

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023**  
**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 2022 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 2022.

**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 2022.

On 1 January 2023, the Company adopted the following amended MFRS.

<b>Amendments</b>	<b>Title</b>
MFRS 17	: Insurance Contracts
Amendments to MFRS 17	: Insurance Contracts
Amendments to MFRS 17	: Initial application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	: Disclosure of Accounting Policies
Amendments to MFRS 108	: Disclosure of Accounting Estimates
Amendments to MFRS 112	: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

**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 101, Classification of Liabilities as Current or Non-current (*Effective from 1 Jan 2024*)
- Amendments to MFRS 16, Lease Liability in a Sale and Leaseback (*Effective from 1 Jan 2024*)
- Amendments to MFRS 101, Non-current Liabilities with Covenants (*Effective from 1 Jan 2024*)
- Amendments to MFRS 10 and MFRS 128, Sale of Contribution of Assets between an Investor and its Associate or Joint Venture (*Deferred until further notice*)

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

The auditor's report on the financial statements for the financial year ended 31 December 2022 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 2022. 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 2023.

**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 2023 and 31 March 2022 are as follows: -

	Malaysia		Overseas		Elimination		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022
	RM	RM	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>								
External sales	9,188,634	6,880,985	8,970,105	8,302,819	(722,338)	-	17,436,402	15,183,804
Inter-segment sales	2,783,317	3,349,988	-	-	(2,783,317)	(3,349,988)	-	-
Total Revenue	<u>11,971,951</u>	<u>10,230,973</u>	<u>8,970,105</u>	<u>8,302,819</u>	<u>(3,505,654)</u>	<u>(3,349,988)</u>	<u>17,436,402</u>	<u>15,183,804</u>
<b>RESULT</b>								
Segment results	2,125,493	1,194,913	693,392	(1,962,896)	(432,699)		2,386,186	(767,983)
Interest income							304,915	270,114
Amortisation							(996,971)	(889,015)
Depreciation							(412,387)	(520,380)
Impairment losses							(387,327)	-
Other non cash expenses							31,468	(61,058)
Finance costs							(5,727)	(17,812)
Profit/(Loss) before Tax							<u>920,157</u>	<u>(1,986,134)</u>
Income tax expense							<u>(420,469)</u>	<u>(356,623)</u>
Profit/(Loss) after Tax							<u>499,688</u>	<u>(2,342,757)</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 April 2023 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 2023.

**A14. Capital Commitments**

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

**A15. Significant Related Party Transactions**

The Group is not aware of any related party transactions which would have a significant impact on the financial position and business of the Group since the last reporting date as at 31 March 2023.

**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 RM17.4 million for the current quarter (“Q1FY2023”), an increase of RM2.2 million as compared to revenue of RM15.2 million in previous year’s corresponding quarter (“Q1FY2022”). The increase in revenue was mainly contributed from Malaysia segment.

In tandem with the growing top-line and reduced operating expenditure, the Group reported a higher profit before tax of RM920K as compared to loss before tax of RM2.0 million in Q1FY2022. As a result, the Group registered profit attributable to equity holders of the parent company of RM290K as compared to loss attributable to equity holders of the parent company of RM2.3 million for Q1FY2022.

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

	<b>Current Quarter Ended 31.3.2023 RM '000</b>	<b>Preceding Quarter Ended 31.12.2022 RM '000</b>
Revenue	17,436	20,551
Gross Profits	16,898	19,572
Gross Margin	97.0%	95.0%
Profit Before Tax	920	524

The Group recorded a lower revenue of RM17.4 million for current quarter (“Q1FY2023”) as compared to revenue of RM20.5 million in preceding quarter (“Q4FY2022”). According to revenue trend in IFCA, Quarter 1 is slightly lower in productivity due to festive slowdown which resulting in lesser business days. However, the revenue will grow progressively through the financial quarters in a calendar year.

Despite the sales decline in Q1FY2023, the Group recorded a higher profit before tax of RM920K million as compared to profit before tax of RM524K in Q4FY2022.

**B3. Business Prospects**

In order to heighten the awareness on the importance of mobile internet solutions, Malaysia segment is actively participating in local and overseas events such as workshops, seminars and coffee talks, which will allow the Group to make inroads into the unexplored markets in Indochina. The Board is positive that all these efforts will create new opportunities to the Group.

China segment continues to rebound after the recent uplifting of zero-covid restrictions since end of Y2022. Meanwhile, the Board continues to exercise prudence in cost management in view of the uncertainties in China.

Indonesia segment continues to contribute positively to Group revenue and earnings.

With firm enthusiasm and commitment to the strategy execution, the Board is optimistic to deliver a stronger performance in FY2023.

As at 31 March 2023, the Group has relatively healthy unbilled orders in hand amounting to RM39.3 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>Cumulative Quarter 3 months ended 31.3.2023 RM</b>
Current Year	502,184
Deferred tax	(81,715)
	<hr/> <b>420,469</b> <hr/>

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

**B6. Status of Corporate Proposals Announced**

There were no corporate proposals announced but not completed as at the date of this announcement.

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**B7. Group Borrowings and Debt Securities**

The total borrowings of the Group as at 31 March 2023 comprised hire purchase payables as follows: -

	<b>Current Quarter Ended 31.3.2023 RM</b>
Secured – due within 12 months	16,590
Secured – due after 12 months	-
	16,590

**B8. 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.

**B9. Dividend Payable**

No interim ordinary dividend has been declared for the financial period ended 31 March 2023.

**B10. Earnings per Share**

	<b>3 months ended</b>	
	<b>31.3.2023</b>	<b>31.3.2022</b>
	<b>RM</b>	<b>RM</b>
<b><i>Total Comprehensive Income/(Expense) attributable to:</i></b>		
Owners of the parents	290,376	(2,276,409)
Non-controlling interests	209,312	(66,348)
	499,688	(2,342,757)
 <b>Number of shares</b>		
Weighted average number of shares in issue for basic earnings per share	608,290,900	608,290,900
Effect of treasury shares held	(3,086,100)	(1,681,800)
Weighted average number of shares in issue of diluted earnings per share	605,204,800	606,609,100
 <b>Earnings per share (sen)</b>		
-Basic	0.05	(0.37)
-Diluted	0.05	(0.38)

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**B11. Notes to the Condensed Statement of Comprehensive Income**

<b>GROUP</b>	<b>Year-to-date</b>	
	<b>Three months ended</b>	
<b>Profit/(Loss) before tax is arrived at after (charging) / crediting :</b>	<b>31.3.2023</b>	<b>31.3.2022</b>
	<b>RM</b>	<b>RM</b>
Depreciation of property, plant and equipment	(216,795)	(277,878)
Depreciation of right-of-use assets	(195,591)	(242,502)
Amortisation	(996,971)	(889,015)
Interest expenses	(5,727)	(17,812)
Interest income from short term deposits	304,915	270,114
Rental income	6,838	6,060
Reversal of impairment loss on trade receivables	59,210	17,554
Impairment loss on trade receivables	(387,327)	(96,158)
Foreign exchange gain (realised/unrealised)	45,436	17,624
Foreign exchange loss (realised/unrealised)	(997)	(49)
Loss on disposal of investment properties	(120,300)	-
Property, plant and equipment written off	(4,612)	(78)

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.

**B12. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors during its meeting held on 29 May 2023.