

IFCA MSC BERHAD

(Company No: 199701037892/453392-T)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 4TH QUARTER ENDED 31 DECEMBER 2020

Condensed Statement of Comprehensive Income
For the Twelve Months Period Ended 31 December 2020

	Note	Current Quarter		Year-to-date Ended	
		3 months ended		12 months ended	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
		RM	RM	RM	RM
<u>Continuing Operations</u>					
Revenue		23,195,229	22,052,663	81,060,814	85,588,703
Other income		1,721,638	452,259	6,333,254	3,899,498
Employee benefits expenses		(14,062,106)	(12,416,815)	(50,676,259)	(51,464,113)
Changes in inventories		(23,051)	(2,305,739)	(96,856)	(2,561,315)
Depreciation of Property, Plant & Equipment and Right-of-use assets		(169,822)	(288,140)	(1,108,907)	(1,069,804)
Amortisation of development costs		(663,095)	(984,061)	(3,145,943)	(4,716,741)
Other expenses		(4,416,811)	(3,187,528)	(17,701,766)	(21,480,859)
Profit from before impairment losses		5,581,982	3,322,639	14,664,337	8,195,369
Impairment losses on:					
Deferred Development Cost		-	-	(2,140,834)	-
Contract Assets		(2,100,885)	-	(2,100,885)	-
Profit from operations		3,481,097	3,322,639	10,422,618	8,195,369
Finance costs		(166,809)	(8,841)	(187,626)	(36,246)
Profit before tax from continuing operations		3,314,288	3,313,798	10,234,992	8,159,123
Income tax expense	B5	5,901	(347,272)	(1,882,466)	(2,023,655)
Profit for the year, net of tax		3,320,189	2,966,526	8,352,526	6,135,468
Profit Attributable to:					
Owners of the Company		3,309,840	2,844,202	8,315,650	5,956,514
Non-controlling interest		10,349	122,324	36,876	178,954
		3,320,189	2,966,526	8,352,526	6,135,468
Other comprehensive income:					
Profit for the year, net of tax		3,320,189	2,966,526	8,352,526	6,135,468
Foreign currency translation		638,396	(432,716)	(165,532)	439,833
Total comprehensive income for the year		3,958,585	2,533,810	8,186,994	6,575,301
Attributable to:					
Owners of the Company		3,948,236	2,411,486	8,150,118	6,396,347
Non-controlling interest		10,349	122,324	36,876	178,954
		3,958,585	2,533,810	8,186,994	6,575,301
Total comprehensive income attributable to holders of the Company in sen:					
- Basic	B13	0.54	0.47	1.37	0.98
- Diluted	B13	0.54	0.47	1.37	0.98

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Financial Position
As at 31 December 2020

		As at 31.12.2020 (Unaudited) RM	As at 31.12.2019 (Audited) RM
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant and equipment		6,276,800	9,495,272
Investment properties		4,963,343	250,000
Deferred development costs		10,798,303	9,692,158
Goodwill		25,111,525	25,111,525
Right-of-use asset		3,005,904	1,040,999
Other investments		179,500	194,500
		<u>50,335,375</u>	<u>45,784,454</u>
CURRENT ASSETS			
Trade receivables		10,599,322	10,888,906
Other receivables		1,035,852	1,232,173
Contract assets		3,952,381	6,123,876
Other current assets		277,532	402,982
Tax recoverable		1,399,063	1,239,103
Deposits, cash and bank balances		79,588,474	74,958,975
		<u>96,852,624</u>	<u>94,846,015</u>
TOTAL ASSETS		<u>147,187,999</u>	<u>140,630,469</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		83,947,005	83,947,005
Treasury shares		(430,221)	(430,221)
Retained profits		39,707,349	37,460,696
Other reserves		(1,390,866)	(1,225,334)
		<u>121,833,267</u>	<u>119,752,146</u>
Non-Controlling Interest		<u>(362,919)</u>	<u>(399,773)</u>
Total equity		<u>121,470,348</u>	<u>119,352,373</u>
Non-current liabilities			
Contract liabilities		-	74,929
Lease Liabilities	B9	1,548,852	297,032
Deferred tax liabilities		153,293	237,520
		<u>1,702,145</u>	<u>609,481</u>
Current Liabilities			
Trade payables		34,617	129,770
Other payables		9,510,483	9,642,891
Contract liabilities		13,098,730	10,624,439
Lease Liabilities	B9	1,371,676	253,008
Current Tax Payable		-	18,507
		<u>24,015,506</u>	<u>20,668,615</u>
Total liabilities		<u>25,717,651</u>	<u>21,278,096</u>
TOTAL EQUITY AND LIABILITIES		<u>147,187,999</u>	<u>140,630,469</u>
Net asset per share		0.20	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 2019 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity
For the Twelve Months Period Ended 31 December 2020

