

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 Malaysian Financial Reporting Standard (“MFRS”) 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, Amendments to MFRSs and IC Interpretation 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 (2011)	Employee Benefits (effective from 1 January 2013)
*MFRS 127 (2011)	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)**

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:

*IC Interpretation 21	Levies (effective from 1 January 2014)
*MFRS 9	Financial Instruments (effective from 1 January 2015)
*Amendments to MFRS 132	Financial Instruments: Presentation (effective from 1 January 2014)
*Amendments to MFRS 10, 12 and 127	Investment Entities (effective from 1 January 2014)
*Amendments to MFRS 136	Recoverable Amount Disclosure for Non-Financial Assets (effective from 1 January 2014)
*Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting (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 Sept 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 nine months ended 30 September 2013 and 30 September 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	27,928,330	25,959,182	10,044,379	7,022,852			37,972,709	32,982,034
Inter-segment sales	11,056,522	8,444,302			(11,056,522)	(8,444,302)	-	-
Total Revenue	38,984,852	34,403,484	10,044,379	7,022,852	(11,056,522)	(8,444,302)	37,972,709	32,982,034
<b>RESULT</b>								
Segment results	7,382,149	7,136,069	(3,114,374)	(1,030,602)			4,267,775	6,105,467
margin %	19%	21%	-31%	-15%				
Amortisation							(1,614,714)	(2,068,077)
Depreciation							(664,714)	(629,166)
Finance costs							(24,755)	(37,366)
Profit before tax							1,963,592	3,370,858
Income tax expense							(286,344)	(382,866)
Profit for the period							1,677,248	2,987,992

**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 October 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 reporting date as at 31 December 2012.

**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 RM37.97 million for the nine months ended 30 September 2013 representing a 13% growth compared to the corresponding period last year. The expansion was attributable to higher billings in software sales and training/implementation services particularly in the China market segment.

With the encouraging market response, the Group is continuing its expansion drive. Our R&D center continues to enhance and roll out new releases with mobile and cloud computing capabilities. As a result, the Group recorded higher operating expenditure in the current period compared to the same period last year.

The Group reported profit before tax of RM1.96 million for the nine months ended 30 September 2013.

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

	<b>Current Qtr 30.09.2013 RM '000</b>	<b>Preceding Qtr 30.06.2013 RM '000</b>
Revenue	15,262	12,928
<i>Gross Profits</i>	<i>12,891</i>	<i>10,507</i>
<i>Gross Margin</i>	<i>84.5%</i>	<i>81.3%</i>
Profit Before Tax	1,950	810

**B3. BUSINESS PROSPECTS**

The Group is excited of the prospects for two major products mainly for the Property Management and Human Resource management software market segments. We also anticipate our customer base will be upgrading its software to comply with the impending Goods and Service Tax (GST) implementation soon.

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 significant growth compared to the preceding year.

Barring any unforeseen circumstances, the Group is optimistic to report a profitable financial year.

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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 30.09.2013 RM	Cumulative Quarter 9 months ended 30.09.2013 RM
Current Year	250,556	286,344
Deferred tax	-	-
	<u>250,556</u>	<u>286,344</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 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 September 2013 comprised of hire purchase payable & finance lease amounting to RM 529,670 analyzed as follows:

	<b>RM</b>
Secured - due within 12 months	282,124
Secured - due after 12 months	247,546
	<u>529,670</u>

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

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**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 September 2013.

**B13. EARNINGS PER SHARE**

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2013</b>	<b>30.09.2012</b>	<b>30.09.2013</b>	<b>30.09.2012</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<i>Total Comprehensive (Loss)/Income attributable to:</i>				
Owners of the parents	1,564,736	388,856	1,635,905	2,993,510
Non-controlling Interests	134,700	250,750	41,343	(5,518)
	<u>1,699,436</u>	<u>639,606</u>	<u>1,677,248</u>	<u>2,987,992</u>
<b>Number of shares</b>				
Weighted average number of share in issue for basic earnings per share	450,053,000	422,705,493	450,053,000	422,705,493
Effect of dilutive potential ordinary shares from the exercise 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	566,056,493	593,404,000	566,056,493
<b>Profit per share (sen)</b>				
- Basic	0.35	0.09	0.36	0.70
- Diluted	0.26	0.07	0.28	0.52

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**B14. UTILISATION OF PROCEEDS**

As at 30 September 2013, the Company has utilized approximately 99.7% 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	6,166	99%	42	1%	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>14,293</b>		<b>42</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. NOTES TO THE CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

<b>GROUP</b>	<b>Year-to-date ended</b>	
	<b>Nine months ended</b>	
	<b>30.09.2013</b>	<b>30.09.2012</b>
<b>Profit before tax is arrived at after (charging) / crediting :</b>	<b>RM</b>	<b>RM</b>
Depreciation of PPE	(664,714)	(629,166)
Amortisation of Deffered Development Expenditure	(1,614,714)	(2,068,077)
Interest expenses	(24,755)	(37,366)
Interest income from short term deposits	307,523	375,979
Rental Income	14,670	14,540
Bad Debt Recovered	43,728	60,545
Net (allowance) /reversal of allowance for doubtful debt	(323,213)	(1,003,658)
Net loss on foreign exchange	(425,166)	(15,453)
Net loss on disposal of PPE	(3,000)	-
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 30 September 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</b>	<b>As at</b>
	<b>30.09.2013</b>	<b>30.09.2012</b>
	<b>RM</b>	<b>RM</b>
Total accumulated losses of IFCA MSC Berhad and its subsidiaries:		
- Realised	(29,070,608)	(25,399,438)
- Unrealised	(2,391,622)	(696,297)
	<u>(31,462,230)</u>	<u>(26,095,735)</u>
Less: Consolidation adjustments	23,495,913	16,002,460
Total group accumulated losses as per consolidated accounts	<u>(7,966,317)</u>	<u>(10,093,275)</u>

**B17. LIMITED REVIEW BY EXTERNAL AUDITOR**

The condensed consolidated interim financial statements have been reviewed by the Company's external auditors in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as directed by Bursa Malaysia as per its letter dated 30 August 2013.

**B.18 AUTHORISATION FOR ISSUE**

The interim financial statements were authorized for issue by the Board of Directors during its meeting held on 21 November 2013.