

## 6. INFORMATION ON IAB GROUP

### 6.1 History and Background

IAB was incorporated in Malaysia on 14 July 1997 under the Act as a private limited company under the name of Infortech Hypersoft Sdn Bhd. On 9 September 1997, the name of the Company was changed to Infortech MSC Sdn Bhd to reflect the new MSC status accorded to the Company by MDC. On 10 December 2002, the Company changed its name again to Infortech Alliance Sdn Bhd. The Company converted to a public company on 16 December 2002, for the purpose of the Listing.

IAB is a niche enterprise software solutions and service provider for integrated business solutions. Its proprietary suite of customizable software solutions, which can be deployed on the cost-effective Internet infrastructure, is expected to provide comprehensive and end-to-end solutions to companies operating across national borders. Software developers and users alike will be able to further customize and build country-specific, language-specific as well as customer specific web-based enterprise applications to suit their overseas subsidiaries' unique business needs. This is possible through the deployment of one of the Company's products, atCom Studio, which is a web-based application rapid development tool. This tool was the result of the Company's R&D efforts supported by a grant amounting to approximately RM3.1 million under the MGS administered by MDC.

The Company was initially formed with the intention of tapping into the customised software market in Japan. However, as the Japanese software market began to slow down due to the effects of the global recession, IAB began to leverage on its software expertise to develop software products of its own. During the two (2) year period from August 2000 to July 2002, IAB spent more than RM3.0 million on its R&D efforts to develop the next generation of web-based customizable software framework and enterprise applications. To compliment its existing business and expand its marketing efforts, IAB acquired ISSB and IASB for their strategic product offerings and broad customer base.

During the initial years, the Group developed customized software serving mainly Japanese MNCs such as Toshiba Corporation and Fujitsu. The IAB Group worked closely with Cell-Infortech and SISD to market the Group's products and services to Japan and OJC in Asia, in particular in China.

In 1993, ISSB, a subsidiary within the Group, developed a Windows-based Accounting Software called WinAcc™. Since 1995, the software has been sold to companies in Malaysia, Singapore and Hong Kong, and also to China by Cell-Infortech on behalf of ISSB. Encouraged by WinAcc™'s success, ISSB applied and was awarded pioneer status from MITI for developing an integrated Windows-based Hotel Management software called WinAcc Hotel Suite.

In 1997, ISSB started a 60% owned subsidiary called Infortech Software Private Limited with its former employees of Indian nationality in Kochi, India to take advantage of the low-cost software talent there. The company was subsequently renamed IA IPL on 20 March 2002.

In 1997, ISSB together with ARSSB, invested in IASB as part of the joint venture to further enhance and market the atCom Human Resource software. The atCom Human Resource software was previously developed and launched by ARSSB in 1985 and was named as finalists for the PIKOM-Computimes Software Award for three (3) years in 1991, 1992 and 1993. ARSSB ceased its development activities in 1997 and is now an authorised reseller of the Group's products.

## 6. INFORMATION ON IAB GROUP

The Group's clients are mainly OJC operating in various parts of Asia, and for which the Group intends to continue to maintain strong ties with. As the Group works closely with Fujitsu and Cell-Infortech in the OJC market, the Company is able to capitalize on their brand name and creditability among the OJC. In addition to its in-house marketing under its own brand name, the Group also has an understanding with FAPL for the latter to be appointed as a distributor to market and sell the atCom Human Resource Solution product in the OJC market in the Asean region under the "Fujitsu/atCom" brand name. For local customers, the Group markets and sells its products and services through its network of value added partners and resellers, in addition to direct retail sales to its customers. It has developed business relationships of up to ten (10) years with established OJC which include, *inter alia*, Fujitsu, Matsushita Electric Co., (M) Berhad, Porite (M) Sdn Bhd, Daiken Sarawak Sdn Bhd and Hazama Corporation.

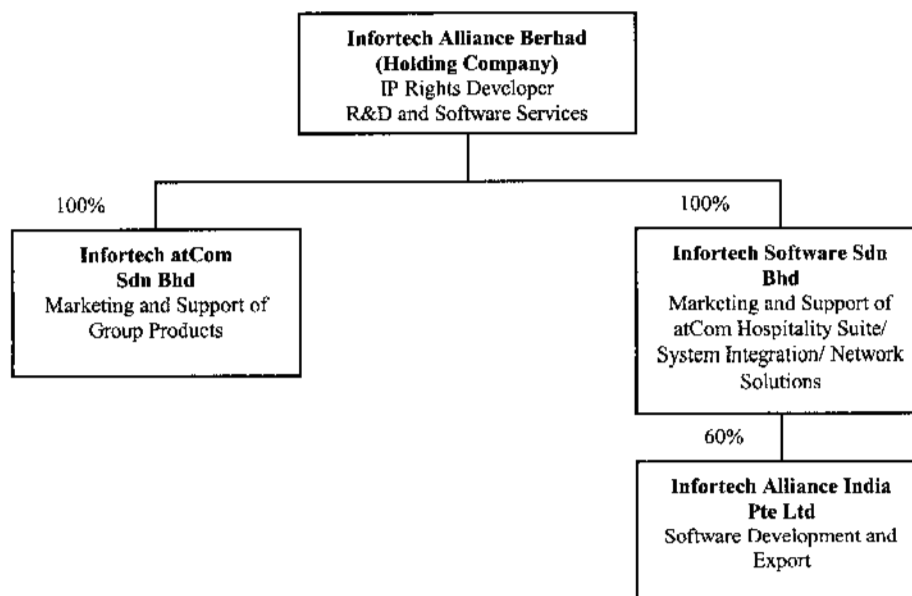
The Group's competitive advantage may be found in the close working relationship with and the strength of its marketing partners such as FAPL, FMSB, SISD and Cell-Infortech, which covers the OJC market in most part of Asia. In addition, the Group's strength also lies in its 10 years experience in the development of software systems and the provision of software support services for its Japanese and OJC clients.

The Company currently offers ERP/ERM solutions, which consists of financial management, human resource management, supply chain management, enterprise portal management and e-Commerce systems. In addition, the Group also offers other software applications that are developed in-house and by other third parties. The Company also offers system integration services to clients for the design, installation and maintenance of the client's server and network to enable the same to host atCom products and other applications so that they may be accessed via the Intranet and Extranet using a secured IP VPN.

