

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024
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 2023 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 2023.

A2. Summary of Accounting Policies

Adoption of Amendments to Standards

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation for the audited consolidated financial statements of the Group for the financial year ended 31 December 2023 as disclosed in the Annual Report except for the adoption of the following amendments/improvements to MFRSs that are mandatory for the current financial year.

Effective for annual periods beginning on or after 1 January 2024

<i>Amendments</i>	<i>Title</i>
<i>Amendments to MFRS 7</i>	<i>: Financial Instruments: Disclosures – Supplier Finance Arrangements</i>
<i>Amendments to MFRS 16</i>	<i>: Leases – Lease Liability in a Sale and Leaseback</i>
<i>Amendments to MFRS 101</i>	<i>: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current</i>
<i>Amendments to MFRS 101</i>	<i>: Presentation of Financial Statements – Non-current Liabilities with Covenants</i>
<i>Amendments to MFRS 107</i>	<i>: Statement of Cash Flows – Supplier Finance Arrangements</i>

A2. Summary of Accounting Policies (Con't)

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):

Effective for annual periods beginning on or after 1 January 2025

- *Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

A3. Auditor's Report on Preceding Annual Financial Statements

The auditor's report on the financial statements for the financial year ended 31 December 2023 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 2023. 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, resales, repayments of debt and/or securities, shares held as treasury shares or the resale of treasury shares during the financial period ended 30 June 2024.

A8. Dividend Paid

The following dividends were paid during the current and previous corresponding quarter:

	30.06.2024	30.06.2023
Final dividend for financial year ended	31 December 2023	-
Approved and declared on	23 May 2024	-
Date paid	21 June 2024	-
No of ordinary shares on which dividends were paid	605,204,800	-
Dividend per share (single-tier)	0.5 sen	-
Net dividend paid	RM 3,026,024	-

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A9. Segmental Information

Segmental information for the six months period ended 30 June 2024 and 30 June 2023 are as follows: -

	Malaysia		Overseas		Elimination		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE:								
External revenue	30,190,577	17,986,255	18,052,386	19,963,147	(518,711)	(1,928,840)	47,724,253	36,020,562
Inter-segment revenue	8,584,550	5,555,057	324,000	-	(8,908,550)	(5,555,057)	-	-
Total revenue	<u>38,775,127</u>	<u>23,541,312</u>	<u>18,376,386</u>	<u>19,963,147</u>	<u>(9,427,261)</u>	<u>(7,483,897)</u>	<u>47,724,253</u>	<u>36,020,562</u>
RESULT:								
Segment results	16,841,453	3,617,647	1,706,256	2,288,294	(4,920,026)	(1,312,747)	13,627,683	4,593,194
Interest income							927,593	592,341
Amortisation							(2,169,027)	(1,993,942)
Depreciation							(646,527)	(840,618)
Impairment losses							(6,494)	(173,643)
Other non-cash expenses							(702,784)	196,565
Finance costs							(31,926)	(11,217)
Profit before Tax							10,998,517	2,362,680
Income tax expense							(2,679,937)	(1,086,384)
Profit after Tax							8,318,580	1,276,296

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 July 2024 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 June 2024.

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 June 2024.

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 revenue of RM29.2 million for the current quarter (“Q2FY2024”), an increase of RM10.6 million or 56.8% as compared to revenue of RM18.5 million in the previous year’s corresponding quarter (“Q2FY2023”). As such, the Group reported a higher profit before tax of RM8.4 million compared to RM1.4 million in Q2FY2023.

Current cumulative period against previous year cumulative period

For the six-months year-to-date, the Group recorded revenue of RM47.7 million for Q2FY2024, an increase of RM11.7 million or 32.5% as compared to revenue of RM36.0 million in Q2FY2023. The increase in revenue was mainly contributed by Malaysia (71%) and Indonesia (5%) segments despite a drop of revenue (9%) from China segment. Malaysia’s expansion was attributable to new customer wins, the growing orders and billings for software upgrades and E-invoice compliances, whereas Indonesia continued to grow persistently.

While our revenue grew by 32.5% on a year-to-date basis, our operating expenses grew a marginal 6%. The difference will translate to a higher net operating margin. Hence, the Group reported a higher profit before tax of RM11.0 million as compared to RM2.4 million in Q2FY2023. In other words, this represents a significant growth of 551% as compared to Q2FY2023.

