

INGENUITY[®]

INGENUITY SOLUTIONS BERHAD

(Company Number 609423-Y)
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 33,500,000 NEW ORDINARY SHARES OF RM0.10 EACH AT AN ISSUE PRICE OF RM0.55 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION TO IDENTIFIED INVESTORS BY WAY OF PRIVATE PLACEMENT

IN CONJUNCTION WITH THE LISTING OF INGENUITY SOLUTIONS BERHAD ON THE MESDAQ MARKET OF MALAYSIA SECURITIES EXCHANGE BERHAD

Adviser, Sponsor, Underwriter and Placement Agent

CIMB

Commerce International Merchant Bankers Berhad
Company Number 18417-M

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" IN SECTION 4 OF THIS PROSPECTUS.



IMPORTANT NOTICE

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF INGENUITY SOLUTIONS BERHAD ("ISB"), AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM, HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING. COMMERCE INTERNATIONAL MERCHANT BANKERS BERHAD ("CIMB"), BEING THE ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE OF 33,500,000 NEW ORDINARY SHARES OF RM0.10 EACH IN ISB.

THE SECURITIES COMMISSION ("SC") AND THE EXCHANGE (PLEASE REFER TO DEFINITION ON PAGE II) HAVE ON 19 SEPTEMBER 2003 AND 22 SEPTEMBER 2003 RESPECTIVELY APPROVED THE PUBLIC ISSUE AND THE APPROVAL OF THE SC AND THE EXCHANGE SHALL NOT BE TAKEN TO INDICATE THAT THE SC AND THE EXCHANGE RECOMMEND THE PUBLIC ISSUE AND/OR THE FLOTATION OF ISB ON THE MESDAQ MARKET OF MALAYSIA SECURITIES EXCHANGE BERHAD ("MSEB"). THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF ISB AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. THE EXCHANGE SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF ISB AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS CORRECTNESS OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE MESDAQ MARKET OF MSEB IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE PUBLIC ISSUE, ISB OR OF ITS ORDINARY SHARES. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN ISB. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS, TOGETHER WITH THE PLACEMENT APPLICATION FORM HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES ("ROC") WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS. THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM THE MSEB'S WEBSITE AT www.klse.com.my.

CHARACTERISTICS OF THE MESDAQ MARKET OF MSEB

INVESTORS SHOULD BE AWARE THAT THE MESDAQ MARKET OF MSEB IS A DISTINCT MARKET FROM THE MAIN AND SECOND BOARDS OF MSEB IN MANY RESPECTS. IN PARTICULAR, COMPANIES LISTED ON THE MESDAQ MARKET OF MSEB ARE SUBJECT TO DIFFERENT QUANTITATIVE AND QUALITATIVE REQUIREMENTS, WHICH HAVE BEEN PRIMARILY DESIGNED TO ACCOMMODATE HIGH-GROWTH AND/OR TECHNOLOGY COMPANIES. COMPANIES THAT ARE LISTED ON THE MESDAQ MARKET OF MSEB MAY NOT HAVE AN OPERATING HISTORY OR ANY PROFIT TRACK RECORD PRIOR TO LISTING. AS SUCH, WHILST POTENTIAL INVESTMENT RETURNS MAY BE RELATIVELY HIGH, COMPANIES LISTED ON THE MESDAQ MARKET OF MSEB MAY BE OF HIGHER INVESTMENT RISK. THE REGULATORY PHILOSOPHY UNDERLYING THE MESDAQ MARKET OF MSEB IS THAT THE MARKET SHOULD BE ALLOWED TO DETERMINE THE MERITS OF THE SECURITIES AND INSTRUMENTS IN A PARTICULAR COMPANY. HENCE, AS WITH ALL INVESTMENTS, PROSPECTIVE INVESTORS SHOULD BE AWARE OF ALL POTENTIAL RISKS IN INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATION BY REFERRING TO, AMONGST OTHERS, THE PROSPECTUS, LATEST FINANCIAL STATEMENTS AND CORPORATE ANNOUNCEMENTS. IN THIS RESPECT, ADVICE FROM A SECURITIES PROFESSIONAL OR ADVISER IS STRONGLY RECOMMENDED.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for the entire enlarged issued and paid-up share capital of Ingenuity Solutions Berhad (“ISB”) on the MESDAQ Market of Malaysia Securities Exchange Berhad (“MSEB”) is as follows:

| Event | Date |
|---|------------------|
| Opening of application | 9 February 2004 |
| Closing of application * | 17 February 2004 |
| Tentative date of despatch of notices of allotment to successful applicants | 24 February 2004 |
| Tentative listing date | 27 February 2004 |

Note:

- * *The application for the Public Issue will close at the time and date stated, or at such later date or dates as the Directors of ISB and CIMB may in their absolute discretion mutually decide. Should the closing date of the application be extended, the dates for the despatch of notice of allotment and listing of and quotation for the entire issued and paid-up share capital of ISB on the MESDAQ Market of MSEB will be extended accordingly. In the event the closing date is extended, applicants will be notified of such further extension by way of advertisements placed in widely circulated English and Bahasa Malaysia newspapers.*