With the rollout of the ASP model, the Group believes that its customers will be able to experience significant cost-saving through the sharing of professionally and centrally managed servers, networks, software and maintenance services with the Group's other customers. The Group also believes that broadband communication will achieve widespread acceptance, thus making the setting up of a cross-border, sophisticated network system more feasible and attractive to a company. In addition, companies are also able to enjoy the benefits derived from the real time consolidation of financial data to aid in centralized decision making.

In this regard, the Group aspires to be one of the premier enterprise application and services providers serving the Asian market with its "Made-in-Asia" business solutions.

The Group consists of IAB and its three (3) subsidiaries, two of which are wholly-owned by IAB. In addition, the Company also owns a 7.6% stake in a company based in Shanghai, China, which also serves as its Infortech Alliance sales representative office for the Chinese market. Appended below is a graphical presentation of the Group structure for IAB:-



## 6. INFORMATION ON IAB GROUP

### 6.2 Share Capital and Changes in Share Capital

As at the date of this Prospectus, IAB has an authorised capital of RM10,000,000 comprising 100,000,000 Shares and an issued and paid-up capital of RM4,500,000 comprising 45,000,000 Shares. Upon completion of the Public Issue, the enlarged issued and paid-up capital of IAB will be RM6,000,000 comprising 60,000,000 Shares.

The details of the changes in the Company's issued and paid-up share capital since its date of incorporation are set out below:-

Date of Allotment	No. of Shares	Par Value (RM)	Consideration	Total (RM)
<b>Ordinary Shares</b>				
14.07.1997	2	1.00	Cash / Subscribers' shares	2
12.11.1999	2,998	1.00	Cash	3,000
08.12.1999	7,000	1.00	Cash	10,000
18.03.2002	540,000	1.00	Cash	550,000
29.10.2002	270,000	1.00	Cash	820,000
29.11.2002	1,521,588	1.00	Acquisition of ISSB and IASB	2,341,588
16.05.2003	413,221	1.00	Conversion of preference shares	2,754,809
28.05.2003	1,745,191	1.00	Bonus Issue	4,500,000
30.05.2003	-	0.10	Sub-division of shares of RM1.00 each into shares of RM0.10 each	4,500,000
<b>Preference Shares</b>				
09.12.2002	413,221	1.00	Cash	1,000,000
16.05.2003	(413,221)	1.00	Conversion to ordinary shares	-

### 6.3 Share Options

As at the date of this Prospectus, no person has an option or is entitled to be given an option to subscribe for any Shares of the Company or its subsidiaries.

### 6.4 Subsidiary Companies

Details of the subsidiary companies of IAB are as follows:-

Name of Company	Date and Place of Incorporation	Issued and Paid-Up Capital (RM)	Effective Equity Interest (%)	Principal Activities
<b>Subsidiaries</b>				
ISSB	22.10.1990 Malaysia	1,000,000	100%	Marketing and support of atCom Hospitality Suite/System Integration/Network Solutions
IASB	25.04.1994 Malaysia	758,000	100%	Marketing and support of Group products
IAIPL	24.09.1997 India	Rupees 500,000	60%	Software development and export

IAB also owns a 7.6% shareholding stake in a company, SISD, which is based in Shanghai, China. SISD's principal activities include computer software development and the marketing of the Company's software products in China.

**6. INFORMATION ON IAB GROUP**

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**6.5 Employees**

As at 16 June 2003, being the last practicable date prior to the printing of this Prospectus, the Company has 35 employees whereas the Group has 91 employees.

**6.6 Listing Scheme**

In conjunction with, and as an integral part of the listing and quotation for the entire enlarged issued and paid-up share capital of IAB on the MESDAQ Market of the KLSE, the Company undertook a listing scheme which was approved by the SC on 5 May 2003 and the KLSE on 8 May 2003 involving the following transactions:-

- (i) conversion of 413,221 existing 8% redeemable convertible preference shares ("RCPS") in IAB on the basis of one (1) new ordinary share of RM1.00 each for every one (1) existing RCPS held by the RCPS holders;
- (ii) bonus issue of up to 1,745,191 new ordinary shares on the basis of approximately 0.63 new ordinary shares in IAB for every one (1) existing share of RM1.00 each held in IAB subsequent to the conversion of RCPS;
- (iii) sub-division of every one (1) ordinary share of RM1.00 par value each in IAB into ten (10) ordinary shares of RM0.10 par value each;
- (iv) Public Issue of 15,000,000 new IAB Shares; and
- (v) listing and quotation of IAB's entire enlarged share capital of up to RM6,000,000 comprising 60,000,000 Shares on the MESDAQ Market of the KLSE.

*Notes:*

- (a) *The holders of the RCPS had, on 16 May 2003, converted all their RCPS into new ordinary shares of RM1.00 each. All dividends accruing thereto have been paid.*
- (b) *The shares arising from the bonus issue were allotted on 28 May 2003 whilst the sub-division of shares was implemented on 30 May 2003.*

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**6. INFORMATION ON IAB GROUP****6.7 Statutory Information on Subsidiary Companies****6.7.1 Information on ISSB****(a) History and Business**

ISSB was incorporated in Malaysia on 22 October 1990 under the Act as a private limited company. ISSB is principally involved in marketing and support of the atCom Hospitality Suite/Hotel ASP as well as system integration and network solutions.

**(b) Share Capital**

The authorised and issued and paid-up capital of ISSB is as follows:-

	No. of Shares	Par Value (RM)	Amount (RM)
Authorised	1,000,000	1.00	1,000,000
Issued and Paid-Up	1,000,000	1.00	1,000,000

Details of the changes in the issued and paid-up share capital of ISSB since its date of incorporation are as follows:-

Date of Allotment	No. of Shares	Par Value (RM)	Consideration	Total (RM)
22.10.1990	2	1.00	Cash / Subscribers' shares	2
23.02.1991	99,998	1.00	Cash	100,000
21.04.1992	50,000	1.00	Cash	150,000
26.08.1993	50,000	1.00	Cash	200,000
20.10.1995	300,000	1.00	Cash	500,000
08.10.2001	500,000	1.00	Cash	1,000,000

**(c) Subsidiary and Associated Companies**

Details of ISSB's subsidiary is as follows:-

Name of Company	Date and Place of Incorporation	Issued and Paid-Up Capital (Rupees)	Effective Equity Interest (%)	Principal Activities
IAIPL	24.09.1997 India	500,000	60%	Software development and export

ISSB does not have any associated companies.

