

# **IFCA MSC BERHAD**

(Company No: 453392-T)

(Incorporated in Malaysia)

## **CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 31 MARCH 2018**

**IFCA MSC BERHAD** (Company No: 453392-T)  
(Incorporated in Malaysia)

**Condensed Statement of Comprehensive Income  
For the Three Months Period Ended 31 March 2018**

	Note	Current Quarter	
		3 months ended	
		31.3.2018	31.3.2017
		RM	RM
<b><u>Continuing Operations</u></b>			
Revenue		19,262,710	19,307,964
Other income		1,504,130	1,054,804
Employee benefits expenses		(12,335,819)	(10,925,363)
Changes in inventories		(224,121)	(492,687)
Depreciation of property, plant and equipment		(219,553)	(253,768)
Amortisation		(1,304,006)	(1,252,075)
Other expenses		(5,258,000)	(4,608,413)
Profit from operations		1,425,341	2,830,462
Finance costs		(7,391)	(7,095)
<b>Profit before tax from continuing operations</b>		1,417,950	2,823,367
Income tax expense	B5	(1,129,561)	(1,272,551)
<b>Profit for the year, net of tax</b>		288,389	1,550,816
Profit/(Loss) Attributable to:			
Owners of the Company		312,695	1,672,667
Non-controlling interest		(24,306)	(121,851)
		288,389	1,550,816
Other comprehensive income/ (expense):			
Profit for the year, net of tax		288,389	1,550,816
Foreign currency translation		(432,752)	(135,816)
<b>Total comprehensive income/ (expense) for the year</b>		(144,363)	1,415,000
Attributable to:			
Owners of the Company		(120,057)	1,536,851
Non-controlling interest		(24,306)	(121,851)
		(144,363)	1,415,000
<b>Total comprehensive income attributable to holders of the Company in sen:</b>			
- Basic	B13	0.05	0.27
- Diluted	B13	0.05	0.27

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited annual financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**IFCA MSC BERHAD** (Company No: 453392-T)  
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position**  
**As at 31 March 2018**

		As at 31.3.2018 (Unaudited) RM	As at 31.12.2017 (Audited) RM
<b>ASSETS</b>	<b>Note</b>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		8,685,411	8,907,969
Investment properties		240,000	240,000
Deferred development costs		11,482,144	12,650,234
Intangible asset		642,910	774,369
Goodwill		25,111,525	25,111,525
Other investments		275,674	275,674
		<u>46,437,664</u>	<u>47,959,771</u>
<b>CURRENT ASSETS</b>			
Trade receivables		16,566,335	17,299,963
Other receivables		2,299,912	2,785,077
Other current assets		548,633	661,446
Tax recoverable		2,771,530	2,719,144
Deposits, cash and bank balances		70,291,953	73,229,864
		<u>92,478,363</u>	<u>96,695,494</u>
<b>TOTAL ASSETS</b>		<u>138,916,027</u>	<u>144,655,265</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		83,947,005	83,947,005
Treasury shares		(262,721)	(38,052)
Retained profits		30,320,406	30,007,711
Other reserves		(2,465,287)	(2,032,535)
		<u>111,539,403</u>	<u>111,884,129</u>
<b>Non-Controlling Interest</b>		(518,836)	(494,530)
<b>Total equity</b>		<u>111,020,567</u>	<u>111,389,599</u>
<b>Non-current liabilities</b>			
Other liabilities		3,200,000	3,384,020
Hire purchase and finance lease payable	B9	363,345	429,206
Deferred tax liabilities		1,482,954	1,514,504
		<u>5,046,299</u>	<u>5,327,730</u>
<b>Current Liabilities</b>			
Trade payables		1,515,587	2,411,717
Other payables		9,426,474	9,406,690
Other liabilities		11,650,511	15,494,922
Hire purchase and finance lease payable	B9	256,589	254,010
Current Tax Payable		-	370,597
		<u>22,849,161</u>	<u>27,937,936</u>
<b>Total liabilities</b>		<u>27,895,460</u>	<u>33,265,666</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>138,916,027</u>	<u>144,655,265</u>
 Net asset per share		 0.13	 0.13

