IFCA MSC BERHAD

(Company No: 199701037892/453392-T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2023

IFCA MSC BERHAD (Company No: 199701037892/453392-T)
(Incorporated in Malaysia)

Condensed Statement of Comprehensive Income
For the Nine Months Period Ended 30 September 2023

	Note	Current Quarter		Quarter and Year-to-date Ended	
		3 months ended		9 months ended	
		30.09.2023	30.09.2022	30.09.2023	30.09.2022
		RM	RM	RM	RM
Continuing Operations					
Revenue		**21,147,894**	20,346,255	**57,168,456**	54,925,266
Other income		**979,077**	1,495,970	**3,080,126**	2,408,269
Employee benefits expenses		**(12,933,689)**	(14,706,417)	**(37,589,616)**	(42,349,946)
Changes in inventories		**(91,363)**	(156,045)	**(158,275)**	(328,545)
Depreciation of Property, Plant & Equipment and Right-of-use assets		**(417,169)**	(490,347)	**(1,257,787)**	(1,533,133)
Amortisation of development costs		**(1,084,514)**	(889,664)	**(3,078,456)**	(2,668,237)
Other expenses		**(5,882,074)**	(4,387,006)	**(14,048,239)**	(11,326,523)
Profit/(Loss) before impairment losses		**1,718,162**	1,212,746	**4,116,209**	(872,849)
Impairment losses on:					
Contract Asset		**-**	-	**(24,150)**	(2,296,010)
Profit/(Loss) from operations		**1,718,162**	1,212,746	**4,092,059**	(3,168,859)
Finance costs		**(24,611)**	(15,034)	**(35,828)**	(49,315)
Profit/(Loss) before tax from continuing operations		**1,693,551**	1,197,712	**4,056,231**	(3,218,174)
Income tax expense	**B5**	**(871,667)**	(562,468)	**(1,958,051)**	(1,288,211)
Profit/(Loss) for the year, net of tax		**821,884**	635,244	**2,098,180**	(4,506,385)
Profit/(Loss) attributable to:					
Owners of the Company		**611,366**	823,157	**1,456,953**	(4,400,760)
Non-controlling interest		**210,518**	(187,913)	**641,227**	(105,625)
		821,884	635,244	**2,098,180**	(4,506,385)
Other comprehensive income/(expense):					
Profit/(Loss) for the year, net of tax		**821,884**	635,244	**2,098,180**	(4,506,385)
Foreign currency translation		**(475,555)**	478,581	**1,122,272**	725,301
Total comprehensive (expense)/income for the year		**346,329**	1,113,825	**3,220,452**	(3,781,084)
Attributable to:					
Owners of the Company		**135,811**	1,301,738	**2,579,225**	(3,675,459)
Non-controlling interest		**210,518**	(187,913)	**641,227**	(105,625)
		346,329	1,113,825	**3,220,452**	(3,781,084)
Total comprehensive income/(expense) attributable to holders of the Company in sen:					
- Basic	**B10**	**0.10**	0.14	**0.24**	(0.72)
- Diluted	**B10**	**0.10**	0.14	**0.24**	(0.73)

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited annual financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

IFCA MSC BERHAD (Company No: 199701037892/453392-T)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position
As at 30 September 2023

	Note	As at 30.09.2023 (Unaudited) RM	As at 31.12.2022 (Audited) RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		**5,793,867**	6,031,117
Investment properties		**11,613,071**	8,005,676
Deferred development costs		**17,062,901**	18,700,267
Deferred tax asset		**2,177,195**	2,165,075
Goodwill		**25,111,525**	25,111,525
Right-of-use asset		**1,620,072**	639,376
Other investments		**177,384**	177,384
		63,556,015	60,830,420
CURRENT ASSETS			
Trade receivables		**11,631,088**	10,177,524
Contract assets		**1,241,058**	3,141,649
Other receivables		**1,286,007**	1,017,165
Other current assets		**484,012**	326,594
Tax recoverable		**-**	522,448
Deposits, cash and bank balances		**76,030,374**	72,809,007
		90,672,539	87,994,387
TOTAL ASSETS		**154,228,554**	148,824,807
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		**83,947,005**	83,947,005
Treasury shares		**(912,564)**	(912,564)
Retained profits		**38,259,044**	36,802,091
Other reserves		**(182,901)**	(1,305,173)
		121,110,584	118,531,359
Non-Controlling Interest		**(394,485)**	(1,035,712)
Total equity		**120,716,099**	117,495,647
Non-current liabilities			
Contract liabilities		**-**	121,720
Employees' retirement benefits		**728,386**	680,932
Lease Liabilities	**B9**	**1,213,734**	28,195
Deferred tax liabilities		**1,800,044**	2,046,613
		3,742,164	2,877,460
Current Liabilities			
Trade payables		**277,210**	120,190
Other payables		**6,762,101**	9,460,866
Contract liabilities		**21,293,626**	18,230,257
Lease Liabilities	**B9**	**450,557**	434,459
Tax Payable		**986,797**	205,928
		29,770,291	28,451,700
Total liabilities		**33,512,455**	31,329,160
TOTAL EQUITY AND LIABILITIES		**154,228,554**	148,824,807
Net asset per share		**0.20**	0.19