**(d) Employees**

As at 16 June 2003, being the last date practicable date prior to the printing of this Prospectus, ISSB has 12 employees.

**6. INFORMATION ON IAB GROUP****6.7.2 Information on IASB****(a) History and Business**

IASB was incorporated in Malaysia on 25 April 1994 under the Act as a private limited company under the name of WinAcc Sdn Bhd. The company was renamed WinAcc atCom Sdn Bhd on 17 December 1997 and assumed its present name on 10 December 2002. IASB is principally engaged in the marketing and support of the Group's products.

**(b) Share Capital**

The authorised and issued and paid-up capital of IASB is as follows:-

	No. of Shares	Par Value (RM)	Amount (RM)
Authorised	1,000,000	1.00	1,000,000
Issued and Paid-Up	758,000	1.00	758,000

Details of the changes in the issued and paid-up share capital of IASB since its date of incorporation are as follows:-

Date of Allotment	No. of Shares	Par Value (RM)	Consideration	Total (RM)
25.04.1994	2	1.00	Cash / Subscriber's shares	2
22.12.1997	199,998	1.00	Cash	200,000
01.08.1998	100,000	1.00	Cash	300,000
14.12.2001	300,000	1.00	Cash	600,000
11.10.2002	158,000	1.00	Cash	758,000

**(c) Subsidiary and Associated Companies**

IASB does not have any subsidiary or associated companies.

**(d) Employees**

As at 16 June 2003, being the last date practicable date prior to the printing of this Prospectus, IASB has 29 employees.

**6.7.3 Information on LAIPL****(a) History and Business**

LAIPL was incorporated in India on 24 September 1997 under the Companies Act, 1956 of India as a private limited company. LAIPL is principally engaged in the business of software development and export, in addition to providing recruitment and placement services for professionals in the IT sector.

**6. INFORMATION ON IAB GROUP***(b) Share Capital*

The authorised and issued and paid-up capital of IA IPL is as follows:-

	No. of Shares	Par Value (Rupees)	Amount (Rupees)
Authorised	225,000	10	2,250,000
Issued and Paid-Up	50,000	10	500,000

Details of the changes in the issued and paid-up share capital of IA IPL since its date of incorporation are as follows:-

Date of Allotment	No. of Shares	Par Value (Rupees)	Consideration	Total (Rupees)
24.09.1997	20	10	Cash / Subscriber's shares	200
25.02.1999	19,980	10	Cash	200,000
10.07.1999	30,000	10	Cash	500,000

*(c) Subsidiary and Associated Companies*

IA IPL does not have any subsidiary or associated companies.

*(d) Employees*

As at 16 June 2003, being the last date practicable date prior to the printing of this Prospectus, IA IPL has 15 employees.

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## 6. INFORMATION ON IAB GROUP

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### 6.8 Software Products

#### 6.8.1 ERM Solutions

To date, atCom ERM has been successfully deployed in the manufacturing, construction, hospitality, retail and trading industries, in the Asia region. The core product of the Group is its atCom ERM, which is a comprehensive, scalable, multilingual web-based ERM/ERP solution that helps companies to manage their operations efficiently, regardless of their industry or network environment. The atCom ERM are open and flexible, which support hardware platforms from most major vendors. The atCom ERM is a suite which comprises, *inter alia*, the following five (5) main systems:

**atCom Financials**, a financial application system built with the mission to help companies manage and operate across national borders. It comprises General Ledger, Accounts Receivable, Accounts Payable, Cash Management and Fixed Assets modules. Since the application system is developed using atCom Studio, these programs may be easily customized to cater to the local needs of the country where the application is to be used.

**atCom HRM**, a human resource management system that comprises modules to manage personnel, payroll, time attendance, appraisal, recruitment, training, leave applications, claims, asset tracking and employee self-service.

**atCom SCM**, a supply chain and distribution management system built with the mission to help companies manage material information and finances across national borders. It comprises the Sales Order, Purchase Order, Inventory and Logistics Control and other relevant modules. Since the system is developed using atCom Studio, these programs may be easily customized to cater to the local needs of the country where the application is to be used.

**atCom EPM**, an enterprise portal management system that helps companies establish a global web presence easily and cost-effectively. Its features include company profiling, categorization and search of information, online member management, newsletter generation and delivery and product catalogue.

**atCom e-Commerce**, a web-based e-Commerce system that is capable of handling online product catalogue, member databases, shopping carts, requests for on-line quotations and on-line purchases. This is intended to give clients a web presence to promote and sell their products and services on-line.

#### 6.8.2 ERM Development Tool

In addition, the Group also made available its atCom Studio, which is the main development tool for atCom ERM, in order to allow its customers to customize their atCom ERM for future development and expansion.

**atCom Studio** is a rapid web-based ERM development tool that works with Microsoft Visual Studio.Net. It comprises reusable atCom Business Software Components and other general software components. atCom Studio helps developers to customize atCom ERM and develop other software applications quickly by providing pre-built, reusable software components. Applications built using atCom Studio are inherently multi-lingual, database-independent, XML-enabled, Web-Service ready, personalizable, easily customizable, and scalable.



## 6. INFORMATION ON IAB GROUP

### 6.8.3 Other Software Packages

The Group has been involved in the software development industry for more than 10 years, which enabled the Group to gain the experiences and expertise to develop their own branded ERM solution. The domain expertise was gathered through numerous customized software applications, which were developed and sold to various customers. Some of those software applications are currently sold via the Group's distribution channels and comprise the following:

**atCom Hospitality Suite**, a hotel management suite designed to integrate the entire operations of a hotel or hospitality-based business. The suite consists of integrated applications such as Front Office Management System, Point-of-Sales System, Call Accounting Management System and Financial Management System.

