



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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2010**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**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 9 of the Listing Requirements for the ACE 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 2009. 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 2009.

**A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009.

The Group has adopted the following new FRSs and Interpretations:

<b>FRSs and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>	
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 101	Presentation of Financial Statement (revised)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments - Recognition and Measurement	1 January 2010
Amendments to FRS 1	First Time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 132	Financial Statements: Presentation	1 January 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
Amendments to FRSs 'Improvements to FRSs(2009)'		
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

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

The auditor's report on the financial statements for the year ended 31 December 2009 was not qualified.



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**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 2009. 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 2010.

**A8. DIVIDENDS PAID**

There were no dividends paid during the current quarter.

**A9. SEGMENTAL INFORMATION**

Segmental information for the 12 months ended 31 December 2010 and 31 December 2009 are as follows:

	Malaysia		Overseas		Elimination		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009
	RM	RM	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>								
External sales	32,697,817	27,065,056	3,845,314	2,847,571	-	-	36,543,131	29,912,627
Inter-segment sales	15,273,331	840,374	-	-	(15,273,331)	(840,374)	-	-
Total Revenue	47,971,148	27,905,430	3,845,314	2,847,571	(15,273,331)	(840,374)	36,543,131	29,912,627
<b>RESULT</b>								
Operating results	5,078,379	2,199,665	(2,177,228)	(4,169,968)			2,901,151	(511,810)
Amortisation (unallocated)							(2,780,220)	(4,517,221)
Provision for doubtful debts							(285,100)	(1,458,493)
Finance costs							(110,925)	(35,043)
Loss before tax							(275,094)	(6,522,567)
Income tax expense							(291,506)	554,043
Loss for the period							(566,600)	(5,968,524)



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**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 subsequent to the current quarter ended 31 December 2010, which will have a material effect on the financial results of the Group for the period under review, that have not been reflected in the financial statements or to be disclosed as at the date of this report other than as mentioned below:-

On 14 January 2011, the Company entered into a supplementary Sale of Shares Agreement with Kutana Investment Group Ltd for the disposal of 9.58% (or 12,939,000 shares) of the Company's interest in the associated company, namely IFCA Technologies Ltd at a disposal price of South African Rand ("ZAR") 0.0338 per share. The total sales consideration of approximately RM195,994 shall be satisfied in cash upon completion. Please refer to our announcement dated 14 January 2011 for further details.

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

There were no changes in the composition of the Group.

**A13. CONTINGENT LIABILITIES**

The Group is not aware of any material contingent liabilities since the last annual balance sheet as at 31 December 2009.

**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 ACE MARKET**

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

For the year ended 31 December 2010, the Group recorded an increase of revenue by 22% to RM36.5 million from RM29.9 million. The increase in revenue of RM6.5 million was a result of the significant higher web-based enterprise software implementation and billings.

The Group's revenue for the fourth quarter ended 31 December 2010 reduced by 19% to RM5.7 million from RM7.0 million in the preceding year corresponding quarter. The decrease of RM1.4 million in revenue for the quarter under review was primarily due to the lower billings for the quarter.

However, the Group registered a loss of RM0.6 million before tax and minority interests for the year ended 31 December 2010 as compared to a loss of RM6.0 million for the preceding year.

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

	<b>Current Qtr 31.12.2010 RM'000</b>	<b>Preceding Qtr 30.09.2010 RM'000</b>
Revenue	5,679	9,286
<i>Gross Profits</i>	5,322	6,702
<i>Gross Margin</i>	93.71%	72.17%
Operating Profit/(Loss)	(1,928)	754
Adj : Doubtful debts provision	133	(4)
Amortisation	(652)	(707)
Finance costs	(51)	(26)
Profit/(Loss) Before Tax	(2,498)	17

For the current quarter under review, the Group recorded a decline in revenue to RM5.7 million as compared to RM9.3 million reported in the preceding quarter.

The Group registered an operating loss of RM1.9 million in the reporting quarter compared to a gain of RM0.8 million in the corresponding period last year. After accounting for the provision for bad and doubtful debts, amortization of deferred development costs and finance costs, totaling RM0.6 million, the Group registered loss before tax of RM2.5 million during the current quarter ended 31 December 2010.

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**B3. PROSPECTS**

With the successful completion of Right Issues and the enlarged capital, the Group is better placed to strengthen its operational capacity.

The Group will continue to expand and improve its web-based IT solutions by undertaking various strategies to enhance products' development and functionality in order to maintain competitive edge. The Board is confident that these expansion efforts will contribute positively to the earnings and future growth of the Group.

Moving forward, the Directors and management team will continue to work steadfastly to achieve a better performance for the current financial year ending 31 December 2011.

**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**

	Current Quarter 3 months ended 31.12.2010 RM	Cumulative Quarter 12 months ended 31.12.2010 RM
Current tax	296,997	291,505
Deferred tax	107,823	107,823
	404,820	399,328

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

There were no sales of unquoted investments and properties during the current quarter under review. For the current financial period ended 31 December 2010, the loss on disposal of property was RM59,628.

