
6. INFORMATION ON IFCA GROUP (cont'd)

Financials

ERP Plus delivers complete financial accounting and management information solution. In addition to the core general ledger functions, ERP Plus delivers financial consolidation, multi-company, multi-currency and multi-projects (if required) capabilities. ERP Plus is designed to cater to the different taxation requirements in different countries such as Value-Added-Tax, Government Service Tax, Sales Tax, etc. The taxation criteria are user definable to meet local tax requirements.

CRM

The ERP Plus CRM modules integrate the entire company machinery by automating marketing, sales, customer services, royalty programs and quality assurance processes to help boost revenues, enhance customer satisfaction, increase productivity, improve product quality and reduce costs.

Business Intelligence

Business Intelligence integrates data available throughout an organisation and helps the organisation gain competitive advantage by converting data into a personalised intelligence.

Push Technology

Push Technology is described in section 6.8.1 above.

6.8.6 CRM and Knowledge Management Information Systems

IFCA Knowledge Plus comprises IFCA CRM and Knowledge Management Information Systems .

Whilst IFCA's other software solutions have sales and marketing and customer service features, IFCA Knowledge Plus seeks to expand the scope of these features. IFCA Knowledge Plus is an enterprise-wide knowledge management software solution that automates five key business areas, namely marketing, sales, customer service, project management and personnel administration. This automation enables an organisation to capture, share and retain business information across all departments, enabling every employee to work and collaborate intelligently with each other. With 'knowledge' of these business areas, an organisation can improve customer satisfaction, increase productivity, and improve product quality, thus boosting revenue.

6.8.7 Optional solution for any IFCA product*IFCA Financial (Fully Integrated Financial Accounting and Management System)*

This comprehensive and fully integrated software was developed specifically as the financial backbone and foundation for all the required financial accounting and management functionality. It also forms the foundation for the seamless integration to all vertical solutions of IFCA Group. It provides a full spectrum of modules comprising accounts receivable, accounts payable, general ledger, fixed assets, cash-book, purchasing, inventory control, sales order processing, treasury, group consolidation. It supports multiple companies.

6.9 Services

As an integral part of the sale of its software, the Group offers services to its customers ranging from project implementation and supervision, customisation, training, maintenance and support to computer hardware sales, installation and maintenance services. The Group can therefore be classified as a turnkey solution provider in the IT business. These services also strengthen its relationship with its customers and add to its industry specific knowledge base for future product development and enhancement.

6. INFORMATION ON IFCA GROUP (cont'd)

IFCA Group currently operates a call center located in its main office in Petaling Jaya. Besides providing maintenance and support services, the call center in Petaling Jaya provides help desk services to IFCA Group's clients. It deploys its Knowledge Plus solution to track all reported cases. It believes that service response time is a major factor considered by its customers in selecting a software.

IFCA Group's services include project implementation and supervision, customisation, training and maintenance and support services. It has developed a "10+1" implementation methodology to ensure all project implementations are systematically and professionally handled to ensure consistent and successful implementation. Revenue from services accounted for approximately thirty one (31%) per cent of its total revenue in FYE 2002 and it expects to continue to derive a significant portion of its revenue from these services. Other complementary services are hardware procurement, network installations and hardware and network maintenance.

The approximate revenue contribution from services for the past four (4) years is derived from the following services provided by the Group:-

| Type of Service | 1999 | 2000 | 2001 | 2002 |
|--|------------|------------|------------|------------|
| Project Implementation and Supervision | 12% | 9% | 9% | 7% |
| Software Maintenance Support | 8% | 17% | 21% | 19% |
| Computer Hardware Maintenance Support | 2% | 1% | 2% | 3% |
| Network Installation Services | 3% | 2% | 3% | 2% |
| Total | 25% | 29% | 35% | 31% |

IFCA currently has seventy one (71) personnel providing project implementation and supervision, customisation, training and maintenance and support services and operates a support centre located in its main office in Malaysia.

6.9.1 Project implementation and supervision

As part of the turnkey business solutions that it provides, IFCA assists its clients by providing project implementation and supervision services. It deploys the "10+1" implementation methodology in providing these services. The methodology includes business process studies to understand the clients' needs, training, user acceptance criteria and test output, process flow as well as provision of guidance in setting up master files, charts of accounts and financial reporting formats. The implementation services are either provided by IFCA or competency centers operated by its business partners. Project implementation and supervision services are billable based on the time spent and the cost of materials utilised.

6.9.2 Customisation

IFCA understands that different businesses have different needs and its standardised software may not be able to fully meet the customers' requirements. Hence, the ability to provide customisation service is one of the key differentiation to its success. Customisation fees are normally limited to five (5%) to ten (10%) per cent of each business solution that the Group provides. Extensive customisations will require extensive increase in manpower, which may not be feasible in the long run. IFCA retains the intellectual rights to all its customisations. These customised features may be incorporated into future upgrades if they can value-add to the industry.

6.9.3 Training

The success and benefits of a computerisation project is how well the users are trained to utilise the full functionality of the system to derive the maximum value from the investment. Therefore, training the users of the system is an integral part of the project. The duration of the training is dependent on the number of modules and user-license purchased. Practical training is important as most users are usually resistant to changes

6. INFORMATION ON IFCA GROUP (cont'd)

made to their existing systems. In any company, staff movement is inevitable and re-training of new staff is another source of revenue. IFCA Group normally charges the training on time spent and materials used basis. Competency centers provided by its business partners are also used to provide training to its overseas customers, if required.

6.9.4 Maintenance and support

Software support is an important service to maintain and maximise the value of the investment over the useful life of the system. IFCA Group provides software maintenance and support services to its customers on an annual subscription basis. Customers who sign up for this service will receive software fixes and patches, trouble-shooting, on-site support, remedial and preventive maintenance and call center services. Its call center, which operates with help desk and internet support, is commissioned to address queries and software issues promptly for all its customers, both local as well as overseas. It has approximately eighty (80%) per cent customer subscriptions for the maintenance and support services and the revenue for FYE 2002 amounted to approximately RM5.15 million. It expects the revenue from maintenance and support to grow at the rate of five (5%) per cent to ten (10%) per cent annually.

