



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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 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                                   | 257,060        |
| <b>Total Assets</b>                                  | <b>257,060</b> |
|  |                |
| Equity attributable to equity holders of the Company |                |
| Retained earnings                                    | (7,219)        |
| Total Equity   | (7,219)        |
|  |                |
| Non-current liabilities                              |                |
| Lease liabilities                                    | 264,279        |
| <b>Total Equity and Liabilities</b>                  | <b>264,279</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*)



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

**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 30 June 2019.

**A8. Dividend Paid**

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



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

**A9. Segmental Information**

Segmental information for the six months period ended 30 June 2019 and 30 June 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          | 17,667,241        | 17,710,470        | 21,212,272        | 21,052,862        |                    |                    | 38,879,513        | 38,763,332        |
| Inter-segment sales     | 7,211,182         | 8,364,684         | -                 | -                 | (7,211,182)        | (8,364,684)        | -                 | -                 |
| Total Revenue           | <u>24,878,423</u> | <u>26,075,154</u> | <u>21,212,272</u> | <u>21,052,862</u> | <u>(7,211,182)</u> | <u>(8,364,684)</u> | <u>38,879,513</u> | <u>38,763,332</u> |
|                         |                   |                   |                   |                   |                    |                    | -                 |                   |
| <b>RESULT</b>           |                   |                   |                   |                   |                    |                    |                   |                   |
| Segment results         | 2,701,693         | 3,269,968         | 1,308,563         | 2,655,956         | -                  | -                  | 4,010,256         | 5,925,924         |
| Interest income         |                   |                   |                   |                   |                    |                    | 704,216           | 511,765           |
| Amortisation            |                   |                   |                   |                   |                    |                    | (2,497,507)       | (2,634,035)       |
| Depreciation            |                   |                   |                   |                   |                    |                    | (466,185)         | (426,280)         |
| Other non cash expenses |                   |                   |                   |                   |                    |                    | 169,867           | 100,180           |
| Finance costs           |                   |                   |                   |                   |                    |                    | (16,789)          | (13,960)          |
| Profit before Tax       |                   |                   |                   |                   |                    |                    | <u>1,903,858</u>  | <u>3,463,594</u>  |
| Income tax expense      |                   |                   |                   |                   |                    |                    | (958,647)         | (1,881,388)       |
| Profit for the Period   |                   |                   |                   |                   |                    |                    | <u>945,211</u>    | <u>1,582,206</u>  |

**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 July 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 30 June 2019.

**A14. Capital Commitments**

There were no material capital commitments as at the date of this report.



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

**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 RM21.1 million for the current quarter, representing an increase of RM1.6 million or 8.1% as compared to previous year's corresponding quarter which is primarily contributed by the overseas entity. However, the Group recorded profit before tax for Q2 2019 at RM1.1 million, a decrease of RM1.0 million as compared to the profit in the preceding year's corresponding quarter. This is mainly due to the increase in manpower cost and additional cost incurred for setting up a new representative office in Vietnam. Hence, the Group registered profit attributable to equity holders of the parent company of RM1.0 million as compared to RM1.4 million for the corresponding quarter last year.

Year-to-date (YTD), the Group reported a slightly higher revenue of RM38.9 million, an increase of RM0.1 million or 0.3% as compared to the corresponding financial period in the previous year. As a result of tax incentive shrinkage from China government during the year, the Group reported a lower profit before tax of RM1.9 million compared to RM3.5 million for preceding year's previous corresponding financial period. Hence, the Group registered profit attributable to equity holders of the parent company of RM1.3 million as compared to RM1.7 million for the corresponding quarter last year.

Group cash reserves stood at RM71.1 million as at 30 June 2019 as the business continues to have strong cash generation.

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

|                   | <b>Current Quarter<br/>Ended<br/>30.06.2019<br/>RM '000</b> | <b>Preceding Quarter<br/>Ended<br/>31.03.2019<br/>RM '000</b> |
|-------------------|---|---|
| Revenue           | 21,078  | 17,802  |
| Gross Profits     | 19,139  | 17,387  |
| Gross Margin      | 91.0%   | 97.7%   |
| Profit Before Tax | 1,091   | 813   |

The Group reported a revenue of RM21.1 million for current quarter as compared to RM17.8 million in the immediate preceding quarter, representing an increase of 18.4% or RM3.3 million.

Consequently, the Group recorded profit before tax of RM1.1 million for the current quarter which represents an increase of RM300K as compared to profit before tax of RM800K in the preceding quarter.



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

**B3. Business Prospects**

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

- Property365 Sales Portal now hosts 109 active property sales projects up from 99 last quarter.
- Software as a Service (SaaS) revenue has grown over 92 % year on year as of 1H 2019. Focus continues on growing this recurring subscription revenue.
- Launch of new mobile, cloud product for the hospitality industry, Hotel X with 2 pre-orders.

