



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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2018**  
**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 2017 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 2017.

**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 2017.

On 1 January 2018, the Company adopted the following amended MFRS.

|                        |   |  |
|------------------------|---|--|
| Amendments to MFRS 1   | : | First-time Adoption of Malaysian Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters (Annual Improvements 2014 – 2016 Cycle)                                       |
| Amendments to MFRS 2   | : | Classification and Measurement of Share-based Payment Transactions   |
| Amendments to MFRS 140 | : | Transfers of Investment Property   |
| Amendments to MFRS 128 | : | Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice (Annual Improvements 2014 - 2016 Cycle) |
| IC Interpretation 22   | : | Foreign Currency Transactions and Advance Consideration  |
| MFRS 15                | : | Revenue from Contracts with Customers  |
| MFRS 9                 | : | Financial Instruments  |

**A2. Significant Accounting Policies (Con't)**

*Effective for financial periods beginning on or after 1 January 2019*

- MFRS 16 Leases

The adoption of the above Amendments and Annual improvements to Standards, did not have any material financial impact to the Group.

**A3. Auditor's Report on Preceding Annual Financial Statements**

The auditor's report on the financial statements for the financial year ended 31 December 2017 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 2017. 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 2018.

**A8. Dividend Paid**

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

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**A9 Segmental Information**

Segmental information for the six months period ended 30 June 2018 and 30 June 2017 are as follows:-

|                              | Malaysia          |                   | Overseas          |                   | Elimination        |                    | Consolidated      |                   |
|------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|-------------------|-------------------|
|                              | 2018              | 2017              | 2018              | 2017              | 2018               | 2017               | 2018              | 2017              |
|                              | RM                | RM                | RM                | RM                | RM                 | RM                 | RM                | RM                |
| <b>REVENUE</b>               |                   |                   |                   |                   |                    |                    |                   |                   |
| External sales               | 17,710,470        | 19,267,455        | 21,052,862        | 20,618,572        |                    |                    | 38,763,332        | 39,886,027        |
| Inter-segment sales          | 8,364,684         | 6,749,382         | -                 |                   | (8,364,684)        | (6,749,382)        | -                 | -                 |
| <b>Total Revenue</b>         | <b>26,075,154</b> | <b>26,016,837</b> | <b>21,052,862</b> | <b>20,618,572</b> | <b>(8,364,684)</b> | <b>(6,749,382)</b> | <b>38,763,332</b> | <b>39,886,027</b> |
| <b>RESULT</b>                |                   |                   |                   |                   |                    |                    |                   |                   |
| Segment results              | 3,269,968         | 4,488,816         | 2,655,956         | 4,456,359         | -                  | -                  | 5,925,924         | 8,945,175         |
| Interest income              |                   |                   |                   |                   |                    |                    | 511,765           | 426,922           |
| Amortisation                 |                   |                   |                   |                   |                    |                    | (2,634,035)       | (2,489,461)       |
| Depreciation                 |                   |                   |                   |                   |                    |                    | (426,280)         | (473,070)         |
| Other non cash expenses      |                   |                   |                   |                   |                    |                    | 100,180           | (426,922)         |
| Finance costs                |                   |                   |                   |                   |                    |                    | (13,960)          | (13,628)          |
| <b>Profit before Tax</b>     |                   |                   |                   |                   |                    |                    | <b>3,463,594</b>  | <b>5,969,016</b>  |
| Income tax expense           |                   |                   |                   |                   |                    |                    | (1,881,388)       | (2,015,224)       |
| <b>Profit for the Period</b> |                   |                   |                   |                   |                    |                    | <b>1,582,206</b>  | <b>3,953,792</b>  |

**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 June 2018 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 2018.

