

Interim Financial Report on Consolidated Results for the Financial Year Ended 31 March 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Financial Quarter Ended		Year to date Ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	6,344	6,258	6,344	6,258
Cost of sales	(2,470)	(2,165)	(2,470)	(2,165)
Gross profit	3,874	4,093	3,874	4,093
Other income	291	281	291	281
Other operating expenses	(328)	(331)	(328)	(331)
Marketing expenses	(4)	(9)	(4)	(9)
Administrative expenses	(1,553)	(1,687)	(1,553)	(1,687)
Finance cost	(3)	-	(3)	-
Profit before tax	2,277	2,347	2,277	2,347
Tax expense	(518)	(475)	(518)	(475)
Profit for the year	1,759	1,872	1,759	1,872
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	1,759	1,872	1,759	1,872
Profit for the year attributable to:				
Owners of the parent	1,759	1,872	1,759	1,872
Earnings per share				
- Basic (sen)	0.30	0.45	0.30	0.45
- Diluted (sen)	0.30	0.30	0.30	0.30

(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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Year Ended 31 March 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

		(Unaudited) 31.03.2020 RM'000	(Audited) 31.12.2019 RM'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		2,329	2,491
Rights-of-use assets		20,003	20,097
Product Development costs		11,287	11,318
Other investment		13,704	13,704
Total non-current assets		47,323	47,610
Current assets			
Inventories		24	24
Trade and other receivables	B8	32,868	31,007
Cash and cash equivalents	B7	14,807	22,789
Tax recoverable	B5	3	4
Total current assets		47,702	53,824
TOTAL ASSETS		95,025	101,434
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		89,303	89,303
Reserves		28,366	26,607
Treasury shares		(27,561)	(19,441)
		90,108	96,469
TOTAL EQUITY		90,108	96,469

Interim Financial Report on Consolidated Results for the Financial Year Ended 31 March 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(The figures have not been audited)

	(Unaudited) 31.03.2020 RM'000	(Audited) 31.12.2019 RM'000
Note		
EQUITY AND LIABILITIES (continued)		
Current liabilities		
Trade and other payables	2,594	3,100
Contract liabilities	1,738	1,386
Lease Liabilities	257	353
Tax payable	328	126
Total current liabilities	4,917	4,965
TOTAL LIABILITIES	4,917	4,965
TOTAL EQUITY AND LIABILITIES	95,025	101,434
Net assets per share attributable to equity holders of the Company (RM)	0.16	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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Year Ended 31 March 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

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

	<-----Attributable to owners of the parent ----->					
	<-----Non – distributable reserves----->				Distributable Retained Earnings	Total Equity
	Share Capital	Treasury Shares	Fair Value Reserve	Other Reserve		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	20,998	-	-	(81)	26,285	47,202
Total comprehensive income for the period	-	-	-	-	1,872	1,872
Issuance of ordinary shares pursuant to exercise of warrant	168	-	-	-	-	168
As at 31 March 2019	21,166	-	-	(81)	28,157	49,242

(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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

Interim Financial Report on Consolidated Results for the Financial Year Ended 31 March 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	3 Months Period Ended	
	31.03.2020	31.03.2019
Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,277	2,347
Adjustments for:		
Impairment loss on trade receivables	-	65
Amortisation of development costs	631	613
Depreciation of property, plant and equipment	169	176
Depreciation of right of used assets	94	-
Unrealised loss/(gain) on foreign exchange	(21)	4
Interest expense	3	-
Interest income from deposits with licensed banks	(269)	(286)
Operating profit before working capital changes	2,884	2,919
Changes in working capital:		
(Increase) in inventories	-	22
(Increase) in trade and other receivables	(1,895)	(2,075)
Increase in trade and other payables	(215)	40
Cash generated from operations	774	906
Tax paid	(316)	(272)
Interest paid	(3)	-
Net cash from/(used) in operating activities	455	634
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	269	286
Purchase of property, plant and equipment	(8)	(1,480)
Investment in quoted shares	11	-
Addition of product development cost	(599)	(740)
Net cash used in investing activities	(327)	(1,934)

Interim Financial Report on Consolidated Results for the Financial Year Ended 31 March 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(The figures have not been audited)

		3 Months Period Ending	
	Note	31.03.2020	31.03.2019
		RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of treasury shares		(8,120)	
Proceed from issuance of new shares		-	167
Dividend paid		-	-
Net cash from/(used) in financing activities		(8,120)	167
Net decrease in cash and cash equivalents		(7,992)	(1,133)
Effects of exchange rate changes		20	(5)
Cash and cash equivalents at 1 January		22,734	29,813
Cash and cash equivalents at 31 March	B7	14,762	28,675

(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 2019 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 2020, 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 2019. 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 2019.

Since the previous annual audited financial statements as at 31 December 2019 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
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

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 2019 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.

