

### 3. DETAILS OF THE PUBLIC ISSUE

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#### 3.1 INTRODUCTION

This Prospectus is dated 9 February 2004.

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 ROC who takes no responsibility for its contents.

**Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act 1991, MSEB has prescribed ISB Shares as a Prescribed Security. In consequence thereof, the Issue Shares offered through this Prospectus will be deposited directly with MCD and any dealings in these shares will be carried out in accordance with the Securities Industry (Central Depositories) Act 1991 and the Rules of MCD. No share certificates will be issued to successful applicants.**

The approval of the SC was obtained for the Public Issue on 19 September 2003, and the approval of the Exchange was obtained on 22 September 2003 for admission to the Official List of the MESDAQ Market, and for permission to deal in and for the listing of and quotation for the entire enlarged issued and paid-up share capital of ISB, including the Issue Shares which are the subject of this Prospectus, on the MESDAQ Market. These ordinary shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence after receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been dispatched to all successful applicants.

Pursuant to the Listing Requirements, ISB needs to have at least 25% but not more than 49% of the entire enlarged issued and paid-up share capital of ISB to be in the hands of public shareholders with a minimum number of 200 public shareholders, upon admission to the MESDAQ Market. ISB is expected to achieve this at the point of Listing. However, in the event that this requirement is not met pursuant to the Public Issue, ISB may not be allowed to proceed with the Listing. In the event therefore, monies paid in respect of all applications will be returned without interest.

An applicant should state his/her CDS Account number in the space provided in the Placement Application Form. Where an applicant does not presently have a CDS account, he/she should open a CDS account at an ADA prior to making an application for the ISB Shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by ISB and/or CIMB. Neither the delivery of this Prospectus nor any Public Issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of ISB or any of its subsidiaries, or of the ISB Group, since the date hereof.

The distribution of this Prospectus and the sale of the Issue Shares are subject to Malaysian law and CIMB and ISB take no responsibility for the distribution of this Prospectus and/or offer or sale of the Issue Shares outside Malaysia which may be restricted by law in other jurisdictions. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any Issue Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

**If you are in any doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or any other professional adviser immediately.**

### 3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

#### 3.2 PARTICULARS OF THE PUBLIC ISSUE

The Public Issue is subject to the terms and conditions contained in this Prospectus. All 33,500,000 Issue Shares are reserved for identified investors by way of private placement. Two pools of shares will be created and the breakdown of the private placement is as follows:

	Number of ordinary shares of RM0.10 each
(i) Pool A* - Retail Investors	2,000,000
(ii) Pool B** - Institutional/High net worth investors	31,500,000
Total	<u>33,500,000</u>

**Notes:**

\* Investors who apply for 10,000 shares or less.

\*\* Investors who apply for more than 10,000 shares.

The minimum level of subscription in respect of the Public Issue shall be the entire 33,500,000 Issue Shares. The said minimum level of subscription has been determined based on the number of ordinary shares required to meet the SC's public shareholding spread.

2,000,000 of the Issue Shares (being those from Pool A) will be underwritten at an underwriting commission of 2.5% of the Issue Price per Issue Share. 31,500,000 of the Issue Shares (being those from Pool B) will not be underwritten as the identified investors have provided irrevocable undertakings to subscribe for those shares.

#### 3.3 SHARE CAPITAL AND RIGHTS ATTACHING TO THE ISSUE SHARES

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

The issue price of RM0.55 per Issue Share is payable in full upon application.

**Class of shares and ranking**

There is only one class of shares in ISB, namely ordinary shares of RM0.10 each. The Issue Shares, when issued, shall rank pari passu in all respects with the other then existing issued and paid-up ordinary shares of RM0.10 each in ISB, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of this Prospectus.

Subject to special rights attaching to any share which may be issued by ISB in the future, the shareholders of ISB shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by ISB as dividends and other distributions, and the whole of any surplus in the event of liquidation of ISB, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with ISB's articles of association.

### 3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

Each shareholder shall be entitled to vote at any general meeting of ISB in person, by proxy or by attorney, and, on a show of hands, every person present who is a shareholder, or a representative, proxy or attorney of a shareholder, shall have one vote, and on a poll, every shareholder present in person, by proxy, by attorney or by duly authorised representative shall have one vote for each ordinary share held. A proxy may but need not be a member of ISB.

#### 3.4 OPENING AND CLOSING OF APPLICATION

Applications will be accepted from 10.00 a.m. on 9 February 2004 and will close at 5.00 p.m. on 17 February 2004 or for such later date or dates as the Directors of ISB and CIMB may in their absolute discretion mutually decide. Late applications will not be accepted. The indicative timing of events leading up to the listing of and quotation for the entire enlarged issued and paid-up share capital of ISB on the MESDAQ Market 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

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 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.

