IFCA MSC BERHAD

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 1ST QUARTER ENDED 31 MARCH 2022

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

(Incorporated in Malaysia)

Condensed Statement of Comprehensive Income
For the Three Months Period Ended 31 March 2022

	Note	Quarter and Year-to-date Ended 3 months ended 31.03.2022 RM	 31.03.2021 RM
Continuing Operations			
Revenue		**15,183,804**	16,043,333
Other income		**422,565**	568,852
Employee benefits expenses		**(13,317,155)**	(11,959,884)
Changes in inventories		**-**	(35,555)
Depreciation of Property, Plant & Equipment and Right-of-use assets		**(520,380)**	(536,104)
Amortisation of development costs		**(889,015)**	(75,063)
Other expenses		**(2,848,141)**	(3,180,444)
(Loss)/Profit from operations		**(1,968,322)**	825,135
Finance costs		**(17,812)**	(19,127)
(Loss)/Profit before tax from continuing operations		**(1,986,134)**	806,008
Income tax expense	**B5**	**(356,623)**	(595,388)
(Loss)/Profit for the year, net of tax		**(2,342,757)**	210,620
(Loss)/Profit attributable to:			
Owners of the Company		**(2,276,409)**	218,995
Non-controlling interest		**(66,348)**	(8,375)
		(2,342,757)	210,620
Other comprehensive (expense)/income:			
(Loss)/Profit for the year, net of tax		**(2,342,757)**	210,620
Foreign currency translation		**38,149**	(12,393)
Total comprehensive (expense)/income for the year		**(2,304,608)**	198,227
Attributable to:			
Owners of the Company		**(2,238,260)**	206,602
Non-controlling interest		**(66,348)**	(8,375)
		(2,304,608)	198,227
Total comprehensive (expense)/income attributable to holders of the Company in sen:			
- Basic	**B13**	**(0.37)**	0.04
- Diluted	**B13**	**(0.38)**	0.04

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 2021 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 31 March 2022

	Note	As at 31.03.2022 (Unaudited) RM	As at 31.12.2021 (Audited) RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		**5,941,209**	5,994,583
Investment properties		**7,827,952**	7,821,262
Deferred development costs		**17,823,955**	17,725,580
Goodwill		**25,111,525**	25,111,525
Right-of-use asset		**1,497,400**	1,791,015
Other investments		**166,000**	179,500
		58,368,041	58,623,465
CURRENT ASSETS			
Trade receivables		**12,681,644**	9,019,717
Other receivables		**1,166,354**	1,569,139
Contract assets		**3,171,807**	3,404,252
Other current assets		**292,582**	388,384
Tax recoverable		**1,004,650**	1,406,579
Deposits, cash and bank balances		**76,500,063**	84,436,343
		94,817,100	100,224,414
TOTAL ASSETS		**153,185,141**	158,847,879
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		**83,947,005**	83,947,005
Treasury shares		**(510,758)**	(430,221)
Retained profits		**44,308,200**	46,584,609
Other reserves		**(908,364)**	(946,513)
		126,836,083	129,154,880
Non-Controlling Interest		**(748,161)**	(681,813)
Total equity		**126,087,922**	128,473,067
Non-current liabilities			
Contract liabilities		**-**	286,245
Employees' retirement benefits		**1,058,347**	1,057,318
Lease Liabilities	**B9**	**253,501**	441,536
Deferred tax liabilities		**361,985**	385,892
		1,673,833	2,170,991
Current Liabilities			
Trade payables		**12,480**	42,800
Other payables		**4,831,964**	10,054,794
Contract liabilities		**19,447,991**	16,415,030
Lease Liabilities	**B9**	**1,130,951**	1,263,205
Tax Payable		**-**	427,992
		25,423,386	28,203,821
Total liabilities		**27,097,219**	30,374,812
TOTAL EQUITY AND LIABILITIES		**153,185,141**	158,847,879
Net asset per share		**0.21**	0.21

The condensed consolidated statement of financial position should be read in conjunction with the audited annual financial statements for the year ended 31 December 2021 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 Three Months Period Ended 31 March 2022

	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 2022	83,947,005	(430,221)	(946,513)	46,584,609	129,154,880	(681,813)	128,473,067
Total comprehensive expense	-	-	-	(2,276,409)	(2,276,409)	(66,348)	(2,342,757)
Foreign Currency Translation	-	-	38,149	-	38,149	-	38,149
Open market purchase shares	-	(80,537)	-	-	(80,537)	-	(80,537)
At 31 March 2022	83,947,005	(510,758)	(908,364)	44,308,200	126,836,083	(748,161)	126,087,922
At 1 January 2021	83,947,005	(430,221)	(1,390,866)	39,707,356	121,833,274	(362,919)	121,470,355
Total comprehensive income	-	-	-	218,995	218,995	(8,375)	210,620
Foreign currency translation	-	-	(12,393)	-	(12,393)	-	(12,393)
At 31 March 2021	83,947,005	(430,221)	(1,403,259)	39,926,351	122,039,876	(371,294)	121,668,582