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DEFINITIONS

Unless otherwise indicated or required by the context, the following abbreviations shall apply throughout this Prospectus:

| | | |
|----------------------------|---|---|
| “ADA” | : | Authorised Depository Agent |
| “ADA Code” | : | ADA (Broker) Code |
| “APEC” | : | Asia-Pacific Economic Co-operation |
| “ATM” | : | Automated Teller Machine |
| “Acquisition of IMSB” | : | The acquisition of the entire issued and fully paid-up share capital of IMSB comprising 1,100,000 ordinary shares of RM1.00 each in IMSB for a total purchase consideration of RM9,000,000 satisfied by the issuance of 9,000,000 new ordinary shares of RM1.00 each in ISB, at RM1.00 per ordinary share of RM1.00 each in ISB |
| “Acquisition of RCC” | : | The acquisition of the entire issued and fully paid-up share capital of RCC comprising 1,200,000 ordinary shares of RM1.00 each in RCC for a total purchase consideration of RM885,230 satisfied by the issuance of 8,852,300 new ordinary shares of RM0.10 each in ISB, at RM0.10 per ordinary share of RM0.10 each in ISB |
| “Acquisitions” | : | The Acquisition of IMSB and Acquisition of RCC, collectively |
| “CAGR” | : | Compounded Annual Growth Rate |
| “CDS” | : | Central Depository System |
| “CDS Account” | : | The account established by MCD for a depositor for the recording of deposit of securities and for dealing in such securities by the depositor |
| “CIMB” | : | Commerce International Merchant Bankers Berhad (Company number 18417-M) |
| “Divestment to TPM” | : | The divestment of 13,235,232 ordinary shares of RM0.10 each in ISB by ITSB to TPM for a total consideration of RM4,800,000 or approximately RM0.36 per ordinary share which was arrived at based on a willing buyer-willing seller basis |
| “EPS” | : | Earnings Per Share |
| “Exchange” | : | Refers to KLSE (up to 4 January 2004) or MSEB (with effect from 5 January 2004) |
| “GDP” | : | Gross Domestic Product |
| “ISB” or the “Company” | : | Ingenuity Solutions Berhad (Company number 609423-V) |
| “ISB Group” or the “Group” | : | ISB and its subsidiaries |
| “ISB Share(s)” | : | Ordinary share(s) of RM0.10 each in ISB |
| “IMSB” | : | Ingenuity Microsystems Sdn Bhd (Company number 509374-P) |
| “ITSB” | : | Ingenuity Technologies Sdn Bhd (Company number 609425-A) |
| “Issue Price” | : | The issue price of RM0.55 per new ordinary share of RM0.10 each in ISB |

DEFINITIONS (CONT'D)

| | | |
|------------------------|---|---|
| “Issue Shares” | : | The 33,500,000 new ordinary shares of RM0.10 each in ISB to be issued pursuant to the Public Issue |
| “KLSE” | : | Kuala Lumpur Stock Exchange (Company number 30632-P) |
| “KSSB” | : | Kumpulan Segeramaju Sdn Bhd (Company number 82369-D) |
| “Listing” | : | The admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of ISB of RM13,235,232 comprising 132,352,320 ordinary shares of RM0.10 each on the Official List of the MESDAQ Market |
| “Listing Requirements” | : | Listing Requirements of MSEC for the MESDAQ Market |
| “MCD” | : | Malaysian Central Depository Sdn Bhd (Company number 165570-W), a subsidiary of MSEC |
| “MDC” | : | Multimedia Development Corporation Sdn Bhd (Company number 389346-D) |
| “MESDAQ Market” | : | MESDAQ Market of MSEC |
| “MSEC” | : | Malaysia Securities Exchange Berhad (Company number 635998-W) |
| “MI” | : | Minority Interest |
| “MSC” | : | Multimedia Super Corridor |
| “NTA” | : | Net Tangible Assets |
| “PAT” | : | Profit After Tax |
| “PBT” | : | Profit Before Tax |
| “PE Multiple” | : | Price Earnings Multiple |
| “Placement Agent” | : | CIMB |
| “Prescribed Security” | : | The securities of a company that are prescribed by MSEC to be deposited in the CDS |
| “Public Issue” | : | The public issue of 33,500,000 new ISB Shares to identified investors by way of private placement at an issue price of RM0.55 per ISB Share payable in full upon application and subject to the terms and conditions of this Prospectus |
| “RCC” | : | Reliance Computer Centre Sdn Bhd (Company number 78576-U) |
| “RHSB” | : | Reliance Holdings Sdn Bhd (Company number 65324-W) |
| “RM” | : | Ringgit Malaysia |
| “RPB” | : | Reliance Pacific Berhad (Company number 244521-A) |
| “RPB Capital” | : | RPB Capital Holdings Sdn Bhd (Company number 430774-H) |

DEFINITIONS (CONT'D)

| | | |
|------------------|---|--|
| “RPB Group” | : | RPB and its subsidiaries |
| “R&D” | : | Research and development |
| “Reliance E-Com” | : | Reliance E-Com Sdn Bhd (Company number 506259-D) |
| “SC” | : | Securities Commission |
| “Share Split” | : | The sub-division of nominal value of the existing ordinary shares in ISB from RM1.00 each to RM0.10 each |
| “Sponsor” | : | CIMB |
| “TPM” | : | Technology Park Malaysia Corporation Sdn Bhd (Company number 377141-T) |
| “USA” | : | United States of America |
| “USD” | : | United States Dollar |
| “UK” | : | United Kingdom of Great Britain and Northern Ireland |
| “XCSB” | : | Xplonet Capital Sdn Bhd (Company number 506233-P) |

In this Prospectus, words denoting the singular shall include the plural number and vice versa, words denoting any gender shall include all genders, words denoting persons shall include natural persons, firms, companies, bodies corporate and unincorporated bodies, and a reference to a Section is a reference to the relevant section of this Prospectus.

Unless otherwise indicated, any reference in this Prospectus to any legislation, statute or statutory provision is a reference to that legislation, statute or statutory provision for the time being as amended or re-enacted, and to any repealed legislation, statute or statutory provision which it re-enacts (with or without modification).

Any reference to a time or day in this Prospectus shall be a reference to that time or day in Malaysia, unless otherwise stated.