6.9.5 Other complementary services

Even though computer hardware and networking services are not the Group's core businesses, IFCA Group also strives to provide total customer service if required. These complementary services include:-

Hardware sales

As part of IFCA Group's total customer service, the Group assists its customers in procuring computer hardware or other additional third-party software as required for the installation of its proprietary software solutions.

Network installation services

IFCA provides network installation services as and when required by its customers. These include the design and installation of local or wide-area network systems. Provision of network switches, hubs, cabling and network configuration is part of the services.

Hardware maintenance services

IFCA provides hardware maintenance services to customers through its subsidiary company, NOSB. The services provided, which cover hardware and network remedial and preventive maintenance services is provided on an annual subscription basis.

6.10 Sales and Distribution Channels

IFCA Group employs a multi-channel sales and marketing strategy utilising three (3) primary channels:-

- (i) direct sales;
- (ii) appointing overseas business partner (distributors); and
- (iii) indirect sales through strategic business alliances.

Presently, Malaysian sales and distribution network is represented by its locally domiciled subsidiary companies where direct and indirect sales approaches are deployed. Overseas revenue is generated via business partners appointed through IFCA Software. The successful appointment of business partners in four (4) continents namely Asia, Africa, Australia and Europe has resulted in overseas revenue of approximately RM4.18 million in FYE 2002, which represents more than an eighteen (18) fold increase from the overseas revenue earned for FYE 1998.

6. INFORMATION ON IFCA GROUP (cont'd)

Direct sales approach

Direct sales are done by IFCA's subsidiary companies. By gathering information from each respective industry or associated publications, public directories and vendor databases, IFCA Group solicits new customers within Malaysia through targeted mail shots and cold calls. Telemarketing techniques may also be used where a large database is involved. Depending on the needs of its prospective customers, specific seminars and customised workshops are organised to address the unique needs of these prospects from each industry. Apart from the Klang Valley, IFCA Group has four (4) direct sales offices located in Penang, Johor Baru, Kuching and Kota Kinabalu.

Indirect sales approach

IFCA Group also works closely with its hardware vendors and business alliances such as HP, IBM and Microsoft for new sales leads. It has an active account management team tasked to ensure customer satisfaction and convert existing customers into advocates of their software solutions. It also advertises in trade publications, participates in industry specific trade conventions, seminars and hold joint road-shows with its hardware vendor and business alliances to identify leads and to increase market awareness of the Group and its software solutions.

Business partner (distributors)

IFCA had entered into the Master Distributorship and Reseller Agreement with IFCA Software. The other business partners and distributors listed under section 6.10 below, have entered into separate Local Distributorship Agreements with IFCA Software.

Apart from the sales and marketing activities carried out by IFCA and its subsidiary companies, the international sales are marketed through channel partners worldwide. IFCA Software has been appointed the master distributor in undertaking this responsibility. Pursuant to the Master Distributorship and Reseller Agreement, the business partner programs are categorised as follows:-

- (i) *Business Partners*
- (ii) *Gold Partners*

Business partners

Business partners are recruited and remunerated by IFCA Software based on a Tier Structure (Tier 1 to 4). Each Tier will attract a commission ranging from ten (10%) to fifty (50%) per cent of the application software price depending on the level of effort and participation provided by the business partner. For example, a mere referral without any involvement will be classified as "Tier-4" and will be paid a ten (10%) per cent commission whereas, a "Tier-1" business partner will provide both pre- and post-sales manpower and hence will be entitled to a fifty (50%) per cent commission on the application software price as well as fifty (50%) per cent of the annual software support revenue. All services revenue will be earned by the "Tier-1" business partners, as the implementation and training services are provided by them.

Gold partners

Gold partners will be recruited and remunerated by IFCA Software based on a fixed royalty fee payable on the sale of each application software. There are strict requirements both in terms of manpower requirement and upfront investment. Gold partners have the privileges of having the product source codes for localisation, language translation, and customisation as well as the rights to recruit "value-added-resellers" in their own territory. Partnership is strictly on a non-exclusive basis. All pre- and post-sales as well as technical services are provided by the gold partners. They will also need to set up a "resource or competency centre" to provide services to overseas customers wherever required. The main target of gold partner recruitment will be non-English speaking countries.

6. INFORMATION ON IFCA GROUP (cont'd)

To date, IFCA Software has appointed business partners in Singapore, Thailand, Indonesia, Philippines, Hong Kong, Maldives, United Kingdom, United Arab Emirates, South Africa, Myanmar and Australia. IFCA has also appointed one gold partner in Thailand.

The list of IFCA Software's business partners/distributors is as follows:-

| No. | List of Business Partners |
|-----|--|
| 1. | MBS Software Pty Ltd (South Africa) |
| 2. | Infosystems Maldives Pte. Ltd. (Maldives and Sri Lanka) |
| 3. | Sarisa Pty Ltd. (formerly known as IFCA Software Pty Ltd.) (Australia) |
| 4. | IT-APPS Ltd. (Hong Kong) |
| 5. | Verisoft Emirates L.L.C. (United Arab Emirates) |
| 6. | Mastech Company Ltd (Myanmar) |
| 7. | CL Computers (Thailand) Co. Ltd. (Thailand) |
| 8. | IFCA Consulting (Phils.) Inc. (Philippines) |
| 9. | PT IFCA Consulting Indonesia [#] |
| 10. | IFCA Consulting Pte. Ltd. (Singapore) [#] |
| 11. | Acepio Pte. Ltd (PRC) |
| 12. | TravelSolutions I.T. Co. Ltd (PRC) |
| 13. | Yottastor Technology Inc. (Taiwan) |
| 14. | Istisharat Technologia Al-Ma'lumat Al-Duwalia Ltd (Midstrata) (Jordan) |

Note : [#] These companies are related parties by virtue of common directors and substantial shareholders.