**Geographic Updates**

Despite the continued uncertainty due to the tensions between America and China, our China business remains resilient with strong growth numbers for 1H vs. the previous year.

As forecasted from Q1 our Indonesian business continues to have strong traction post-elections and have a strong pipeline going into 2H 2019. New business lines, such as the HR365 has started to be marketed in the Indonesia with good early feedback, looking positive to grow and diversify the revenue base.

Key growth areas for Malaysia will be with Property365, HR365 and Hotel X. We continue to plan aggressively for business coverage in all our segments in the country.

As at 30 June 2019, the Group has un-billed orders in hand amounting to RM45.4 million.

**B4. Profit Forecast**

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

**B5. Taxation**

|              | <b>Current Quarter<br/>Ended<br/>30.06.2019<br/>RM</b> | <b>Cumulative Quarter<br/>6 months ended<br/>30.06.2019<br/>RM</b> |
|--------------|--|--|
| Current Year | 385,756  | 1,754,162  |
| Deferred tax | 49,637   | (795,515)  |
|              | <u>435,393</u>   | <u>958,647</u>   |

The effective tax rate is higher than the Malaysian statutory tax rate due to tax losses accumulation from a few subsidiaries, whilst provision of tax has been taken accordingly for the rest of the subsidiaries.

**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.



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

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

|                                | <b>Current Quarter<br/>Ended<br/>30.06.2019<br/>RM</b> |
|--------------------------------|--|
| Secured - due within 12 months | 163,383  |
| Secured - due after 12 months  | 270,236  |
|                                | <u>433,619</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>30.06.2019</b> |
|--|-------------------|
| Final dividend for financial year ended                      | 31 December 2018  |
| Amount per share   | 1.0 sen           |
| Total dividend payable                                       | RM 6,068,997      |
| Approved and declared on                                     | 29 May 2019       |
| Entitlement to dividends based on record of Depositors as at | 13 June 2019      |
| Date Payable (paid as of reporting date)                     | 5 July 2019       |



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

**B13. Earnings per Share**

|   | 3 months ended     |                    | 6 months ended     |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 30.06.2019         | 30.06.2018         | 30.06.2019         | 30.06.2018         |
|   | RM                 | RM                 | RM                 | RM                 |
| <b>Total Comprehensive Income</b>   |                    |                    |                    |                    |
| <b>attributable to:</b>   |                    |                    |                    |                    |
| Owners of the parents   | 1,037,301          | 1,401,146          | 1,310,550          | 1,713,841          |
| Non-controlling Interests   | (381,691)          | (107,330)          | (365,339)          | (131,636)          |
|   | <u>655,610</u>     | <u>1,293,816</u>   | <u>945,211</u>     | <u>1,582,205</u>   |
| <b>Number of shares</b>   |                    |                    |                    |                    |
| Weighted average number of share in issue<br>for basic earnings per share   | 608,290,900        | 608,290,900        | 608,290,900        | 608,290,900        |
| Effect of treasury shares held  | (1,253,422)        | (116,193)          | (1,253,422)        | (412,660)          |
| Weighted average number of shares<br>in issue of diluted earnings per share | <u>607,037,478</u> | <u>608,174,707</u> | <u>607,037,478</u> | <u>607,878,240</u> |
| Earnings per share (sen)  |                    |                    |                    |                    |
| - Basic   | 0.17               | 0.23               | 0.22               | 0.28               |
| - Diluted   | 0.17               | 0.23               | 0.22               | 0.28               |





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

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

| <b>GROUP</b>  | <b>Year-to-date ended</b> |                   |
|---|---------------------------|-------------------|
|   | <b>30.06.2019</b>         | <b>30.06.2018</b> |
| <b>Profit before tax is arrived at after (charging) / crediting :</b> | <b>RM</b>                 | <b>RM</b>         |
| Depreciation of property, plant and equipment                         | (466,185)                 | (426,280)         |
| Amortisation  | (2,497,507)               | (2,634,035)       |
| Interest expenses   | (16,789)                  | (13,960)          |
| Interest income from short term deposits                              | 704,216                   | 511,765           |
| Rental income   | 1,920                     | 7,218             |
| Reversal of impairment loss on trade receivables                      | 137,775                   | 110,694           |
| Impairment loss on trade receivables                                  | -                         | (6,746)           |
| Foreign exchange gain (realised/unrealised)                           | 128,316                   | 58,813            |
| Foreign exchange loss (realised/unrealised)                           | (20,112)                  | (29,691)          |
| Loss on disposal of property, plant and equipment                     | (64,136)                  | -                 |
| Property, plant and equipment written off                             | (21,107)                  | (3,768)           |

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 16 August 2019.