



**IFCA MSC BERHAD**  
Registration No. 199701037892 (453392-T)  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020**  
**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 2019 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 2019.

**A2. Significant Accounting Policies**

***Adoption of Amendments to Standards***

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2019.

On 1 January 2020, the Company adopted the following amended MFRS.

<b>Amendments</b>	<b>Title</b>
Amendments to MFRS 3	: Business Combinations – Definition of a Business
Amendments to MFRS 101	: Presentation of Financial Statements – Definition of Material
Amendments to MFRS 108	: Accounting Policies, Changes in Accounting Estimates and Errors Presentation of Financial Statements – Definition of Material
Amendments to MFRS 9	: Financial Instruments – Interest Rate Benchmark Reform
Amendments to MFRS 7	: Financial Instruments: Disclosures – Interest Rate Benchmark Reform
Amendments to MFRS 139	: Financial Instruments: Recognition and Measurement – Interest Rate Benchmark Reform

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

***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:

- MFRS 17, Insurance Contracts (*effective 1 January 2021*)
- Amendments to MFRS 101, Classification of Liabilities as Current or Non-current (*effective 1 January 2022*)
- Amendments to MFRS 10 and MFRS 128, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (*Deferred*)

The above pronouncements are either not relevant or do not have any impact on the financial statements of 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 2019 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 2019. 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 December 2020.

**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 twelve months period ended 31 December 2020 and 31 December 2019 are as follows:-

	Malaysia		Overseas		Elimination		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019
	RM	RM	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>								
External sales	32,341,252	38,023,229	48,719,562	47,565,474			81,060,814	85,588,703
Inter-segment sales	12,671,014	15,657,339	-	-	(12,671,014)	(15,657,339)	-	-
Total Revenue	45,012,266	53,680,568	48,719,562	47,565,474	(12,671,014)	(15,657,339)	81,060,814	85,588,703
<b>RESULT</b>								
Segment results	4,811,553	14,994,725	12,425,714	4,355,593	-	(7,734,226)	17,237,267	11,616,092
Interest income							1,682,670	1,726,215
Amortisation							(3,145,943)	(5,363,917)
Depreciation of Property, Plant & Equipment and Right-of-use assets							(1,108,907)	(1,069,804)
Impairment losses							(4,241,719)	-
Other non cash expenses							(750)	1,286,783
Finance costs							(187,626)	(36,246)
Profit before Tax							10,234,992	8,159,123
Income tax expense							(1,882,466)	(2,023,655)
Profit after Tax							8,352,526	6,135,468

**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 January 2021 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 December 2020.

**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**

Current quarter against previous year preceding quarter

The Group recorded higher revenue of RM23.2 million for the current quarter (“Q4FY2020”), an increase of RM1.1 million as compared to revenue of RM22.1 million in previous year’s corresponding quarter (“Q4FY2019”). The increase was primarily attributable to China segment’s continuous growth in Q4Y2020. Thus, the Group registered an increase in profit attributable to equity holders of the parent company of RM3.3 million as compared to RM2.8 million for the Q4FY2019, representing an improvement of 17.9%.

Current cumulative period against previous year cumulative period

The Group’s revenue for twelve months period ended 31 December 2020 decreased by 5.3% to RM81.1 million as compared to RM85.6 million recorded in the corresponding financial period last year. The lower revenue was mainly due to slow track of project deliverables in both Malaysia and Indonesia after movement restrictions implemented by the local government during FY2020. Despite of the lower revenue, the Group’s profit before tax has improved by 24.4% to RM10.2 million after the impairment losses of RM4.2 million. Preceding year corresponding financial period’s profit before tax was RM8.2 million. The Group registered profit attributable to equity holders of the parent company of RM8.3 million for FY2020 as compared to RM6.0 million for FY2019, representing an improvement of 38.3%.

Group cash reserves stood at RM79.6 million as at 31 December 2020, an increase of 6.1% as compared to preceding year after paying final dividend of RM6.1 million.

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

	<b>Current Quarter Ended 31.12.2020 RM '000</b>	<b>Preceding Quarter Ended 30.09.2020 RM '000</b>
Revenue	23,195	22,054
Gross Profits	22,486	21,072
Gross Margin	97.0%	96.0%
Profit Before Tax	3,314	5,170

The Group reported revenue of RM23.2 million for current quarter (“Q4FY2020”) as compared to RM22.1 million in the immediate preceding quarter (“Q3FY2020”), representing an increase of 5.6% or RM1.1 million. The increase was primarily attributable to overall improvement in China.

