



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2017
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 2016 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 2016.

A2. Significant Accounting Policies

Adoption of Amendments and Annual Improvements to Standards

The accounting policies and presentation adopted by the Group in this interim financial report is consistent with those of the annual financial statements for the financial year ended 31 December 2016.

On 1 January 2017, the Company adopted the following amended MFRS.

Amendments to MFRS 12	:	Disclosure of Interests in Other Entities
Amendments to MFRS 107	:	Statements of Cash Flows
Amendments to MFRS 112	:	Income Taxes

Standards issued but not yet effective

At the date of authorisation of the Condensed Report, the following Standards, Amendments and Annual Improvements to Standards were issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective and have not been adopted by the Group

- Effective for financial periods beginning on or after 1 January 2018
- Amendments to MFRS 2 Share-based Payment - Classification and Measurement of Share based Payment Transactions
- MFRS 9 Financial Instruments (IFRS 9 as issued by the International Accounting Standards Board in July 2014)

A2. Significant Accounting Policies (Con't)

Standards issued but not yet effective (Con't)

- MFRS 15 Revenue from Contracts with Customers
- MFRS 15 Revenue from Contracts with Customers - Clarifications to MFRS 15 Revenue from Contracts with Customers
- Amendments to MFRS 140 Investment Property - Transfers of Investment Property
- Annual Improvements to MFRSs 2014-2016 Cycle - Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards and Amendments to MFRS 128 Investments in Associates and Joint Ventures Effective for financial periods beginning on or after 1 January 2019
- MFRS 16 Leases MFRSs, Interpretations and amendments effective for a date yet to be confirmed
- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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.

Companies Act 2016

The Companies Act 2016 ("CA 2016") was enacted to replace the Companies Act 1965 with the objective of modernising the legal framework in line with advanced jurisdictions, reduce costs for doing and maintaining business and enhance internal controls, governance and corporate responsibility. The CA 2016 became effective on 31 January 2017. Amongst the key changes introduced in the CA 2016 which will affect the financial statements of the Group and of the Company upon the commencement of the CA 2016 on 31 January 2017 are-

- i. removal of the authorised share capital;
- ii. shares of the Company will cease to have par or nominal value, meaning there is no more concept of prohibiting the issuance of shares at a discount; and
- iii. the Company's share premium account will become part of the Company's share capital.

The adoption of the above did not have any significant effect on the interim financial report upon their initial application.



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

A3. Auditor's Report on Preceding Annual Financial Statements

The auditor's report on the financial statements for the financial year ended 31 December 2016 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 2016. 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 December 2017.

A8. Dividend Paid

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



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

A9 Segmental Information

Segmental information for the twelve months period ended 31 December 2017 and 31 December 2016 are as follows:-

	Malaysia		Overseas		Elimination		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE								
External sales	45,601,836	38,972,309	43,810,571	36,400,566			89,412,408	75,372,875
Inter-segment sales	12,354,396	12,410,842	-	2,019,565	(12,354,396)	(14,430,407)	-	-
Total Revenue	57,956,232	51,383,151	43,810,571	38,420,131	(12,354,396)	(14,430,407)	89,412,408	75,372,875
RESULT								
Segment results	12,293,855	3,706,788	7,723,307	7,135,173	-	(2,019,565)	21,309,472	9,907,561
Amortisation							(5,155,243)	(6,819,378)
Depreciation							(1,029,685)	(1,131,420)
Other non cash expenses							(605,239)	(962,923)
Finance costs							(30,510)	(34,351)
Profit before Tax							14,488,795	959,489
Income tax expense							(4,517,238)	(1,119,841)
Profit / (Loss) for the Period							9,971,557	(160,352)

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 January 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 31 December 2017.

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 reported revenue of RM26.5 million for the current quarter, representing an increase of 22.5% or RM4.9 million compared to previous year's corresponding quarter. The increase in revenue is mainly attributable to the overall improvement in sales contribution from our Malaysia and China segment and this has resulted in a higher profit before tax for Q4 2017 which was reported at RM5.8 million. This represents an increase of RM1.3 million as compared to the profit of RM4.5 million in the preceding year's corresponding quarter. Consequently, the Group registered profit attributable to equity holders of the parent company of RM4.2 million as compared to profit of RM4.9 million for the corresponding quarter last year, which is primarily due to higher taxation.

Year-to-date (YTD), the Group recorded a higher revenue of RM89.4 million, an increase of RM14.0 million or 18.6% as compared to the corresponding financial period in the previous year. As a result of the higher revenue, the Group reported significant increase in profit before tax of RM14.5 million compared to profit of RM0.9 million for preceding year's previous corresponding financial period. Hence, the Group registered profit attributable to equity holders of the parent company of RM10.2 million as compared to profit of RM0.5 million for the corresponding quarter last year.

Group cash reserves stood at RM73.23 million as at 31 December 2017 as the business continues to have stable cash generation.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter Ended 31.12.2017 RM '000	Preceding Quarter Ended 30.09.2017 RM '000
Revenue	26,523	23,003
Gross Profits	23,113	19,056
Gross Margin	87.1%	82.8%
Profit Before Tax	5,812	2,708

The Group reported a revenue of RM26.5 million for current quarter as compared to RM23.0 million in the immediate preceding quarter, and a profit before tax of RM5.8 million for the current quarter which represents an increase of RM3.1 million as compared to profit before tax of RM2.7 million in the preceding quarter.



