

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2017**  
**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 2016 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 2016.

**A2. Significant Accounting Policies**

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

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 2016.

On 1 January 2017, the Company adopted the following amended MFRS.

Amendments to MFRS 12	:	Disclosure of Interests in Other Entities
Amendments to MFRS 107	:	Statements of Cash Flows
Amendments to MFRS 112	:	Income Taxes

***Standards issued but not yet effective***

At the date of authorisation of the Condensed Report, the following Standards, Amendments and Annual Improvements to Standards were issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective and have not been adopted by the Group

- Effective for financial periods beginning on or after 1 January 2018
- Amendments to MFRS 2 Share-based Payment - Classification and Measurement of Share based Payment Transactions
- MFRS 9 Financial Instruments (IFRS 9 as issued by the International Accounting Standards Board in July 2014)

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

***Standards issued but not yet effective (Con't)***

- MFRS 15 Revenue from Contracts with Customers
- MFRS 15 Revenue from Contracts with Customers - Clarifications to MFRS 15 Revenue from Contracts with Customers
- Amendments to MFRS 140 Investment Property - Transfers of Investment Property
- Annual Improvements to MFRSs 2014-2016 Cycle - Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards and Amendments to MFRS 128 Investments in Associates and Joint Ventures Effective for financial periods beginning on or after 1 January 2019
- MFRS 16 Leases MFRSs, Interpretations and amendments effective for a date yet to be confirmed
- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

***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.

**Companies Act 2016**

The Companies Act 2016 ("CA 2016") was enacted to replace the Companies Act 1965 with the objective of modernising the legal framework in line with advanced jurisdictions, reduce costs for doing and maintaining business and enhance internal controls, governance and corporate responsibility. The CA 2016 became effective on 31 January 2017. Amongst the key changes introduced in the CA 2016 which will affect the financial statements of the Group and of the Company upon the commencement of the CA 2016 on 31 January 2017 are-

- i. removal of the authorised share capital;
- ii. shares of the Company will cease to have par or nominal value, meaning there is no more concept of prohibiting the issuance of shares at a discount; and
- iii. the Company's share premium account will become part of the Company's share capital.

The adoption of the above did not have any significant effect on the interim financial report upon their initial application.

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

The auditor's report on the financial statements for the financial year ended 31 December 2016 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 2016. 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 2017.

**A8. Dividend Paid**

There were no dividends paid during the period ended 31 March 2017.

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**A9 Segmental Information**

Segmental information for the three months period ended 31 March 2017 and 31 March 2016 are as follows:-

	Malaysia		Overseas		Elimination		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
	RM	RM	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>								
External sales	9,203,141	9,696,202	10,104,823	8,000,032			19,307,964	17,696,234
Inter-segment sales	3,080,212	2,752,969			(3,080,212)	(2,752,969)	-	-
<b>Total Revenue</b>	<b>12,283,353</b>	<b>12,449,171</b>	<b>10,104,823</b>	<b>8,000,032</b>	<b>(3,080,212)</b>	<b>(2,752,969)</b>	<b>19,307,964</b>	<b>17,696,234</b>
<b>RESULT</b>								
Segment results	2,888,566	(1,955,102)	1,447,740	(699,833)	(2,019,565)	(7,736,136)	4,336,306	(2,654,935)
Amortisation							(1,252,075)	(1,005,628)
Depreciation							(253,768)	(302,119)
Finance costs							(7,095)	(9,576)
Profit before Tax							2,823,368	(3,972,258)
Income tax expense							(1,272,551)	(873,864)
<b>(Loss) / Profit for the Period</b>							<b>1,550,817</b>	<b>(4,846,122)</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**

There was no significant event arising in the period from 1 April 2017 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 2017.

**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 RM19.3 million for the current quarter, representing an increase of RM1.6 million or 9.1% as compared to previous year's corresponding quarter. The higher revenue is attributed to sales contribution from overseas segment.