#### 3.5 PURPOSE OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:

- (i) to obtain the listing of and quotation for the entire issued and paid-up capital of ISB on the MESDAQ Market;
- (ii) to provide the ISB Group with access to the capital market to raise funds for future expansion and growth;
- (iii) to enhance the stature of the ISB Group in the marketing of its products and services, and to retain, and attract new, skilled employees; and
- (iv) to increase the ISB Group's profile in Malaysia and to facilitate greater quality deal flow.

#### 3.6 BASIS OF ARRIVING AT THE ISSUE PRICE

The issue price of RM0.55 per Issue Share was determined and agreed upon by ISB and CIMB, as the Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (i) the ISB Group's operating and financial history and conditions;
- (ii) the prospects of the ISB Group and the industry as outlined in Sections 7, 8 and 9 of this Prospectus;
- (iii) the prevailing market conditions; and
- (iv) the proforma consolidated NTA per ordinary share of approximately 14.52 sen as at 30 September 2003.

### 3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

Investors should also note that market price of the Issue Shares upon and subsequent to the Listing are subject to the vagaries of market forces and other uncertainties, which may affect the price of the said shares. Investors should bear in mind the risk factors set forth in Section 4 of this Prospectus before deciding on whether or not to invest in the Issue Shares.

#### 3.7 PROCEEDS FROM 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:

	Note	RM
Research and development	1	7,500,000
Working capital	2	7,925,000
Repayment to XCSB	3	500,000
Estimated listing expenses		2,500,000
		18,425,000

*Notes:*

- (1) *The provision is mainly for IMSB's software development in the area of predictive CRM, Financial Data Interchange Protocol, Advance Business Intelligence applications and Improved Human Computer interaction via wireless integration.*
- (2) *This amount will be utilised for working capital purposes, such as branding outreach programs, product marketing, promotion and packaging, billboard advertising and operation overheads over the 3 financial years ending 31 March 2006.*
- (3) *Repayment for the advances made by XCSB to IMSB from August 2001 to August 2002 for the purchase of hardware equipment.*

#### 3.8 PLACEMENT EXPENSES AND UNDERWRITING COMMISSION

The Placement Agent has agreed to place out all the 33,500,000 Issue Shares which are reserved for the identified investors. Placement fees shall be payable by ISB to the Placement Agent at the rate of 2.0% of the Issue Price for places identified and secured by the Placement Agent.

There is no brokerage fee payable by ISB as all the 33,500,000 Issue Shares will be issued by way of private placement to identified investors.

The Underwriter has agreed to underwrite 2,000,000 of the Issue Shares to be offered to identified investors. Underwriting commission is payable by the Company at the rate of 2.5% of the Issue Price per Issue Share.



### 3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

#### 3.9 DETAILS OF THE UNDERWRITING AGREEMENT

An underwriting agreement was entered into between the Company and CIMB ("Underwriter") on 17 December 2003 to underwrite 2,000,000 of the Issue Shares for an underwriting commission of 2.5% of the issue price of RM0.55 for each Issue Share underwritten.

The following is an extract of the salient provisions of the Underwriting Agreement entered into between ISB and the Underwriter:

##### (i) CONDITIONS PRECEDENT

The obligations of the Underwriter hereunder and the obligations of the Company to carry out and complete the issue of the Underwritten Shares are conditional as of the date hereof, and as of the Closing Date, on the performance by the Company of its obligations under this Agreement, and are also conditional upon:

- (a) the listing of and quotation for the entire issued and paid-up share capital of the Company on the MESDAQ Market of MSEB having been approved in principle by MSEB;
- (b) the IPO having been approved by MSEB and SC, on or prior to the Closing Date;
- (c) there not having been, on or prior to the Closing Date, any adverse change of or in the condition (financial or otherwise) of the Company and/or its subsidiaries from that set forth in the Prospectus which is material in the context of the IPO, nor the occurrence of any event rendering untrue or incorrect to an extent which is material as aforesaid which makes any representation or warranty contained in this Agreement and in the Prospectus untrue and incorrect in any material respect as though they have been given or made on such date, nor the occurrence of any breach of any of the warranties and undertakings set forth in clause 4 (Warranties and Undertakings of the Company);
- (d) the registration with the SC and the lodgement with the ROC of the Prospectus in its final form in accordance with the requirements of the Act;
- (e) the sale, issue and/or subscription of the Issue Shares under the IPO in accordance with the provisions hereof not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including MSEB);
- (f) all necessary approvals and consents required in relation to the IPO (including but not limited to shareholders' and governmental approvals) having been obtained and being in full force and effect;
- (g) the delivery to the Underwriter:
  - (i) prior to the date of the registration of the Prospectus, a copy (certified as a true copy by an authorised officer of the Company) of all resolutions of the directors and shareholders in general meeting of the Company approving this Agreement, the Prospectus, the IPO and authorising the execution of this Agreement and the issuance of the Prospectus; and
  - (ii) a certificate in the form or substantially the form contained in the Second Schedule, dated the date of the Prospectus and executed by duly authorised officers of the Company, stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in clause 3.1(c) (Conditions Precedent);

