



Information For Competitive Advantage



The Board of Directors of the Company ("the Board") is pleased to report that it fully subscribes to and supports the principles of the Malaysian Code on Corporate Governance in directing and managing the businesses and affairs of the Group to protect and enhance shareholder value and the performance of the Group.

## THE BOARD OF DIRECTORS

### i) Duties

The Board takes full responsibility for the performance of the Group. The Board guides the Company on its short and long-term goals, provides advice and directions on management and business development issues while providing balance to the management of the Company.

The Board is responsible for the following:-

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

### ii) Composition

The Company is led by an experienced Board, which is composed of six (6) members; comprising one (1) Executive Chairman / Chief Executive Officer, two (2) Independent Non-Executive Directors and three (3) Executive Directors. The Board's composition represents a mix of knowledge, skills and expertise to effectively discharge its stewardship responsibilities in spearheading the Group's growth and future direction.

### iii) Appointments of the Board and Re-election

In accordance with the Company's Articles of Association, an election of Directors shall take place each year during the annual general meeting. All Directors, except the Managing Director, shall retire from office at least once every three (3) years, but shall be eligible for re-election. The Articles also provide that any director who is appointed by the Board to fill a vacancy shall hold office only until the next annual general meeting and shall then be eligible for re-election.

### iv) Board Meeting and Supply of Information

The Board meets on a scheduled basis, at least four (4) times a year to control and monitor the development of the Group. Additional meetings will be convened as and when required. The agenda for each Board meeting is circulated to all the Directors for their perusal before the meetings.

The proceedings and resolutions reached at each Board Meeting are recorded in the minutes of the meetings, which are kept in the Minutes Book at the registered office.

Besides Board meetings, the Board exercises control on matters that require the Board's approval through circulation of Directors' Resolutions.

The summary of attendance at the Board Meetings held for the financial year ended 31 December 2004 is as follows: -

Directors	Number of Board Meetings	
	Held	Attended
Yong Keang Cheun	6	6
Yong Kian Keong	6	6
Ho Chee Siong	6	5
Ho Joon Foong	6	1
Chew See Chiew	6	6
Goh Gim Tiong	6	6

### v) Directors' Access to Information and Advice

The Board members have access to the advice and services of the Company Secretaries and all information in relation to the Group whether as a full Board or in their individual capacity to assist them in carrying out their duties. Where necessary, the Directors may engage independent professionals at the Group's expense on specialised issues to enable the Board to discharge their duties with adequate knowledge on the matters being deliberated.



## vi) Remuneration of Directors

For the financial year ended 31 December 2004, a total sum of RM 1,517,163 was paid to the Directors of the Company. The Directors fall within the following remuneration bands:-

Remuneration Band (RM)	Number of Directors
0 - 50,000	-
50,001 - 100,000	1
100,001 - 150,000	1
150,001 - 200,000	-
200,001 - 250,000	-
250,001 - 300,000	-
300,001 - 350,000	-
350,001 - 400,000	-
400,001 - 450,000	-
500,001 - 550,000	1
750,001 - 800,000	1

## vii) Number of Directorships in Other Companies

None of the Directors of the Company has held directorships in other public corporations.

## viii) Directors' Training and Continuing Education Programme

All the directors of the Company are encouraged to attend training programs that can further enhance their knowledge in the latest developments relevant to the Group, especially in the areas of corporate governance and regulatory development, to enable them to discharge their responsibilities effectively.

During the year, all the directors except for newly appointed directors being Mr Leong Nyu Kuan and Mr Ian Jeremy Jones who will attend in July 2005, had attended and completed the Mandatory Accreditation Program.

## BOARD COMMITTEES

The Board has established the following committees:-

### i) The Audit Committee

Terms and reference as well as further information on the Audit Committee are set out on pages 22 to 23 of this Annual Report.

### ii) The Employee Share Option Scheme Committee ("Option Committee")

The Option Committee comprises two (2) members from the Board and one (1) member from the Management.

The Option Committee's responsibilities are as follows:-

- To administer the Employee Share Option Scheme ("ESOS") in accordance with the By-Laws of the ESOS and, in such manner, as it shall at its discretion deem fit and, within such powers and duties as are conferred upon it by the Board; and
- To review and amend, at any time and from time to time, any provisions of the ESOS and the By-Laws, provided that the amendments are not prejudicial to the eligible employees and with the prior approval of the shareholders of the Company. Such modification/variation shall be subject to the approvals of the Board and the relevant authorities.

The functions of the Option Committee, shall be governed by the By-Laws which, inter alia, include:-

- To select employees of the Company and its eligible subsidiary companies who are eligible to participate in the initial offer and subsequent offers of the ESOS and, determine the number of new shares to be allocated to the eligible employees according to the grading of employees and each band of years of service;

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- To determine the number of ESOS exercisable by the eligible employees for each year during the duration of the ESOS, the date of the initial offer and subsequent offers and the exercise price for each offer at which the eligible employees are entitled to subscribe under an ESOS and, the period during which the ESOS may be exercised; and

□□□□ To formulate guidelines/procedures for the administration of the ESOS.

## ACCOUNTABILITY AND AUDIT

### i) Internal Control

Details of the Internal Control system are stated in the Statement of Internal Control on page 24.

### ii) Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcements of results as well as the Chairman's statement and financial review in the annual report to shareholders. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and the quality of its financial reporting.

### iii) Directors' Responsibility Statement with Respect to the Preparation of the Audited Financial Statements

The Board is responsible for ensuring that the financial statements of the Company and the Group are in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 to present a true and fair view of the state of affairs of the Company and the Group.

During the financial year under review, the Board has undertaken several measures to ensure quality financial reporting to its shareholders, investors and regulatory authorities in order to present a balanced, clear and comprehensive assessment of the Company's and the Group's performance and prospects. As part of the Company's continuing disclosure obligation under the Listing Requirements of Bursa Malaysia Securities Berhad, the Board aims to ensure timely, accurate and up-to-date financial information relating to the Company's and the Group's quarterly financial results are announced to Bursa Malaysia. The timely distribution of the Company's Annual Report to the shareholders and investors is to ensure that all those who invest in the Company's securities are kept abreast of the Company's and the Group's performance throughout the financial year.

The Chairman's Statement also provides an insight into the performance of the Group throughout the financial year as well as on the Group's future prospects.

The Board is assisted by the Audit Committee in the discharge of its fiduciary responsibilities relating to corporate accounting and reporting practices of the Group.

### iv) Relationship with Auditors

The Board through the establishment of an Audit Committee maintains an active, transparent and professional relationship with the company's Internal and External Auditors, and has been conferred with the authority to interface directly with both the External and Internal Auditors of the Group.

## RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The importance of keeping shareholders informed of developments concerning the Group is high on the agenda. In this respect, the Board has always maintained an active and constructive shareholder communication policy. The minority shareholders are kept abreast of all corporate developments concerning the Group through the distribution of the information via the Bursa Malaysia website ([www.bursamalaysia.com](http://www.bursamalaysia.com)), as well as via the Investor Relations Channel on the Company's corporate website ([www.myifca.com](http://www.myifca.com)). Investors are encouraged to sign up for the free email-alert service to receive the latest updates of the Company, including the quarterly financial results.

As part of the Company's continuing disclosure obligation under the Listing Requirements of Bursa Malaysia Securities Berhad, the Company aims to ensure timely announcements are made through the Bursa Malaysia website and the Company's Investor Relations Channel to enable investors to make informed investment decisions.

### The Annual General Meeting

The Chairman and the Board encourage the shareholders to attend and participate in the Annual General Meeting held annually as this is deemed to be the platform for the Board to report on the Group's business activities. To promote an open and transparent policy, the shareholders are given the opportunity to seek clarifications on the affairs, activities and prospects of the Group.

The External Auditors are also present to provide their professional and independent clarification on issues of concern raised by the shareholders.



## EMPLOYEE SHARE OPTION SCHEME COMMITTEE ("OPTION COMMITTEE")

### Term of Reference

#### 1. Constitution

The Board resolved to establish a committee of the Board to be known as the Option Committee on 5 June 2003. The ESOS shall be in force for a duration of five (5) years from 10 June 2003.

#### 2. Composition

The Option Committee shall be appointed by the Board with at least three (3) members comprising the Group Managing Director, one (1) Executive Director and one (1) senior management personnel of the Company.

☐☐☐☐☐a. Members of the Committee will only be entitled to hold office during the period of their service with the Company.

☐☐☐☐☐b. Where the members of the Committee are reduced to less than three (3) for any reasons whatsoever, the Board shall, as soon as practicable thereafter, appoint such additional number of members as may be required to make up the minimum of three (3). Unless the minimum number of three (3) members are appointed, the Committee shall not be entitled to exercise any discretion under the ESOS By-Laws.

☐☐☐☐☐c. The Board may, from time to time and in its absolute discretion, revise the composition of the Committee and the roles and responsibilities of the Committee.

#### 3. Chairman of the Option Committee

The Group Managing Director shall be the Chairman during the meetings. In the event the Group Managing Director is not able to attend a meeting, the Committee shall nominate the Executive Director as Chairman for the meeting.

In the absence of the Group Managing Director and Executive Director, with the quorum of at least two (2) members, a member of the Committee shall be nominated as Chairman for the meeting.

#### 4. Meetings of the Option Committee

##### Frequency

Meetings shall be held not less than four (4) times a year. In addition, the Chairman shall call for a meeting of the Committee if requested to do so by any member of the Committee, the Board, the senior management or the internal or external auditors. Prior notice shall be given for the Committee's meetings.

##### Quorum

The quorum for a meeting of the Committee shall be two (2). Two (2) members present in person or through teleconferencing, video conferencing or other electronic media allowing for contemporaneous presence of the members shall form the quorum.

##### Secretary of the Option Committee

The Company Secretary shall attend the meetings on invitation to assist in the secretarial function of the Committee and not as a member of the Committee. In the absence of the Company Secretary, a member of the Committee shall be nominated for such secretarial function.

#### 5. Authority of the Option Committee

The Committee shall have unlimited access to all the information and documents relevant to its activities, including but not limited to the following:-

☐☐☐☐☐ (i) The full name and job title of an eligible employee as described in By-Law 5 ("Selected Employee");

☐☐☐☐☐ (ii) The date of commencement of his/her employment with the Group;

☐☐☐☐☐ (iii) His/Her Maximum Entitlement (as described in By-Law 6); and

☐☐☐☐☐ (iv) The total number of shares which comprises:-

☐☐☐☐☐☐☐☐☐☐ a. The ESOS granted to the Selected Employee;

☐☐☐☐☐☐☐☐☐☐ b. The ESOS which had been accepted by him/her; and

☐☐☐☐☐☐☐☐☐☐ c. The balance over which ESOS may be granted.



