IFCA MSC BERHAD

(Company No: 199701037892/453392-T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 2ND QUARTER ENDED 30 JUNE 2021

IFCA MSC BERHAD (Company No: 199701037892/453392-T)

(Incorporated in Malaysia)

Condensed Statement of Comprehensive Income

For the Six Months Period Ended 30 June 2021

		Current Quarter		Year-to-date Ended	
		3 months ended		6 months ended	
		30.06.2021	30.06.2020	30.06.2021	30.06.2020
	Note	RM	RM	RM	RM
Continuing Operations					
Revenue		**19,664,091**	20,500,943	**35,707,424**	35,811,642
Other income		**942,461**	1,544,726	**1,511,313**	3,251,104
Employee benefits expenses		**(13,023,047)**	(12,784,235)	**(24,982,931)**	(24,412,852)
Changes in inventories		**(51,950)**	(9,422)	**(87,505)**	(44,998)
Depreciation of Property, Plant & Equipment and Right-of-use assets		**(557,685)**	(321,971)	**(1,093,789)**	(618,867)
Amortisation of development costs		**(94,279)**	(653,924)	**(169,342)**	(1,832,339)
Other expenses		**(4,030,154)**	(3,939,077)	**(7,210,598)**	(8,247,046)
Profit from before impairment losses		**2,849,437**	4,337,040	**3,674,572**	3,906,644
Impairment losses on:					
Deferred development cost		**-**	-	**-**	(2,140,834)
Contract Asset		**(6,400)**	-	**(6,400)**	-
Profit from operations		**2,843,037**	4,337,040	**3,668,172**	1,765,810
Finance costs		**(46,307)**	(7,682)	**(65,434)**	(15,310)
Profit before tax from continuing operations		**2,796,730**	4,329,358	**3,602,738**	1,750,500
Income tax expense	**B5**	**(37,373)**	(488,137)	**(632,761)**	(777,547)
Profit for the year, net of tax		**2,759,357**	3,841,221	**2,969,977**	972,953
Profit attributable to:					
Owners of the Company		**2,668,488**	3,674,931	**2,887,483**	1,067,544
Non-controlling interest		**90,869**	166,290	**82,494**	(94,591)
		2,759,357	3,841,221	**2,969,977**	972,953
Other comprehensive income:					
Profit for the year, net of tax		**2,759,357**	3,841,221	**2,969,977**	972,953
Foreign currency translation		**87,151**	2,053,978	**74,758**	745,996
Total comprehensive income for the year		**2,846,508**	5,895,199	**3,044,735**	1,718,949
Attributable to:					
Owners of the Company		**2,755,639**	5,728,909	**2,962,241**	1,813,540
Non-controlling interest		**90,869**	166,290	**82,494**	(94,591)
		2,846,508	5,895,199	**3,044,735**	1,718,949
Total comprehensive income attributable to holders of the Company in sen:					
- Basic	**B13**	**0.44**	0.60	**0.47**	0.18
- Diluted	**B13**	**0.44**	0.61	**0.48**	0.18

