IFCA MSC BERHAD

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2022

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

(Incorporated in Malaysia)

Condensed Statement of Comprehensive Income

For the Twelve Months Period Ended 31 December 2022

	Note	Current Quarter 3 months ended 31.12.2022 RM	Current Quarter 3 months ended 31.12.2021 RM	Year-to-date Ended 12 months ended 31.12.2022 RM	Year-to-date Ended 12 months ended 31.12.2021 RM
Continuing Operations					
Revenue		**20,550,678**	23,763,612	**75,475,944**	79,834,296
Other income		**313,197**	2,301,715	**2,721,466**	5,062,647
Employee benefits expenses		**(13,629,637)**	(14,579,258)	**(55,979,583)**	(53,975,233)
Changes in inventories		**(40,248)**	(33,600)	**(368,793)**	(127,615)
Depreciation of Property, Plant & Equipment and Right-of-use assets		**(457,829)**	(980,488)	**(1,990,962)**	(2,640,142)
Amortisation of development costs		**(855,254)**	(961,875)	**(3,523,491)**	(1,225,914)
Other expenses		**(5,307,405)**	(3,685,089)	**(16,633,928)**	(14,620,525)
Profit/(Loss) before impairment losses		**573,502**	5,825,017	**(299,347)**	12,307,514
Impairment losses on:					
Deferred development cost		**-**	(34,204)	**-**	(34,204)
Contract Asset		**(34,500)**	-	**(2,330,510)**	(227,415)
Profit/(Loss) from operations		**539,002**	5,790,813	**(2,629,857)**	12,045,895
Finance costs		**(14,470)**	(53,866)	**(63,785)**	(152,425)
Profit/(Loss) before tax from continuing operations		**524,532**	5,736,947	**(2,693,642)**	11,893,470
Income tax expense	**B5**	**(215,133)**	(113,323)	**(1,503,344)**	(1,816,504)
Profit/(Loss) for the year, net of tax		**309,399**	5,623,624	**(4,196,986)**	10,076,966
Profit/(Loss) attributable to:					
Owners of the Company		**261,959**	5,385,893	**(4,138,801)**	9,824,431
Non-controlling interest		**47,440**	237,731	**(58,185)**	252,535
		309,399	5,623,624	**(4,196,986)**	10,076,966
Other comprehensive income/(expense):					
Profit/(Loss) for the year, net of tax		**309,399**	5,623,624	**(4,196,986)**	10,076,966
Actuarial loss on employee's retirement scheme		**537,377**	111,949	**537,377**	111,949
Tax related to employee's retirement scheme		**(118,223)**	(24,629)	**(118,223)**	(24,629)
Foreign currency translation		**(1,083,962)**	43,979	**(358,661)**	444,353
Total comprehensive income/(expense) for the year		**(355,409)**	5,754,923	**(4,136,493)**	10,608,639
Attributable to:					
Owners of the Company		**(402,849)**	5,517,192	**(4,078,308)**	10,356,104
Non-controlling interest		**47,440**	237,731	**(58,185)**	252,535
		(355,409)	5,754,923	**(4,136,493)**	10,608,639
Total comprehensive income/(expense) attributable to holders of the Company in sen:					
- Basic	**B13**	**0.04**	0.89	**(0.68)**	1.62
- Diluted	**B13**	**0.04**	0.89	**(0.68)**	1.62

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 2021 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 31 December 2022