The Group has also established strategic alliances with two (2) other IT-based companies, namely Orisoft Systems (M) Sdn Bhd and Wincor-Nixdorf Pte. Ltd., where these companies will refer any potential business to the IFCA Group.

6.11 Information on IFCA Software and Affiliated Companies**6.11.1 Information on IFCA Software**

IFCA Software was incorporated in the British Virgin Islands on 18 November 1998. It principally deals with business partners outside Malaysia and PRC in providing turnkey solutions. Its issued and paid up capital is USD100 comprising 100 ordinary shares of USD1.00 each. The directors of IFCA Software are Mr Yong Keang Cheun and Mr Yong Kian Keong. Both directors are presently running the operations of the company.

The substantial shareholders and their shareholdings as at the date of this Prospectus are as follows:-

| Name | Direct | | Indirect | |
|------------------|---------------|-------|-----------------|------|
| | No. of Shares | % | No. of Shares | % |
| Yong Keang Cheun | 70 | 70.00 | 30 ¹ | 30.0 |
| Yong Kian Keong | 30 | 30.00 | 70 ² | 70.0 |

Note : ¹ Deemed interested by virtue of his brother's shareholding in IFCA Software

² Deemed interested by virtue of his brother's shareholding in IFCA Software

6.11.2 Information on IFCA Consulting Co. Ltd.

IFCA Consulting Co. Ltd. was incorporated in Thailand on 12 January 1995. It is currently inactive and its activities have been taken over by CL Computers (Thailand) Co. Ltd., a local business partner appointed by IFCA Software. Its issued and paid up capital is 1,000,000 Thai Baht comprising 20,000 ordinary shares of 50 Thai Baht each. The directors of IFCA Consulting Co. Ltd. are Mr Manthip Ngampipatphong and Mr Benchamat Chinbenchapon.

6. INFORMATION ON IFCA GROUP (cont'd)

The substantial shareholders and their shareholdings as at the date of this Prospectus are as follows:-

| Name | Direct | | Indirect | |
|------------------------|---------------|------|--------------------|------|
| | No. of Shares | % | No. of Shares | % |
| Manthip Ngampipatphong | 4,300 | 21.5 | - | - |
| Yong Keang Cheun | 2,800 | 14.0 | 2,100 ¹ | 10.5 |
| Yong Kian Keong | 2,100 | 10.5 | 2,800 ² | 14.0 |
| Thanee Phukpaiwan | 10,000 | 50.0 | - | - |

Note : ¹ Deemed interested by virtue of his brother's shareholding in IFCA Consulting Co. Ltd.

² Deemed interested by virtue of his brother's shareholding in IFCA Consulting Co. Ltd.

6.11.3 Information on PT IFCA Consulting

PT IFCA Consulting was incorporated in Indonesia on 21 January 1995. It is principally involved in the provision of software. Its issued and paid up capital is USD150,000 comprising 150,000 ordinary shares of USD1.00 each. The directors of PT IFCA Consulting are Mr Yong Kian Keong and Ms Ooi Bee Bee. Both directors are presently running the operations of the company.

The substantial shareholders and their shareholdings as at the date of this Prospectus are as follows:-

| Name | Direct | | Indirect | |
|------------------|---------------|-------|---------------------|------|
| | No. of Shares | % | No. of Shares | % |
| Yong Keang Cheun | 60,000 | 40.00 | 60,000 ¹ | 40.0 |
| Yong Kian Keong | 60,000 | 40.00 | 60,000 ² | 40.0 |
| Musa Dirgantara | 30,000 | 20.00 | - | - |

Note : ¹ Deemed interested by virtue of his brother's shareholding in PT IFCA Consulting

² Deemed interested by virtue of his brother's shareholding in PT IFCA Consulting

6.11.4 Information on IFCA Consulting Pte Ltd

IFCA Consulting Pte Ltd was incorporated in Singapore on 21 January 1993. It is principally involved in retailing of software and general merchandise. Its issued and paid up capital is 100,000 Singapore Dollar comprising 100,000 ordinary shares of 1.00 Singapore Dollar each. The directors of IFCA Consulting Pte Ltd are Mr Yong Keang Cheun and Mr Wong Swee Sang. Both directors are presently running the operations of the company.

The substantial shareholders and their shareholdings as at the date of this Prospectus are as follows:-

| Name | Direct | | Indirect | |
|------------------|---------------|------|---------------------|----|
| | No. of Shares | % | No. of Shares | % |
| Yong Keang Cheun | 64,000 | 64.0 | 30,000 ¹ | 30 |
| Yong Kian Keong | 30,000 | 30.0 | 64,000 ² | 64 |
| Ooi Bee Bee | 5,000 | 5.0 | - | - |

Note : ¹ Deemed interested by virtue of his brother's shareholding in IFCA Consulting Pte Ltd

² Deemed interested by virtue of his brother's shareholding in IFCA Consulting Pte Ltd

6. INFORMATION ON IFCA GROUP (cont'd)

6.12 Business Transaction and Relationship between IFCA Group, IFCA Software and Affiliated Companies

The main focus of the IFCA Group in respect of the market for the IFCA products is Malaysia and PRC ("Core Market"). In this regard, the marketing, distribution and sales of the IFCA products as well as the maintenance and other support services in relation to those products in the Core Market are carried out by the IFCA Group. The business plan of IFCA for its overseas market (outside of the Core Market) is to appoint a master distributor and reseller for its products. IFCA has appointed IFCA Software as the master distributor and reseller of IFCA products outside the Core Market.