B2. Comparison with Preceding Quarter’s Results

	Current Quarter Ended 30.6.2024 RM '000	Preceding Quarter Ended 31.3.2024 RM '000
Revenue	29,151	18,573
Gross Profits	28,635	17,942
Gross Margin	98.0%	97.0%
Profit Before Tax	8,388	2,610

The Group recorded a higher revenue of RM29.2 million for the current quarter (“Q2FY2024”) as compared to RM18.6 million in the preceding quarter (“Q1FY2024”). The revenue surge was broad-based, across all business units. To illustrate, there is revenue growth in Malaysia (61%), China (98%) and Indonesia (3%) segments respectively.

Hence, the Group recorded a higher profit before tax of RM8.3 million as compared to profit before tax of RM 2.6 million in Q1FY2024.

B3. Business Prospects

IFCA has four strategic marketplaces, namely Malaysia, Indonesia, China and International.

Since the beginning of the year, the Malaysia segment has been actively organizing E-Invoice campaigns nationwide, which have received an overwhelmingly positive response. These campaigns have led to a significant increase in e-invoice orders, driving sales orders to more than double compared to the second quarter of last year. With our existing clients transitioning to the E-Invoice Compliance edition and the anticipated nationwide adoption of IFCA software, the future for Malaysia is promising. In addition to a 313% sales growth in the property segment, the construction, Hotel and HR ERP segments also achieved notable growth of 840%, 41% and 205% respectively, during the reviewed period. This growth across all segments reaffirms the effectiveness of our strategies. The Management will continue to monitor performance and fine-tune strategies to ensure sustainable growth.

The China segment faces ongoing challenges due to difficulties in the property industry, prompting the Board to maintain a prudent approach to cost management amid these uncertainties. Despite this, our partner program remains active, working with local partners to expand our reach across over 150 sizable cities.

Besides further expanding the property segment market share in Indonesia, we are leveraging on the existing 250+ customers in introducing the X-series products namely PropertyX ERP, ContractX ERP, and HotelX ERP to this marketplace. With upgrade opportunities from our current clients, we expect substantial growth and contributions from Indonesia in the near future.

In the International marketplace, we will continue to grow our Partner Program by introducing our next generation cloud-based mobile solutions. The Global Partner Engagement Program will be largely digital, ensuring speedy and cost-effective market penetration.

With firm enthusiasm and commitment to the strategy execution, the Board is optimistic to deliver a stronger performance in FY2024.

As of 30 June 2024, the Group has strong and healthy unbilled orders in hand amounting to RM47.3 million.

B4. Profit Forecast

The Group has not provided any profit forecasts in any public documents for the current quarter under review.

B5. Taxation

	Current Quarter 3 months ended	Cumulative Quarter 6 months ended
	RM	RM
Current Year	2,100,925	2,700,626
Deferred tax	3,250	(20,689)
	2,104,175	2,679,937

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B6. Status of Corporate Proposals Announced

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

B7. Group Borrowings and Debt Securities

The Group does not have borrowings and Debt Securities of the Group as at 30 June 2024.

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 June 2024.

B10. Earnings per Share

	3 months ended		6 months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	RM	RM	RM	RM
Total Comprehensive Income/(Expense)				
attributable to:				
Owners of the parents	5,513,320	555,211	7,319,188	845,587
Non-controlling interests	770,920	221,397	999,392	430,709
	6,284,240	776,608	8,318,580	1,276,296
Number of shares				
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	605,204,800	605,204,800	605,204,800
Earnings per share (sen)				
-Basic	0.91	0.09	1.20	0.14
-Diluted	0.91	0.09	1.21	0.14

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B11. Notes to the Condensed Statement of Comprehensive Income

GROUP	Year -to-date	
	Six months ended	
	30.6.2024	30.6.2023
Profit before tax is arrived at after (charging) / crediting:	RM	RM
Depreciation of property, plant and equipment	(394,524)	(472,991)
Depreciation of right-of-use assets	(252,003)	(367,627)
Amortisation	(2,169,027)	(1,993,942)
Interest expenses	(31,926)	(11,217)
Interest income from short term deposits	927,592	592,341
Rental Income	17,995	12,919
Reversal of impairment loss on trade receivables	87,462	59,795
Impairment loss on trade receivables	(493,556)	(278,509)
Foreign exchange gain (realised/unrealised)	241,255	382,095
Foreign exchange loss (realised/unrealised)	(115,747)	(1,002)
Gain/(Loss) on disposal of investment properties	198,673	(120,300)
Gain on disposal of property, plant and equipment	90,972	-
Property, plant and equipment written off	(4,333)	(6,769)
Impairment loss on investment properties	(287,760)	-
Impairment loss on contract asset	(6,494)	(24,150)
Withholding tax expense	(879,737)	-

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 20 August 2024.