## 6. Grant of ESOS

- 6.1 No ESOS will be granted to any Executive Director of the Company unless the specific grant of ESOS and the allotment of shares pursuant to the exercise of such ESOS by that Executive Director shall have previously been approved by the shareholders of the Company in a general meeting.
- 6.2 The Committee may grant ESOS at anytime within the duration of the ESOS.
- 6.3 The Committee may in its absolute discretion make more than one (1) offer to each Selected Employee at any time after the first offer made provided that the total aggregate number of shares to be offered to each Selected Employee (inclusive of shares already offered under previous offers, if any) shall not exceed the Maximum Allowable Allotment of such Selected Employee as set out in By-Law 6.1.
- 6.4 In determining the aggregate number of new shares to be offered to an employee in accordance with the scheme shall be determined at the absolute discretion of the Option Committee after taking into consideration the performance of the employee, seniority and the number of years in service that the employee has rendered, and such other criteria as the Option Committee may decide from time to time.
- 6.5 The offer shall automatically lapse and be null and void in the event of the Selected Employee ceasing to be employed by the Group for any reason whatsoever prior to the acceptance of the offer by the Selected Employee in the manner set out in By-Law 8.

## 7. Acceptance of the Offer

- 7.1 A written offer made by the Option Committee under By-Law 7 shall be valid for a period of thirty (30) days from the date of offer or such longer period as may be determined by the Option Committee on a case by case basis at its discretion and may be accepted within this prescribed period by the Selected Employee by written notice to the Option Committee of such acceptance accompanied by a payment to the Company of a normal non-refundable sum of Ringgit Malaysia One (RM1.00) as consideration for the grant of the ESOS.
- 7.2 If an Offer is not accepted in the aforesaid manner, such Offer shall upon the expiry of the said thirty (30) days automatically lapse and be null and void and of no further force and effect provided that the Option Committee shall not be precluded from making a new offer to a Selected Employee subsequently.

## 8. Responsibility

The Committee shall be responsible to the Board for matters pertaining to administering the ESOS and compliance with the By-Laws governing the ESOS.

## 9. Duties And Scope Of Work

The duties and scope of responsibilities of the Committee are as follows:-

- 9.1 To monitor the progress of the ESOS;
- 9.2 To review and report to the Board on a regular basis to ensure compliance with the ESOS By-Laws; and
- 9.3 The Committee may, for the purpose of administering the ESOS, define and establish, amend and revoke rules and regulations relating to the scheme and its administration. The Option Committee in the exercise of this power may correct any defect, supply, omission or reconcile any inconsistency in the scheme or in any agreement providing for an ESOS in a manner and to the extent, it shall deem necessary, to expedite and make the ESOS fully effective, and
- 9.4 To determine all questions of policy and expediency that may arise in the administration of the ESOS and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

## 10. Decision Making

Decision making shall be on majority votes of the members present at the meeting, and in case of an equality of votes, provided more than two (2) members present in person are competent to vote on the question at issue but not otherwise, the Chairman shall have a second or casting vote.



## TERMS OF REFERENCE

### 1. Composition of Audit Committee

The Audit Committee ('Committee') shall be appointed by the Board of Directors ('Board'), and shall fulfill the following requirements:

- I. The Committee shall consist of no fewer than three (3) members
- II. The majority shall be independent non-executive directors
- III. The Committee shall elect a Chairman from among its members who is an independent non-executive director.
- IV. At least one (1) member of the Committee:
  - i. Must be a member of the Malaysian Institute of Accountants ('MIA').
  - ii. If he/she is not a member of the MIA, he/she must have at least 3 years' working experience and;
    - (a) Must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
    - (b) Must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants' Act, 1967; or
    - (c) Fulfills such other requirements as prescribed by the Bursa Malaysia Securities Berhad.
  - iii. Have a masters/doctorate in accounting or finance and at least three (3) years post qualification experience in accounting or finance.
- V. No alternate director shall be appointed as a member of the Committee
- In the event that a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within two months, but in any case not later than three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members.
- The Board shall review the terms of the Committee no less than every three (3) years.

### 2. Authority of the Committee

The Board authorizes the Committee to:

- I. Investigate any activity within its terms of reference
- II. Have unrestricted access to any information pertaining to the Company and its subsidiary companies for the purpose of discharging its functions and responsibilities.
- III. Have direct communication channels with the external auditors, internal auditors and any employee(s) of the Group.
- IV. Obtain outside legal or other independent professional advice it considers necessary and reasonable for the performance of its duties.

### 3. Duties and Responsibilities

The duties and responsibilities of the Committee shall be:

- I. To review with management on a periodic basis, the adequacy of the Group's risk management and internal controls processes to identify, monitor and manage key organizational risks.
- II. To consider the appointment of the external auditors, the terms of engagement, the audit fee and any questions of resignation or dismissal.
- III. To review the external auditors' audit plan and scope of the annual audit or other examinations for the Company and the Group.
- IV. To review the external auditors and/or internal auditors' audit report, management letter and management's response.
- V. To review with the external auditors with regard to problems and reservations arising from interim and final audits.



### 3. Duties and Responsibilities (Continued)

VI. To review any financial information for publication, including the quarterly and annual financial statement before submission to the Board, focusing on:

- i. Any changes in accounting policies and practices
  - ii. Significant and unusual events
  - iii. Significant adjustments and issues arising from the audit
  - iv. The going concern assumption
  - v. Compliance with approved accounting standards and other legal requirements
- VII. To determine the extent of cooperation and assistance given by the employees to the external auditors.
- VIII. To review the adequacy of independence, scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.
- IX. To review the internal audit plan, scope, programme and results of the audit work and ensure that appropriate action is taken on the recommendations of the internal audit function.
- X. To review the assessment of the performance of members of the internal audit function, approve the appointment or termination of Head of the internal audit function and provide resigning member an opportunity to submit his/her reasons for doing so.
- XI. To review any related party transaction entered by the Group to ensure it is within normal commercial terms and any potential conflict of interest situations that may arise.
- XII. To review matters in relation to compliance with applicable laws and regulations and assist the Board to discharge its statutory duties and responsibilities.
- XIII. To report to Bursa Malaysia where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.
- XIV. To undertake any other activities as may be agreed to by the Committee and the Board.

### 4. Meetings and Quorum

The Committee shall meet at least four (4) times a year or more frequently as circumstances dictate.

The Committee shall convene a meeting if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee.

The head of finance and head of internal audit function and representatives of the external auditors shall normally be invited to attend the meetings. The Committee may also invite non-member directors and employees to attend any of its meetings to assist in resolving and clarifying matters, where necessary.

The Committee shall meet with the internal and external auditors in separate private sessions at least once (1) a year, without executive board members present.

The majority of members present must be independent non-executive directors to form a Quorum and the number of independent non-executive directors shall not be less than two (2).

### 5. Secretary to Audit Committee

The Committee may appoint one of its members, the Company Secretary or any employee of the Company to be the Secretary of the Committee.

The Secretary shall be responsible for recording attendance, keeping the minutes of the meeting and circulating the minutes of the Committee meetings to all the members of the Board.



## INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Board of Directors of the Company is pleased to present this Statement on Internal Control, with respect to the state, nature and scope of the internal control of the Group during the year.

## RESPONSIBILITY

The Board is ultimately responsible for the Group's system of internal controls which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, risk management and financial, organisational, operational and compliance controls.

## RISK MANAGEMENT FRAMEWORK

In the process of applying a risk assessment approach, the management from each division identifies the risks relating to their area; the likelihood of the occurrence of the risk; the consequences; and the action plan to manage those risks. The risk measures so derived from this process are then communicated from one (1) level of management to another and reported to the Audit Committee. The Board confirms that this process will continue throughout the year with the aim of identifying, evaluating and mitigating the risks associated with all the business entities within the Group.

## INTERNAL CONTROL

The Group currently relies on existing internal control mechanisms and its in-house knowledge management software (KM+) to provide management with the required level of assurance that the business is being operated in an orderly manner. This is further enhanced by meetings between the Group's Audit Committee members and its independent external auditors to better understand the Group's state of affairs and internal control.

The Group has engaged a professional services organization to provide outsourced Internal Audit services that supports the Audit Committee in discharging its duties with respect to the adequacy and integrity of the systems of internal controls within the Group. The Audit Committee has adopted an Internal Audit Charter, which establishes the authority and responsibility conferred on Internal Audit function. During the year under review, the Internal Audit had conducted risk management workshops to increase the awareness of internal control, developed a group key risk profile and carried out audits based on the internal audit plan approved by the Audit Committee.

The Audit Committee reviews the risk monitoring and compliance procedures, ensuring that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. The Audit Committee presents its findings to the Board on a quarterly basis or earlier as appropriate.



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The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are the research and development of enterprise-wide business solutions.

The principal activities of its subsidiaries are described in Note 13 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

## RESULTS

	Group RM	Company RM
Profit after taxation	7,929,688	13,897,497
Minority interests	3,898	-
Profit for the year	<u>7,933,586</u>	<u>13,897,497</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than effects arising from the assignment of intellectual property rights (comprising deferred development costs) resulting in a gain of RM11,954,920 and RM7,151,413 to the Company and to the Group respectively as disclosed in Note 5 to the financial statements.

## DIVIDENDS

The dividends paid by the Company since 31 December 2003 were as follows:

	RM
In respect of the financial year ended 31 December 2003 - 8% interim tax-exempt dividend on 276,200,000 ordinary shares, declared on 19 February 2004 and paid on 22 March 2004	2,209,600
In respect of the financial year ended 31 December 2004 - 10% interim tax-exempt dividend on 280,768,000 ordinary shares, declared on 26 November 2004 and paid on 23 December 2004	2,807,680
	<u>5,017,280</u>

At the forthcoming Annual General Meeting, a final tax-exempt dividend in respect of the financial year ended 31 December 2004 of 5% on 280,906,500 ordinary shares, amounting to a dividend payable of RM1,404,533 (0.5 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2005.

## DIRECTORS

The directors of the Company in office since the date of the last report and at the date of this report are:-

Yong Keang Cheun  
Yong Kian Keong  
Chew See Chiew  
Goh Gim Tiong  
Ian Jeremy Jones (Appointed on 11.4.2005)  
Leong Nyu Kuan (Appointed on 12.1.2005)  
Ho Joon Foong (Appointed on 1.9.2004; resigned on 15.3.2005)  
Ho Chee Siong (Resigned on 1.9.2004)



**DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted pursuant to the Employee Share Options Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in Note 29 and 30 to the financial statements.