Profit before tax in the current quarter has increased to RM2.8 million as compared to a loss before tax of RM3.9 million in the similar period last year. Our higher PBT is the result of the improved revenue and higher margins from a more effective operational structure. The improvement in the bottom line was also aided by lower provisions for doubtful debts.

Consequently, the Group registered profit attributable to equity holders of the parent company of RM1.7 million as compared to a loss of RM4.5 million for the corresponding quarter last year.

Group cash reserves stood at RM69.8 million as at 31 March 2017.

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

	<b>Current Quarter Ended 31.03.2017 RM '000</b>	<b>Preceding Quarter Ended 31.12.2016 RM '000</b>
Revenue	19,308	21,647
Gross Profits	17,802	19,277
Gross Margin	92.2%	89.1%
Profit Before Tax	2,823	4,512

The Group reported a revenue of RM19.3 million for current quarter as compared to RM21.6 million in the immediate preceding quarter primarily due to less business days in Quarter 1.

Consequently, the Group recorded profit before tax of RM2.8 million for the current quarter as compared to profit before tax of RM 4.5 million in the preceding quarter.

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**B3. Business Prospects**

The Board is cautiously optimistic that the Malaysia businesses will improve in 2017 as there are signs of recovery in the Property Industry. Business units like HR software and Property365 has gained good traction and expected to contribute positively. The Board also expect our businesses in China and Indonesia to continue to grow and contribute significantly.

The maintenance revenue segment is expected to achieve strong growth from RM 27.0 million recorded in FY2016.

The Group strategic intent is to increase market share by improving market coverage and widening its product and services offering. The Board is optimistic that 2017 would deliver better performance than the previous year.

As at 31 March 2017, the Group has unbilled orders in hand amounting to RM23.78 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  
31.03.2017  
RM**

Current Year	1,315,094
Deferred tax	(42,543)
	1,272,551
	1,272,551

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 2017 comprised hire purchase payables and finance lease as follows:-

	<b>Current Quarter Ended 31.03.2017 RM</b>
Secured - due within 12 months	192,539
Secured - due after 12 months	409,400
	<u>601,939</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 has not recommended any interim dividend for the current quarter.

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**B13. Earnings per Share**

	3 months ended	
	31.03.2017	31.03.2016
	RM	RM
<b>Total Comprehensive (Expense)/ Income attributable to:</b>		
Owners of the parents	1,672,667	(4,461,451)
Non-controlling Interests	(121,851)	(384,672)
	1,550,816	(4,846,123)
<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 dilutive potential ordinary shares from the exercise of warrants		1,113,100
Weighted average number of shares in issue of diluted earnings per share	608,290,900	609,404,000
<b>Earnings per share (sen)</b>		
- Basic	0.27	(0.73)
- Diluted	0.27	(0.73)



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

<b>GROUP</b>	<b>Year-to-date ended</b>	
	<b>Three months ended</b>	
	<b>31.03.2017</b>	<b>31.03.2016</b>
<b>(Loss)/Profit before tax is arrived at after (charging) / crediting :</b>	<b>RM</b>	<b>RM</b>
Depreciation of property, plant and equipment	(253,768)	(302,119)
Amortisation	(1,252,075)	(1,005,628)
Interest expenses	(7,095)	(9,576)
Interest income from short term deposits	111,613	113,612
Rental income	3,609	3,793
Reversal of impairment loss on trade receivables	174,123	-
Impairment loss on trade receivables	(146,183)	(866,451)
Foreign exchange gain (realised/unrealised)	144,353	5,473
Foreign exchange loss (realised/unrealised)	(51,589)	(414,109)
Gain/(Loss) on disposal of property, plant and equipment	(4,450)	(17,191)

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 2017 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.

	<b>As at 31.03.2017 RM</b>	<b>As at 31.03.2016 RM</b>
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	(20,915,663)	(21,525,371)
- Unrealised	1,502,379	51,702
	(19,413,284)	(21,473,669)
Less: Consolidation adjustments	44,479,780	45,941,275
Total group retained profits/(accumulated losses) as per consolidated accounts	25,066,496	24,467,606

**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 2017.