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

IFCA MSC BERHAD (Company No: 199701037892/453392-T)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Note	As at 30.06.2021 (Unaudited) RM	As at 31.12.2020 (Audited) RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		**6,119,299**	6,276,800
Investment properties		**5,999,535**	4,963,343
Deferred development costs		**14,181,681**	10,798,303
Goodwill		**25,111,525**	25,111,525
Right-of-use asset		**2,424,045**	3,005,904
Other investments		**179,500**	179,500
		54,015,585	50,335,375
CURRENT ASSETS			
Trade receivables		**16,047,722**	10,599,322
Other receivables		**1,308,914**	1,019,796
Contract assets		**3,602,782**	3,952,381
Other current assets		**445,291**	293,588
Tax recoverable		**1,795,615**	1,386,157
Deposits, cash and bank balances		**74,647,111**	79,588,474
		97,847,435	96,839,718
TOTAL ASSETS		**151,863,020**	147,175,093
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		**42,594,839**	39,707,356
Other reserves		**(1,316,108)**	(1,390,866)
		124,795,515	121,833,274
Non-Controlling Interest		**(851,854)**	(362,919)
Total equity		**123,943,661**	121,470,355
Non-current liabilities			
Contract liabilities		**-**	166,713
Employees' retirement benefits		**1,137,584**	1,137,855
Lease Liabilities	**B9**	**894,718**	1,548,852
Deferred tax liabilities		**407,567**	153,293
		2,439,869	3,006,713
Current Liabilities			
Trade payables		**180,815**	57,908
Other payables		**6,103,160**	8,313,298
Contract liabilities		**17,767,447**	12,932,017
Lease Liabilities	**B9**	**1,428,068**	1,371,676
Current Tax Payable		**-**	23,126
		25,479,490	22,698,025
Total liabilities		**27,919,359**	25,704,738
TOTAL EQUITY AND LIABILITIES		**151,863,020**	147,175,093
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 2020 and the accompanying explanatory notes attached to the interim financial statements.

IFCA MSC BERHAD (Company No: 199701037892/453392-T)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity
For the Six Months Period Ended 30 June 2021

	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 2021	83,947,005	(430,221)	(1,390,866)	39,707,356	121,833,274	(362,919)	121,470,355
Total comprehensive expense	-	-	-	2,887,483	2,887,483	82,494	2,969,977
Foreign Currency Translation	-	-	74,758	-	74,758	-	74,758
Dividends paid	-	-		-	-	(571,429)	(571,429)
At 30 June 2021	83,947,005	(430,221)	(1,316,108)	42,594,839	124,795,515	(851,854)	123,943,661
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 income	-	-	-	1,067,544	1,067,544	(94,591)	972,953
Foreign currency translation	-	-	745,996	-	745,996	-	745,996
Dividends paid	-	-	-	-	-	(22)	(22)
At 30 June 2020	83,947,005	(430,221)	(479,338)	38,528,240	121,565,686	(494,386)	121,071,300

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

IFCA MSC BERHAD (Company No: 199701037892/453392-T)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flows

For the Six Months Period Ended 30 June 2021

	6 months ended	
	30.06.2021	**30.06.2020**
	RM	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**3,602,738**	1,750,500
Adjustments for :		
Non cash items	**2,015,663**	5,575,915
Non-operating items	**(810,702)**	(1,519,678)
Operating profit before working capital changes	**4,807,699**	5,806,737
Working capital changes:		
Net changes in assets	**(8,292,577)**	(2,850,354)
Net changes in liabilities	**2,581,213**	(1,407,777)
Total working capital changes	**(5,711,364)**	(4,258,131)
Net cash (used in)/generated from operations	**(903,665)**	1,548,606
Income taxes paid	**(762,960)**	(609,139)
Net cash (used in)/generated from operating activities	**(1,666,625)**	939,467
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**671,989**	939,235
Purchase of property, plant and equipment	**(231,277)**	(1,319,997)
Proceeds from disposal of property,plant and equipment	**-**	267,500
Development costs	**(3,467,512)**	(3,249,962)
Net cash used in investing activities	**(3,026,800)**	(3,363,224)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(65,434)**	(15,310)
Payments to hire purchase and finance lease	**(30,344)**	(253,196)
Net cash used in financing activities	**(95,778)**	(268,506)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(4,789,203)**	(2,692,263)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	**(152,160)**	117,453
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**79,588,474**	74,958,975
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**74,647,111**	72,384,165

The condensed consolidated statement of cash flows should be read in conjunction with the audited annual financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2021
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 2020 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 2020.

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 2020.

On 1 January 2021, the Company adopted the following amended MFRS.