The condensed consolidated statement of financial position should be read in conjunction with the audited annual financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

IFCA MSC BERHAD (Company No: 199701037892/453392-T)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity
For the Nine Months Period Ended 30 September 2023

	Attributable to Owners of the Company						
	Non-Distributable			Distributable			
	Share Capital	Treasury shares	Other Reserve	Retained earnings	Total	Non-controlling Interest	Total Equity
	RM	RM	RM	RM	RM	RM	RM
At 1 January 2023	83,947,005	(912,564)	(1,305,173)	36,802,091	118,531,359	(1,035,712)	117,495,647
Total comprehensive expense	-	-	-	1,456,953	1,456,953	641,227	2,098,180
Foreign Currency Translation	-	-	1,122,272	-	1,122,272	-	1,122,272
At 30 September 2023	83,947,005	(912,564)	(182,901)	38,259,044	121,110,584	(394,485)	120,716,099
At 1 January 2022	83,947,005	(430,221)	(946,513)	46,584,609	129,154,880	(681,813)	128,473,067
Total comprehensive income	-	-	-	(4,400,760)	(4,400,760)	(105,625)	(4,506,385)
Foreign currency translation	-	-	725,301	-	725,301	-	725,301
Dividends paid	-	-	-	(6,062,871)	(6,062,871)	(295,714)	(6,358,585)
Open market purchase shares	-	(482,343)	-	-	(482,343)	-	(482,343)
At 30 September 2022	83,947,005	(912,564)	(221,212)	36,120,978	118,934,207	(1,083,152)	117,851,055

The condensed consolidated statement of changes in equity changes should be read in conjunction with the audited annual financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

IFCA MSC BERHAD (Company No: 199701037892/453392-T)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flows
For the Nine Months Period Ended 30 September 2023

	9 months ended	
	30.09.2023	**30.09.2022**
	RM	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	**4,056,231**	(3,218,174)
Adjustments for :		
Non cash items	**5,648,880**	6,846,106
Non-operating items	**(1,283,707)**	(924,034)
Operating profit before working capital changes	**8,421,404**	2,703,898
Changes in working capital:		
Assets	**(3,322,668)**	(5,296,636)
Liabilities	**(2,168,822)**	(783,908)
Total working capital changes	**(5,491,490)**	(6,080,544)
Cash generated from/(used in) operating activities	**2,929,914**	(3,376,646)
Tax refund	**733,995**	148,676
Tax paid	**(995,092)**	(870,667)
Net cash from/(used in) operating activities	**2,668,817**	**(4,098,637)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**942,651**	689,953
Purchase of property, plant and equipment	**(235,415)**	(772,829)
Purchase of investment properties	**(7,645)**	-
Proceeds from disposal of property,plant and equipment	**14,588**	2,936
Proceeds from disposal of other investments	**-**	2,116
Proceeds from disposal of investment property	**168,000**	
Development costs	**(1,441,090)**	(3,218,106)
Net cash used in investing activities	**(558,911)**	(3,295,930)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(35,828)**	(49,315)
Dividends paid	**-**	(6,358,585)
Payments to hire purchase and finance lease	**(33,040)**	(47,816)
Open market share buy-back	**-**	(482,342)
Net cash used in financing activities	**(68,868)**	(6,938,058)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**2,041,038**	(14,332,625)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	**1,180,329**	(25,608)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**72,809,007**	84,436,343
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**76,030,374**	70,078,110

The condensed consolidated statement of cash flows should be read in conjunction with the audited annual financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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.

Amendments		**Title**
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.

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
REVENUE:								
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	35,715,646	35,794,608	30,344,316	29,696,299	(8,891,506)	(10,565,641)	57,168,456	54,925,266
RESULT:								
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)
Profit/(Loss) before Tax							**4,056,231**	**(3,218,174)**
Income tax expense							(1,958,051)	(1,288,211)
Profit/(Loss) after Tax							**2,098,180**	**(4,506,385)**

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

	Current Quarter Ended 30.9.2023 RM '000	Preceding Quarter Ended 30.6.2023 RM '000
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

	Current Quarter ended 30.9.2023 RM	Cumulative Quarter 9 months ended 30.9.2023 RM
Current Year	953,381	2,203,194
Deferred tax	(81,714)	(245,143)
	871,667	**1,958,051**

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.

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
Total Comprehensive Income/(Expense) attiributable to:				
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)
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	606,287,100	605,204,800	606,287,100
Earnings per share (sen)				
-Basic	0.10	0.14	0.24	(0.72)
-Diluted	0.10	0.14	0.24	(0.73)

B11. Notes to the Condensed Statement of Comprehensive Income

GROUP	Year-to-date Nine months ended 30.9.2023 RM	30.9.2022 RM
Profit/(Loss) before tax is arrrived at after (charging) / crediting :		
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.