TECHNICAL TERMS

Unless otherwise indicated, the following technical terms and abbreviations shall apply throughout this Prospectus:

| | | |
|---------------------------------|---|---|
| “AIX” | : | Advanced Interactive Executive, which is a version of the Unix operating system developed by IBM for IBM workstation and mainframe computers |
| “CRM” | : | Customer Relationship Management applications, which automate the cross-enterprise customer-facing business processes within an organisation, namely sales, marketing and customer service |
| “DOS” | : | Disk Operating System, which is an operating system developed by Microsoft Corporation that controls the operation of IBM and IBM-compatible personal computers |
| “Enterprise Workflow solutions” | : | Software solutions to automate the business operation and work processes of an enterprise |
| “Extranet” | : | An Intranet which has been extended externally for access to external parties, such as channel partners and agents |
| “FMS” | : | Financial Management Systems, which are applications which automate an organisation’s financial management and accounting processes |
| “IBM” | : | International Business Machines Corporation |
| “ICT” | : | Information and Communications Technology |
| “IRPA” | : | Intensification of Research in Priority Areas programme under the Artificial Intelligence and its Applications in Industry Project, Ministry of Science, Technology and the Environment |
| “Internet” | : | The worldwide system of computer networks which users at any one computer can, if they have permission, obtain information from any other computer and it is a public, co-operative and self-sustaining facility accessible to people worldwide |
| “Intranet” | : | An internal network of computers that is used to share files and Websites |
| “LAN” | : | Local Area Network, which is a geographically-limited communications network that connects users within a defined area, generally within a building or small groups of buildings, and is managed and owned by a single enterprise |
| “Legacy System” | : | A large and monolithic software system which is running on a proprietary technology |
| “OA” | : | Office Automation, the automation of the administrative and other functionalities of an enterprise’s back-office |
| “PMS” | : | Property Management Software applications, which automate an organisation’s building and premises management and administration processes |
| “Protocol” | : | A standard way of communicating across a computer network, a language of the network whereby two dissimilar systems can communicate |
| “SCO” | : | A version of Unix developed by SCO Corporation |
| “SET” | : | Secure Electronic Transaction, which is a Protocol system for ensuring the security of financial transactions over the Internet |

TECHNICAL TERMS (CONT'D)

- “SMS” : Short Messaging Service
- “SSL” : Secure Sockets Layer, which is the industry-standard Protocol for protecting secure web communications using encryption technology and which was developed by Netscape Communications Corporation
- “UPS” : Uninterrupted Power Supply, which is a device that can supply prolonged electricity supply to a computer system after the occurrence of a power supply failure
- “Unix” : A type of operating system used by computers and originally developed by Bell Laboratories
- “VPN” : Virtual Private Network, which is a communications network that connects computers in a closed and private network, covering areas such as within a building or an organisation
- “WAN” : Wide Area Network, which is a communications network that connects computers over geographically-dispersed locations, covering large areas such as a city, region or country
- “XML” : Extensible Mark-up Language, which is a document exchange standard, being a flexible way to create common information formats and share both the format and the information over the Internet, an Intranet or elsewhere

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

| Name | Address | Occupation | Nationality |
|--|---|---|-------------|
| Dr. Shafiq Sit bin Abdullah (<i>Non-Independent Non-Executive Chairman</i>) | 5 Jalan Tebu Ukay Heights 68000 Selangor Darul Ehsan Malaysia | Chairman | Malaysian |
| Azman bin Ahmad (<i>Executive Director</i>) | 36 Jalan Setiakasih Bukit Damansara 50490 Kuala Lumpur Malaysia | Managing Director | Malaysian |
| Wong Hun Liang (<i>Executive Director</i>) | 16 Jalan TIB 2/2 Taman Industri Bolton 68100 Batu Caves Selangor Darul Ehsan Malaysia | Chief Technical Officer (CRM and Corporate Solutions) | Malaysian |
| Yau Yat Hoong (<i>Executive Director</i>) | 4-11-5 Meadow Park II Jalan 1/130 Off Jalan Klang Lama 58200 Kuala Lumpur Malaysia | Chief Technical Officer (FMS) | Malaysian |
| Thong Swe Cheong (<i>Non-Independent Non-Executive Director</i>) | 129 Jalan Athinahapan 2 Taman Tun Dr. Ismail 60000 Kuala Lumpur Malaysia | Chief Financial Officer, Reliance Pacific Berhad | Malaysian |
| Gricia Gan Mei Hoong (<i>Non-Independent Non-Executive Director</i>) | 10-5 Desa Angkasa 12 Jalan Taman U-Thant 55000 Kuala Lumpur Malaysia | Corporate Management Director (e-Commerce and Travel Division), Reliance Pacific Berhad | Malaysian |
| Dr. Norbik Bashah bin Idris (<i>Independent Non-Executive Director</i>) | 2 Lorong AU 1C/3G Taman Keramat 54200 Kuala Lumpur Malaysia | Director, Centre for Advanced Software Engineering, Universiti Teknologi Malaysia | Malaysian |
| Lim Eng Seng (<i>Independent Non-Executive Director</i>) | 17 Jalan 17/1 Seksyen 17 46400 Petaling Jaya Selangor Darul Ehsan Malaysia | Audit Partner, E.S. Lim & Co. | Malaysian |
| Sit Yin Keat (<i>Alternate Non-Executive Director to Dr. Shafiq Sit bin Abdullah</i>) | 5 Jalan Tebu Ukay Heights 68000 Selangor Darul Ehsan Malaysia | Chief Operating Officer | Malaysian |

1. CORPORATE DIRECTORY (CONT'D)

AUDIT COMMITTEE

| Name | Designation | Directorship |
|-----------------------------|--------------------|--------------------------------------|
| Dr. Norbik Bashah bin Idris | Chairman | Independent Non-Executive Director |
| Lim Eng Seng | Member | Independent Non-Executive Director |
| Azman bin Ahmad | Member | Managing Director/Executive Director |

COMPANY SECRETARY : M.V. Akbar bin A.S. Moidunny (MAICSA 0800190)
46 Jalan Telawi 9
Bangsar Baru
59100 Kuala Lumpur
Malaysia