Amendments		**Title**
Amendments to MFRS 4	:	Insurance Contract – Interest Rate Benchmark Reform Phase 2
Amendments to MFRS 7	:	Financial Instruments: Disclosures – Interest Rate Benchmark Reform Phase 2
Amendments to MFRS 9	:	Financial Instruments – Interest Rate Benchmark Reform Phase 2
Amendments to MFRS 16	:	Leases – Interest Rate Benchmark Reform Phase 2
Amendments to MFRS 139	:	Financial Instruments: Recognition and Measurement – Interest Rate Benchmark Reform Phase 2

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 (Con't):

- Amendments to MFRS 3, Business Combinations - Reference to the Conceptual Framework *(Effective from 1 Jan 2022)*
- Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use *(Effective from 1 Jan 2022)*
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract *(Effective from 1 Jan 2022)*
- Amendments to MFRS 1, MFRS 9, MFRS 16, MFRS 141 - Annual Improvements to MFRS Standards 2018-2020 *(Effective from 1 Jan 2022)*
- MFRS 17, Insurance Contracts *(Effective from 1 Jan 2023)*
- Amendments to MFRS 17, Insurance Contracts *(Effective from 1 Jan 2023)*
- Amendments to MFRS 101, Classification of Liabilities as Current or Non-current *(Effective from 1 Jan 2023)*
- Amendments to MFRS 101, Disclosure of Accounting Policies *(Effective from 1 Jan 2023)*
- Amendments to MFRS 108, Definition of Accounting Estimates *(Effective from 1 Jan 2023)*
- Amendments to MFRS 10 and MFRS 128, Sale of 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 2020 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 2020. 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 2021.

A8. Dividend Paid

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

A9. Segmental Information

Segmental information for the six months period ended 30 June 2021 and 30 June 2020 are as follows:-

	Malaysia		Overseas		Elimination		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE								
External sales	15,117,280	15,362,716	20,590,144	20,448,926			35,707,424	35,811,642
Inter-segment sales	7,349,146	6,349,448	-	-	(7,349,146)	(6,349,448)	-	-
Total Revenue	22,466,426	21,712,164	20,590,144	20,448,926	(7,349,146)	(6,349,448)	35,707,424	35,811,642
							-	
RESULT								
Segment results	2,663,213	2,344,225	2,144,488	3,626,520	-	-	4,807,701	5,970,745
Interest income							671,989	939,236
Amortisation							(169,342)	(1,832,339)
Depreciation							(1,093,789)	(618,867)
Impairment losses							(6,400)	(2,140,834)
Other non cash expenses							(541,987)	(552,131)
Finance costs							(65,434)	(15,310)
Profit before Tax							3,602,738	1,750,500
Income tax expense							(632,761)	(777,547)
Profit after Tax							2,969,977	972,953

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 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 30 June 2021.

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 revenue of RM19.7 million for the current quarter ("Q2FY2021"), a decrease of RM0.8 million as compared to revenue of RM20.5 million in previous year's corresponding quarter ("Q2FY2020"). The decrease in revenue was primarily attributable to project slowdown in Indonesia due to pandemic lockdown. Subsequently, the Group reported a lower profit before tax of RM2.8 million in Q2FY2021 as compared to RM4.3 million in Q2FY2020. As a result, the Group registered profit attributable to equity holders of the parent company of RM2.7 million as compared to RM3.7 million for Q2FY2020.

Current cumulative period against previous year cumulative period

The Group reported revenue of RM35.7 million, a minor difference of RM0.1 million as compared to the corresponding financial period in the previous year. Despite the lower revenue, the Group reported a higher profit before tax at RM3.6 million, an increase of 105.8% as compared to RM1.8 million in preceding year's previous corresponding financial period. Hence, the Group registered profit attributable to equity holders of the parent company of RM2.9 million as compared to RM1.1 million for the corresponding quarter last year.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter Ended 30.6.2021 RM '000	Preceding Quarter Ended 31.3.2021 RM '000
Revenue	19,664	16,043
Gross Profits	19,204	15,837
Gross Margin	98.0%	99.0%
Profit Before Tax	2,797	806

Compared to immediate preceding quarter ("Q1FY2021"), the Group posted a healthy improvement of revenue growth in all segments in current quarter ("Q2FY2021"). Precisely, the Group reported revenue of RM19.7 million for Q2FY2021 as compared to RM16.0 million in Q1FY2021, representing an increase of 22.6% or RM3.6 million. Thus, the Group recorded profit before tax of RM2.8 million for Q2FY2021 which represents an increase of RM2.0 million as compared to profit before tax of RM0.8 million in Q1FY2021.

