

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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:

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 September 2024.

A8. Dividend Paid

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

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

A9. Segmental Information

Segmental information for the nine months period ended 30 September 2024 and 30 September 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	50,564,468	27,963,302	27,289,800	30,344,316	(49,896)	(1,139,162)	77,804,372	57,168,456
Inter-segment revenue	13,297,006	7,752,344	2,530,134	-	(15,827,140)	(7,752,344)	-	-
Total revenue	63,861,474	35,715,646	29,819,934	30,344,316	(15,877,036)	(8,891,506)	77,804,372	57,168,456
RESULT:								
Segment results	23,201,069	5,598,543	4,595,200	3,322,476	(3,352,044)	(729,334)	24,444,225	8,191,685
Interest income							1,384,804	942,651
Amortisation							(3,308,704)	(3,078,456)
Depreciation							(964,459)	(1,257,787)
Impairment losses							(289,209)	(24,150)
Other non-cash expenses							(2,512,386)	(681,884)
Finance costs							(46,391)	(35,828)
Profit before Tax							18,707,879	4,056,231
Income tax expense							(4,289,377)	(1,958,051)
Profit after Tax							14,418,502	2,098,180

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 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 September 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 September 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 RM30.0 million for the current quarter (“Q3FY2024”), which represents an increase of RM8.9 million or 42.2% as compared to revenue of RM21.1 million in the previous year’s corresponding quarter (“Q3FY2023”). As such, the Group reported a higher profit before tax of RM7.7 million compared to RM1.7 million in Q3FY2023.

Current cumulative period against previous year cumulative period

The Group recorded cumulative revenue of RM77.8 million for Q3FY2024, which represents an increase of RM20.7 million or 36.1% as compared to revenue of RM57.1 million in Q3FY2023. The increase in revenue was attributable by Malaysia (83%) and Indonesia (3%) segments despite a drop of revenue (12%) from China segment. This strong growth in Malaysia segment is driven by the growing orders and project deliveries.

Hence, the Group reported a higher profit before tax of RM18.7 million as compared to RM4.0 million in Q3FY2023, which represents a significant growth of 361% as compared to Q3FY2023.

B2. Comparison with Preceding Quarter’s Results

	Current Quarter Ended 30.9.2024 RM '000	Preceding Quarter Ended 30.6.2024 RM '000
Revenue	30,080	29,151
Gross Profits	28,969	28,635
Gross Margin	96.0%	98.0%
Profit Before Tax	7,709	8,388

The Group recorded a higher revenue of RM30.0 million for the current quarter (“Q3FY2024”) as compared to RM29.1 million in the preceding quarter (“Q2FY2024”). Malaysia segment plays an important contribution to the revenue growth as more project deliveries in tandem with surge in sales orders from system upgrade and E-invoicing compliance.

However, the Group recorded a lower profit before tax of RM7.7 million in Q3FY2024 as compared to profit before tax of RM 8.3 million in Q2FY2024. This is mainly due to one of the non-operational items which is unrealised foreign exchange loss of RM1.5 million incurred as a result of weakened USD in Q3FY2024.

B3. Business Prospects

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

In Malaysia, total of 110 customers have successfully gone live with Phase 1 of E-Invoicing, marking a significant milestone in our digital transformation efforts. Our key business segments continue to show remarkable performance, with Property ERP Solutions sales growing by 172%, Contract sales achieving an impressive 1000% growth, Hotel sales increasing by 34%, and HR sales by 88%. Overall, Q3 sales for the first nine months of 2024 rose by 82% compared to the same period in 2023, highlighting the continued success of our strategies.

The China segment continues to face challenges due to difficulties in the property industry, leading the Board to adopt a cautious approach to cost management amid these uncertainties. Nevertheless, our partner program remains active, collaborating with local partners to extend our reach across more than 150 sizable cities.

In addition to expanding our market share in Indonesia's property segment, we are introducing the X-series products—PropertyX ERP, ContractX ERP, and HotelX ERP—to our base of over 250 existing customers. With upgrade opportunities among current clients, we anticipate strong growth and significant contributions from the Indonesian market in the near future.

In the international market, the Global Partner Engagement Program continues to be introduced to our interested business partners on our next generation cloud-based mobile solutions. The 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 September 2024, the Group has strong and healthy unbilled orders in hand amounting to RM43.12 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 RM	Cumulative Quarter 9 months ended RM
Current Year	1,594,660	4,295,285
Deferred tax	14,780	(5,908)
	1,609,440	4,289,377

The effective tax rate is lower than the Malaysian statutory tax rate due to lower tax rate for foreign entities.

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 September 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

The Board of Directors had on 19 November 2024 declared a First interim ordinary dividend of 1.5 sen per ordinary share (tax exempted under single-tier tax system) amounting to RM9,044,622 in respect of the financial quarter ended 30 September 2024, payable on 20 December 2024 to shareholders whose names appear on the Record of Depositors at the close of business on 6 December 2024.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Securities transferred to the Depositor's Securities Account before 4.00 p.m. on 6 December 2024, in respect of ordinary transfers; and
- (b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

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

B10. Earnings per Share

	3 months ended		9 months ended	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	RM	RM	RM	RM
Total Comprehensive Income				
attributable to:				
Owners of the parents	5,500,153	611,366	12,819,341	1,456,953
Non-controlling interests	599,769	210,518	1,599,161	641,227
	6,099,922	821,884	14,418,502	2,098,180
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	(4,436,100)	(3,086,100)	(4,436,100)	(3,086,100)
Weighted average number of shares in issue of diluted earnings per share	603,854,800	605,204,800	603,854,800	605,204,800
Earnings per share (sen)				
-Basic	0.90	0.10	2.11	0.24
-Diluted	0.91	0.10	2.12	0.24

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

B11. Notes to the Condensed Statement of Comprehensive Income

GROUP	Year-to-date	
	Nine months ended	
	30.9.2024	30.9.2023
Profit before tax is arrived at after (charging) / crediting:	RM	RM
Depreciation of property, plant and equipment	(586,692)	(730,217)
Depreciation of right-of-use assets	(377,767)	(527,570)
Amortisation	(3,308,704)	(3,078,456)
Interest expenses	(46,391)	(35,828)
Interest income from short term deposits	1,384,804	942,651
Rental Income	24,138	17,707
Reversal of impairment loss on trade receivables	131,909	486,386
Bad debts written off	-	(698,988)
Impairment loss on trade receivables	(847,296)	(1,087,718)
Foreign exchange gain (realised/unrealised)	-	430,056
Foreign exchange loss (realised/unrealised)	(1,310,085)	-
Gain/(Loss) on disposal of investment properties	195,267	(232,000)
Gain on disposal of property, plant and equipment	89,412	518
Property, plant and equipment written off	(7,470)	(7,534)
Impairment loss on investment properties	(282,826)	-
Impairment loss on contract asset	(6,382)	(24,150)
Withholding tax expense	(925,515)	-

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 19 November 2024.