The condensed consolidated statement of financial position should be read in conjunction with the audited annual financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statement of Changes in Equity  
For the Three Months Period Ended 31 March 2018**

	Attributable to Owners of the Company							
	Non-Distributable		Distributable				Non-controlling Interest	Total Equity
	Share Capital RM	Share Premium RM	Treasury shares	Other Reserve RM	Retained earnings RM	Total RM	RM	RM
At 1 January 2018	83,947,005	-	(38,052)	(2,032,535)	30,007,711	111,884,129	(494,530)	111,389,599
Total comprehensive expense	-	-	-	-	312,695	312,695	(24,306)	288,389
Foreign Currency Translation	-	-	-	(432,752)	-	(432,752)	-	(432,752)
Open market purchase shares	-	-	(224,668)	-	-	(224,669)	-	(224,669)
At 31 March 2018	83,947,005	-	(262,720)	(2,465,287)	30,320,406	111,539,403	(518,836)	111,020,567

  

At 1 January 2017	60,829,090	23,117,915	(25,216)	(1,246,660)	23,393,825	106,068,954	(308,859)	105,760,095
Total comprehensive income	-	-	-	-	1,672,667	1,672,667	(121,851)	1,550,816
Foreign currency translation	-	-	-	(135,816)	-	(135,816)	-	(135,816)
Open market purchase shares	-	-	(4,896)	-	-	(4,896)	-	(4,896)
At 31 March 2017	60,829,090	23,117,915	(30,112)	(1,382,476)	25,066,492	107,600,909	(430,710)	107,170,199

The condensed consolidated statement of changes in equity changes should be read in conjunction with the audited annual financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statement of Cash Flows**  
**For the Three Months Period Ended 31 March 2018**

	3 months ended	
	31.3.2018	31.3.2017
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,417,950	2,823,367
Adjustments for :		
Non cash items	1,653,277	1,585,969
Non-operating items	(207,396)	(285,736)
Operating profit before working capital changes	2,863,831	4,123,600
Working capital changes:		
Net changes in assets	1,226,067	(3,396,837)
Net changes in liabilities	(4,906,686)	717,886
Total working capital changes	(3,680,618)	(2,678,951)
Net cash generated from/ (used in) operations	(816,788)	1,444,649
Income taxes paid	(1,125,385)	(1,492,001)
Net cash used in operating activities	(1,942,173)	(47,353)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	192,441	111,613
Purchase of property, plant and equipment	(117,546)	(657,524)
Proceeds from disposal of property, plant and equipment	525	19,000
Net cash generated from/ (used in) investing activities	75,420	(526,911)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(7,391)	(7,095)
Payments to hire purchase and finance lease	(63,133)	(55,209)
Open market share buy-back	(224,668)	(4,896)
Net cash used in financing activities	(295,192)	(67,200)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,161,946)</b>	<b>(641,464)</b>
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(775,965)</b>	<b>(385,354)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>73,229,864</b>	<b>70,787,392</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>70,291,953</b>	<b>69,760,574</b>

The condensed consolidated statement of cash flows should be read in conjunction with the audited annual financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

## IFCA MSC BERHAD

(Company No: 453392-T)

(Incorporated in Malaysia)

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2018 NOTES TO THE INTERIM FINANCIAL REPORT

#### PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134")

##### A1. Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with the requirements of the 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 2017 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 2017.

##### A2. Significant Accounting Policies

###### *Adoption of Amendments and Annual Improvements to Standards*

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual consolidated financial statements of the Group for the financial year ended 31 December 2017.

On 1 January 2018, the Company adopted the following amended MFRS.

Amendments to MFRS 1	:	First-time Adoption of Malaysian Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters (Annual Improvements 2014 – 2016 Cycle)
Amendments to MFRS 2	:	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 140	:	Transfers of Investment Property
Amendments to MFRS 128	:	Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice (Annual Improvements 2014 - 2016 Cycle)
IC Interpretation 22	:	Foreign Currency Transactions and Advance Consideration
MFRS 15	:	Revenue from Contracts with Customers
MFRS 9	:	Financial Instruments

**A2. Significant Accounting Policies (Con't)**

***Effective for financial periods beginning on or after 1 January 2019***

.