**ISSUE OF SHARES**

During the financial year, the Company increased its issued and paid-up share capital from RM27,620,000 to RM28,090,650 by way of the issuance of 4,706,500 new ordinary shares of RM0.10 each pursuant to the Company's Employee Share Options Scheme at an exercise price of RM0.20 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

**DIRECTORS' INTEREST**

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

**The Company**

	Number of Ordinary Shares RM0.10 each			
	1 January 2004/ At date of appointment	During the financial year		31 December 2004
		Bought	Sold	
Yong Keang Cheun	6,620,930	1,452,900	-	8,073,830
	180,160,572	-	(8,000,000)	172,160,572 (a)
Yong Kian Keong	3,255,810	-	-	3,255,810
	183,525,692	1,452,900	(8,000,000)	176,978,592 (b)
Ho Joon Foong	20,000	-	-	20,000

**Options to subscribe for new Ordinary Shares of RM0.10 each**

	1 January 2004	During the financial year		31 December 2004
		Granted	Exercised/Lapsed	
Yong Keang Cheun	1,452,900	-	(1,452,900)	-
Yong Kian Keong	1,452,900	-	-	1,452,900

**Number of Ordinary Shares of RM1.00 each**

	1 January 2004	During the financial year		31 December 2004
		Bought	Sold	
<b>Holding Company:</b>				
<b>IFCA Software (Asia) Sdn. Bhd.</b>				
Yong Keang Cheun	2,839,474	-	-	2,839,474
Yong Kian Keong	1,310,526	-	-	1,310,526
<b>Subsidiary Companies:</b>				
<b>IFCA Technology Sdn. Bhd.</b>				
Yong Keang Cheun	70,000	-	-	70,000
Yong Kian Keong	30,000	-	-	30,000
<b>IFCA Solutions Sdn. Bhd.</b>				
Yong Keang Cheun	70,000	-	-	70,000
Yong Kian Keong	30,000	-	-	30,000



## DIRECTORS' INTEREST (Continued)

	Number of Ordinary Shares of RM1.00 each			31 December 2004
	1 January 2004	Bought	Sold	
<b>Subsidiary Companies (Continued):</b>				
<b>IFCA Systems (JB) Sdn. Bhd.</b>				
Yong Keang Cheun	1	-	-	1
Yong Kian Keong	1	-	-	1
<b>IFCA Consulting (Sabah) Sdn. Bhd.</b>				
Yong Keang Cheun	80,000	-	-	80,000
Yong Kian Keong	20,000	-	-	20,000
<b>IFCA Consulting (Sarawak) Sdn. Bhd.</b>				
Yong Keang Cheun	8	-	-	8
Yong Kian Keong	2	-	-	2
<b>IFCA Systems (Penang) Sdn. Bhd.</b>				
Yong Keang Cheun	8	-	-	8
Yong Kian Keong	2	-	-	2
<b>Network Online Sdn. Bhd.</b>				
Yong Keang Cheun	70,000	-	-	70,000
Yong Kian Keong	30,000	-	-	30,000

(a) By virtue of his substantial shareholdings in IFCA Software (Asia) Sdn. Bhd. and the shareholdings of his brother, Yong Kian Keong, Yong Keang Cheun is deemed to have an interest in the shares of the Company to the extent that IFCA Software (Asia) Sdn. Bhd. and Yong Kian Keong have an interest.

(b) By virtue of his substantial shareholdings in IFCA Software (Asia) Sdn. Bhd. and the shareholdings of his brother, Yong Keang Cheun, Yong Kian Keong is deemed to have an interest in the shares of the Company to the extent that IFCA Software (Asia) Sdn. Bhd. and Yong Keang Cheun have an interest.

By virtue of their interests in shares in the holding company and the Company, Yong Keang Cheun and Yong Kian Keong are also deemed interested in shares in all the subsidiary companies to the extent of the holding company's and Company's interests in the respective subsidiary.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## EMPLOYEE SHARE OPTIONS SCHEME

The Company's Employee Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 5 June 2003.

The main features of the ESOS are as follows:

- (a) The ESOS shall be in force for a period of five years from 10 June 2003. The options granted shall be exercisable from the date falling one calendar year from the date of listing;
- (b) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group on a full time basis or on contractual employment for a duration of at least three (3) years;
- (c) The total number of shares to be issued under the ESOS shall not exceed in aggregate 30% of the issued share capital of the Company at any point of time during the tenure of the scheme;
- (d) The option price for each share shall be:
  - (i) Twenty sen (RM0.20) in respect of options granted by the Option Committee on or prior to 30 July 2003; or
  - (ii) Five (5) days weighted average market prices of the shares as quoted in the daily official list issued by Bursa Malaysia Securities Berhad, with a discount of not more than 10% if deemed appropriate by the Option Committee, subject at all times, however, to the minimum of the par value of the shares;
- (e) No option shall be granted for less than 100 shares nor more than 15,000,000 shares to any eligible employee;



**EMPLOYEE SHARE OPTIONS SCHEME (Continued)**

- (f) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company during the option period; and
- (g) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.

The Option Committee is appointed by the Board of Directors of the Company to administer the scheme.

The movements in the share options during the financial year were as follows:

Grant Date	Exercise Price Per Ordinary Share (RM)	1 January 2004	During the financial year		31 December 2004
			Exercised	Lapsed	
30.7.2003	0.20	13,349,500	(4,706,500)	(353,100)	8,289,900

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of the employees who have been granted options to subscribe for less than 280,000 ordinary shares of RM0.10 each. The list of employees granted options to subscribe for 280,000 or more ordinary shares of RM0.10 each during the financial year is as follows:

Name	Exercise Price (RM)	1 January 2004	Options to subscribe for new Ordinary Shares of RM0.10 each in the Company		31 December 2004
			During the financial year Exercised	Lapsed	
Leong Nyu Kuan	0.20	1,274,600	(500,000)	-	774,600
Ian Jeremy Jones	0.20	610,200	-	-	610,200
Tan Chen Meng	0.20	493,600	-	-	493,600
Wong Boon Kee	0.20	519,900	-	-	519,900
Yap Wai Jyh	0.20	405,000	-	-	405,000
Ooi Bee Bee	0.20	361,800	(361,800)	-	-
Lee Kok Leong	0.20	295,100	-	-	295,100
Kuan Seng Wood	0.20	290,600	-	-	290,600

The options were granted on 30 July 2003 and would expire on 9 June 2008.

Details of options granted to directors are disclosed in the section on 'Directors' Interest' in this report.

**OTHER STATUTORY INFORMATION**

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of provision for doubtful debts inadequate to any substantial extent in respect of these financial statements; and
  - (ii) the value attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.





## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **YONG KEANG CHEUN** and **YONG KIAN KEONG**, being two of the directors of **IFCA MSC BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 33 to 57 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

**YONG KEANG CHEUN**
**YONG KIAN KEONG**

Kuala Lumpur, Malaysia  
13 April 2005



## STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **YONG KEANG CHEUN**, being the Director primarily responsible for the financial management of **IFCA MSC BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 33 to 57 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed **YONG KEANG CHEUN** at  
Kuala Lumpur in the Federal Territory  
on this day of 13 April 2005

**YONG KEANG CHEUN****Before me,**

SOH AH KAU (W 315)  
Commissioner of Oaths  
Kuala Lumpur, Malaysia



## REPORT OF THE AUDITORS

### TO THE MEMBERS OF IFCA MSC BERHAD (Incorporated in Malaysia)

We have audited the financial statements set out on pages 33 to 57. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true fair view of:

(i) the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year ended; and

(ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report thereon of the subsidiary of which we have not acted as auditors, as indicated in Note 13 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and have received satisfactory information and explanations required by us for those purposes.

The auditors' reports of the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

**ERNST & YOUNG**  
**AF: 0039**  
**Chartered Accountants**

Kuala Lumpur, Malaysia  
13 April 2005

See Huey Beng  
No. 1945/03/07(J)  
Partner


**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004**

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue	3	27,438,158	29,713,436	11,783,917	15,247,373
Cost of sales	4	(6,798,261)	(6,161,700)	(724,094)	(1,868,894)
Gross profit		20,639,897	23,551,736	11,059,823	13,378,479
Other operating income		7,540,282	176,510	12,206,521	129,485
Selling and marketing expenses		(2,680,114)	(3,192,413)	(885,968)	(895,760)
General and administrative expenses		(17,364,036)	(15,221,819)	(8,409,615)	(6,244,291)
Profit from operations	5	8,136,029	5,314,014	13,970,761	6,367,913
Finance costs	8	(39,119)	(21,300)	(2,816)	(10,879)
Profit before taxation		8,096,910	5,292,714	13,967,945	6,357,034
Taxation	9	(167,222)	(51,001)	(70,448)	(36,256)
Profit after taxation		7,929,688	5,241,713	13,897,497	6,320,778
Minority interests		3,898	(83,750)	-	-
Profit for the year		7,933,586	5,157,963	13,897,497	6,320,778
Earnings per share					
- Basic	10	2.85 sen	2.46 sen		
- Diluted	10	2.81 sen	2.34 sen		

The accompanying notes form an integral part of the financial statements.



# BALANCE SHEETS

AS AT 31 DECEMBER 2004

		Group		Company	
	Note	2004 RM	2003 RM	2004 RM	2003 RM
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	11	9,533,739	8,811,918	7,609,655	7,059,582
Deferred development costs	12	5,231,223	8,809,876	5,093,432	8,622,680
Investment in subsidiaries	13	-	-	6,676,599	7,056,952
Investment in an associate	14	8,255,538	-	13,059,045	-
Other investments	15	216,274	216,274	173,600	173,600
Goodwill	16	111,647	111,647	-	-
		23,348,421	17,949,715	32,612,331	22,912,814
<b>CURRENT ASSETS</b>					
Trade receivables	17	12,107,834	8,738,469	5,629,419	4,521,067
Other receivables	18	965,452	1,060,550	562,936	484,109
Due from subsidiaries	19	-	-	4,841,068	4,235,430
Tax recoverable		123,919	114,084	18,215	15,572
Fixed deposits with licensed banks	20	7,547,762	11,695,906	7,047,762	11,695,906
Cash and bank balances		9,136,093	8,735,192	5,473,420	3,525,530
		29,881,060	30,344,201	23,572,820	24,477,614
<b>CURRENT LIABILITIES</b>					
Trade payables	21	1,414,185	1,232,823	-	-
Other payables	22	3,945,832	3,640,190	720,428	953,231
Due to subsidiaries	19	-	-	175,716	1,139,881
Hire purchase payables	23	176,099	110,887	27,143	13,040
Tax payable		44,429	33,329	-	-
		5,580,545	5,017,229	923,287	2,106,152
<b>NET CURRENT ASSETS</b>					
		24,300,515	25,326,972	22,649,533	22,371,462
		47,648,936	43,276,687	55,261,864	45,284,276
<b>FINANCED BY:</b>					
<b>SHARE CAPITAL AND RESERVES</b>					
Share capital	24	28,090,650	27,620,000	28,090,650	27,620,000
Share premium	25	5,867,811	5,397,161	5,867,811	5,397,161
Retained profits	26	12,591,259	9,674,953	21,147,332	12,267,115
Exchange reserve		(7,724)	(9,727)	-	-
		46,541,996	42,682,387	55,105,793	45,284,276
Shareholders' equity		46,541,996	42,682,387	55,105,793	45,284,276
Minority interests		333,554	337,452	-	-
		46,875,550	43,019,839	55,105,793	45,284,276
<b>NON-CURRENT LIABILITIES</b>					
Deposits and advance maintenance fees	22	8,837	16,410	-	-
Hire purchase payables	23	713,285	233,838	156,071	-
Deferred tax liabilities	27	51,264	6,600	-	-
		773,386	256,848	156,071	-
		47,648,936	43,276,687	55,261,864	45,284,276

The accompanying notes form an integral part of the financial statements.



## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Note	← Non-Distributable →			Distributable	Total RM
		Share Capital RM	Share Premium RM	Foreign Exchange Reserve RM	Retained Profits RM	
<b>Group</b>						
At 1 January 2003		2,150,000	-	872	16,966,990	19,117,862
Issue of share capital	24	25,470,000	7,243,000	-	(12,450,000)	20,263,000
Share issue and listing expenses		-	(1,845,839)	-	-	(1,845,839)
Foreign exchange arising from translation of foreign subsidiary		-	-	(10,599)	-	(10,599)
Profit for the year		-	-	-	5,157,963	5,157,963
At 31 December 2003		27,620,000	5,397,161	(9,727)	9,674,953	42,682,387
Issue of share capital	24	470,650	470,650	-	-	941,300
Foreign exchange arising from translation of foreign subsidiary		-	-	2,003	-	2,003
Profit for the year		-	-	-	7,933,586	7,933,586
Dividends	28	-	-	-	(5,017,280)	(5,017,280)
At 31 December 2004		28,090,650	5,867,811	(7,724)	12,591,259	46,541,996
<b>Company</b>						
At 1 January 2003		2,150,000	-	-	18,396,337	20,546,337
Issue of share capital	24	25,470,000	7,243,000	-	(12,450,000)	20,263,000
Share issue and listing expenses		-	(1,845,839)	-	-	(1,845,839)
Profit for the year		-	-	-	6,320,778	6,320,778
At 31 December 2003		27,620,000	5,397,161	-	12,267,115	45,284,276
Issue of share capital	24	470,650	470,650	-	-	941,300
Profit for the year		-	-	-	13,897,497	13,897,497
Dividends	28	-	-	-	(5,017,280)	(5,017,280)
At 31 December 2004		28,090,650	5,867,811	-	21,147,332	55,105,793

The accompanying notes form an integral part of the financial statements.



# CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	8,096,910	5,292,714	13,967,945	6,357,034
Adjustments:				
Depreciation of property, plant and equipment	1,085,763	984,078	576,964	550,631
Deferred development costs				
- amortisation	1,952,814	3,731,561	1,903,246	3,682,036
- impairment loss	2,764,149	-	2,764,149	-
Gain on assignment of intellectual property rights	(7,151,413)	-	(11,954,920)	-
Interest expense	39,119	21,300	2,816	10,879
Loss on disposal of plant and equipment	40,430	47,120	40,600	47,120
Property, plant and equipment written off	11,489	43,825	1,339	-
Provision for doubtful debts	922,876	983,828	-	-
Impairment in value of investment in subsidiary	-	-	380,353	-
Write back of provision for doubtful debts	(547,319)	-	-	-
Interest income	(254,379)	(123,881)	(251,601)	(123,645)
Operating profit before working capital changes	6,960,439	10,980,545	7,430,891	10,524,055
Working capital changes:				
Receivables	(3,649,666)	(627,953)	(1,187,179)	(1,403,318)
Payables	479,427	1,011,812	(232,803)	537,749
Director	-	(100,000)	-	-
Holding company and subsidiaries	-	(4,082)	(1,569,803)	245,547
	(3,170,239)	279,777	(2,989,785)	(620,022)
Net cash generated from operations	3,790,200	11,260,322	4,441,106	9,904,033
Taxes paid	(121,293)	(83,741)	(73,091)	(33,040)
Net cash generated from operating activities	3,668,907	11,176,581	4,368,015	9,870,993
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Withdrawal of fixed deposits	-	1,300	-	-
Interest received	254,379	123,881	251,601	123,645
Purchase of club memberships	-	(45,000)	-	(45,000)
Purchase of property, plant and equipment	(1,283,849)	(1,091,448)	(1,092,976)	(425,676)
Purchase of shares in subsidiaries	-	-	-	(3,274,964)
Development costs	(5,143,227)	(5,131,333)	(5,143,227)	(4,938,335)
Proceeds from assignment of intellectual property rights	2,900,955	-	2,900,955	-
Proceeds from disposal of plant and equipment	114,450	-	114,000	-
Net cash used in investing activities	(3,157,292)	(6,142,600)	(2,969,647)	(8,560,330)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interest paid	(39,119)	(21,300)	(2,816)	(10,879)
Dividends paid	(5,017,280)	-	(5,017,280)	-
Proceeds from issuance of ordinary shares	941,300	14,486,000	941,300	14,486,000
Payments of share issue and listing expenses	-	(1,095,235)	-	(1,095,235)
Payments to hire purchase creditors	(145,141)	(164,672)	(19,826)	(100,385)
Net cash (used in)/generated from financing activities	(4,260,240)	13,204,793	(4,098,622)	13,279,501



## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004 (Continued)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(3,748,625)	18,238,774	(2,700,254)	14,590,164
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	1,382	156	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	20,431,098	2,192,168	15,221,436	631,272
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>16,683,855</u>	<u>20,431,098</u>	<u>12,521,182</u>	<u>15,221,436</u>
Cash and cash equivalents at end of year comprised:				
Fixed deposits with licensed banks	7,547,762	11,695,906	7,047,762	11,695,906
Cash and bank balances	9,136,093	8,735,192	5,473,420	3,525,530
	<u>16,683,855</u>	<u>20,431,098</u>	<u>12,521,182</u>	<u>15,221,436</u>

The accompanying notes form an integral part of the financial statements.



## 1. CORPORATE INFORMATION

The principal activities of the Company are the research and development of enterprise-wide business solutions. The principal activities of its subsidiaries are described in Note 13. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the MESDAQ Market of Bursa Malaysia Securities Berhad. The Company's principal place of business is located at Wisma IFCA, 19, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan whilst its registered office is located at 24B, Persiaran Zaaba, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.

The Company is a subsidiary of IFCA Software (Asia) Sdn. Bhd., a company incorporated in Malaysia.

The Group and Company have 202 (2003: 208) and 58 (2003: 54) employees respectively at the end of the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 April 2005.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

### (b) Basis of Consolidation

#### (i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

#### (ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the financial year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

### (c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is stated at cost less impairment losses. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the respective carrying amounts of the associates.

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition over the cost of acquisition.



**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Property, Plant and Equipment and Depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Freehold land is not depreciated. Long leasehold land and related building are amortised over the lease period of 97 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the expected useful life, at the following annual rates:

Buildings	1% - 2%
Motor vehicles	20%
Office and computer equipment	10% - 20%
Renovations, furniture and fittings	10% - 50%

Upon the disposal of an asset, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

**(e) Deferred Development Costs**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Expenditure on development activities is also recognised as an expense in the period incurred except when the expenditure meet the following criteria where it will be capitalised as intangible assets:

- (a) the product or process is clearly defined and costs are separately identified and measured reliably;
- (b) the technical feasibility of the product is demonstrated;
- (c) the product or process will be sold or used in-house;
- (d) the assets will generate future economic benefits (e.g. a potential market exists for the product or its usefulness in case of internal use is demonstrated); and
- (e) adequate technical, financial and other resources required for completion of the project are available.

Development costs initially recognised as an expense are not recognised as an asset in subsequent periods.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement based on a straight-line basis over 5 years.

**(f) Investments in Subsidiaries and Associates**

The Company's investments in subsidiaries and associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

**(g) Provisions for Liabilities**

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

**(h) Leases**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as hire purchase payables. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.



## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (h) Leases (Continued)

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(d).

### (i) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

### (j) Employee Benefits

#### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (ii) Defined contribution plans

The Company and its subsidiaries make contributions to the Employees Provident Fund or the respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

#### (iii) Equity compensation benefits

The Company's Employee Share Options Scheme ("ESOS") allows the Group's employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

### (k) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value.

### (l) Revenue Recognition

Revenue is recognised when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collectibility is reasonably assured.

Revenue from sale of goods is recognised upon the transfer of risks and rewards.

Revenue from services rendered is recognised upon completion of service which generally coincide with billings.

Deposits and maintenance fees received in advance from customers are recognised over the respective periods to correlate with the delivery of goods or service obligations, as applicable.

Interest income is recognised on a time proportion basis that reflects the effective yield on the assets.



**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Foreign Currencies**

**(i) Foreign currency transactions**

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

**(ii) Foreign entities**

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

The principal exchange rate used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
United States Dollar (USD)	3.8000	3.8000
Chinese Renminbi (RMB)	0.4591	0.4587
South African Rand (ZAR)	0.6731	N/A

**(n) Impairment Assets**

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is charged to the income statement immediately.

**(o) Financial Instruments**

Financial instruments are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

**(i) Other non-current investments**

Non-current investments other than investments in subsidiaries and associate are stated at cost less impairment losses.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

**(ii) Receivables**

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

**(iii) Payables**

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**(iv) Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared or approved as appropriate.



## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (iv) Equity instruments (Continued)

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

## 3. REVENUE

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Software applications	9,080,241	11,560,474	5,150,542	8,572,320
Hardware, networking and operating systems	7,320,715	7,190,947	373,200	360,000
Maintenance, support system, training and implementation	11,037,202	10,962,015	6,260,175	6,315,053
	<b>27,438,158</b>	<b>29,713,436</b>	<b>11,783,917</b>	<b>15,247,373</b>

## 4. COST OF SALES

Cost of sales represents cost of goods sold and cost of services provided.