IFCA Software will market, distribute and sell the IFCA products and provide maintenance and other support services in relation to those products at its own cost and expense and will pay license fees and other fees to IFCA for each of the IFCA products sold and/or services provided. IFCA Software also has the right to appoint other resellers to market, distribute and sell the IFCA products in any jurisdiction outside of the Core Market. IFCA Software has appointed the Affiliated Companies to distribute IFCA products and provide maintenance and other support services in their respective countries of operations.

IFCA Software pays license and other fees to IFCA for the sale of its software applications and customisation of software in the market outside of the Core Markets. The other Affiliated Companies pay license fee and other fees to IFCA Software for the sale of IFCA products and services. In this regard, IFCA Software and the Affiliated Companies complement the activities of IFCA instead of competing with IFCA.

In addition to the above, Yong Keang Cheun and Yong Kian Keong have the intention to transfer the business of the three (3) Affiliated Companies to independent local partners in each of the relevant jurisdictions to manage the operations and business. IFCA has restructured its operations in Thailand and have since appointed a local Thai company, CL Computers (Thailand) Co. Ltd, to represent its products in Thailand.

IFCA directors are of the view that the transfer of the business to local partners will benefit IFCA by minimising the barriers to entry into the overseas markets as the local partners are more familiar with the overseas markets. However, IFCA may also face the risk of the local partners being less focused in promoting IFCA products as they are not restricted to only selling and distributing IFCA products. The local partners are allowed to sell products which are not competing with IFCA's products. As a result, the overseas markets may not be tapped at their fullest potential.

6.13 R&D Capabilities

Continuous R&D investment is crucial to IFCA's long term progress in view of the fast changing pace of IT technologies and ever demanding business requirements due to increase in business competition. Hence, IFCA Group continually invests significant resources in product development in order to take advantage of emerging technologies and to further broaden the functionality and performance of its software solutions. Today, IFCA's Windows-based application software is the fourth operating platform since its inception in 1987, starting from the DOS operating system and later migrating to Xenix and later to the UNIX platform before it was replaced by its current Windows-based application. Its R&D is currently investing in research on browser-based solutions to cater for the needs of the near future whereby browser-based application will be the norm. This is in view of the availability of broadband services, the ability to reach a larger internet user base, both locally and internationally, as well as the improvement in online security providing more secured and economical transactions over the web. It is also leveraging on other latest industrial and information technologies to position itself ahead of any impending competition.

6. INFORMATION ON IFCA GROUP (cont'd)

The following is the schedule of development and migration of the products using the latest browser-based technology:-

| Task Name | 2003 | | 2004 | | | | 2005 | | | |
|-------------------------------|------|----|------|----|----|----|------|----|----|----|
| | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| IFCA suite of products | | | | | | | | | | |
| Property | | | | | | | | | | |
| Financials | | | | | | | | | | |
| Contract | | | | | | | | | | |
| Loans | | | | | | | | | | |
| Resort | | | | | | | | | | |

At present, IFCA is directing IFCA Group's R&D efforts in the following key areas:-

1. Redeveloping and enhancing the fleet products to adapt to international standards and latest technological change;
2. Development of e-commerce features for its existing products;
3. Enhancing and upgrading existing software products;
4. Migration of the existing client-server technology to browser-based solutions; and
5. Further enhancement to the ERP solution for manufacturing and distribution industry.

As at 16 June 2003, IFCA Group's R&D team consists of fifty seven (57) staff. Since inception, the Group has invested a substantial amount of its resources in R&D. IFCA Group channeled approximately RM3.17 million, RM4.59 million and RM3.72 million into R&D during FYE 2000, FYE 2001 and FYE 2002 respectively. This represents approximately 16% to 23% of the audited proforma consolidated gross annual revenue of the Group respectively.

In the R&D cycle, IFCA first develops new product specifications by product managers with input from professional services employees and customers. Feature teams which include product managers, programmer analysts, project consultants as well as employees from quality assurance, tax research and documentation departments jointly review specifications, products in development, test plans and documentation. IFCA believes that this multi-disciplinary, team-based approach results in application development being more responsive to customers' needs compared with other development approaches. IFCA believes that software product development is most effectively and efficiently accomplished by small development teams focused on specific areas. IFCA provides ongoing technical training and equipment and programming tools to its R&D staff.

The R&D approach can be summarised into the following activities:-

- Functional analysis
- Technology research
- Designing and maintaining system standards
- Prototyping and database design
- Coding
- Testing
- Refinement

6. INFORMATION ON IFCA GROUP (cont'd)

6.14 Quality Assurance Process

Quality assurance is an important aspect in any software development. In IFCA, all software solutions are subject to a series of tests before it becomes commercially available. The quality control department which is made up of a group of industry experts as well as technical consultants has to ensure that a test plan is developed and executed. For each business process that is incorporated within the software, test plans that include multiple test scenarios together with test data and expected output, is formulated to ensure that the software performs to expectations.

6.15 Relationship with Microsoft

IFCA has a strong working relationship with Microsoft as all its application software are developed on Microsoft technologies such as Windows operating system, NT Platform and MS-SQL databases. IFCA Group believes that Microsoft is the right technology company to leverage on in view of its forward-looking vision as well as the large market acceptance of its products. The ease in sourcing Microsoft technology related manpower, visibility and credibility are the other considerations.

IFCA was accorded the first and only independent software vendor partnership in Malaysia by Microsoft in 1999. This prestigious partnership allowed IFCA to embed Microsoft products, for example SQL, Exchange etc. into its application software and offer the same to its customers at a very competitive price.

IFCA is also a Microsoft Certified Partner, in recognition of its development of application software on Microsoft's technologies.

Both these partnerships allow IFCA to tap into Microsoft's pool of expertise and obtain early access to their latest technologies to build and strengthen IFCA's competency and skill sets in software development.

