IFCA MSC BERHAD

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2022

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

(Incorporated in Malaysia)

Condensed Statement of Comprehensive Income

For the Six Months Period Ended 30 June 2022

	Note	Current Quarter		Year-to-date Ended	
		3 months ended		6 months ended	
		30.06.2022	30.06.2021	30.06.2022	30.06.2021
		RM	RM	RM	RM
Continuing Operations					
Revenue		**19,395,207**	19,664,091	**34,579,011**	35,707,424
Other income		**489,734**	942,461	**912,299**	1,511,313
Employee benefits expenses		**(14,326,374)**	(13,023,047)	**(27,643,529)**	(24,982,931)
Changes in inventories		**(172,500)**	(51,950)	**(172,500)**	(87,505)
Depreciation of Property, Plant & Equipment and Right-of-use assets		**(522,406)**	(557,685)	**(1,042,786)**	(1,093,789)
Amortisation of development costs		**(889,558)**	(94,279)	**(1,778,573)**	(169,342)
Other expenses		**(4,091,376)**	(4,030,154)	**(6,939,517)**	(7,210,598)
(Loss)/Profit before impairment losses		**(117,273)**	2,849,437	**(2,085,595)**	3,674,572
Impairment losses on:					
Contract Asset		**(2,296,010)**	(6,400)	**(2,296,010)**	(6,400)
(Loss)/Profit from operations		**(2,413,283)**	2,843,037	**(4,381,605)**	3,668,172
Finance costs		**(16,469)**	(46,307)	**(34,281)**	(65,434)
(Loss)/Profit before tax from continuing operations		**(2,429,752)**	2,796,730	**(4,415,886)**	3,602,738
Income tax expense	**B5**	**(369,120)**	(37,373)	**(725,743)**	(632,761)
(Loss)/Profit for the year, net of tax		**(2,798,872)**	2,759,357	**(5,141,629)**	2,969,977
(Loss)/Profit attributable to:					
Owners of the Company		**(2,947,508)**	2,668,488	**(5,223,917)**	2,887,483
Non-controlling interest		**148,636**	90,869	**82,288**	82,494
		(2,798,872)	2,759,357	**(5,141,629)**	2,969,977
Other comprehensive (expense)/income:					
(Loss)/Profit for the year, net of tax		**(2,798,872)**	2,759,357	**(5,141,629)**	2,969,977
Foreign currency translation		**208,571**	87,151	**246,720**	74,758
Total comprehensive (expense)/income for the year		**(2,590,301)**	2,846,508	**(4,894,909)**	3,044,735
Attributable to:					
Owners of the Company		**(2,738,937)**	2,755,639	**(4,977,197)**	2,962,241
Non-controlling interest		**148,636**	90,869	**82,288**	82,494
		(2,590,301)	2,846,508	**(4,894,909)**	3,044,735
Total comprehensive (expense)/income attributable to holders of the Company in sen:					
- Basic	**B13**	**(0.48)**	0.44	**(0.86)**	0.47
- Diluted	**B13**	**(0.49)**	0.44	**(0.86)**	0.48

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 30 June 2022

	Note	As at 30.06.2022 (Unaudited) RM	As at 31.12.2021 (Audited) RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		**5,821,423**	5,994,583
Investment properties		**8,068,342**	7,821,262
Deferred development costs		**17,978,053**	17,725,580
Goodwill		**25,111,525**	25,111,525
Right-of-use asset		**1,164,758**	1,791,015
Other investments		**166,000**	179,500
		58,310,101	58,623,465
CURRENT ASSETS			
Trade receivables		**14,737,744**	9,019,717
Other receivables		**1,214,030**	1,569,139
Contract assets		**1,009,500**	3,404,252
Other current assets		**681,099**	388,384
Tax recoverable		**741,082**	1,406,579
Deposits, cash and bank balances		**75,181,667**	84,436,343
		93,565,122	100,224,414
TOTAL ASSETS		**151,875,223**	158,847,879
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		**83,947,005**	83,947,005
Treasury shares		**(606,489)**	(430,221)
Retained profits		**41,360,692**	46,584,609
Other reserves		**(699,793)**	(946,513)
		124,001,415	129,154,880
Non-Controlling Interest		**(895,239)**	(681,813)
Total equity		**123,106,176**	128,473,067
Non-current liabilities			
Contract liabilities		**-**	286,245
Employees' retirement benefits		**1,039,724**	1,057,318
Lease Liabilities	**B9**	**51,743**	441,536
Deferred tax liabilities		**360,967**	385,892
		1,452,434	2,170,991
Current Liabilities			
Trade payables		**140,744**	42,800
Other payables		**5,912,305**	10,054,794
Contract liabilities		**20,291,848**	16,415,030
Lease Liabilities	**B9**	**971,716**	1,263,205
Tax Payable		**-**	427,992
		27,316,613	28,203,821
Total liabilities		**28,769,047**	30,374,812
TOTAL EQUITY AND LIABILITIES		**151,875,223**	158,847,879
Net asset per share		**0.20**	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 Six Months Period Ended 30 June 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	-	-	-	(5,223,917)	(5,223,917)	82,288	(5,141,629)
Foreign Currency Translation	-	-	246,720	-	246,720	-	246,720
Dividends paid	-	-		-	-	(295,714)	(295,714)
Open market purchase shares	-	(176,268)	-	-	(176,268)	-	(176,268)
At 30 June 2022	83,947,005	(606,489)	(699,793)	41,360,692	124,001,415	(895,239)	123,106,176
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	-	-	-	2,887,483	2,887,483	82,494	2,969,977
Foreign currency translation	-	-	74,758	-	74,758	-	74,758
Dividends paid	-	-	-		-	(571,429)	(571,429)
At 30 June 2021	83,947,005	(430,221)	(1,316,108)	42,594,839	124,795,515	(851,854)	123,943,661