**atCom ProAcc Project Accounting System** consists of three (3) integrated modules, that is the Accounting, Cost Control and Fixed Assets modules. It is designed to help construction companies to set up budgets and track actual expenses and variances for each project, while at the same time, taking care of the project accounting details and asset tracking by projects.

**atCom iTrack** is a web-based system that allows events such as customer complaints, service requests and software defects to be recorded, tracked and resolved. Its features include workflow-based assignment, scheduling, notification, escalation, resolution and analysis of incidents.

### 6.8.4 Other Software Packages by Fujitsu

To further complement the suite of software products, which are utilized in the manufacturing industry, the Group also markets and implements specialized software applications developed by Fujitsu to provide a more comprehensive solution.

**PRONES** is a flexible and extendable production information system, developed by Fujitsu, which makes it possible for producers to produce and supply goods as and when needed. PRONES adopts production number control to help clients to meet their delivery dates, thus reduce purchasing risks and eliminating unnecessary inventory and partially processed stocks. It is based on the SEIBAN control for short-term and just-in-time production.

### 6.8.5 Upcoming Developments

Part of the Group's unique future value proposition comes from the ability of its enterprise applications to be easily customized to fit local requirements through advances in software technology. The Group has, over the past two (2) years, developed their own proprietary enterprise application software based on the latest Microsoft.NET, XML and Web Services technology. These software consists of the atCom Studio and the atCom Enterprise Resource Management suite of enterprise software solutions.

Moving forward, the Group will strive to continuously allocate its resources to enhance and expand its existing atCom ERM in order to cater for the changing needs of the industries.

In addition, the Group plans to add a customer relations management system, atCom CRM, to its expanding atCom ERM, in order to be in line with the market trend and to fulfil industry demand. atCom CRM is a system that manages customers' relationship by allowing users to better understand and fulfil customers' needs. atCom CRM provides leads and prospecting management, current and historical information, instant information and a workflow engine with email system to help companies fulfil the needs of customers quickly and efficiently.

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**6. INFORMATION ON IAB GROUP**

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**6.9 Services**

As most organisations have unique business processes and controls, **Software Customization** services will be offered to clients to cater for their individual business needs. Software customization services will be offered to customers using atCom Studio and other popular tools such as C#, C++, XML, Java and Visual Basic languages. To achieve higher software development productivity, atCom Studio will be used for product development and customization where possible.

The Group will also offer **System Integration** services to its clients for the design, installation and maintenance of the server infrastructure to host the Group applications and other applications so that clients can access these applications on the server over the Intranet or Extranet via a secured IP VPN. The service can also involve integrating third party software and hardware to create a total, integrated solution for the client.

As part of a total package for its clients, the Group also conducts product training sessions for its clients so that clients can effectively use the Group's products to its fullest potential. Depending on client's requirements, training is normally conducted at the Group's premises or at the client's office.

**After-sales services** provided by the Group includes maintenance and support of its products. The maintenance of the Group's products include minor product enhancements or upgrades, statutory changes and bug fixes while support services provide continued training and guidance on the use of its products.

The Group will, as part of its design and installation of total business solution package, provide hardware, network, and system software consultancy services where necessary for its clients. This includes recommending or, in some instances, assistance in sourcing for the necessary software and hardware for its clients as part of the product package.

The Group plans to allocate resources to provide software customization and system integration services. Besides providing maintenance services, the Group is expected to provide help-desk services on a 24-hour basis for certain contracted clients. The Group believes that service response time plays a major role in an organization's selection of software products and customer satisfaction

**6.10 Marketing and Distribution Channels**

The marketing, distribution and support functions of the Group are carried out from the Bandar Sunway office. The Group's reach of the Asian market is accomplished through its strategic network comprising of the Infortech Alliance Group of Companies, partners, distributors and resellers that are located across the Asian region.

The Group has established a market presence in China, Japan and India through the Infortech Alliance Group of Companies. The Group is currently working with its partner, FAPL to distribute its atCom range of human resource software through the various Fujitsu subsidiaries to the OJC market in Asean countries. The Company has also established distributors in Singapore and Indonesia for the non-OJC markets in their respective countries. For the local marketing and distribution of its products, the Group has a direct sales force and a network of resellers in major towns in Malaysia.

In addition to the above, the Group is also in the process of finalising the details to its VAP program to systematically recruit, train and reward the Company's sales partners in various countries in the region.

## 6. INFORMATION ON IAB GROUP

The Company's current list of major VARs and VAPs as at 16 June 2003, being the last practicable date prior to the printing of this Prospectus, are listed below:

<b>Companies</b>	<b>Operating Location/Country</b>
<b><u>Major VARs</u></b>	
Accton Computer Systems	Sibu, Sarawak
ASC Solutions Sdn Bhd	Malacca
ARSSB	Negeri Sembilan
Cari Solutions	Kota Baru, Kelantan
Comtry Sdn Bhd	Ipoh, Perak
Dec Systems	Kuala Lumpur
Dicklin Sdn Bhd	Kuala Lumpur
I.O. Computers	Muar, Johor
Total Business Solutions Sdn Bhd	Johor Baru, Johor
<b><u>Major VAPs</u></b>	
Cell-Infortech	Japan
System House Miki	Japan
FAPL	Singapore
SISD	China
Biosoft Pte Ltd	Singapore
EastRep Pte Ltd, Singapore	Singapore
Elid Sales & Marketing Sdn Bhd	Malaysia
FMSB	Malaysia
Professional @ Soft, Indonesia	Indonesia

The Group also works with major ICT players like Microsoft (Malaysia) Sdn Bhd and Intel Electronic (Malaysia) Sdn Bhd to bundle their products together with the Company's products to form a total solution for its customers.

### 6.11 R&D Capabilities

Most of the R&D work for new software products and customised software is done at the Company's office located at Cyberjaya. Leading-edge technologies such as Microsoft Corporation's Visual Studio.NET have been in use by the Company since its beta version was launched.

As a further testament to the Group's R&D capabilities, the Company was awarded an MGS grant vide an agreement dated 1 August 2000, amounting to approximately RM3.1 million to develop a web application rapid development tool, atCom Studio and atCom ERM, which are currently being marketed in various countries in Asia.

