

8. FINANCIAL INFORMATION

8.1 Proforma Consolidated Profit and Loss Statement

The financial highlights of the ICB Group pertaining to the past five (5) financial years ended 31 December 2001, reproduced from the Accountants' Report which was extracted from the audited accounts and based on the assumption that the current structure of the Group had been in existence throughout the period under review are as follows:-

Year Ended 31 December	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Turnover	2,333	10,646	4,296	16,011	18,857
(Loss)/ Profit before charging depreciation and interest expense	(1,065)	3,046	(6,264)	2,521	4,914
Depreciation	(225)	(263)	(216)	(198)	(217)
Interest expense	(3,788)	(6,053)	(4,231)	(2,337)	(2,422)
(Loss)/ Profit before share of results of associated company and taxation	(5,078)	(3,270)	(10,711)	(14)	2,275
Goodwill	-	-	(8)	(8)	(8)
Exceptional item	-	-	5,710	-	-
Share of results in associated company	(34)	(17,768)	(19,822)	(4,194)	(2,998)
Loss before taxation and minority interest	(5,112)	(21,038)	(24,831)	(4,216)	(731)
Taxation	-	-	-	-	(5)
Minority interest	106	54	46	2	(1)
Loss after taxation and minority interest	(5,006)	(20,984)	(24,785)	(4,214)	(737)
Number of ordinary shares in issue as at 31 December 2001 ¹	93,300	93,300	93,300	93,300	93,300
Net loss per share (RM) based on the number of ordinary shares as at 31 December 2001 ¹	(0.05)	(0.22)	(0.27)	(0.05)	(0.01)

Notes:-

1 Based on 93.3 million ordinary shares of RM1.00 each on the assumption that IRISTech has been the associated company of ICB throughout the period under review.

2 There were no extraordinary items during the period of review.

8.2 Financial Analysis

A detailed analysis of the financial condition and operations of the Group is as follows:-

(a) Revenue

The ICB Group commenced commercial operations in mid-1997. In 1997 revenues were mainly earned by ICB from license fee income of RM542,000 in lieu of the distribution agreement signed with InterCard and from the MEP project amounting to RM907,000 in respect of sale of MEP Programmers (RM331,000) and Readers (RM576,000). For the financial year ended 31 December 1998, the main contributions to turnover was from the MEP project through the sale of hardware and software and substrates which accounted for approximately 87.36% of the year's revenue or RM9.3 million. In 1999, the MEP project and royalty from substrates sales accounted for 44.23% of the Group's revenue or RM1.9 million. The turnover for 1999 was lower by 60% as compared to 1998 due to the lower sales of MEP project related software and hardware during the year.

For the financial year ended 31 December 2000, the MEP and GMPC projects contributed RM9.2 million and RM6.4 million respectively to the turnover. In the financial year ended 31 December 2001, the MEP and GMPC projects contributed RM3.7 million and RM12.3 million, respectively to the turnover.

8. FINANCIAL INFORMATION (CONT'D)

(b) Results for the year

The period under review represents one where the Group developed from its infancy to its current development stage. The Group, which by nature is highly capital intensive and necessarily incurred high development costs, high depreciation, interest and pre-operating expenses in the period under review. As there were only minimal revenues earned for the period under review, the loss for the year increased directly in tandem with increases in interest, depreciation and research expense. High amounts of borrowings were undertaken to fund the expansion plans of the Group. For example, for the year ended 31 December 1997 and 1998, interest costs amounted to 75.67% and 28.85% of the loss for the respective years. For the year ended 31 December 1999, interest expense accounted for 17.07% of the loss for the year. For the financial year ended 31 December 2000, the ICB Group registered a lower loss as compared to the previous year due to the larger turnover generated and the lower interest expense. For the financial year ended 31 December 2001, ICB registered a much lower loss as compared to the previous year as a result of improved operating results and the performance of its associated company, IRISTech.

In the financial year ended 31 December 1999, ICB registered a gain from the disposal of certain subsidiaries and in quoted investment.

As the Group, in most years, did not make profits for the whole period under review, only nominal tax charges were suffered on non-business income. Two companies in the Group, namely ICB and IRISTech, were conferred MSC status in 1997, and as such have enjoyed tax incentives.

8.3 Working Capital, Borrowings And Contingent Liability

The Directors are of the opinion that, barring unforeseen circumstances after taking into account the cashflow forecast, projections, banking facilities available and funds to be raised from the Public Issue the Group will have adequate working capital for its foreseeable requirements.

As at 6 June 2002, being the last practicable date prior to the printing of this Prospectus, the total bank borrowings of ICB amounted to RM32.8 million, of which all are interest bearing and short term.

As at 6 June 2002, being the last practicable date prior to the printing of this Prospectus :-

- a) the Group does not have any contingent liabilities save as disclosed in Note 11.18 of the Accountants' Report;
- b) ICB and its subsidiaries have a total capital commitment of approximately RM3.18 million for outstanding balance for the purchase of a piece of land located at Lot 10, Phase 1, Technology Park Malaysia with land area of 101,059 sq. feet.

IRISTech as at 31 December 2001, has a capital commitment of approximately RM20.96 million comprising RM18.6 million in respect of premium on redemption of RCPS and RM2.0 million for one unit of production machinery. However, as at to-date no notice of redemption has been received from the RCPS holders. Refer to Section 16.4 (5b).

