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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 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)

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 30 June 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 6 months ended 30 June 2013 and 30 June 2012 are as follows:

	Malaysia		Overseas		Elimination		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE								
External sales	17,542,702	16,864,037	5,167,909	4,505,720			22,710,611	21,369,757
Inter-segment sales	7,431,736	6,255,238			(7,431,736)	(6,255,238)	-	-
Total Revenue	24,974,438	23,119,275	5,167,909	4,505,720	(7,431,736)	(6,255,238)	22,710,611	21,369,757
							-	
RESULT								
Segment results	4,083,415	5,375,923	(2,521,275)	(970,383)			1,562,140	4,405,540
margin %	16%	23%	-51%	-22%				
Amortisation							(1,101,161)	(1,376,028)
Depreciation							(429,906)	(415,439)
Finance costs							(17,472)	(26,381)
Profit before tax							13,601	2,587,692
Income tax expense							(35,788)	(239,306)
(Loss)/Profit for the period							(22,187)	2,348,386

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 July 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

Save for the following, there were no changes in the composition of the Group during the current reporting quarter;

On 14 May 2013, IFCA (Guangzhou) Technology Company Limited ("IGT"), a wholly-owned subsidiary of the Company, had disposed 800,000 ordinary shares of CNY1.00 each in Guangzhou Jingyou Computer Technology Co. Ltd ("GJCT") representing its entire 80% shareholding in GJCT for the following terms and considerations:

i) That the ownership of all IT development platform using the Microsoft Silverlight technology, workflow engines, business intelligent platform and all Research and Development propriety developed be hereby transferred from GJCT to IGT.

ii) a nominal cash consideration of CNY1.00; &

iii) all incidental cost related to the above transaction is to be borne by the purchaser.

The Disposal will not have any material impact on the earnings and net asset of IFCA group level for the financial year ending 31 December 2013.

A13. CONTINGENT LIABILITIES

The Group is not aware of any material contingent liabilities since the last annual balance sheet as at 30 June 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

For the half year ended 30 June 2013, the Group posted revenue of RM22.71 million. This represents a 6% increase compared to the corresponding period last year. The increase was attributable to higher billings in software sales and training/implementation services both domestically and in the overseas market.

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 period compared to the same period last year. Consequently profit before tax for the period stood at RM0.01 million compared to RM2.58 million in the similar period last year.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	Current Qtr 30.06.2013 RM '000	Preceding Qtr 31.03.2013 RM '000
Revenue	12,928	9,783
Gross Profits	*10,507*	*8,871*
Gross Margin	*81.3%*	*90.7%*
Profit/(Loss) Before Tax	810	(795)

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.

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 noticeable growth on a year on year basis.

Barring unforeseen circumstances, the Group is optimistic in returning a positive bottom line in the current financial year.

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 30.06.2013 RM	Cumulative Quarter 6 months ended 30.06.2013 RM
Current Year	17,440	35,788
Deferred tax	-	-
	17,440	35,788

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 are no other 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 2013 comprised of hire purchase liabilities & finance lease amounting to RM 579,499 analyzed as follows:

	RM
Secured - due within 12 months	282,248
Secured - due after 12 months	297,251
	579,499

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 2013.

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B13. EARNINGS PER SHARE

	3 months ended		6 months ended	
	30.06.2013	**30.06.2012**	**30.06.2013**	**30.06.2012**
	RM	**RM**	**RM**	**RM**
Total Comprehensive (Loss)/Income attributable to:				
Owners of the company	577,543	1,612,868	71,169	2,604,654
Minority Interest	214,534	(345,417)	(93,357)	(256,268)
	792,077	1,267,451	(22,188)	2,348,386
Number of shares				
Weighted average number of share in issue for basic earnings per share	450,053,000	430,053,000	450,053,000	430,053,000
Effect of dilutive potential ordinary shares from the exdrcise of warrants	143,351,000	143,351,000	143,351,000	143,351,000
Weighted average number of shares in issue of diluted earnings per share	593,404,000	573,404,000	593,404,000	573,404,000
(Loss)/Profit per share (sen)				
- Basic	0.13	0.38	0.02	0.61
- Diluted	0.10	0.28	0.01	0.45

B14. UTILISATION OF PROCEEDS

As at 30 June 2013, the Company has utilized approximately 89.5% 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	4,705	76%	1,503	24%	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 Markeing	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%	
	Total	**14,335**	**12,832**		**1,503**		

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

	Year-to-date ended	
GROUP	**Six months ended**	
	30.06.2013	**30.06.2012**
Profit before income tax is arrrived at	**RM**	**RM**
after (charging) / crediting :		
Depreciation of PPE	(429,906)	(415,439)
Amortisation of Def. Dev. Expenditure	(1,101,161)	(1,376,028)
Interest expenses	(17,472)	(26,381)
Interest income from short term deposits	165,595	108,183
Rental Income	9,780	9,650
Bad Debt Recovered	11,210	8,000
Net (allowance) /reversal of allowance for doubtful debt	(31,330)	(440,966)
Net (loss) / gain on foreign exchange	(404,137)	(44,373)
Net gain/(loss) on disposal of PPE	(1,797)	-
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.

B16. DISCLOSURE OF REALIZED AND UNREALIZED PROFITS

The breakdown of the retained losses of the Group as at 30 June 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.

	As at 30.06.2013 RM	**As at 30.06.2012 RM**
Total accumulated losses of IFCA MSC Berhad and its subsidiaries:		
- Realised	(30,664,943)	(25,956,369)
- Unrealised	(2,436,834)	(575,796)
	(33,101,777)	(26,532,165)
Less: Consolidation adjustments	23,570,724	15,799,284
Total group accumulated losses as per consolidated accounts	(9,531,053)	(10,732,881)

B17. AUTHORISATION FOR ISSUE

The interim financial statements were authorized for issue by the Board of Directors during its meeting held on 22 August 2013.