As part of its R&D development, the Group practices distributed software development to increase or decrease software development capacity as well as to reduce development time and costs. The Group makes strategic use of the talents of its software programmers from IA IPL, its subsidiary in India. Software and product design and quality control procedures are normally carried out in Cyberjaya while the program design and product coding are done in India. To facilitate effective distributed software development, the Group uses its proprietary web-based atCom iTrack software to share knowledge and improve software quality. The Company is also planning to upgrade its existing network infrastructure at a significant cost to the Company to improve real-time communication and sharing of information between its Malaysian and India offices.

In some instances where product design or coding work is required to be carried out in Malaysia, staff from IA IPL are usually seconded from India to Cyberjaya for the entire duration of the project.

## 6. INFORMATION ON IAB GROUP

Since the year 2000, the Group has invested a substantial amount of its resources into its R&D activities. During FYE 2000, FYE 2001 and FYE 2002, its R&D expenses aggregated approximately RM0.68 million, RM2.8 million and RM1.8 million respectively. This represents approximately 18%, 64% and 35% of the Group's turnover for the respective years.

At present, IAB is directing its R&D efforts into the following areas:-

1. To enhance atCom HRM and other existing software on atCom Studio for better integration into the atCom ERM;
2. To enhance the existing iTrack module into a CRM with improved features and integration within the atCom ERM; and
3. To continue to incorporate enhancements to all the Company's other products.

### 6.12 Quality Assurance Process

Traditionally, the Group practices stringent quality processes with a separate quality assurance team in order to successfully serve its Japanese clients. As a result of its long association and history of developing and servicing Japanese companies, IAB has designed and adopted a set of quality assurance methodology backed by its proprietary atCom iTrack system to maintain high quality software.

The software development procedures and standards have been established and enhanced over the years based on a proven software development process. During this time, testing specifications were devised by the Company. Before any of the Company's software products are released, the Company undertakes comprehensive and extensive tests on its products.

Quality assurance procedures are implemented either by review or via appropriate testing at each development phase as follows:

Software Phases	Phase Product	Quality assurance process
Study and Analysis	Requirement Document	Review of requirement
Design	Design Document	Review of design
Programming	Source code and Software	Source code review and program testing
Testing	Test Specification	Review of test specifications and system testing

In-house developed tools such as atCom iTrack System manages and keeps track of both software defects and service requests to ensure problems are resolved satisfactorily and as quickly as possible. The Group plans to improve and sustain its software process and quality by adopting Capability Maturity Model for Software ("CMM"), a model for judging and improving the maturity of the software processes of an organization.

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**6. INFORMATION ON IAB GROUP****6.13 Employees**

As at 16 June 2003, being the last practicable date prior to the printing of this Prospectus, the Group had approximately 91 full-time employees in the following categories:-

Category	No. of Employees	%	Average Length of Service (Years)
R & D and Developers	44	48.36	2.29
Sales and Marketing	16	17.58	2.25
Consultants	18	19.78	3.00
Finance & Administrative	8	8.79	3.65
Management	5	5.49	8.97
<b>Total</b>	<b>91</b>	<b>100.00</b>	

The Group recognizes that the success of its business depends on the skills, experience and expertise of its staff members. It has over the years built a competent team of professional staff with expertise gained from exposure to both local and international IT firms. To reward loyal staff, the Company intends to implement an ESOS after its listing on the MESDAQ Market.

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 and training courses to obtain updates on emerging technologies and market trends in the IT industry and training courses provided by its business partners.

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

**6.14 Interruption to Operations**

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

**6.15 Major Customers**

As at 16 June 2003, being the last practicable date prior to the printing of this Prospectus, IAB has licensed its software solutions to approximately 2,500 customers. A list of some of the Group's major customers are as follows:

Name of Company	Country of Origin	Length of Relationship (Years)	Percentage of Turnover* (%)
<b>OJC</b>			
Fujitsu	Japan	10	9.9
Cell-Infotech	Japan	10	9.5
Porite (M) Sdn Bhd	Japan	8	5.2
Sato Kogyo Co Ltd	Japan	10	1.5
Daiken Sarawak Sdn Bhd	Japan	7	-
Hazama Corporation	Japan	9	2.0
Canon (China)	Japan	2	-
<b>Non-OJC</b>			
Giant TMC Berhad	Malaysia	1	4.5
F&N Coca-Cola (M) Sdn Bhd	Malaysia	1	-
Upsilon System Pte Ltd	Singapore	2	2.0
LNP Engineering Plastic (M) Sdn Bhd	United States	1	6.9

\* based on the audited accounts as at 31 December 2002

## 6. INFORMATION ON LAB GROUP

For the financial year ended 31 December 2002, there was no customer who individually contributed to more than 10% of the Group's total turnover.

### 6.16 Major Suppliers

The Group does not buy substantial amounts of raw materials or supplies, as its major business activity is to design and develop software solutions for its clients. As such, the Company does not rely on any major suppliers.

For the financial year ended 31 December 2002, there was no supplier who individually supplied 10% or more of the Group's total purchases.

### 6.17 Group Milestones/Achievements

Among some of the Group's major milestones/achievements achieved to date include:

Year	Major Milestones/Achievements
2002	Obtained five (5) years extension to tax-free status from MDC Successfully completed the R&D project under MGS
2001	Awarded Intel Best Design Software for atCom HRM
2000	Awarded the MGS grant amounting to approximately RM3.1 million for R&D Projects
1997	Awarded MSC status, the second company in Malaysia to achieve the same
1996	Pioneer Status Award by MITI awarded to ISSB for developing Hotel Management Software
1993	Finalist Pikom-Computimes Software Award awarded to atCom Time Manager
1991 – 1993	Finalist Pikom-Computimes Software Award awarded to atCom Payroll Plus

### 6.18 Competition and Competitive Strengths

The Group regards the following companies as its major competitors for each of the industry-market it competes in:

Product Segment	Competitors	Country of Origin
ERM	Exact Software N.V.	Netherlands
	Systems Union Holdings Ltd	England
	ACCPAC International, Inc.	United States of America
	Great Plains Software, Inc.	United States of America
Hospitality	IFCA MSC Bhd	Malaysia
	Fidelio Software GmbH	Germany
Human Resource	Orisoft Technology Bhd	Malaysia
	Alphamatic Software Alliance Sdn Bhd	Malaysia

## 6. INFORMATION ON IAB GROUP

However, the Group strongly believes that it is able to stay competitive in the ICT industry through its strength in the Japanese market segment for its products. In this regard, the Company possesses a strong marketing network of contacts through its affiliate partner company, Cell-Infortech, as well as a broad knowledge and experience of the Japanese and OJC market in the region, in particular China, having served this market segment for more than five (5) years.