- MFRS 16 Leases

The adoption of the above Amendments and Annual improvements to Standards, did not have any material financial impact to the Group.

**A3. Auditor's Report on Preceding Annual Financial Statements**

The auditor's report on the financial statements for the financial year ended 31 December 2017 was not subject to any 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 to the financial year ended 31 December 2017. As such, there are no changes in estimates that would have had a material effect on 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, shares held as treasury shares or the resale of treasury shares during the financial period ended 31 March 2018.

**A8. Dividend Paid**

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

**IFCA MSC BERHAD**  
(Company No: 453392-T)  
(Incorporated in Malaysia)

**A9 Segmental Information**

Segmental information for the three months period ended 31 March 2018 and 31 March 2017 are as follows:-

	Malaysia		Overseas		Elimination		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
	RM	RM	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>								
External sales	9,520,392	9,203,141	9,742,318	10,104,823	-	-	19,262,710	19,307,964
Inter-segment sales	4,716,660	3,080,212	-	-	(4,716,660)	(3,080,212)	-	-
Total Revenue	14,237,052	12,283,353	9,742,318	10,104,823	(4,716,660)	(3,080,212)	19,262,710	19,307,964
							-	
<b>RESULT</b>								
Segment results	2,756,979	2,776,952	106,960	1,447,740	-	-	2,863,940	4,224,692
Interest income							192,441	111,613
Amortisation							(1,304,006)	(1,252,075)
Depreciation							(219,553)	(253,768)
Other non cash expenses							(107,481)	-
Finance costs							(7,391)	(7,095)
Profit before Tax							1,417,950	2,823,367
Income tax expense							(1,129,561)	(1,272,551)
Profit for the Period							288,389	1,550,816

**A10. Valuation 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 2018 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 March 2018.

**A14. Capital Commitments**

There were no material capital commitments as at the date of this report.



**IFCA MSC BERHAD**

(Company No: 453392-T)

(Incorporated in Malaysia)

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS FOR THE ACE MARKET**

**B1. Review of Performance**

The Group reported revenue of RM19.3 million for the current quarter, with a small drop of 0.2% of RM45k compared to previous year's corresponding quarter.

In our business prospects shared in the previous announcements, we planned the increase in resources to continue the transformation and build further execution capacity and capability for our business. This has resulted in increased resource related expenses. These factors have contributed to the reduction in profit before tax of RM1.4 million compared to RM2.8 million in the preceding year's corresponding quarter. We expect to see the return on these structural investments in the coming quarters as we ramp up the business.

Consequently, the Group registered profit attributable to equity holders of the parent company of RM313k as compared to profit of RM1.7 million for the corresponding quarter last year.

Group cash reserves stood at RM70.3 million as at 31 March 2018 as the business continues to have stable cash generation.

**B2. Comparison with Immediate Preceding Quarter's Results**

	<b>Current Quarter Ended 31.03.2018 RM '000</b>	<b>Preceding Quarter Ended 31.12.2017 RM '000</b>
Revenue	19,263	25,938
Gross Profits	18,216	22,529
Gross Margin	94.6%	86.9%
Profit Before Tax	1,418	4,989

The Group reported a revenue of RM19.3 million for current quarter as compared to RM25.9 million in the immediate preceding quarter primarily due to less business days in Quarter 1.

Consequently, the Group recorded profit before tax of RM1.4 million for the current quarter which represents a decrease of RM3.6 million as compared to profit before tax of RM5.0 million in the preceding quarter.



**IFCA MSC BERHAD**  
(Company No: 453392-T)  
(Incorporated in Malaysia)

### **B3. Business Prospects**

#### **P365 Cloud – Service Platform Growth**

We are on track to launch solutions on the service platform as previously announced by mid 2018. Key solution areas which leverages and extends on our strengths in our current solutions and taking the next quantum leap into mobility have been prototyped and are in the process of engineering.

These new solutions will carry the core enablement of community building and engagement, digital transformation, mobility, data and e-commerce to enhance our customers' competitiveness and growth in their business.