B3. Business Prospects

The Group is making good headway in capitalizing on opportunities from FY2020 in spite of challenges faced with the ongoing Covid-19 crisis. This is substantiated by our unbilled projects in hand with a value of RM28.2 million as at the financial period ended 30 June 2021.

The positive market interest in our next-generation, AI-powered X-series mobile solutions has only heightened from our ongoing digital marketing campaigns, collaborations, strategic partnerships amongst other sales efforts. Market response for the newly launched X-series products has been favorable as businesses are open to investing in the right systems and infrastructure to prepare them for the future. IFCA continues to drive awareness and transformation in the business community to rethink their operations to comply with health, safety, hygiene regulations and work anywhere in this new norm.

IFCA is mindful of the impact of the health crisis on the markets and the economy. While there continues to be uncertainties, we remain resolved in supporting our customers, exploring new opportunities with our X-series next generation software and delivering positive outcomes in 2021. With firm enthusiasm and commitment to the strategy execution, the Board anticipates that FY2021's performance 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 30.06.2021 RM	Cumulative Quarter 6 months ended 30.06.2021 RM
Current Year	(92,047)	378,546
Deferred tax	129,420	254,215
	37,373	632,761

The effective tax rate is lower than the Malaysian statutory tax rate due to tax losses in accumulation from a few subsidiaries, whilst provision of tax has been taken accordingly for the rest of 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 June 2021 comprised hire purchase payables as follows:-

	Current Quarter Ended 30.06.2021 RM
Secured - due within 12 months	62,733
Secured - due after 12 months	65,429
	128,162

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 Interim Dividend under the single-tier system are as follows:

	30.06.2021
Interim dividend for financial year ended	31 December 2020
Amount per share	0.5 sen
Total dividend payable	RM 3,034,498
Approved and declared on	19 May 2021
Entitlement to dividends based on record of Depositors as at	21 June 2021
Date Payable (paid as of reporting date)	5 July 2021

B13. Earnings per Share

	3 months ended		6 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM	RM	RM	RM
Total Comprehensive Income attributable to:				
Owners of the parents	2,668,488	3,674,931	2,887,483	1,067,544
Non-controlling Interests	90,869	166,290	82,494	(94,591)
	2,759,357	3,841,221	2,969,977	972,953
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	(1,391,200)	(1,391,200)	(1,391,200)	(1,391,200)
Weighted average number of shares in issue of diluted earnings per share	606,899,700	606,899,700	606,899,700	606,899,700
Earnings per share (sen)				
- Basic	0.44	0.60	0.47	0.18
- Diluted	0.44	0.61	0.48	0.18

B14. Notes to the Condensed Statement of Comprehensive Income

GROUP	Year-to-date ended Six months ended 30.06.2021 RM	30.06.2020 RM
Profit before tax is arrrived at after (charging) / crediting :		
Depreciation of property, plant and equipment	(415,824)	(515,585)
Depreciation of right-of-use assets	(677,965)	(103,282)
Amortisation	(169,342)	(1,832,339)
Interest expenses	(65,434)	(15,310)
Interest income from short term deposits	671,989	939,235
Rental income	1,920	18,750
Reversal of impairment loss on trade receivables	138,712	580,442
Bad debt written off	-	(34,497)
Impairment loss on trade receivables	(723,181)	(729,967)
Foreign exchange gain (realised/unrealised)	49,033	18,558
Foreign exchange loss (realised/unrealised)	(1,685)	(367,361)
Loss on disposal of property, plant and equipment	-	(14,471)
Property, plant and equipment written off	(1,627)	(1,487)
Impairment loss on deferred development cost	-	(2,140,834)
Impairment loss on contract asset	(6,400)	-

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 25 August 2021.