IFCA MSC BERHAD

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2021

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

Condensed Statement of Comprehensive Income
For the Nine Months Period Ended 30 September 2021

	Note	Current Quarter 3 months ended 30.09.2021 RM	Current Quarter 3 months ended 30.09.2020 RM	Year-to-date Ended 9 months ended 30.09.2021 RM	Year-to-date Ended 9 months ended 30.09.2020 RM
Continuing Operations					
Revenue		**20,363,260**	22,053,943	**56,070,684**	57,865,585
Other income		**1,249,619**	1,360,512	**2,760,932**	4,611,616
Other income - Reversal of impairment loss on trade receivable		**3,287,092**	-	**3,287,092**	-
Employee benefits expenses		**(14,413,044)**	(12,201,301)	**(39,395,975)**	(36,614,153)
Changes in inventories		**(6,510)**	(28,807)	**(94,015)**	(73,805)
Depreciation of Property, Plant & Equipment and Right-of-use assets		**(565,865)**	(320,218)	**(1,659,654)**	(939,085)
Amortisation of development costs		**(94,697)**	(650,509)	**(264,039)**	(2,482,848)
Other expenses		**(3,724,838)**	(5,037,909)	**(10,935,436)**	(13,284,955)
Other expenses - Bad debts written off		**(3,287,092)**	-	**(3,287,092)**	-
Profit from before impairment losses		**2,807,925**	5,175,711	**6,482,497**	9,082,355
Impairment losses on:					
Deferred development cost		**-**	-	**-**	(2,140,834)
Contract Asset		**(221,015)**	-	**(227,415)**	-
Profit from operations		**2,586,910**	5,175,711	**6,255,082**	6,941,521
Finance costs		**(33,125)**	(5,507)	**(98,559)**	(20,817)
Profit before tax from continuing operations		**2,553,785**	5,170,204	**6,156,523**	6,920,704
Income tax expense	**B5**	**(1,070,420)**	(1,110,820)	**(1,703,181)**	(1,888,367)
Profit for the year, net of tax		**1,483,365**	4,059,384	**4,453,342**	5,032,337
Profit attributable to:					
Owners of the Company		**1,551,055**	3,938,266	**4,438,538**	5,005,810
Non-controlling interest		**(67,690)**	121,118	**14,804**	26,527
		1,483,365	4,059,384	**4,453,342**	5,032,337
Other comprehensive income:					
Profit for the year, net of tax		**1,483,365**	4,059,384	**4,453,342**	5,032,337
Foreign currency translation		**325,616**	(1,549,924)	**400,374**	(803,928)
Total comprehensive income for the year		**1,808,981**	2,509,460	**4,853,716**	4,228,409
Attributable to:					
Owners of the Company		**1,876,671**	2,388,342	**4,838,912**	4,201,882
Non-controlling interest		**(67,690)**	121,118	**14,804**	26,527
		1,808,981	2,509,460	**4,853,716**	4,228,409
Total comprehensive income attributable to holders of the Company in sen:					
- Basic	**B13**	**0.25**	0.65	**0.73**	0.82
- Diluted	**B13**	**0.26**	0.65	**0.73**	0.82

