

IFCA MSC BERHAD
(Incorporated in Malaysia) - 453392 T

PART A - EXPLANATORY NOTES PURSUANT TO MASB 26

A1. BASIS OF PREPARATION

The interim financial reports of the Group have been prepared in accordance with MASB 26 "Interim Financial Reporting" and Chapter 7 Part VI of the Listing Requirements for the MESDAQ market. This interim financial report is unaudited and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2004. The following notes explain the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2004.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2004.

A2. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The latest audited annual financial statements for year ended 31 December 2004 were not subject to any qualification.

A3. SEASONAL OR CYCLICAL FACTORS

The operations of the Group were not affected by any seasonal or cyclical factors.

A4. 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 financial period under review.

A5. MATERIAL CHANGES IN ESTIMATES

The Group has not submitted any financial forecast or projections to any authorities during the current quarter and prior financial year ended 31 December 2004. As such, there is no change in estimates that had a material effect in the current quarter results.

A6. CHANGES IN DEBTS AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale, repayments of debt and securities, share held as treasury shares and resale of treasury shares during the financial period ended 30 June 2005 and the date of this interim report except for the issuance of 211,200 new ordinary shares of RM0.10 each for cash pursuant to the Company's Employee Share Option Scheme at the exercise price of RM0.20 per ordinary share.

IFCA MSC BERHAD
(Incorporated in Malaysia) - 453392 T

A7. DIVIDEND PAID

No dividend has been paid for the current quarter under review.

A8. SEGMENTAL INFORMATION

Segmental information for the 6 months ended 30 June 2005 and 30 June 2004 are as follows:

	Malaysia		Overseas		Elimination		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
	RM	RM	RM	RM	RM	RM	RM	RM
Revenue								
External sales	10,073,339	11,725,579	1,987,920	3,108,021	-	-	12,061,259	14,833,600
Inter-segment sales	3,578,469	3,664,719	-	-	(3,578,469)	(3,664,719)	-	-
Total revenue	<u>13,651,808</u>	<u>15,390,298</u>	<u>1,987,920</u>	<u>3,108,021</u>	<u>(3,578,469)</u>	<u>(3,664,719)</u>	<u>12,061,259</u>	<u>14,833,600</u>
Result								
Segment results	649,023	2,868,855	1,423,203	2,188,886			2,072,226	5,057,741
Amortisation (unallocated)							(864,014)	(1,858,637)
Results from investing activity							-	(550,459)
Finance costs							(35,975)	(9,024)
Share of results of associate							496,804	-
Profit before taxation							1,669,041	2,639,621
Taxation							(171,914)	(168,953)
Profit after taxation							1,497,127	2,470,668
Minority interest							36,870	(119,286)
Profit for the period							<u>1,533,997</u>	<u>2,351,382</u>

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The valuation of property, plant and equipment and investment properties have been brought forward without amendment from the financial statements for the year ended 31 December 2004.

IFCA MSC BERHAD
(Incorporated in Malaysia) - 453392 T

A10. MATERIAL EVENTS SUBSEQUENT TO THE CURRENT QUARTER

There were no material events arising since the end of this current quarter up to the date of this announcement, which will have a material effect on the financial results of the Group for the period under review.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter under review.

A12. CONTINGENT LIABILITIES

There were no material contingent liabilities since the last annual balance sheet as at 31 December 2004.

A13. CAPITAL COMMITMENTS

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

IFCA MSC BERHAD
(Incorporated in Malaysia) - 453392 T

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 7A OF THE LISTING REQUIREMENTS FOR THE MESDAQ MARKET

B1. REVIEW OF PERFORMANCE

The Group's cumulative turnover for the period ended 30 June 2005 amounted to RM12.06 million, which represents a decline of approximately 18.6% as compared to RM14.83 million in the corresponding period last year. The decrease was mainly attributed to lower domestic sales. In addition, since 1 January 2005, revenue derived from South Africa is now recognised as profit from an associated company, namely IFCA MBS Pte Ltd. Net profit after taxation and minority interest for the period amounted to RM1.54 million, represents a decrease of 34.7% as compared to corresponding period of last year. This is mainly due to lower domestic revenue recorded for the current period as compared to the corresponding period last year.