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 2021 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 Three Months Period Ended 31 March 2022

	3 months ended	
	31.03.2022	**31.03.2021**
	RM	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	**(1,986,134)**	806,008
Adjustments for :		
Non cash items	**1,505,818**	841,665
Non-operating items	**(287,668)**	(433,586)
Operating (expense)/profit before working capital changes	**(767,984)**	1,214,087
Working capital changes:		
Net changes in assets	**(3,054,739)**	(4,100,432)
Net changes in liabilities	**(2,505,405)**	(6,120)
Total working capital changes	**(5,560,144)**	(4,106,552)
Net cash generated from operations	**(6,328,128)**	(2,892,465)
Income taxes paid	**(216,170)**	(328,240)
Net cash used in operating activities	**(6,544,298)**	(3,220,705)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**270,115**	337,013
Purchase of property, plant and equipment	**(131,979)**	(28,252)
Proceeds from disposal of other investments	**13,500**	-
Development costs	**(987,359)**	(1,648,885)
Net cash used in investing activities	**(835,723)**	(1,340,124)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(17,812)**	(19,127)
Payments to hire purchase and finance lease	**(15,768)**	(15,087)
Open market share buy-back	**(80,537)**	-
Net cash used in financing activities	**(114,117)**	(34,214)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(7,494,138)**	(4,595,043)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	**(442,142)**	319,190
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**84,436,343**	79,588,474
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**76,500,063**	75,312,621

The condensed consolidated statement of cash flows should be read in conjunction with the audited annual financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022
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 2021 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 2021.

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 2021.

On 1 January 2022, the Company adopted the following amended MFRS.

Amendments		**Title**
Amendments to MFRS 3	:	Business Combinations - Reference to the Conceptual Framework
Amendments to MFRS 116	:	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	:	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRS 1, MFRS 9, MFRS 16, MFRS 141	:	Annual Improvements to MFRS Standards 2018-2020

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):

- MFRS 17, Insurance Contracts *(Effective from 1 Jan 2023)*
- Amendments to MFRS 17, Insurance Contracts *(Effective from 1 Jan 2023)*
- Amendments to MFRS 17, Initial Application of MFRS 17 and MFRS 9 – Comparative Information *(Effective from 1 Jan 2023)*
- Amendments to MFRS 101, Classification of Liabilities as Current or Non-current *(Effective from 1 Jan 2023)*
- Amendments to MFRS 101, Disclosure of Accounting Policies *(Effective from 1 Jan 2023)*
- Amendments to MFRS 108, Definition of Accounting Estimates *(Effective from 1 Jan 2023)*
- Amendments to MFRS 112, Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(Effective from 1 Jan 2023)*
- Amendments to MFRS 10 and MFRS 128, Sale of Contribution of Assets between an Investor and its Associate or Joint Venture *(Deferred)*

A3. Auditor's Report on Preceding Annual Financial Statements

The auditor's report on the financial statements for the financial year ended 31 December 2021 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 2021. 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 2022.

A8. Dividend Paid

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

A9. Segmental Information

Segmental information for the three months period ended 31 March 2022 and 31 March 2021 are as follows:-

	Malaysia		Overseas		Elimination		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE								
External sales	6,880,985	7,453,099	8,302,819	8,590,234			15,183,804	16,043,333
Inter-segment sales	3,349,988	3,461,965	-	-	(3,349,988)	(3,461,965)	-	-
Total Revenue	10,230,973	10,915,064	8,302,819	8,590,234	(3,349,988)	(3,461,965)	15,183,804	16,043,333
							-	
RESULT								
Segment results	1,194,913	1,874,104	(1,962,896)	(660,019)	-	(4,618,506)	(767,983)	1,214,085
Interest income							270,114	337,013
Amortisation							(889,015)	(75,063)
Depreciation							(520,380)	(536,104)
Other non cash expenses							(61,058)	(114,796)
Finance costs							(17,812)	(19,127)
(Loss)/Profit before Tax							(1,986,134)	806,008
Income tax expense							(356,623)	(595,388)
(Loss)/Profit after Tax							(2,342,757)	210,620

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 2022 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 2022.

A14. Capital Commitments

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

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 RM15.2 million for the current quarter ("Q1FY2022"), a decrease of RM0.9 million as compared to revenue of RM16.0 million in previous year's corresponding quarter ("Q1FY2021"). The decrease in revenue was mainly because of revenue shrinkage by the China segment due to China government implementation of the property industry control measures and Covid-19 lock down in Shanghai and other various cities. This has led to a slowdown in the local economy activities as well as the project deliveries.

