



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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2013  
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 2012 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 2012.

**A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted by the Group in this quarterly financial statement are consistent with those of the annual financial statements for the year ended 31 December 2012.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 January 2013 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

*MFRS 10	Consolidated Financial Statements (effective from 1 January 2013)
*MFRS 12	Disclosure of Interests in Other Entities (effective from 1 January 2013)
*MFRS 13	Fair Value Measurement (effective from 1 January 2013)
*MFRS 119	Employee Benefits (effective from 1 January 2013)
*MFRS 127	Separate Financial Statements (effective from 1 January 2013)
*Amendments to MFRS 7	Financial Instruments: Disclosures (effective from 1 January 2013)
*Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income (effective from 1 July 2012)
*Annual Improvement to MFRS 2009 – 2011 Cycle	(effective from 1 January 2013)
*Amendments to Consolidated Financial Statements, Joint Arrangements and Disclosure of MFRS 10, 11 and 12	Interests in Other Entities: Transition Guidance (effective from 1 January 2013)

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**A2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**MFRS and Amendments to MFRS that are applicable to the Group but not yet effective**

The Group did not early adopt the following standards that have been issued by the Malaysian Accounting Standards Board as these are effective for financial period beginning on or after 1 January 2014:

\*MFRS 9 Financial Instruments (effective from 1 January 2015)

\*Amendments to MFRS 132 Financial Instruments: Presentation (effective from 1 January 2014)

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

The auditor's report on the financial statements for the year ended 31 December 2012 was not subject to qualification.

**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 2012. 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 31 Mar 2013.

**A8. DIVIDENDS PAID**

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



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**A9 SEGMENTAL INFORMATION**

Segmental information for the 3 months ended 31 March 2013 and 31 March 2012 are as follows:

	Malaysia		Overseas		Elimination		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012
	RM	RM	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>								
External sales	6,751,374	9,458,841	3,031,648	1,491,085			9,783,022	10,949,926
Inter-segment sales	4,845,617	2,772,899			(4,845,617)	(2,772,899)	-	-
Total Revenue	11,596,991	12,231,740	3,031,648	1,491,085	(4,845,617)	(2,772,899)	9,783,022	10,949,926
<b>RESULT</b>								
Segment results	656,500	3,325,096	(875,810)	(1,071,317)			(219,310)	2,253,779
margin %	6%	10%	-29%	-72%				
Amortisation							(355,587)	(700,347)
Depreciation							(211,801)	(202,324)
Finance costs							(9,219)	(14,237)
(Loss)/Profit before tax							(795,917)	1,336,871
Income tax expense							(18,347)	(255,936)
(Loss)/Profit for the period							(814,264)	1,080,935

**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 April 2013 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 during the current reporting quarter.

**A13. CONTINGENT LIABILITIES**

The Group is not aware of any material contingent liabilities since the last annual balance sheet as at 31 March 2013.

**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**

The Group recorded revenue of RM9.8 million for the period ended 31 March 2013, down marginally compared to the corresponding period last year. The decline was solely on the Malaysian market, as customers are delaying their capital expenditure in the months leading to the General Election held recently. This had indirectly affected the revenue in the quarter under review.

The Group is at its expansion drive especially in its R&D center as it plans to roll out new products with mobile and cloud computing capabilities in the future. At the same time, we have increased resources in all business units to increase market coverage. As a result, the Group recorded higher operating expenditure in the current quarter compared to the same period last year.

**B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS**

	<b>Current Qtr 31.03.2013 RM '000</b>	<b>Preceding Qtr 31.12.2012 RM '000</b>
Revenue	9,783	12,933
<i>Gross Profits</i>	8,871	11,372
<i>Gross Margin</i>	90.7%	87.9%
(Loss) / Profit Before Tax	(795)	156

The decline in revenue was due to seasonal holidays and shorter work periods in Q1, 2013.

**B3. BUSINESS PROSPECTS**

The Group is optimistic in achieving its mid-term growth target and will continue to invest in building its capacity in human capital to cater for the demanding market both locally and overseas. New business units and new product in the pipeline is expected to boost the revenue for the Group towards the second half of the current financial year.

With the conclusion of the recent General Election with little surprises, the political stability is expected to bring impetus to the recovery of the Group's revenue for the local segment. It is anticipated that the previously held back IT Capital expenditure among major customers would be released in the coming quarters.

The Group's foray overseas, especially in China is expected to continue to be robust in the coming financial year, as the sales order recorded strong growth.



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**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**  
**31.03.2013**  
**RM**

Current tax	18,347
Deferred tax	-
	<hr/>
	18,347
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**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**

Save as disclosed below, there are no other corporate proposals announced but not completed as at the date of this report.

On 26 March 2012, the Company announced its proposal to implement a private placement of not more than 10% of the issued and paid-up share capital of the Company to investors to be identified. The listing application pursuant to the Proposed Private Placement had been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on 5 April 2012.

Bursa Securities had, vide its letter dated 15 May 2012, resolved to approve the Company's application for the Proposed Private Placement subject to the following conditions:

- (i) IFCA and OSK must fully comply with the relevant provisions under the ACE Market Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- (ii) IFCA and OSK to inform Bursa Securities upon the completion of the Proposed Private Placement; and



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**B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED (Cont'd)**

(iii) IFCA to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.

