

# **IFCA MSC BERHAD**

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

## **CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 4TH QUARTER ENDED 31 DECEMBER 2021**

**Condensed Statement of Comprehensive Income**  
**For the Twelve Months Period Ended 31 December 2021**

	Note	Current Quarter		Year-to-date Ended	
		3 months ended		12 months ended	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
		RM	RM	RM	RM
<b><u>Continuing Operations</u></b>					
Revenue		23,763,617	23,195,229	79,834,301	81,060,814
Other income		2,317,372	792,641	5,078,306	5,404,257
Other income - Reversal of impairment loss on trade receivable		-	-	3,287,092	-
Employee benefits expenses		(13,689,187)	(9,819,108)	(53,085,162)	(51,120,259)
Changes in inventories		(33,600)	(23,051)	(127,615)	(96,856)
Depreciation of Property, Plant & Equipment and Right-of-use assets		(980,484)	(1,400,170)	(2,640,138)	(2,339,255)
Amortisation of development costs		(961,875)	1,477,739	(1,225,914)	(1,005,109)
Other expenses		(4,590,831)	(8,641,290)	(15,526,267)	(17,239,247)
Other expenses - Bad debts written off		-	-	(3,287,092)	-
<b>Profit before impairment losses</b>		<b>5,825,012</b>	<b>5,581,990</b>	<b>12,307,511</b>	<b>14,664,345</b>
Impairment losses on:					
Deferred development cost		(34,204)	-	(34,204)	(2,140,834)
Contract Asset		-	(2,100,885)	(227,415)	(2,100,885)
<b>Profit from operations</b>		<b>5,790,808</b>	<b>3,481,105</b>	<b>12,045,892</b>	<b>10,422,626</b>
Finance costs		(53,865)	(166,809)	(152,424)	(187,626)
<b>Profit before tax from continuing operations</b>		<b>5,736,943</b>	<b>3,314,296</b>	<b>11,893,468</b>	<b>10,235,000</b>
Income tax expense	B5	(113,383)	78,097	(1,816,564)	(1,810,270)
<b>Profit for the year, net of tax</b>		<b>5,623,560</b>	<b>3,392,393</b>	<b>10,076,904</b>	<b>8,424,730</b>
Profit attributable to:					
Owners of the Company		5,385,829	3,382,044	9,824,369	8,387,854
Non-controlling interest		237,731	10,349	252,535	36,876
		<b>5,623,560</b>	<b>3,392,393</b>	<b>10,076,904</b>	<b>8,424,730</b>
Other comprehensive income:					
Profit for the year, net of tax		5,623,560	3,392,393	10,076,904	8,424,730
Actuarial loss on employee's retirement scheme		111,949	(91,837)	111,949	(91,837)
Tax related to employee's retirement scheme		(24,629)	19,640	(24,629)	19,640
Foreign currency translation		43,979	638,396	444,353	(165,532)
<b>Total comprehensive income for the year</b>		<b>5,754,859</b>	<b>3,958,592</b>	<b>10,608,577</b>	<b>8,187,001</b>
Attributable to:					
Owners of the Company		5,517,128	3,948,243	10,356,042	8,150,125
Non-controlling interest		237,731	10,349	252,535	36,876
		<b>5,754,859</b>	<b>3,958,592</b>	<b>10,608,577</b>	<b>8,187,001</b>
<b>Total comprehensive income attributable to holders of the Company in sen:</b>					
- Basic	B13	0.89	0.56	1.62	1.38
- Diluted	B13	0.89	0.56	1.62	1.38

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.