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 Six Months Period Ended 30 June 2022

	6 months ended	
	30.06.2022	**30.06.2021**
	RM	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	**(4,415,886)**	3,602,738
Adjustments for :		
Non cash items	**5,163,389**	2,015,663
Non-operating items	**(528,838)**	(810,702)
Operating (expense)/profit before working capital changes	**218,665**	4,807,699
Working capital changes:		
Net changes in assets	**(5,879,329)**	(8,292,577)
Net changes in liabilities	**(471,565)**	2,581,213
Total working capital changes	**(6,350,894)**	(5,711,364)
Net cash generated from operations	**(6,132,229)**	(903,665)
Income taxes paid	**(321,467)**	(762,960)
Net cash used in operating activities	**(6,453,696)**	(1,666,625)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**448,238**	671,989
Purchase of property, plant and equipment	**(227,868)**	(231,277)
Proceeds from disposal of property,plant and equipment	**2,936**	-
Proceeds from disposal of other investments	**13,500**	-
Development costs	**(2,030,002)**	(3,467,512)
Net cash used in investing activities	**(1,793,196)**	(3,026,800)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(34,281)**	(65,434)
Dividends paid	**(295,714)**	-
Payments to hire purchase and finance lease	**(31,707)**	(30,344)
Open market share buy-back	**(176,268)**	-
Net cash used in financing activities	**(537,970)**	(95,778)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(8,784,862)**	(4,789,203)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	**(469,814)**	(152,160)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**84,436,343**	79,588,474
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**75,181,667**	74,647,111

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 30 JUNE 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 30 June 2022.

A8. Dividend Paid

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

A9. Segmental Information

Segmental information for the six months period ended 30 June 2022 and 30 June 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	16,025,483	15,117,280	18,553,528	20,590,144			34,579,011	35,707,424
Inter-segment sales	7,440,569	7,349,146	-	-	(7,440,569)	(7,349,146)	-	-
Total Revenue	23,466,052	22,466,426	18,553,528	20,590,144	(7,440,569)	(7,349,146)	34,579,011	35,707,424
							-	
RESULT								
Segment results	2,119,696	2,663,213	(1,901,030)	2,144,488	-	-	218,666	4,807,701
Interest income							448,237	671,989
Amortisation							(1,778,573)	(169,342)
Depreciation							(1,042,786)	(1,093,789)
Impairment losses							(2,296,010)	(6,400)
Other non cash expenses							68,861	(541,987)
Finance costs							(34,281)	(65,434)
(Loss)/Profit before Tax							(4,415,886)	3,602,738
Income tax expense							(725,743)	(632,761)
(Loss)/Profit after Tax							(5,141,629)	2,969,977

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 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 30 June 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

Current quarter against previous year preceding quarter

The Group recorded revenue of RM19.4 million for the current quarter ("Q2FY2022"), a minor reduction of RM269K as compared to revenue of RM19.7 million in previous year's corresponding quarter ("Q2FY2021"). In tandem with the reduced top-line and increase in operating expenses, the Group reported loss before tax of RM2.4 million as compared to profit before tax of RM2.8 million in Q1FY2021. To illustrate, the decrease in profit before tax was mainly due to a one-off impairment cost on contract asset and amortization on cloud-based software. As a result, the Group registered loss attributable to equity holders of the parent company of RM2.9 million as compared to profit attributable to equity holders of the parent company of RM2.7 million for Q2FY2021.

Current cumulative period against previous year cumulative period

The Group recorded revenue of RM34.6 million, a decrease of RM1.1 million as compared to the corresponding financial period in the previous year. The decrease in revenue was driven by the lower revenue from the China segment due to government policy on the property industry control measures and Covid-19 lock down in various major cities. On a positive note, both Malaysia and Indonesia segment continues to regain its momentum in sales deliverables. The Group reported loss before tax of RM4.4 million as compared to profit before tax of RM3.6 million in preceding year's corresponding financial period. As a result, the Group registered loss attributable to equity holders of the parent company of RM5.2 million as compared to profit attributable to equity holders of the parent company of RM2.9 million for the corresponding quarter last year.