	Note	As at 31.12.2022 (Unaudited) RM	As at 31.12.2021 (Audited) RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		**6,031,117**	5,994,583
Investment properties		**8,005,676**	7,821,262
Deferred development costs		**18,700,267**	17,725,580
Goodwill		**25,111,525**	25,111,525
Right-of-use asset		**639,377**	1,791,015
Other investments		**177,384**	179,500
		58,665,346	58,623,465
CURRENT ASSETS			
Trade receivables		**10,175,235**	9,019,717
Other receivables		**1,060,259**	1,569,139
Contract assets		**2,534,971**	3,404,252
Other current assets		**283,498**	388,384
Tax recoverable		**368,478**	1,406,579
Deposits, cash and bank balances		**72,809,006**	84,436,343
		87,231,447	100,224,414
TOTAL ASSETS		**145,896,793**	158,847,879
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		**83,947,005**	83,947,005
Treasury shares		**(912,564)**	(430,221)
Retained profits		**36,802,091**	46,584,609
Other reserves		**(1,305,174)**	(946,513)
		118,531,358	129,154,880
Non-Controlling Interest		**(1,035,712)**	(681,813)
Total equity		**117,495,646**	128,473,067
Non-current liabilities			
Contract liabilities		**-**	286,245
Employees' retirement benefits		**680,932**	1,057,318
Lease Liabilities	**B9**	**39,969**	441,536
Deferred tax liabilities		**(118,463)**	385,892
		602,438	2,170,991
Current Liabilities			
Trade payables		**120,190**	42,800
Other payables		**9,511,296**	10,054,794
Contract liabilities		**17,744,539**	16,415,030
Lease Liabilities	**B9**	**422,684**	1,263,205
Tax Payable		**-**	427,992
		27,798,709	28,203,821
Total liabilities		**28,401,147**	30,374,812
TOTAL EQUITY AND LIABILITIES		**145,896,793**	158,847,879
Net asset per share		**0.19**	0.21

The condensed consolidated statement of financial position should be read in conjunction with the audited annual financial statements for the year ended 31 December 2021 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 Twelve Months Period Ended 31 December 2022

	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	RM
At 1 January 2022	83,947,005	(430,221)	(946,513)	46,584,609	129,154,880	(681,813)	128,473,067
Total comprehensive expense	-	-	-	(3,719,647)	(3,719,647)	(58,185)	(3,777,832)
Foreign Currency Translation	-	-	(358,661)	-	(358,661)	-	(358,661)
Dividends paid	-	-		(6,062,871)	(6,062,871)	(295,714)	(6,358,585)
Open market purchase shares	-	(482,343)	-	-	(482,343)	-	(482,343)
At 31 December 2022	83,947,005	(912,564)	(1,305,174)	36,802,091	118,531,358	(1,035,712)	117,495,646
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 income	-	-	-	9,911,751	9,911,751	252,535	10,164,286
Foreign currency translation	-	-	444,353	-	444,353	-	444,353
Dividends paid	-	-	-	(3,034,498)	(3,034,498)	(571,429)	(3,605,927)
At 31 December 2021	83,947,005	(430,221)	(946,513)	46,584,609	129,154,880	(681,813)	128,473,067

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 2021 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 Twelve Months Period Ended 31 December 2022

	12 months ended	
	31.12.2022	**31.12.2021**
	RM	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	**(2,693,642)**	11,893,470
Adjustments for :		
Non cash items	**6,485,877**	4,738,357
Non-operating items	**1,135,751**	(1,406,828)
Operating profit before working capital changes	**4,927,986**	15,224,999
Working capital changes:		
Net changes in assets	**(2,957,512)**	283,846
Net changes in liabilities	**(1,250,415)**	2,939,433
Total working capital changes	**(4,207,927)**	3,223,279
Net cash generated from operations	**720,059**	18,448,278
Income taxes paid	**(595,347)**	(1,218,800)
Net cash generated from operating activities	**124,712**	17,229,478
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**972,419**	1,239,524
Purchase of property, plant and equipment	**(905,024)**	(489,310)
Purchase of investment properties		(1,904,576)
Proceeds from disposal of property,plant and equipment	**2,936**	-
Proceeds from disposal of other investments	**2,116**	-
Development costs	**(4,497,027)**	(7,308,743)
Net cash used in investing activities	**(4,424,580)**	(8,463,105)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(63,785)**	(152,425)
Dividends paid	**(6,358,585)**	(3,605,927)
Payments to hire purchase and finance lease	**(64,096)**	(1,821,981)
Open market share buy-back	**(482,342)**	-
Net cash used in financing activities	**(6,968,808)**	(5,580,333)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(11,268,676)**	3,186,040
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	**(358,661)**	1,661,829
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**84,436,343**	79,588,474
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**72,809,006**	84,436,343

The condensed consolidated statement of cash flows should be read in conjunction with the audited annual financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022
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 2021 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 2021.