#### **Geographic Focus and Growth**

We had tremendous 2017 growth of our China business and the team has been very busy in the delivery process and building new sales pipelines in the first quarter. Building capacity and capability remains a priority to be competitive and successful in this vast market whilst we continue to be aggressive in our push for product management and cloud solutions. We should continue to see sustained growth from China.

As part of the growth plans of IFCA in Indonesia, it is planning to roll out mobility extensions to our core products along with business intelligence offerings. This move will strengthen our position in the market as well as value adding to our customers. Together with this move, it will additionally expand our market offering as well as increasing our market reach.

IFCA Malaysia's business as planned continues on the growth path as we focus on enabling our customers to be collaborative and competitive whilst expanding our market coverage. Recent increased interest and traction in our P365 PropertyCRM offering is encouraging as we continue to invest heavily in this area and providing more mobile and online solutions to our customers and the property industry.

As at 31 March 2018, the Group has unbilled orders in hand amounting to RM35.88 million, an increase of RM0.26 million from the previous quarter.

### **B4. Profit Forecast**

The Group has not provided any profit forecasts in any public documents for the current quarter under review.

**IFCA MSC BERHAD**  
(Company No: 453392-T)  
(Incorporated in Malaysia)

**B5. Taxation**

**Current Quarter  
Ended  
31.03.2018  
RM**

Current Year	1,161,111
Deferred tax	(31,550)
	<u>1,129,561</u>

The effective tax rate is higher than the Malaysian statutory tax rate due to non-tax deductibility of certain expenses incurred by the Group.

**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 announcement.

**B9. Group Borrowings and Debt Securities**

The total borrowings of the Group as at 31 March 2018 comprised hire purchase payables and finance lease as follows:-

**Current Quarter  
Ended  
31.03.2018  
RM**

Secured - due within 12 months	256,589
Secured - due after 12 months	363,345
	<u>619,933</u>

**B10. Off Balance Sheet Financial Instruments**

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

# IFCA MSC BERHAD

(Company No: 453392-T)

(Incorporated in Malaysia)

## 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. Proposed Dividend

The Board has not recommended any interim dividend for the current quarter.

## B13. Earnings per Share

	3 months ended	
	31.03.2018	31.03.2017
	RM	RM
<b>Total Comprehensive (Expense)/ Income attributable to:</b>		
Owners of the parents	312,695	1,672,667
Non-controlling Interests	(24,306)	(121,851)
	<u>288,389</u>	<u>1,550,816</u>
<b>Number of shares</b>		
Weighted average number of share in issue for basic earnings per share	608,290,900	608,290,900
Effect of treasury shares held	(132,018)	(2,500)
Weighted average number of shares in issue of diluted earnings per share	<u>608,158,882</u>	<u>608,288,400</u>
<b>Earnings per share (sen)</b>		
- Basic	0.05	0.27
- Diluted	0.05	0.27

# IFCA MSC BERHAD

(Company No: 453392-T)

(Incorporated in Malaysia)

## B14. Notes to the Condensed Statement of Comprehensive Income

GROUP	Year-to-date ended	
	Three months ended	
	31.03.2018 RM	31.03.2017 RM
<b>(Loss)/Profit before tax is arrived at after (charging) / crediting :</b>		
Depreciation of property, plant and equipment	(219,553)	(253,768)
Amortisation	(1,304,006)	(1,252,075)
Interest expenses	(7,391)	(7,095)
Interest income from short term deposits	192,441	111,613
Rental income	3,609	3,609
Reversal of impairment loss on trade receivables	14,955	174,123
Impairment loss on trade receivables	(6,736)	(146,183)
Foreign exchange gain (realised/unrealised)	-	144,353
Foreign exchange loss (realised/unrealised)	(148,178)	(51,589)
Loss on disposal of property, plant and equipment	-	(4,450)
Property, plant and equipment written off	(1,943)	-

There were no impairment, no gains or/losses from the disposal of quoted and unquoted securities, investments and/or derivatives included in the results for the current quarter under review.

## B.15 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors during its meeting held on 28 May 2018.