

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2015**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**PART A - EXPLANATORY NOTES PURSUANT TO MFRS 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 2014 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 2014.

**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 2014.

The adoption of the following MFRSs, Amendments to MFRSs and IC Interpretation that came into effect on 1 January 2015 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

	<b>Effective date for financial periods beginning on or after</b>
Amendment to MFRS 119 : Defined Benefits Plan: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

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

The auditor’s report on the financial statements for the year ended 31 December 2014 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.

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**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 2014. As such, there is no change in estimates that 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, share held as treasury shares and resale of treasury shares during the financial period ended 30 June 2015.

**A8 DIVIDENDS PAID**

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

**A9 SEGMENTAL INFORMATION**

Segmental information for the six month period ended 30 June 2015 and 30 June 2014 are as follows:

	Malaysia		Overseas		Elimination		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
	RM	RM	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>								
External sales	44,769,596	23,524,459	11,092,712	8,417,175	-	-	55,862,308	31,941,634
Inter-segment sales	6,549,397	5,219,682	5,444,687	1,589,400	(11,994,084)	(6,809,082)	-	-
<b>Total Revenue</b>	<b>51,318,993</b>	<b>28,744,141</b>	<b>16,537,399</b>	<b>10,006,575</b>	<b>(11,994,084)</b>	<b>(6,809,082)</b>	<b>55,862,308</b>	<b>31,941,634</b>
<b>RESULT</b>								
Segment results	22,718,502	6,082,983	4,098,737	939,682	(5,444,687)	(1,589,400)	21,372,552	5,433,265
Amortisation							(661,167)	(619,590)
Depreciation							(599,994)	(440,144)
Finance costs							(13,255)	(9,791)
Profit before tax							20,098,136	4,363,740
Income tax expense							(4,076,555)	(477,123)
<b>Profit for the period</b>							<b>16,021,581</b>	<b>3,886,617</b>

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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 July 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 30 June 2015.

**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**

For Q2 2015, the Group reported a total revenue of RM23.9 million, an increase of RM5.6 million or 30.6% as compared to previous year’s corresponding quarter (Q2 2014). The increase in revenue was mainly attributable to higher demand for software implementation work and this has resulted in a higher PBT for Q2 2015 which was reported at RM6.5 million. This represents an increase of RM2.9 million or 80.6% as compared to preceding year’s corresponding quarter, Q2 2014.

Year-to-date (YTD), the Group reported a higher revenue of RM55.9 million, an increase of RM24.0 million or 75.2% as compared to the corresponding financial period in the previous year, also mainly due to higher demand for software implementation work. As a result of the higher revenue, the Group reported a higher PBT of RM20.1 million YTD as compared to the preceding year’s previous corresponding financial period of RM4.4 million, an increase of RM 15.7 million or 356.8%.

Group cash reserves stood at RM60.0 mil as at 30 June 2015.

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

	<b>Current Quarter 30.06.2015 RM '000</b>	<b>Preceding Quarter 31.03.2015 RM '000</b>
Revenue	23,879	31,984
<i>Gross Profits</i>	21,219	26,904
<i>Gross Margin</i>	88.9%	84.1%
Profit Before Tax	6,506	13,593

The Group reported a lower revenue of RM23.9 million, a decrease of RM 8.1 million or 25.3% as compared to previous preceding quarter which was mainly due to lower billings in the quarter under review, resulting in a lower PBT of RM6.5 million as compared to RM 13.6 million in the immediate preceding quarter.

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**B3. BUSINESS PROSPECTS**

Despite the challenging economic climate in Malaysia and overseas, the Board of Directors is confident that IFCA can maintain its business growth because of its market leadership and large customer base. In addition, it has strong unbilled orders in hand amounting to RM30.8 million as of 30 June 2015,

The Group has embarked on various initiatives to grow sustainable and recurring revenue streams. These include:

1. the proposed acquisition of PT IFCA Consulting Indonesia to further expand our direct presence in the country;
2. Software As A Service (SaaS) solutions offering on a monthly subscription basis for the SMEs; and
3. an end-to-end property e-commerce market place which generates long term recurring transactional revenue.

