

Interim Financial Report on Consolidated Results for the Financial Year Ended 30 September 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	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	9,944	8,892	28,342	22,214
Cost of sales	(3,244)	(3,114)	(8,241)	(7,655)
Gross profit	<u>6,700</u>	<u>5,778</u>	<u>20,101</u>	<u>14,559</u>
Other income	27	307	55	1,047
Other operating expenses	(342)	(747)	(1,034)	(1,568)
Marketing expenses	(20)	(5)	(26)	(16)
Administrative expenses	(1,896)	(1,725)	(5,676)	(4,724)
Finance cost	(7)	(1)	(24)	(6)
Profit before tax	<u>4,462</u>	<u>3,607</u>	<u>13,396</u>	<u>9,292</u>
Tax expense	(846)	(998)	(2,833)	(2,321)
Profit for the year	<u>3,616</u>	<u>2,609</u>	<u>10,563</u>	<u>6,971</u>
Other comprehensive income for the year, net of tax	15	-	15	-
Total comprehensive income for the year	<u>3,631</u>	<u>2,609</u>	<u>10,578</u>	<u>6,971</u>
Profit for the year attributable to:				
Owners of the parent	<u>3,631</u>	<u>2,609</u>	<u>10,578</u>	<u>6,971</u>
Earnings per share				
- Basic (sen)	<u>0.65</u>	<u>0.47</u>	<u>1.89</u>	<u>1.23</u>
- Diluted (sen)	<u>0.65</u>	<u>0.47</u>	<u>1.89</u>	<u>1.23</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 30 September 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	Note	(Unaudited) 30.09.2021 RM'000	(Audited) 31.12.2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,387	2,525
Rights-of-use assets		20,502	20,760
Product Development costs		11,845	11,932
Other investment		12,825	13,042
Total non-current assets		47,559	48,259
Current assets			
Inventories		30	24
Trade and other receivables	B8	27,228	31,254
Cash and cash equivalents	B7	33,281	22,853
Total current assets		60,539	54,131
TOTAL ASSETS		108,098	102,390
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		61,742	89,303
Reserves		36,102	31,117
Treasury shares		-	(27,561)
TOTAL EQUITY		97,844	92,859

Interim Financial Report on Consolidated Results for the Financial Year Ended 30 September 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(The figures have not been audited)

	(Unaudited) 31.09.2021 RM'000	(Audited) 31.12.2020 RM'000
EQUITY AND LIABILITIES (continued)		
Non-current liabilities		
Lease liabilities	314	673
Total non-current liabilities	314	673
Current liabilities		
Trade and other payables	4,541	5,664
Contract liabilities	2,646	1,626
Lease Liabilities	442	333
Tax payable	2,311	1,235
Total current liabilities	9,940	8,858
TOTAL LIABILITIES	10,254	9,531
TOTAL EQUITY AND LIABILITIES	108,098	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 30 September 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	<-----Attributable to owners of the parent ----->					
	<-----Non – distributable reserves----->					
	Share Capital RM'000	Treasury Shares RM'000	Fair Value Reserve RM'000	Other Reserve RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
9 months period ended 30 September 2021						
At 1 January 2021	89,303	(27,561)	(688)	(81)	31,886	92,859
Profit for the period	-	-	-	-	10,563	10,563
Total comprehensive income/(loss) for the period	-	-	-	-	15	15
Cancellation of treasury shares	(27,561)	27,561	-	-	-	-
Dividend paid	-	-	-	-	(5,593)	(5,593)
At 30 September 2021	61,742	-	(688)	(81)	36,871	97,844

	<-----Attributable to owners of the parent ----->					
	<-----Non – distributable reserves----->					
	Share Capital RM'000	Treasury Shares RM'000	Fair Value Reserve RM'000	Other Reserve RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
9 months period ended 30 September 2020						
At 1 January 2020	89,303	(19,441)	(26)	(81)	26,714	96,469
Profit for the period	-	-	-	-	6,971	6,971
Total comprehensive income/(loss) for the period	-	-	-	-	6,971	6,971
Dividend paid	-	-	-	-	(2,797)	(2,797)
Transaction with owners:						
Shares repurchase	-	(8,120)	-	-	-	(8,120)
	-	(8,120)	-	-	-	(8,120)
At 30 September 2020	89,303	(27,561)	(26)	(81)	30,888	92,523