REGISTERED OFFICE : Wisma MINC
36 Jalan Datuk Sulaiman
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Malaysia

Telephone: 03 7727 2223
e-mail: mincgrp@tm.net.my

HEAD AND MARKETING OFFICE : 17 Jalan Inai
55100 Kuala Lumpur
Malaysia

Telephone: 03 2143 3517
Facsimile: 03 2141 9517

TECHNICAL AND R&D OFFICE : L3-I-6 Enterprise 4
Technology Park Malaysia
Bukit Jalil
57000 Kuala Lumpur
Malaysia

Telephone: 03 8996 3517
Facsimile: 03 8996 9517

Website: www.ingenuity.com.my
e-mail: info@ingenuity.com.my

SHARE REGISTRAR : Mega Corporate Services Sdn Bhd
Level 11-2 Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

PRINCIPAL BANKER : RHB Bank Berhad
KL Business Centre
Mezzanine Floor
75 Jalan Tun H.S. Lee
50000 Kuala Lumpur
Malaysia

1. CORPORATE DIRECTORY (CONT'D)

- AUDITORS AND REPORTING ACCOUNTANTS** : Shamsir Jasani Grant Thornton
Level 11-1 Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
- SOLICITORS** : Zain & Co.
6th Floor Bangunan Dato' Zainal
23 Jalan Melaka
50100 Kuala Lumpur
Malaysia
- ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : Commerce International Merchant Bankers Berhad
7th Floor Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Malaysia
- LISTING SOUGHT** : MESDAQ Market of MSEP

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2. INFORMATION SUMMARY

THIS INFORMATION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE ISB GROUP AND INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN THE ISSUE SHARES.

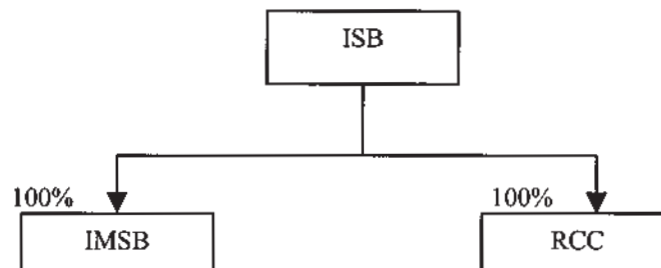
2.1 HISTORY AND PRINCIPAL ACTIVITIES

ISB was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 19 March 2003 under the name of Ingenuity Solutions Sdn Bhd. On 10 May 2003, ISB was converted into a public limited company and adopted its present name. The principal activities of ISB are investment holding, consultancy and management services. ISB has 2 wholly-owned subsidiaries, namely IMSB and RCC.

IMSB was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 29 March 2000. IMSB is principally engaged as consultants, advisers, managers, researchers, trainers and total solution providers in all aspects of information technology, including the business of marketing and distribution of multimedia products and accessories.

RCC was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 28 November 1981 under the name of Meranchi Parts Supply Sdn Bhd. It assumed its present name on 31 March 1982. RCC is principally involved in marketing of computer hardware and software for business solutions.

The ISB Group's corporate structure is as follows:



A summary of the details of ISB's subsidiaries are as follows:

| Subsidiary | Date and place of incorporation | Issued and paid-up share capital RM | Effective equity interest % | Principal activities |
|------------|---------------------------------|-------------------------------------|-----------------------------|--|
| IMSB | 29.03.00; Malaysia | 1,100,000 | 100.00 | Principally engaged as consultants, advisers, managers, researchers, trainers and total solution providers in all aspects of information technology, including the business of marketing and distribution of multimedia products and accessories |
| RCC | 28.11.81; Malaysia | 1,200,000 | 100.00 | Involved in marketing computer hardware and software for business solutions |

2. INFORMATION SUMMARY (CONT'D)

The ISB Group prides itself as a single-source enterprise software solutions provider for mid-tier to large businesses. It also seeks to position itself as a leading enterprise software provider regionally, providing world-class cost-competitive ICT products and services to businesses.

The ISB Group believes that its strength and core competency is in the provision of customer-centric applications designed on **INGENUITY®** proprietary and open generic systems for faster turnaround time while ensuring flexibility to migrate to future technology platforms. The focus of the ISB Group's range of products and services is to add value to business processes through the creation of revenue opportunities, customer satisfaction and cost reduction via operational productivity.

The products and services offered by the ISB Group include CRM, FMS and e-business solutions under the "**INGENUITY®**" brand name, hotel PMS applications, project consultancy and advisory services in the area of Enterprise Workflow solutions, and hardware and systems integration. The ISB Group provides businesses with a range of software and services that enables them to be more efficient and effective in their daily operations, and business intelligence by communicating and executing mission-critical data across the enterprise.

IMSB, a wholly-owned subsidiary of ISB, was awarded MSC status by MDC on 25 May 2000, and was awarded a MSC research and development grant of approximately RM2.5 million on 30 August 2002 for the purposes of research and development into business intelligence analytics, predictive CRM, and Financial Data Interchange Protocol.

Further information on the ISB Group is disclosed in Section 5 of this Prospectus.

