



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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2019**  
**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 2018 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 2018.

**A2. Significant Accounting Policies**

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

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual consolidated financial statements of the Group for the financial year ended 31 December 2018.

On 1 January 2019, the Company adopted the following amended MFRS.

Amendments to MFRS 9	:	Prepayment Features with Negative Compensation
Amendments to MFRS 119	:	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	:	Long-term interests in Associates and Joint ventures
IC Interpretation 23	:	Uncertainty over Income Tax Treatments
MFRS 16	:	Leases

Annual Improvements to MFRSs 2015-2017 Cycle

The adoption of the above pronouncement has no material financial impact to the Group other than as asset out below:

**MFRS 16: Leases**

MFRS 16 replaces the guidance in MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Leases – Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving

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

the Legal Form of a Lease. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group has assessed the financial impact on its financial statements upon initial application of MFRS 16. As allowed by the transitional provision of MFRS 16, the Group has elected the modified retrospective approach with no restatement of comparatives and the cumulative adjustments resulting from the initial application of MFRS 16 to be recognised in retained earnings and reserves as at 1 January 2019.

Effects arising from the initial application of MFRS 16 is, as follows:

**Impact on Statement of Financial Position as at 1 January 2019**  
**RM**

Non-current asset	
Right-of-use asset	313,551
<b>Total Assets</b>	<b>313,551</b>
Equity attributable to equity holders of the Company	
Retained earnings	(7,955)
<b>Total Equity</b>	<b>(7,955)</b>
Non-current liabilities	
Lease liabilities	321,506
<b>Total Equity and Liabilities</b>	<b>321,506</b>

***MFRSs and Amendments to MFRSs issued but not yet effective***

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but not yet effective and have not applied by the Group:

- Amendments to MFRS 3, Business Combinations – Definition of a Business (*effective 1 January 2020*)
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material (*effective 1 January 2020*)
- MFRS 17, Insurance Contracts (*effective 1 January 2021*)
- Amendments to MFRS 10 and MFRS 128, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (*Deferred*)



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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 2018 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 2018. 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 2019.

**A8. Dividend Paid**

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

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**A9. Segmental Information**

Segmental information for the three months period ended 31 March 2019 and 31 March 2018 are as follows:-

	Malaysia		Overseas		Elimination		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018
	RM	RM	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>								
External sales	10,469,010	9,520,392	7,332,628	9,742,318			17,801,638	19,262,710
Inter-segment sales	2,923,701	4,716,660	-	-	(2,923,701)	(4,716,660)	-	-
Total Revenue	13,392,711	14,237,052	7,332,628	9,742,318	(2,923,701)	(4,716,660)	17,801,638	19,262,710
<b>RESULT</b>								
Segment results	3,710,475	2,756,979	(1,483,276)	106,960	-	-	2,227,199	2,863,940
Interest income							208,339	192,441
Amortisation							(1,247,858)	(1,304,006)
Depreciation							(216,722)	(219,553)
Other non cash expenses							(149,025)	(107,481)
Finance costs							(9,078)	(7,391)
Profit before Tax							812,855	1,417,950
Income tax expense							(523,254)	(1,129,561)
Profit for the Period							289,601	288,389

**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 2019 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 2019.

**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 recorded revenue of RM17.8 million for the current quarter, representing a decrease of 7.6% or RM1.5 million as compared to previous year's corresponding quarter. The on-going trade war between US and China has impacted key decisions on some of our projects, which directly impacts our revenue recognition. We expect this situation to normalize in the following quarters.

The Group reported profit before tax of RM0.8 million in the current quarter as compared to profit before tax of RM1.4 million in the previous year's corresponding quarter. Consequently, the Group reported profit attributable to equity holders of the parent company of RM270K, as compared to RM310K for the corresponding quarter last year.

Group cash reserves stood at RM70.0 million as at 31 March 2019 as the business continues to have strong cash generation.

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

	<b>Current Quarter Ended 31.03.2019 RM '000</b>	<b>Preceding Quarter Ended 31.12.2018 RM '000</b>
Revenue	17,802	32,248
Gross Profits	17,387	31,251
Gross Margin	97.7%	96.9%
Profit Before Tax	813	9,822

The Group reported a revenue of RM17.8 million for current quarter as compared to RM32.3 million in the immediate preceding quarter, representing a decrease of 44.8% or RM14.4 million. For the past few years it has been a trend that our revenues grow progressively through the financial quarters in a calendar year. This is mostly attributed to known factors impacting purchasing decisions and budgets in the markets we serve.

Consequently, the Group recorded profit before tax of RM800K for the current quarter which represents a decrease of RM9.0 million as compared to profit before tax of RM9.8 million in the preceding quarter.



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### **B3. Business Prospects**

Transformation continues at IFCA to re-invent growth for the future.

- Property365 Sales Portal now hosts 99 active property sales projects up from 82 last quarter.
- Software as a Service (SaaS) revenue has grown over 85% year on year as of Q1 2019. Focus continues on growing this recurring subscription revenue.
- Launch of new mobile, cloud product for the hospitality industry, Hotel X in June, 2019.