**A14. Capital Commitments**

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



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**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING  
REQUIREMENTS FOR THE ACE MARKET**

**B1. Review of Performance**

The Group reported revenue of RM19.5 million for the current quarter, representing a decrease of 5.2% or RM1.1 million compared to previous year's corresponding quarter. The decrease in revenue is mainly attributable sales reduction from the local hardware segment and resulted in the decrease of profit before tax for Q2 2018 at RM2.1 million from RM3.2 million as compared to the profit in the preceding year's corresponding quarter. Consequently, the Group registered profit attributable to equity holders of the parent company of RM1.4 million as compared to RM2.5 million for the corresponding quarter last year.

Year-to-date (YTD), the Group reported a lower revenue of RM38.8 million, a decrease of RM1.1 million or 2.8% as compared to the corresponding financial period in the previous year. As a result of the lower revenue, the Group reported a lower profit before tax of RM3.5 million compared to RM6.0 million for preceding year's previous corresponding financial period. Hence, the Group registered profit attributable to equity holders of the parent company of RM1.7 million as compared to RM4.2 million for the corresponding quarter last year.

Group cash reserves stood at RM69.7 million as at 30 June 2018 as the business continues to have stable cash generation.

**B2. Comparison with Immediate Preceding Quarter's Results**

|                   | <b>Current Quarter<br/>Ended<br/>30.6.2018<br/>RM '000</b> | <b>Preceding Quarter<br/>Ended<br/>31.3.2018<br/>RM '000</b> |
|-------------------|--|--|
| Revenue           | 19,501   | 19,263   |
| Gross Profits     | 18,054   | 18,216   |
| Gross Margin      | 92.6%  | 94.6%  |
| Profit Before Tax | 2,046  | 1,418  |

The Group reported a revenue of RM19.5 million for current quarter as compared to RM19.3 million in the immediate preceding quarter primarily.

As the result of continuous expenditure rationalization exercise, the Group recorded profit before tax of RM2.1 million for the current quarter which represents an increase of RM0.7 million as compared to profit before tax of RM1.4 million in the preceding quarter.



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### **B3. Business Prospects**

#### **Integrated Property Sales Platform**

All property developers are looking for new ways to be more effective in today's challenging market, especially in sales. After interacting and consulting with our key customers, we have developed an Integrated Property Sales Platform that increases the collaboration of all parties in the sales process, a key factor in increasing the success rate of sales. The users of this platform includes internal sales teams, property agencies, solicitors and bankers, who will experience better communication, tracking of status and sharing of information. These factors are crucial in ensuring a productive and seamless sales journey.

The recent launch of our Integrated Property Sales Platform has seen good traction in the market with encouraging feedback, registering over 30 project launches and over 500 users. This enhances the "leads-to-cash" conversion cycle and provides greater insight via business intelligence dashboards, leading to quicker and more strategic decisions. Most importantly it assist in delivering what businesses seek, better sales, better results.

#### **Geographic Focus and Growth**

Growth continues in our China business with encouraging new sales orders whilst it continues to be very busy in the delivery process. Building capacity and capability continues to remain a priority and we are in the progress of finalizing our cloud strategy for the China market. Indonesia had a slower Q2 due to Lebaran (Hari Raya Aidilfitri), however, we expect business to pick-up in the second half of the year.

Malaysia's economic activity restarts after GE14 when many projects were delayed. We will continue to focus on growth and keep our focus on providing more solutions to assist our customers to be competitive.

IFCA continues its geographic expansion strategy, by establishing our presence in Ho Chi Minh, Vietnam to penetrate the Indo-China market. This market has good potential for us as it is a developing economic zone within the greater ASEAN region.

As at 30 June 2018, the Group has unbilled orders in hand amounting to RM39.04 million.

### **B4. Profit Forecast**

The Group has not provided any profit forecasts in any public documents for the current quarter under review.



