-	-	-	-
Interest income from deposits with licensed bank				131
Profit before tax				1,669
Income tax expense				(319)
Net profit for the period / Total comprehensive income for the period				1,350

<u>3 Months Period Ended</u> <u>31 December 2016</u>	AS RM'000	ASP RM'000	Maintenance Services RM'000	Total RM'000
Revenue				
Total revenue	1,618	3,139	492	5,249
Inter-segment revenue	-	(79)	-	(79)
Revenue from external customers	1,618	3,060	492	5,170
Results				
Segment results	754	902	255	1,911
Finance costs	-	-	-	-
Interest income from deposits with licensed bank				76
Profit before tax				1,987
Income tax expense				(436)
Net profit for the period / Total comprehensive income for the period				1,551

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

A8. Segmental Reporting (continue)

(b) Cumulative quarter

<u>12 Months Period Ended</u> <u>31 December 2017</u>	AS RM'000	ASP RM'000	Maintenance Services RM'000	Total RM'000
Revenue				
Total revenue	5,136	16,317	1,782	23,235
Inter-segment revenue	-	(317)	-	(317)
Revenue from external customers	5,136	16,000	1,782	22,918
Results				
Segment results	2,383	4,415	752	7,550
Finance costs	-	-	-	-
Interest income from deposits with licensed bank				562
Profit before tax				8,112
Income tax expense				(1,789)
Net profit for the period / Total comprehensive income for the period				6,323

<u>12 Months Period Ended</u> <u>31 December 2016</u>	AS RM'000	ASP RM'000	Maintenance Services RM'000	Total RM'000
Revenue				
Total revenue	5,795	15,204	1,931	22,930
Inter-segment revenue	(17)	(440)	-	(457)
Revenue from external customers	5,778	14,764	1,931	22,473
Results				
Segment results	1,574	3,939	992	6,505
Finance costs	-	-	-	-
Interest income from deposits with licensed bank				470
Profit before tax				6,975
Income tax expense				(1,581)
Net profit for the period / Total comprehensive income for the period				5,394

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 December 2017 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

The Board of Directors of Excel Force MSC Berhad (“EFORCE” or “the Company”) wishes to announce that the Company has on 31 March 2017 entered into a Share Sale Agreement to acquire its remaining shareholding of 80,000 ordinary shares in Insage MSC Sdn. Bhd. (“Insage”), representing 40% of the total issued and paid up share capital of Insage, from Mr. Kek Chin Wu and Ms. Kek Pei Chin holding an equal amount of 40,000 Insage Shares each for a total cash consideration of RM1.00 (“the Acquisition”). Upon the Acquisition, Insage shall be a wholly-owned subsidiary of EFORCE.

The Board of Directors of Excel Force MSC Berhad (“the Company”) wishes to announce that the Company had on 21 November 2017 incorporate a wholly-owned subsidiary, namely E2 Trade Sdn. Bhd. with an initial share capital of RM2.00 comprising 2 ordinary shares. E2 Trade Sdn. Bhd. will be principally engaged in investment holding.

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”)

On 26 December 2017, we have entered into a tenancy agreement with MY E.G. Services Berhad for renting office space located at Level 31, MYEG Tower, Empire City. No. 8, Jalan Damansara PJU 8 47820 Petaling Jaya. Detail of transaction as follows :

Term of tenancy : 1 December 2017 to 30 November 2020

Monthly rental : RM30,256.20

A13. Capital Commitments

As at 31 December 2017, the Group has no material capital commitment in respect of property, plant and equipment.

A14. Memorandum of Understanding (MOU)

On 1 August 2017, The Board of Directors of EForce announced the signing of a MOU with Aquis for software and operations support. The MOU concerns intention to enter into a software delivery, support and operations agreement in the area of designing and building infrastructure and software, and customised training to support operationalization.

As at reporting date, we are still in discussion with Aquis and has not formalise the MOU into a definitive agreement yet.

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

	Individual Period (4 th quarter)		Changes (Amount/%)	Cumulative Period		Changes (Amount/%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	31/12/17	31/12/16		31/12/17	31/12/16	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	5,526	5,170	356 / 7%	22,918	22,473	445 / 2%
Operating Profit	1,466	1,875	(409) / (21%)	7,462	6,268	1,194 / 19%
Profit Before Interest and Tax	1,538	1,911	(373) / (19%)	7,550	6,505	1,046 / 16%
Profit Before Tax	1,669	1,987	(318) / (16%)	8,112	6,975	1,137 / 16%
Profit After Tax	1,350	1,551	(201) / (12%)	6,323	5,394	929 / 17%
Profit Attributable to owners of the Parent	1,350	1,551	(201) / (12%)	6,323	5,394	929 / 17%

For the 12 months ended 31 December 2017, the Group registered a turnover of RM22.9 million, an increase of 2% or RM445K compared to the same corresponding period last year. The growth achieved in the current year was impacted by the disposal of two subsidiaries in previous year. Excluding the one off impact on disposal, the Group's revenue grew by 9%, mainly contributed from Application Service Provider (ASP) segment.

The profit before tax (PBT) for the period under review stood at RM8.1 million, higher by RM1.1 million or 16% as compared to last year. The increase in PBT was mainly attributed to the disposal of loss making subsidiaries last year and revenue growth.

The profit after tax (PAT) recorded at RM6.3 million, an increase of RM929K compared to last year.

