



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

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



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**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 30 June 2017.

**A8. Dividend Paid**

There were no dividends paid during the period ended 30 June 2017.



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**A9 Segmental Information**

Segmental information for the six months period ended 30 June 2017 and 30 June 2016 are as follows:-

	Malaysia		Overseas		Elimination		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
	RM	RM	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>								
External sales	19,267,455	20,049,163	20,618,572	15,621,711			39,886,027	35,670,874
Inter-segment sales	6,749,382	6,400,506		2,031,863	(6,749,382)	(8,432,369)	-	-
Total Revenue	26,016,837	26,449,669	20,618,572	17,653,574	(6,749,382)	(8,432,369)	39,886,027	35,670,874
<b>RESULT</b>								
Segment results	4,488,817	(79,779)	4,456,359	1,678,229	-	(2,031,863)	8,945,175	(433,413)
Amortisation							(2,489,461)	(3,125,050)
Depreciation							(473,070)	(581,711)
Finance costs							(13,628)	(19,782)
Profit / (Loss) before Tax							5,969,016	(4,159,956)
Income tax expense							(2,015,224)	(1,342,280)
(Loss) / Profit for the Period							3,953,792	(5,502,236)

**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 2017 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 2017.

**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 RM20.6 million for the current quarter, representing an increase of 14.5% or RM2.6 million compared to previous year's corresponding quarter. The increase in revenue is mainly attributable to the higher sales contribution from our overseas segment and this has resulted in a higher profit before tax for Q2 2017 which was reported at RM3.1 million. This represents an increase of RM3.3 million as compared to the loss in the preceding year's corresponding quarter. Consequently, the Group registered profit attributable to equity holders of the parent company of RM2.5 million as compared to a loss of RM0.5 million for the corresponding quarter last year.

Year-to-date (YTD), the Group reported a higher revenue of RM39.9 million, an increase of RM4.2 million or 11.8% as compared to the corresponding financial period in the previous year. As a result of the higher revenue, the Group reported a higher profit before tax of RM6.0 million compared to a loss of RM4.2 million for preceding year's previous corresponding financial period, an impressive turnaround of RM 10.1 million. Hence, the Group registered profit attributable to equity holders of the parent company of RM4.2 million as compared to a loss of RM5.0 million for the corresponding quarter last year.

Group cash reserves stood at RM69.6 million as at 30 June 2017 as the business continues to have stable cash generation.

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

	<b>Current Quarter Ended 30.06.2017 RM '000</b>	<b>Preceding Quarter Ended 31.03.2017 RM '000</b>
Revenue	20,578	19,308
Gross Profits	18,822	17,802
Gross Margin	91.5%	92.2%
Profit Before Tax	3,146	2,823

The Group reported a revenue of RM20.6 million for current quarter as compared to RM19.3 million in the immediate preceding quarter, and a profit before tax of RM3.1 million for the current quarter as compared to RM2.8 million in the preceding quarter both showing improvement.



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**B3. Business Prospects**

Despite the challenging market conditions, our core business continues to be strong as our business fundamentals are sound. The maintenance base continues to be stable and targeted to achieve good growth underlined by strong contract renewal rates well above 90%.

As an active market player we continue to innovate to support our customers and position ourselves strongly in our core target market. This is accentuated by the opening of our National Call Center in mid-August to further elevate our customer service level whilst a core product team focuses on the Software Development Life Cycle (SDLC) of our products to further advance the quality that we deliver.

Our IFCA Academy will focus on delivering online courses as well as certifications specific to our solutions in the property industry. With this initiative, we trust we can add value to our users as we start to structure and certify industry knowledge and experience, as well as build a pool of strong and professionals to support the property industry players. All these investments will strengthen the market position of the Group as well as offer convenience, quality and choice to our customers and users.

We believe the future is determined by deeper and closer engagement with our customers and the market therefore the Group has streamlined and simplified our product offerings to enable our discussions to be centered around proposing the best suit of solutions instead of one particular product or need. All industries are becoming more competitive, and the property sector is not spared, therefore by increasing our focus on assisting our customer becoming more competitive will we then be able to surge forward and bring even better solutions.