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2. INFORMATION SUMMARY (CONT'D)

2.2 OWNERSHIP AND MANAGEMENT

2.2.1 Promoters

Based on the Register of Members of ISB as at 27 January 2004, being the last practicable date prior to the printing of this Prospectus, the direct and indirect interests of the promoters of ISB in the issued and paid-up share capital of ISB after the Public Issue are as follows:

| Promoters | Nationality/ Place of incorporation | After Public Issue | | | |
|-----------------------------|---|---|--|---|--|
| | | Direct | | Indirect | |
| | | Number of ordinary shares of RM0.10 each | Percentage of share capital % | Number of ordinary shares of RM0.10 each | Percentage of share capital % |
| Azman bin Ahmad | Malaysian | 9,264,520 | 7.00 | - | - |
| Wong Hun Liang | Malaysian | 9,264,520 | 7.00 | - | - |
| Yau Yat Hoong | Malaysian | 9,264,520 | 7.00 | - | - |
| Tan Sin Chong | Malaysian | 9,264,520 | 7.00 | - | - |
| ITSB | Malaysia | 20,103,808 | 15.19 | - | - |
| TPM | Malaysia | 13,235,232 | 10.00 | - | - |
| XCSB | Malaysia | 19,602,900 | 14.81 | - | - |
| RPB Capital | Malaysia | 7,524,455 | 5.69 | - | - |
| KSSB | Malaysia | 1,327,845 | 1.00 | - | - |
| Dr. Shafiq Sit bin Abdullah | Malaysian | - | - | ⁽¹⁾ 20,103,808 | 15.19 |
| Sit Yin Keat | Malaysian | - | - | ⁽¹⁾ 20,103,808 | 15.19 |
| Reliance E-Com | Malaysia | - | - | ⁽²⁾ 19,602,900 | 14.81 |
| RPB | Malaysia | - | - | ⁽³⁾ 27,127,355 | 20.50 |

Notes:

- (1) Deemed interested by virtue of their direct substantial shareholdings in ITSB.
- (2) Deemed interested by virtue of its direct substantial shareholding in its wholly-owned subsidiary, XCSB.
- (3) Deemed interested by virtue of its direct substantial shareholdings in its wholly-owned subsidiaries, Reliance E-Com and RPB Capital.

2. INFORMATION SUMMARY (CONT'D)

2.2.2 Substantial Shareholders

Based on the Register of Substantial Shareholders of ISB as at 27 January 2004, being the last practicable date prior to the printing of this Prospectus, the direct and indirect interests of the substantial shareholders of ISB in the issued and paid-up share capital of ISB after the Public Issue are as follows:

| Substantial shareholders | Nationality/ Place of incorporation | After Public Issue | | | |
|-----------------------------|---|---|--|---|--|
| | | Direct | | Indirect | |
| | | Number of ordinary shares of RM0.10 each | Percentage of share capital % | Number of ordinary shares of RM0.10 each | Percentage of share capital % |
| Azman bin Ahmad | Malaysian | 9,264,520 | 7.00 | - | - |
| Wong Hun Liang | Malaysian | 9,264,520 | 7.00 | - | - |
| Yau Yat Hoong | Malaysian | 9,264,520 | 7.00 | - | - |
| ITSB | Malaysia | 20,103,808 | 15.19 | - | - |
| TPM | Malaysia | 13,235,232 | 10.00 | - | - |
| XCSB | Malaysia | 19,602,900 | 14.81 | - | - |
| RPB Capital | Malaysia | 7,524,455 | 5.69 | - | - |
| Tan Sin Chong | Malaysian | 9,264,520 | 7.00 | - | - |
| Ministry of Finance | Malaysia | - | - | ⁽¹⁾ 13,235,232 | 10.00 |
| Dr. Shafiq Sit bin Abdullah | Malaysian | - | - | ⁽²⁾ 20,103,808 | 15.19 |
| Sit Yin Keat | Malaysian | - | - | ⁽²⁾ 20,103,808 | 15.19 |
| Reliance E-Com | Malaysia | - | - | ⁽³⁾ 19,602,900 | 14.81 |
| RPB | Malaysia | - | - | ⁽⁴⁾ 27,127,355 | 20.50 |
| RHSB | Malaysia | - | - | ⁽⁵⁾ 27,127,355 | 20.50 |
| Dato' Gan Eng Kwong | Malaysian | - | - | ⁽⁶⁾ 27,127,355 | 20.50 |
| Datin Irene Tan | Malaysian | - | - | ⁽⁶⁾ 27,127,355 | 20.50 |

Notes:

- (1) Deemed interested by virtue of its direct substantial shareholding in TPM.
- (2) Deemed interested by virtue of their direct substantial shareholdings in ITSB.
- (3) Deemed interested by virtue of its direct substantial shareholding in its wholly-owned subsidiary, XCSB.
- (4) Deemed interested by virtue of its direct substantial shareholdings in its wholly-owned subsidiaries, Reliance E-Com and RPB Capital.
- (5) Deemed interested by virtue of its direct substantial shareholding in RPB.
- (6) Deemed interested by virtue of their direct substantial shareholdings in RHSB.

2. INFORMATION SUMMARY (CONT'D)

2.2.3 Directors

Based on the Register of Directors' Shareholdings of ISB as at 27 January 2004, being the last practicable date prior to the printing of this Prospectus, the direct and indirect interests of the Directors of ISB in the issued and paid-up share capital of ISB after the Public Issue are as follows:

| Directors | Nationality/ Place of incorporation | -----After Public Issue-----> | | | |
|--|---|---|--|---|--|
| | | <-----Direct-----> | | <-----Indirect-----> | |
| | | Number of ordinary shares of RM0.10 each | Percentage of share capital % | Number of ordinary shares of RM0.10 each | Percentage of share capital % |
| Dr. Shafiq Sit bin Abdullah | Malaysian | - | - | ⁽¹⁾ 20,103,808 | 15.19 |
| Azman bin Ahmad | Malaysian | 9,264,520 | 7.00 | - | - |
| Wong Hun Liang | Malaysian | 9,264,520 | 7.00 | - | - |
| Yau Yat Hoong | Malaysian | 9,264,520 | 7.00 | - | - |
| Thong Swe Cheong | Malaysian | - | - | - | - |
| Gricia Gan Mei Hoong ⁽²⁾ | Malaysian | - | - | - | - |
| Dr. Norbik Bashah bin Idris | Malaysian | - | - | - | - |
| Lim Eng Seng | Malaysian | - | - | - | - |
| Sit Yin Keat (Alternate Non-Executive Director to Dr. Shafiq Sit bin Abdullah) | Malaysian | - | - | ⁽¹⁾ 20,103,808 | 15.19 |

Notes:

- (1) Deemed interested by virtue of their direct substantial shareholdings in ITSB.
- (2) Gricia Gan Mei Hoong is not deemed as a substantial shareholder of ISB. However, she is the daughter of Dato' Gan Eng Kwong and Datin Irene Tan, both of whom are deemed to be substantial shareholders of ISB.