The Company also possesses a strong management and R&D team with experience in the industry. The founding members of the Group, including Mr Tan Teong Boon and Madam Soo Kuan Yow, were previously attached to Cell-Infortech, which has a strong reputation in Japan, having served the Japanese market for more than 25 years and, similarly, among OJC in the region. The combined experience of the directors of the Group exceed 80 years, while the remaining senior management personnel in the Group have an average of twelve (12) years working experience in the same or related fields.

In addition, Cell-Infortech has also continued to maintain links and also business presence in the software business overseas. The Company is confident of being able to capitalize on this and to translate it into additional market share for the Group, mainly through referrals and/or alliances with its strategic shareholder, Cell-Infortech, and its partner, Fujitsu.

Another strength of the Group is that its products cater to the vertical market, in that it can be applied to the manufacturing, hospitality and retail industries, amongst others. Some of its existing products are based on award-winning products which were developed by the Company in the past such as its atCom Human Resource software. In addition, the Group's new software products incorporate enhancements to enable the software to be deployed under an ASP framework with minimal software upgrades. Furthermore, the Company owns the proprietary rights to the customizable enterprise software, namely the atCom Studio and the atCom ERM suite of programs, so that it would not have to bear high royalty costs for using third party software engines.

### 6.19 Technology, Intellectual Property and Licences

IAB 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.

IAB's intellectual property includes the following:

- (a) All copyrights, and in connection therewith, including the copyright to software entitled:
  1. atCom ERM, which includes:
    - a. atCom Financials
    - b. atCom Human Resource Management:
      - i. atCom Payroll Plus
      - ii. atCom Time Manager
      - iii. Various other Human Resource modules
    - c. atCom SCM
    - d. atCom Enterprise Portal Management
    - e. atCom e-Commerce
  2. atCom Studio
  3. atCom Hospitality Suite, which includes:
    - a. atCom Front Office Management
    - b. atCom Point-of-Sale
    - c. atCom Call Accounting Management
    - d. WinAcc<sup>TM</sup> Business Accounting
  4. atCom Hotel ASP
  5. atCom ProAcc Project Accounting
  6. atCom iTrack

and the copyright to the content of the website [www.infortechalliance.com](http://www.infortechalliance.com) and [www.atcom.com.my](http://www.atcom.com.my).

## 6. INFORMATION ON IAB GROUP

- (b) Trademarks, service marks, logos, trade names and corporate names;
- (c) An Internet domain name registration for www.infortechalliance.com and www.atcom.com.my;
- (d) Marketing and development plans, price and cost data, price and fee amounts, pricing and billing policies, quoting procedures, marketing techniques, methods of obtaining business, forecasts and forecast assumptions and volumes, future plans and potential business strategies; and
- (e) Trade secrets and other confidential business information which is used in the Group's business and which gives the Group 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.

The Group has routinely taken such steps as are customary in its industry to protect its rights to its trademarks and intellectual property, including the filing of trademark applications as described in part (b) above, display of copyrights claims in its software and documentation, proper documentation of software design and development work to prove intellectual property rights and the execution of development agreements, end user license agreements, VAR and VAP agreements, confidentiality agreements, non-disclosure agreements and others.

### 6.20 Major Licenses and Permits

The Group's business activities do not presently require any major licenses or permits from any authorities.

### 6.21 Operating Premises

The Group operates from its main offices in Bandar Sunway and in Cyberjaya as well as from its overseas subsidiary and affiliate companies. Its main office is located in No. 58-1, Jalan PJS 11/28A, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan. IAB shares the premises together with the offices of ISSB and IASB. The main office serves as the Company's administrative as well as its marketing hub.

Meanwhile, most of IAB's research and development activities are carried out from the Company's R&D Centre located at Suite G01, Ground Floor, 2310 Century Square, Jalan Usahawan, 63000 Cyberjaya, Selangor Darul Ehsan. The Company is in the midst of negotiations on the rental rates of its Cyberjaya office, which have not been finalised as at the date of this Prospectus.

In addition to the abovementioned offices, the Group also maintains its presence via its overseas offices located in India and China. As previously mentioned, IAB has a subsidiary incorporated in India, namely IA IPL, which is located at the Software Technology Park of India, Kacheripady, Kochi, Kerala, India.

The Company is also represented in China through SISD based in Shanghai, China, which serves as its sales and marketing arm for the Chinese market. SISD's office is located at Room E, 19F, Jinxuan Building, No. 238, Nandan East Road, Shanghai, China.

As part of the Infortech Alliance Group of Companies, the Company also shares the offices of Cell-Infortech which is located at the Maruko Centre Building 4F, 2-14-1, Higashi Ueno, Taito-Ku, Tokyo 110-0015, Japan.



**6. INFORMATION ON IAB GROUP****6.22 Approvals and Conditions**

The Listing Scheme is subject to the approval of the following authorities:-

- SC (approval obtained on 5 May 2003)
- KLSE (approval obtained on 8 May 2003)

The above approvals were subject to the following conditions, amongst others:-

Name of Authority	Conditions	Status of Compliance
SC	The status on the utilization of proceeds from the public issue must be disclosed in IAB's quarterly and annual report until the said proceeds have been fully utilized.	Will be complied with
KLSE	(i) IAB to either collect in full or make provisions for trade debtor balances that have exceeded the credit period prior to the issuance of the Prospectus;	Complied
	(ii) IAB to inform KLSE on the appointment of independent directors and to provide confirmation that they qualify as independent directors under the Listing Requirements of the KLSE for the MESDAQ Market; and	Complied
	(iii) IAB to include a negative statement in its Prospectus on the exclusion of a profit forecast and projections from the Prospectus and the reasons thereof.	Complied. Please refer to <b>Section 5.2</b> of this Prospectus.