On 21 September 2012, the Company announced that the first tranche of the Private Placement, comprising 20,000,000 new ordinary shares of RM0.10 each in IFCA were allotted and issued pursuant to the Proposed Private Placement that was announced on 26 March 2012. The 20,000,000 new ordinary shares were subsequently listed on the ACE Market of Bursa Malaysia on 24 September 2012.

On 29 October 2012, the Company submitted an application to seek Bursa Securities' approval for an extension of time of up to six (6) months until 14 May 2013 to complete the implementation of the Proposed Private Placement pursuant to Rule 6.61(1) of the ACE Market Listing Requirements.

Bursa Securities had, vide its letter dated 31 October 2012, resolved to approve the Company's application for an extension of time of six (6) months from 14 November 2012 to 14 May 2013 for IFCA to complete the Private Placement.

On 14 May 2013, the Company announces that it does not intend to seek any further extension of time for the implementation of the Proposed Private Placement which expired on same day as the prevailing market price is not attractive for continuation of the exercise.

**B9. GROUP BORROWINGS AND DEBT SECURITIES**

The total borrowings of the Group as at 31 March 2013 comprised of hire purchase liabilities & finance lease amounting to RM 678,291 analyzed as follows:

	<b>RM</b>
Secured -due within 12 months	310,728
Secured - due after 12 months	<u>367,563</u>
	<u>678,291</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 31 March 2013.

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**B13. EARNINGS PER SHARE**

	<b>31.03.2013</b>	<b>31.03.2012</b>
	<b>RM</b>	<b>RM</b>
<i>Total Comprehensive (Loss)/Income attributable to:</i>		
Owners of the company	(506,374)	991,786
Minority Interest	(307,890)	89,149
	<u>(814,264)</u>	<u>1,080,935</u>
<b>Number of shares</b>		
Weighted average number of share in issue for basic earnings per share	450,053,000	430,053,000
Effect of dilutive potential ordinary shares from the exercise of warrants	143,351,000	143,351,000
Weighted average number of shares in issue of diluted earnings per share	593,404,000	573,404,000
(Loss)/Profit per share (sen)		
- Basic	(0.11)	0.23
- Diluted	(0.09)	0.17

**B14. UTILISATION OF PROCEEDS**

As at 31 March 2013, the Company has utilized approximately 86.29% 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	6,208	4,242	68%	1,966	32%	Within 3* years from the listing of the Rights Shares
ii.	Research and Development	4,088	4,088	100%	-	0%	Within 3* years from the listing of the Rights Shares
iii.	Sales and Marketing	3,406	3,406	100%	-	0%	Within 3* years from the listing of the Rights Shares
iv.	Expenses for the Proceeds	633	633	100%	-	0%	
	<b>Total</b>	<b>14,335</b>	<b>12,369</b>		<b>1,966</b>		

Note \* The Proposed Amount was reclassified as per Announcement made to Bursa Malaysia Securities on 30 November 2012. On 20 February 2013, the Board announced that it will extend the timeframe for the utilization of proceeds from 2 years to 3 years.



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**B15. PROFIT BEFORE INCOME TAX**

<b>GROUP</b>	<b>Quarter and year-to-date ended</b>			
	<b>Three months ended</b>			
	<b>31.03.2013</b>	<b>31.03.2012</b>		
<b>Profit before income tax is arrived at after (charging) / crediting :</b>	<b>RM</b>	<b>RM</b>		
Depreciation of PPE	(211,801)	(202,324)		
Amortisation of Def. Dev. Expenditure	(355,587)	(700,347)		
Interest expenses	(9,219)	(14,237)		
Interest income from short term deposits	75,854	108,183		
Rental Income	4,890	4,760		
Bad Debt Recovered	-	6,000		
Net (allowance) /reversal of allowance for doubtful debt	-	(389,266)		
Net (loss) / gain on foreign exchange	(532,588)	(216,077)		
Net gain/(loss) on disposal of PPE	-	-		
Impairment of quoted/unquoted securities	(65,379)	-		

There were no gains/losses on disposal of quoted and unquoted securities, investments and/or derivatives included in the results for the current quarter and preceding year corresponding quarter.





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**B16. DISCLOSURE OF REALIZED AND UNREALIZED PROFITS**

The breakdown of the retained losses of the Group as at 31 March 2013 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 Realized and Unrealized 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.

	<b>As at 31.03.2013 RM</b>	<b>As at 31.03.2012 RM</b>
Total accumulated losses of IFCA MSC Berhad and its subsidiaries:		
- Realised	(29,893,714)	(22,406,149)
- Unrealised	(2,456,304)	(575,796)
	<u>(32,350,018)</u>	<u>(22,981,945)</u>
Less: Consolidation adjustments	21,175,612	10,981,613
Total group accumulated losses as per consolidated accounts	<u>(11,174,406)</u>	<u>(12,000,332)</u>

**B17. AUTHORISATION FOR ISSUE**

The Interim financial statements were authorized for issue by the Board of Directors during its meeting held on 23 May 2013.