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

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

**B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

Except as disclosed below, there were no other corporate proposals announced but not completed as at to-date:-



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On 29 October 2010, the Board of Directors of IFCA MSC Berhad ("IFCA") announced that the Company proposed to undertake the following:

- (i) Renounceable rights issue of 143,351,000 new ordinary shares of RM0.10 each in IFCA ("Rights Shares") together with 143,351,000 free detachable warrants ("Warrants") on the basis of one (1) Rights Share and one (1) free Warrant for every two (2) existing ordinary shares of RM0.10 each in IFCA ("IFCA Shares") held on an entitlement date to be determined later;
- (ii) Increase in authorized share capital of IFCA from RM50,000,000 comprising 500,000,000 IFCA Shares to RM75,000,000 comprising 750,000,000 IFCA Shares by the creation of an additional 250,000,000 Shares; and
- (iii) Amendments to the Memorandum and Articles of Association of IFCA .

(collectively referred to as "the Proposals")

The approvals required for the Proposals as follows have been obtained:

- 1) Bursa Malaysia Securities Berhad ("Bursa Securities") via its letter dated 22 November 2010, the approval-in-principal for:
  - i) Listing of and quotation for up to 143,351,000 new ordinary shares of RM0.10 each to be issued pursuant to the Proposed Right Issue with Warrants;
  - ii) Admission to the Official List of Bursa Securities and the listing of and quotation for up to 143,351,000 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants; and
  - iii) Listing of and quotation for up to 143,351,000 new ordinary shares of RM0.10 each to be issued pursuant to the exercise of Warrants,
- 2) Bank Negara Malaysia via its letter dated 25 November 2010 (which was received on 1 December 2010) for the issue of Warrants to the entitled non-resident subscribing shareholders of the Company;
- 3) The shareholders of the Company at the Extraordinary General Meeting ("EGM") dated 17 December 2010 for all the resolutions as sets out in the Notice of EGM dated 25 November 2010.

On 20 December 2010, OSK Investment Bank Berhad ("OSK") had, on behalf of the Company, announced that the Board has fixed the issue price of the Rights Shares at RM0.10 per Rights Share and the exercise price of the Warrant to be issued pursuant to the Rights Issue with Warrants is fixed at RM0.10 per Warrant.

On 30 December 2010, OSK had, on behalf of the Company, announced that the Entitlement Date has been fixed on 13 January 2011 at 5.00 p.m. and the other relevant dates pertaining to the Rights Issue with Warrants.

On 10 February 2011, OSK had, on behalf of the Company, announced that the Rights Shares have been oversubscribed by 34.51% (49,476,087 Rights Shares) over the total of 143,351,000 Rights Shares available for subscription under the Rights Issue with Warrants.

The Rights Issue was completed on 21 February 2011 following the admission of the Warrants to the Official List of Bursa Securities, and the listing of and quotation for the 143,351,000 Rights Shares and 143,351,000 Warrants on the ACE Market of Bursa Securities on 21 February 2011.



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**B9. GROUP BORROWINGS AND DEBT SECURITIES**

The total borrowings of the Group as at 31 December 2010 comprised of hire purchase liabilities & finance lease amounting to RM 2,053,242 analyzed as follows:

	<b>RM</b>
Secured - due within 12 months	1,071,357
Secured - due after 12 months	981,885
	2,053,242
	2,053,242

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

**B11. 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.

**B12. DIVIDEND PAYABLE**

No interim ordinary dividend has been declared for the financial period ended 31 December 2010.

**B13. EARNINGS PER SHARE**

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2010</b>	<b>31.12.2009</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Total Comprehensive Income/(Expense) attributable to:</b>				
Owners of the company	(2,425,665)	(1,437,006)	(452,216)	(5,774,378)
Minority Interests	(477,029)	(141,599)	(114,384)	(194,146)
	(2,902,694)	(1,578,605)	(566,600)	(5,968,524)
<b>Number of shares</b>				
Weighted average number of ordinary shares in issue	286,702,000	286,702,000	286,702,000	286,702,000
<b>(Loss)/profit per share (sen)</b>				
- basic	(0.85)	(0.50)	(0.16)	(2.01)
- diluted	(0.85)	(0.50)	(0.16)	(2.01)



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**B14. DISCLOSURE OF RELIASED AND UNREALISED PROFITS**

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Ace Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the format required.

The breakdown of the retained losses of the Group as at 31 December 2010, into realized and unrealized losses, pursuant to the directive, is as follows:

	<b>31.12.2010</b>	<b>30.09.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Total accumulated losses of IFCA MSC Berhad and its subsidiaries:		
- Reliased	(18,666,869)	(14,784,954)
- Unrealised	360,722	(372,932)
	<u>(18,306,147)</u>	<u>(15,157,886)</u>
Less: Consolidation adjustments	(11,635,769)	(10,913,173)
Total group accumulated losses as per consolidated accounts	<u>(6,670,378)</u>	<u>(4,244,713)</u>

The determination of realised and unrealized losses is compiled based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realized and unrealized losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

**B15. AUTHORISATION FOR ISSUE**

The interim financial statements were authorized for issue by the Board of Directors during its meeting held on 23 February 2011.