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 2021.

On 1 January 2022, the Company adopted the following amended MFRS.

Amendments		Title
Amendments to MFRS 3	:	Business Combinations - Reference to the Conceptual Framework
Amendments to MFRS 116	:	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	:	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRS 1, MFRS 9, MFRS 16, MFRS 141	:	Annual Improvements to MFRS Standards 2018-2020

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):

- MFRS 17, Insurance Contracts *(Effective from 1 Jan 2023)*
- Amendments to MFRS 17, Insurance Contracts *(Effective from 1 Jan 2023)*
- Amendments to MFRS 17, Initial Application of MFRS 17 and MFRS 9 – Comparative Information *(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 112, Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(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 2021 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 2021. 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 2022.

A8. Dividend Paid

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

A9. Segmental Information

Segmental information for the twelve months period ended 31 December 2022 and 31 December 2021 are as follows: -

	Malaysia		Overseas		Elimination		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE								
External sales	34,287,706	29,802,264	41,188,238	50,032,032			75,475,944	79,834,296
Inter-segment sales	13,932,033	14,355,965		-	(13,932,033)	(14,355,965)	-	-
Total Revenue	48,219,739	44,158,229	41,188,238	50,032,032	(13,932,033)	(14,355,965)	75,475,944	79,834,296
							-	
RESULT								
Segment results	4,390,786	6,208,868	537,200	3,920,750		5,103,121	4,927,986	15,232,739
Interest income							972,418	1,239,524
Amortisation							(3,523,491)	(1,225,914)
Depreciation							(1,990,962)	(2,640,142)
Impairment losses							(2,330,510)	(261,619)
Other non cash expenses							(685,298)	(298,693)
Finance costs							(63,785)	(152,425)
(Loss)/Profit before Tax							(2,693,642)	11,893,470
Income tax expense							(1,503,344)	(1,816,504)
(Loss)/Profit after Tax							(4,196,986)	10,076,966

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 2023 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 2022.

A14. Capital Commitments

There were no material capital commitments as at the date of this report.

A15. Significant Related Party Transactions

The Group is not aware of any related party transactions which would have a significant impact on the financial position and business of the Group since the last reporting date as at 31 December 2022.

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 RM20.6 million for the current quarter ("Q4FY2022"), a decrease of RM3.2 million as compared to revenue of RM23.8 million in previous year's corresponding quarter ("Q4FY2021"). The decrease in revenue was largely because of revenue shrinkage by the China segment which is led by the substantial real-estate crisis after the government implement control measures in property sector and Covid19 lock down. The Group reported a lower profit before tax of RM524K as compared to profit before tax of RM5.7 million in Q4FY2021. As a result, the Group registered profit attributable to equity holders of the parent company of RM262K as compared to profit attributable to equity holders of the parent company of RM5.4 million for Q4FY2021.

Current cumulative period against previous year cumulative period

The Group recorded revenue of RM75.5 million, a decrease of RM4.4 million as compared to revenue of RM79.8 million in the corresponding financial period in the previous year. In tandem with reduced topline, the Group reported loss before tax of RM2.7 million as compared to profit before tax of RM11.9 million in preceding year's corresponding financial period. This was mainly attributable to the one-off impairment cost on contract asset and amortization on cloud-based software. As a result, the Group registered loss attributable to equity holders of the parent company of RM4.1 million as compared to profit attributable to equity holders of the parent company of RM9.8 million for the corresponding quarter last year.

B2. Comparison with Preceding Quarter's Results

	Current Quarter Ended 31.12.2022 RM '000	Preceding Quarter Ended 30.9.2022 RM '000
Revenue	20,551	20,346
Gross Profits	19,572	19,605
Gross Margin	95.0%	96.0%
Profit Before Tax	524	1,198

The Group recorded a revenue of RM20.6 million for current quarter ("Q4FY2022"), a slight reduction of RM200K as compared to revenue of RM20.3 million in preceding quarter ("Q3FY2022"). This is mainly due to sales decline in Malaysia segment.