## 5. PROFIT FROM OPERATIONS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
This is arrived at after charging/(crediting):				
Amortisation of deferred development costs	1,952,814	3,731,561	1,903,246	3,682,036
Impairment loss on deferred development costs	2,764,149	-	2,764,149	-
Auditors' remuneration				
- Current	87,700	80,370	23,000	16,000
- Underprovision in prior year	10,900	4,500	7,000	2,800
- Other services	15,750	2,100	15,750	2,100
Depreciation of property, plant and equipment	1,085,763	984,078	576,964	550,631
Directors' remuneration (Note 7)	905,643	797,895	774,469	572,090
Gain on assignment of intellectual property rights	(7,151,413)	-	(11,954,920)	-
Loss on disposal of plant and equipment	40,430	47,120	40,600	47,120
Loss arising from termination of joint venture agreement	709,809	-	-	-
Property, plant and equipment written off	11,489	43,825	1,339	-
Provision for doubtful debts	922,876	983,828	-	-
Impairment in value of investment in subsidiary	-	-	380,353	-
Realised loss on foreign exchange	7,405	13,468	6,952	13,123
Rent of office premises	263,486	554,060	12,000	178,673
Staff costs (Note 6)	7,036,213	6,868,902	367,114	257,580
Write back of provision for doubtful debts	(547,319)	-	-	-
Bad debts recovered	-	(17,992)	-	-
Interest on fixed deposits	(254,379)	(123,881)	(251,601)	(123,645)
Rental Income	(35,980)	(26,990)	-	-



6. STAFF COSTS (EXCLUDING DIRECTORS)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>Staff costs (excluding directors' emoluments):</b>				
Total staff costs	10,618,819	11,296,263	3,949,720	4,491,832
Less: Amount capitalised under deferred development costs	(3,582,606)	(4,427,361)	(3,582,606)	(4,234,252)
Amount expensed to the income statements	7,036,213	6,868,902	367,114	257,580
<b>Represented by:</b>				
Salaries and wages	6,154,831	6,061,440	337,426	246,060
Pension costs-defined contribution plan	708,559	680,734	29,287	11,520
Other staff related expenses	172,823	126,728	401	-
	7,036,213	6,868,902	367,114	257,580

7. DIRECTORS' EMOLUMENTS

Total directors' emoluments	1,517,163	1,501,978	1,385,989	1,276,173
Less: Amount capitalised under deferred development costs	(611,520)	(704,083)	(611,520)	(704,083)
Amount expensed to the income statements	905,643	797,895	774,469	572,090
<b>Represented by:</b>				
<b>Directors of the Company</b>				
Executive directors:				
- salaries and other emoluments	634,597	504,410	634,597	504,410
- pension costs-defined contribution plan	85,872	60,480	85,872	60,480
- benefits in kind	131,174	225,805	-	-
	851,643	790,695	720,469	564,890
Non-executive directors:				
- fees	54,000	7,200	54,000	7,200
	905,643	797,895	774,469	572,090
Non-monetary benefits in kind paid to executive directors	39,358	45,600	11,358	17,600

Group / Company

	2004 RM	2003 RM
<b>Directors of the Company</b>		
Amount capitalised under deferred development costs		
Executive directors:		
- salaries and other emoluments	546,000	646,483
- pension costs-defined contribution plan	65,520	57,600
	611,520	704,083



**7. DIRECTORS' EMOLUMENTS (Continued)**

Analysis of the number of directors of the Company whose total remuneration during the financial year fell within the following bands are as follows:

	Number of Directors	
	2004	2003
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	1	-
RM150,001 - RM200,000	-	1
RM400,001 - RM450,000	-	1
RM500,001 - RM550,000	1	-
RM600,001 - RM650,000	-	1
RM750,001 - RM800,000	1	-

**8. FINANCE COSTS**

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Hire purchase interest	39,119	21,300	2,816	10,879

**9. TAXATION**

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Malaysian income tax:				
- Current year	120,199	57,513	70,448	36,256
- Under/(Over)provided in prior years	2,359	(9,512)	-	-
	122,558	48,001	70,448	36,256
Deferred tax:				
- relating to origination and reversal of temporary differences	37,297	3,000	-	-
- Underprovided in prior years	7,367	-	-	-
	44,664	3,000	-	-
	167,222	51,001	70,448	36,256

The Company has been awarded the Multimedia Super Corridor ("MSC") status under which income derived from its operating activities is exempted from the Malaysian income tax. The MSC status will expire on 31 January 2008.

Reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:-

Group	2004 RM	2003 RM
Profit before taxation	8,096,910	5,292,714
Taxation at Malaysian statutory tax rate of 28% (2003:28%)	2,267,135	1,481,960
Effect of income not subject to tax	(2,646,670)	(1,659,695)
Effect of income subject to tax at 20%	(19,901)	-
Effect of expenses not deductible for tax purposes	756,787	674,703
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(195,078)	(384,199)
Deferred tax assets not recognised	199,232	275,890
Deferred tax assets recognised on tax losses and unabsorbed capital allowances brought forward from previous year	(1,916)	(4,771)
Under/(Over)provision of income tax expenses in prior years	2,359	(9,512)
Underprovision of deferred tax in prior years	7,367	-
Effect of temporary differences originating and reversing during the MSC tax-exempt period	(202,093)	(323,375)
Tax expense for the year	167,222	51,001



9. TAXATION (Continued)

Company	2004 RM	2003 RM
Profit before taxation	13,967,945	6,357,034
Taxation at Malaysian statutory tax rate of 28% (2003:28%)	3,911,025	1,779,970
Effect of income not subject to tax	(3,991,652)	(1,659,695)
Effect of expenses not deductible for tax purposes	353,168	239,356
Effect of temporary differences originating and reversing during the MSC tax-exempt period	(202,093)	(323,375)
Tax expense for the year	70,448	36,256
<b>Group</b>		
Tax savings during the financial year arising from:		
- Utilisation of current year tax losses	10,074	7,557
- Utilisation of tax losses brought forward from previous years	154,836	331,400

10. EARNINGS PER SHARE

Earnings	2004 RM	Group 2003 RM
Earnings for the purpose of basic and diluted earnings per share	7,933,586	5,157,963
<b>Number of shares</b>		
Weighted average number of shares in issue for basic earnings per share	277,997,525	209,878,333
Add: Effect of dilutive potential ordinary shares on conversion of options under ESOS	4,379,570	10,674,737
Weighted average number of shares in issue for diluted earnings per share	282,377,095	220,553,070
Earnings per share		
- Basic	2.85 sen	2.46 sen
- Diluted	2.81 sen	2.34 sen



# NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2004

## 11. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land and buildings RM	Leasehold land and building RM	Motor vehicles RM	Office and computer equipment RM	Renovations, furniture and fittings RM	Total RM
<b>COST</b>						
At 1 January 2004	6,247,902	430,258	2,000,556	2,428,235	654,159	11,761,110
Additions	-	-	813,688	929,179	230,782	1,973,649
Disposals	-	-	(331,500)	(1,750)	-	(333,250)
Written off	-	-	-	(22,889)	-	(22,889)
Reclassification	-	-	-	8,516	(8,516)	-
Exchange differences	-	-	239	109	-	348
At 31 December 2004	6,247,902	430,258	2,482,983	3,341,400	876,425	13,378,968
<b>ACCUMULATED DEPRECIATION</b>						
At 1 January 2004	147,355	22,179	779,929	1,662,072	337,657	2,949,192
Charge for the year	124,958	4,435	445,746	435,032	75,592	1,085,763
Disposals	-	-	(176,900)	(1,470)	-	(178,370)
Written off	-	-	-	(11,400)	-	(11,400)
Exchange differences	-	-	24	20	-	44
At 31 December 2004	272,313	26,614	1,048,799	2,084,254	413,249	3,845,229
<b>NET BOOK VALUE</b>						
At 31 December 2004	5,975,589	403,644	1,434,184	1,257,146	463,176	9,533,739
At 31 December 2003	6,100,547	408,079	1,220,627	766,163	316,502	8,811,918
<b>DEPRECIATION CHARGE FOR 2003</b>						
	124,958	4,435	336,768	419,229	98,688	984,078
<b>DETAILS AT 1 JANUARY 2003</b>						
Cost	470,902	430,258	1,410,521	2,157,564	371,711	4,840,956
Accumulated depreciation	(22,397)	(17,744)	(592,241)	(1,304,476)	(240,649)	(2,177,507)
<b>COMPANY</b>						
<b>COST</b>						
At 1 January 2004	6,247,902	-	587,000	1,371,001	392,495	8,598,398
Additions	-	-	217,103	870,788	195,085	1,282,976
Disposal	-	-	(331,500)	-	-	(331,500)
Written off	-	-	-	(1,339)	-	(1,339)
At 31 December 2004	6,247,902	-	472,603	2,240,450	587,580	9,548,535
<b>ACCUMULATED DEPRECIATION</b>						
At 1 January 2004	147,355	-	301,300	969,584	120,577	1,538,816
Charge for the year	124,958	-	87,121	301,754	63,131	576,964
Disposal	-	-	(176,900)	-	-	(176,900)
At 31 December 2004	272,313	-	211,521	1,271,338	183,708	1,938,880
<b>NET BOOK VALUE</b>						
At 31 December 2004	5,975,589	-	261,082	969,112	403,872	7,609,655
At 31 December 2003	6,100,547	-	285,700	401,417	271,918	7,059,582
<b>DEPRECIATION CHARGE FOR 2003</b>						
	124,958	-	110,000	246,981	68,692	550,631
<b>DETAILS AT 1 JANUARY 2003</b>						
Cost	470,902	-	1,007,200	1,202,542	135,278	2,815,922
Accumulated depreciation	(22,397)	-	(340,380)	(722,603)	(51,885)	(1,137,265)

The title deeds for certain freehold land and buildings of the Group and of the Company have yet to be issued by the relevant authority.



**11. PROPERTY, PLANT AND EQUIPMENT (Continued)**

Net book values of plant and equipment held under hire purchase arrangements as at balance sheet date are as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Motor vehicles	970,887	498,021	173,682	-
Computer equipment	-	18,096	-	18,096
	<b>970,887</b>	<b>516,117</b>	<b>173,682</b>	<b>18,096</b>

Acquisitions of property, plant and equipment during the financial year were made by way of the following arrangements:

Hire purchase financing	689,800	355,200	190,000	-
Cash purchases	1,283,849	1,091,448	1,092,976	425,676
Trade-in	-	224,000	-	-
Issuance of ordinary shares	-	5,777,000	-	5,777,000
	<b>1,973,649</b>	<b>7,447,648</b>	<b>1,282,976</b>	<b>6,202,676</b>

**12. DEFERRED DEVELOPMENT COSTS**

At 1 January	8,809,876	7,410,104	8,622,680	7,366,381
Add: Additions for the year	5,143,227	5,131,444	5,143,227	4,938,335
	<b>13,953,103</b>	<b>12,541,548</b>	<b>13,765,907</b>	<b>12,304,716</b>
Less: Amortisation	(1,952,814)	(3,731,561)	(1,903,246)	(3,682,036)
Impairment loss	(2,764,149)	-	(2,764,149)	-
Assignment	(4,005,080)	-	(4,005,080)	-
Exchange differences	163	(111)	-	-
At 31 December	<b>5,231,223</b>	<b>8,809,876</b>	<b>5,093,432</b>	<b>8,622,680</b>

Additions for the year include the followings:

Directors' remuneration (Note 7)	611,520	704,083	611,520	704,083
Staff costs (Note 6)	3,582,606	4,427,361	3,582,606	4,234,252
	<b>4,194,126</b>	<b>5,131,444</b>	<b>4,194,126</b>	<b>4,938,335</b>

The assignment during the year relates to the assignment of the Company's intellectual property rights (comprising deferred development costs) in the continent of Africa. The Company and the Group recorded gains of RM11,954,920 and RM7,151,413 respectively from this transaction which is disclosed in Note 32.

