

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2016
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 2015 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 2015.

A2. Significant Accounting Policies

The accounting policies and presentation adopted by the Group in this interim financial report is consistent with those of the annual financial statements for the financial year ended 31 December 2015.

At the date of authorisation of this financial report, the following MFRSs and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group:-

MFRSs and Amendments to MFRSs	Effective for annual period beginning on or after
MFRS 9 : Financial Instruments	1 January 2018
MFRS 15 : Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 9 and MFRS 7 : Mandatory Effective Date of MFRS 9 and Transition Disclosure	1 January 2018

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 2015 was not subject to any qualification.

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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 2015. 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 2016.

A8 Dividend Paid

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

A9 Segmental Information

Segmental information for the twelve month period ended 31 March 2016 and 31 March 2015 are as follows:-

	Malaysia		Overseas		Elimination		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE								
External sales	9,696,202	26,806,911	8,000,032	5,176,595	-	-	17,696,234	31,983,506
Inter-segment sales	2,752,969	3,296,529	-	-	(2,752,969)	(3,296,529)	-	-
Total Revenue	12,449,171	30,103,439	8,000,032	5,176,595	(2,752,969)	(3,296,529)	17,696,234	31,983,506
RESULT								
Segment results	(1,955,104)	15,200,746	(699,833)	610,955	-	(1,808,701)	(2,654,937)	14,002,999
Amortisation							(1,005,628)	(103,946)
Depreciation							(302,119)	(300,445)
Finance costs							(9,576)	(6,020)
(Loss)/Profit before Tax							(3,972,260)	13,592,588
Income tax expense							(873,864)	(3,317,589)
(Loss)/Profit for the Period							(4,846,124)	10,274,999

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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 2016 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, save for the inclusion of new subsidiary in Indonesia set up in January 2016.

A13. Contingent Liabilities

The Group is not aware of any material contingent liabilities since the last reporting date as at 31 March 2016.

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

The Group reported revenue of RM17.7 million for the current quarter, a decrease of RM14.3 million as compared to previous year's corresponding quarter. The lower revenue is attributed to soft market and economic condition in Malaysia, a shift to SaaS (software as a service) recurring revenue business model, and significantly lower contribution from GST implementation related services.

The Group reported loss before tax of RM4.0 million in the current quarter as compared to profit before tax of RM13.6 million in the previous year's corresponding quarter. Our bottom line was impacted by start-up cost of our Property365 e-commerce initiative, one off doubtful debt provision in South Africa, unrealised foreign exchange losses and the higher deferred development cost amortisation.

Group cash reserves stood at RM57.2 mil as at 31 March 2016.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter Ended 31.03.2016 RM '000	Preceding Quarter Ended 31.12.2015 RM '000
Revenue	17,696	23,155
Gross Profits	15,210	20,400
Gross Margin	<i>86.0%</i>	<i>88.1%</i>
Profit/ (Loss) Before Tax	(3,972)	(87)

The Group reported a revenue of RM17.7 million for current quarter compared to RM23.1 million in the preceding quarter. The decrease of RM5.4 million or 23.4% as a result of lower billing for software implementation.

However, the Group recorded loss before tax of RM4.0 million the current quarter under review as compared to profit before tax of RM 0.1 million in the preceding quarter. This loss before tax in current quarter was mainly due to one off doubtful debt provision, impact of forex translation and higher development cost amortisation.

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B3. Business Prospects

For the current financial year, the Group is expecting a steady growth of our SaaS business model. Nevertheless, we expect our enterprise software solution business remains challenging in the current economic condition.

Our business in China and Indonesia is expected to grow and contribute positively to the Group. With continuous effort to replenish existing order book and operation cost reduction exercise, the Group is expected to achieve satisfactory performance in the year.

Our e-Commerce initiative, Property365 has gained good traction to-date. We have garnered property inventory of over RM3 billion, and have partnered with thousands of agents nationwide. We expect Property365 to generate revenue in the second half of 2016.

The Group is currently looking at strengthening its operating cost structure. Barring any unforeseen circumstances, the Board is optimistic the Group will deliver satisfactory performance in this financial year.

As at 31 March 2016, the Group has unbilled orders in hand amounting to RM27.5 million.

B4. Profit Forecast

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

B5. Taxation

**Current Quarter
Ended
31.03.2016
RM**

Current Year	873,864
Deferred tax	-
	873,864

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.

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

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 2016 comprised hire purchase payables and a finance lease are as follows:-

	Current Quarter Ended 31.03.2016 RM
Secured - due within 12 months	189,494
Secured - due after 12 months	609,403
	798,897
	798,897

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. Proposed Dividend

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

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B13. Earnings per Share

	3 months ended	
	31.03.2016	31.03.2015
	RM	RM
Total Comprehensive Income		
attributable to:		
Owners of the parents	(4,461,451)	9,685,269
Non-controlling Interests	(384,672)	589,730
	<u>(4,846,123)</u>	<u>10,274,999</u>
Number of shares		
Weighted average number of share in issue for basic earnings per share	608,290,900	537,104,800
Effect of dilutive potential ordinary shares from the exercise of warrants	1,113,100	56,299,200
Weighted average number of shares in issue of diluted earnings per share	<u>609,404,000</u>	<u>593,404,000</u>
Profit per share (sen)		
- Basic	(0.73)	1.80
- Diluted	(0.73)	1.63

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B14. Notes to the Condensed Statement of Comprehensive Income

GROUP	Year-to-date ended	
	Three months ended	
	31.03.2016	31.03.2015
Loss before tax is arrived at after (charging) / crediting :	RM	RM
Depreciation of property, plant and equipment	(302,119)	(300,445)
Amortisation of deferred development expenditure	(1,005,628)	(103,946)
Interest expenses	(9,576)	(6,020)
Interest income from short term deposits	113,612	122,960
Rental income	3,793	2,850
Bad debt recovered	-	48,609
Impairment loss on trade receivables	(866,451)	-
Foreign exchange gain/(loss) (realised/unrealised)	(408,635)	314,756
Gain on disposal of property, plant and equipment	770	16,972
Property, plant and equipment written off	-	(63,822)

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.

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B15. Realised and Unrealised Profits/ Losses

The breakdown of the retained profits of the Group as at 31 March 2016 into realised and unrealised 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 Realised and Unrealised 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.

	As at 31.03.2016 RM	As at 31.03.2015 RM
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	(21,525,371)	(15,318,442)
- Unrealised	51,702	(309,857)
	(21,473,669)	(15,628,299)
Less: Consolidation adjustments	45,941,275	38,209,252
Total group retained profits/(accumulated losses) as per consolidated accounts	24,467,606	22,580,953

B.16 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors during its meeting held on 30 May 2016.