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**3. DETAILS OF THE PUBLIC ISSUE (CONT'D)**

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- (h) the delivery to the Underwriter on the Closing Date of such reports and confirmations, dated as of the Closing Date, from the directors of the Company as the Underwriters may reasonably require to ascertain that there is no material change subsequent to the date of this Agreement that will adversely affect the performance or financial position of the Company and/or its subsidiaries;
- (i) the Company having complied and the IPO is in compliance with the policies, guidelines and requirements of MSEB and the SC and all revisions, amendments and/or supplements thereto; and
- (j) the Company registering the Prospectus with the SC and the lodgement of the same with the ROC within two months from the date of this Agreement, or within such other period as the parties may mutually agree.

If any of the conditions set forth in clause 3.1 is not satisfied by the Closing Date, the Underwriter shall, save as provided in this clause 3.2 (Conditions Precedent), be entitled (following prior consultation with the Company) to terminate this Agreement by notice given to the Company not later than the Closing Date, and in that event (except for the liability of the Company for the payment of the expenses as provided in clause 7 (Costs and Expenses), and any right and/or liability of the Company and/or the Underwriter under clauses 4 (Warranties and Undertakings of the Company) or 5 (Warranties and Undertakings of the Underwriter), the parties shall be released and discharged from their respective obligations hereunder, provided that the Underwriter may at its discretion waive compliance with any provision of this clause 3 (Conditions Precedent) (in which case any condition so waived shall be deemed to have been satisfied without affecting the Company's obligations pursuant to the other provisions of this Agreement).

**(ii) EVENTS AFFECTING THE IPO**

Subject to prior consultation with the Company, the Underwriter shall be entitled to terminate this agreement by notice in writing delivered to the Company at any time on or before the Closing Date if the success of the IPO is, in the reasonable opinion of the Underwriter, jeopardised by:

- (a) any material breach by the Company of any of the representations, warranties or undertakings in clause 4 (Warranties and Undertakings of the Company) (which, if capable of remedy, is not remedied within three Market Days after notice of such breach shall have been given to the Company by the Underwriter);
- (b) any material and adverse change in the condition or any development resulting in a material and adverse change in the financial position of the Company and/or its subsidiaries from that described in the Prospectus; or
- (c) any material and adverse change in the markets of the products produced by the Company and/or its subsidiaries.

On delivery of such notice, this Agreement shall become null and void and each party's rights and obligations hereunder shall cease and none of the parties (except for the liability of the Company in respect of payments of costs and expenses referred to in clause 7 (Costs and Expenses) incurred prior to the termination or any other remedy which the Underwriter may have against the Company for and arising from such breach or adverse change) shall have any claim against each other. Thereafter, the Underwriter and the Company shall confer with a view to deferring the IPO or entering into a new underwriting agreement provided that the Company or the Underwriter shall not be under any obligation to enter into such new agreement.

**3. DETAILS OF THE PUBLIC ISSUE (CONT'D)**

The obligations of the Underwriter herein shall lapse after the expiry of three months from the date of this Agreement unless the Underwriter has consented to an extension of time beyond such period. In such event, the Company shall bear and pay all costs, charges and expenses incurred prior to the lapse of this Agreement.

**(iii) FORCE MAJEURE**

Notwithstanding anything herein contained, if in the reasonable opinion of the Underwriter:

- (a) there shall be any governmental requisition or other occurrence which would seriously affect the business of the Company and/or its subsidiaries, or there shall have been such a change in national or international monetary, financial, political or economic conditions, or in exchange control or currency exchange rates;
- (b) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriter by reason of Force Majeure which would have, or can reasonably be expected to have, a material adverse effect on the business or the operations of the Company or the success of the IPO, or which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or
- (c) the imposition of any moratorium, suspension or material restriction on trading in all securities generally on MSEB; or
- (d) the Kuala Lumpur Composite Index falling below 600 points and remains below 600 points for three 3 consecutive Market days at any time between the date of this Agreement and up to and including the Closing Date; or

which would prejudice materially the success of the IPO, then the Underwriter may by notice in writing to the Company terminate this Agreement before 5.00 p.m. on the Closing Date, and thereupon the parties shall (except for the liability of the Company for the payment of costs and expenses referred to in clause 7 (Costs and Expenses) incurred prior to and/or in connection with such termination or any other remedy which the Underwriter may have against the Company for or arising from such a situation mentioned in clauses 8.1(a) to (d)) be released and discharged from their respective obligations hereunder.

