

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2014**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**PART A - EXPLANATORY NOTES PURSUANT TO FRS 134**

**A1. BASIS OF PREPARATION**

The interim financial report 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 2013 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 2013.

**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 2013.

The adoption of the following MFRSs, Amendments to MFRSs and IC Interpretation that came into effect on 1 January 2014 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

*Amendment to MFRS 10	:	Consolidated Financial Statements Investment Entities
*Amendment to MFRS 12	:	Disclosure of Interests in Other Entities: Investment Entities
*Amendment to MFRS 127	:	Separate Financial Statements: Investment Entities
*Amendment to MFRS 132	:	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
*Amendment to MFRS 136	:	Impairment of Assets – Recoverable Amount Disclosure for Non-Financial Assets
*Amendment to MFRS 139	:	Financial Instrument – Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting

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

The auditor’s report on the financial statements for the year ended 31 December 2013 was not subject to qualification.

**A4. SEASONAL OR CYCLICAL FACTORS**

The operations of the Group were not affected by any seasonal or cyclical factors.

**IFCA MSC BERHAD (453392-T)**  
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**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 2013. 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 December 2014.

**A8 DIVIDENDS PAID**

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

**A9 SEGMENTAL INFORMATION**

Segmental information for the twelve months ended 31 December 2014 and 31 December 2013 are as follows:

	Malaysia		Overseas		Elimination		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM	RM	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>								
External sales	65,501,807	36,654,446	23,739,209	15,352,098			89,241,016	52,006,544
Inter-segment sales	15,199,500	13,439,050			(15,199,500)	(13,439,050)	-	-
Total Revenue	80,701,307	50,093,496	23,739,209	15,352,098	(15,199,500)	(13,439,050)	89,241,016	52,006,544
<b>RESULT</b>								
Segment results							27,523,233	5,017,334
Amortisation							(1,003,510)	(2,158,158)
Depreciation							(914,193)	(929,376)
Finance costs							(16,326)	(32,553)
Profit before tax							25,589,204	1,897,247
Income tax expense							(3,779,180)	(242,608)
Profit for the period							21,810,024	1,654,639

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**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 January 2015 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 2014.

**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 PERFORMANCE**

**(a) Comparison results of current quarter and previous year corresponding quarter**

The Group recorded another stellar quarter performance to date. Revenue for the current quarter was RM31.2 million, an increase of 122% over the same period last year. Current quarter profit after tax was RM9.3 million as compared to a loss position of RM23,000 in the same period last year. This represents a strong billing quarter for software implementation works done for the quarter.

Cash reserves grew RM15.5 million to total of RM49.8 million as at end December 2014.

**(b) Comparison results of the current year-to-date and previous year-to-date**

For the twelve months year-to-date, the Group revenue increased by 72% to RM89.2 million as compared to RM52 million in the previous year corresponding period. Overseas business grew 46% to RM21.1 million, whilst Malaysia grew 76% to RM66.6 million.

The Group recorded profit after tax of RM21.8 million for the full year. This is 1218% growth over last year same period. The significant increase in profit reflects the scalability nature of the software business. When there is a surge in business growth, we do not require a corresponding surge in operating expenses. While our revenue grew by 72% on a year-to-date basis, our operating expenses grew by only 23.2%. The difference will translate to a higher net operating margin.

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

	<b>Current Quarter 31.12.2014 RM '000</b>	<b>Preceding Quarter 30.09.2014 RM '000</b>
Revenue	31,188	25,747
Gross Profits	26,807	21,487
Gross Margin	86.0%	83.5%
Profit Before Tax	11,867	9,359

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**B3. BUSINESS PROSPECTS**

As at end December 2014, outstanding order contracts of RM33.3 million has carried over to Year 2015. We see continued growth for 2015. Other than the business-as-usual growth in maintenance contracts and software licenses, the revenue drivers will be the following:-

Continued Goods And Services Tax (GST) Activities

Our experience from equivalent GST or VAT (Value-Added Tax) implementations in other countries, suggests continued GST activities after 1<sup>st</sup> April 2015. These activities can be due to legislation changes and fine-tuning during the year, or customers asking for professional services to help them ensure accuracy in GST report submissions. Depending on the scope of works required, this can translate to another cycle of professional services and software upgrades for our customers.