B2. VARIATION OF RESULTS AGAINST THE PRECEDING QUARTER

	Current Quarter 30/6/2005 RM'000	Preceding Quarter 31/3/2005 RM'000
Revenue	6,649	5,412
Profit Before Taxation ("PBT")	1,074	596

For the quarter under review, the Group's turnover increased from RM5.41 million to RM6.65 million. The increase of 22.8% is mainly due to higher demand for the Group's application software and also from better hardware sales in this quarter. The Group's PBT has increased by RM0.48 million or 80% as compared to the preceding quarter, mainly due to the higher revenue.

B3. CURRENT YEAR PROSPECTS

The Group's revenue increased in the second quarter of 2005 compared to the preceding quarter. The Group is positive of its current year performance with its growing presence in overseas markets such as Australia, Indonesia, Vietnam, China, Maldives and also the African continent. In line with the Group's overseas expansion plan, a Research and Development and Resource Center was set up in Guangzhou early this year to provide R&D support, new products development as well as customization for China and global market. As it is the seeding year, the contribution from this overseas venture will be minimum for the current financial year.

IFCA MSC BERHAD
(Incorporated in Malaysia) - 453392 T

On the local front, according to a report from the Department of Statistics, the Malaysian economy slowed down to 5.7% in the first quarter of this year but the third quarter economic outlook is expected to improve given the underlying economic fundamentals of the local economy, coupled with the expected increase in government spending. The Group will continue to tap into the replacement market as well as the small and medium enterprise sector, which we believe, would present us with a great potential for our products and services and through the adoption of its new web editions. However, the threat of escalating crude oil prices will still continue to dampen the global economic climate, although not specific to the Group, this issue indirectly affects the business confidence of the markets in which the Group operates.

B4. PROFIT FORECAST

The Group has not provided any profit forecast in any public document for the financial year ended 31 December 2005.

B5. TAXATION

	Current Quarter 3 months ended 30/6/2005 RM	Cumulative Quarter 6 months ended 30/6/2005 RM
Tax expense for the period:		
Malaysian income tax	40,987	53,615
Share of taxation of associates	108,299	118,299
	<u>149,286</u>	<u>171,914</u>

The effective tax rate of the Group is lower than the statutory tax rate for the current financial period under review mainly due to the Company's MSC status. Income derived from its operating activities is exempted from tax for 5 years up to January 2008.

B6. PROFIT OR LOSS ON SALE OF INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments or properties during the current quarter under review.

B7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchases or disposals of quoted securities for the current quarter and financial year to date.

IFCA MSC BERHAD
(Incorporated in Malaysia) - 453392 T

B8. GROUP BORROWINGS AND DEBT SECURITIES

The total borrowings of the Group as at 30 June 2005 comprised RM1,449,946 of hire purchases liabilities analysed as follows:

	RM
Secured - due within 12 months	249,588
Secured - due after 12 months	1,200,358
	<hr/>
	1,449,946
	<hr/>

B9. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group has no off-balance sheet financial instruments at the date of this announcement.

B10. 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 announcement.

B11. DIVIDEND PAYABLE

The shareholders of the Company had during its 7th Annual General Meeting on 22 June 2005 approved the final tax-exempt dividend of 5% in respect of the financial year ended 31 December 2004 to be paid on 25 July 2005 to holders of ordinary shares of RM0.10 each of the Company whose name appear in the Record of Depositors of the Company at the close business date on 15 July 2005.

IFCA MSC BERHAD
(Incorporated in Malaysia) - 453392 T

B12. EARNINGS PER SHARE

	Current Quarter 3 months ended 30/6/2005 RM	Cumulative Quarter 6 months ended 30/6/2005 RM
<u>Earnings</u>		
Earnings for the purpose of basic and diluted earnings per share	<u>911,548</u>	<u>1,533,997</u>
<u>Number of shares</u>		
Weighted average number of share in issue for basic earnings per share	281,117,700	281,062,567
Effect of dilutive potential ordinary shares on conversion of options under ESOS	1,860,780	1,860,780
Weighted average number of share in issue for diluted earnings per share	<u>282,978,480</u>	<u>282,923,347</u>
Earnings per share (sen)		
- Basic	0.32	0.55
- Diluted	<u>0.32</u>	<u>0.54</u>

Basic earnings per share for the preceding corresponding quarter and preceding corresponding year to date are calculated by dividing the net profit attributable to ordinary shareholders with the weighted average number of ordinary shares of 283,192,595 of RM0.10 each.

B13. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 August 2005.