**13. INVESTMENT IN SUBSIDIARIES**

	Company	
	2004 RM	2003 RM
Unquoted investments at cost	7,056,952	7,056,952
Less: Accumulated impairment losses	(380,353)	-
	<b>6,676,599</b>	<b>7,056,952</b>

Details of subsidiaries are as follows:

Name of Subsidiaries	Principal Activities	Equity Interest Held	
		2004 %	2003 %
IFCA Technology Sdn. Bhd.	Turnkey solutions provider	85.71	85.71
IFCA Solutions Sdn. Bhd.	Turnkey solutions provider	85.71	85.71
IFCA Systems (JB) Sdn. Bhd.	Turnkey solutions provider	99.99	99.99



13. INVESTMENT IN SUBSIDIARIES (Continued)

Name of Subsidiaries	Principal Activities	Equity Interest Held	
		2004 %	2003 %
IFCA Systems (Penang) Sdn. Bhd.	Turnkey solutions provider	99.99	99.99
IFCA Consulting (Sarawak) Sdn. Bhd.	Turnkey solutions provider	99.99	99.99
Network Online Sdn. Bhd.	Installation and servicing of computer hardware and networks	85.71	85.71
IFCA Consulting (Sabah) Sdn. Bhd.	Turnkey solutions provider	60.00	60.00
Push Technology Sdn. Bhd.	Turnkey solutions provider	100.00	100.00
Jingyou Information Technology (Shanghai) Co. Ltd. *	Turnkey solutions provider	100.00	100.00

\*Not audited by Ernst & Young or a member firm of Ernst & Young Global

Except for Jingyou Information Technology (Shanghai) Co. Ltd., which is incorporated in the People's Republic of China, all other subsidiaries are incorporated in Malaysia.

14. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Unquoted shares at cost	8,255,538	-	13,059,045	-

As disclosed in Note 32, the Company assigned its intellectual property rights over its products in the continent of Africa for a consideration of ZAR27,451,200 (approximately RM15.96 million). The consideration is payable with the issuance of 4,728,749 new shares in IFCA MBS Software (Proprietary) Limited ("IMBS") (formerly known as MBS Software (Proprietary) Limited) at an issue price of ZAR4.75 per share (approximately RM2.76 per share) to the Company. The balance of ZAR4,989,642 (approximately RM2.9 million) was paid in cash. Resulting from this transaction IMBS became an associate of the Group.

The Group's interest in the associate is analysed as follows:

	Group	
	2004 RM	2003 RM
Share of net assets	11,995,497	-
Less: Discount on acquisition	(3,739,959)	-
	8,255,538	-

Details of the associate are as follows:

Name of Associate	Country of Incorporation	Principal Activities	Equity Interest Held	
			2004 %	2003 %
IFCA MBS Software (Proprietary) Limited (formerly known as MBS Software (Proprietary) Limited)	Republic of South Africa	Trading of computer hardware and software and related activities	49.1	-


**15. OTHER INVESTMENTS**

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>At cost</b>				
Investments in club membership	210,774	210,774	173,600	173,600
<b>At cost</b>				
Quoted investments	18,000	18,000	-	-
Less: Impairment losses	(12,500)	(12,500)	-	-
	5,500	5,500	-	-
	<u>216,274</u>	<u>216,274</u>	<u>173,600</u>	<u>173,600</u>

	Group	
	2004 RM	2003 RM
Market value of quoted investments	5,000	13,000

**16. GOODWILL**

	2004 RM	2003 RM
<b>At cost</b>		
At 1 January / 31 December	111,647	111,647

**17. TRADE RECEIVABLES**

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Amounts receivable				
- external	8,539,545	5,896,229	-	-
- related party	5,629,419	4,527,813	5,629,419	4,521,067
	<u>14,168,964</u>	<u>10,424,042</u>	<u>5,629,419</u>	<u>4,521,067</u>
Less: Provision for doubtful debts				
At 1 January	(1,685,573)	(837,387)	-	-
Provision for the year	(922,876)	(983,828)	-	-
Write back of provision for doubtful debts	547,319	-	-	-
Bad debts recovered	-	17,992	-	-
Bad debts written off	-	117,650	-	-
At 31 December	(2,061,130)	(1,685,573)	-	-
	<u>12,107,834</u>	<u>8,738,469</u>	<u>5,629,419</u>	<u>4,521,067</u>

Related party refers to IFCA Software Limited, a corporation incorporated in the British Virgin Island (Note 30). The amount receivable from the related party is trade related, unsecured, non-interest bearing and is subject to the same terms as external debtors.

The Group's normal trade credit term ranges from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or group of debtors except for the debt due from the related party.

**18. OTHER RECEIVABLES**

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Deposits	121,144	294,020	63,059	69,529
Due from related party	14,417	6,746	-	-
Prepayments	180,308	97,929	62,999	28,619
Sundry receivables	649,583	661,855	436,878	385,961
	<u>965,452</u>	<u>1,060,550</u>	<u>562,936</u>	<u>484,109</u>



**18. OTHER RECEIVABLES (Continued)**

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or group of debtors.

The amount due from related party is unsecured, non-interest bearing and has no fixed term of repayment.

**19. DUE FROM AND TO SUBSIDIARIES**

The amounts due from and to subsidiaries arose mainly from trade transactions and advances, which are unsecured, non-interest bearing and have no fixed terms of repayment.

**20. FIXED DEPOSITS WITH LICENSED BANKS**

The weighted average effective interest rates of the deposits at the balance sheet date are as follows:

	Group		Company	
	2004 %	2003 %	2004 %	2003 %
Licensed banks	2.7	2.6	2.7	2.6

The average maturities of deposits as at the end of the financial year are as follows:

	Group		Company	
	2004 Days	2003 Days	2004 Days	2003 Days
Licensed banks	10	7	10	7

**21. TRADE PAYABLES**

The trade credit terms granted to the Group and to the Company vary between 30 and 60 days although in practice it is customary for certain suppliers to extend credit terms to exceed 60 days but generally not more than 120 days.

**22. OTHER PAYABLES**

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Accruals	1,483,586	1,134,883	642,878	481,154
Due to a related party	2,722	2,722	2,722	2,722
Sundry payables	105,316	516,328	74,828	469,355
	1,591,624	1,653,933	720,428	953,231
Deposits and advance maintenance fees	2,363,045	2,002,667	-	-
Less: Due after 12 months	(8,837)	(16,410)	-	-
	2,354,208	1,986,257	-	-
	3,945,832	3,640,190	720,428	953,231

The amount due to a related party is unsecured, non-interest bearing and has no fixed term of repayment.



23. HIRE PURCHASE PAYABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>Minimum lease payments:</b>				
Not later than 1 year	220,919	125,134	32,748	14,455
Later than 1 year and not later than 5 years	688,271	271,431	130,992	-
Later than 5 years	122,306	-	57,308	-
	<hr/>			
	1,031,496	396,565	221,048	14,455
Less: Future finance charges	(142,112)	(51,840)	(37,834)	(1,415)
Present value of finance lease liabilities	<hr/>			
	889,384	344,725	183,214	13,040
<b>Present value of hire purchase liabilities:</b>				
Not later than 1 year	176,099	110,887	27,143	13,040
Later than 1 year and not later than 5 years	603,589	233,838	108,572	-
Later than 5 years	109,696	-	47,499	-
	<hr/>			
	889,384	344,725	183,214	13,040
<b>Analysed as:</b>				
Due within 12 months	176,099	110,887	27,143	13,040
Due after 12 months	713,285	233,838	156,071	-
	<hr/>			
	889,384	344,725	183,214	13,040

The hire purchase liabilities of the Group and of the Company bore interest at rates between 5.31% and 11.01% (2003: 6.18% and 11.01%) per annum and between 5.49% and 11.01% (2003: 11.01%) per annum respectively during the financial year.

24. SHARE CAPITAL

	Group / Company	
	Number of Shares	Amount RM
<b>Authorised:</b>		
At 1 January 2003, representing ordinary shares of RM1 each	5,000,000	5,000,000
Created during the year	45,000,000	45,000,000
Subdivided to ordinary shares of RM0.10 each	450,000,000	-
At 31 December 2003 and 2004, representing ordinary shares of RM0.10 each	<hr/>	
	500,000,000	50,000,000
<b>Issued and Fully Paid:</b>		
At 1 January 2003, representing ordinary shares of RM1 each	2,150,000	2,150,000
Issued and paid during the year	25,470,000	25,470,000
Subdivided to ordinary shares of RM0.10 each	248,580,000	-
At 31 December 2003, representing ordinary shares of RM0.10 each	<hr/>	
	276,200,000	27,620,000
Issued and paid during the year	4,706,500	470,650
At 31 December 2004, representing ordinary shares of RM0.10 each	<hr/>	
	280,906,500	28,090,650

During the financial year, the Company increased its issued and paid-up share capital from RM27,620,000 to RM28,090,650 by way of the issuance of 4,706,500 new ordinary shares of RM0.10 each pursuant to the Company's Employee Share Options Scheme at an exercise price of RM0.20 per ordinary share.

The share premium arising of RM470,650 has been credited to the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares.



24. SHARE CAPITAL (Continued)

The terms of share options outstanding as at the end of the financial year are as follows:

Grant Date	Expiry Date	Exercise Price (RM)	Number of Share Options		
			1 January 2004	During the financial year Exercised	31 December 2004
30.7.2003	9.6.2008	0.20	13,349,500	(4,706,500)	8,289,900

All outstanding options are vested as at 31 December 2004. Details of share options exercised during the financial year are as follows:

Exercise Date	Exercise Price RM	Number of Share Options	Considerations Received RM
August-December 2004	0.20	4,706,500	941,300
Less: Par value of ordinary shares			(470,650)
Share premium			470,650

25. SHARE PREMIUM

	Group / Company	
	2004 RM	2003 RM
At 1 January	5,397,161	-
Arising from:		
- issue of share capital	-	7,243,000
- share issue and listing expenses	-	(1,845,839)
- exercise of Employee Share Option Scheme	470,650	-
At 31 December	5,867,811	5,397,161

26. RETAINED PROFITS

As at balance sheet date, the Company has sufficient balance in its tax exempt accounts to distribute approximately RM12,529,000 (2003: RM19,368,000) as tax-exempt dividends. The Company also has sufficient tax credits under Section 108 of the Income Tax Act 1967 to frank the payments of dividends amounting to approximately RM307,000 (2003: RM154,000) out of its retained profit as at balance sheet date. Any payment of dividends in excess of the said amount would attract tax at the prevailing statutory tax rate.

