IFCA MSC BERHAD

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2019

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

Condensed Statement of Comprehensive Income
For the Nine Months Period Ended 30 September 2019

		Current Quarter		Quarter and Year-to-date Ended	
		3 months ended		9 months ended	
		30.09.2019	30.09.2018	30.09.2019	30.09.2018
	Note	RM	RM	RM	RM
Continuing Operations					
Revenue		**24,656,527**	22,195,698	**63,536,040**	60,959,030
Other income		**1,489,891**	999,427	**3,447,239**	4,876,151
Employee benefits expenses		**(15,681,550)**	(12,857,260)	**(42,997,075)**	(38,241,780)
Changes in inventories		**(181,581)**	(153,362)	**(255,576)**	(669,431)
Depreciation of property, plant and equipment		**(315,480)**	(179,275)	**(781,665)**	(605,555)
Amortisation		**(1,235,173)**	(1,311,389)	**(3,732,680)**	(3,945,424)
Other expenses		**(5,780,551)**	(6,486,208)	**(14,343,553)**	(16,687,806)
Profit from operations		**2,952,083**	2,207,631	**4,872,730**	5,685,185
Finance costs		**(10,616)**	(7,365)	**(27,405)**	(21,325)
Profit before tax from continuing operations		**2,941,467**	2,200,266	**4,845,325**	5,663,860
Income tax expense	**B5**	**(717,736)**	(797,550)	**(1,676,383)**	(2,678,939)
Profit for the year, net of tax		**2,223,731**	1,402,716	**3,168,942**	2,984,921
Profit Attributable to:					
Owners of the Company		**1,801,762**	1,344,209	**3,112,312**	3,058,050
Non-controlling interest		**421,969**	58,507	**56,630**	(73,129)
		2,223,731	1,402,716	**3,168,942**	2,984,921
Other comprehensive income:					
Profit for the year, net of tax		**2,223,731**	1,402,716	**3,168,942**	2,984,921
Foreign currency translation		**578,782**	425,978	**872,549**	87,424
Total comprehensive income for the year		**2,802,513**	1,828,694	**4,041,491**	3,072,345
Attributable to:					
Owners of the Company		**2,380,544**	1,770,187	**3,984,861**	3,145,474
Non-controlling interest		**421,969**	58,507	**56,630**	(73,129)
		2,802,513	1,828,694	**4,041,491**	3,072,345
Total comprehensive income attributable to holders of the Company in sen:					
- Basic	**B13**	**0.30**	0.22	**0.51**	0.50
- Diluted	**B13**	**0.30**	0.22	**0.51**	0.50

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

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

Condensed Consolidated Statement of Financial Position
As at 30 September 2019

	Note	As at 30.09.2019 (Unaudited) RM	As at 31.12.2018 (Audited) RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		**9,993,939**	8,620,107
Investment properties		**245,000**	245,000
Deferred development costs		**9,336,172**	8,800,954
Intangible asset		**62,133**	248,533
Goodwill		**25,111,525**	25,111,525
Other investments		**194,500**	194,500
		44,943,269	43,220,619
CURRENT ASSETS			
Trade receivables		**13,080,541**	13,886,944
Other receivables		**1,706,144**	1,539,538
Contract assets		**7,815,048**	8,720,800
Other current assets		**591,107**	285,097
Tax recoverable		**1,390,757**	3,210,492
Deposits, cash and bank balances		**67,839,832**	75,384,785
		92,423,429	103,027,656
TOTAL ASSETS		**137,366,698**	146,248,275
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		**83,947,005**	83,947,005
Treasury shares		**(430,221)**	(384,624)
Retained profits		**34,341,276**	37,585,479
Other reserves		**(792,618)**	(1,665,167)
		117,065,442	119,482,693
Non-Controlling Interest		**(435,668)**	(492,298)
Total equity		**116,629,774**	118,990,395
Non-current liabilities			
Contract liabilities		**-**	29,600
Hire purchase and finance lease payable	**B9**	**337,940**	328,827
Deferred tax liabilities		**533,306**	1,285,414
		871,246	1,643,841
Current Liabilities			
Trade payables		**189,082**	589,493
Other payables		**7,468,143**	9,671,101
Contract liabilities		**11,902,721**	10,865,974
Other liabilities		**-**	3,701,952
Hire purchase and finance lease payable	**B9**	**305,732**	221,383
Current Tax Payable		**-**	564,136
		19,865,678	25,614,039
Total liabilities		**20,736,924**	27,257,880
TOTAL EQUITY AND LIABILITIES		**137,366,698**	146,248,275
Net asset per share		**0.19**	0.20

