

**IFCA MSC BERHAD (453392-T)**  
**(Incorporated in Malaysia)**

**PART A - EXPLANATORY NOTES PURSUANT TO FRS 134**

**A1. BASIS OF PREPARATION**

The interim financial reports of the Group have been prepared in accordance with FRS 134 "Interim Financial Reporting" and Chapter 7 Part VI of the Listing Requirements for the MESDAQ Market of Bursa Malaysia Securities Berhad.

This interim financial report is unaudited and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2006. The following notes explain the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2006.

**A2. CHANGES IN ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the following new/revised Financial Report Standards ("FRS") effective for the financial period beginning 1 January 2007:

FRS 117	Leases
FRS 124	Related Party Disclosures

The Group has not adopted FRS 139 Financial Instruments : Recognition and Measurement as its effective date has been deferred.

The adoption of all FRSs mentioned above does not result in significant changes in accounting policies of the Company, other than the change discussed below:.

**FRS 117 : Leases**

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 had resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of the other assets and the land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. As such, leasehold land and the corresponding liability arising from the lease from Government have been removed from the balance sheet as at 1 January 2007. Lease payments are recognized in the income statement on an accrual basis. The Company has applied this change in accounting policy prospectively.

In the previous financial year however, the company had adopted **FRS 140 (Investment Property)**. All leasehold land under the Group are now classified under Investment Property as none are held for own use. Therefore, the adoption of FRS 117 (Leases) has no significant impact on the Company's financial statement.

**IFCA MSC BERHAD (453392-T)**  
**(Incorporated in Malaysia)**

**A3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditor's report on the financial statements for the year ended 31 December 2006 was not qualified.

**A4. SEASONAL OR CYCLICAL FACTORS**

The operations of the Group were not affected by any seasonal or cyclical factors.

**A5. UNUSUAL ITEMS**

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the current quarter.

**A6. MATERIAL CHANGES IN ESTIMATES**

The Group has not submitted any financial forecast or projections to any authorities during the current quarter and prior financial year ended 31 December 2006. As such, there is no change in estimates that had a material effect in the current quarter results.

**A7. CHANGES IN DEBTS AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale, repayments of debt and/or securities, share held as treasury shares and resale of treasury shares during the financial period ended 30 September 2007 except for the issuance of 1,608,600 new ordinary shares of RM0.10 each for cash pursuant to the Company's Employee Share Option Scheme at the exercise price of RM0.20 per ordinary share.

**A8. DIVIDENDS PAID**

There were no dividends paid during the current quarter.

**IFCA MSC BERHAD (453392-T)**  
**(Incorporated in Malaysia)**

**A9 SEGMENTAL INFORMATION**

Segmental information for the 9 months ended 30 September 2007 and 30 September 2006 are as follows:

	Malaysia		Overseas		Elimination		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	RM	RM	RM	RM	RM	RM	RM	RM
<b>Revenue</b>								
External sales	<b>15,159,888</b>	17,152,077	<b>1,931,999</b>	2,309,891	-	-	<b>17,097,887</b>	19,461,968
Inter-segment sales	<b>4,062,771</b>	4,995,885	-	-	<b>(4,062,771)</b>	(4,995,885)	-	-
Total revenue	<b>19,222,659</b>	22,147,962	<b>1,931,999</b>	2,309,891	<b>(4,062,771)</b>	(4,995,885)	<b>17,091,887</b>	19,461,968

**Result**

Segment results*	<b>469,039</b>	1,061,120	<b>(1,064,643)</b>	1,066,908			<b>(596,604)</b>	2,128,028
Amortisation (unallocated)							<b>(2,345,495)</b>	(2,168,249)
Impairment of Asset (unallocated)							<b>(3,766,553)</b>	-
Finance costs							<b>(46,031)</b>	(60,401)
Share of results of associate							<b>(822,684)</b>	(201,694)
Loss before tax							<b>(7,577,367)</b>	(302,316)
Income tax expense							<b>(31,671)</b>	(317,787)
Loss for the period							<b>(7,609,038)</b>	(620,103)

*\*Note- Results for previous year restated*

**A10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT**

The valuation of property, plant and equipment and investment properties have been brought forward without amendment from the financial statements for the year ended 31 December 2006.

**A11. MATERIAL EVENTS SUBSEQUENT TO THE CURRENT QUARTER**

There was no significant event arising in the period from 1 October 2007 to the date of this announcement, which will have a material effect on the financial results of the Group for the period under review.

**IFCA MSC BERHAD (453392-T)**  
**(Incorporated in Malaysia)**

**A12. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group for the current quarter under review.

**A13. CONTINGENT LIABILITIES**

There were no material contingent liabilities since the last annual balance sheet as at 31 December 2006.

**A14. CAPITAL COMMITMENTS**

There were no material capital commitments as at the date of this report.

**IFCA MSC BERHAD (453392-T)**  
**(Incorporated in Malaysia)**

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS FOR THE MESDAQ MARKET**

**B1. REVIEW OF YEAR-ON-YEAR PERFORMANCE**

For the nine months ended 30 September 2007, the Group recorded revenue of RM17.09 million compared to RM19.46 million recorded in the corresponding period last year. This represents a decline of approximately 12.2%. The contraction was broad based, attributed to the lower software sales to new customers as well as hardware sales in both the domestic and overseas market.

The Group registered a net loss after tax of RM7.61 million compared to net loss of RM0.62 million recorded for the corresponding period last year. In compliance with FRS 136, the Group provided an impairment loss for its deferred development cost for the amount of RM3.77 million in the reporting period.