27. DEFERRED TAX

	Group	
	2004 RM	2003 RM
At 1 January	6,600	3,600
Transfer to income statement (Note 9)	44,664	3,000
At 31 December	51,264	6,600

Presented after appropriate offsetting as follows:

Deferred tax liabilities	66,860	66,464
Deferred tax assets	(15,596)	(59,864)
	51,264	6,600

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Group	Accelerated capital allowances RM
<b>Deferred Tax Liabilities</b>	
At 1 January 2003	74,871
Recognised in the income statement	(8,407)
At 31 December 2003	66,464
Recognised in the income statement	396
At 31 December 2004	66,860



27. DEFERRED TAX (Continued)

Deferred Tax Assets

	Unabsorbed Capital Allowances RM	Unutilised Tax Losses RM	Trade Receivables RM	Total RM
At 1 January 2003	(54,705)	(16,066)	(500)	(71,271)
Recognised in the income statement	54,705	11,295	(54,593)	11,407
At 31 December 2003	-	(4,771)	(55,093)	(59,864)
Recognised in the income statement	(8,328)	(2,497)	55,093	44,268
At 31 December 2004	(8,328)	(7,268)	-	(15,596)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2004 RM	2003 RM
Unutilised tax losses	2,025,000	1,407,000
Unabsorbed capital allowances	89,000	75,000
Others	-	774,000

No recognition has been given to the above items in the financial statements as the Group is unable to anticipate their realisation.

28. DIVIDENDS

	Amount		Net Dividends per Ordinary Share	
	2004 RM	2003 RM	2004 Sen	2003 Sen
8% interim tax-exempt dividend on 276,200,000 ordinary shares, declared on 19 February 2004 and paid on 22 March 2004 in respect of financial year ended 31 December 2003	-	2,209,600	-	0.8
10% interim tax-exempt dividend on 280,768,000 ordinary shares, declared on 26 November 2004 and paid on 23 December 2004 in respect of financial year ended 31 December 2004	2,807,680	-	1.0	-
Proposed final tax-exempt dividend of 5% on 280,906,500 ordinary shares	1,404,533	-	0.5	-
	4,212,213	2,209,600	1.5	0.8

The financial statements for the current financial year do not reflect the proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2005.

29. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Royalty receivable from subsidiaries	-	-	(6,985,910)	(5,342,496)
Sales to subsidiaries	-	-	(344,000)	(318,000)
Services rendered by subsidiaries	-	-	277,780	1,701,640
Rent payable to holding company	-	221,716	-	97,958
Purchase of property, plant and equipment from holding company	-	5,777,000	-	5,777,000

The directors of the Company are of the opinion that the above transactions were entered into in the normal course of business and at terms mutually agreed between the parties. There are no practical means available to identify the balances outstanding at balance sheet date, with respect to the above transactions.



## 30. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transactions with IFCA Software Limited, a corporation where directors have financial interest are as follows:

	Group / Company	
	2004 RM	2003 RM
Sale of goods	(29,200)	(42,000)
Royalty receivable	(2,080,776)	(6,983,636)
Training and implementation services	(2,019,510)	(2,599,390)

IFCA Software Limited is deemed to be related to IFCA MSC Berhad by virtue of Yong Keang Cheun's and Yong Kian Keong's common directorship and their interests in it.

There are no practical means available to identify the balances outstanding at balance sheet date, with respect to the above transactions. The directors are of the opinion that the above transactions were entered into in the normal course of business and at terms mutually agreed between the parties.

## 31. FINANCIAL INSTRUMENTS

### (a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's current policy is not to engage in speculative transactions.

### (b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing hire purchase payables as the Group had no substantial long-term interest-bearing assets as at 31 December 2004. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits. The deposits placements at balance sheet date are short term and therefore its exposure to the effects of future changes in the prevailing level of interest rates is limited.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

### (c) Foreign currency risk

The Group is not significantly exposed to foreign currency risk except for exchange risks relating to United States Dollar arising from its operating activities in the current and previous financial year. Foreign exchange exposures in transactional currencies other than functional currencies of the Group are kept to an acceptable level. The net unhedged financial assets and financial liabilities of the Group as at balance sheet date that are not denominated in their functional currencies are as follows:

	2004 RM	2003 RM
Amount due from related party - United States Dollar	5,629,419	4,527,813

The Company's foreign subsidiary, Jingyou Information Technology (Shanghai) Co. Ltd., had not recorded significant revenue during the current and previous financial years. Thus, the group's exposure to foreign exchange risk as at the balance sheet date is not material. However, the Group will continue to monitor the risk arising from foreign currency exchange from time to time and will formulate appropriate strategies should the risk become material.

### (d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

### (e) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness.

Trade receivables are monitored on an ongoing basis via the Group credit control and management reporting procedures. The Group does not have any significant exposure to any individual customer or counter party nor does it have any major concentration of credit risk related to any financial instruments except as disclosed in Note 17.



**31. FINANCIAL INSTRUMENTS (Continued)**

**(f) Fair Value**

The carrying amount of trade and other receivables, cash and cash equivalents, and trade and other payables approximate their fair values due to relatively short term maturity of these financial instruments.

It is not practical to estimate the fair value of the amount due from/(to) subsidiaries and related parties principally due to a lack of fixed repayment term entered by the parties involved and without incurring excessive cost. However, the directors do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The fair values of all other financial assets and liabilities of the Group as at 31 December 2004 are not materially different from the carrying values.

**32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

**(a) Joint Venture Between the Company, IFCA Software Limited ("IFCAS") and IFCA MBS Software (Proprietary) Limited ("IMBS") (formerly known as MBS Software (Proprietary) Limited) and Andries Theodorus Moolman, Brian Jeffrey Schultz and Christiaan Hendrik Boshoff (collectively known as "the Existing Shareholders of IMBS")**

On 20 August 2004, the Company entered into a Memorandum of Understanding ("MOU") with IFCAS, IMBS and the Existing Shareholders of IMBS, to sell and assign the rights of the Company's products in the entire continent of Africa to IMBS.

Subsequent to the MOU, the Company entered into a Software Assignment Agreement dated 9 November 2004 with IMBS and the Existing Shareholders of IMBS to assign, sell and transfer to IMBS all the Company's rights, title and interest in the copyright in relation to its literary works in the form of computer programmes known as 'Loan Plus', 'Property Plus', 'Contract Plus', 'Resort Plus', 'KM Plus' and 'I-Finance Version 1' in all countries in the African Continent including the islands of Mauritius, Madagascar and Seychelles (the "Territory") for a consideration of ZAR27,451,200 (approximately RM15.96 million). The consideration is payable by way of issuance of 4,728,749 new IMBS shares at par value of ZAR1.00 each at an issue price of ZAR4.75 per share (approximately RM2.76 per share) to the Company and the balance of ZAR4,989,642 (approximately RM2.9 million) in cash.

The Software Assignment Agreement was completed on 31 December 2004 following the approvals obtained from the relevant authorities and the shareholders of the Company which resulted in IMBS becoming a 49.1% associate of the Group. A shareholders' agreement between the abovementioned parties was signed on 31 December 2004.

Arising from the abovementioned transaction, the Group and the Company recorded a gain of RM7,151,413 and RM11,954,920 respectively in respect of the assignment of the intellectual property rights to IMBS.

**(b) Termination of the Joint Venture Agreement**

On 2 February 2004, the Company entered into a Joint Venture Agreement ("JVA") with four (4) corporations within the Sys-Win Group ("Sys-Win Companies"). The Sys-Win Companies are corporations incorporated in the People's Republic of China ("PRC") which are principally engaged in research and development and sales of property development, property management and intelligent building software in the PRC.

Under the JVA, the Company was obliged to invest an amount of RMB12.45 million (equivalent to approximately RM6.22 million) in cash from internally generated funds so as to maintain a 51% equity interest in a proposed Joint Venture Company ("JVC"), while the Sys-Win Companies would inject assets amounting to RMB11.95 million (equivalent to approximately RM5.97million) for the remaining 49% interest in the JVC. The JVC would also acquire all fixed assets and absorb the business operations of a subsidiary, Jingyou Information Technology (Shanghai) Co. Ltd.

On 23 April 2004 and 26 April 2004 the Company and the Sys-Win Companies signed the Termination Agreement and the Supplemental Termination Agreement respectively, effectively terminating the abovementioned JVA. The Group incurred and expensed RM709,809 on the termination of the JVA including advances of RMB1.2 million (equivalent to approximately RM600,000) made by the Company to the Sys-Win Companies prior to the termination which was used to set off against expenses incurred in setting up the JVC.

**33. SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE**

**(a) Incorporation of IFCA (Guangzhou) Technology Company Limited ("IFCA Guangzhou")**

IFCA Guangzhou was incorporated in the People's Republic of China on 16 December 2004 as a wholly owned subsidiary of IFCA MSC Berhad with a registered capital of USD1,000,000 (equivalent to approximately RM3.8 million) which was subscribed for by the Company subsequent to the financial year. The intended principal activity of IFCA Guangzhou is the research and development of IFCA's products.

**(b) Incorporation of IFCA International Limited ("IFCAI")**

IFCAI was incorporated in the Republic of Seychelles on 7 March 2005 as a wholly owned subsidiary of IFCA MSC Berhad with an issue and paid-up capital of USD1 (equivalent to approximately RM3.80) which was subscribed for by the Company subsequent to the financial year end. IFCAI is currently dormant.