	Attributable to Owners of the Company						
	Non-Distributable			Distributable			
	Share Capital RM	Treasury shares	Other Reserve RM	Retained earnings RM	Total RM	Non- controlling Interest RM	
At 1 January 2020	83,947,005	(430,221)	(1,225,334)	37,460,696	119,752,146	(399,773)	119,352,373
Total comprehensive expense	-	-	-	8,315,650	8,315,650	36,876	8,352,526
Foreign Currency Translation	-	-	(165,532)	-	(165,532)	-	(165,532)
Dividends paid	-	-	-	(6,068,997)	(6,068,997)	(22)	(6,069,019)
At 31 December 2020	83,947,005	(430,221)	(1,390,866)	39,707,349	121,833,267	(362,919)	121,470,348
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 9	-	-	-	(12,300)	(12,300)	-	(12,300)
At 1 January 2019, as restated	83,947,005	(384,624)	(1,665,167)	37,573,179	119,470,393	(492,298)	118,978,095
Total comprehensive income	-	-	-	5,956,514	5,956,514	178,954	6,135,468
Foreign currency translation	-	-	439,833	-	439,833	-	439,833
Dividends paid	-	-	-	(6,068,997)	(6,068,997)	(86,429)	(6,155,426)
Open market purchase shares	-	(45,597)	-	-	(45,597)	-	(45,597)
At 31 December 2019	83,947,005	(430,221)	(1,225,334)	37,460,696	119,752,146	(399,773)	119,352,373

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Cash Flows
For the Twelve Months Period Ended 31 December 2020

	12 months ended	
	31.12.2020	31.12.2019
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	10,234,992	8,159,123
Adjustments for :		
Non cash items	5,591,194	5,247,266
Non-operating items	(2,582,417)	(1,790,296)
Operating profit before working capital changes	13,243,769	11,616,093
Working capital changes:		
Net changes in assets	3,073,016	6,488,481
Net changes in liabilities	3,216,501	152,579
Total working capital changes	6,289,517	6,641,060
Net cash generated from operations	19,533,286	18,257,153
Income taxes received/(paid)	(936,087)	(1,650,553)
Net cash generated from operating activities	18,597,199	16,606,600
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,682,669	1,726,215
Purchase of property, plant and equipment	(2,754,621)	(2,798,123)
Proceeds from disposal of property, plant and equipment	425,500	139,626
Development costs	(5,020,467)	(5,510,175)
Profit guarantee in respect of acquisition of business	-	(3,701,952)
Net cash used in investing activities	(5,666,919)	(10,144,409)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(187,626)	(36,246)
Dividends paid	(6,068,997)	(6,068,997)
Payments to hire purchase and finance lease	(1,605,226)	(409,043)
Open market share buy-back	-	(45,597)
Net cash used in financing activities	(7,861,849)	(6,559,883)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,068,431	(97,692)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(438,932)	(328,118)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	74,958,975	75,384,785
CASH AND CASH EQUIVALENTS AT END OF PERIOD	79,588,474	74,958,975

The condensed consolidated statement of cash flows should be read in conjunction with the audited annual financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020
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 2019 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 2019.