Save as disclosed above, there is no loan capital outstanding, or created but unissued mortgages and charges in relation to the Company and its subsidiaries.

9. SUMMARY OF BUSINESS DEVELOPMENT PLAN

The following is a summary of the business development plan dated 26 July 2000 prepared by ICB for the purpose of inclusion in this Prospectus.

<i>Technology Road Map</i> <i>-Direction of the Group</i>	<p>ICB Group has adopted a few technology paths that it wishes to channel its resources and focus on which are as follows:</p> <ul style="list-style-type: none"> • passport projects, visas, border entry/exit documents; • multi purpose smart cards, one of the flagship applications of the MSC initiative; • production of readers and terminals; • development of ferroelectric random access memory solutions; • development of radio frequency identification technology solutions; and • new technology exploitation e.g rubberised silicon.
<i>Strategic Alliances</i>	<p>Using I.R.I.S as the core technology, the Group, via its global strategic alliances, is currently linking-up with complimentary technologies such as biometrics and radio frequency identification technology which will result in the development of enabling technologies. This will eventually lead to the creation of new smart card products.</p>
<i>Research & Development Plan</i>	<p>ICB Group places a strong emphasis on R&D for technology and product innovation. The Group's R&D efforts are focused on improving the efficiency and capabilities of its production process, and on developing new proprietary systems by making improvements upon commercially available materials and technology.</p>
<i>Competition Dynamics</i>	<p>ICB Group believes that it has a competitive advantage in its target markets due to its heavy investment in research and development and it, via IRJSTech has a one stop manufacturing centre. The Group positions itself against its competitors and to obtain future market leadership by using three key manufacturing advantages namely:-</p> <ul style="list-style-type: none"> • its proprietary I.R.I.S technology; • passive contactless reading technologies; and • unique silicon substrates architecture and design.
<i>Major Contracts</i>	<p>The Group through its subsidiaries and associated companies has secured several contracts that are in various stages and is continuing to establish distribution agreements whereby independent marketing and distribution organisations have the right to sell I.R.I.S solution to developing markets. Among the secured contracts are the supply of hardware and software for the MEP and GMPC projects.</p>
<i>Government Incentives and Policies</i>	<p>The Government has adopted strategies to achieve overall competitiveness to attract and retain investors such as:-</p> <ul style="list-style-type: none"> • provision of grants and subsidies to encourage start up and expansions in the technology industry; and • The MSC development into a high growth centre for research and development facilities in the areas of information technology, in particular multimedia products and services.
<i>Conclusion</i>	<p>The ICB Group is poised to take advantage of the expected expansion in the smart card industry in the Asia Pacific Region. With its core I.R.I.S. technology, the Group will focus on national passport projects and multi-purpose smart cards from the Asian region, whilst targeting high volumes of production to enjoy economics of scale in its operations. The above represents the ICB Group's plan to achieve its ambition of being a significant player in the smart card industry.</p>

10. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

10.1 Substantial Shareholders and Promoters

10.1.1 Shareholdings in ICB

Based on the Register of Shareholders of ICB as at the date of this Prospectus, the direct and indirect interest of the substantial shareholders and promoters in the issued share capital of the Company before and after the Public Issue are as follows:-

Shareholders	Nationality / Country of Incorporation	Before the Public Issue				After the Public Issue			
		Direct		Indirect		Direct		Indirect	
		No of shares ('000)	%	No. of shares ('000)	%	No. of shares ('000)	%	No. of shares ('000)	%
Tan Say Jim	Malaysian	66,667 ¹	10.72	106,667 ²	17.15	66,667 ¹	8.00	106,667 ²	12.80
Lee Kwee Hiang	Malaysian	20,000	3.22	-	-	20,000	2.40	-	-
Yap Hock Eng	Malaysian	20,000	3.22	86,667 ³	13.93	20,000	2.40	86,667 ³	10.40
VPB	Malaysia	106,667	17.15	-	-	106,667	12.80	-	-
MCSM	Malaysia	46,667	7.50	40,000 ⁴	6.43	46,667	5.60	40,000 ⁴	4.80
TSR	Malaysian	166,667 ⁵	26.80	-	-	166,667 ⁵	20.00	-	-
PNS	Malaysia	63,333	10.18	-	-	63,333	7.60	-	-
Lim Choon Tong	Malaysian	31,667	5.09	-	-	31,667	3.80	-	-
TLTR (HK)	Hong Kong	40,000	6.43	-	-	40,000	4.80	-	-
VCL	Malaysia	-	-	106,667 ⁶	17.15	-	-	106,667 ⁶	12.80
Wan Tak Chuen	Hong Kong	-	-	40,000 ⁴	6.43	-	-	40,000 ⁴	4.80

Notes:-

1. Part of these shares are registered in the name of Arab-Malaysian Nominees (Tempatan) Sdn Bhd but are beneficially owned by Tan Say Jim.
2. By virtue of his substantial shareholding in Wisefield Resources Sdn Bhd which in turn wholly owns VCL. VCL is the beneficial owner of 68.29% of VPB.
3. Deemed interested by virtue of his beneficial ownership of MCSM and in turn MCSM's substantial shareholding in TLTR (HK).
4. Deemed interested by virtue of its substantial shareholding in TLTR (HK).
5. These shares are registered under the name of EB Nominees Sdn Bhd but are beneficially owned by TSR.
6. Deemed interested by virtue of substantial shareholding in VPB.