6.16 Employees

The Group has a flat organisational structure that keeps all levels of the organisation actively involved in meeting the dynamic needs of the industry.

As at 16 June 2003, the Group had approximately 208 full-time employees in the following categories:-

| Category | No. of Employees | % | Average Length of Service (Years) |
|----------------------------|------------------|------------|-----------------------------------|
| R&D | 61 | 29 | 2.74 |
| Sales and Marketing | 28 | 14 | 2.24 |
| Consultants | 67 | 32 | 4.14 |
| Technicians | 11 | 5 | 4.27 |
| Finance and Administrative | 26 | 13 | 4.08 |
| Management | 15 | 7 | 7.80 |
| Total | 208 | 100 | |

IFCA recognises that the success of its business depends on the quality, skills, experience and expertise of its staff members. It has over the years built a competent team of professional staff with expertise gained both locally and internationally.

To upgrade the skills and knowledge of its staff members, they are given on-the-job training where guidance and supervision are provided by the more experienced staff members. Its staff members are also encouraged to attend seminars to get updates on emerging technologies and market trends in the industries and training courses provided by its business partners, including Microsoft, IBM and HP.

6. INFORMATION ON IFCA GROUP (cont'd)

The Group's employees are not members of any labour unions and the employees have a cordial working relationship with the management. There have not been material industrial disputes in the past between the employees and the management.

6.17 Interruption to Operations

There has been no major interruption to the Company's business or operations in the past twelve (12) months.

6.18 Major Customer

As at the date of this Prospectus, IFCA has licensed its software solutions to approximately 14,300 users. IFCA Group has a large clientele base of over 600 companies in the property and construction sector, hospitality sector and finance and leasing sector in Malaysia and overseas countries.

The Group's major customer who contributed more than ten (10%) per cent of the Group's turnover for the FYE 31 December 2002 is as follows:-

| Major Customer | Percentage of the total sales (%) | Length of relationship (years) |
|--------------------------------|-----------------------------------|--------------------------------|
| Transnet Housing, South Africa | 11.6 | Approximately 1.5 years |

To date, approximately eighty (80%) per cent of customers have signed up maintenance and support services agreements with IFCA Group. This revenue is recurring in nature. Therefore, IFCA Group is not overly reliant on any particular client.

6.19 Major Suppliers

IFCA's core business is the sale of its own software products. Computer hardware and third party software goods procurement are part of the Group's complementary services to its customers in connection with the installation of its software solutions and only constituted approximately twenty four (24%) per cent of the Group's turnover for FYE 2002. As such, IFCA's suppliers constituted mainly computer hardware and third party software vendors. Computer hardware vendors supply goods such as PCs, servers, printers and other peripherals required by IFCA's customers. Software vendors comprise third party software such as operating systems, anti-virus software and database software.

IFCA is not dependent on any particular supplier for its computer hardware and software and has the flexibility to source from the numerous suppliers available in the market. The computer hardware and software vendors that IFCA commonly purchases from are Microsoft, JardineOne Solution (2001) Sdn Bhd, HPD System Sdn Bhd, SIS Distribution (M) Sdn Bhd, Azure Technologies Sdn Bhd and JOS Distribution (M) Sdn Bhd.

6.20 Competition and Competitive Strengths

The ICT industry is very dynamic and IFCA Group faces many challenges in competing successfully, including the need to develop software solutions and services which meet changing technological standards and requirement. The Group competes in different industry-markets, each of which have different competitive environments and with a number of established companies across its industry-markets in ten (10) countries, although it does not believe that it has any single competitor that competes with it across its whole range of software solutions. The management regards the following companies as its major competitors for each of the industry/market it operates in:

6. INFORMATION ON IFCA GROUP (cont'd)

| Industry/market | Competitors |
|---------------------------|---|
| Property and Construction | Data System Integrators Sdn Bhd, Management Reports Inc., JDE Construction Management Ltd |
| Hospitality | Micro Systems Inc (Fidelio) |
| ERP | Solomon Software, Inc., Microsoft Great Plains Business Solutions |
| CRM | Sales Logix, Siebel Systems, Inc. |
| Finance and Leasing | Sunway Systems Sdn Bhd |

IFCA's competitive strengths include the following:-

(i) Unique Industry Niche

IFCA's industry-specific software solutions cater to the unique business and technical requirements of the various industries. The management believes that there are no competitors offering similar business solutions in the same five industries (namely, the property, construction and engineering, hospitality, finance and leasing, manufacturing and distribution industries) as IFCA.

(ii) One-Vendor Turnkey Solutions

IFCA Group is a single-vendor turnkey business solution provider as it provides enterprise-wide integrated system and implementation, supervision and user training as well as supplying computer hardware, network and peripherals to meet the customer's specifications and requirements. IFCA also provides network and software maintenance and technical training to its customers. This allows the customer to have a single convenient point of contact with respect to all maintenance issues and problem-solving rather than having to liaise with different software vendors, system integrators and computer hardware vendors.

(iii) Competitive Pricing

IFCA believes that its business solutions are competitively priced as the software packages of its (largely foreign) competitors are generally more expensive due to the higher development costs outside Malaysia.

(iv) Sizeable Existing User Base

IFCA Group presently has a user base of approximately 14,300 licensed users and approximately eighty (80%) per cent of its customers sign up for the maintenance and support services. This large pool of existing customers gives IFCA Group an immediate and accessible market for its new or complementary products or enhanced versions of existing solutions.

(v) Extensive Customer Service and Support

IFCA offers extensive technical support and training to its customers, including providing a 24-hour call centre, through which customers can reach its consultants and technical personnel for assistance, as well as on-site technical assistance for customers.

(vi) Intellectual Property Rights Ownership

IFCA owns all the intellectual property rights in relation to all its software solutions. This enables it to respond to the needs of its clients rapidly by modifying its software solutions accordingly.