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 September 2021

	Note	As at 30.09.2021 (Unaudited) RM	As at 31.12.2020 (Audited) RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		**5,986,168**	6,276,800
Investment properties		**6,210,613**	4,963,343
Deferred development costs		**16,037,878**	10,798,303
Goodwill		**25,111,525**	25,111,525
Right-of-use asset		**2,110,221**	3,005,904
Other investments		**179,500**	179,500
		55,635,905	50,335,375
CURRENT ASSETS			
Trade receivables		**13,950,775**	10,599,322
Other receivables		**1,538,208**	1,019,796
Contract assets		**3,264,684**	3,952,381
Other current assets		**413,242**	293,588
Tax recoverable		**833,994**	1,386,157
Deposits, cash and bank balances		**76,507,928**	79,588,474
		96,508,831	96,839,718
TOTAL ASSETS		**152,144,736**	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		**41,111,396**	39,707,356
Other reserves		**(990,492)**	(1,390,866)
		123,637,688	121,833,274
Non-Controlling Interest		**(919,544)**	(362,919)
Total equity		**122,718,144**	121,470,355
Non-current liabilities			
Contract liabilities		**-**	166,713
Employees' retirement benefits		**1,162,056**	1,137,855
Lease Liabilities	**B9**	**654,047**	1,548,852
Deferred tax liabilities		**537,286**	153,293
		2,353,389	3,006,713
Current Liabilities			
Trade payables		**47,135**	57,908
Other payables		**8,053,195**	8,313,298
Contract liabilities		**17,609,086**	12,932,017
Lease Liabilities	**B9**	**1,363,787**	1,371,676
Current Tax Payable		**-**	23,126
		27,073,203	22,698,025
Total liabilities		**29,426,592**	25,704,738
TOTAL EQUITY AND LIABILITIES		**152,144,736**	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 Nine Months Period Ended 30 September 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	-	-	-	4,438,538	4,438,538	14,804	4,453,342
Foreign Currency Translation	-	-	400,374	-	400,374	-	400,374
Dividends paid	-	-		(3,034,498)	(3,034,498)	(571,429)	(3,605,927)
At 30 September 2021	83,947,005	(430,221)	(990,492)	41,111,396	123,637,688	(919,544)	122,718,144
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	-	-	-	5,005,810	5,005,810	26,528	5,032,338
Foreign currency translation	-	-	(803,928)	-	(803,928)	-	(803,928)
Dividends paid	-	-	-	(6,068,997)	(6,068,997)	(22)	(6,069,019)
At 30 September 2020	83,947,005	(430,221)	(2,029,262)	36,397,509	117,885,031	(373,267)	117,511,764

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 Nine Months Period Ended 30 September 2021

	9 months ended	
	30.09.2021	**30.09.2020**
	RM	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**6,156,523**	6,920,704
Adjustments for :		
Non cash items	**6,371,551**	3,594,024
Non-operating items	**(4,644,657)**	(2,039,311)
Operating profit before working capital changes	**7,883,417**	8,475,417
Working capital changes:		
Net changes in assets	**(6,448,409)**	1,595,333
Net changes in liabilities	**4,263,678**	(2,424,005)
Total working capital changes	**(2,184,731)**	(828,672)
Net cash generated from operations	**5,698,686**	7,646,745
Income taxes paid	**(566,476)**	(425,226)
Net cash generated from operating activities	**5,132,210**	7,221,519
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**969,596**	1,344,420
Purchase of property, plant and equipment	**(287,199)**	(2,468,126)
Proceeds from disposal of property,plant and equipment	**-**	267,500
Development costs	**(5,326,552)**	(4,097,428)
Net cash used in investing activities	**(4,644,155)**	(4,953,634)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(98,559)**	(20,817)
Dividends paid	**(3,605,927)**	(6,068,997)
Payments to hire purchase and finance lease	**(45,771)**	(323,781)
Net cash used in financing activities	**(3,750,257)**	(6,413,595)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,262,202)**	(4,145,710)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	**181,656**	812,980
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**79,588,474**	74,958,975
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**76,507,928**	71,626,245

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 SEPTEMBER 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 September 2021.

A8. Dividend Paid

The following dividends were paid during the current and previous corresponding quarter:

	30.09.2021	**30.09.2020**
Final dividend for financial year ended	31 December 2020	31 December 2019
Approved and declared on	*19 May 2021	21 August 2020
Date paid	5 July 2021	25 September 2020
No of ordinary shares on which dividends were paid	606,899,700	606,899,700
Dividend per share (single-tier)	0.5 sen	1.0 sen
Net dividend paid	RM 3,034,498	RM 6,068,997

* Due to the Movement Control Order 3.0 imposed by the Government on 12 May 2021, the Company had on 19 May 2021 called off the 23rd Annual General Meeting which was supposed to be held physically on 28 May 2021; and subsequently changed the First and Final Dividend which announced on 28 April 2021 to an Interim Dividend with no change to the dividend details.

A9. Segmental Information

Segmental information for the nine months period ended 30 September 2021 and 30 September 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	22,939,931	23,136,379	33,130,753	34,729,206			56,070,684	57,865,585
Inter-segment sales	10,039,422	8,853,271	-	-	(10,039,422)	(8,853,271)	-	-
Total Revenue	32,979,353	31,989,650	33,130,753	34,729,206	(10,039,422)	(8,853,271)	56,070,684	57,865,585
							-	
RESULT								
Segment results	3,907,052	2,251,693	3,976,366	9,490,838	-	-	7,883,418	11,742,531
Interest income							969,596	1,344,421
Amortisation							(264,039)	(2,482,848)
Depreciation							(1,659,654)	(939,085)
Impairment losses							(227,415)	(2,140,834)
Other non cash expenses							(446,824)	(582,664)
Finance costs							(98,559)	(20,817)
Profit before Tax							6,156,523	6,920,704
Income tax expense							(1,703,181)	(1,888,367)
Profit after Tax							4,453,342	5,032,337

