

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 30 September 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 nine months period ended 30 September 2023 and 30 September 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 revenue                | 27,963,302        | 25,228,967        | 30,344,316        | 29,696,299        | (1,139,162)        |                     | 57,168,456        | 54,925,266         |
| Inter-segment revenue           | 7,752,344         | 10,565,641        | -                 | -                 | (7,752,344)        | (10,565,641)        | -                 | -                  |
| Total revenue                   | <u>35,715,646</u> | <u>35,794,608</u> | <u>30,344,316</u> | <u>29,696,299</u> | <u>(8,891,506)</u> | <u>(10,565,641)</u> | <u>57,168,456</u> | <u>54,925,266</u>  |
| <b>RESULT:</b>                  |                   |                   |                   |                   |                    |                     |                   |                    |
| Segment results                 | 5,598,543         | 3,923,823         | 3,322,476         | (1,219,924)       | (729,334)          | -                   | 8,191,685         | 2,703,899          |
| Interest income                 |                   |                   |                   |                   |                    |                     | 942,651           | 689,952            |
| Amortisation                    |                   |                   |                   |                   |                    |                     | (3,078,456)       | (2,668,237)        |
| Depreciation                    |                   |                   |                   |                   |                    |                     | (1,257,787)       | (1,533,133)        |
| Impairment losses               |                   |                   |                   |                   |                    |                     | (24,150)          | (2,296,010)        |
| Other non-cash expenses         |                   |                   |                   |                   |                    |                     | (681,884)         | (65,330)           |
| Finance costs                   |                   |                   |                   |                   |                    |                     | (35,828)          | (49,315)           |
| <b>Profit/(Loss) before Tax</b> |                   |                   |                   |                   |                    |                     | <b>4,056,231</b>  | <b>(3,218,174)</b> |
| Income tax expense              |                   |                   |                   |                   |                    |                     | (1,958,051)       | (1,288,211)        |
| <b>Profit/(Loss) after Tax</b>  |                   |                   |                   |                   |                    |                     | <b>2,098,180</b>  | <b>(4,506,385)</b> |

**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 October 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 30 September 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 30 September 2023.

**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 corresponding quarter

The Group recorded revenue of RM21.1 million for the current quarter (“Q3FY2023”), an increase of RM800K as compared to revenue of RM20.3 million in the previous year’s corresponding quarter (“Q3FY2022”). The increase in revenue was primarily contributed by the Malaysia segment, while the China and Indonesia segment continue to maintain a constant and consistent stream of revenue. The Group reported profit before tax of RM1.7 million in Q3FY2023 as compared to RM1.2 million in Q3FY2022. As a result, the Group registered profit attributable to equity holders of the parent company of RM611K as compared to RM823K for Q3FY2022.

Current cumulative period against previous year cumulative period

The Group recorded revenue of RM57.1 million, an increase of RM2.2 million as compared to the corresponding financial period in the previous year. The increase in revenue was driven by Malaysia and Indonesia segment. The Group reported a profit before tax of RM4.0 million as compared to a loss before tax of RM3.2 million in the preceding year’s corresponding financial period. To illustrate, there is a one-off impairment in contract assets of RM2.2 million in the preceding year’s corresponding financial period. As a result, the Group registered profit attributable to equity holders of the parent company of RM1.4 million as compared to loss attributable to equity holders of the parent company of RM3.6 million for the corresponding quarter last year.

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

|                   | <b>Current Quarter<br/>Ended<br/>30.9.2023<br/>RM '000</b> | <b>Preceding Quarter<br/>Ended<br/>30.6.2023<br/>RM '000</b> |
|-------------------|--|--|
| Revenue           | 21,148   | 18,584   |
| Gross Profits     | 20,036   | 18,004   |
| Gross Margin      | 95.0%  | 97.0%  |
| Profit Before Tax | 1,694  | 1,443  |

The Group recorded a higher revenue of RM21.1million for the current quarter (“Q3FY2023”) as compared to revenue of RM18.6 million in preceding quarter (“Q2FY2023”). The increase is derived from Malaysia and China segment.

As a result, the Group recorded a higher profit before tax of RM1.7 million as compared to profit before tax of RM1.4 million in Q2FY2023.

