

Interim Financial Report on Consolidated Results for the Financial Year Ended 31 March 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial		Year to date	
	Quarter Ended		Ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	9,546	6,344	9,546	6,344
Cost of sales	(2,403)	(2,470)	(2,403)	(2,470)
Gross profit	<u>7,143</u>	<u>3,874</u>	<u>7,143</u>	<u>3,874</u>
Other income	18	291	18	291
Other operating expenses	(349)	(328)	(349)	(328)
Marketing expenses	(2)	(4)	(2)	(4)
Administrative expenses	(1,738)	(1,553)	(1,738)	(1,553)
Finance cost	(9)	(3)	(9)	(3)
Profit before tax	<u>5,063</u>	<u>2,277</u>	<u>5,063</u>	<u>2,277</u>
Tax expense	(1,054)	(518)	(1,054)	(518)
Profit for the year	<u>4,009</u>	<u>1,759</u>	<u>4,009</u>	<u>1,759</u>
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	<u>4,009</u>	<u>1,759</u>	<u>4,009</u>	<u>1,759</u>
Profit for the year attributable to:				
Owners of the parent	<u>4,009</u>	<u>1,759</u>	<u>4,009</u>	<u>1,759</u>
Earnings per share				
- Basic (sen)	<u>0.72</u>	<u>0.30</u>	<u>0.72</u>	<u>0.30</u>
- Diluted (sen)	<u>0.72</u>	<u>0.30</u>	<u>0.72</u>	<u>0.30</u>

(The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Year Ended 31 March 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Note	(Unaudited) 31.03.2021 RM'000	(Audited) 31.12.2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,556	2,525
Rights-of-use assets		20,674	20,760
Product Development costs		11,830	11,932
Other investment		13,042	13,042
Total non-current assets		48,102	48,259
Current assets			
Inventories		24	24
Trade and other receivables	B8	30,785	31,254
Cash and cash equivalents	B7	27,276	22,853
Total current assets		58,085	54,131
TOTAL ASSETS		106,187	102,390
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		89,303	89,303
Reserves		35,126	31,117
Treasury shares		(27,561)	(27,561)
TOTAL EQUITY		96,868	92,859

Interim Financial Report on Consolidated Results for the Financial Year Ended 31 March 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(The figures have not been audited)

	(Unaudited) 31.03.2021 RM'000	(Audited) 31.12.2020 RM'000
EQUITY AND LIABILITIES (continued)		
Non-current liabilities		
Lease liabilities	658	673
Total non-current liabilities	658	673
Current liabilities		
Trade and other payables	4,095	5,664
Contract liabilities	2,420	1,626
Lease Liabilities	265	333
Tax payable	1,881	1,235
Total current liabilities	8,661	8,858
TOTAL LIABILITIES	9,319	9,531
TOTAL EQUITY AND LIABILITIES	106,187	102,390
Net assets per share attributable to equity holders of the Company (RM)	0.17	0.17

(The unaudited Condensed Consolidated Statements of Financial Position should read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Year Ended 31 March 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	<-----Attributable to owners of the parent ----->					
	<-----Non – distributable reserves----->					
	Share	Treasury	Fair Value	Other	Distributable	Total
	Capital	Shares	Reserve	Reserve	Retained	Equity
	RM'000	RM'000	RM'000	RM'000	Earnings	RM'000
3 months period ended 31 March 2021						
At 1 January 2021	89,303	(27,561)	(688)	(81)	31,886	92,859
Profit for the period	0	0	0	4,009	0	4,009
Total comprehensive income/(loss) for the period	0	0	0	4,009	0	4,009
At 31 March 2021	89,303	(27,561)	(688)	3,928	31,886	96,868

	<-----Attributable to owners of the parent ----->					
	<-----Non – distributable reserves----->					
	Share	Treasury	Fair Value	Other	Distributable	Total
	Capital	Shares	Reserve	Reserve	Retained	Equity
	RM'000	RM'000	RM'000	RM'000	Earnings	RM'000
3 months period ended 31 March 2020						
At 1 January 2020	89,303	(19,441)	(26)	(81)	26,714	96,469
Profit for the period	0	0	0	0	1,759	1,759
Total comprehensive income/(loss) for the period	0	0	0	0	1,759	1,759
Transaction with owners:						
Shares repurchase	0	(8,120)	0	0	0	(8,120)
	0	(8,120)	0	0	0	(8,120)
At 31 March 2020	89,303	(27,561)	(26)	(81)	28,473	90,108