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 2019.

On 1 January 2020, the Company adopted the following amended MFRS.

Amendments	Title
Amendments to MFRS 3	Business Combinations – Definition of a Business
Amendments to MFRS 101	Presentation of Financial Statements – Definition of Material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors Presentation of Financial Statements – Definition of Material
Amendments to MFRS 9	Financial Instruments – Interest Rate Benchmark Reform
Amendments to MFRS 7	Financial Instruments: Disclosures – Interest Rate Benchmark Reform
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement – Interest Rate Benchmark Reform

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:

- MFRS 17, Insurance Contracts (*effective 1 January 2021*)
- Amendments to MFRS 101, Classification of Liabilities as Current or Non-current (*effective 1 January 2022*)
- Amendments to MFRS 10 and MFRS 128, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (*Deferred*)

The above pronouncements are either not relevant or do not have any impact on the financial statements of 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 2019 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 2019. 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 2020.

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 twelve months period ended 31 December 2020 and 31 December 2019 are as follows:-

	Malaysia		Overseas		Elimination		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019
	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE								
External sales	32,341,252	38,023,229	48,719,562	47,565,474			81,060,814	85,588,703
Inter-segment sales	12,671,014	15,657,339	-	-	(12,671,014)	(15,657,339)	-	-
Total Revenue	45,012,266	53,680,568	48,719,562	47,565,474	(12,671,014)	(15,657,339)	81,060,814	85,588,703
							-	
RESULT								
Segment results	4,811,553	14,994,725	12,425,714	4,355,593	-	(7,734,226)	17,237,267	11,616,092
Interest income							1,682,670	1,726,215
Amortisation							(3,145,943)	(5,363,917)
Depreciation of Property, Plant & Equipment and Right-of-use assets							(1,108,907)	(1,069,804)
Impairment losses							(4,241,719)	-
Other non cash expenses							(750)	1,286,783
Finance costs							(187,626)	(36,246)
Profit before Tax							10,234,992	8,159,123
Income tax expense							(1,882,466)	(2,023,655)
Profit after Tax							8,352,526	6,135,468

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 2021 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 2020.

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 higher revenue of RM23.2 million for the current quarter ("Q4FY2020"), an increase of RM1.1 million as compared to revenue of RM22.1 million in previous year's corresponding quarter ("Q4FY2019"). The increase was primarily attributable to China segment's continuous growth in Q4Y2020. Thus, the Group registered an increase in profit attributable to equity holders of the parent company of RM3.3 million as compared to RM2.8 million for the Q4FY2019, representing an improvement of 17.9%.

Current cumulative period against previous year cumulative period

The Group's revenue for twelve months period ended 31 December 2020 decreased by 5.3% to RM81.1 million as compared to RM85.6 million recorded in the corresponding financial period last year. The lower revenue was mainly due to slow track of project deliverables in both Malaysia and Indonesia after movement restrictions implemented by the local government during FY2020. Despite of the lower revenue, the Group's profit before tax has improved by 24.4% to RM10.2 million after the impairment losses of RM4.2 million. Preceding year corresponding financial period's profit before tax was RM8.2 million. The Group registered profit attributable to equity holders of the parent company of RM8.3 million for FY2020 as compared to RM6.0 million for FY2019, representing an improvement of 38.3%.

Group cash reserves stood at RM79.6 million as at 31 December 2020, an increase of 6.1% as compared to preceding year after paying final dividend of RM6.1 million.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter Ended 31.12.2020 RM '000	Preceding Quarter Ended 30.09.2020 RM '000
Revenue	23,195	22,054
Gross Profits	22,486	21,072
Gross Margin	97.0%	96.0%
Profit Before Tax	3,314	5,170

The Group reported revenue of RM23.2 million for current quarter ("Q4FY2020") as compared to RM22.1 million in the immediate preceding quarter ("Q3FY2020"), representing an increase of 5.6% or RM1.1 million. The increase was primarily attributable to overall improvement in China.

