



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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2021**  
**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 2020 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 2020.

**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 2020.

On 1 January 2021, the Company adopted the following amended MFRS.

<b>Amendments</b>	<b>Title</b>
Amendments to MFRS 4	: Insurance Contract – Interest Rate Benchmark Reform Phase 2
Amendments to MFRS 7	: Financial Instruments: Disclosures – Interest Rate Benchmark Reform Phase 2
Amendments to MFRS 9	: Financial Instruments – Interest Rate Benchmark Reform Phase 2
Amendments to MFRS 16	: Leases – Interest Rate Benchmark Reform Phase 2
Amendments to MFRS 139	: Financial Instruments: Recognition and Measurement – Interest Rate Benchmark Reform Phase 2

## **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 (Con't):

- Amendments to MFRS 3, Business Combinations - Reference to the Conceptual Framework (*Effective from 1 Jan 2022*)
- Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use (*Effective from 1 Jan 2022*)
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract (*Effective from 1 Jan 2022*)
- Amendments to MFRS 1, MFRS 9, MFRS 16, MFRS 141 - Annual Improvements to MFRS Standards 2018-2020 (*Effective from 1 Jan 2022*)
- MFRS 17, Insurance Contracts (*Effective from 1 Jan 2023*)
- Amendments to MFRS 17, Insurance Contracts (*Effective from 1 Jan 2023*)
- Amendments to MFRS 101, Classification of Liabilities as Current or Non-current (*Effective from 1 Jan 2023*)
- Amendments to MFRS 101, Disclosure of Accounting Policies (*Effective from 1 Jan 2023*)
- Amendments to MFRS 108, Definition of Accounting Estimates (*Effective from 1 Jan 2023*)
- Amendments to MFRS 10 and MFRS 128, Sale of Contribution of Assets between an Investor and its Associate or Joint Venture (*Deferred*)

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

The auditor's report on the financial statements for the financial year ended 31 December 2020 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 2020. As such, there are no changes in estimates that would have had a material effect on the current quarter's results.



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**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 2021.

**A8. Dividend Paid**

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

**A9. Segmental Information**

Segmental information for the three months period ended 31 March 2021 and 31 March 2020 are as follows:-

	Malaysia		Overseas		Elimination		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
	RM	RM	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>								
External sales	7,453,099	7,913,817	8,590,234	7,396,882			16,043,333	15,310,699
Inter-segment sales	3,461,965	3,099,026	-	-	(3,461,965)	(3,099,026)	-	-
Total Revenue	10,915,064	11,012,843	8,590,234	7,396,882	(3,461,965)	(3,099,026)	16,043,333	15,310,699
<b>RESULT</b>								
Segment results	1,874,104	1,211,927	(660,019)	(58,554)	-	-	1,214,085	1,153,373
Interest income							337,013	476,114
Amortisation							(75,063)	(1,178,415)
Depreciation							(536,104)	(296,897)
Impairment losses							-	(2,140,834)
Other non cash expenses							(114,796)	(584,571)
Finance costs							(19,127)	(7,628)
Profit/(Loss) before Tax							806,008	(2,578,858)
Income tax expense							(595,388)	(289,410)
Profit/(Loss) after Tax							210,620	(2,868,268)

**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 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.



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**A13. Contingent Liabilities**

The Group is not aware of any material contingent liabilities since the last reporting date as at 31 March 2021.

**A14. Capital Commitments**

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

**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 RM16.0 million for the current quarter (“Q1FY2021”), an increase of RM0.7 million as compared to revenue of RM15.3 million in previous year’s corresponding quarter (“Q1FY2020”). The revenue has improved mainly due to China segment’s growth in Q1Y2021 and partially off-set by the revenue shrinkage in Indonesia segment due to Covid-19.

The Group reported profit before tax for Q1FY2021 at RM0.8 million, an increase of 131.3% as compared to the loss making in Q1FY2020. This is primarily due to overall operating costs reduction in the Group. As a result, the Group registered an increase in profit attributable to equity holders of the parent company at RM0.2 million as compared to loss of RM2.6 million for the Q1FY2020.

Group cash reserves stood at RM75.3 million as at 31 March 2021.