#### **Simple, Collaborative Mobile Solutions for Exponential User Adoption**

Our next exciting product launch is Hotel X in June 2019. It's a simple yet collaborative property management system (PMS) that is targeted at boutique hotels, budget hotels and homestays. Delivered as a web app and fully hosted on the cloud, it is offered without the need for any additional IT investment and works straight out of the mobile phone. With hundreds of new hotels and thousands of homestays, we are confident to take a sizable bite of this fast-growing market by assisting these establishments save time and costs and enhancing their revenue opportunities with closer engagement with their guests.

#### **Geographic Updates**

China remains an active topic in the market and our long-term optimistic business outlook remains unchanged. We have seen our orders in China grow over 50% in Q1 2019 vs. Q1 2018.

Our Indonesian business continues to grow despite some disruption from the 2019 Indonesian elections as the country took to the polls to decide the country's next leadership and direction. With this cleared up, we are on track to establish new business lines and offering mobility solutions in this market to diversify and expand our revenue base.

Malaysia as an economy is still looking for a firm direction and foundation. Despite this, our Malaysian businesses continues to forge forward as we look to create growth within the industries we serve. Growth continues in our largest segment, Property365 whilst we continue to grow our other businesses in Construction, Hospitality and HR & Payroll.

Additionally, we have moved further in our business exploration in the Indo-China market by appointing a new local Country Manager for our newly established Vietnam operations.



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### **B3. Business Prospects (continued)**

#### **Growth Products**

##### **Property365**

Property365 Sales Portal has continued to grow and now is hosting 99 active projects, up from 82 in the last quarterly announcement and tracking over 13,500 units reserved and sold properties through the platform.

Our customer service apps, or Property365 Customer Portal will be launched at the end of Q2 after a few early collaboration projects exposed us to new upcoming requirements from a few forward-looking property developers. We believe that these features are important enough for a more competitive solution that will deliver the expected value that the market will need.

##### **Contract365**

We continue our quest to deliver digital transformation for the construction industry as we focus to bring new Contract Management product to the market. In addition to this, we are in progress of a new strategic mobile based solution for the construction industry planned to be launched in Q3 2019.

##### **HR365**

Our enterprise market pipeline for HR365 remains strong moving forward. We also continue our investment and development on the new, truly collaborative HR365 web apps. The launch date for this product is in the June/July timeframe.

##### **Hotel365**

IFCA's next generation, mobile based property management system (PMS) for the hospitality industry is ready and will be launched June 2019. The product, Hotel X, will target boutique hotels, budget hotels and homestays which are numbered in the thousands. The simple yet collaborative will be on a "pay as you earn" model and competitively priced. This product will continue to build on IFCA's subscription earnings growth.

As at 31 March 2019, the Group has un-billed orders in hand amounting to RM39.30 million.

### **B4. Profit Forecast**

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

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**B5. Taxation**

**Current Quarter  
Ended  
31.03.2019  
RM**

Current Year	1,368,407
Deferred tax	(845,152)
	523,254

The effective tax rate is higher than the Malaysian statutory tax rate due to non-tax deductibility of certain expenses incurred by the Group.

**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 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 2019 comprised hire purchase payables and finance lease as follows:-

**Current Quarter  
Ended  
31.03.2019  
RM**

Secured - due within 12 months	197,341
Secured - due after 12 months	294,876
	492,217

**B10. Off Balance Sheet Financial Instruments**

The Group has no off-balance sheet financial instruments at the date of this report.





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**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.

**B13. Earnings per Share**

	3 months ended	
	31.03.2019	31.03.2018
	RM	RM
<b><i>Total Comprehensive Income</i></b>		
<b><i>attributable to:</i></b>		
Owners of the parents	273,249	312,695
Non-controlling Interests	16,352	(24,306)
	<u>289,601</u>	<u>288,389</u>
<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 treasury shares held	(1,221,200)	(132,018)
Weighted average number of shares in issue of diluted earnings per share	<u>607,069,700</u>	<u>608,158,882</u>
Earnings per share (sen)		
- Basic	0.05	0.05
- Diluted	0.05	0.05



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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>31.03.2019</b>	<b>31.03.2018</b>
<b>Profit before tax is arrived at after (charging) / crediting :</b>	<b>RM</b>	<b>RM</b>
Depreciation of property, plant and equipment	(178,809)	(219,553)
Amortisation	(1,247,858)	(1,304,006)
Interest expenses	(9,078)	(7,391)
Interest income from short term deposits	208,339	192,441
Rental income	960	3,609
Reversal of impairment loss on trade receivables	67,720	14,955
Impairment loss on trade receivables	-	(6,736)
Foreign exchange loss (realised/unrealised)	(194,878)	(148,178)
Loss on disposal of property, plant and equipment	(33,717)	-
Property, plant and equipment written off	-	(1,943)

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.

**B15. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors during its meeting held on 29 May 2019.