Thus, the Group recorded profit before tax of RM3.3 million for Q4FY2020 which represents a decrease of RM1.9 million as compared to profit before tax of RM5.2 million in Q3FY2020.



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### B3. Business Prospects

The Group continues to see new opportunities going into FY2021 with a strong carry through from FY2020 being mindful of the challenging economic outlook as a result of the recent pandemic. This is substantiated by our unbilled projects in hand with a value of RM25.4 million as at the financial year ended 31 December 2020.

Additionally, the Group recognizes the uptake in touchless technology as the focus on health, safety and hygiene rises. In conjunction with government mandated protocols, businesses need to rethink the way they operate to ensure compliance. This puts IFCA in prime position to capitalize on innovation and digital transformation as businesses take steps in the right direction to bolster their technology systems and digital infrastructure. The Group firmly believes it is opportune to launch our X-series touchless, cloud based, mobile solutions to capture this customer readiness to adopt new technology.

The Group expects its financial resilience to continue to remain positive, with strategic focus on improved execution and to thrive and accelerate in 2021. At the same time, the Group is also cognizant of the fact that there are uncertainties in the various markets and therefore, will exercise prudence in cost expansion.

With continued conviction and strategy execution, the Board is cautiously optimistic that its performance for FY2021 will be satisfactory.

### 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 Ended 31.12.2020 RM</b>	<b>Cumulative Quarter 12 months ended 31.12.2020 RM</b>
Current Year	(49,864)	1,913,388
Deferred tax	43,963	(30,922)
	<u>(5,901)</u>	<u>1,882,466</u>

The effective tax rate is lower than the Malaysian statutory tax rate due to certain entity utilisation of unabsorbed losses and overseas tax incentive granted to High-Tech enterprise.

### 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**

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 December 2020 comprised hire purchase payables as follows:-

	<b>Current Quarter Ended 31.12.2020 RM</b>
Secured - due within 12 months	61,369
Secured - due after 12 months	97,136
	<u>158,505</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 31 December 2020.



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**B13. Earnings per Share**

	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2020
	RM	RM	RM	RM
<b>Total Comprehensive Income</b>				
<b>attributable to:</b>				
Owners of the parents	3,309,840	2,844,202	8,315,650	5,956,514
Non-controlling Interests	10,349	122,324	36,876	178,954
	3,320,189	2,966,526	8,352,526	6,135,468
<b>Number of shares</b>				
Weighted average number of share in issue for basic earnings per share	608,290,900	608,290,900	608,290,900	608,290,900
Effect of treasury shares held	-	(66,484)	-	(66,484)
Weighted average number of shares in issue of diluted earnings per share	608,290,900	608,224,416	608,290,900	608,224,416
<b>Earnings per share (sen)</b>				
- Basic	0.54	0.47	1.37	0.98
- Diluted	0.54	0.47	1.37	0.98



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

<b>GROUP</b>	<b>Year-to-date ended</b>	
	<b>Twelve months ended</b>	
<b>Profit before tax is arrived at after (charging) / crediting :</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
	<b>RM</b>	<b>RM</b>
Depreciation of property, plant and equipment	(1,009,639)	(671,161)
Depreciation of right-of-use assets	(99,268)	(398,643)
Amortisation	(3,145,943)	(4,965,274)
Interest expenses	(187,626)	(36,246)
Interest income from short term deposits	1,682,669	1,726,215
Rental income	32,220	33,540
Reversal of impairment loss on trade receivables	899,748	3,362,439
Bad debt written off	(37,146)	(1,648,555)
Impairment loss on trade receivables	(190,100)	(986,911)
Foreign exchange gain (realised/unrealised)	6,409	142,559
Foreign exchange loss (realised/unrealised)	(432,331)	(234,947)
Loss on disposal of property, plant and equipment	(14,471)	(48,412)
Property, plant and equipment written off	(1,628)	(136,927)
Impairment loss on deferred development cost	(2,140,834)	-
Impairment loss on contract assets	(2,100,885)	-

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.

**B15. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors during its meeting held on 24 March 2021.