34. SEGMENTAL REPORTING

(a) Geographical segments

Although the Group's three major business segments are managed on a worldwide basis, they operate principally in two geographical areas of the world. Majority of the Group's activities are conducted in Malaysia.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	Malaysia		Overseas		Elimination		Consolidated	
	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM
<b>REVENUE AND EXPENSES</b>								
<b>Revenue</b>								
External sales	22,760,671	20,088,410	4,677,487	9,625,026	-	-	27,438,158	29,713,436
Inter-segment sales	7,617,490	7,362,136	-	-	(7,617,490)	(7,362,136)	-	-
Total revenue	<u>30,378,161</u>	<u>27,450,546</u>	<u>4,677,487</u>	<u>9,625,026</u>	<u>(7,617,490)</u>	<u>(7,362,136)</u>	<u>27,438,158</u>	<u>29,713,436</u>
<b>Result</b>								
Segment results	3,407,464	1,594,096	2,294,115	7,451,479	-	-	5,701,579	9,045,575
Amortisation							(1,952,814)	(3,731,561)
Impairment loss							(2,764,149)	-
Gain on assignment of intellectual property rights							7,151,413	-
Finance costs							(39,119)	(21,300)
Taxation							8,096,910	5,292,714
Profit after taxation							(167,222)	(51,001)
Minority interests							7,929,688	5,241,713
Profit for the year							<u>3,898</u>	<u>(83,750)</u>
							<u>7,933,586</u>	<u>5,157,963</u>
<b>ASSETS AND LIABILITIES</b>								
Segment assets	32,913,339	33,353,512	14,855,081	6,898,574	(110,355)	(1,098,404)	47,658,065	39,153,682
Unallocated corporate assets							5,571,416	9,140,234
Consolidated total assets							<u>53,229,481</u>	<u>48,293,916</u>
Segment liabilities	5,340,712	5,116,154	42,597	258,078	(14,455)	(484,809)	5,368,854	4,889,423
Unallocated corporate liabilities							985,077	384,654
Consolidated total liabilities							<u>6,353,931</u>	<u>5,274,077</u>
<b>OTHER INFORMATION</b>								
Capital expenditure	1,956,635	6,945,696	17,014	501,952	-	-	1,973,649	7,447,648
Depreciation	973,820	882,466	111,943	101,612	-	-	1,085,763	984,078
Amortisation (Unallocated)							1,952,814	3,731,561
Impairment loss (Unallocated)							2,764,149	-
Non-cash expenses other than depreciation and amortisation	934,365	983,828	-	-	-	-	934,365	983,828



34. SEGMENTAL REPORTING (Continued)

(b) Business segments

The Group is also organised on a worldwide basis into three major business segments:

- (i) Software applications
- (ii) Hardware, networking and operating systems
- (iii) Maintenance, support system, training and implementation

	Software applications		Hardware, networking and operating systems		Maintenance, support system, training and implementation		Consolidated	
	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM
Total revenue from external customers	9,080,241	11,560,474	7,320,715	7,190,947	11,037,202	10,962,015	27,438,158	29,713,436
Segment assets	34,578,730	27,286,194	2,220,956	1,887,739	10,858,379	9,979,749	47,658,065	39,153,682
Capital expenditure	1,282,976	6,202,676	354,030	35,952	336,643	1,209,020	1,973,649	7,447,648



## LIST OF PROPERTIES

Title / Location	Description / Existing Use	Registered Owner	Age of Building (Years)	Land / Built-up Area	Tenure	Net Book Value as at 31.12.2004 (RM)	Original Cost (RM)
<b>Johor Property</b> 4-storey shop office at 31, Jalan Permas 10/7, Taman Permas Jaya, 81750 Johor Bahru, Johor	Ground Floor - JB office 1st, 2nd & 3rd - Tenanted	IFCA Software (Asia) Sdn. Bhd.	10	1,920 sq. feet	Freehold	720,000	750,000
<b>Penang Property</b> Shop Office at 441-2-5, Pulau Tikus Plaza, Jalan Burmah, 10350 Penang	Penang office	Developer - Pelita Abadi Sd. Bhd.	8	136.85 sq. metres	Freehold	409,920	427,000
<b>Selangor Property</b> 2 units of shoplots & 10 units of office lots at 17 and 19, Jalan PJU1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor	Head Office	Developer - Puncak Kencana Sdn. Bhd.	6	20,311 sq. feet	Freehold	4,416,000	4,600,000
Apartment D-G-38, Block Rapis, Pangsapuri Las Palmas, Jalan Desa Ria, Bandar Country Homes, 48000 Rawang, Selangor	Vacant	Developer - Tanco Development Sdn. Bhd.	5	755 sq feet	Freehold	78,346	88,800
Unit 1-1 in a 4-storey shop office at 2-1, Jalan Desa 9/5, Bandar Country Homes, 48000 Rawang, Selangor	Vacant	Developer - Tanco Development Sdn. Bhd.	3	1,629 sq. feet	Freehold	268,456	291,800
3-storey shop office at 33, Jalan Matahari Z U5/Z, Seksyen U5, Sungai Buloh, Batu 3, 40170 Shah Alam, Selangor	Tenanted	Proprietor - Permodalan Negeri Selangor Berhad	8	1,760 sq. feet	99 years (Expiring - 25.01.2095)	403,644	468,000
<b>Negeri Sembilan Property</b> Apartment at Parcel / Unit No.6, Type D13, Storey No.5, Building No. Block G, Port Dickson, Negeri Sembilan	Vacant	Developer - Ascentland Sdn. Bhd.	2	67 sq. metres	Freehold	82,866	110,000



## SHAREHOLDING STATISTICS

As at 3 May 2005

Authorised Capital ██████████ RM50,000,000

Issued and Fully Paid-up Capital ████████ RM28,117,700

Class of Shares ██████████ Ordinary shares of 10 sen each fully paid

Voting Rights ██████████ One vote per 10 sen share

## BREAKDOWN OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	Number of Shares	%
Less than 100	2	0.08	100	0.00
100 - 1,000	206	8.44	176,300	0.06
1,001 - 10,000	1,383	56.63	8,219,400	2.92
10,001 - 100,000	742	30.38	26,482,400	9.42
100,001 and below 5%	108	4.42	77,334,738	27.51
5% and above	1	0.04	168,904,762	60.08
<b>Total</b>	<b>2,442</b>	<b>100.00</b>	<b>281,117,700</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS AS AT 3 MAY 2005

According to the register required to be kept under Section 69L of the Companies Act, 1965, the following are substantial shareholders of the Company:-

Substantial Shareholders	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
IFCA Software (Asia) Sdn. Bhd.	168,904,762	60.08	-	-

## DIRECTORS' SHAREHOLDINGS AS AT 3 MAY 2005

Name of Directors	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
Yong Keang Cheun	8,073,830	2.87	172,160,572	61.24
Yong Kian Keong	3,255,810	1.16	176,978,592	62.96
Ian Jeremy Jones	870,500	0.31	-	-
Leong Nyu Kuan	410,000	0.15	-	-



## STATEMENT OF SHAREHOLDINGS

### THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 3 MAY 2005

No.	Name of Shareholder	No. of Shares	%
1.	IFCA Software (Asia) Sdn. Bhd.	168,904,762	60.08
2.	Goh Mo Looi	9,245,500	3.29
3.	Yong Keang Cheun	8,073,830	2.87
4.	Ong Lee Veng @ Ong Chuan Heng	8,068,000	2.87
5.	BHLB Trustee Berhad Beneficiary : TA Comet Fund	6,476,400	2.30
6.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Ooi Bee Bee	4,800,000	1.71
7.	Ooi Bee Bee	3,388,498	1.21
8.	Yong Kian Keong	3,255,810	1.16
9.	Citicorp Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Tan Jee Tien	2,100,000	0.75
10.	Foo Ah Kow @ Foo Lee Onn	1,363,000	0.48
11.	Lai Ming Chun @ Lai Poh Lin	1,100,000	0.39
12.	Wong Boon Kee	1,075,700	0.38
13.	Ooi Bee Bee	1,036,100	0.37
14.	Malaysia Nominees (Tempatan) Sendirian Berhad Beneficiary: Malaysian Trustees Berhad for Alliance Vision Fund	1,005,000	0.36
15.	Ooi Sin Heng	1,000,000	0.36
16.	Universal Trustee (Malaysia) Berhad Beneficiary: TA High Growth Fund	982,100	0.35
17.	Cha Fui Yee	964,100	0.34
18.	Ian Jeremy Jones	870,500	0.31
19.	Lee Kok Leong	799,900	0.28
20.	Affin Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Tang Tick Huar	765,800	0.27
21.	Tan Chen Meng	744,000	0.26
22.	Tan Ting Wong	665,000	0.24
23.	Wong Yoon Tet	635,200	0.23
24.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Leong Chee Kwong	600,000	0.21
25.	Wong Yoon Chyuan	570,000	0.20
26.	Koay Keong Chye	550,000	0.20
27.	Hui Choy Chin	540,000	0.19
28.	Ong Seng Khek	485,000	0.17
29.	Cheang Swee Kam	467,300	0.17
30.	Foong Mei Yuen	404,700	0.14



Information For Competitive Advantage

# IFCA MSC BERHAD

(Company No. 453392-T)

## FORM OF PROXY

Number of Shares Held

I/We.....

of.....  
being a member of IFCA MSC BERHAD ("the Company") hereby appoint

.....  
of.....  
or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 7th Annual General Meeting of the Company to be held at East VIP Banquet, Kuala Lumpur Golf And Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 22 June 2005 at 10.00 a.m. and at any adjournment thereof.

My/ our proxy is to vote as indicated below:-

RESOLUTIONS		FOR	AGAINST
<b>Resolution 1</b>	To receive and adopt the Audited Financial Statements for the the year ended 31 December 2004 and Reports of the Directors and Auditors thereon.		
<b>Resolution 2</b>	Approval of payment of final tax exempt dividend of 5% in respect of the financial year ended 31 December 2004.		
<b>Resolution 3</b>	Approval of payment of Directors' fees for the financial year ended 31 December 2004.		
<b>Resolution 4</b>	Re-election of Mr. Yong Keang Cheun, Director retiring pursuant to Article 85 of the Company's Articles of Association.		
<b>Resolution 5</b>	Re-election of Mr. Leong Nyu Kuan, Director retiring pursuant to Article 90 of the Company's Articles of Association.		
<b>Resolution 6</b>	Re-election of Mr. Ian Jeremy Jones, Director retiring pursuant to Article 90 of the Company's Articles of Association.		
<b>Resolution 7</b>	Re-appointment of Messrs Ernst & Young as the Company's auditors and to authorise the Directors to fix their remuneration		
<b>Resolution 8</b>	Authority for Directors to issue shares pursuant to the Employee Share Option Scheme		
<b>Resolution 9</b>	General Authority for the Directors to issue shares		
<b>Resolution 10</b>	Approval for the renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature		

Date.....Signature of Member(s)/Common Seal.....

### Notes:

1. A proxy need not be a member of the Company and the provision of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney, or if the appointor is a corporation, either under its common seal or the hand of its attorney.
4. This proxy form must be deposited at the Registered Office of the Company at 24B, Persiaran Zaaba, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
5. Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he/she thinks fit.

Fold this flap for sealing

Please fold along the dotted line

Please Affix  
Stamp Here

**The Company Secretary**  
**IFCA MSC Berhad**  
(Company No. 453392-T)

**24B, Persiaran Zaaba,  
Taman Tun Dr. Ismail,  
60000 Kuala Lumpur**

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