

Dear Fellow Shareholders,

In last year's letter, I said our focus in 2004 would be on reducing the cash requirements at our emerging companies while continuing to build on the progress made in 2003. Looking back at 2004, important strides were made in accomplishing these goals.

Our CoreCard Software and VISAer subsidiaries used \$2.8 million less cash in 2004 than in 2003. VISAer's results in 2004 were boosted by the recognition of revenue from a significant multi-year contract. In 2005, VISAer intends to deliver its next software release that is expected to be the "Go-Live" version for a number of new customers. CoreCard recognized its first significant revenue in 2004, is developing additional software modules to deliver to new customers in 2005 and is expanding its marketing activities as it establishes referenceable customers.

In 2005, we will continue our focus on reducing cash requirements at VISAer and CoreCard as more customers purchase their new software products and a growing installed base of customers requires on-going billable support and professional services. With the continued support of our customers, the dedication of our employees and the careful management of our resources, we believe we can meet this challenge.

Our established operating companies, QS Technologies and ChemFree, each recorded another profitable year in 2004 and we expect them to be solid performers in their respective markets in 2005. ChemFree continues to see growth in the international markets for its bio-remediating parts washer systems. QS Technologies enters 2005 with a good pipeline of business and prospects for its software products and its large installed base of customers provides consistent cash flow and recurring service revenue.

In 2004, we benefited from an unexpectedly positive outcome related to the sale of an asset by ISC Guernsey, a company in which we are a minority investor. We received cash distributions and recorded investment income of \$2.7 million in 2004 and received an additional cash distribution of approximately \$1 million in the first quarter of 2005. Depending upon the business needs and opportunities available to ISC Guernsey, we may receive additional distributions of as much as another \$1 million later in 2005.

I would encourage each of you to read the expanded sections in our Form 10-KSB relating to our business and management's analysis and discussion of our 2004 results for a more complete understanding of our progress, challenges and plans.



J. Leland Strange  
President & Chief Executive Officer

March 30, 2005