The condensed consolidated statement of financial position should be read in conjunction with the audited annual financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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

Condensed Consolidated Statement of Changes in Equity
For the Nine Months Period Ended 30 September 2019

	← 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
At 1 January 2019	83,947,005	(384,624)	(1,665,167)	37,585,479	119,482,693	(492,298)	118,990,395
Opening adjustment from adoption of MFRS 16	-	-	-	(12,299)	(12,299)	-	(12,299)
At 1 January 2019, as restated	83,947,005	(384,624)	(1,665,167)	37,573,180	119,470,394	(492,298)	118,978,096
Total comprehensive expense	-	-	-	3,112,312	3,112,312	56,630	3,168,942
Foreign Currency Translation	-	-	872,549	-	872,549	-	872,549
Dividends paid	-	-		(6,344,216)	(6,344,216)	-	(6,344,216)
Open market purchase shares	-	(45,597)	-	-	(45,597)	-	(45,597)
At 30 September 2019	83,947,005	(430,221)	(792,618)	34,341,276	117,065,442	(435,668)	116,629,774
At 1 January 2018	83,947,005	(38,052)	(2,032,535)	30,007,711	111,884,129	(494,530)	111,389,599
Total comprehensive income	-	-	-	3,058,050	3,058,050	(73,129)	2,984,921
Foreign currency translation	-	-	87,424	-	87,424	-	87,424
Dividends paid	-	-	-	(3,394,643)	(3,394,643)	-	(3,394,643)
Open market purchase shares	-	(238,717)	-	-	(238,717)	-	(238,717)
At 30 September 2018	83,947,005	(276,769)	(1,945,111)	29,671,118	111,396,243	(567,659)	110,828,584

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

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

Condensed Consolidated Statement of Cash Flows
For the Nine Months Period Ended 30 September 2019

	9 months ended	
	30.09.2019	**30.09.2018**
	RM	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**4,845,325**	5,663,860
Adjustments for :		
Non cash items	**5,292,235**	5,807,984
Non-operating items	**(1,528,538)**	(995,088)
Operating profit before working capital changes	**8,609,022**	10,476,756
Working capital changes:		
Net changes in assets	**1,197,799**	75,290
Net changes in liabilities	**(2,089,370)**	(5,485,037)
Total working capital changes	**(891,571)**	(5,409,747)
Net cash generated from operations	**7,717,451**	5,067,009
Income taxes received/(paid)	**217,722**	(4,164,295)
Net cash generated from operating activities	**7,935,173**	902,714
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**1,000,140**	846,509
Purchase of property, plant and equipment	**(2,119,991)**	(787,532)
Proceeds from disposal of property,plant and equipment	**81,205**	418,044
Development costs	**(3,949,777)**	(467,600)
Profit guarantee in respect of acquisition of business	**(3,701,951)**	(3,293,785)
Net cash used in investing activities	**(8,690,374)**	(3,284,364)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(27,405)**	(21,325)
Dividends paid	**(6,344,216)**	(3,394,643)
Payments to hire purchase and finance lease	**(168,745)**	(142,994)
Open market share buy-back	**(45,597)**	(238,717)
Net cash used in financing activities	**(6,585,963)**	(3,797,679)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(7,341,164)**	(6,179,329)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	**(203,789)**	455,019
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**75,384,785**	73,229,864
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**67,839,832**	67,505,554

The condensed consolidated statement of cash flows should be read in conjunction with the audited annual financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019
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 2018 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 2018.

A2. Significant Accounting Policies

Adoption of Amendments and Annual Improvements to Standards

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual consolidated financial statements of the Group for the financial year ended 31 December 2018.

On 1 January 2019, the Company adopted the following amended MFRS.