(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 2020 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Year Ended 31 March 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	3 Months Period Ended	
	31.03.2021	31.03.2020
Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,063	2,277
Adjustments for:		
Amortisation of development costs	678	631
Depreciation of property, plant and equipment	187	169
Depreciation of right of used assets	86	94
Unrealised loss/(gain) on foreign exchange	(8)	(21)
Interest expense	9	3
Interest income from deposits with licensed banks	(10)	(269)
Operating profit before working capital changes	6,005	2,884
Changes in working capital:		
Decrease/(Increase) in trade and other receivables	408	(1,895)
(Decrease) in trade and other payables	(756)	(215)
Cash generated from operations	5,657	774
Tax paid	(449)	(316)
Interest paid	(9)	(3)
Net cash from/(used) in operating activities	5,199	455
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	16	280
Purchase of property, plant and equipment	(218)	(8)
Addition of product development cost	(576)	(599)
Net cash used in investing activities	(778)	(327)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury shares	-	(8,120)
Net cash from/(used) in financing activities	-	(8,120)
Net decrease in cash and cash equivalents	4,421	(7,992)
Effects of exchange rate changes	7	20
Cash and cash equivalents at 1 January	22,848	22,734
Cash and cash equivalents at 31 March	27,276	14,762

(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 2020 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 2021, 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 2020. 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 2020.

Since the previous annual audited financial statements as at 31 December 2020 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 dates for financial periods beginning on or after	
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendment to MFRS 116	Property, Plant and Equipment- Proceeds before Intended Use	1 January 2022
Amendment to MFRS 137	Onerous Contract-Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRSs Standards 2018 - 2020:		1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to MFRS 16		
• Amendments to MFRS 141		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendment to MFRS 101	Classification of Liabilities as Current and Non-Current	1 January 2023
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

The Group and the Company are in the process of assessing the impact of implementing these Amendments and Standards, since the effect 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 2020 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 and financial year.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the current financial quarter under review and financial year, 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 and financial year.

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 year under review.

A7. Dividends

The Company did not propose, declare or pay any dividend during the current financial period.

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>	AS	ASP	Maintenance	Total
<u>31 March 2021</u>	RM’000	RM’000	Services	RM’000
			RM’000	
Revenue				
Total revenue	1,258	7,859	507	9,624
Inter-segment revenue	-	(78)	-	(78)
Revenue from external customers	1,258	7,781	507	9,546
Results				
Segment results	485	4,283	294	5,062
Finance costs	-	-	-	(9)
Interest income from deposits with licensed bank				10
Profit before tax				5,063
Income tax expense				(1,054)
Net profit for the period / Total comprehensive income for the period				4,009

<u>3 Months Period Ended</u>	AS	ASP	Maintenance	Total
<u>31 March 2020</u>	RM’000	RM’000	Services	RM’000
			RM’000	
Revenue				
Total revenue	1,556	4,371	495	6,422
Inter-segment revenue	-	(78)	-	(78)
Revenue from external customers	1,556	4,293	495	6,344
Results				
Segment results	701	1,085	225	2,011
Finance costs	-	-	-	(3)
Interest income from deposits with licensed bank				269
Profit before tax				2,277
Income tax expense				(518)
Net profit for the period / Total comprehensive income for the period				1,759

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 2021 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

As at 31 March 2021, there is no changes in the composition of the Group.

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”)

The 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. Has been renewed for another three years. Detail of transaction as follows:

Term of tenancy: 1 December 2020 to 31 November 2023

Monthly rental: RM30,256.20

A13. Capital Commitments

There was no capital commitments for the current financial quarter under review.

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				Cumulative Period			
	Current Year	Preceding Year	Changes		Current Year	Preceding Year	Changes	
	Quarter	Corresponding Quarter	RM'000	%	Quarter	Corresponding Quarter	RM'000	%
	31/03/21	31/03/20			31/03/21	31/03/20		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	9,546	6,344	3,202	50%	9,546	6,344	3,202	50%
Operating Profit	5,054	1,989	3,065	154%	5,054	1,989	3,065	154%
Profit Before Interest and Tax	5,045	2,005	3,040	152%	5,045	2,005	3,040	152%
Profit Before Tax	5,063	2,277	2,786	122%	5,063	2,277	2,786	122%
Profit After Tax	4,009	1,759	2,250	128%	4,009	1,759	2,250	128%
Profit Attributable to Ordinary Equity Holders of the Parent	4,009	1,759	2,250	128%	4,009	1,759	2,250	128%

For the 3 months ended 31 March 2021, retail participation in Bursa Malaysia continues to be strong, sustaining the high daily trading volume and value. As a result, the Group registered a turnover of RM9.5 million, an increase of 50% compared to last year, and primarily in our ASP business segment.