The promoters of ICB are Lee Kwee Hiang, Tan Say Jim, Yap Hock Eng, VPB, TSR, MCSM and TLTR (HK). TSR, Lee Kwee Hiang, Yap Hock Eng and Tan Say Jim, are also directors of ICB and their profiles are set out in Section 10.4.

10. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)**10.1.2 Directorships in Other Public Companies**

None of the substantial shareholders and promoters of ICB has directorships in any other *public* companies for the past two (2) years, save as disclosed below:-

Director	Name of Company	Date of appointment
TSR	DKLS Industries Bhd	15.09.1999
	Leader Universal Holdings Bhd	16.09.1999
	Allianz General Insurance Bhd	25.09.2001
	Wah Seong Corporation Bhd	22.05.2002

10.1.3 Substantial Shareholdings In Other Public Companies

None of the substantial shareholders and promoters of ICB has substantial shareholdings (more than 5%) direct or indirect in other *public* companies as at 6 June 2002.

10.1.4 Background on Substantial Shareholders and Promoters

A brief background on the substantial shareholders and promoters of ICB, apart from those who are also directors of the Company, are as follows:

Lim Choon Tong

Lim Choon Tong, aged 51, is a substantial shareholder of the Company. He is principally a businessman with interests in aquaculture and agricultural concerns, which are private enterprises. Lim Choon Tong ventured into business in the fish farming and retail sector and later went into partnership to supply seafood to a catering division of Malaysian Airline System Berhad. This venture was later sold off. Currently, the main areas of his business concerns are fish farming and oil palm. His enterprises own fish farming operations in Pulau Ketam and oil palm plantations in the state of Perak. His participation in the Company is mainly as a financier.

VPB

The substantial shareholders (those holding more than 5% of its equity) of VPB based on its register of substantial shareholders as at 6 June 2002 are as follows :

Name of Shareholders	Nationality / Country of Incorporation	Number of Shares	%
Versatile Credit & Leasing Sdn Bhd	Malaysia	18,699,352	68.29
Chow Chee Yut	Malaysian	1,680,498	6.14
Tam Wah Fiong	Malaysian	1,527,724	5.58

VPB was incorporated in Malaysia under the Companies Act 1965 on 25 November 1982. The company's present place of business is in Kuala Lumpur. The principal activities of VPB include manufacturing and trading of paper boxes, board packaging, specialising in off-set printed boxes and corrugated fiber-board cartoons. The directors of VPB are Chow Chee Yut, Shahabudin Bin Abdullah, Chow Pak Lim, Noor Azmi Bte Ahmad, Lee Seng Hoong, Eow Kwan Hoong and Syed Abdullah Bin Syed Abdul Kadir.

10. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)**MCSM**

MCSM was incorporated in Malaysia under the Companies Act, 1965 on 26 September 1998. MCSM is principally involved in dealing of hardware and software. Details of the shareholders of MCSM are set out as follows:-

Substantial Shareholder	Nationality	Equity Owned %
Yap Hock Eng	Malaysian	99.99

The directors of MCSM are Yap Hock Eng, Wong Wai Chun and Nek Bin Md Desa (alternate director to Wong Wai Chun).

TLTR (HK)

TLTR (HK) was incorporated in Hong Kong under the Companies Ordinance. TLTR (HK) is principally involved in the manufacturing of computer hardware and software. Details of the shareholders of TLTR (HK) are set out as follows:-

Substantial Shareholders	Nationality/ Place of Incorporation	Equity Owned %
Wan Tak Chuen	Hong Kong	33
MCSM	Malaysia	67

The directors of TLTR HK are Wan Tak Chuen and Kong Shing Tung.

PNS

PNS was incorporated in Malaysia under the Companies Act, 1965 on 29 November 1969. PNS was formerly known as PERNAS and in September 1996, it was privatised through a 'management buy-out' of selected assets with the buy-out entity maintaining the name PERNAS. Thereafter the remaining assets operate under the acronym PNS. PNS is principally involved in investment holding and entrepreneurial development with the primary aim of promoting and developing middle level entrepreneurs. PNS is substantially held by the Ministry of Finance (Incorporated) which has a stake representing 99.44% of its issued and paid-up share capital.

The directors of PNS are YBhg Dato' Mohd Desa Bin Pachi, YBhg Datuk Haji Hanafi Bin Ramli, YBhg Datuk Zakiah Bte Hashim, Tuan Syed Tamim Ansari Bin Syed Mohamed, Puan Hanifah Bte Hassan, Encik Mustaffa Kamil Bin Md Ismail, Tuan Haji Ithnin Bin Haji Hassan and Cik Halimah Sulaiman (Alternate to Ybhg Datuk Zakiah Bte Hashim).

10. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)**10.2 Changes In Substantial Shareholders**

The changes in the shareholdings of substantial shareholders of ICB based on the Register of Substantial Shareholders since incorporation up to the date of this Prospectus are as follows:-

	Date	No of shares acquired/ (disposed)	Balance	%
Tan Say Jim	27.07.1995	1	1	
	30.05.1996	3,215,624	3,215,625	
	24.06.1996	1,782,375	4,998,000	
	20.02.1997	1,002,000	6,000,000	
	23.07.1998	14,000,000	20,000,000	
	13.05.2002*	18.11.1998 (10,000,000)	-	66,666,667
MCSM	18.11.1998	4,000,000	4,000,000	
	11.12.1998	1,000,000	5,000,000	
	02.07.1999	2,000,000	7,000,000	
	13.05.2002*	-	46,666,667	7.50
TLTR (HK)	18.11.1998	2,000,000	2,000,000	
	02.07.1999	4,000,000	6,000,000	
	13.05.2002*	-	40,000,000	6.43
TSR	31.12.2001	25,000,000	25,000,000	
	13.05.2002*	-	166,666,667	26.80
Lim Choon Tong	28.06.1999	4,750,000	4,750,000	
	13.05.2002*	-	31,666,667	5.09
Perbadanan Nasional Berhad	20.05.1999	9,500,000	9,500,000	
	13.05.2002*	-	63,333,333	10.18
VPB	23.07.1998	6,000,000	6,000,000	
	28.07.1998	10,000,000	16,000,000	
	13.05.2002*	-	106,666,667	17.15

*Subdivision of ordinary shares of par value RM1.00 each in ICB to RM0.15 par value.

10.3 Moratorium on Promoters' Shares

It is a condition of the Listing Requirements of the MESDAQ Market that shares held by the promoters amounting to 45% of the nominal issued and paid-up capital of the Company at the date of admission of the Company to the Official List of MESDAQ Market be put under moratorium.

Therefore, the shareholders of the Company will not be allowed to sell, transfer or otherwise dispose of any part of their interest in the shares held by them in the Company as tabulated below within one (1) year from the date of admission of the Company to the Official List of MESDAQ Market, and thereafter, they are permitted to sell, transfer or otherwise dispose up to a maximum of one third of their respective shareholdings per annum on a straight line basis of their respective shareholdings under moratorium.

The quantum and proportion of shares which are to be held under moratorium as depicted below is fully accepted by the Promoters whose collective shareholding after the Public Issue would be 466,666,667 Shares, representing 56.0% of the enlarged issued and paid-up share capital of the Company. Further to the above, PNS has offered to place its shareholdings in ICB under moratorium on a proportionate basis.

10. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

	After the Public Issue		Under Moratorium	
	No. of ordinary shares held	% of enlarged share capital	No. of ordinary shares held	% of enlarged share capital
Tan Say Jim	66,666,667	8.00	47,169,811	5.66
VPB	106,666,667	12.80	75,471,697	9.06
Lee Kwee Hiang	20,000,000	2.40	14,150,943	1.70
Yap Hock Eng	20,000,000	2.40	14,150,943	1.70
MCSM	46,666,667	5.60	33,018,868	3.96
TSR	166,666,667	20.00	117,924,526	14.15
TLTR (HK)	40,000,000	4.80	28,301,886	3.40
PNS*	63,333,333	7.60	44,811,320	5.37
	530,000,001	63.60	374,999,994	45.00

* PNS is not a promoter of ICB.

This restriction is specifically endorsed on the share certificates of ICB representing the respective shareholding of the aforesaid shareholders which are under moratorium to ensure that the Company's Registrars shall not register any transfer not in compliance with the moratorium restrictions. This restriction has been fully accepted by the aforesaid shareholders.

In addition, the intermediate and ultimate holding companies/shareholders of MCSM and TLTR (HK), which have interests in ICB, have given undertakings that they will not sell, transfer or dispose any part of their interest in MCSM and TLTR (HK) from the date of application until the expiry of three (3) years from the date of the Company's admission to MESDAQ Market. VPB's controlling shareholder, namely, VCL, Wisefield Resources Sdn Bhd and the individual shareholders of Wisefield Resources Sdn Bhd have also given their respective undertaking letters. KLSSE has vide its approval letter dated 21 June 2001 granted a waiver from MESDAQ Market Listing Rule 2.10.4 for the individual shareholders of VPB from giving undertaking not to sell their shareholdings in VPB.

10.4 Board of Directors

Tan Sri Razali Bin Ismail (Chairman), aged 63, was appointed a director of the Company on 2 May 2002. He was formerly appointed as director of the Company on 7 May 1998 but resigned from the board on 6 April 1999. He is presently the Special Adviser to the Prime Minister, YAB Datuk Seri Dr Mahathir Mohamad, Chairman of Yayasan Salam (the Malaysian Peace Corps) and Chairman of a few other companies dealing with project development, insurance, engineering and the environment. He is also an Honourary Fellow of the Institute for Environment and Development of the National University of Malaysia, and a member of the Board of Advisers of Wetlands International Asia-Pacific, Malaysia. He was appointed the Pro-Chancellor of University Sains Malaysia, Penang for 2001-2006. He is a Founding Member of the first Governing Council of War-torn Societies Project ("WSP") International based in Geneva and has been the United Nations Secretary-General's Special Envoy for Myanmar since April 2000.

TSR joined the Ministry of Foreign Affairs in 1962 and held various offices in India (1963-1966), France (1966-1968), the United Kingdom (1970-1972) and Laos (1974-1976). He was appointed Ambassador to Poland in 1978 with concurrent accreditation to the then German Democratic Republic, Czechoslovakia and Hungary before serving as the High Commissioner to India in 1982. He was made a Deputy Secretary-General of Political Affairs in the Ministry of Foreign Affairs in 1985.