2. INFORMATION SUMMARY (CONT'D)

2.2.4 Key Management and Technical Personnel

Based on the Register of Members of ISB as at 27 January 2004, being the last practicable date prior to the printing of this Prospectus, the direct and indirect interests of the key management and technical personnel of the ISB Group in the issued and paid-up share capital of ISB after the Public Issue are as follows:

| Key management and technical personnel | Nationality/ Place of incorporation | After Public Issue | | | |
|--|--|--|-------------------------------|--|-------------------------------|
| | | Direct | | Indirect | |
| | | Number of ordinary shares of RM0.10 each | Percentage of share capital % | Number of ordinary shares of RM0.10 each | Percentage of share capital % |
| Azman bin Ahmad | Malaysian | 9,264,520 | 7.00 | - | - |
| Wong Hun Liang | Malaysian | 9,264,520 | 7.00 | - | - |
| Yau Yat Hoong | Malaysian | 9,264,520 | 7.00 | - | - |
| Sit Yin Keat | Malaysian | - | - | *20,103,808 | 15.19 |
| Chong Swee Choon | Malaysian | - | - | - | - |
| Toh Chun-Kit | Malaysian | - | - | - | - |

Note:

* Deemed interested by virtue of his direct substantial shareholding in ITSB.

Details of the promoters, substantial shareholders and Directors of ISB, and the key management and technical personnel of the ISB Group, and their direct and indirect interests in the issued and paid-up share capital of ISB are set out in Section 6 of this Prospectus.

2.3 PRODUCTS AND SERVICES

The products and services offered by the ISB Group include CRM, FMS and e-business solutions under the "INGENUITY[®]" brand name, hotel PMS applications, project consultancy and advisory services in the area of Enterprise Workflow solutions, and hardware and systems integrations.

The ISB Group's products and services are designed to run either on a stand-alone or modular basis, or as multi-user LAN-based applications catered for medium to large corporate ICT requirements. The Group's products and services under the "INGENUITY[®]" brand name are currently deployed in the automotive, education, hospitality, manufacturing and service industries in Malaysia.

The ISB Group, through IMSB, designs, develops and markets the following range of proprietary software products:

- CRM software applications;
- FMS software applications;
- e-business solutions; and
- Enterprise Workflow solutions, namely software solutions to automate the business operation and work processes of an enterprise.

In addition, IMSB also provides project consultancy and advisory services for corporations.

2. INFORMATION SUMMARY (CONT'D)

The ISB Group, through RCC, provides the following products and services:

- hospitality solutions with OA and process automation;
- systems integration;
- software development services in client-server and Internet technologies;
- LAN and WAN solutions provider; and
- data centre building.

Further details on the ISB Group's products and services are provided under Section 7.1 of this Prospectus.

2.4 RESEARCH AND DEVELOPMENT

The ISB Group has established a strong and committed team of research and development engineers to develop advanced innovations in the following:

- business intelligence analytics and predictive CRM; and
- Financial Data Interchange Protocol.

IMSB was awarded a MSC research and development grant of approximately RM2.5 million on 30 August 2002 for the purposes of the research and development in these areas.

The ISB Group has also established research and development programmes in respect of:

- the on-line integration of companies with existing hotel PMS using XML technology; and
- Lotus Notes work process system.

The ISB Group has also appointed a Research and Development Advisory Panel, comprising members from the ISB Group and industry and technical experts, in order to advise the ISB Group on technological and industry developments and directions.

Further details on the ISB Group's research and development capabilities and efforts are disclosed in Section 7.8 of this Prospectus, while details of the Research and Development Advisory Panel are set out in Section 6.6 of this Prospectus.

2.5 TECHNOLOGY AND INTELLECTUAL PROPERTY

The ISB Group's proprietary software architecture, **INGENUITY**[®], is developed based on fourth-generation open software development tools. The development follows an Extensible and Distributed Internet Architecture strategy being executed by the major relational database providers driving the majority of Internet e-businesses. This architecture allows the complete front-to-back functionality within the ISB Group's proprietary software to be extended over the Internet, Intranets and Extranets and acknowledging its cost benefits.

The **INGENUITY**[®] proprietary software architecture takes advantage of open software technologies to further enable the rapid development of enterprise software solutions. Using open Web services and leveraging on XML-based Web integration standards, the ISB Group is able to lower customers' automation costs and accelerate the delivery of software modules.

The technology architecture of the ISB Group's proprietary software conforms to major technology standards. This provides a technology framework through an open architecture infrastructure on multiple layers, allowing the integration of "best of breed" technologies.

2. INFORMATION SUMMARY (CONT'D)

The ISB Group regards its intellectual property rights as crucial 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. The ISB Group's intellectual property includes, inter alia, the following:

- copyrights in relation to the proprietary software which the ISB Group designed and developed;
- the brand name "INGENUITY®" was registered by IMSB with the Registrar of Trademarks on 16 April 2001; the registration is valid for a period of ten years from 16 April 2001;
- 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
- trade secrets and other confidential business information which is used in the ISB Group's business and which gives it competitive business advantage, the opportunity of obtaining such advantage or the disclosure of which could be detrimental to the conduct of its business.

The ISB Group relies on a combination of trademark applications and common law copyright protection and contractual restrictions to protect its intellectual property rights.