The Profit After Tax margin improved from 27.7% to 42% compared to same period last year.

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

B2. Variation of Results against Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Changes	
	31/03/21	31/12/20		
	RM'000	RM'000	RM'000	%
Revenue	9,546	9,171	375	4%
Operating Profit	5,054	4,960	94	2%
Profit Before Interest and Tax	5,045	4,941	104	2%
Profit Before Tax	5,063	4,986	77	2%
Profit After Tax	4,009	3,897	112	3%
Profit Attributable to Ordinary Equity Holders of the Parent	4,009	3,897	112	3%

The Profit After Tax (PAT) for the immediate preceding quarter was higher due to write back of Expected Credit Loss (ECL), resulting in a PAT margin of 42.5%. Excluding this item, the PAT margin would have been 34% compared to current quarter of 42%.

B3. Prospects for 2021

The growth of the Malaysian economy is not expected to be robust. With the on-going Movement Control Orders, many industries are badly affected. Fortunately, the stock broking and trading business is experiencing a resurgence, fueled by participation of retail investors. The increasing use of social media for investment will further propel this global phenomenon.

Bursa Malaysia continues to record high daily trading volume and value since the beginning of 2021. These are good news for our customers (stockbrokers and bankers) and to the Group. The sustained participation of retail traders and high volume of transactions will contribute positively to our ASP segment.

We are working closely with our customers to refresh their system hardware and infrastructure, and enhance system capability to meet current and future trading needs. Concurrently, we are developing new solutions to help customers improve and digitalise their internal processes to reduce operational costs and increase work efficiency.

Given the above and barring any unforeseen circumstances, the Group is positive on the performance of our future business.

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 year.

B5. Taxation

The taxation charge for the individual financial quarter and the financial year are as follows:

	Individual Financial Quarter Ended		Year-to-date Ended	
	31.03.21 RM'000	31.03.20 RM'000	31.03.21 RM'000	31.03.20 RM'000
Income tax	1,054	518	1,054	518
Deferred tax	-	-	-	-
	<u>1,054</u>	<u>518</u>	<u>1,054</u>	<u>518</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 2021 comprises:

	RM'000
Cash in hand	7
Cash at banks	2,093
Short term fund – Investment in fixed income trust funds	25,176
	<u>27,276</u>

B8. Trade and Other Receivables

	RM'000
Trade receivables	7,526
Other receivables	22,605
	<u>30,131</u>

Analysis of the trade receivables ageing of the Group is as follows:

	RM'000
0 – 30 days	3,115
31 – 60 days	1,974
61 – 90 days	1,100
91 – 120 days	127
121 – 150 days	-
More than 150 days	1,394
	<u>7,710</u>
Expected Credit Loss Impairment (specific)	(160) (24)
Net trade receivables	<u>7,526</u>

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

B9. Group Borrowings and Debt Securities

The Company does not have any borrowing and debt securities as at the date of this report.

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

The Company did not propose, declare or pay any dividend during the current financial period.

B13. Earnings per Share ("EPS")

	Individual Financial Quarter Ended		Year to date Ended	
	31.03.21	31.03.20	31.03.21	31.03.20
<u>(a) Basic EPS</u>				
Net profit attributable to the equity holders of the Company (RM'000)	4,009	1,759	4,009	1,759
Weighted average number of ordinary shares in issue ('000)	559,378	578,302	559,378	578,302
Basic EPS (sen)	<u>0.72</u>	<u>0.30</u>	<u>0.72</u>	<u>0.30</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 / year ended 31 March, divided by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted EPS

The Group has no dilution in their earnings per ordinary shares as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

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

B14. Profit for the year

	Individual Financial Quarter Ended		Year-to-date Ended	
	31.03.21 RM'000	31.03.20 RM'000	31.03.21 RM'000	31.03.20 RM'000
Profit for the year is arrived after charging:				
Amortisation of development costs	678	631	678	631
Depreciation of property, plant and equipment	187	169	187	169
Depreciation of right of used assets	86	94	86	94
Loss on foreign exchange	5	9	5	9
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
and after crediting:				
Gain on foreign exchange	8	22	8	22
Interest income from deposits with licensed bank	10	269	10	269
	<u> </u>	<u> </u>	<u> </u>	<u> </u>