

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2011
NOTES TO THE INTERIM FINANCIAL REPORT

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

A1. BASIS OF PREPARATION

The interim financial reports is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market.

This interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010 and the accompanying explanatory notes. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in this quarterly financial statements are consistent with those of the annual financial statements for the year ended 31 December 2010 except for the adoption of the following FRSs, amendments to FRSs and Issues Committee (“IC”) Interpretations, which are effective for annual periods beginning on or after:

		<u>Effective for financial periods beginning on or after</u>
Amendments to FRS 132	Classification of Rights Issues	1 March 2010
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations (Revised)	1 July 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sales and Discontinued Operations	1 July 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1	First-time Adoption of Financing Reporting Standards [Improvement to FRSs (2010)]	1 January 2011
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 3	Business Combinations [Improvement to FRSs (2010)]	1 January 2011

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

Amendments to FRS 7	Financial Instruments – Disclosures [Improvement to FRSs (2010)]	1 January 2011
Amendments to FRS 101	Presentation of Financial Statements [Improvement to FRSs (2010)]	1 January 2011
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates [Improvement to FRSs (2010)]	1 January 2011
Amendments to FRS 128	Investments in Associates [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 132	Financial Instruments: Presentation [Improvement to FRSs (2010)]	1 January 2011
Amendments to FRS 134	Interim Financial Reporting [Improvement to FRSs (2010)]	1 January 2011
Amendments to FRS 139	Financial Instruments: Recognition and Measurement [Improvement to FRSs (2010)]	1 January 2011
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011

The adoption of Amendments to FRS 7 which promotes enhanced disclosures on fair value measurement of financial statements via the introduction of the concept of fair value hierarchy, will only affect disclosures and will not have any impact on the results of the Group. The adoption of other FRSs, amendments to FRSs and IC Interpretation does not have any material impact on the financial performance or position of the Group except the revised FRS 3 and the amendments to FRS 127 as described below:

(a) Revised FRS 3: Business Combinations

The revised FRS 3 introduces changes in the accounting for business combination occurring after 1 July 2010 and it is applied prospectively. The FRS establishes principles for recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in acquiree. Each identifiable asset and liability is measured at its acquisition-date fair value. Any non-controlling interest in an acquiree is measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Goodwill is measured as the difference between the aggregate of the consideration transferred, any non-controlling interest in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the acquiree's previously held equity interest in the acquiree, and the net identifiable assets acquired. If the acquirer has made a gain from a bargain purchase, that gain is recognised in the income statement. The FRS also provides accounting requirements for reacquired rights, contingent liabilities, contingent consideration and indemnification assets.

(b) Amendments to FRS 127: Consolidated and Separate Financial Statements

The main changes include the accounting for changes in ownership interest in a subsidiary, where changes in ownership which do not result in the loss of control are now accounted for within equity instead of the income statement. Where an entity loses control of a subsidiary, any remaining investment is re-measured at fair value and a gain or loss is recognized in the income statement. The term minority interests were replaced by the term non-controlling interest, with a new definition. Total comprehensive income attributed to the owners of the parent and to the non-controlling interests, even if it results in the non-controlling interest having a deficit balance.

The revised FRS 127 requires retrospective application with certain exceptions as permitted under this standard.

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

The Group has yet to adopt the following FRSs, Amendments to FRSs and IC Interpretation which are effective for annual periods beginning on or after:

		<u>Effective for financial periods beginning on or after</u>
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124	Related Party Disclosures (Revised)	1 January 2012

A3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the financial statements for the year ended 31 December 2010 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 under review.

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 2010. As such, there is no change in estimates that had a material effect in the current quarter's 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 June 2011.

A8. DIVIDENDS PAID

There were no dividends paid during the current quarter under review.

A9. SEGMENTAL INFORMATION

Segmental information for the 6 months ended 30 June 2011 and 30 June 2010 are as follows:

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

	Malaysia		Overseas		Elimination		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010
	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE								
External sales	12,547,145	18,804,026	4,018,273	2,774,094	-	-	16,565,418	21,578,120
Inter-segment sales	5,993,387	483,013	-	-	(5,993,387)	(483,013)	-	-
Total Revenue	18,540,532	19,287,039	4,018,273	2,774,094	(5,993,387)	(483,013)	16,565,418	21,578,120
RESULT								
Operating results	791,191	4,868,912	879,500	(1,094,081)			1,670,691	3,774,831
Amortisation (unallocated)							(1,333,049)	(1,420,715)
Finance costs							(56,854)	(33,389)
Profit before tax							280,788	2,320,727
Income tax expense							(3,200)	(1,171)
Profit for the period							277,588	2,319,556

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 30 June 2011, 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:-

- (a) On 12 July 2011, the Company had via its wholly owned subsidiary EFFICA Technology (Proprietary) Ltd, formerly known as ERF 235 Woodmead (Proprietary) Ltd, entered into a Software and Master Services Agreement with Growthpoint Management Services (Proprietary) Ltd for the supply and implementation of IFCA Application Software, a fully integrated e-Business Management Solution designed specifically for property companies, at South Africa with a value of ZAR11,894,000 (South African Rand Eleven Million Eight Hundred Ninety four thousand only), approximately RM5.2 million. The project is expected to be completed within 24 months, by July 2013.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no other significant changes in the composition of the Group during the current quarter except the Company has on 5 April 2011 acquired 100% entire equity interest in EFFICA Technology (Proprietary) Ltd, formerly known as ERF 235 Woodmead (Proprietary) Ltd, a company incorporated in South Africa for a total cash consideration of ZAR12,000 or equivalent to RM5,400.