In tandem with the reduced top-line and increase in operating expenses especially in the investment in the X-series software, the Group reported a loss before tax of RM1.9 million in Q1FY2022 as compared to a profit before tax of RM0.8 million in Q1FY2021. As a result, the Group registered loss attributable to equity holders of the parent company of RM2.3 million as compared to profit attributable to equity holders of the parent company of RM200K for Q1FY2021.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter Ended 31.03.2022 RM '000	Preceding Quarter Ended 31.12.2021 RM '000
Revenue	15,184	23,764
Gross Profits	14,883	22,782
Gross Margin	98.0%	96.0%
(Loss)/Profit Before Tax	(1,986)	5,737

The Group posted a revenue of RM15.2 million for current quarter ("Q1FY2022") as compared to RM23.8 million in immediate preceding quarter ("Q4FY2021"), representing a decrease of 37.1% or RM8.6 million. This is largely due to lesser business days in Quarter 1 which has been a trend with IFCA's revenue growing progressively through the financial quarters in a calendar year.

Thus, the Group recorded a loss before tax of RM1.9 million for Q1FY2022 which represents a decrease of RM7.7 million as compared to profit before tax of RM5.7 million in Q4FY2021.

B3. Business Prospects

As a direct result of China's zero-COVID policy, which resulted in prolonged strict lockdowns in Shanghai and a partial lockdown in Beijing during the first quarter and extending to second quarter of the financial year, the Group's business in China has been severely impacted. Consequently, the Group has diversified its focus on other segments, such as Malaysia and Indonesia, which are both transitioning into endemicity. It is anticipated that the overall economic circumstances will begin to improve and grow at a faster and more consistent rate throughout the rest of the ongoing financial year.

Despite the ongoing COVID-19 pandemic, demand for cloud-based solutions has continued to benefit from increased investment driven by digital transformation and e-mobility. This level of agility can provide businesses using cloud computing with a significant competitive advantage. The Group emphasised the importance of cloud-based solutions in risk mitigation for businesses. It has not only ensured service continuity but also enabled remote working capabilities for organisations, removing the need for employees to be physically present in an office workplace. Our cloud-based solutions are changing the way businesses operate by improving employee communication, increasing efficiency and productivity, and assisting businesses in solving daily challenges with scalable solutions.

Therefore, the Group will continue to focus on developing and improving existing mobile internet solutions, as well as on upskilling its workforce. Mobile internet solutions enable businesses to save time and money by facilitating easy access to relevant data and synchronising data storage and retrieval with complete access control over all systems. Digitalisation is the future of the workplace since it allows businesses to operate more efficiently. The Group focuses on mobile internet solutions that assist organisations to improve their efficiency and productivity.

As at 31 March 2022, the Group has un-billed orders in hand amounting to RM26.8 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 and Cumulative Quarter Ended 31.03.2022 RM
Current Year	380,304
Deferred tax	(23,681)
	356,623

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

B6. Profit or Loss on Sale of Investments and/or Properties

There were no sales of unquoted investments and/or properties during the current quarter under review.

B7. Purchase or Disposal of Quoted Securities

There were no purchases of quoted securities for the current quarter and financial year to date.

B8. Status of Corporate Proposals Announced

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

B9. Group Borrowings and Debt Securities

The total borrowings of the Group as at 31 March 2022 comprised hire purchase payables as follows:-

	Current Quarter Ended 31.03.2022 RM
Secured – due within 12 months	64,777
Secured – due after 12 months	16,590
	81,367

B10. Off Balance Sheet Financial Instruments

The Group has no off-balance sheet financial instruments at the date of this report.

B11. 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.

B12. Dividend Payable

No interim ordinary dividend has been declared for the financial period ended 31 March 2022.

B13. Earnings per Share

	3 months ended	
	31.03.2022	31.03.2021
	RM	RM
Total Comprehensive (Expense)/Income attributable to:		
Owners of the parents	(2,276,409)	218,995
Non-controlling Interests	(66,348)	(8,375)
	(2,342,757)	210,620
Number of shares		
Weighted average number of share in issue for basic earnings per share	608,290,900	608,290,900
Effect of treasury shares held	(1,681,200)	(1,391,200)
Weighted average number of shares in issue of diluted earnings per share	606,609,700	606,899,700
Earnings per share (sen)		
- Basic	(0.37)	0.04
- Diluted	(0.38)	0.04

B14. Notes to the Condensed Statement of Comprehensive Income

GROUP	Three months ended	
	31.03.2022	31.03.2021
(Loss)/Profit before tax is arrrived at after (charging) / crediting :	**RM**	**RM**
Depreciation of property, plant and equipment	(277,878)	(197,126)
Depreciation of right-of-use assets	(242,502)	(338,978)
Amortisation	(889,015)	(75,063)
Interest expenses	(17,812)	(19,127)
Interest income from short term deposits	270,114	337,013
Rental income	6,060	960
Reversal of impairment loss on trade receivables	17,554	96,574
Impairment loss on trade receivables	(96,158)	(257,143)
Foreign exchange gain (realised/unrealised)	17,624	48,239
Foreign exchange loss (realised/unrealised)	(49)	-
Property, plant and equipment written off	(78)	(1,628)

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.

B15. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors during its meeting held on 27 May 2022.