6. INFORMATION ON IFCA GROUP (cont'd)

6.21 Technology, Intellectual Property and Licences

IFCA regards its intellectual property rights as critical to its continued success and has taken steps, which it believes to be necessary and customary in its industry to protect its rights to that intellectual property.

IFCA's intellectual property includes the following:-

(a) Copyright in relation to the literary works contained in the following computer software:

1. D'Hotel
2. D'Developer
3. ERP
4. D'Project
5. D'Club
6. IFCA Financial
7. D'Resort
8. Knowledge Plus
9. D'Finance
10. ERP Plus
11. Property Plus
12. Contract Plus
13. Loan Plus

Under Malaysian Copyright law, copyright of a work would vest initially in the author. If the individual is an employee who authored the work in the course of his employment or a commissioned person, the employer or the person who commissioned the work is the owner of the copyright, unless there is an agreement to the contrary. The following software was authored by employees of IFCA who did so in the course of their employment:

- ERP
- Knowledge Plus
- D'Finance

By virtue of an assignment, the copyright in the following software have vested in IFCA:

- D'Hotel
- D'Developer
- D'Project
- D'Club
- D'Resort
- IFCA Financial

Under Malaysian Copyright law, the execution of a statutory declaration to assert copyright in a work is voluntary and is neither necessary nor required either to establish or to preserve ownership rights in a copyright. However, having the statutory declarations in place is a proactive step taken to document and facilitate the copyright claim. These statutory declarations are admissible in evidence in any proceedings under the Malaysian Copyright Act 1987 and are prima facie proof of the facts contained therein. IFCA has executed statutory declarations to claim copyright in all the above mentioned software.

(b) Trademarks, service marks, trade dress, logos, trade names and corporate name;

IFCA has taken all the necessary steps to protect the IFCA and oval device trademarks in Malaysia. 2 applications have been filed in classes 9 and 42, respectively and currently, the 2 applications are pending. The particulars of these applications are:-

6. INFORMATION ON IFCA GROUP (cont'd)

- (1) Application No. 2001/00987 for IFCA and oval device in class 9 covering computer software, computer buffers, computer cables, computer chips, computer disc drive, computer discs (blank floppy), computer discs (blank hard), computer hardwares, computer memories, computer monitors, computer keyboards, computer operating programs, computer operating systems, computer and instructional manuals sold as a unit, computer peripherals and apparatus and parts and fittings for the aforesaid goods.
- (2) Application No. 2001/00986 for IFCA and oval device in class 42 covering consultancy services in the field of computer hardware, computer programming, maintenance of computer software, updating of computer software, computer software design, computer systems analysis, rental of computer software.

IFCA expects that these trademark applications will proceed to registration in due course.

- (c) Marketing and development plans, price and cost data, price and fee amounts, pricing and billing policies, quoting procedures, marketing techniques, and methods of obtaining business, forecasts and forecast assumptions and volumes, and future plans and potential business strategies; and
- (d) Trade secrets and other confidential business information which is used in IFCA's business and which gives IFCA some competitive business advantage or the opportunity of obtaining such advantage or the disclosure of which could be detrimental to the conduct of its business.

IFCA has routinely taken such steps as are customary in its industry to protect its intellectual property rights, including the filing of trademark applications as described in part (b) above, the execution and affirmation of statutory declarations to claim copyright in respect of all its software and the execution of confidentiality agreements with its employees.

6.22 Operating Licences

The Group's business activities do not presently require any permit or license from any authorities. As such, the only licenses that the Group currently holds are licenses to operate its business premises.

6.23 Approvals and Conditions

IFCA's proposed listing was approved by the SC and KLSE subject to the following conditions:-

| Authority | Date of approval | Details of conditions imposed | Status of compliance |
|-----------|------------------|--|---|
| SC | 24 February 2003 | (i) IFCA has to disclose the status of utilisation of proceeds in its quarterly and annual reports until the proceeds are fully utilised. | Will be met. |
| KLSE | 25 February 2003 | (i) Both Mr. Yong Keang Cheun and Mr. Yong Kian Keong are to provide written confirmations to KLSE that the business arrangements between IFCA Group, IFCA Software and its Affiliated Companies are carried out at arms-length basis and on terms not more favourable to the related parties than those generally available to the public, and the same is to be disclosed in the Prospectus; | Letters have been furnished to KLSE on 6 June 2003. |

6. INFORMATION ON IFCA GROUP (cont'd)

| Authority | Date of approval | Details of conditions imposed | Status of compliance |
|-----------|------------------|--|--|
| | | <p>(ii) Any future transactions between the IFCA Group and other companies related to the directors/promoters must be on an arms-length basis and must not be unfavourable to companies in the IFCA Group. In this regard, the Audit Committee of IFCA is to monitor and the directors are to report on the position of such transactions, if any, in the annual report of IFCA on a yearly basis;</p> <p>(iii) IFCA to either collect in full all outstanding trade debts or make full provision on trade debts balances which have exceeded the credit period prior to issuance of Prospectus;</p> <p>(iv) To include a negative statement in IFCA's Prospectus on the exclusion of profit forecast and projections from the Prospectus and the reasons thereof;</p> <p>(v) The sponsor, OSK, to verify the actual utilisation of proceeds after the listing exercise;</p> <p>(vi) IFCA to make detailed disclosure in the prospectus of the following:-</p> <ul style="list-style-type: none"> • Business relationship between IFCA Group, IFCA Software and its Affiliated Companies, and the justifications that these companies do not compete with the existing business of IFCA Group; • The salient terms of the Master Distributorship and Reseller Agreement entered by IFCA and IFCA software; • Promoters' intention to cease the operations of the Affiliated Companies and the impact to IFCA Group; • Principal activities and Board of Directors of IFCA Software and Affiliated Companies; | <p>Will be met.</p> <p>Met. A credit policy was adopted by IFCA Board on 6 March 2003. The treatment of the outstanding trade debts is in accordance with the said credit policy.</p> <p>Met. Please refer to disclosure in section 2.13 of this Prospectus.</p> <p>Will be met.</p> <p>Met. Please refer to disclosure in section 6.12 of this Prospectus.</p> <p>Met. Please refer to disclosure in section 14.8 of this Prospectus.</p> <p>Met. Please refer to disclosure in section 6.12 of this Prospectus.</p> <p>Met. Please refer to disclosure in section 6.11 of this Prospectus.</p> |

