



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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022**  
**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 2021 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 2021.

**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 2021.

On 1 January 2022, the Company adopted the following amended MFRS.

<b>Amendments</b>	<b>Title</b>
Amendments to MFRS 3	: Business Combinations - Reference to the Conceptual Framework
Amendments to MFRS 116	: Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRS 1, MFRS 9, MFRS 16, MFRS 141	: Annual Improvements to MFRS Standards 2018-2020

**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):

- MFRS 17, Insurance Contracts (*Effective from 1 Jan 2023*)
- Amendments to MFRS 17, Insurance Contracts (*Effective from 1 Jan 2023*)
- Amendments to MFRS 17, Initial Application of MFRS 17 and MFRS 9 – Comparative Information (*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 112, Deferred Tax related to Assets and Liabilities arising from a Single Transaction (*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 2021 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 2021. 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 2022.



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**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 2022 and 31 March 2021 are as follows:-

	Malaysia		Overseas		Elimination		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM	RM	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>								
External sales	6,880,985	7,453,099	8,302,819	8,590,234			15,183,804	16,043,333
Inter-segment sales	3,349,988	3,461,965	-	-	(3,349,988)	(3,461,965)	-	-
Total Revenue	10,230,973	10,915,064	8,302,819	8,590,234	(3,349,988)	(3,461,965)	15,183,804	16,043,333
<b>RESULT</b>								
Segment results	1,194,913	1,874,104	(1,962,896)	(660,019)	-	(4,618,506)	(767,983)	1,214,085
Interest income							270,114	337,013
Amortisation							(889,015)	(75,063)
Depreciation							(520,380)	(536,104)
Other non cash expenses							(61,058)	(114,796)
Finance costs							(17,812)	(19,127)
(Loss)/Profit before Tax							(1,986,134)	806,008
Income tax expense							(356,623)	(595,388)
(Loss)/Profit after Tax							(2,342,757)	210,620

**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 2022 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 2022.

**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 RM15.2 million for the current quarter (“Q1FY2022”), a decrease of RM0.9 million as compared to revenue of RM16.0 million in previous year’s corresponding quarter (“Q1FY2021”). The decrease in revenue was mainly because of revenue shrinkage by the China segment due to China government implementation of the property industry control measures and Covid-19 lock down in Shanghai and other various cities. This has led to a slowdown in the local economy activities as well as the project deliveries.

In tandem with the reduced top-line and increase in operating expenses especially in the investment in the X-series software, the Group reported a loss before tax of RM1.9 million in Q1FY2022 as compared to a profit before tax of RM0.8 million in Q1FY2021. As a result, the Group registered loss attributable to equity holders of the parent company of RM2.3 million as compared to profit attributable to equity holders of the parent company of RM200K for Q1FY2021.

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

	<b>Current Quarter Ended 31.03.2022 RM '000</b>	<b>Preceding Quarter Ended 31.12.2021 RM '000</b>
Revenue	15,184	23,764
Gross Profits	14,883	22,782
Gross Margin	98.0%	96.0%
(Loss)/Profit Before Tax	(1,986)	5,737

The Group posted a revenue of RM15.2 million for current quarter (“Q1FY2022”) as compared to RM23.8 million in immediate preceding quarter (“Q4FY2021”), representing a decrease of 37.1% or RM8.6 million. This is largely due to lesser business days in Quarter 1 which has been a trend with IFCA’s revenue growing progressively through the financial quarters in a calendar year.

Thus, the Group recorded a loss before tax of RM1.9 million for Q1FY2022 which represents a decrease of RM7.7 million as compared to profit before tax of RM5.7 million in Q4FY2021.



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**B3. Business Prospects**

As a direct result of China's zero-COVID policy, which resulted in prolonged strict lockdowns in Shanghai and a partial lockdown in Beijing during the first quarter and extending to second quarter of the financial year, the Group's business in China has been severely impacted. Consequently, the Group has diversified its focus on other segments, such as Malaysia and Indonesia, which are both transitioning into endemicity. It is anticipated that the overall economic circumstances will begin to improve and grow at a faster and more consistent rate throughout the rest of the ongoing financial year.

Despite the ongoing COVID-19 pandemic, demand for cloud-based solutions has continued to benefit from increased investment driven by digital transformation and e-mobility. This level of agility can provide businesses using cloud computing with a significant competitive advantage. The Group emphasised the importance of cloud-based solutions in risk mitigation for businesses. It has not only ensured service continuity but also enabled remote working capabilities for organisations, removing the need for employees to be physically present in an office workplace. Our cloud-based solutions are changing the way businesses operate by improving employee communication, increasing efficiency and productivity, and assisting businesses in solving daily challenges with scalable solutions.

Therefore, the Group will continue to focus on developing and improving existing mobile internet solutions, as well as on upskilling its workforce. Mobile internet solutions enable businesses to save time and money by facilitating easy access to relevant data and synchronising data storage and retrieval with complete access control over all systems. Digitalisation is the future of the workplace since it allows businesses to operate more efficiently. The Group focuses on mobile internet solutions that assist organisations to improve their efficiency and productivity.

As at 31 March 2022, the Group has un-billed orders in hand amounting to RM26.8 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 and Cumulative Quarter  
Ended  
31.03.2022  
RM**

Current Year	380,304
Deferred tax	(23,681)
	<u>356,623</u>

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



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**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 2022 comprised hire purchase payables as follows:-

	<b>Current Quarter Ended 31.03.2022 RM</b>
Secured – due within 12 months	64,777
Secured – due after 12 months	16,590
	<hr/>
	81,367
	<hr/>

**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 March 2022.



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**B13. Earnings per Share**

	3 months ended	
	31.03.2022	31.03.2021
	RM	RM
<b>Total Comprehensive (Expense)/Income attributable to:</b>		
Owners of the parents	(2,276,409)	218,995
Non-controlling Interests	(66,348)	(8,375)
	<u>(2,342,757)</u>	<u>210,620</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	(1,681,200)	(1,391,200)
Weighted average number of shares in issue of diluted earnings per share	<u>606,609,700</u>	<u>606,899,700</u>
Earnings per share (sen)		
- Basic	(0.37)	0.04
- Diluted	(0.38)	0.04



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

GROUP	Three months ended	
	31.03.2022	31.03.2021
(Loss)/Profit before tax is arrived at after (charging) / crediting :	RM	RM
Depreciation of property, plant and equipment	(277,878)	(197,126)
Depreciation of right-of-use assets	(242,502)	(338,978)
Amortisation	(889,015)	(75,063)
Interest expenses	(17,812)	(19,127)
Interest income from short term deposits	270,114	337,013
Rental income	6,060	960
Reversal of impairment loss on trade receivables	17,554	96,574
Impairment loss on trade receivables	(96,158)	(257,143)
Foreign exchange gain (realised/unrealised)	17,624	48,239
Foreign exchange loss (realised/unrealised)	(49)	-
Property, plant and equipment written off	(78)	(1,628)

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 27 May 2022.