As the trend of businesses moving online to the cloud starts to pick up momentum, the Group has started to invest in the next generation of solutions for the property industry with a strong focus on prop-tech. This initiative is expected leverage the depth of experience of the Group in the property sector over the last 30 years, and combine it in a partnership with a leading cloud technology provider. This will be an exciting platform for our customers to move their business online and connect, engage and transact with their eco-system. Ultimately the goal of such a solution delivers and support business growth with higher efficiency and productivity for all.

Our businesses in China and Indonesia is expected to continue to grow and contribute significantly to the Group and we are now actively looking into the synergies in our Group of businesses to be able to leverage all our assets together and create a larger marketplace for IFCA.

As at 30 June 2017, the Group has unbilled orders in hand amounting to RM28.22 million, an increase of RM 4.44 million from the previous quarter, showing an upward trend in order book.

In view of the strong 1HFY2017 performance, the Group expects the financial performance of the financial year ending 31 December 2017 (“FY2017”) to improve from FY2016.

**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 Ended 30.06.2017 RM</b>	<b>Cumulative Quarter 6 months ended 30.06.2017 RM</b>
Current Year	785,217	2,100,311
Deferred tax	(42,543)	(85,087)
	<u>742,674</u>	<u>2,015,224</u>

The effective tax rate is lower than the Malaysian statutory tax rate due to the effect of income not subject to tax.

**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 2017 comprised hire purchase payables and finance lease as follows:-

	<b>Current Quarter Ended 30.06.2017 RM</b>
Secured - due within 12 months	249,156
Secured - due after 12 months	<u>554,476</u>
	<u>803,632</u>



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**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 approved by the shareholders at the Company's Annual General Meeting is as follows:

**30.06.2017**

Final dividend for financial year ended	31 December 2016
Amount per share	0.5 sen
Total dividend payable	RM 3,041,154
Approved and declared on	26 May 2017
Entitlement to dividends based on record of Depositors as at	14 June 2017
Date Payable (paid as of reporting date)	7 July 2017

**B13. Earnings per Share**

	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM	RM	RM	RM
<b>Total Comprehensive (Expense)/ Income attributable to:</b>				
Owners of the parents	2,509,654	(535,894)	4,182,322	(4,997,345)
Non-controlling Interests	(106,678)	(120,219)	(228,530)	(504,891)
	2,402,976	(656,113)	3,953,792	(5,502,236)
<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 dilutive potential ordinary shares from the exercise of warrants		1,113,100		1,113,100
Weighted average number of shares in issue of diluted earnings per share	608,290,900	609,404,000	608,290,900	609,404,000
Earnings per share (sen)				
- Basic	0.41	(0.09)	0.69	(0.82)
- Diluted	0.41	(0.09)	0.69	(0.82)





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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>30.06.2017</b>	<b>30.06.2016</b>
<b>(Loss)/Profit before tax is arrived at after (charging) / crediting :</b>	<b>RM</b>	<b>RM</b>
Depreciation of property, plant and equipment	(473,070)	(581,711)
Amortisation	(2,489,461)	(3,125,050)
Interest expenses	(13,628)	(19,782)
Interest income from short term deposits	426,922	300,711
Rental income	7,218	27,558
Reversal of impairment loss on trade receivables	254,696	253,994
Impairment loss on trade receivables	(144,918)	(890,550)
Foreign exchange gain (realised/unrealised)	204,856	22,293
Foreign exchange loss (realised/unrealised)	(118,805)	(142,615)
Loss on disposal of property, plant and equipment	(46,654)	(8,161)

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.



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**B15. Realised and Unrealised Profits/ Losses**

The breakdown of the retained profits of the Group as at 30 June 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.

	<b>As at 30.06.2017 RM</b>	<b>As at 30.06.2016 RM</b>
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	(17,565,335)	(19,475,941)
- Unrealised	1,087,744	10,306
	<u>(16,477,592)</u>	<u>(19,465,634)</u>
Less: Consolidation adjustments	44,053,742	43,426,388
Total group retained profits/(accumulated losses) as per consolidated accounts	<u>27,576,150</u>	<u>23,960,754</u>

**B.16 Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors during its meeting held on 16 August 2017.