Amendments to MFRS 9	:	Prepayment Features with Negative Compensation
Amendments to MFRS 119	:	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	:	Long-term interests in Associates and Joint ventures
IC Interpretation 23	:	Uncertainty over Income Tax Treatments
MFRS 16	:	Leases

Annual Improvements to MFRSs 2015-2017 Cycle

The adoption of the above pronouncement has no material financial impact to the Group other than as asset out below:

MFRS 16: Leases

MFRS 16 replaces the guidance in MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Leases – Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving

A2. Significant Accounting Policies (Con't)

the Legal Form of a Lease. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group has assessed the financial impact on its financial statements upon initial application of MFRS 16. As allowed by the transitional provision of MFRS 16, the Group has elected the modified retrospective approach with no restatement of comparatives and the cumulative adjustments resulting from the initial application of MFRS 16 to be recognised in retained earnings and reserves as at 1 January 2019.

Effects arising from the initial application of MFRS 16 is, as follows:

Impact on Statement of Financial Position as at 1 January 2019	**RM**
Non-current asset	
Right-of-use asset	309,207
Total Assets	**309,207**
Equity attributable to equity holders of the Company	
Retained earnings	(12,299)
Total Equity	(12,299)
Non-current liabilities	
Lease liabilities	
	321,506
Total Equity and Liabilities	**321,506**

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:

- Amendments to MFRS 3, Business Combinations – Definition of a Business *(effective 1 January 2020)*
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material *(effective 1 January 2020)*
- MFRS 17, Insurance Contracts *(effective 1 January 2021)*
- Amendments to MFRS 10 and MFRS 128, Sale or 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 2018 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 2018. 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 2019.

A8. Dividend Paid

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

	30.09.2019	**30.09.2018**
Final dividend for financial year ended	31 December 2018	31 December 2017
Approved and declared on	29 May 2019	25 May 2018
Date paid	5 July 2019	7 July 2018
No of ordinary shares on which dividends were paid	606,899,700	604,499,700
Dividend per share (single-tier)	1.0 sen	0.5 sen
Net dividend paid	RM 6,068,997	RM 3,037,498

A9. Segmental Information

Segmental information for the nine months period ended 30 September 2019 and 30 September 2018 are as follows:-

	Malaysia		Overseas		Elimination		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE								
External sales	29,703,413	27,284,003	33,832,627	33,675,027			63,536,040	60,959,030
Inter-segment sales	10,997,616	11,071,261	-	-	(10,997,616)	(11,071,261)	-	-
Total Revenue	40,701,029	38,355,264	33,832,627	33,675,027	(10,997,616)	(11,071,261)	63,536,040	60,959,030
							-	
RESULT								
Segment results	5,865,089	6,446,271	2,647,407	4,219,815	-	-	8,512,496	10,666,086
Interest income							1,000,140	846,510
Amortisation							(3,732,679)	(3,945,424)
Depreciation							(781,665)	(605,555)
Other non cash expenses							(125,561)	(1,276,432)
Finance costs							(27,405)	(21,325)
Profit before Tax							4,845,326	5,663,860
Income tax expense							(1,676,383)	(2,678,939)
Profit for the Period							3,168,943	2,984,921

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 2019 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 2019.

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 RM24.7 million for the current quarter, representing an increase of RM2.5 million or 11.1% as compared to previous year's corresponding quarter which was largely due to higher demand in both local and overseas market. Consequently, the Group recorded profit before tax for Q3 2019 at RM3.0 million, an increase of 27.0% as compared to the profit in the preceding year's corresponding quarter. The increase was mainly due to higher revenue achieved but partly offset by higher outsourcing and manpower cost in the current quarter under review. As a result, the Group registered profit attributable to equity holders of the parent company of RM1.8 million as compared to RM1.4 million for the corresponding quarter last year.

Year-to-date (YTD), the Group reported revenue of RM63.5 million, representing an increase of RM2.6 million or 4.2% as compared to the corresponding financial period in the previous year. However, the Group reported profit before tax of RM4.9 million compared to RM5.7 million for preceding year's corresponding financial period due to shrinkage tax incentive from China Government during the year. On a positive note, the Group registered a slightly higher profit attributable to equity holders of the parent company of RM3.2 million as compared to RM3.1 million for the corresponding quarter last year which was attributed to deferred tax reversal.