**B3. Business Prospects**

To enhance awareness on the benefit of IFCA's latest mobile internet solutions, the Malaysia segment has been proactively participating in various local and international events, including workshops and seminars. These initiatives are aimed at penetrating unexplored markets in Indochina, showcasing the Group's commitment to expanding its reach. Meanwhile, at home, we are geared up for the launches of E-Invoicing and Housing Integrated Management System (HIMS) which are expected to bring favorable impact to the tech industry. The Board is confident that all these efforts will contribute to a positive growth of the Group's financial results.

Amid a property downturn and liquidity challenges faced by the leading player in the Chinese property industry, the sector has become highly fragile. The China segment has been on a path of gradual recovery since the latter part of FY2022; however, the pace of recovery is not as robust as we had initially anticipated. The Board is diligently maintaining a cautious approach in cost management, necessitated by the ongoing uncertainties within the China market.

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

The Board is optimistic that the Group's strategy execution will deliver better performance in FY2023.

As at 30 September 2023, the Group has relatively healthy unbilled orders in hand amounting to RM34.7 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/>30.9.2023<br/>RM</b> | <b>Cumulative Quarter<br/>9 months ended<br/>30.9.2023<br/>RM</b> |
|--------------|---|---|
| Current Year | 953,381   | 2,203,194   |
| Deferred tax | (81,714)  | (245,143)   |
|              | <b>871,667</b>  | <b>1,958,051</b>  |

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 Group does not have any borrowings and debt securities as of 30 September 2023.

**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 30 September 2023.

**B10. Earnings per Share**

|  | 3 months ended |             | 9 months ended |             |
|--|----------------|-------------|----------------|-------------|
|  | 30.9.2023      | 30.9.2022   | 30.9.2023      | 30.9.2022   |
|  | RM             | RM          | RM             | RM          |
| <b>Total Comprehensive Income/(Expense)</b>                              |                |             |                |             |
| <b>attributable to:</b>  |                |             |                |             |
| Owners of the parents  | 611,366        | 823,157     | 1,456,953      | (4,400,760) |
| Non-controlling interests  | 210,518        | (187,193)   | 641,227        | (105,625)   |
|  | 821,884        | 635,244     | 2,098,180      | (4,506,385) |
| <b>Number of shares</b>  |                |             |                |             |
| Weighted average number of shares in issue for basic earnings per share  | 608,290,900    | 608,290,900 | 608,290,900    | 608,290,900 |
| Effect of treasury shares held   | (3,086,100)    | (3,086,100) | (3,086,100)    | (3,086,100) |
| Weighted average number of shares in issue of diluted earnings per share | 605,204,800    | 606,287,100 | 605,204,800    | 606,287,100 |
| <b>Earnings per share (sen)</b>  |                |             |                |             |
| -Basic   | 0.10           | 0.14        | 0.24           | (0.72)      |
| -Diluted   | 0.10           | 0.14        | 0.24           | (0.73)      |

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

| <b>GROUP</b>   | <b>Year-to-date</b>      |                  |
|--|--------------------------|------------------|
|  | <b>Nine months ended</b> |                  |
| <b>Profit/(Loss) before tax is arrived at after (charging) / crediting :</b> | <b>30.9.2023</b>         | <b>30.9.2022</b> |
|  | <b>RM</b>                | <b>RM</b>        |
| Depreciation of property, plant and equipment                                | (730,217)                | (811,688)        |
| Depreciation of right-of-use assets  | (527,270)                | (721,445)        |
| Amortisation   | (3,078,456)              | (2,668,237)      |
| Interest expenses  | (35,828)                 | (49,315)         |
| Interest income from short term deposits                                     | 942,651                  | 689,953          |
| Rental income  | 17,707                   | 20,363           |
| Reversal of impairment loss on trade receivables                             | 486,386                  | 234,081          |
| Bad debt written off   | (698,988)                | (205,726)        |
| Impairment loss on trade receivables   | (1,087,718)              | (549,219)        |
| Foreign exchange gain (realised/unrealised)                                  | 446,688                  | 472,190          |
| Foreign exchange loss (realised/unrealised)                                  | (16,612)                 | -                |
| Loss on disposal of investment properties                                    | (232,000)                | -                |
| Property, plant and equipment written off                                    | (7,534)                  | (1,284)          |
| Impairment loss on contract asset  | (24,150)                 | (2,296,010)      |

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 17 November 2023.