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 October 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 September 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 RM20.4 million for the current quarter ("Q3FY2021"), a decrease of RM1.7 million as compared to revenue of RM22.1 million in previous year's corresponding quarter ("Q3FY2020"). The decrease in revenue was primarily attributable to project slowdown in both China and Indonesia. Subsequently, the Group reported a lower profit before tax of RM2.6 million in Q3FY2021 as compared to RM5.2 million in Q3FY2020. As a result, the Group registered profit attributable to equity holders of the parent company of RM1.6 million as compared to RM3.9 million for Q2FY2020.

Current cumulative period against previous year cumulative period

Group revenue for nine months period ended 30 September 2021 reported at RM56.1 million, a decrease of 3% as compared RM57.9 million recorded in the corresponding period last year. The decrease in revenue was due to project slowdown in Indonesia. Subsequently, the Group reported a lower profit before tax at RM6.2 million as compared to RM6.9 million in preceding year's corresponding financial period. Hence, the Group registered profit attributable to equity holders of the parent company of RM4.4 million as compared to RM5.0 million for the corresponding quarter last year.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter Ended 30.9.2021 RM '000	Preceding Quarter Ended 30.6.2021 RM '000
Revenue	20,363	19,664
Gross Profits	19,950	19,204
Gross Margin	98.0%	98.0%
Profit Before Tax	2,554	2,797

The Group reported a higher revenue of RM20.3 million for Q3FY2021 as compared to RM19.7 million in Q2FY2021, representing an increase of 4% or RM700K. Following the previous quarter's trend, all segments continuously performed to improve sales growth despite pandemic lockdown.

However, the Group recorded lower profit before tax of RM2.6 million for Q3FY2021 which represents a decrease of RM200K as compared to profit before tax of RM2.8 million in Q2FY2021.

B3. Business Prospects

The positive market interest in our hyper connectivity AI-powered X-series mobile solutions has heightened from our ongoing digital marketing campaigns, collaborations and strategic partnerships amongst other sales efforts. Market response for the newly launched X-series products has been favorable as businesses embark on their digitization. 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. As uncertainty lingers, we remained resolved in 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.

As at 30 September 2021, the Group has un-billed orders in hand amounting to RM28.7 million.

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 30.09.2021 RM	Cumulative Quarter 9 months ended 30.09.2021 RM
Current Year	890,444	1,313,864
Deferred tax	179,976	389,317
	1,070,420	1,703,181

The effective tax rate is higher 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 September 2021 comprised hire purchase payables as follows:-

	Current Quarter Ended 30.09.2021 RM
Secured - due within 12 months	63,414
Secured - due after 12 months	49,320
	112,734

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 30 September 2021.

B13. Earnings per Share

	3 months ended		9 months ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM	RM	RM	RM
Total Comprehensive Income attributable to:				
Owners of the parents	1,551,055	3,938,266	4,438,538	5,005,810
Non-controlling Interests	(67,690)	121,118	14,804	26,527
	1,483,365	4,059,384	4,453,342	5,032,337
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	0.25	0.65	0.73	0.82
- Diluted	0.26	0.65	0.73	0.82

B14. Notes to the Condensed Statement of Comprehensive Income

GROUP	Year-to-date ended Nine months ended 30.09.2021 RM	30.09.2020 RM
Profit before tax is arrrived at after (charging) / crediting :		
Depreciation of property, plant and equipment	(642,699)	(784,657)
Depreciation of right-of-use assets	(1,016,955)	(154,428)
Amortisation	(264,039)	(2,482,848)
Interest expenses	(98,559)	(20,817)
Interest income from short term deposits	969,596	1,344,421
Rental income	4,580	29,610
Reversal of impairment loss on trade receivables	3,675,061	694,891
Bad debt written off	(3,716,674)	(37,146)
Impairment loss on trade receivables	(489,165)	(817,074)
Foreign exchange gain (realised/unrealised)	85,581	8,117
Foreign exchange loss (realised/unrealised)	(26,939)	(383,132)
Loss on disposal of property, plant and equipment	-	(14,471)
Property, plant and equipment written off	(1,627)	(1,533)
Impairment loss on deferred development cost	-	(2,140,834)
Impairment loss on contract asset	(227,415)	-

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 26 November 2021.