Other major factors dampening the financial results for the period under review are the operating losses in our overseas subsidiary and associate company. For the period ended 30 September 2007, a bad and doubtful debt provision of RM2.06 million was made.

**B2. VARIATION OF RESULTS AGAINST THE PRECEDING QUARTER**

	<b>Current Quarter</b> <b>30.9.2007</b> <b>RM'000</b>	<b>Preceding Quarter</b> <b>30.06.2007</b> <b>RM'000</b>
Revenue	5,622	6,453
(Loss)/Profit Before Tax	(1,442)	(5,336)

For the quarter under review, revenue decreased by 12.9% from RM6.45 million in Quarter 2, 2007 to RM5.62 million in the quarter under review. This is mainly due to a one-off hardware sales related to a specific project in the domestic market registered in the preceding quarter.

As there is no additional impairment loss on deferred development cost provided during the quarter under review, losses before taxation was reduced from RM5.34 million in the previous quarter to RM1.44 million in the quarter under review. Bad and doubtful debts provision of RM1.16 million was made during this quarter compared to RM0.90 million in the previous quarter.

Our overseas subsidiaries registered losses of RM0.69 million in the current quarter compared to losses of RM0.37 million in the immediate preceding quarter. The associate company recorded a loss of RM0.16 million in the quarter under review compared to a loss of RM0.17 million posted in Quarter 2, 2007.

**IFCA MSC BERHAD (453392-T)**  
**(Incorporated in Malaysia)**

**B3. PROSPECTS**

The Group is confident in recording a turnaround in the final quarter of the current financial year. As of reporting date, the Group had secured some new deals for its new generation portal based Enterprise Management Solution. The financial implication from these contracts is likely to be recognized in the last quarter of this year and the first half of the following financial year. The Group is presently in negotiation with a few high value projects and is anticipating positive outcomes by the first quarter of the next financial year.

The success of our new product is not limited to the domestic market only as our overseas subsidiary had recently concluded some new deals worth over a million Ringgit. The Group anticipated that this new product will springboard the Group's turnover in the coming year and would contribute positively to the bottom line.

Barring the above factors and any unforeseen circumstances, the Directors anticipate that the Group would record positive results in the last quarter of the year.

**B4. PROFIT FORECAST**

The Group has not provided any profit forecast in any public documents for the current quarter under review.

**B5. INCOME TAX EXPENSE**

	<b>Current Quarter</b>	<b>Cumulative Quarter</b>
	<b>3 months ended</b>	<b>9 months ended</b>
	<b>30.9.2007</b>	<b>30.9.2007</b>
	<b>RM</b>	<b>RM</b>
Current tax	14,983	31,671
Deferred tax	-	-
	14,983	31,671

The effective tax rate of the Group is lower than the statutory tax rate for the current financial period under review mainly due to the Company's MSC status.

**B6. PROFIT OR LOSS ON SALE OF INVESTMENTS AND/OR PROPERTIES**

There were no sales of unquoted investments or properties during the current quarter under review.

**B7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES**

There were no purchases or disposals of quoted securities for the current quarter and financial year to date.

**IFCA MSC BERHAD (453392-T)**  
**(Incorporated in Malaysia)**

**B8. GROUP BORROWINGS AND DEBT SECURITIES**

The total borrowings of the Group as at 30 September 2007 comprised of hire purchase liabilities amounting to RM1,007,764 analysed as follows:

	<b>RM</b>
Secured - due within 12 months	309,237
Secured - due after 12 months	698,527
	<hr/>
	1,007,764
	<hr/> <hr/>

**B9. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

The Group has no off-balance sheet financial instruments at the date of this announcement.

**B10. MATERIAL LITIGATION**

The Group does not have any material litigation, of which, in the opinion of the Directors, would have a material adverse effect on the financial results of the Group as at the date of this announcement.

**B11. DIVIDEND PAYABLE**

No interim ordinary dividend has been declared for the financial period ended 30 September 2007.

**IFCA MSC BERHAD (453392-T)**  
**(Incorporated in Malaysia)**

**B12. EARNINGS PER SHARE**

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2007	30.9.2006	30.9.2007	30.9.2006
	RM	RM	RM	RM
<b><u>Earnings</u></b>				
Loss for the period	(1,456,985)	(113,823)	(7,609,038)	(620,103)
Less/(Add): Amount attributable to minority interest	<u>(111,814)</u>	<u>(1,704)</u>	<u>396</u>	<u>(33,471)</u>
Loss for the period attributable to shareholders of the Group	<u><u>(1,568,799)</u></u>	<u><u>(115,527)</u></u>	<u><u>(7,608,642)</u></u>	<u><u>(653,574)</u></u>
<b><u>Number of shares</u></b>				
Weighted average number of share in issue for basic earnings per share	286,702,000	284,949,133	286,319,778	283,693,611
Effect of dilutive potential ordinary shares on conversion of options under ESOS	352,283	1,986,929	352,283	1,986,929
Weighted average number of share in issue for diluted earnings per share	<u><u>287,054,283</u></u>	<u><u>286,936,062</u></u>	<u><u>286,672,061</u></u>	<u><u>285,680,540</u></u>
<b>Loss per share (sen)</b>				
- Basic	(0.55)	(0.04)	(2.66)	(0.23)
- Diluted	<u><u>(0.55)</u></u>	<u><u>(0.04)</u></u>	<u><u>(2.65)</u></u>	<u><u>(0.23)</u></u>

**B13. AUTHORISATION FOR ISSUE**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 21 Nov 2007.