

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

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

**PART A - EXPLANATORY NOTES PURSUANT TO 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 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 financial year ended 31 December 2014.

The adoption of the following MFRSs, Amendments to MFRSs and IC Interpretations 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>
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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 financial 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.

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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 to the financial year ended 31 December 2014. 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 30 September 2015.

**A8 DIVIDENDS PAID**

The following dividends were paid during the current and previous corresponding quarter:

	<b>30.09.2015</b>	<b>30.09.2014</b>
Final dividend for financial year ended	31 December 2014	N/A
Approved and declared on	19 June 2015	N/A
Date paid	30 July 2015	N/A
Number of ordinary shares on which dividends were paid	556,979,300	N/A
Dividend per share (single-tier)	1.0 sen	N/A
Net dividend paid	RM 5,569,793	N/A

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**A9 SEGMENTAL INFORMATION**

Segmental information for the six month period ended 30 September 2015 and 30 September 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	56,737,454	40,144,408	21,730,838	17,908,605	-	-	78,468,292	58,053,013
Inter-segment sales	9,854,801	11,001,014	5,625,215	3,186,515	(15,480,016)	(14,187,529)	-	-
<b>Total Revenue</b>	<b>66,592,255</b>	<b>51,145,422</b>	<b>27,356,053</b>	<b>21,095,120</b>	<b>(15,480,016)</b>	<b>(14,187,529)</b>	<b>78,468,292</b>	<b>58,053,013</b>
<b>RESULT</b>								
Segment results	24,672,192	14,871,553	8,941,619	356,614	(5,625,215)	-	27,988,596	15,228,167
Amortisation							(1,230,763)	(806,381)
Depreciation							(896,572)	(685,928)
Finance costs							(21,388)	(13,450)
Profit before tax							25,839,873	13,722,408
Income tax expense							(4,303,219)	(1,251,988)
<b>Profit for the period</b>							<b>21,536,654</b>	<b>12,470,420</b>

**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**

Save the disclosing of the incorporation of the new subsidiary company, PT. IFCA Property365 Indonesia on 30 Oct 2015, there have been no significant events arising in the period from 1 Oct 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 September 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 Q3 2015, the Group reported a total revenue of RM22.6 million, a decrease of RM3.1 million or 12.1% as compared to previous year's corresponding quarter (Q3 2014). The decrease in revenue was mainly attributable to an expected market normalizing period during a post-GST era. Despite poor market and economic uncertainties in Malaysia, our China business unit has performed with a revenue growth of 50.9% for the quarter as compared to same quarter last year. Please note that this level of business performance represents a commendable growth if we discount the revenue impact during an exceptional GST 2014/2015 period.

As a result, the Group reported a lower PBT for Q3 2015 at RM5.7 million. This represents a decrease of RM3.7 million or 39.4% as compared to the preceding year's corresponding quarter, Q3 2014.

Year-to-date (YTD), the Group reported a higher revenue of RM78.5 million, an increase of RM20.4 million or 35.1% as compared to the corresponding financial period in the previous year, mainly due to higher demand for software implementation work coupled with an increase in recurring income in respect of maintenance services. The Group consequently reported a higher PBT of RM25.8 million as compared to the preceding year's previous corresponding financial period of RM13.7 million, an increase of RM 12.1 million or 88.3%.

Group cash reserves stood at RM61.4 mil as at 30 September 2015.

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

	<b>Current Quarter 30.09.2015 RM '000</b>	<b>Preceding Quarter 30.06.2015 RM '000</b>
<i>Revenue</i>	22,606	23,879
<i>Gross Profits</i>	19,551	21,219
<i>Gross Margin</i>	86.5%	88.9%
<i>Profit Before Tax</i>	5,742	6,506

The Group reported a revenue of RM22.6 million, a decrease of RM1.3 million or 5.4% as compared to the preceding quarter. Our China business unit performed admirably, delivering 87.7% revenue growth as compared to the preceding quarter, compensating the drop in revenue in Malaysia. At the close of the quarter, our secured unbilled sales order of RM31.8 million remains healthy and is carried forward. Our PBT of RM5.7 million is lower, but respectable in a challenging business environment, as compared to RM6.5 million in the immediate preceding quarter,

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**B3. BUSINESS PROSPECTS**

Despite the challenging economic climate in Malaysia, the Board of Directors, is confident that IFCA can maintain its business growth because of its market leadership, large customer base as well as a number of new initiatives which include:

1. The acquisition of PT. IFCA Consulting Indonesia's ("PICI") business will deliver a substantial contribution in revenue and profit. Please note, there is a profit after tax guarantee of RM4.0 million per year for the next 3 years;
2. A breakthrough in re-packaging Software As A Service (SaaS) solutions offering on a subscription basis to address the challenging business climate; and
3. Readiness to roll out a unique digital market place for property developers in Malaysia. This marketplace will showcase developers primary inventory of properties for sale, reflecting units availability in real-time. Moving forward, this will begin to transform IFCA as an e-Commerce company.

