

**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 September 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.

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**A7. DIVIDEND PAID**

The final tax-exempted dividend of 5% on 281,117,700 ordinary shares of RM0.10 per share amounting to RM1,405,588 for the financial year ended 31 December 2004 was paid on 25 July 2005.

**A8. SEGMENTAL INFORMATION**

Segmental information for the 9 months ended 30 September 2005 and 30 September 2004 are as follows:

	Malaysia		Overseas		Elimination		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
	RM	RM	RM	RM	RM	RM	RM	RM
<b>Revenue</b>								
External sales	16,522,726	17,974,253	2,745,407	4,263,017			19,268,133	22,237,270
Inter-segment sales	6,041,410	5,948,357	-	-	(6,041,410)	(5,948,357)	-	-
Total revenue	<u>22,564,136</u>	<u>23,922,610</u>	<u>2,745,407</u>	<u>4,263,017</u>	<u>(6,041,410)</u>	<u>(5,948,357)</u>	<u>19,268,133</u>	<u>22,237,270</u>
<b>Result</b>								
Segment results	2,264,198	4,818,733	2,004,578	3,153,636			4,268,776	7,972,369
Amortisation (unallocated)							(1,550,558)	(2,573,026)
Results from investing activity							-	(550,459)
Finance costs							(56,477)	(15,152)
Share of results of associate							561,655	-
Profit before taxation							3,223,396	4,833,732
Taxation							(182,346)	(223,252)
Profit after taxation							3,041,050	4,610,480
Minority interest							(12,330)	(110,471)
Profit for the period							<u>3,028,720</u>	<u>4,500,009</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.

**A10. MATERIAL EVENTS SUBSEQUENT TO THE CURRENT QUARTER**

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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.

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

**B1. REVIEW OF PERFORMANCE**

For the nine months period ended 30 September 2005, the Group registered a revenue of RM19.27 million as compared to RM22.24 million in the corresponding period in the previous year. The decrease was mainly attributed to lower 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.

In terms of profitability, the Group recorded a net profit after taxation and minority interest of RM3.03 million, representing a decrease of 32.7% as compared to the corresponding period of last year.

**B2. VARIATION OF RESULTS AGAINST THE PRECEDING QUARTER**

	<b>Current Quarter</b> <b>30/9/2005</b> <b>RM'000</b>	<b>Preceding Quarter</b> <b>30/6/2005</b> <b>RM'000</b>
Revenue	7,207	6,649
Profit Before Taxation ("PBT")	1,554	1,074

For the quarter under review, the Group's registered consolidated revenue of RM7.2 million, a growth of approximately RM0.56 million or 8.4% as compared to the preceding quarter of RM6.65 million.

The Group's PBT has increased by RM0.48 million or 44.7% as compared to the preceding quarter, mainly due to the higher revenue.

**B3. CURRENT YEAR PROSPECTS**

The Group's revenue continued to increase in the third quarter of 2005 compared to the preceding two quarters. The management of the Group is presently working to secure several projects locally and in Cambodia, China and Maldives that they hope will contribute positively to the future earnings of the IFCA Group

The Group has started to strategise efforts in promoting its web-based solutions in Malaysia and some other countries and is looking forward to capture a certain market shares in the segment in those countries.

Barring any unforeseen circumstances, the Directors anticipate that the performance of the IFCA Group will be satisfactory for the current financial year.

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**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**

	<b>Current Quarter</b> <b>3 months ended</b> <b>30/9/2005</b> <b>RM</b>	<b>Cumulative Quarter</b> <b>9 months ended</b> <b>30/9/2005</b> <b>RM</b>
Tax expense for the period:		
Malaysian income tax	(9,023)	44,592
Share of taxation of associates	19,455	137,754
	<u>10,432</u>	<u>182,346</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.

**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.

**B8. GROUP BORROWINGS AND DEBT SECURITIES**

The total borrowings of the Group as at 30 September 2005 comprised RM1,437,738 of hire purchases liabilities analysed as follows:

	<b>RM</b>
Secured - due within 12 months	258,107
Secured - due after 12 months	1,179,631
	<u>1,437,738</u>

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**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 Board of Director has proposed an interim tax exempt dividend of 5% for the financial year ended 2005. The proposed dividend will be paid on 6 January 2006 to shareholders whose names appear in the Record of Depositors on 22 December 2005. A Depositor shall qualify for entitlement only in respect of:

- (a) securities transferred to the Depositor's securities account before 4.00 pm on 22 December 2005; and
- (b) securities bought on Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis in accordance with the Rules of BMSB.

**B12. EARNINGS PER SHARE**

	Current Quarter 3 months ended 30/9/2005 RM	Cumulative Quarter 9 months ended 30/9/2005 RM
<b><u>Earnings</u></b>		
Earnings for the purpose of basic and diluted earnings per share	<u>1,494,723</u>	<u>3,028,720</u>
<b><u>Number of shares</u></b>		
Weighted average number of share in issue for basic earnings per share	281,117,700	281,080,944
Effect of dilutive potential ordinary shares on conversion of options under ESOS	-	-
Weighted average number of share in issue for diluted earnings per share	<u>281,117,700</u>	<u>281,080,944</u>
<b>Earnings per share (sen)</b>		
- Basic	0.53	1.08
- Diluted	<u>0.53</u>	<u>1.08</u>

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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 277,061,856 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 28 November 2005.