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

B3. Business Prospects

IFCA Accelerator Program (IAP)

The IAP program was formally launched in partnership with Google in mid-Q4 of 2017 and to-date we have received many applications from start-ups to participate in this program. Currently we are in the process of evaluating these applications and we will have a shortlist of potential partners and investee start-ups in the coming quarters.

We trust the synergy of these start-ups combine with the market leadership of IFCA will accelerate the speed of innovation and bring even better solutions to the property market. These start-ups will be an interesting avenue of growth for IFCA.

P365 Cloud – Service Platform Growth

Following on the previous update, the all new P365 Cloud service platform is in the final stages of completion and will be ready for deployment of new platform solutions. In anticipation of this next exciting phase, we are in the process of a major hiring exercise to assemble a new, strong engineering team to execute on the rapid development on our platform roadmap. It is planned that we will launch of new platform solutions to the market by the mid of 2018.

These new solutions will carry the core enablement of community building and engagement, digital transformation, mobility, data and e-commerce to enhance our customers' competitiveness and growth in their business.

Geographic Focus and Growth

Our businesses in China achieved a record year of growth in 2017 amidst a very competitive environment, nevertheless, the market potential of China continues to be tremendous. With our solid 15 years of experience and track record in that market, we have built the right experience, partnered with the right customers and brought together the right team of colleagues. We look towards strategically accelerating our focus in this market by investing and enhancing our organization and products for the next stage of growth, especially solutions on the cloud. 2018 will be an exciting year of preparation and strengthening our China business pillars for the coming phase of growth.

Indonesia has the largest population in ASEAN and continues to be a fast-growing economy. IFCA has built a market leading presence in this country and is the leading choice for most property developers. To further build on this market advantage, we will be leveraging our current market position to accelerate into the cloud in Indonesia and establish an even bigger footprint in this populous nation for sustained growth potential.

Malaysia remains in the forefront of digital transformation in the region and being the market leader in property solutions in our home market, we are committed to transform the landscape by leveraging our 30 years of experience. We are moving forward very fast, as can be seen from our IAP and P365 Cloud initiatives to power up the property market solution in Malaysia. Expect IFCA to hasten its activities in this market in 2018.

As at 31 December 2017, the Group has unbilled orders in hand amounting to RM35.62 million, an increase of RM 2.04 million from the previous quarter, again increasing the order book.



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

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 31.12.2017 RM	Cumulative Quarter 12 months ended 31.12.2017 RM
Current Year	1,975,989	4,962,573
Deferred tax	(317,704)	(445,335)
	<u>1,658,285</u>	<u>4,517,238</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.



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

B9. Group Borrowings and Debt Securities

The total borrowings of the Group as at 31 December 2017 comprised hire purchase payables and finance lease as follows:-

	Current Quarter Ended 31.12.2017 RM
Secured - due within 12 months	248,420
Secured - due after 12 months	434,796
	<u>683,216</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.

B12. Dividend Payable

The Board of Directors recommended a final and final single tier dividend of 0.5 sen (5%) per ordinary share for the financial year ended 31 December 2017. The final dividend is subject to shareholders' approval at the forthcoming 20th Annual General Meeting.



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

B13. Earnings per Share

	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM	RM	RM	RM
Total Comprehensive (Expense)/ Income attributable to:				
Owners of the parents	4,226,999	4,942,841	10,157,229	518,439
Non-controlling Interests	(73,169)	192,339	(185,671)	(678,791)
	<u>4,153,830</u>	<u>5,135,180</u>	<u>9,971,558</u>	<u>(160,352)</u>
Number of shares				
Weighted average number of share in issue for basic earnings per share	608,290,900	589,784,086	608,290,900	589,784,086
Effect of dilutive potential ordinary shares from the exercise of warrants	-	-	-	-
Weighted average number of shares in issue of diluted earnings per share	<u>608,290,900</u>	<u>589,784,086</u>	<u>608,290,900</u>	<u>589,784,086</u>
Earnings per share (sen)				
- Basic	0.69	0.84	1.67	0.09
- Diluted	0.69	0.84	1.67	0.09



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

B14. Notes to the Condensed Statement of Comprehensive Income

GROUP	Year-to-date ended	
	Twelve months ended	
(Loss)/Profit before tax is arrived at after (charging) / crediting :	31.12.2017	31.12.2016
	RM	RM
Depreciation of property, plant and equipment	(1,029,685)	(1,131,420)
Amortisation	(5,155,243)	(6,819,379)
Interest expenses	(30,510)	(34,351)
Interest income from short term deposits	1,292,310	1,085,165
Rental income	14,436	36,432
Reversal of impairment loss on trade receivables	460,708	489,126
Impairment loss on trade receivables	(625,239)	(1,929,979)
Foreign exchange gain (realised/unrealised)	443,944	981,385
Loss on disposal of property, plant and equipment	(89,742)	(34,349)
Property, plant and equipment written off	(12,596)	(13,841)

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.



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

B15. Realised and Unrealised Profits/ Losses

The breakdown of the retained profits of the Group as at 31 December 2017 into realised and unrealised profits/(losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and is compiled in accordance with Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants on 20 December 2010.

	As at 31.12.2017 RM	As at 31.12.2016 RM
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	(16,977,006)	(21,510,963)
- Unrealised	254,865	1,460,992
	<u>(16,722,142)</u>	<u>(20,049,971)</u>
Less: Consolidation adjustments	47,232,045	43,443,796
Total group retained profits/(accumulated losses) as per consolidated accounts	<u>30,509,903</u>	<u>23,393,825</u>

B.16 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors during its meeting held on 27 February 2018.