Thus, the Group recorded profit before tax of RM3.3 million for Q4FY2020 which represents a decrease of RM1.9 million as compared to profit before tax of RM5.2 million in Q3FY2020.

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B3. Business Prospects

The Group continues to see new opportunities going into FY2021 with a strong carry through from FY2020 being mindful of the challenging economic outlook as a result of the recent pandemic. This is substantiated by our unbilled projects in hand with a value of RM25.4 million as at the financial year ended 31 December 2020.

Additionally, the Group recognizes the uptake in touchless technology as the focus on health, safety and hygiene rises. In conjunction with government mandated protocols, businesses need to rethink the way they operate to ensure compliance. This puts IFCA in prime position to capitalize on innovation and digital transformation as businesses take steps in the right direction to bolster their technology systems and digital infrastructure. The Group firmly believes it is opportune to launch our X-series touchless, cloud based, mobile solutions to capture this customer readiness to adopt new technology.

The Group expects its financial resilience to continue to remain positive, with strategic focus on improved execution and to thrive and accelerate in 2021. At the same time, the Group is also cognizant of the fact that there are uncertainties in the various markets and therefore, will exercise prudence in cost expansion.

With continued conviction and strategy execution, the Board is cautiously optimistic that its performance for FY2021 will be satisfactory.

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 31.12.2020 RM	Cumulative Quarter 12 months ended 31.12.2020 RM
Current Year	(49,864)	1,913,388
Deferred tax	43,963	(30,922)
	<u>(5,901)</u>	<u>1,882,466</u>

The effective tax rate is lower than the Malaysian statutory tax rate due to certain entity utilisation of unabsorbed losses and overseas tax incentive 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.



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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 31 December 2020 comprised hire purchase payables as follows:-

	Current Quarter Ended 31.12.2020 RM
Secured - due within 12 months	61,369
Secured - due after 12 months	97,136
	<u>158,505</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

No interim ordinary dividend has been declared for the financial period ended 31 December 2020.



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B13. Earnings per Share

	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2020
	RM	RM	RM	RM
Total Comprehensive Income				
attributable to:				
Owners of the parents	3,309,840	2,844,202	8,315,650	5,956,514
Non-controlling Interests	10,349	122,324	36,876	178,954
	<u>3,320,189</u>	<u>2,966,526</u>	<u>8,352,526</u>	<u>6,135,468</u>
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	-	(66,484)	-	(66,484)
Weighted average number of shares				
in issue of diluted earnings per share	<u>608,290,900</u>	<u>608,224,416</u>	<u>608,290,900</u>	<u>608,224,416</u>
Earnings per share (sen)				
- Basic	0.54	0.47	1.37	0.98
- Diluted	0.54	0.47	1.37	0.98

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B14. Notes to the Condensed Statement of Comprehensive Income

GROUP	Year-to-date ended	
	Twelve months ended 31.12.2020	31.12.2019
	RM	RM
Profit before tax is arrived at after (charging) / crediting :		
Depreciation of property, plant and equipment	(1,009,639)	(671,161)
Depreciation of right-of-use assets	(99,268)	(398,643)
Amortisation	(3,145,943)	(4,965,274)
Interest expenses	(187,626)	(36,246)
Interest income from short term deposits	1,682,669	1,726,215
Rental income	32,220	33,540
Reversal of impairment loss on trade receivables	899,748	3,362,439
Bad debt written off	(37,146)	(1,648,555)
Impairment loss on trade receivables	(190,100)	(986,911)
Foreign exchange gain (realised/unrealised)	6,409	142,559
Foreign exchange loss (realised/unrealised)	(432,331)	(234,947)
Loss on disposal of property, plant and equipment	(14,471)	(48,412)
Property, plant and equipment written off	(1,628)	(136,927)
Impairment loss on deferred development cost	(2,140,834)	-
Impairment loss on contract assets	(2,100,885)	-

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 24 March 2021.