As the Malaysian Permanent Representative to the United Nations from 1988 to 1998 and concurrent Ambassador to Cuba, Jamaica, Saint Lucia, Barbados, Trinidad and Tobago, TSR served in various capacities in the World Body and was actively involved in several bodies, both within and outside the United Nations system, especially those dealing with development, the environment, human rights and reform of the United Nations. From 1989 to 1990, he headed the Malaysian delegation to the UN Security Council and served as its President, in June 1989 and again in July 1990. In 1989, he was Chairman of the Group of 77. He was elected Chairman of the Commission on Sustainable Development in 1993. TSR was President of the Fifty-first Session of the United Nations General Assembly, 1996-1997. He received the first Elizabeth Haub Prize for Environmental Diplomacy by Pace University, New York in May 1999 and was conferred a Fellow of the Institut Tadbiran Awam Negara ("INTAN") in May 1999. He was conferred the "Ordre National du Merite" (National Order of Merit) by French Government in November 2000.

10. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

YAM Tunku Shahabuddin Bin Tunku Besar Burhanuddin (*Vice Chairman & Independent Non-Executive Director*), aged 66, was appointed as a director of the Company on 11 February 1998. He obtained his secondary education from the Malay College, Kuala Kangsar, Malaysia and graduated with a Bachelor of Science (Economics) degree from Queens University, Belfast, Northern Island. Tunku was a Governing Board Member of the Malaysia Canada Business Council ("MCBC") up to 1992 and a committee member of Malaysia South-South Association ("MASSA") since its inception up to early 1993. He is presently a Director of, amongst others, United Overseas Bank (M) Berhad. He also sits on the board of other private limited companies. Tunku was appointed the Honorary Counsel General for Austria in 1972 and served in this capacity until the establishment of the Austrian Embassy in Malaysia. He was also Chairman of the Automobile Association of Malaysia, a position he held for more than 23 years. In 1986, he became the first Malaysian to be appointed President of the Asia-Pacific region of the Alliance International de Tourisme.

Tan Say Jim (*Managing Director*), aged 44, is co-founder of ICB Group of Companies. He is responsible for the overall management and financial matters of ICB Group. Previously, he was with UMW Holdings Berhad, a company listed on the KLSE, for six years where his last position was Group Finance Manager. In 1986, he joined Lion Group as Group Treasurer. He was appointed a director of ICB on 30 June 1996. Prior to investing in ICB, he was the controlling shareholder in Bright Packaging Berhad, a company listed on the KLSE.

Lee Kwee Hiang (*Executive Director*), aged 54, a founder of ICB, was appointed to the Board on 31 May 1994, and is responsible for research and development and production matters. He started his professional career in computer and electronics with the Royal Malaysian Air Force in 1969 and later joined DE Electronic & Computer Sdn Bhd as its Managing Director in 1974, where he was responsible for the development and designing of various unique systems. He left the company in 1984 and started Microcomputer Systems (M) Sdn Bhd ("MSSB") in 1985. MSSB obtained the first computer manufacturing license with pioneer status and launched its first Malaysian designed PC in 1987. In 1989, its Microsystem 386sx computer was awarded "PIKOM PRODUCT OF THE YEAR" and in 1991, he was awarded the "PIKOM - Computime IT Personality of the Year".

He was also a member of the R&D committee which designed and produced the ATOM 1 for the Malaysian Ministry of Education. The first batch of ATOM 1 was subsequently installed in 60 pilot schools throughout the country under the Computer in Education programme. In 1993, the Lion Group started LIKOM Corporation and MSSB was merged into this operation. He remained as their Executive Director until 1994 after which he set up his own consultancy business, named Power Metric Consultant Sdn Bhd, where he remains a director until present.

Yap Hock Eng (*Executive Director*), aged 56, is a founder of ICB Group. He was appointed to the Board of ICB on 5 January 1995, responsible for technical and technology matters. In 1984 and 1985, he established Peripherals Connection (UK) Ltd and Supply Technology (UK) Ltd respectively, both of which are involved in the import and trading of personal computers based system components. In 1991, he started MCS Microsystems, Ltd. in UK. In 1992, he refocused the strategy of supply technology, targeting the global security markets, by designing and developing a unique form of identification technology for sophisticated security applications. The solution has become what is known today as the I.R.I.S.

Syed Abdullah bin Syed Abd Kadir (*Independent Non-Executive Director*), aged 48, graduated with a double degree in Bachelor of Science (Engineering Production) and Bachelor of Commerce (Economics) from the University of Birmingham, United Kingdom in 1977. Prior to his appointment, on the ICB board on 7 May 1998 he acquired extensive experience in the banking and financial services, having worked in a commercial bank (Hongkong and Shanghai Banking Corporation Ltd), a merchant bank (Bumiputera Merchant Bankers Berhad) and a public listed company (Amanah Capital Partners, formerly known as SEACORP Berhad) with subsidiaries involved in, among others, discount house, money broking, unit trust, finance company and funds management operations. Presently, Tuan

10. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Syed Abdullah is also a director of YTL Power International Berhad, YTL E-Solutions Berhad, Extiva Communications Sdn Bhd, and Stenta Films (M) Sdn Bhd.

Daud Bin Ahmad (Non-Executive Director), aged 50, has worked in the public and private sectors for the past thirty years. He was a teacher at Sekolah Menengah Sultan Ismail, Johor Baru. He then pursued a career with the PKNJ, now known as Johor Corporation Berhad in the early 70s. In 1974, he joined UDA Holdings Berhad and supervised its information technology department from 1976 to 1990. Before joining PNS in 1998, he headed the IT department of UDAPEC Sdn Bhd. He obtained his formal education on IT at Institut Tadbiran Awam Negara ("INTAN") and Asian Institute of Technology ("AIT"). He had also attended a management course at Asian Institute of Management ("AIM") with other related short courses. In 1999, he was appointed as a nominee director of Hijau Inovasi Sdn Bhd.