Further details of the ISB Group's technology and intellectual property rights are set out in Section 7.7 of this Prospectus.

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2. INFORMATION SUMMARY (CONT'D)

2.6 PROFORMA CONSOLIDATED INCOME STATEMENT OF THE ISB GROUP

The following table sets forth a summary of the proforma consolidated income statement of the ISB Group for the past 5 financial years ended 31 March 2003, and the financial period from 1 April 2003 to 30 September 2003, prepared based on the assumption that the current structure of the ISB Group has been in existence throughout the financial years and period under review. The proforma consolidated income statement is presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set forth in Section 14 of this Prospectus.

| | ←----- Audited -----> | | | | | |
|---|--|--------|--------|--------|--------|---------------------|
| | ←----- Financial years ended 31 March -----> | | | | | 1 April to |
| | 1999 | 2000 | 2001 | 2002 | 2003 | 30 September |
| | RM 000 | RM 000 | RM 000 | RM 000 | RM 000 | 2003 RM 000 |
| Turnover | 2,452 | 3,413 | 5,859 | 4,790 | 5,578 | 3,751 |
| Consolidated (loss)/profit before amortisation, depreciation, interest and taxation | 44 | 177 | 553 | 1,139 | 2,020 | 2,241 |
| Amortisation | (212) | (50) | - | - | (76) | (38) |
| Depreciation | (89) | (70) | (89) | (96) | (151) | (106) |
| Interest expense | (77) | (58) | (51) | (58) | (57) | (28) |
| Consolidated (loss)/PBT but after amortisation, depreciation and interest | (334) | (1) | 413 | 985 | 1,736 | 2,069 |
| Taxation ⁽¹⁾ | - | - | 17 | (57) | (111) | (68) |
| Consolidated (loss)/PAT | (334) | (1) | 430 | 928 | 1,625 | 2,001 |
| Number of ordinary shares of RM0.10 each in ISB assumed in issue (000) ⁽²⁾ | 98,852 | 98,852 | 98,852 | 98,852 | 98,852 | 98,852 |
| Gross (loss per share)/EPS (sen) ⁽³⁾ | (0.34) | * | 0.42 | 1.00 | 1.76 | ⁽⁵⁾ 4.19 |
| Net (loss per share)/ EPS (sen) ⁽⁴⁾ | (0.34) | * | 0.43 | 0.94 | 1.64 | ⁽⁵⁾ 4.06 |

Notes:

- * Less than 0.01 sen.
- (1) The under/overprovision of taxation has been adjusted to the relevant financial years/period concerned.
- (2) Being the number of ordinary shares of RM0.10 each in ISB assumed in issue before the Public Issue.
- (3) The gross (loss per share)/EPS is computed based on the consolidated (loss)/PBT divided by the number of ordinary shares of RM0.10 each in ISB assumed in issue.
- (4) The net (loss per share)/EPS is computed based on the consolidated (loss)/PAT divided by the number of ordinary shares of RM0.10 each in ISB assumed in issue.
- (5) Annualised for comparison purposes only.

There were no extraordinary items or exceptional items during the financial years/period under review.

The ISB Group's audited financial statements for the past 5 financial years have not been subjected to any audit qualification. Detailed information on the proforma consolidated income statement of the ISB Group is set out in Section 12 of this Prospectus.

2. INFORMATION SUMMARY (CONT'D)

2.7 PROFORMA CONSOLIDATED BALANCE SHEETS OF THE ISB GROUP AS AT 30 SEPTEMBER 2003

The following table sets forth a summary of the proforma consolidated balance sheets of the ISB Group as at 30 September 2003, for illustrative purposes only, to show the effects of the Acquisition of IMSB, Share Split, Acquisition of RCC, Divestment to TPM, Public Issue and the utilisation of proceeds, on the assumption that the Listing will be completed on 30 September 2003 and should be read with the notes and assumptions to the proforma consolidated balance sheets of the ISB Group as set forth in Section 15 of this Prospectus.

| | Audited as at 30 September 2003 RM | Proforma I After Acquisition of IMSB RM | Proforma II After Proforma I, Share Split, Acquisition of RCC and Divestment to TPM RM | Proforma III After Proforma I, Proforma II, Public Issue and utilisation of proceeds RM |
|--|--|---|--|--|
| Share Capital | 2 | 9,000,002 | 9,885,232 | 13,235,232 |
| Reserves | (4,172) | (3,594,822) | (3,283,639) | 9,291,361 |
| Shareholders' Fund | (4,170) | 5,405,180 | 6,601,593 | 22,526,593 |
| Deferred Taxation | - | - | 28,000 | 28,000 |
| Loan And Borrowings | - | 570,135 | 581,134 | 81,134 |
| | (4,170) | 5,975,315 | 7,210,727 | 22,635,727 |
| Represented By: | | | | |
| Property, Plant and Equipment | - | 1,082,941 | 1,661,807 | 1,661,807 |
| Development Costs | - | 3,312,169 | 3,312,169 | 3,312,169 |
| Current Assets | | | | |
| Inventories | - | - | 108,223 | 108,223 |
| Receivables | - | 1,653,896 | 3,276,932 | 3,276,932 |
| Cash and Bank Balances | 2 | 818,179 | 820,679 | 16,245,679 |
| | 2 | 2,472,075 | 4,205,834 | 19,630,834 |
| Current Liabilities | | | | |
| Payables | 4,172 | 891,870 | 1,707,488 | 1,707,488 |
| Bank Borrowings | - | - | 251,045 | 251,045 |
| Tax Payable | - | - | 10,550 | 10,550 |
| | 4,172 | 891,870 | 1,969,083 | 1,969,083 |
| Net Current (Liabilities)/Assets | (4,170) | 1,580,205 | 2,236,751 | 17,661,751 |
| | (4,170) | 5,975,315 | 7,210,727 | 22,635,727 |
| Net Tangible (Liabilities)/NTA per ordinary share of RM1.00 each (RM) | (2,085) | 0.23 | - | - |
| NTA per ordinary share of RM0.10 each (sen) | - | - | 3.33 | 14.52 |

2. INFORMATION SUMMARY (CONT'D)

2.8 RISK FACTORS

Prospective investors, prior to making an investment in the Issue Shares, should carefully consider the risk factors inherent in and affecting the business of the ISB Group in addition to the other information contained elsewhere in this Prospectus. Factors that could cause or contribute to such differences include, without limitation, those highlighted in "Risk Factors" under Section 4 of this Prospectus and others highlighted throughout this Prospectus.