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**B5. Taxation**

|              | <b>Current Quarter<br/>Ended<br/>30.06.2018<br/>RM</b> | <b>Cumulative Quarter<br/>6 months ended<br/>30.6.2018<br/>RM</b> |
|--------------|--|---|
| Current Year | 783,378  | 1,944,489   |
| Deferred tax | <u>(31,550)</u>  | <u>(63,100)</u>   |
|              | <u><u>751,827</u></u>                                  | <u><u>1,881,388</u></u>   |

The effective tax rate is higher than the Malaysian statutory tax rate due to non-tax deductibility of certain expenses incurred by the Group.

**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 2018 comprised hire purchase payables and finance lease as follows:-

|                                | <b>Current Quarter<br/>Ended<br/>30.06.2018<br/>RM</b> |
|--------------------------------|--|
| Secured - due within 12 months | 175,781  |
| Secured - due after 12 months  | <u>188,748</u>   |
|                                | <u><u>364,529</u></u>                                  |

**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.



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**B12. Dividend Payable**

Details of the Final Dividend under the single-tier system approved by the shareholders at the Company's Annual General Meeting is as follows:

**30.06.2018**

|  |                  |
|--|------------------|
| Final dividend for financial year ended                      | 31 December 2017 |
| Amount per share   | 0.5 sen          |
| Total dividend payable                                       | RM 3,037,498     |
| Approved and declared on                                     | 25 May 2018      |
| Entitlement to dividends based on record of Depositors as at | 13 June 2018     |
| Date Payable (paid as of reporting date)                     | 5 July 2018      |

**B13. Earnings per Share**

|  | 3 months ended     |                    | 6 months ended     |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 30.06.2018         | 30.06.2017         | 30.06.2018         | 30.06.2017         |
|  | RM                 | RM                 | RM                 | RM                 |
| <b>Total Comprehensive (Expense)/ Income attributable to:</b>            |                    |                    |                    |                    |
| Owners of the parents  | 1,401,146          | 2,509,654          | 1,713,841          | 4,182,322          |
| Non-controlling Interests  | (107,330)          | (106,678)          | (131,636)          | (228,530)          |
|  | <u>1,293,816</u>   | <u>2,402,976</u>   | <u>1,582,205</u>   | <u>3,953,792</u>   |
| <b>Number of shares</b>  |                    |                    |                    |                    |
| 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   | (116,193)          | (3,222)            | (412,660)          | (9,249)            |
| Weighted average number of shares in issue of diluted earnings per share | <u>608,174,707</u> | <u>608,287,678</u> | <u>607,878,240</u> | <u>608,281,651</u> |
| Earnings per share (sen)   |                    |                    |                    |                    |
| - Basic  | 0.23               | 0.41               | 0.28               | 0.69               |
| - Diluted  | 0.23               | 0.41               | 0.28               | 0.69               |



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**B14. Notes to the Condensed Statement of Comprehensive Income**

| <b>GROUP</b>  | <b>Year-to-date ended</b> |                   |
|---|---------------------------|-------------------|
|   | <b>Six months ended</b>   |                   |
| <b>Profit before tax is arrived at after (charging) / crediting :</b> | <b>30.06.2018</b>         | <b>30.06.2017</b> |
|   | <b>RM</b>                 | <b>RM</b>         |
| Depreciation of property, plant and equipment                         | (426,280)                 | (473,070)         |
| Amortisation  | (2,634,035)               | (2,489,461)       |
| Interest expenses   | (13,960)                  | (13,628)          |
| Interest income from short term deposits                              | 511,765                   | 426,922           |
| Rental income   | 7,218                     | 7,218             |
| Reversal of impairment loss on trade receivables                      | 110,694                   | 254,696           |
| Impairment loss on trade receivables                                  | (6,746)                   | (144,918)         |
| Foreign exchange gain (realised/unrealised)                           | 58,813                    | 204,856           |
| Foreign exchange loss (realised/unrealised)                           | (29,691)                  | (118,805)         |
| Loss on disposal of property, plant and equipment                     | -                         | (46,654)          |
| Property, plant and equipment written off                             | (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.

**B.15 Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors during its meeting held on 16 August 2018.