**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2021**

		As at 31.12.2021 (Unaudited) RM	As at 31.12.2020 (Audited) RM
<b>ASSETS</b>	<b>Note</b>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		5,994,581	6,276,800
Investment properties		7,821,262	4,963,343
Deferred development costs		17,725,580	10,798,303
Goodwill		25,111,525	25,111,525
Right-of-use asset		1,791,016	3,005,904
Other investments		179,500	179,500
		<u>58,623,464</u>	<u>50,335,375</u>
<b>CURRENT ASSETS</b>			
Trade receivables		9,019,716	10,599,322
Other receivables		1,582,700	1,019,796
Contract assets		3,404,252	3,952,381
Other current assets		374,824	293,588
Tax recoverable		978,586	1,386,157
Deposits, cash and bank balances		84,436,342	79,588,474
		<u>99,796,420</u>	<u>96,839,718</u>
<b>TOTAL ASSETS</b>		<u>158,419,884</u>	<u>147,175,093</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		83,947,005	83,947,005
Treasury shares		(430,221)	(430,221)
Retained profits		46,584,547	39,707,356
Other reserves		(946,513)	(1,390,866)
		<u>129,154,818</u>	<u>121,833,274</u>
<b>Non-Controlling Interest</b>		(681,813)	(362,919)
<b>Total equity</b>		<u>128,473,005</u>	<u>121,470,355</u>
<b>Non-current liabilities</b>			
Contract liabilities		-	166,713
Employees' retirement benefits		1,163,063	1,137,855
Lease Liabilities	B9	441,536	1,548,852
Deferred tax liabilities		385,952	153,293
		<u>1,990,551</u>	<u>3,006,713</u>
<b>Current Liabilities</b>			
Trade payables		56,938	57,908
Other payables		9,934,909	8,313,298
Contract liabilities		16,701,276	12,932,017
Lease Liabilities	B9	1,263,205	1,371,676
Current Tax Payable		-	23,126
		<u>27,956,328</u>	<u>22,698,025</u>
<b>Total liabilities</b>		<u>29,946,879</u>	<u>25,704,738</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>158,419,884</u>	<u>147,175,093</u>
<b>Net asset per share</b>		<b>0.21</b>	<b>0.20</b>

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.

**Condensed Consolidated Statement of Changes in Equity**  
**For the Twelve Months Period Ended 31 December 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	-	-	-	9,911,689	9,911,689	252,535	10,164,224
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)	46,584,547	129,154,818	(681,813)	128,473,005
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	-	-	-	8,315,657	8,315,657	36,876	8,352,533
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)	39,707,356	121,833,274	(362,919)	121,470,355

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.

**Condensed Consolidated Statement of Cash Flows**  
**For the Twelve Months Period Ended 31 December 2021**

	12 months ended	
	31.12.2021	31.12.2020
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	11,893,468	10,235,000
Adjustments for :		
Non cash items	7,774,132	11,521,189
Non-operating items	(4,914,584)	(3,303,566)
Operating profit before working capital changes	14,753,016	18,452,623
Working capital changes:		
Net changes in assets	(5,569,400)	1,598,642
Net changes in liabilities	5,248,396	(998,319)
Total working capital changes	(321,004)	600,323
Net cash generated from operations	14,432,012	19,052,946
Income taxes paid	(185,660)	(916,448)
Net cash generated from operating activities	14,246,352	18,136,498
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,239,523	1,682,669
Purchase of property, plant and equipment	(489,308)	(2,754,620)
Proceeds from disposal of property, plant and equipment	-	425,499
Development costs	(7,044,592)	(6,241,650)
Net cash used in investing activities	(6,294,377)	(6,888,102)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(152,424)	(187,626)
Dividends paid	(3,605,927)	(6,068,997)
Payments to hire purchase and finance lease	(61,369)	(1,340,215)
Net cash used in financing activities	(3,819,720)	(7,596,838)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,132,255	3,651,558
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	715,613	977,941
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	79,588,474	74,958,975
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	84,436,342	79,588,474

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.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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.

<b>Amendments</b>	<b>Title</b>
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.



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**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 2021.

**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 2021 and 31 December 2020 are as follows:-

	Malaysia		Overseas		Elimination		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
	RM	RM	RM	RM	RM	RM	RM	RM
<b>REVENUE</b>								
External sales	29,589,253	32,341,252	50,245,048	48,719,562			79,834,301	81,060,814
Inter-segment sales	12,915,967	12,671,014	-	-	(12,915,967)	(12,671,014)	-	-
Total Revenue	42,505,220	45,012,266	50,245,048	48,719,562	(12,915,967)	(12,671,014)	79,834,301	81,060,814
							-	
<b>RESULT</b>								
Segment results	4,403,615	11,210,265	10,101,291	11,860,864	-	(4,618,506)	14,504,906	18,452,623
Interest income							1,239,523	1,682,669
Amortisation							(1,225,914)	(3,145,943)
Depreciation							(2,640,138)	(2,339,255)
Impairment losses							(261,619)	(4,241,179)
Other non cash expenses							429,134	13,711
Finance costs							(152,424)	(187,626)
Profit before Tax							11,893,468	10,235,000
Income tax expense							(1,816,564)	(1,810,270)
Profit after Tax							10,076,904	8,424,730

**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.





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### **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 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 RM23.8 million for the current quarter ("Q4FY2021"), an increase of RM0.6 million as compared to revenue of RM23.2 million in previous year's corresponding quarter ("Q4FY2020"). The revenue growth was primarily contributed by the Indonesia segment as the local economy continued to rebound from recession caused by the pandemic. Subsequently, the Group reported a higher profit before tax of RM5.7 million in Q4FY2021 as compared to RM3.3 million in Q4FY2020. As a result, the Group registered profit attributable to equity holders of the parent company of RM5.4 million as compared to RM3.4 million for Q4FY2020.