A13. CONTINGENT LIABILITIES

The Group is not aware of any material contingent liabilities since the last annual balance sheet as at 31 December 2010.

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

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 ACE MARKET

B1. REVIEW OF YEAR-ON-YEAR PERFORMANCE

For the six months period ended 30 June 2011, the Group recorded revenue of RM16.6 million as compared to RM21.6 million registered in the corresponding period last year. The software sales had increased by 9% to RM6.7 million.

The decrease of RM5.0 million in revenue for the period under review was primarily due to lower domestic hardware, network and operating systems sales.

The Group had registered a gain of RM0.3 million in the reporting period as compared to a profit of RM2.3 million in the corresponding period last year.

B2. COMPARISON WITH IMMEDIATE PROCEEDING QUARTER'S RESULTS

	Current Qtr 30.06.2011 RM'000	Preceding Qtr 31.03.2011 RM'000
Revenue	8,043	8,523
<i>Gross Profits</i>	6,769	7,183
<i>Gross Margin</i>	84.16%	84.28%
Operating Profit	1,794	310
Adj : Doubtful debts provision	(290)	(143)
Amortisation	(678)	(656)
Finance costs	(27)	(30)
Profit/(Loss) Before Tax	799	(519)

For the current quarter under review, the Group recorded a marginally decrease in revenue by 5.6% to RM8.0 million as compared to RM8.5 million registered in the preceding quarter. The decrease in revenue was a result of lower hardware sales.

The Group registered an operating gain of RM1.8 million in the reporting quarter as compared to a gain of RM0.3 million in the preceding quarter. After accounting for the provision for bad and doubtful debts, amortization of deferred development costs and finance costs, totaling RM1.0 million, the Group registered a profit before tax of RM0.8 million during the current quarter ended 30 June 2011.

B3. BUSINESS PROSPECTS

With the successful completion of Right Issues on 21 February 2011 and the enlarged capital, the Group will continue its effort to expand and improve its web-based IT solutions despite the economic uncertainty in the region and globally. Currently, the Group has secured several sizable orders, a promising sales pipelines and has a healthy order book.

Barring any unforeseen circumstances, the Board believes that the performance and prospect of the Group for the financial year ending 31 December 2011 remain positive.

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

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

	Cumulative Quarter 3 months ended 31.03.2011 RM	Cumulative Quarter 6 months ended 30.06.2011 RM
Current tax	3,200	3,200
Deferred tax	-	-
	<u>3,200</u>	<u>3,200</u>

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

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

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

There were no corporate proposals announced but not completed as at the date of this report.

B9. GROUP BORROWINGS AND DEBT SECURITIES

The total borrowings of the Group as at 30 June 2011 comprised of hire purchase liabilities & finance lease amounting to RM 1,904,775 analyzed as follows:

	RM
Secured - due within 12 months	1,113,608
Secured - due after 12 months	791,167
	<u>1,904,775</u>

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

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 report.

B12. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 30 June 2011.

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

B13. EARNINGS PER SHARE

	3 months ended		6 months ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM	RM	RM	RM
Total Comprehensive Income/(Loss) attributable to:				
Owners of the company	817,825	465,799	134,898	2,253,368
Minority Interest	(18,465)	(312,066)	142,690	66,188
	<u>799,360</u>	<u>153,733</u>	<u>277,588</u>	<u>2,319,556</u>
Number of shares				
Weighted average number of ordinary shares in issue	430,053,000	286,702,000	430,053,000	286,702,000
Profit per share (sen)				
- Basic	0.19	0.16	0.03	0.79
- Diluted	0.19	0.16	0.03	0.79

B14. UTILISATION OF PROCEEDS

As at 30 June 2011, the Company has utilised approximately 9% of the proceeds raised from its Rights Issue which was completed on 21 February 2011. The breakdown of the utilization is as follows:

	Nature of Expenses	Proposed Amount	Actual Utilisation		Un-utilised Amount		Intended Timeframe for Utilisation
		RM'000	RM'000	%	RM'000	%	
i.	Working Capital and Business Expansion	6,011	358	6	3,834	94	Within 2 years from the listing of the Rights Shares
ii.	Research and Development	4,088	254	6	4,088	94	Within 2 years from the listing of the Rights Shares
iii.	Sales and Marketing	3,406	29	1	3,377	99	Within 2 years from the listing of the Rights Shares
iv.	Expenses for the Proceeds	830	633	76	197	24	
	Total	14,335	1,274		13,061		

B15. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained losses of the Group as at 30 June 2011 into realized and unrealized losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and is compiled in accordance with 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, as issued by the Malaysian Institute of Accountants on 20 December 2010.

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

	As at 30.06.2011 RM'000	As at 31.12.2010 RM'000 (audited)
Total accumulated losses of IFCA MSC Berhad and its subsidiaries:		
- Reliased	(19,293,957)	(18,277,173)
- Unrealised	<u>(359,913)</u>	<u>(432,946)</u>
	<u>(19,653,870)</u>	<u>(18,710,119)</u>
Less: Consolidation adjustments	<u>13,123,551</u>	<u>12,044,903</u>
Total group accumulated losses as per consolidated accounts	<u>(6,530,319)</u>	<u>(6,665,216)</u>

B16. AUTHORISATION FOR ISSUE

The interim financial statements were authorized for issue by the Board of Directors during its meeting held on 16 August 2011.