Eow Kwan Hoong (Executive Director), aged 48, was appointed as director of the Company on 2 May 2002. He is also the Chief Operating Officer of ICB since April 1998. He is a fellow member of the Chartered Institute of Management Accountants as well as a member of the Malaysian Institute of Accountants. He started his career in 1979 as the Cost Accountant with Intel Technology Sdn Bhd. In February 1980, he joined Socoil Corporation Sdn Bhd, a palm oil refinery, as the Factory Accountant. Subsequently in February 1982, he joined the Lion Group as an Accounts Manager with Amsteel Corporation Berhad. He was appointed the Group Chief Accountant in March 1990 and was responsible for the Group Accounts Department of the Lion Group. He resigned from the Group in December 1997 and acted as an Advisor to the Group for a further 6 months. He holds directorships in Versatile Paper Boxes Group of Companies, Angkasa Marketing Berhad, Delloyd Ventures Berhad, IRISTech and IITS.

Shareholdings In The Company

None of the Directors has shareholdings in the Company direct or indirect as at the date of this Prospectus except for the following :-

Directors	Shareholding			
	Direct	%	Indirect	%
TSR	166,666,667 ¹	26.80	-	-
Tan Say Jim	66,666,667 ²	10.72	106,666,667 ³	17.15
Yap Hock Eng	20,000,000	3.22	86,666,667 ⁴	13.93
Lee Kwee Hiang	20,000,000	3.22	-	-
YAM Tunku Shahabuddin Bin Tunku Besar Burhanuddin	6,666,667	1.06	-	-
Syed Abdullah bin Syed Abd Kadir	5,333,333	0.86	-	-
Eow Kwan Hoong	3,333,333	0.54	-	-

Notes:-

1. These shares are registered under the name of EB Nominees Sdn Bhd but are beneficially owned by TSR.
2. Part of these shares are registered in the name of Arab-Malaysian Nominees (Tempatan) Sdn Bhd but are beneficially owned by Tan Say Jim.
3. By virtue of his substantial shareholding in Wisefield Resources Sdn Bhd which in turn wholly owns VCL. VCL is the beneficial owner of 68.29% of VPB.
4. Deemed interested by virtue of his beneficial ownership of MCSM, which in turn has substantial shareholdings in TLTR (HK).

10. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)***Directorships Of Directors In Other Public Companies***

Save as disclosed below, none of the Directors of ICB has other directorships in other public companies for the past two (2) years.

Director	Name of Company	Date of appointment
TSR	DKLS Industries Bhd	15.09.1999
	Leader Universal Holdings Bhd	16.09.1999
	Allianz General Insurance Bhd	25.09.2001
	Wah Seong Corporation Bhd	22.05.2002
YAM Tunku Shahabuddin Bin Tunku Besar Burhanuddin	United Overseas Bank (Malaysia) Bhd	16.06.1997
	United Overseas Finance (M) Bhd	31.05.1994
	Stamford College Berhad	12.05.1994
	Avenue Assets Berhad	12.10.2001
Syed Abdullah bin Syed Abd. Kadir	YTL Power International Berhad	18.02.1997
	YTL Corporation Berhad	20.10.1999
Eow Kwan Hoong	Angkasa Marketing Bhd	05.06.2001
	Delloyd Ventures Bhd	22.05.2001

Substantial Shareholdings of Directors in Other Public Companies

None of the Directors of ICB has substantial shareholdings (more than 5%) direct or indirect in other **public** companies as at the date of this Prospectus.

10.5 Audit Committee

ICB has set up an Audit Committee which comprises the following Board members:-

Name	Responsibility	Directorship
YAM Tunku Shahabuddin Bin Tunku Besar Burhanuddin	Chairman	Independent Non-Executive Director
Syed Abdullah bin Syed Abd Kadir	Member	Independent Non-Executive Director
Eow Kwan Hoong	Member	Executive Director

The main functions of the Audit Committee include the review of audit plans and audit reports with the Auditors, review of Auditors' evaluation of internal accounting controls and management information systems, review of the scope of internal audit procedures, review of balance sheet and profit and loss accounts and nomination of Auditors.

10. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

10.6 Key Management

Lee Seng Hoong, aged 52, is the Head of Operations for ICB. He holds a Bachelor of Economics (Hons) Degree from the University of Malaya. He started his career as an Officer with Standard Chartered Bank, Malaysia in 1973 and has served the Bank in various capacities including lending, trade finance, branch and retail banking. In 1989 he was seconded to Hong Kong as a Senior Business Analyst responsible for the implementation of the Bank Group's core deposits processing system. He returned to Malaysia in 1992 and headed the project which successfully implemented the system for the Bank in Malaysia. In 1994, he was appointed as Head of the Cards Division, responsible for the Bank's credit cards business in Malaysia. He left the Bank in 1996 and represented IRISTech as an independent consultant in 1997 on the Multi-Purpose Card Advisory Panel formed by Bank Negara Malaysia to advise the Government on the drafting of the Concept Request for Proposal in relation to the national Multi-Purpose Card project. In the same year, he was also appointed a Director of Versatile Paper Boxes (M) Sdn Bhd. He currently holds 500,000 ICB Shares.