6. INFORMATION ON IFCA GROUP (cont'd)

| Authority | Date of approval | Details of conditions imposed | Status of compliance |
|-----------|------------------|---|--|
| | | <ul style="list-style-type: none"> Equity interest held by Mr. Yong Keang Cheun and Mr. Yong Kian Keong in IFCA Software and Affiliated Companies; Nature of business transactions between IFCA, IFCA Software and Affiliated Companies; The involvement of Mr. Yong Keang Cheun and Mr. Yong Kian Keong in IFCA Group, IFCA Software and Affiliated Companies; The possible risk associated with IFCA Group's performance which is dependent on other industries, together with actions taken / to be taken by IFCA to mitigate the risk; All appropriate risks associated with IFCA's investments in PRC and the mitigating factors to those risks; To include the valuers' letter on landed properties to be acquired; and The details of the transaction on proposed acquisition of landed properties from IFCA (Asia) and the legal opinion from Zaid Ibrahim & Co in respect of the transaction. | <p>Met. Please refer to disclosure in section 6.11 of this Prospectus.</p> <p>Met. Please refer to disclosure in section 6.12 of this Prospectus.</p> <p>Met. Please refer to disclosure in section 6.11 and 8.4 of this Prospectus.</p> <p>Met. Please refer to disclosure in section 4.7 of this Prospectus.</p> <p>Met. Please refer to disclosure in section 4.12 of this Prospectus.</p> <p>Met. Please refer to disclosure in section 13 of this Prospectus.</p> <p>Waiver was granted by KLSE vide its letter dated 1 April 2003.</p> |

6.24 Related Companies with Similar Trade

Save as disclosed below, none of the directors or substantial shareholders of the Company or its subsidiary companies has any interest, direct or indirect, in any business carrying on a similar trade as the Company or its subsidiary companies.

| Related Company | Principal Activities | Nature of Relationship |
|-----------------|--|--|
| IFCA Software | Deals with business partners outside Malaysia and PRC in providing turnkey solutions | <p>Mr Yong Keang Cheun and Mr Yong Kian Keong are common directors and substantial shareholders in both IFCA and IFCA Software.</p> <p>IFCA Software is the master distributor for IFCA's products outside Malaysia and PRC.</p> |

6. INFORMATION ON IFCA GROUP (cont'd)

| Related Company | Principal Activities | Nature of Relationship |
|--------------------------|--|--|
| IFCA Consulting Co. Ltd. | The company became inactive since September 2002 | Mr Yong Keang Cheun and Mr Yong Kian Keong are common substantial shareholders in both IFCA and IFCA Consulting Co. Ltd. IFCA Consulting Co. Ltd. is the business partner/distributor for IFCA's products in Thailand. |
| PT IFCA Consulting | Software provider | Mr Yong Keang Cheun and Mr Yong Kian Keong are common substantial shareholders in both IFCA and PT IFCA Consulting. Mr Yong Kian Keong is also a common director of IFCA and PT IFCA Consulting. PT IFCA Consulting is the business partner/distributor for IFCA's products in Indonesia. |
| IFCA Consulting Pte Ltd | Retailers in computer software and general merchandise | Mr Yong Keang Cheun is a common director in both IFCA and IFCA Consulting Pte Ltd. Mr Yong Keang Cheun, Mr Yong Kian Keong and Ms Ooi Bee Bee are common substantial shareholders in both IFCA and IFCA Consulting Pte Ltd. IFCA Consulting Pte Ltd is the business partner/distributor for IFCA's products in Singapore. |

6.25 Related-Party Transactions and Conflict of Interest**(a) Related-Party Transactions**

Save as disclosed below, there have been no related-party transactions or arrangements between the IFCA Group and its shareholders and/or directors of IFCA Group within the two (2) years preceding the date of this Prospectus save for the following transactions which were entered into in the ordinary course of business:-

- (i) IFCA (Penang) entered into a tenancy agreement with IFCA (Asia) on 26 September 2000 to rent the Penang Property from IFCA (Asia) to be used as its office for a monthly rental of RM3,682.60 from 1 January 2000 to 31 December 2002. It has been mutually agreed that IFCA (Penang) will continue to rent the property from IFCA (Asia) at the same rental until completion of the Property Acquisitions.
- (ii) IFCA (JB) entered into a tenancy agreement with IFCA (Asia) on 26 September 2000 to rent the Johor Property from IFCA (Asia) to be used as its office for a monthly rental of RM3,000.00 from 1 January 2000 to 31 December 2002. It has been mutually agreed that IFCA (JB) will continue to rent the property from IFCA (Asia) at the same rental until completion of the Property Acquisitions.
- (iii) IFCA entered into a tenancy agreement with IFCA (Asia) on 26 September 2000 to rent units 19-2, 19-4, 17-5, 17-6, 19-6 of the Selangor Property from IFCA (Asia) to be used as its office for a monthly rental of RM20,872.80 from 1 January 2000 to 31 December 2002. It has been mutually agreed that IFCA will continue to rent the property from IFCA (Asia) at the same rental until completion of the Property Acquisitions.
- (iv) NOSB entered into a tenancy agreement with IFCA (Asia) on 26 September 2000 to rent unit 17-1 of the Selangor Property from IFCA (Asia) to be used as its office for a monthly rental of RM3,537.60 from 1 January 2000 to 31 December 2002. It has been mutually agreed that NOSB will continue to rent the property from IFCA (Asia) at the same rental until completion of the Property Acquisitions.