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**6. INFORMATION ON IAB GROUP****6.23 Related Companies with Similar Trade**

Save as disclosed below, none of the Directors or substantial shareholder and/or persons connected with such Directors or substantial shareholder of IAB have any interest, direct or indirect, in any business carrying on a similar trade as IAB or its subsidiaries as at 16 June 2003, being the last practicable date prior to the printing of this Prospectus.

Name of Director/ Substantial Shareholder	Other Companies	Principal Activities	← Direct →		← Indirect →	
			No. of shares held	%	No. of shares held	%
Chen Fam Tet	ARSSB	Sales and support of atCom ERM and System Integration	249,667	83.0	-	-
Hideo Hirahara	Cell-Infotech	Software development	50,950	39.4	43,400 <sup>1</sup>	33.6
	System House Miki	Software development	100	14.3	220 <sup>2</sup>	31.4

Notes:

<sup>1</sup> Deemed interested pursuant to Section 122A of the Act

<sup>2</sup> Deemed interested by virtue of his shareholdings in Cell-Infotech and pursuant to Section 122A of the Act

Mr Chen Fam Tet typically spends approximately one (1) day of the week to conduct business at ARSSB.

None of the interests of the Directors mentioned above will result in a conflict of interest between the core business of IAB and the core businesses of the companies listed above. The Group has entered into agreements as described in Section 6.24 below to ensure that the business relationship between the Group and the abovementioned parties are conducted on an arm's length basis and are non-competing in nature. These business relationships with the aforesaid parties are in the long term interest of the Group and is not detrimental to IAB.

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**6. INFORMATION ON IAB GROUP****6.24 Related-Party Transactions and Conflict of Interest**

There have been no related-party contracts/agreements, transactions or arrangements between the Group and its shareholders and/or directors and/or key management and technical personnel save for the following:-

**(a) Related-Party Agreements<sup>1</sup>**

The Group had before the date of this Prospectus entered into the following agreements which are necessary for the Group's day-to-day operations and in the ordinary course of business and on terms, which are at arms' length and are not more favourable to the related parties than those generally available to the public and are not to the detriment of IAB. These agreements are as listed below:-

- (i) Agreement dated 12 June 2003 entered into between IAB and Cell-Infortech whereby Cell-Infortech shall pay to IAB the sum of 24,000,000 Yen in consideration for IAB agreeing to develop, modify and enhance certain software products to cater for the Japanese software market ("Licensed Programme"), appointing CINF as its exclusive distributor for the Licensed Programme and agreeing to the appointment of Fujitsu System Solutions Ltd as exclusive sub-distributor in Japan. The agreement is valid for a period of two (2) years.
- (ii) Pursuant to a VAR agreement dated 15 November 2002 entered into between the Group and ARSSB, the Group has appointed ARSSB as VAR to market and distribute the Group's licensed software in the state of Negeri Sembilan, Malaysia. Mr Chen Fam Tet is a director and a substantial shareholder of both IAB and ARSSB. It is a term of the agreement that the transactions carried out between the parties will be in the ordinary course of business and on normal commercial terms no more favourable to the related parties than those extended to the general public, are not to the detriment of the Group and on an arm's length basis. The agreement also includes a non-competing clause where ARSSB covenants not to carry on business in competition with any business carried on by the Group in the sales territory where ARSSB is appointed.
- (iii) Pursuant to a VAP agreement dated 15 November 2002 entered into between the Group and Cell-Infortech, IAIPL and SISD, the Group has appointed Cell-Infortech, IAIPL and SISD as VAPs of the Group for the marketing and distribution of the Group's licensed software through the services of the VAP in their respective sales countries. Mr Tan Teong Boon, who is a substantial shareholder and director of IAB, ISSB and IASB is also a director of SISD. Mr Hideo Hirahara, who is a substantial shareholder and director in IAB, is also a substantial shareholder and director in Cell-Infortech. Cell-Infortech is also a party connected to IAB by virtue of Mr Hideo Hirahara's directorships and substantial shareholdings in both IAB and Cell-Infortech. It is a term of the agreement that the transactions carried out between the parties will be in the ordinary course of business and on normal commercial terms no more favourable to the related parties than those extended to the general public, are not to the detriment of the Group and on an arm's length basis. The agreement also includes a non-competing clause where Cell-Infortech, IAIPL and SISD covenant not to carry on business in competition with any business carried on by the Group in the respective sales countries where they are appointed.

<sup>1</sup> Related party agreements are related party transactions that are reduced to writing and entered into by the Group in its ordinary course of business

**6. INFORMATION ON IAB GROUP**

- (iv) Pursuant to a VAP agreement dated 15 November 2002 entered into between the Group and System House Miki, the Group has appointed System House Miki as a VAP of the Group for the marketing and distribution of the Group's licensed software through the services of the VAPs in Nagoya, Japan. Mr Hideo Hirahara, who is a substantial shareholder and director in IAB, is also a substantial shareholder and director in System House Miki. It is a term of the agreement that the transactions carried out between the parties will be in the ordinary course of business and on normal commercial terms no more favourable to the related parties than those extended to the general public, are not to the detriment of the Group and on an arms length basis. The agreement also includes a non-competing clause where System House Miki covenants not to carry on business in competition with any business carried on by the Group in the sales country where System House Miki is appointed.
- (v) Pursuant to a Sub-Contract Agreement dated 15 November 2000 entered into between IAB and Cell-Infortech, Cell-Infortech has agreed to subcontract the development of Multi-Language Enable System to IAB for the period from 1 January 2001 until 31 December 2001. Mr Hideo Hirahara, who is a substantial shareholder and director in IAB, is also a substantial shareholder and director in Cell-Infortech. Cell-Infortech is also a party connected to IAB by virtue of Mr Hideo Hirahara's directorships and substantial shareholdings in both IAB and Cell-Infortech.