Lee Wai Sum, aged 42, is the Assistant General Manager – Project Services. During the period 1984 to 1987, he was working as a Resident Engineer in the construction of drainage and irrigation infrastructure in Malaysia. From 1989 to 1994, he was the Systems Analyst in the Victoria Department of School Education where he helped to develop and enhance personnel and payroll systems. In 1995 to 1996, Lee Wai Sum was the Senior Analyst in Ford Credit Australia. He was in charge of development and maintenance of the Ford Leasing System, part of the Ford Automotive Financing Systems. He is presently involved in software development and systems integration of smart card systems. Lee Wai Sum has a BE Civil Engineering, Sydney University in 1984, a graduate diploma in Computer Science, La Trobe University, Australia in 1988 and M AppSc (IT), RMIT in 1996.

Quik Saw Choo, aged 32, is the Research and Development Manager. From 1983 to 1987 she was the Technical Sales & Support Engineer with Vanguard Co, Kuala Lumpur. She joined ICB in 1997 as a Product Engineer and was promoted to her current post in 1999. She is involved in electronic software design & programming, smart card application software, product design and development including development of card acceptance devices ("CAD") and smart card readers. She holds a Bachelors of Science from Campbell University, USA majoring in Microelectronics and Physics.

Chuah Ban Cheng, aged 36, is the head of IRIS Software Department. He holds a First Class Honours degree in Electrical Engineering from the University of Malaya. His career commenced with the joining of Intel Technologies (M) Sdn Bhd as a product engineer in 1991. For a period of 18 months he was seconded to Intel Headquarters in the United States of America where he worked on the Pentium Processor project. He was promoted to Senior Product Engineer in 1995 and was tasked with the Pentium II Processor project. In 1997, he joined IRISTech as Production Manager and assumed the role of Smart Card Application and Operating System Manager one year later. In April 2001, he assumed his present position with the responsibility for all operating systems and applications software development.

Directorships In Other Public Companies

None of the abovementioned key management of ICB has other directorships in other public companies for the past two (2) years.

Substantial Shareholdings In Other Public Companies

None of the abovementioned key management of ICB has substantial shareholdings (more than 5%) direct or indirect in other *public* companies as at the date of this Prospectus.

10.7 Family Relationships

There are no family relationship amongst the substantial shareholders, promoters, directors, management and key technical personnel of the ICB Group save for Tan Say Jim who is the brother-in-law of Lee Seng Hoong.

10. SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

10.8 Service Agreements

There are no existing and intended service agreements between the Company (or any other company in the Group) and its directors and key management.

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11. OTHER COMPANY/GROUP MATTERS**OTHER COMPANY/GROUP MATTERS****11.1 Approvals, Licenses and Permits Obtained**

ICB and IRISTech has received MSC status on 25 July 1997 and 10 October 1997 respectively. Please see section 7.15.4 of this Prospectus for further information on the MSC status. The conditions attached to the grant of status include but are not limited to:

- Establishing a separate legal business entity for MSC - qualifying multimedia business and activities and begin operations.
- Locate selected operations within MSC - designated cybercities.
- Comply with MSC environmental guideline.

11.2 Landed Property

The Group currently does not own any landed property as at the date of this Prospectus, save as disclosed below:-

<u>Location</u>	<u>Tenure</u>	<u>Approximate age of buildings</u>	<u>Description</u>	<u>Built-up area (sq.ft.)</u>	<u>Net book value@ 31.12.2001 (RM'000)</u>	<u>Original Cost* (RM'000)</u>
<i>Held under IRISTech</i>						
Lot 8 & 9, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur	Leasehold (30 years) 7/7/95 to 6/7/25	5 years	4 ½ Storey building	330,000	54,013	62,076

*Constitutes land cost and building construction cost.

Notes:-

1. *The temporary certificate of occupation of this building was valid until 28 November 1998. The Company is currently attempting to obtain the permanent certificate of fitness for the building.*
2. *ICB is currently in negotiations with the lessors for the property to finalise the terms and conditions of the lease.*
3. *There is no revaluation carried out on the property to-date.*

This building houses the head/ administrative office for the Group' operation which includes the manufacturing facility of the Group.

The terms and conditions of the lease are as follows:-

- a. Any buildings erected or to be erected on the land must harmonise with the environment of Technology Park Malaysia and to conform with the Official Architectural Concept and Development Control Policies, the Landscape Master Plan and the Land Management Plan for Technology Park Malaysia;
- b. Prior approval from the lessor for all subsequent constructions and buildings on the land;
- c. Not permitted to assign, transfer, sub-lease or part with possession of the said Land in any manner whatsoever without the prior written approval from the lessor;
- d. The lessee shall be liable for the payment of all quit rent, assessment, taxes and other outgoings in respect of the land and/ or the buildings erected thereon during the subsistence of the lease; and

11. OTHER COMPANY/GROUP MATTERS (CONT'D)

- c. The lessee shall obtain such other consent, licenses, approvals and permits as required by law to enable you to carry on its business and the lessee shall at all time comply with such laws, rules and regulations as issued by the relevant authorities from time to time.