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

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> <u>31 March 2020</u>	AS RM'000	ASP RM'000	Maintenance Services RM'000	Total 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

<u>3 Months Period Ended</u> <u>31 March 2019</u>	AS RM'000	ASP RM'000	Maintenance Services RM'000	Total RM'000
Revenue				
Total revenue	1,380	4,385	572	6,337
Inter-segment revenue	-	(79)	-	(79)
Revenue from external customers	1,380	4,306	572	6,258
Results				
Segment results	744	1,075	242	2,061
Finance costs	-	-	-	-
Interest income from deposits with licensed bank				286
Profit before tax				2,347
Income tax expense				(475)
Net profit for the period / Total comprehensive income for the period				1,872

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 2019 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 2020, 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")

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 31 November 2020

Monthly rental: RM31,256.20

A13. Capital Commitments

There is 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		Changes (Amount/%)	Cumulative Period		Changes (Amount/%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	31/03/20	31/03/19		31/03/20	31/03/19	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	6,344	6,258	86 / 1.4%	6,344	6,258	86 / 1.4%
Operating Profit	1,989	2,065	(76) / (3.6%)	1,989	2,065	(76) / (3.6%)
Profit Before Interest and Tax	2,005	2,061	(56) / (2.7%)	2,005	2,061	(56) / (2.7%)
Profit Before Tax	2,277	2,347	(70) / (3%)	2,277	2,347	(70) / (3%)
Profit After Tax	1,759	1,872	(113) / (6%)	1,759	1,872	(113) / (6%)
Profit Attributable to Ordinary Equity Holders of the Parent	1,759	1,872	(113) / (6%)	1,759	1,872	(113) / (6%)

For the 3 months ended 31 March 2020, the Group registered a turnover of RM6.3 million, an increase of 1.4% compared to the same corresponding period last year. However, due to higher project cost, our profit before tax (PBT) declined by 3% compared to same period last year, ending the current quarter at RM2.3 million.

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

B2. Variation of Results against Preceding Quarter

	Current Quarter 31/03/20	Immediate Preceding Quarter 31/12/19	Changes (Amount / %)
	RM'000	RM'000	RM'000
Revenue	6,344	5,765	579 / 10%
Operating Profit	1,989	1,650	339 / 21%
Profit Before Interest and Tax	2,005	1,647	358 / 22%
Profit Before Tax	2,277	1,988	289 / 15%
Profit After Tax	1,759	1,592	167 / 10%
Profit Attributable to Ordinary Equity Holders of the Parent	1,759	1,592	167 / 10%

The Group's revenue for current quarter was 10% higher at RM6.3 million compared to immediate preceding quarter. The increase was mainly attributed to higher billing in Application Service Provider (ASP) segment. Profit after tax was also 10% higher.

B3. Prospects for 2020

The Covid-19 pandemic continues unabated globally, impacting trade flow and caused significant fall in GDP across the world. In Malaysia, we are now entering the recovery phase of Movement Control Order (MCO) whereby more businesses are allowed to re-start operations. But how quickly businesses can recover is uncertain at this time.

While the economic outlook ahead is gloomy, there is a silver-lining in this crisis. Bursa Malaysia achieved record high daily trading volume and value in recent months. The new daily trading volume norm of 7 to 9 billion recorded at Bursa Malaysia seems to have sustained.

These are good news for our customers (stockbrokers and bankers) and to Excel Force. The high volume transactions contribute positively to our ASP segment and will offset the negative impact of an economic slowdown.

We are actively engaged with our customers to increase system capacity and capability to meet the big increase in volume. Concurrently, we are developing new solutions to help customers improve and digitalise their processes to reduce operational costs.

Given the above and barring any unforeseen circumstances, the group is positive on 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	
	31.03.20	31.03.19	31.03.20	31.03.19
	RM'000	RM'000	RM'000	RM'000
Income tax	518	475	518	475
Deferred tax	-	-	-	-
	<u>518</u>	<u>475</u>	<u>518</u>	<u>475</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 2020 comprises:

	RM'000
Cash in hand	6
Cash at banks	4,104
Short term fund – Investment in fixed income trust funds	10,697
	<u>14,807</u>

B8. Trade and Other Receivables

	RM'000
Trade receivables	6,841
Other receivables	26,027
	<u>32,868</u>

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

	RM'000
0 – 30 days	3,118
31 – 60 days	768
61 – 90 days	534
91 – 120 days	828
121 – 150 days	244
More than 150 days	1,547
	<u>7,039</u>
Expected Credit Loss	(163)
Impairment (specific)	(35)
Net trade receivables	<u>6,841</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.

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

B13. Earnings per Share ("EPS")

	Individual Financial Quarter Ended		Year to date Ended	
	31.03.20	31.03.19	31.03.20	31.03.19
<u>(a) Basic EPS</u>				
Net profit attributable to the equity holders of the Company (RM'000)	1,759	1,872	1,759	1,872
Weighted average number of ordinary shares in issue ('000)	578,302	414,975	578,302	414,975
Basic EPS (sen)	<u>0.30</u>	<u>0.45</u>	<u>0.30</u>	<u>0.45</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.

	Individual Financial Quarter Ended		Year to date Ended	
	31.03.20	31.03.19	31.12.20	31.12.19
<u>(b) Diluted EPS</u>				
Net profit attributable to the equity holders of the Company (RM'000)	1,759	1,872	1,759	1,872
Weighted average number of ordinary shares in issue ('000)	578,302	414,975	578,302	414,975
Adjusted for:				
Assumed full conversion of Warrants	-	205,329	-	205,329
	<u>578,302</u>	<u>620,304</u>	<u>578,302</u>	<u>620,304</u>
Diluted EPS (sen)	<u>0.30</u>	<u>0.30</u>	<u>0.30</u>	<u>0.30</u>

The calculation of the diluted 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. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)

B14. Profit for the year

	Individual Financial Quarter Ended		Year-to-date Ended	
	31.03.20 RM'000	31.03.19 RM'000	31.03.20 RM'000	31.03.19 RM'000
Profit for the year is arrived after charging:				
Amortisation of development costs	630	613	630	613
Depreciation of property, plant and equipment	169	175	169	175
Depreciation of right of used assets	94	-	94	-
Loss on foreign exchange	9	4	9	4
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
and after crediting:				
Gain on foreign exchange	22	-	22	-
Interest income from deposits with licensed bank	269	286	269	286
	<u> </u>	<u> </u>	<u> </u>	<u> </u>