(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 30 September 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	Note	9 Months Period Ended	
		30.09.2021	30.09.2020
		RM'000	RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		13,396	9,292
Adjustments for:			
Impairment loss on trade receivables		-	624
Amortisation of development costs		2,033	1,892
Depreciation of property, plant and equipment		738	485
Depreciation of right of used assets		86	281
Unrealised loss/(gain) on foreign exchange		(9)	(6)
Property, plant and equipment written off		1	-
Interest expense		24	6
Interest income from deposits with licensed banks		(39)	(1,040)
Operating profit before working capital changes		16,230	11,534
Changes in working capital:			
(Increase) in inventories		(6)	-
Decrease/(Increase) in trade and other receivables		3,574	(1,812)
(Decrease) in trade and other payables		100	1,669
Cash generated from operations		19,898	11,391
Tax paid		(1,757)	(1,161)
Interest paid		(24)	(6)
Net cash from/(used) in operating activities		18,117	10,224
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received		39	1,040
Proceed from disposal of quoted shares		262	-
Purchase of property, plant and equipment		(430)	(122)
Addition of product development cost		(1,947)	(2,359)
Net cash used in investing activities		(2,076)	(1,441)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Purchase of treasury shares		-	(8,120)
Dividend paid		(5,593)	(2,797)
Net cash from/(used) in financing activities		(5,593)	(10,917)
Net decrease in cash and cash equivalents		10,448	(2,134)
Effects of exchange rate changes		9	7
Cash and cash equivalents at 1 January		22,824	22,789
Cash and cash equivalents at 30 September	B7	33,281	20,662

(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 30 September 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

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

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

On 10 June 2021, the Board of Directors approved the cancellation of 56,000,000 units of treasury shares retained in the Company’s Share Buy-Back Account.

A7. Dividends

On 25 November 2021, the Board of Directors declared the second interim single tier dividend of 0.50 sen per ordinary share, amounting to approximately RM2.8 million in respect of financial year ending 31 December 2021. The entitlement date and payment date will be on 9 December 2021 and 23 December 2021 respectively.

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

(a) Individual quarter

<u>3 Months Period Ended</u>	AS	ASP	Maintenance Services	Total
<u>30-Sep-21</u>	RM’000	RM’000	RM’000	RM’000
Revenue				
Total revenue	3,475	6,019	529	10,023
Inter-segment revenue	-	(79)	-	(79)
Revenue from external customers	3,475	5,940	529	9,944
Results				
Segment results	1,831	2,341	280	4,452
Finance costs				(7)
Interest income from deposits with licensed bank				17
Profit before tax				4,462
Income tax expenses				(846)
Net profit for the period / Total comprehensive income for the period				3,616

<u>3 Months Period Ended</u>	AS	ASP	Maintenance Services	Total
<u>30-Sep-20</u>	RM’000	RM’000	RM’000	RM’000
Revenue				
Total revenue	307	8,171	492	8,970
Inter-segment revenue	-	(78)	-	(78)
Revenue from external customers	307	8,093	492	8,892
Results				
Segment results	165	2,880	243	3,288
Finance costs				(1)
Interest income from deposits with licensed bank				320
Profit before tax				3,607
Income tax expenses				(998)
Net profit for the period / Total comprehensive income for the period				2,609

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

A8. Segmental Reporting (continue)

(b) Cumulative quarter

<u>9 Months Period Ended</u>	AS	ASP	Maintenance Services	Total
<u>30-Sep-21</u>	RM'000	RM'000	RM'000	RM'000
Revenue				
Total revenue	6,232	20,763	1,583	28,578
Inter-segment revenue	-	(236)	-	(236)
Revenue from external customers	<u>6,232</u>	<u>20,527</u>	<u>1,583</u>	<u>28,342</u>
Results				
Segment results	2,456	10,041	884	13,381
Finance costs				(24)
Interest income from deposits with licensed bank				39
Profit before tax				<u>13,396</u>
Income tax expenses				<u>(2,833)</u>
Net profit for the period / Total comprehensive income for the period				<u>10,563</u>

<u>9 Months Period Ended</u>	AS	ASP	Maintenance Services	Total
<u>30-Sep-20</u>	RM'000	RM'000	RM'000	RM'000
Revenue				
Total revenue	2,353	18,616	1,480	22,449
Inter-segment revenue	-	(235)	-	(235)
Revenue from external customers	<u>2,353</u>	<u>18,381</u>	<u>1,480</u>	<u>22,214</u>
Results				
Segment results	928	6,614	716	8,258
Finance costs				(6)
Interest income from deposits with licensed bank				1,040
Profit before tax				<u>9,292</u>
Income tax expenses				<u>(2,321)</u>
Net profit for the period / Total comprehensive income for the period				<u>6,971</u>

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 2020 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 30 September 2021, there is no change 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. Detail of transaction as follows:

Term of tenancy: 1 December 2020 to 31 November 2023

Monthly rental: RM30,256.20

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				Cumulative Period			
	Current Year	Preceding Year	Changes		Current Year	Preceding Year	Changes	
	Quarter	Corresponding Quarter	RM'000	%	Quarter	Corresponding Quarter	RM'000	%
	30/09/21	30/09/20			30/09/21	30/09/20		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	9,944	8,892	1,052	12%	28,342	22,214	6,128	28%
Operating Profit	4,442	3,301	1,141	35%	13,365	8,250	5,115	62%
Profit Before Interest and Tax	4,438	3,287	1,151	35%	13,334	8,246	5,088	62%
Profit Before Tax	4,462	3,607	855	24%	13,396	9,292	4,104	44%
Profit After Tax	3,616	2,609	1,007	39%	10,563	6,971	3,592	52%
Profit Attributable to Ordinary Equity Holders of the Parent	3,631	2,609	1,022	39%	10,578	6,971	3,607	52%

For the current quarter ended 30 September 2021, the Group registered an increase of 12% or RM1.1 million in revenue as compared to same period last year. Mainly contributed from the Application Solution (AS) segment as result of higher progress billing on system enhancement and technology refresh works. The Profit Before Tax (PBT) and Profit After Tax (PAT) increased by 24% and 39% respectively.