B2. Comparison with Preceding Quarter's Results

	Current Quarter Ended 30.06.2022 RM '000	Preceding Quarter Ended 31.3.2022 RM '000
Revenue	19,395	15,184
Gross Profits	18,389	14,883
Gross Margin	95.0%	98.0%
Loss Before Tax	(2,430)	(1,986)

The Group registered a revenue of RM19.4 million for current quarter ("Q2FY2022") as compared to RM15.2 million in preceding quarter ("Q1FY2022"), representing an increase of 27.7% or RM4.2 million. The significant increase in revenue was contributed by Malaysia and China segment.

Despite the higher revenue, the Group recorded a loss before tax of RM2.4 million for Q2FY2022 which represents a decrease of RM443K as compared to loss before tax of RM1.9 million in Q1FY2022. The decrease in bottom-line was mainly due to higher amortisation cost and a one-off impairment cost on contract asset incurred.

B3. Business Prospects

The unexpected prolonged strict lockdowns in China during the first and second quarters of the financial year had severely impacted the Group's business there. The China market situation was also worsened by the chain effect of the Evergrande liquidity crisis and the government's "three red lines" policy, which led to tightening of cash and slowdown of activities in the local property sector. As a result, the revenue and earnings of IFCA China recorded a dip for the 1HY2022. The 2HY2022 performance will depend on the successful clinching of a few large projects being pursued by IFCA China and easing of cash flow in the property industry.

However, the Malaysian market despite inflation, fear of recession and uncertainty caused by the Ukraine-Russian war, remains healthy as order book increased by 25% in 1HY2022 compared to the same period in 2021. The change of our solution's pricing model from conventional outright purchase to annual licensing, will continue to improve the recurring revenue over the long term in IFCA's Malaysia segment.

In addition, the Indonesia segment continues to contribute positively to revenue and earnings. We expect this growth to continue in 2HY2022.

Barring any worsening of the Covid-19 pandemic in China, existing property industry challenges, the Ukraine-Russian war and the prediction of recessions, the board of directors is confident that the Group will be able to recover in 2HY2022.

As at 30 June 2022, the Group has unbilled orders in hand amounting to RM33.2 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 30.06.2022 RM	Cumulative Quarter 6 months ended 30.06.2022 RM
Current Year	367,474	747,778
Deferred tax	1,646	(22,035)
	369,120	**725,743**

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 30 June 2022 comprised hire purchase payables as follows: -

	Current Quarter Ended 30.06.2022 RM
Secured – due within 12 months	65,429
Secured – due after 12 months	-
	65,429

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

Details of the Final Dividend under the single-tier system are as follows:

	30.06.2022
Final dividend for financial year ended	31 December 2021
Amount per share	1.0 sen
Total dividend payable	RM 6,062,871
Approved and declared on	27 May 2022
Entitlement to dividends based on record of Depositors as at	21 June 2022
Date Payable (paid as of reporting date)	5 July 2022

B13. Earnings per Share

	3 months ended		6 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM	RM	RM	RM
Total Comprehensive (Expense)/Income attiributable to:				
Owners of the parents	(2,947,508)	2,668,488	(5,223,917)	2,887,483
Non-controlling interests	148,636	90,869	82,288	82,494
	(2,798,872)	2,759,357	(5,141,629)	2,969,977
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	(2,003,800)	(1,391,200)	(2,003,800)	(1,391,200)
Weighted average number of shares in issue of diluted earnings per share	606,287,100	606,899,700	606,287,100	606,899,700
Earnings per share (sen)				
-Basic	(0.48)	0.44	(0.86)	0.47
-Diluted	(0.49)	0.44	(0.86)	0.48

B14. Notes to the Condensed Statement of Comprehensive Income

GROUP	Year-to-date ended Six months ended 30.6.2022 RM	30.6.2021 RM
(Loss)/Profit before tax is arrrived at after (charging) / crediting :		
Depreciation of property, plant and equipment	(558,000)	(415,824)
Depreciation of right-of-use assets	(484,786)	(677,965)
Amortisation	(1,778,573)	(169,342)
Interest expenses	(34,281)	(65,434)
Interest income from short term deposits	448,238	671,989
Rental income	12,120	1,920
Reversal of impairment loss on trade receivables	80,600	138,712
Impairment loss on trade receivables	(192,143)	(723,181)
Foreign exchange gain (realised/unrealised)	185,850	49,033
Foreign exchange loss (realised/unrealised)	(31)	(1,685)
Property, plant and equipment written off	(1,284)	(1,627)
Impairment loss on contract asset	(2,296,010)	(6,400)

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 22 August 2022.