6. INFORMATION ON IFCA GROUP (cont'd)

- (v) IFCAS entered into a tenancy agreement with IFCA (Asia) on 26 September 2000 to rent units 19-1, 17-2, 17-3, 19-3, 17-4 of the Selangor Property from IFCA (Asia) to be used as its office for a monthly rental of RM20,100.00 from 1 January 2000 to 31 December 2002. It has been mutually agreed that IFCAS will continue to rent the property from IFCA (Asia) at the same rental until completion of the Property Acquisitions.
- (vi) IFCAT entered into a tenancy agreement with IFCA (Asia) on 26 September 2000 to rent unit 19-5 of the Selangor Property from IFCA (Asia) to be used as its office for a monthly rental of RM4,236.00 from 1 January 2000 to 31 December 2002. It has been mutually agreed that IFCAT will continue to rent the property from IFCA (Asia) at the same rental until completion of the Property Acquisitions.
- (vii) IFCA had on 26 July 2002 entered into a Master Distributorship and Reseller Agreement with IFCA Software to formalise all business arrangements with regards to the distribution of the Group's software products in all jurisdictions, other than Malaysia and PRC, on a non-exclusive basis.
- (viii) IFCA had on 26 July 2002 entered into eight (8) Local Distributorship Agreements with its subsidiary companies namely IFCAT, IFCAS, IFCA (JB), IFCA (Penang), IFCA (Sabah), IFCA (Sarawak), NOSB and PTSB to formalise all business arrangements with regards to the distribution of the Group's software products in Malaysia on a non-exclusive basis.
- (ix) The following transactions were entered into in the ordinary course of business by IFCA and its subsidiary companies or related companies:-

IFCA

| Received from | Royalty (RM) | | Sales (RM) | | Rental (RM) | |
|-------------------------|--------------|-----------|------------|---------|-------------|---------|
| | FYE2002 | FYE2001 | FYE2002 | FYE2001 | FYE2002 | FYE2001 |
| IFCAS | 3,442,381 | 4,013,300 | 140,000 | 148,800 | - | 21,180 |
| IFCA (Penang) | 633,560 | 299,308 | 46,800 | 34,000 | - | - |
| IFCAT | 22,800 | 512,528 | - | 6,400 | - | - |
| IFCA (Sarawak) | 394,642 | 347,865 | 18,000 | 29,600 | - | - |
| NOSB | 20,148 | 51,185 | 81,200 | 1,200 | - | 23,221 |
| IFCA (JB) | 460,881 | 154,144 | 36,400 | 10,400 | - | - |
| IFCA (Sabah) | 96,480 | 637,031 | 12,800 | 11,200 | - | - |
| PTSB | 720,778 | 738,476 | 48,000 | 23,600 | - | 26,689 |
| IFCA Software | 4,164,879 | 1,272,246 | 14,800 | - | - | - |
| IFCA Consulting Pte Ltd | - | - | 4,800 | 28,000 | - | - |

NOSB

| Received from | Sales (RM) | |
|---------------|------------|---------|
| | FYE2002 | FYE2001 |
| PTSB | 981 | 7,199 |
| IFCAS | 200,785 | - |

IFCAT

| Received from | Rental (RM) | |
|---------------|-------------|---------|
| | FYE2002 | FYE2001 |
| NOSB | - | 8,472 |

6. INFORMATION ON IFCA GROUP (cont'd)**IFCAS**

| <i>Received from</i> | Sales (RM) | |
|----------------------|-----------------------|----------------|
| | <i>FYE2002</i> | <i>FYE2001</i> |
| NOSB | 16,400 | - |

IFCA (Asia)

| <i>Received from</i> | Purchase of property, plant and equipment (RM) | | Rental (RM) | |
|----------------------|---|----------------|------------------------|----------------|
| | <i>FYE2002</i> | <i>FYE2001</i> | <i>FYE2002</i> | <i>FYE2001</i> |
| IFCA | 423,500 | 546,700 | 306,122 | 250,474 |
| IFCAS | - | - | 101,644 | 241,200 |
| IFCA (JB) | - | - | 36,000 | 36,000 |
| IFCAT | - | - | 51,927 | 50,832 |
| IFCA (Penang) | - | - | 44,191 | 44,191 |
| NOSB | - | - | 91,440 | 42,451 |
| PTSB | - | - | 48,989 | - |

- (x) The following transactions were entered into not in the ordinary course of business by IFCA:-
- (a) IFCA had on 29 July 2002 entered into a conditional sale and purchase agreement with IFCA (Asia) to acquire the Johor Property for a purchase consideration of RM750,000, which was satisfied by the issuance of 750,000 new IFCA ordinary shares of RM1.00 each at par.
 - (b) IFCA had on 29 July 2002 entered into a conditional sale and purchase agreement with IFCA (Asia) to acquire the Penang Property for a purchase consideration of RM427,000, which was satisfied by the issuance of 427,000 new IFCA ordinary shares of RM1.00 each at par.
 - (c) IFCA had on 29 July 2002 entered into twelve (12) conditional sale and purchase agreements with IFCA (Asia) to acquire the Selangor Property for a total purchase consideration of RM4,600,000, which was satisfied by the issuance of 4,600,000 new IFCA ordinary shares of RM1.00 each at par.

(b) Conflict of Interest

OSK hereby confirms that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Adviser, Underwriter and Placement Agent for the listing exercise.

EY, Messrs. Zaid Ibrahim & Co. and Messrs. Colliers Jordan Lee & Jaafar have given their written confirmation that there are no existing or potential conflicts of interest in its capacity as the Reporting Accountants, Solicitor and Professional Valuer respectively, for the listing exercise.