11.3 Related-Party Transactions

There are no on-going related party transactions or arrangements between ICB Group and its shareholders and/or directors save for the transactions pursuant to the restructuring and listing exercise and the following :-

- i) ICB had on 13 January 1995 entered into a Technology Transfer Agreement with MCS to acquire the I.R.I.S. technology and the related substrate for a consideration of RM4,200,000. As a supplement to this Technology Transfer Agreement a Royalty clause was added to the original agreement vide a letter dated 13 January 1995 which inter alia stipulated that ICB agrees to pay MCS a royalty of two percent (2%) of the net sales value of all substrates sold or otherwise supplied for a period of five (5) years commencing from 4 August 1997. Yap Hock Eng, a promoter, shareholder and director of ICB is also a director and substantial shareholder of MCS.
- ii) On 1 December 1998, ICB entered into an agreement with MCSM, for the development of the MCOS for smart cards. The quote amounted to RM3,729,440. The above transaction includes two year maintenance costs but royalties will be payable for MCOS masked smart cards per the Royalty Agreement dated 13 January 1995 as highlighted in (i) above. Yap Hock Eng, a promoter, shareholder and director of ICB is also a director and substantial shareholder of MCSM.
- iii) ICB had on 7 September 1999 obtained the services of MCS for the porting of the Proton application to MCOS in respect of the Bull-IRIS development work for the GMPC card. The fee for the service amounted to RM589,000. Yap Hock Eng, a promoter, shareholder and director of ICB is also a director and substantial shareholder of MCS.
- iv) IRISTech purchases 200,000 CIF 1 chips per month amounting to RM1.6 million or RM19.2 million per annum for its supply of components from MCS. Yap Hock Eng, a promoter, shareholder and director of ICB is also a director and substantial shareholder of MCS.
- v) IRISTech purchases 200,000 OKI chips per month amounting to RM1.4 million or RM16.8 million per annum for its supply of components from MCSM. Yap Hock Eng, a promoter, shareholder and director of ICB is also a director and substantial shareholder of MCSM.
- vi) ICB purchases components and services for the manufacturing of smart card and related products from TLTR (HK) amounting to approximately RM105,000 per annum. TLTR (HK) is a substantial shareholder of ICB.
- vii) IRISTech had on 26 July 1999 obtained the services of MCS for ICOS 2 code plotting transfer to silicon. The fee for the service amounted to RM438,000. Yap Hock Eng, a promoter, shareholder and director of ICB is also a director and substantial shareholder of MCS.
- viii) ICB had on 19 January 2001 obtained the services of MCS for the pre-OS platform on Atmel silicon, taking into account ST silicon change and to investigate Proton certification work scope. The fee for the service amounted to RM2,470,000. Yap Hock Eng, a promoter, shareholder and director of ICB is also a director and substantial shareholder of MCS.

The above transactions were carried out in the ordinary course of business of ICB and were conducted on normal commercial terms which are no more favourable to the related parties than to those extended to the general public and are not to the detriment of ICB. The nature and terms of future transactions will be reviewed by the audit committee to ensure compliance and the Board will continue this review procedure for future transactions, if any.

12. ADVISERS' DECLARATION OF INTEREST

Arab-Malaysian, the adviser to the proposed listing, has extended to ICB a short term loan facility and as at 6 June 2002, this facility has an outstanding balance of RM5.75 million. The loan is secured by a charge by way of memorandum of deposit over ICB's 8.46 million shares in IRISTech, a third party charge, given by Tan Say Jim, by way of memorandum of deposit over at least 20 million Shares in ICB and is jointly and severally guaranteed by Tan Say Jim and Lee Kwee Hiang.

The amount owed by ICB to Arab-Malaysian represents 18.73% of the total borrowings of the ICB Group amounting to RM32.8 million based on the balances as at 6 June 2002. It also represents 9.07% of the total proceeds raised by the Public Issue of approximately RM63.4 million.

Arab-Malaysian, in relation to its dual roles as advisor and sponsor as well as a lender to ICB, has considered the factors involved, and believes that objectivity and independence in carrying out its roles has been/will be maintained at all times for the following reasons:-

- Arab-Malaysian is a financial institution which offers a wide range of services and enjoys a large and diverse clientele. The loan extended to ICB represents a transaction that was entered into in the normal course of business and represents a very small portion of Arab-Malaysian's lending portfolio.
- The loans were extended by the Corporate Banking Division of Arab-Malaysian which is a separate unit and is independent in its decision making from the Corporate Finance Division of the bank which is acting as adviser/sponsor to ICB. The conduct of Arab-Malaysian is guided strictly by the Banking and Financial Institutions Act, and by its own internal controls and checks. As required by Rule 14.8.9 and 14.16.5 of MESDAQ Market's Listing Rules, Arab-Malaysian has disregarded the existing financial relationship when advising ICB in matters relating to the listing proposals.
- The listing proceeds are proposed to be used for various applications, amongst which is the repayment of ICB's loans, and is to be done without any preferential treatment, subject to their individual rates and repayment terms.
- The application for the Listing on MESDAQ Market and the Prospectus has been independently verified by external parties. The financial information has been verified by the Reporting Accountants, the secretarial matters has been verified by the company secretaries and the legal and statutory matters has been verified by the lawyers as part of the due diligence process. As independent parties have been appointed to review the listing exercise, no serious concerns have been raised to date in respect of this lending position and Arab-Malaysian believes none will be raised to the detriment of shareholders.
- The amount owed by ICB to Arab-Malaysian is relatively small, representing 18.73% of the total borrowings of the ICB Group amounting to RM32.8 million based on the balances as at 6 June 2002. It also represents 9.07% of the total proceeds raised by the Public Issue of RM63.4 million.

As such Arab-Malaysian believes that there is no issue of conflict of interest in respect of its roles in the Listing of ICB.

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