

## **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 2007. 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 2007.

### **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 2007 except for the adoption of the following new or revised Financial Report Standards ("FRS") effective from 1 January 2008:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

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 Group.

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

The auditor's report on the financial statements for the year ended 31 December 2007 was not qualified.

### **A4. SEASONAL OR CYCLICAL FACTORS**

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

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**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 2007. 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 2008.

**A8 DIVIDENDS PAID**

There were no dividends paid during the current quarter.

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**A9 SEGMENTAL INFORMATION**

Segmental information for the 9 months ended 30 Sep 2008 and 30 Sep 2007 are as follows:

	Malaysia		Overseas		Elimination		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	RM	RM	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>								
External sales	20,234,936	15,159,888	3,221,163	1,931,999	-	-	23,456,100	17,091,887
Inter-segment sales	6,733,544	4,062,771	-	-	(6,733,544)	(4,062,771)	-	-
Total Revenue	26,968,480	19,222,659	3,221,163	1,931,999	(6,733,544)	(4,062,771)	23,456,100	17,091,887
<b>RESULT</b>								
Operating results*	6,691,114	2,523,492	(1,357,246)	(1,064,643)			5,333,868	1,458,849
Bad & Doubtful Debt							(714,218)	(2,055,453)
Amortisation (unallocated)							(3,242,727)	(2,345,495)
Loss on Impairment							(1,819,005)	(3,766,553)
Finance costs							(31,625)	(46,031)
Share of results of associate							(1,726,008)	(822,684)
Profit / (Loss) before tax							(2,199,715)	(7,577,367)
Income tax expense							(436,493)	(31,671)
Profit / (Loss) Loss for the period							(2,636,208)	(7,609,038)

\*Notes : 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 2007.

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

There was no significant event arising in the period from 1 October 2008 to the date of this announcement, which will have a material effect on the financial results of the Group for the period under review.

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

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

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**A13. CONTINGENT LIABILITIES**

There were no material contingent liabilities since the last annual balance sheet as at 31 December 2007.

**A14. CAPITAL COMMITMENTS**

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

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

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

The Group posted revenue of RM23.46 million for the nine months ended 30 September 2008, an improvement of 37.2% compared to RM17.09 million recorded in the corresponding period last year. The growth was mainly due to the increase in local enterprise software sales.

During the nine months ended 30 September 2008, the Group registered an operating profit of RM5.33 million, a significant improvement compared to RM1.46 million in the same period last year. However, after accounting for the provision for bad and doubtful debt, loss of overseas associates, impairment loss on investment in an associate and amortization of deferred development cost, totaling RM7.53 million (which are non-cash items), the Group registered a loss before tax of RM2.20 million, a vast improvement over the corresponding period last year recorded loss before tax of RM7.58 million.

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

	<b>Current Qtr 30.09.2008 RM'000</b>	<b>Preceding Qtr 30.06.2008 RM'000</b>
Revenue	8,946	6,339
<i>Gross Profits</i>	7,416	5,359
<i>Gross Margin</i>	82.9%	84.5%
Operating Profit	2,300	877
Less : Bad & doubtful debts provision	(124)	(401)
Amortisation	(1,078)	(1,163)
Loss on Impairment in associate	-	(1,819)
Finance costs	(9)	(11)
Share of results of associate	(92)	(1,527)
Profit/(Loss) Before Tax	997	(4,044)

The Group recorded higher Revenue during the quarter ended 30 Sep 2008 compared to the preceding quarter mainly due to higher local enterprise software sales. Revenue improved by 41.1% and consequently Gross Profit increased to RM7.42 million compared to RM5.36 million previously.

The Group returned to profit of almost a million ringgit during the quarter under review. There were no impairment losses provided during this quarter compared to the immediate preceding quarter.

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**B3. PROSPECTS**

The recent worldwide financial crisis has affected the overall market sentiment in the region, and therefore likely to have a major impact on the IT capital expenditure budgets of our major enterprise customers in the foreseeable future.

Notwithstanding the Group is confident that the needs for IT to lead the way for cost reduction and business efficiency will continue to drive IT expenditure and the Group prospect remain positive. The current sales order and pipeline had grown significantly compared to previous year.

However, the financial results of the Group may be adversely affected by the results of our overseas associate company.

**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>30.09.2008</b>	<b>30.09.2008</b>
	<b>RM</b>	<b>RM</b>
Current tax	311,379	436,493
Deferred tax	-	-
	<u>311,379</u>	<u>436,493</u>

**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.

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**B8. GROUP BORROWINGS AND DEBT SECURITIES**

The total borrowings of the Group as at 30 Sept 2008 comprised of hire purchase liabilities amounting to RM 686,959 analyzed as follows:

	<b>RM</b>
Secured - due within 12 months	247,084
Secured - due after 12 months	439,875
	<hr/> <u>686,959</u>

**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 Sept 2008.

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**B12. EARNINGS PER SHARE**

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM	RM	RM	RM
<b><u>Earnings</u></b>				
Profit/(Loss) for the period	685,252	(1,456,985)	(2,636,208)	(7,609,038)
(Less)/Add : Amount attributable to minority interest	<u>(189,337)</u>	<u>(111,814)</u>	<u>(295,078)</u>	<u>396</u>
Profit/(Loss) for the period attributable to shareholders of the Group	<u>495,915</u>	<u>(1,568,799)</u>	<u>(2,931,286)</u>	<u>(7,608,642)</u>
<b><u>Number of shares</u></b>				
Weighted average number of share in issue for basic earnings per share	286,702,000	286,674,067	286,702,000	286,128,667
Effect of dilutive potential ordinary shares on conversion of options under ESOS	-	395,245	-	395,245
Weighted average number of share in issue for diluted earnings per share	<u>286,702,000</u>	<u>287,069,312</u>	<u>286,702,000</u>	<u>286,523,912</u>
<b>Profit/(Loss) per share (sen)</b>				
- Basic	0.17	(0.55)	(1.02)	(2.66)
- Diluted	<u>0.17</u>	<u>(0.55)</u>	<u>(1.02)</u>	<u>(2.65)</u>

**B13. AUTHORISATION FOR ISSUE**

The interim financial statements were authorized for issue by the Board of Directors during its meeting held on 27 November 2008.