China Market Growth

China operations continue to grow strongly. China business growth, with sales contracts growing at 82% or RM13.2 million year-to-date, will continue to outpace Malaysia. There is an estimated 46,000 property developers in China, as compared to 2,600 property developers in Malaysia. As such our China market represents significant opportunities and potential. Our satisfied happy customer successes will lead us to more opportunities and repeat business.

Software As A Services (SaaS)

The internet and cloud technology enable software vendors to offer solutions on subscription basis, commonly known as SaaS. We are offering an affordable subscription base price model to customers who do not want to purchase software and hardware upfront. Our SaaS solutions will be the catalyst to lead IFCA to a lucrative recurring income model.

**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**

	<b>Current Quarter 3 months ended 31.12.2014 RM</b>	<b>Cumulative Quarter 12 months ended 31.12.2014 RM</b>
Current Year	2,527,192	3,779,180
Deferred tax	-	-
	<u>2,527,192</u>	<u>3,779,180</u>

The effective tax rate is lower than the Malaysia statutory tax rate mainly due to effect of offset of deferred tax assets benefits which are not recognized in prior year and effect of income not subject to tax.

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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**

There was no corporate exercise as at the date of this announcement.

**B9. GROUP BORROWINGS AND DEBT SECURITIES**

The total borrowings of the Group as at 31 December 2014 comprised of hire purchase payable and finance lease amounting to RM 194,518 and analyzed as follows:

	31.12.2014
	<b>RM</b>
Secured - due within 12 months	148,689
Secured - due after 12 months	45,829
	<u>194,518</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**

The Board of Directors recommended a final single tier dividend of 1 sen (10%) per ordinary share for the financial year ended 31 December 2014. The final dividend is subject to shareholders' approval at the forthcoming 17<sup>th</sup> Annual General Meeting.

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**B13. EARNINGS PER SHARE**

	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM	RM	RM	RM
<i>Total Comprehensive Income attributable to:</i>				
Owners of the parents	9,123,992	92,307	21,077,275	1,728,212
Non-controlling Interests	215,612	(114,916)	732,749	(73,573)
	<u>9,339,604</u>	<u>(22,609)</u>	<u>21,810,024</u>	<u>1,654,639</u>
<b>Number of shares</b>				
Weighted average number of share in issue for basic earnings per share	483,171,900	450,053,000	483,171,900	450,053,000
Effect of dilutive potential ordinary shares from the exercise of warrants	110,232,100	*	110,232,100	*
Weighted average number of shares in issue of diluted earnings per share	<u>593,404,000</u>	<u>450,053,000</u>	<u>593,404,000</u>	<u>450,053,000</u>
Profit per share (sen)				
- Basic	1.89	0.02	4.36	0.38
- Diluted	1.54	N/A	3.55	N/A

\* There is no dilution in the earning per share of the Group as the average market price of the ordinary shares were lower than the exercise prices of the warrants. Therefore, conversions of such share are anti-dilutive.

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**B14. NOTES TO THE CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

<b>GROUP</b>	<b>Year-to-date ended</b>	
	<b>Twelve months ended</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Profit before tax is arrived at after (charging) / crediting :</b>	<b>RM</b>	<b>RM</b>
Depreciation of property, plant and equipment	(914,193)	(929,376)
Amortisation of deferred development expenditure	(1,003,510)	(2,158,158)
Interest expenses	(16,326)	(32,553)
Interest income from short term deposits	455,195	475,675
Rental income	20,160	19,560
Bad debt recovered	12,962	295,914
Bad debt written off	(46,380)	(32,740)
Allowance for doubtful debts	(1,242,752)	(548,058)
Foreign exchange gain	29,589	258,493
Gain/(Loss) on disposal of property, plant and equipment	115,036	(675)
Impairment of quoted/unquoted securities	(97,974)	(126,761)

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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**B15. DISCLOSURE OF REALIZED AND UNREALIZED PROFITS/LOSSES**

The breakdown of the retained profits/(accumulated losses) of the Group as at 31 December 2014 into realized and unrealized profits/(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 31.12.2014 RM</b>	<b>As at 31.12.2013 RM</b>
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	(17,844,073)	(30,337,130)
- Unrealised	(3,652,447)	(2,017,198)
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	(21,496,520)	(32,354,328)
Less: Consolidation adjustments	35,563,757	24,480,319
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Total group retained profits/(accumulated losses) as per consolidated accounts	14,067,237	(7,874,009)
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**B.16 AUTHORISATION FOR ISSUE**

The interim financial statements were authorized for issue by the Board of Directors during its meeting held on 17 February 2015.