In the event of any termination, revocation or rescission of this Agreement by the Underwriter pursuant to its rights under this Agreement, or in the event of any termination of this Agreement by the Company, the Company shall pay or return to the Underwriter all moneys paid by them, if any, under or as a result of this Agreement together with interest thereon, which shall be at the prevailing Malayan Banking Berhad base lending rate calculated from (and including) the date on which it was paid to the Company up till (and including) the date on which it is paid to the Underwriter.

The Underwriter shall have the right to terminate this Agreement by notice in writing served by the Underwriter on the Company in the event that the Company does not obtain the approval in principle of MSEB for the listing and quotation for the entire issued and paid-up share capital of the Company on the MESDAQ Market of MSEB within two months from the Closing Date or such date as the parties may mutually agree in writing, and upon such termination, the liabilities of the Company and the Underwriter shall become null and void and none of the parties shall have any claim against each other except for the liability of the Company for the payment of costs and expenses as provided in clauses 6.4 (Commission), 6.5 (Commission) and 7 (Costs and Expenses), and the Company shall return to the Underwriter such moneys paid by the Underwriter pursuant to clause 2.4 (Underwriting Obligations) within forty-eight hours of the receipt of such notice.



### 3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

#### 3.10 ESTIMATED LISTING EXPENSES

The expenses of the Listing are estimated at approximately RM2,500,000, with the following estimated breakdown:

	RM
Professional fees	1,000,000
Fees to the authorities	91,000
Placement fees and underwriting commission	400,000
Printing and advertising	220,000
Miscellaneous expenses	789,000
	2,500,000

#### 3.11 APPROVALS AND CONDITIONS FROM AUTHORITIES

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of ISB on the MESDAQ Market, ISB undertook a restructuring exercise as described in Section 5.3, which was approved by the SC on 19 September 2003 and the Exchange on 22 September 2003. The conditions imposed by the SC and the Exchange in their respective approvals and the status of compliance are as follows:

Authority	Details of conditions imposed	Status of compliance
SC	1. ISB shall disclose in detail the status of its utilisation of the proceeds from the Public Issue in its quarterly reports and annual reports until all of such proceeds have been fully utilised.	To be complied with.
	2. Upon the Listing, the Bumiputera equity shareholding in ISB is expected to be approximately 25.59%. The Bumiputera equity shareholding in ISB shall be increased to at least 30% within five years after the Listing, or one year after ISB achieves profitability sufficient to qualify for the criteria for listing on the Second Board of MSEP, whichever is earlier.	To be complied with.
Exchange	1. ISB to disclose in the Prospectus the basis of valuation of IMSB and, in particular, the reasons why the earnings multiple method is deemed more appropriate over other methods of valuation. ISB to also disclose in the Prospectus the opinions of Messrs. BDO Binder in relation to the valuation of IMSB and a summary of the valuation report.	Complied. Please refer to Section 16.



### 3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

Authority	Details of conditions imposed	Status of compliance
Exchange (cont'd)	2. ISB to disclose in its Prospectus the consolidated financial statements assuming it had used the acquisition method to account for the acquisition of IMSB and to explain the rationale for adopting the merger method. In addition, ISB is also to explain in its Prospectus the difference arising from these two methods.	Complied. Please refer to Section 12.5.
	3. ISB and its subsidiary companies are to implement fixed terms of repayment or credit periods on all future trade-related transactions with related parties and/or companies, and to ensure that they are transacted at arm's length 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 the ISB Group.	Complied. Letter of confirmation from ISB was furnished to the Exchange on 15 December 2003.
	4. IMSB and RCC to collect all outstanding amounts due from related companies save for the deposit paid to Asia News Broadcasting Sdn Bhd, prior to the issuance of Prospectus.	Complied. Letter of confirmation from ISB was furnished to the Exchange on 15 December 2003.
	5. ISB to disclose in its Prospectus the salient terms of the new tenancy agreement with Far Pavilion Sdn Bhd and to state whether in the Board of Directors' view, the revised rental rate is at the prevailing market rental rate at that point in time.	Complied. Please refer to Sections 11.2(i) and 11.4(iii).
	6. ISB to inform the Exchange on the appointment of independent directors and provide confirmation that they qualify as independent directors under the Listing Requirements.	Complied. Letter informing the appointment and provide confirmation that they qualify as independent directors was furnished to the Exchange on 4 December 2003.
	7. ISB to include a negative statement in its Prospectus on the exclusion of profit forecast and projections from the Prospectus and the reasons therefor.	Complied. Please refer to Section 12.4.