



**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 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 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 31 December 2008.

**A8 DIVIDENDS PAID**

There were no dividends paid during the current quarter.



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**A9 SEGMENTAL INFORMATION**

Segmental information for the 12 months ended 31 Dec 2008 and 31 Dec 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	27,037,173	22,342,954	4,026,781	2,988,799	-	-	31,063,954	25,331,753
Inter-segment sales	8,659,913	6,061,815	-	-	(8,659,913)	(6,061,815)	-	-
Total Revenue	35,697,086	28,404,769	4,026,781	2,988,799	(8,659,913)	(6,061,815)	31,063,954	25,331,753
<b>RESULT</b>								
Operating results*	8,417,967	4,372,584	(3,869,573)	(1,654,942)			4,548,394	2,717,642
Bad & Doubtful Debt							(2,696,801)	(2,013,364)
Amortisation (unallocated)							(4,119,466)	(3,144,755)
Loss on Impairment							-	(3,951,623)
Impairment of Investment Property & PPE							(358,427)	-
Finance costs							(39,973)	(58,945)
Share of results of associate							(3,680,000)	(1,062,630)
Profit / (Loss) before tax							(6,346,273)	(7,513,675)
Income tax expense							(26,724)	74,445
Profit / (Loss) Loss for the period							(6,372,997)	(7,439,230)

\*Notes : Results for previous year restated.

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

The valuations of property, plant and equipment have been brought forward without any material amendments from the previous financial statements.

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

There was no significant event arising in the period from 1 January 2009 to the date of this announcement, which will have a material effect on the financial results of the Group for the period under review.



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**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**

The Group is not aware of any 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 recorded revenue of RM31.06 million for the year ended 31 December 2008 representing a healthy growth of 22.6% compared to RM25.33 million posted last year. The growth was attributable to the increase in local enterprise software sales.

The Group registered an operating profit of RM4.55 million during the year, a significant improvement compared to RM2.72 million in the corresponding period last year. However, after accounting for the provision for bad and doubtful debt, loss of overseas associates, impairment losses on investment properties and amortization of deferred development cost, totaling RM11.71 million, the Group registered a loss before tax of RM6.35 million.

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

	<b>Current Qtr 31.12.2008 RM'000</b>	<b>Preceding Qtr 30.09.2008 RM'000</b>
Revenue	7,608	8,946
<i>Gross Profits</i>	5,705	7,416
<i>Gross Margin</i>	75.0%	82.9%
Operating Profit/(Loss)	(784)	2,300
Adj : Bad & doubtful debts provision	(1,983)	(124)
Amortisation	(877)	(1,078)
Reversal on Impairment in associate	1,819	-
Loss on Impairment (Investment Properties)	(358)	
Finance costs	(9)	(9)
Share of results of associate	(1,955)	(92)
(Loss) / Profit Before Tax	(4,147)	997

The Group recorded a decline in revenue during the quarter ended 31 Dec 2008 compared to the preceding quarter mainly due to lower domestic enterprise software sales. The 15.0% drop in revenue from RM8.95 million in Quarter 3, 2008 to RM7.61 million in the quarter under review had resulted in lower Gross Profit in Quarter 4, 2008 by approximately RM1.71 million compared to the preceding quarter.

The Group's bottom line was adversely affected in the reporting period due to various factors such as higher share of loss in overseas associates, higher provision of doubtful debt and amortization of deferred development expenditure.



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**B3. PROSPECTS**

The Group continues to operate in a challenging market in view of the regional and global economic uncertainty. Currently it has a healthy order book and a promising sales pipeline. However the global recession and the tightening of credit among financial institutions may affect the timing of implementation plan and IT capital expenditure of our customers.

Notwithstanding the above the Group is confident that the needs for IT to lead the way for cost reduction and business efficiency, both locally and regionally will continue to drive IT expenditure and the Group prospect remain positive.

**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>12 months ended</b>
	<b>31.12.2008</b>	<b>31.12.2008</b>
	<b>RM</b>	<b>RM</b>
Current tax	85,954	522,447
Deferred tax	(495,723)	(495,723)
	<u>(409,769)</u>	<u>26,724</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 31 Dec 2008 comprised of hire purchase liabilities amounting to RM 620,237 analyzed as follows:

	<b>RM</b>
Secured - due within 12 months	233,902
Secured - due after 12 months	386,335
	<hr/>
	620,237
	<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 31 Dec 2008.



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**B12. EARNINGS PER SHARE**

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM	RM	RM	RM
<b><u>Earnings</u></b>				
Profit/(Loss) for the period	(3,498,968)	164,687	(6,430,254)	(7,443,955)
(Less)/Add : Amount attributable to minority interest	<u>(237,821)</u>	<u>5,121</u>	<u>57,257</u>	<u>4,725</u>
Profit/(Loss) for the period attributable to shareholders of the Group	<u>(3,736,789)</u>	<u>169,808</u>	<u>(6,372,997)</u>	<u>(7,439,230)</u>
<b><u>Number of shares</u></b>				
Weighted average number of share in issue for basic earnings per share	286,702,000	287,534,250	286,702,000	287,106,550
Effect of dilutive potential ordinary shares on conversion of options under ESOS	-	832,250	-	832,250
Weighted average number of share in issue for diluted earnings per share	<u>286,702,000</u>	<u>287,054,283</u>	<u>286,702,000</u>	<u>286,672,061</u>
<b>Profit/(Loss) per share (sen)</b>				
- Basic	(1.22)	0.06	(2.24)	(2.60)
- Diluted	<u>(1.22)</u>	<u>0.06</u>	<u>(2.24)</u>	<u>(2.60)</u>

**B13. AUTHORISATION FOR ISSUE**

The interim financial statements were authorized for issue by the Board of Directors during its meeting held on 27 February 2009.