For the 9 months ended 30 September 2021, the group's turnover improved by RM6.1 million or 28% to RM28.3 million, mainly contributed from higher revenue in AS and ASP segment. PBT and PAT recorded at RM13.4 million and RM10.6 million respectively, increased of 44% and 52% 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	
	30/09/21	30/06/21		
	RM'000	RM'000	RM'000	%
Revenue	9,944	8,852	1,092	12%
Operating Profit	4,442	3,869	573	15%
Profit Before Interest and Tax	4,438	3,851	587	15%
Profit Before Tax	4,462	3,871	591	15%
Profit After Tax	3,616	2,939	677	23%
Profit Attributable to Ordinary Equity Holders of the Parent	3,631	2,939	692	24%

The Group's revenue for current quarter was 12% or RM1.1 million higher compared to immediate preceding quarter. The increased mainly attributed to higher contribution from Application Solution segment (AS). PBT and PAT was recorded higher by RM591,000 (15%) and RM677,000 (23%) respectively as a result from higher revenue, partially offset by higher cost of sales and operating expenditure.

B3. Prospects for 2021

Bursa Malaysia continues to record high daily trading volume and value in first half of 2021. These are good news for our customers and to the Group. The sustained participation of retail traders and high volume of transactions contributed positively to our ASP segment. However, Bursa Malaysia's Average Daily Value (ADV) has weakened since early July. Market forecasts for ADV to reduce from RM4.4bil to RM3.8bil in the near term and possibly strengthen towards the end of year. We expect our ASP business segment to track and reflect this change accordingly.

Nonetheless, 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. This is expected to sustain our business performance in the remainder of 2021.

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	
	30.09.21 RM'000	30.09.20 RM'000	30.09.21 RM'000	30.09.20 RM'000
Income tax	846	998	2,833	2,321
Deferred tax	-	-	-	-
	<u>846</u>	<u>998</u>	<u>2,833</u>	<u>2,321</u>

B6. Status of Corporate Proposals

There were no corporate proposals announced as at the date of this quarterly report.

B7. Cash and Cash Equivalents

The Group cash and cash equivalents as at 30 September 2021 comprises:

	RM'000
Cash in hand	6
Cash at banks	16,400
Short term fund – Investment in fixed income trust funds	16,875
	<u>33,281</u>

B8. Trade and Other Receivables

	RM'000
Trade receivables	4,404
Other receivables	22,824
	<u>27,228</u>

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

	RM'000
0 – 30 days	2,088
31 – 60 days	1,217
61 – 90 days	473
91 – 120 days	186
121 – 150 days	32
More than 150 days	592
	<u>4,588</u>
Expected Credit Loss	(160)
Impairment (specific)	(24)
Net trade receivables	<u>4,404</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 and the Board does not have any knowledge of any proceedings pending or threaten against the Group as at the date of this report.

B12. Dividends

On 25 November 2021, the Board of Directors declared the second interim single tier dividend of 0.50 sen per ordinary share, amounting to approximately RM2.8 million in respect of financial year ending 31 December 2021. The entitlement date and payment date will be on 9 December 2021 and 23 December 2021 respectively.

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

B13. Earnings per Share ("EPS")

	Individual Financial		Year to date	
	Quarter Ended		Quarter Ended	
	30.09.21	30.09.20	30.09.21	30.09.20
(a) Basic EPS				
Net profit attributable to the equity holders of the Company (RM'000)	3,616	2,609	10,563	6,971
Weighted average number of ordinary shares in issue ('000)	559,378	575,143	559,378	573,066
Basic EPS (sen)	0.65	0.47	1.89	1.23

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 30 September, divided by the weighted average number of ordinary shares outstanding during the financial year.

	Individual Financial		Year to date	
	Quarter Ended		Quarter Ended	
	30.09.21	30.09.20	30.09.21	30.09.20
(b) Diluted EPS				
Net profit attributable to the equity holders of the Company (RM'000)	3,616	2,609	10,563	6,971
Weighted average number of ordinary shares in issue ('000)	559,378	575,143	559,378	573,066
Basic EPS (sen)	0.65	0.47	1.89	1.23

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 30 September, 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	
	30.09.21 RM'000	30.09.20 RM'000	30.09.21 RM'000	30.09.20 RM'000
Profit for the year is arrived after charging:				
Amortisation of development costs	678	631	1,355	1,892
Depreciation of property, plant and equipment	195	156	372	485
Depreciation of right of used assets	86	94	171	281
Loss on foreign exchange	13	13	19	24
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
and after crediting:				
Gain on foreign exchange	9	-	14	22
Interest income from deposits with licensed bank	17	319	39	1,040
	<u> </u>	<u> </u>	<u> </u>	<u> </u>