The Group believes that these new initiatives and ventures will be the catalysts for implementing a business strategy that will generate scalable recurring income and further enhancing the Group's value in the market.

As at 30 September 2015, the Group has unbilled orders in hand amounting to RM31.8 million.

**B4. PROFIT FORECAST**

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

**B5. INCOME TAX EXPENSE**

	<b>Current Quarter 3 months ended 30.09.2015 RM</b>	<b>Cumulative Quarter 9 months ended 30.09.2015 RM</b>
Current Year	215,796	3,928,405
Deferred tax	<u>10,868</u>	<u>374,814</u>
	<u><u>226,664</u></u>	<u><u>4,303,219</u></u>

The effective tax rate is lower than the Malaysian statutory tax rate due to the effect of income not subject to tax.

**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.

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**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**

The shareholders of the Company approved the acquisition of PT. IFCA Consulting Indonesia's ("PICI") 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 at the Extraordinary General Meeting held on 30 October 2015.

As at the date of this announcement, the corporate proposal is pending the fulfillment of conditions precedent in the Business Sales Agreement

**B9. GROUP BORROWINGS AND DEBT SECURITIES**

The total borrowings of the Group as at 30 September 2015 comprised hire purchase payables and a finance lease amounting to RM920,863 and analyzed as follows:

	30.09.2015
	<b>RM</b>
Secured - due within 12 months	221,078
Secured - due after 12 months	<u>699,785</u>
	<u>920,863</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**

No interim ordinary dividend has been declared for the financial period ended 30 September 2015.

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**B13. EARNINGS PER SHARE**

	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM	RM	RM	RM
<i>Total Comprehensive Income</i>				
<i>attributable to:</i>				
Owners of the parents	5,785,942	8,530,304	21,166,791	11,953,283
Non-controlling Interests	(270,869)	53,499	369,862	517,137
	<u>5,515,073</u>	<u>8,583,803</u>	<u>21,536,653</u>	<u>12,470,420</u>
<b>Number of shares</b>				
Weighted average number of share in issue for basic earnings per share	558,979,300	450,053,000	558,979,300	450,053,000
Effect of dilutive potential ordinary shares from the exercise of warrants	34,424,700	143,351,000	34,424,700	143,351,000
Weighted average number of shares in issue of diluted earnings per share	<u>593,404,000</u>	<u>593,404,000</u>	<u>593,404,000</u>	<u>593,404,000</u>
<b>Profit per share (sen)</b>				
- Basic	1.04	1.90	3.80	2.66
- Diluted	0.98	1.44	3.57	2.01

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

<b>GROUP</b>	<b>Year-to-date ended</b>	
	<b>Nine months ended</b>	
	<b>30.09.2015</b>	<b>30.09.2014</b>
<b>Profit before tax is arrived at after (charging) / crediting :</b>	<b>RM</b>	<b>RM</b>
Depreciation of property, plant and equipment	(896,572)	(685,928)
Amortisation of deferred development expenditure	(1,230,763)	(806,381)
Interest expenses	(21,388)	(13,450)
Interest income from short term deposits	500,364	292,140
Rental income	17,282	14,970
Bad debt recovered	98,953	5,922
Bad debt written off	(315,093)	-
Impairment loss on trade receivables	-	(1,070,576)
Foreign exchange gain (realised/unrealised)	2,096,942	-
Foreign exchange loss	-	(313,672)
Loss on disposal of property, plant and equipment	25,857	-
Property, plant and equipment written off	75,535	-
Impairment of quoted/unquoted securities	-	(7,150)

There were 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.



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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 30.09.2015 RM</b>	<b>As at 31.12.2014 RM</b>
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	(20,731,140)	(20,521,252)
- Unrealised	2,717,678	(2,089,498)
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	(18,013,462)	(22,610,750)
Less: Consolidation adjustments	46,506,147	35,506,434
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Total group retained profits/(accumulated losses) as per consolidated accounts	28,492,685	12,895,684
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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 19 November 2015.