Due to decline in other income in Q4Y2022, the Group recorded a lower profit before tax of RM500K as compared to profit before tax RM1.2 million in Q3FY2022.

B3. Business Prospects

Malaysia market continue to gain good traction on our mobile internet solutions with IR 4.0 which help businesses streamline the business processes by increase productivity, improve service level and system connectivity at all times at anywhere. Amid immediate lower revenue generated from annual licensing model compares to conventional outright purchase model, the change of our solutions' pricing model will improve the recurring revenue over the long term.

Our China market business activities slowly resumed with China ending its Zero Covid policy in early December Y2022. However, the Board is cognisant of the fact that there are uncertainties in China market and therefore, will continue to be prudent in cost exercise.

Indonesia segment continues to contribute positively to revenue and earnings to the Group. We expect this growth to continue in the next financial year.

With firm enthusiasm and commitment to the strategy execution, the Board is optimistic to deliver a stronger performance in the next financial year.

As at 31 December 2022, the Group has relatively healthy unbilled orders in hand amounting to RM38.3 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 31.12.2022 RM	Cumulative Quarter 12 months ended 31.12.2022 RM
Current Year	805,085	2,131,518
Deferred tax	(589,952)	(628,174)
	215,133	**1,503,344**

The effective tax rate is higher than the Malaysian statutory tax rate due to certain entities utilization of unabsorbed losses and overseas tax incentives granted to High-Tech enterprise.

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed as at the date of this announcement.

B7. Group Borrowings and Debt Securities

The total borrowings of the Group as at 31 December 2022 comprised hire purchase payables as follows: -

	Current Quarter Ended 31.12.2022 RM
Secured – due within 12 months	33,040
Secured – due after 12 months	-
	33,040

B8. 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.

B9. Dividend Payable

No interim ordinary dividend has been declared for the financial period ended 31 December 2022.

B10. Earnings per Share

	3 months ended		12 months ended	
	31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Total Comprehensive Income/(Expense) attiributable to:				
Owners of the parents	261,959	5,385,893	(4,138,801)	9,824,431
Non-controlling interests	47,440	237,731	(58,185)	252,535
	309,399	5,623,624	(4,196,986)	10,076,966
Number of shares				
Weighted average number of shares in issue for basic earnings per share	608,290,900	608,290,900	608,290,900	608,290,900
Effect of treasury shares held	(3,086,100)	(1,391,200)	(3,086,100)	(1,391,200)
Weighted average number of shares in issue of diluted earnings per share	605,204,800	606,899,700	605,204,800	606,899,700
Earnings per share (sen)				
-Basic	0.04	0.89	(0.68)	1.62
-Diluted	0.04	0.89	(0.68)	1.62

B11. Notes to the Condensed Statement of Comprehensive Income

GROUP	Year-to-date Twelve months ended 31.12.2022 RM	31.12.2021 RM
(Loss)/Profit before tax is arrrived at after (charging) / crediting :		
Depreciation of property, plant and equipment	(804,006)	(799,319)
Depreciation of right-of-use assets	(1,185,956)	(1,840,823)
Amortisation	(3,523,491)	(1,225,914)
Interest expenses	(63,785)	(152,425)
Interest income from short term deposits	972,419	1,239,524
Rental income	113,042	10,640
Reversal of impairment loss on trade receivables	272,015	229,745
Bad debt written off	(204,619)	(177,189)
Impairment loss on trade receivables	(1,032,670)	(751,847)
Foreign exchange gain (realised/unrealised)	157,307	1,514,223
Foreign exchange loss (realised/unrealised)	(25,153)	(616,683)
Property, plant and equipment written off	(8,159)	(1,628)
Impairment loss on contract asset	(2,330,510)	(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.

B12. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors during its meeting held on 28 February 2023.