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

	<b>Current Quarter Ended 31.3.2021 RM '000</b>	<b>Preceding Quarter Ended 31.12.2020 RM '000</b>
Revenue	16,043	23,195
Gross Profits	15,837	22,486
Gross Margin	99.0%	97.0%
Profit Before Tax	806	3,314

The Group reported revenue of RM16.0 million for current quarter (“Q1FY2021”) as compared to RM23.2 million in the immediate preceding quarter (“Q4FY2020”), representing a decrease of 30.8% or RM7.2 million. The decrease of revenue was primarily due to less business days in Quarter 1. For the past few years it has been a trend that our revenues grow progressively through the financial quarters in a calendar year.

Thus, the Group recorded profit before tax of RM0.8 million for Q1FY2021 which represents a decrease of RM2.5 million as compared to profit before tax of RM3.3 million in Q4FY2020.



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**B3. Business Prospects**

The Group is moving swiftly to capitalize on new opportunities going into FY2021 with strong carry through from FY2020 despite challenging economic outlook due to the Covid-19 crisis. This is substantiated by our unbilled projects in hand with a value of RM28.3 million as at the financial year ended 31 March 2021.

There is promising market interest in our X-series touchless mobile solutions and increasing adoption of our new AI-powered technology. The Group is driving interest and uptake in touchless technology with a focus on health, safety, and hygiene in the community. In conjunction with government mandated health protocols, businesses are rethinking the way they operate to ensure compliance. This puts IFCA in prime position to influence innovation and digital transformation as businesses take steps in the right direction to bolster their technology systems and digital infrastructure.

While the duration and impact of the health crisis is uncertain, operational performance in the business remains strong. The Group remains focused on supporting our customers, driving operational excellence, and delivering balanced outcomes 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**

**Current and Cumulative Quarter  
3 months ended  
31.03.2021  
RM**

Current Year	470,593
Deferred tax	124,795
	<u>595,388</u>

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



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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 March 2021 comprised hire purchase payables as follows:-

	<b>Current Quarter Ended 31.03.2021 RM</b>
Secured - due within 12 months	62,051
Secured - due after 12 months	81,368
	<u>143,419</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**

As announced to Bursa Malaysia Securities Berhad on 19 May 2021 that IFCA's forthcoming 23rd Annual General Meeting (AGM) which is supposed to be held physically on 28 May 2021 had been called off in compliance with the Movement Control Order 3.0 imposed by the Government on 12 May 2021 to 7 June 2021. As a result of the calling off of the AGM, the Board of Directors decided to change the First and Final single-tier dividend of 0.5 sen per ordinary share to an Interim single-tier dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2020. The ex-date, entitlement date and payment date remain unchanged at 18 June 2021, 21 June 2021 and 5 July 2021 respectively. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2021. The Board of Directors does not recommend any final dividend in respect of the financial year ended 31 December 2020.



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**B13. Earnings per Share**

	3 months ended	
	31.03.2021	31.03.2020
	RM	RM
<b>Total Comprehensive Income/(Expense)</b>		
<b>attributable to:</b>		
Owners of the parents	218,995	(2,607,386)
Non-controlling Interests	(8,375)	(260,882)
	<u>210,620</u>	<u>(2,868,268)</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	(1,391,200)	(1,391,200)
Weighted average number of shares in issue of diluted earnings per share	<u>606,899,700</u>	<u>606,899,700</u>
Earnings per share (sen)		
- Basic	0.04	(0.43)
- Diluted	0.04	(0.43)



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

<b>Profit/(Loss) before tax is arrived at after (charging) / crediting :</b>	<b>31.03.2021 RM</b>	<b>31.03.2020 RM</b>
Depreciation of property, plant and equipment	(197,126)	(237,056)
Depreciation of right-of-use assets	(338,978)	(59,841)
Amortisation	(75,063)	(1,178,415)
Interest expenses	(19,127)	(7,628)
Interest income from short term deposits	337,013	476,114
Rental income	960	10,860
Reversal of impairment loss on trade receivables	96,574	254,345
Bad debt written off	-	(582)
Impairment loss on trade receivables	(257,143)	(373,053)
Foreign exchange gain (realised/unrealised)	48,239	8,443
Foreign exchange loss (realised/unrealised)	-	(449,400)
Loss on disposal of property, plant and equipment	-	(14,471)
Property, plant and equipment written off	(1,628)	(1,487)
Impairment loss on deferred development cost	-	(2,140,834)

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 28 May 2021.