The Group believes that these initiatives will be the catalyst for achieving a sustainable and recurring income business strategy.

**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 30.06.2015 RM</b>	<b>Cumulative Quarter 6 months ended 30.06.2015 RM</b>
Current Year	706,329	3,712,609
Deferred tax	52,637	363,946
	<u>758,966</u>	<u>4,076,555</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, effect of income not subject to tax and expenses not deductible for tax purpose.

**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.

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**B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

The Company had on 20 May 2015 announced that it entered the Heads of Agreement (“HOA”) with PT IFCA Consulting Indonesia (“PICI”) for the acquisition of PICI’s business, including its trade receivables, all locally developed software solutions and all its rights under the existing contracts of PICI for a total purchase consideration of RM 32 million of which 50% is to be satisfied in cash and 50% is to be satisfied via the issuance of new ordinary shares of RM0.10 each in the Company.

As at this date of the announcement, the corporate proposal is pending the signing of the Business Sales Agreement.

**B9. GROUP BORROWINGS AND DEBT SECURITIES**

The total borrowings of the Group as at 30 June 2015 comprised hire purchase payable and finance lease amounting to RM 580,793 and analyzed as follows:

	30.06.2015
	<b>RM</b>
Secured - due within 12 months	171,904
Secured - due after 12 months	<u>408,889</u>
	<u>580,793</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**

Details of the Final Dividend under the single-tier system approved by the shareholders at the Company’s Annual General Meeting is as follows:

	<b>30.06.2015</b>
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Final dividend for financial year ended	31 December 2014
Amount per share	1.0 sen
Total dividend payable	RM 5,569,793
Approved and declared on	19 June 2015
Entitlement to dividends based on record of Depositors as at	2 July 2015
Date Payable	30 July 2015

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**B13. EARNINGS PER SHARE**

	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM	RM	RM	RM
<i>Total Comprehensive Income</i>				
<i>attributable to:</i>				
Owners of the parents	5,695,582	3,002,188	15,380,851	3,422,979
Non-controlling Interests	51,000	181,660	640,730	463,638
	<u>5,746,582</u>	<u>3,183,848</u>	<u>16,021,581</u>	<u>3,886,617</u>
<b>Number of shares</b>				
Weighted average number of share in issue for basic earnings per share	556,919,300	450,053,000	556,919,300	450,053,000
Effect of dilutive potential ordinary shares from the exercise of warrants	36,484,700	*	36,484,700	*
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	1.02	0.67	2.76	0.76
- Diluted	0.96	N/A	2.59	N/A

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

<b>GROUP</b>	<b>Year-to-date ended</b>	
	<b>Six months ended</b>	
	<b>30.06.2015</b>	<b>30.06.2014</b>
<b>Profit before tax is arrived at after (charging) / crediting :</b>	<b>RM</b>	<b>RM</b>
Depreciation of property, plant and equipment	(599,994)	(440,144)
Amortisation of deferred development expenditure	(661,167)	(619,590)
Interest expenses	(13,255)	(9,791)
Interest income from short term deposits	265,242	150,360
Rental income	11,834	9,780
Bad debt recovered	62,897	-
Bad debt written off	(243,793)	-
Impairment loss on trade receivables	-	(199,146)
Foreign exchange gain (realised/unrealised)	573,299	(433,931)
Gain/(Loss) on disposal of property, plant and equipment	17,113	
Property, plant and equipment written off	(63,822)	-
Impairment of quoted/unquoted securities	-	(3,216)

There were no gains/losses on disposal of quoted and unquoted securities, investments and/or derivatives included in the results for the current 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 March 2015 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 30.06.2015 RM</b>	<b>As at 30.06.2014 RM</b>
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	(21,478,638)	(30,138,865)
- Unrealised	387,647	(4,174,427)
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	(21,090,991)	(34,313,292)
Less: Consolidation adjustments	43,797,733	29,862,266
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Total group retained profits/(accumulated losses) as per consolidated accounts	22,706,742	(4,451,026)
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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 25 August 2015.