Current cumulative period against previous year cumulative period

The Group reported revenue for twelve months period ended 31 December 2021 at RM79.8 million, a slight decrease of 2% as compared RM81.1 million recorded in the corresponding period last year. Despite some moderations in revenue growth, the Group reported a higher profit before tax at RM11.9 million as compared to RM10.2 million in preceding year's corresponding financial period. Hence, the Group registered profit attributable to equity holders of the parent company of RM9.8 million as compared to RM8.4 million for the corresponding quarter last year.

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

	<b>Current Quarter Ended 31.12.2021 RM '000</b>	<b>Preceding Quarter Ended 30.9.2021 RM '000</b>
Revenue	23,764	20,363
Gross Profits	22,782	19,950
Gross Margin	96.0%	98.0%
Profit Before Tax	5,737	2,554

The Group reported a higher revenue of RM23.8 million for Q4FY2021 as compared to RM20.3 million in Q3FY2021, representing an increase of 14.7% or RM3.4 million. This is largely due to contribution from overseas segment in the final quarter of 2021.

Thus, the Group recorded a higher profit before tax of RM5.7 million for Q4FY2021 which represents an increase of RM3.1 million as compared to profit before tax of RM2.6 million in Q3FY2021.

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**B3. Business Prospects**

The Group see opportunities going into FY2022 substantiated by increased orders from our AI-powered mobile internet solutions and promising sales pipelines. We expect to gain good traction from South East Asia region on our latest AI-powered mobile internet solutions.

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 via our ongoing digital marketing campaigns, collaborations and strategic partnerships amongst other sales efforts.

The Board is optimistic to deliver a reasonable performance in the next financial year.

As at 31 December 2021, the Group has un-billed orders in hand amounting to RM25.9 million.

**B4. Profit Forecast**

The Group has not provided any profit forecasts in any public documents for the current quarter under review.

**B5. Taxation**

	<b>Current Quarter Ended 31.12.2021 RM</b>	<b>Cumulative Quarter 12 months ended 31.12.2021 RM</b>
Current Year	289,380	1,603,244
Deferred tax	(175,997)	213,320
	113,383	1,816,564

The effective tax rate is lower than the Malaysian statutory tax rate due to certain entities utilization of unabsorbed losses and overseas tax incentives 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.

**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.

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**B9. Group Borrowings and Debt Securities**

The total borrowings of the Group as at 31 December 2021 comprised hire purchase payables as follows:-

	<b>Current Quarter Ended 31.12.2021 RM</b>
Secured - due within 12 months	64,096
Secured - due after 12 months	33,040
	<u>97,136</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 2021.

**B13. Earnings per Share**

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Total Comprehensive Income attributable to:</b>				
Owners of the parents	5,385,829	3,382,044	9,824,369	8,387,854
Non-controlling Interests	237,731	10,349	252,535	36,876
	<u>5,623,560</u>	<u>3,392,393</u>	<u>10,076,904</u>	<u>8,424,730</u>
<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 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	<u>606,899,700</u>	<u>606,899,700</u>	<u>606,899,700</u>	<u>606,899,700</u>
<b>Earnings per share (sen)</b>				
- Basic	0.89	0.56	1.62	1.38
- Diluted	0.89	0.56	1.62	1.38



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**B14. Notes to the Condensed Statement of Comprehensive Income**

<b>GROUP</b>	<b>Year-to-date ended</b>	
	<b>Twelve months ended</b>	
	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>RM</b>	<b>RM</b>
<b>Profit before tax is arrived at after (charging) / crediting :</b>		
Depreciation of property, plant and equipment	(799,317)	(846,383)
Depreciation of right-of-use assets	(1,840,821)	(1,492,872)
Amortisation	(1,225,914)	(3,145,943)
Interest expenses	(152,424)	(187,626)
Interest income from short term deposits	1,239,523	1,682,669
Rental income	10,640	32,220
Reversal of impairment loss on trade receivables	3,675,061	1,620,897
Bad debt written off	(3,719,383)	(37,146)
Impairment loss on trade receivables	(666,903)	(898,109)
Foreign exchange gain (realised/unrealised)	901,167	6,410
Foreign exchange loss (realised/unrealised)	(3,628)	(425,372)
Loss on disposal of property, plant and equipment	-	(14,471)
Property, plant and equipment written off	(1,628)	(14,767)
Impairment loss on deferred development cost	(34,204)	(2,140,834)
Impairment loss on contract asset	(227,415)	(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 25 February 2022.