**(b) Related-Party Contracts<sup>2</sup>**

Save as disclosed below, there are no related party contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Group:-

- (i) Pursuant to a Share Sale Agreement dated 31 October 2002 entered into between IAB and ISSB, IAB acquired 7.6% of the issued and paid-up capital of SISD of USD10,000 for a total purchase consideration of RM38,250. Mr Tan Teong Boon, who is a substantial shareholder and director of IAB, is also a director of ISSB and SISD. Madam Soo Kuan Yow, who is a substantial shareholder and director of IAB, is also a director of ISSB. Mr Hideo Hirahara, who is a substantial shareholder and director of IAB, is also a director of ISSB.
- (ii) Pursuant to a Share Sale Agreement dated 30 October 2002 entered into between IAB and the shareholders of ISSB, IAB acquired 100% of the issued and paid-up capital in ISSB comprising 1,000,000 shares of RM1.00 each for a total purchase consideration of RM1,271,070. Mr Tan Teong Boon, who is a substantial shareholder and director of IAB, is also a director of ISSB. Madam Soo Kuan Yow, who is a substantial shareholder and director of IAB, is also a director of ISSB. Mr Hideo Hirahara, who is a substantial shareholder and director of IAB, is also a director of ISSB.
- (iii)
  - (a) Pursuant to a Share Sale Agreement dated 30 October 2002 entered into between IAB and the shareholders of IASB (excluding ISSB), IAB acquired 70.8% of the issued and paid-up capital in IASB comprising 537,000 shares of RM1.00 each for a total purchase consideration of RM250,578.
  - (b) Pursuant to a Share Sale Agreement dated 31 October 2002 entered into between IAB and ISSB, IAB acquired 29.2% of the issued and paid-up capital in IASB comprising 221,000 shares of RM1.00 each for a total purchase consideration of RM221,000.

Mr Tan Teong Boon, who is a substantial shareholder and director of IAB, is also a director of ISSB and IASB. Madam Soo Kuan Yow, who is a substantial shareholder and director of IAB, is also a director of ISSB and IASB. Mr Hideo Hirahara, who is a substantial shareholder and director of IAB, is also a director of ISSB and IASB. Mr Chen Fam Tet, is a director and a substantial shareholder of IAB and a director of IASB.

<sup>2</sup> Related party contracts are related party transactions that are reduced to writing and entered into by the Group outside its ordinary course of business

## 6. INFORMATION ON IAB GROUP

- (iv) Pursuant to an Assignment of Copyright Agreement dated 1 August 2002, ISSB and IASB, as the copyright owner of its own software, had assigned absolutely its ownership of its copyrights to IAB for a total consideration of RM10. Mr Tan Teong Boon, who is a substantial shareholder and director of IAB, is also a director of ISSB and IASB. Madam Soo Kuan Yow, who is a substantial shareholder and director of IAB, is also a director of ISSB and IASB. Mr Hideo Hirahara, who is a substantial shareholder and director of IAB, is also a director of ISSB and IASB. Mr Chen Fam Tet, is a director and a substantial shareholder of IAB and a director of IASB.
- (v) Pursuant to a Deed of Assignment dated 1 August 2002, ARSSB as the owner of the trademarks PAYROLL PLUS, TIME MANAGER and any other trademarks in relation to the name "atCom" had assigned its ownership of the said trademarks to IAB for a total consideration of RM500. Mr Chen Fam Tet is a director and a substantial shareholder of both IAB and ARSSB.

### (c) Recurrent Related-Party Transactions

The Group had, before the date of this Prospectus, entered into recurrent related party transactions, which are of a revenue or trading nature ("Recurrent Related Party Transactions"). The Recurrent Related Party Transactions are as listed below:-

- (i) The Group provides to and obtains from Cell-Infortech and IA IPL, software services. In particular, Cell-Infortech engages the Group for the provision of software development services. IAB also sub-contracts to IA IPL software development works for a contract amount. Mr Hideo Hirahara, who is a substantial shareholder and director in IAB, is also a substantial shareholder and director in Cell-Infortech. Cell-Infortech is also a party connected to IAB by virtue of Mr Hideo Hirahara's directorships and substantial shareholdings in both IAB and Cell-Infortech. IA IPL is a 60% owned subsidiary of ISSB, which in turn is a wholly-owned subsidiary of IAB.
- (ii) The office premises of ISSB at Bandar Sunway is rented by ISSB from Infortech Holdings Sdn Bhd at a rental of RM4,500 per month. Madam Siew Yoke Har, who is one of the shareholders of Infortech Holdings Sdn Bhd with 25% equity interest, is the spouse of Mr Tan Teong Boon, a director of ISSB, who is also a director and substantial shareholder of IAB.
- (iii) An enterprise owned by the spouse of one of IAB's directors, namely Madam Soo Kuan Yow, called Motivest Marketing Enterprise, occasionally supplies stationery materials to ISSB.

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

### (d) Conflict of Interest

On completion of the Public Issue, OSKTV will hold 5,062,500 Shares, representing approximately 8.44% of the enlarged issued and paid-up share capital of IAB. OSKTV is a related company of OSK, by virtue of both companies being the wholly-owned subsidiary companies of OSK Holdings Berhad. In addition, Dato' Nik Mohamed Bin Nik Yahya and Mr Ong Leong Huat @ Wong Joo Hwa, are common directors of OSK and OSKTV.

The interest disclosed above does not give rise to a situation of conflict of interest and accordingly, OSK confirms that there are no existing or potential conflicts of interest in its capacity as Adviser for the listing of IAB on the MESDAQ Market.

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**6. INFORMATION ON IAB GROUP**

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In addition, the following is to be noted:-

- (a) none of the Shares to be placed out as detailed in **Section 3.5** of this Prospectus will be placed to OSK and OSKTV and persons connected to them in compliance with the Listing Requirements of the KLSE for the MESDAQ Market;
- (b) the pricing of the Issue Shares was market driven after considering the demand and supply for the said Shares and market sentiments at the point of the Public Issue; and
- (c) save for the professional fees, the listing proceeds are proposed to be used for various applications for which OSK will not be deriving any benefit therefrom.

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

Horwath and C&A have given their confirmation that there are no existing or potential conflicts of interest in its capacity as the Reporting Accountants and Solicitor for the listing exercise respectively.

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