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

B2. Variation of Results against Preceding Quarter

	Current Quarter 31/12/17	Immediate Preceding Quarter 30/09/17	Changes (Amount / %)
	RM'000	RM'000	RM'000
Revenue	5,526	5,596	(70) / (1%)
Operating Profit	1,466	1,760	(294) / (16%)
Profit Before Interest and Tax	1,538	1,763	(225) / (12%)
Profit Before Tax	1,669	1,898	(229) / (12%)
Profit After Tax	1,350	1,453	(103) / (7%)
Profit Attributable to Owners of the Parent	1,350	1,453	(103) / (7%)

The Group's revenue for current quarter at RM5.5 million, is RM70K lower compared to immediate preceding quarter. The decrease was mainly attributed to lower revenue from Application Solution (AS) segment.

PBT in current quarter stood at RM1.7 million, decrease of 12% or RM229K compared to immediate preceding quarter. This was mainly attributed to higher operating expenses.

PAT recorded at RM1.35 million, decrease of 7% or RM103K.

B3. Prospects for 2018

The dramatic swing of US stock market in Jan 2018 signalled a potentially volatile trading period ahead for global stock exchanges. The much anticipated interest rate rise in US and EU, outcome of BREXIT negotiation and gradual reduction of Quantitative Easing are factors that will fuel the volatility.

We are monitoring the local market situation closely and are in close contact with our customers. The recent exciting announcement by our Prime Minister during the World Capital Markets Symposium is expected to spur stock trading activities that will benefit investors and brokers. We are ready to response quickly to our customers' evolving needs and adapt our business plan to meet our 2018 objectives.

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	
	31.12.17 RM'000	31.12.16 RM'000	31.12.17 RM'000	31.12.16 RM'000
Income tax	345	450	1,815	1,595
Deferred tax	(26)	(14)	(26)	(14)
	<u>319</u>	<u>436</u>	<u>1,789</u>	<u>1,581</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's cash and cash equivalents as at 31 December 2017 comprise of:-

	RM'000
Cash in hand	15
Cash at banks	6,792
Short term fund - Investment in fixed income trust funds	14,735
	<u>21,542</u>

B8. Trade Receivables

The ageing analysis of trade receivables of the Group is as follow :

	RM'000
0 – 30 days	2,210
31 – 60 days	424
61 – 90 days	58
91 – 120 days	306
121 – 150 days	20
Above 151 days	132
	<u>3,150</u>

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

B9. Group Borrowings and Debt Securities

The Group's borrowing consist of term loan which is secured by a first party charge over the long term leasehold land and a building of the Group. The term loan is denominated in Ringgit Malaysia ('RM').

The Group borrowings as at 31 December 2017 were as follow:-

	Term Loan RM'000
Current	981
Non-current	3,259
	<u>4,240</u>

B10. Off Balance Sheet Financial Instruments

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

B11. Material Litigation

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.

B12. Dividends

On 24 February 2017, the Board of Directors had declared a first interim tax exempt dividend of 1.0 sen per ordinary share, amounting to approximately RM2.06 million in respect of financial year ending 31 December 2017. The dividend was paid to the shareholders of EForce on 28 March 2017.

On 19 May 2017, the Board of Directors had declared a second interim tax exempt dividend of 1.5 sen per ordinary share, amounting to approximately RM3.09 million in respect of financial year ending 31 December 2017. The dividend was paid to the shareholders of EForce on 16 June 2017.

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

B13. Earnings per Share ("EPS")

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	31.12.17	31.12.16	31.12.17	31.12.16
<u>(a) Basic EPS</u>				
Net profit attributable to the owners of the parent (RM'000)	1,350	1,551	6,323	5,630
Weighted average number of ordinary shares in issue ('000)	413,732	206,866	413,732	206,866
Basic EPS (sen)	<u>0.33</u>	<u>0.75</u>	<u>1.53</u>	<u>2.72</u>

The calculation of the basic EPS is based on the net profit attributable to Owners of the Parent for the current financial quarter ended 31 December 2017, divided by the weighted average number of ordinary shares outstanding during the financial year.

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	31.12.17	31.12.16	31.12.17	31.12.16
<u>(b) Diluted EPS</u>				
Net profit attributable to the owners of the parent (RM'000)	1,350	1,551	6,323	5,630
Weighted average number of ordinary shares in issue ('000)	413,732	206,866	413,732	206,866
Adjusted for :				
Assumed full conversion of Warrants	206,572	103,384	206,572	103,384
	<u>620,304</u>	<u>310,250</u>	<u>620,304</u>	<u>310,250</u>
Diluted EPS (sen)	<u>0.22</u>	<u>0.50</u>	<u>1.02</u>	<u>1.81</u>

The calculation of the diluted EPS is based on the net profit attributable to Owners of the Parent for the current financial quarter ended 31 December 2017, divided by the weighted average number of ordinary shares outstanding during the financial year.

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	
	31.12.17 RM'000	31.12.16 RM'000	31.12.17 RM'000	31.12.16 RM'000
Profit for the period is arrived after charging:				
Amortisation of development costs	505	404	2,061	1,774
Depreciation of property, plant and equipment	254	241	968	1,281
Finance costs	-	-	-	-
Loss on foreign exchange	(29)	(32)	-	34
and after crediting:				
Gain on disposal of property, plant and equipment	-	-	-	22
Gain on foreign exchange	45	13	45	33
Interest income from deposits with licensed bank	131	75	562	470
Rental income	-	15	35	68