Group cash reserves stood at RM67.8 million as at 30 September 2019 after paying final dividend of RM6.3 million and final profit guarantee of RM3.7 million in respect of acquisition of business in Indonesia. The business continues to have strong cash generation.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter Ended 30.09.2019 RM '000	Preceding Quarter Ended 30.06.2019 RM '000
Revenue	24,657	21,078
Gross Profits	22,643	19.139
Gross Margin	92.0%	91.0%
Profit Before Tax	2,942	1,091

The Group reported a revenue of RM24.7 million for current quarter as compared to RM21.1 million in the immediate preceding quarter, representing an increase of 17.0% or RM3.6 million.

Consequently, the Group recorded profit before tax of RM2.9 million for the current quarter which represents an increase of RM1.9 million as compared to profit before tax of RM1.1 million in the preceding quarter.

B3. Business Prospects

Despite global economy uncertainties, the Group will continue to grow the overseas segment in China and Indonesia while maintaining local market responsiveness. Property365, HR365 and Hotel X will continue to be the key growth areas for local segment. Meanwhile, we continue to plan aggressively for business coverage in all our segments in the country.

The Group is also expanding its technology initiatives in the areas of cloud, artificial intelligence, big data and IOT. On 22 October 2019, the Group entered into a strategic partnership Memorandum of Understanding (MoU) with Huawei to further explore these technologies.

Barring any unforeseen circumstances, the Board is optimistic that Group will continue to be resilient and remain profitable in the financial year ending 31 December 2019.

As at 30 September 2019, the Group has un-billed orders in hand amounting to RM42.6 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 30.09.2019 RM	Cumulative Quarter 9 months ended 30.09.2019 RM
Current Year	674,329	2,428,491
Deferred tax	43,407	(752,108)
	717,736	1,676,383

The effective tax rate is higher than the Malaysian statutory tax rate due to tax losses accumulation from a few subsidiaries, whilst provision of tax has been taken accordingly for the rest of the subsidiaries.

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 September 2019 comprised hire purchase payables and finance lease as follows:-

	Current Quarter Ended 30.09.2019 RM
Secured - due within 12 months	305,732
Secured - due after 12 months	337,940
	643,672

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 30 September 2019.

B13. Earnings per Share

	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM	RM	RM	RM
Total Comprehensive Income attributable to:				
Owners of the parents	1,801,763	1,344,209	3,112,313	3,058,050
Non-controlling Interests	421,969	58,507	56,630	(73,129)
	2,223,732	1,402,716	3,168,943	2,984,921
Number of shares				
Weighted average number of share in issue for basic earnings per share	608,290,900	608,290,900	608,290,900	608,290,900
Effect of treasury shares held	(1,276,347)	(116,193)	(1,276,347)	(412,660)
Weighted average number of shares in issue of diluted earnings per share	607,014,553	608,174,707	607,014,553	607,878,240
Earnings per share (sen)				
- Basic	0.30	0.22	0.51	0.50
- Diluted	0.30	0.22	0.51	0.50

B14. Notes to the Condensed Statement of Comprehensive Income

GROUP	Year-to-date ended Nine months ended 30.09.2019 RM	30.09.2018 RM
Profit before tax is arrrived at after (charging) / crediting :		
Depreciation of property, plant and equipment	(781,665)	(605,555)
Amortisation	(3,732,680)	(3,945,424)
Interest expenses	(27,405)	(21,325)
Interest income from short term deposits	1,000,140	846,509
Rental income	22,680	10,050
Reversal of impairment loss on trade receivables	528,398	148,578
Impairment loss on trade receivables	(612,573)	(828,878)
Foreign exchange gain (realised/unrealised)	96,526	25,562
Foreign exchange loss (realised/unrealised)	(55,155)	(433,692)
Loss on disposal of property, plant and equipment	(48,415)	(39,785)
Property, plant and equipment written off	(47,331)	(3,768)

There were no impairment, 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 18 November 2019.