The key risk factors (which may not be exhaustive) that may affect the ISB Group's future profitability are (but are not limited to) financial risks, market risks and industry risks, and include the following:

- (i) no prior market for ISB shares;
- (ii) operating risks;
- (iii) competition;
- (iv) brand awareness;
- (v) rapid technological change in the ICT industry;
- (vi) dependence on directors and key management and technical personnel;
- (vii) technological risks;
- (viii) protection of the ISB Group's and third party proprietary technology and intellectual property rights;
- (ix) delays in research and development;
- (x) future capital injections;
- (xi) investment risks;
- (xii) paradigm shifts in the market;
- (xiii) continued control by existing shareholders;
- (xiv) foreign exchange risks;
- (xv) litigation risks;
- (xvi) regulatory risks;
- (xvii) change in MSC status;
- (xviii) uncertainty of the proposed 5-year business development plan;
- (xix) changes to general economic, political, legislative, business and/or credit conditions;
- (xx) forward-looking statements;
- (xxi) delays in or failure of the Listing; and
- (xxii) borrowings.

For details on these risk factors, please refer to Section 4 of this Prospectus.

2. INFORMATION SUMMARY (CONT'D)

2.9 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE

The following statistics relating to the Public Issue are derived from the full text of this Prospectus and should be read in conjunction with that text:

2.9.1 Share Capital

| | RM |
|---|-------------------|
| <i>Authorised</i> | |
| 250,000,000 ordinary shares of RM0.10 each | <u>25,000,000</u> |
| <i>Issued and fully-paid up share capital as at the date of this Prospectus</i> | |
| 98,852,320 ordinary shares of RM0.10 each | 9,885,232 |
| <i>To be issued pursuant to the Public Issue</i> | |
| 33,500,000 ordinary shares of RM0.10 each | 3,350,000 |
| <i>Enlarged issued and fully paid-up share capital</i> | <u>13,235,232</u> |

2.9.2 Classes of Shares and Ranking

There is only one class of shares in ISB, being ordinary shares of RM0.10 each. The Issue Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of ISB at the time of issue, including voting rights, and will be entitled to all rights and dividends and distribution that may be declared subsequent to the date of this Prospectus.

2.9.3 Issue Price

The Issue Price for each Issue Share RM0.55

2.9.4 Market Capitalisation

Market capitalisation of ISB upon Listing, based on the Issue Price of RM0.55 per Issue Share RM72,793,776

2.9.5 Proforma Consolidated NTA of the ISB Group as at 30 September 2003

| | |
|--|------------|
| Proforma consolidated NTA (RM) (after the Public Issue and deducting the total estimated listing expenses of RM2,500,000) | 19,214,424 |
| Proforma consolidated NTA per ordinary share (based on the enlarged issued and paid-up share capital of 132,352,320 ordinary shares of RM0.10 each in ISB upon Listing) (sen) | 14.52 |

Details of the proforma consolidated balance sheets of the ISB Group are set out in Section 15 of this Prospectus.

2. INFORMATION SUMMARY (CONT'D)

2.10 PROCEEDS OF THE PUBLIC ISSUE AND UTILISATION

The total gross proceeds from the Public Issue of RM18,425,000 are expected to be fully utilised for the core business of the Group by December 2006 as follows:

| | RM |
|----------------------------|------------|
| Research and development | 7,500,000 |
| Working capital | 7,925,000 |
| Repayment to XCSB | 500,000 |
| Estimated listing expenses | 2,500,000 |
| | 18,425,000 |

Detailed information on the utilisation of proceeds is set out in Section 3.7 of this Prospectus.

2.11 WORKING CAPITAL, BORROWINGS, MATERIAL COMMITMENT, CONTINGENT LIABILITIES AND MATERIAL LITIGATION**2.11.1 Working Capital**

The Directors of ISB are of the opinion that, after taking into account the consolidated cashflows, banking facilities available and the gross proceeds from the Public Issue, the ISB Group will have adequate working capital for its foreseeable requirements, in any case for a period of 12 months after the date of issuance of this Prospectus.

2.11.2 Borrowings

As at 27 January 2004, being the last practicable date prior to the printing of this Prospectus, the ISB Group's total outstanding borrowings amounted to approximately RM629,000. Details on the total outstanding borrowings are set out in Section 12.3(ii).

2.11.3 Material Commitment

As at 27 January 2004, being the last practicable date prior to the printing of this Prospectus, the Directors of ISB are not aware of any material capital commitment contracted or known to be contracted by ISB and/or its subsidiaries which, upon becoming enforceable, may have a material impact on the financial position of the ISB Group.

2.11.4 Contingent Liabilities

As at 27 January 2004, being the last practicable date prior to the printing of this Prospectus, the Directors of ISB are not aware of any contingent liabilities incurred by ISB and/or any of ISB's subsidiaries which, upon becoming enforceable, may have a material impact on the financial position of the ISB Group.

2.11.5 Material Litigation

As at 27 January 2004, being the last practicable date prior to the printing of this Prospectus, neither ISB nor any of its subsidiaries is engaged in any litigation and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of ISB or its subsidiaries, and the Directors of ISB are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the financial position or business of ISB and/or its subsidiaries.