8. INDUSTRY OVERVIEW

8.1 THE MALAYSIAN ECONOMY

After experiencing sluggish growth in 2001, the Malaysian economy rebounded strongly in 2002. Higher growth in 2002 bolstered optimism for a stronger economic performance in 2003 in anticipation of an improved world economic outlook. The prospect for a global economic recovery was, however, affected by recent geopolitical developments, in particular the war in Iraq, sporadic incidences of militancy and outbreak of the Severe Acute Respiratory Syndrome ("SARS"). During the second quarter of 2003, consumer and business sentiments in regional economies were particularly affected by the anxiety of a probable prolonged and widespread SARS epidemic that curtailed transport and tourism-related activities besides trade and investment flows.

Against this adverse global environment and concerns of further weakening of the already sluggish global economy, the Government has put in place a package of broad-based pro-growth measures in May 2003. The RM7.3 billion package of new strategies ("Package"), apart from providing immediate relief for the SARS-affected sectors, was to address structural and organisational issues towards sustaining economic growth in the medium and longer term. The strategic measures introduced boosted confidence necessary to stimulate domestic consumption and investment. In addition, the short war in Iraq and the quick containment of SARS provided the much-needed relief for the economy to ride over the difficult times and remain on track to a firmer growth trajectory.

Malaysia's sound economic fundamentals and expansionary fiscal and accommodative monetary policies, supplemented by the Government's proactive stimulus package, have helped to sustain high growth in the real GDP. After expanding 4.5% in the first half of 2003 and with prospects of sustained growth in the second half, the economy is set to achieve its targeted growth of 4.5% in 2003, higher than the 4.1% achieved in 2002.

The economy is expected to be driven by stronger domestic demand reinforced by a modest pick-up in external demand in the second half of the year. Exports will continue to be buoyed by global economic recovery and the upturn in electronics, especially in information technology-related products and equipment. On the domestic front, consumer spending continues to pick up, on account of favourable export earnings and high commodity prices, positive wealth effect from better stock market performance as well as rising consumer confidence. All sectors registered positive growth with manufacturing and services driving the economy.

The economic outlook for 2004 is envisaged to be favourable. Real GDP growth is expected to gain momentum and register a higher rate of 5.5%-6% in 2004. Growth is expected to emanate from higher exports on account of continuing improvement in world economic prospects while domestic demand will continue to be driven by pro-growth fiscal and monetary measures. More buoyant activities are expected for high value-added industries as well as information technology, telecommunications, transport and finance.

(Source: Economic Report 2003/2004, Ministry of Finance, Malaysia)

8.2 THE ICT INDUSTRY

In Malaysia, the period from 1996 to 2000 saw a rapid growth in ICT utilisation. Investments in ICT expanded at a rate of 9.2% per annum from RM3.8 billion in 1995 to RM5.9 billion in 2000, due largely to an increase in local awareness of the importance of production, diffusion and utilisation of knowledge and information for improving competitiveness and overall economic performance. Special incentives, such as the abolition of sales tax on computers and components, and the granting of accelerated capital allowances for expenses on computers and other ICT equipment also assisted in the increased usage of ICT.

The extent of ICT usage was also measured in terms of personal computer and Internet penetration rates. The number of personal computers installed rose dramatically from 610,000 in 1995 to 2,200,000 in 2000. Further, there was an increase in the usage of the Internet by households and businesses; the number of Internet subscribers increased from 13,000 in 1995 to about 1,200,000 in 2000. However, penetration rates were still low at 9.0% of the population for personal computers and 7.0% of the population for the Internet.

The growth of the Internet as a consumer technology has also led to the accelerated use of e-commerce globally as well as nationally. The e-commerce market was estimated to have increased from USD1 billion in 1998 to USD6 billion in 2000 in the Asia-Pacific region. E-commerce has also helped reshape market places and trading relationships as well as lowered international trading boundaries. It has presented opportunities for businesses to improve competitiveness, have a higher global presence, undertake customisation and create novel businesses.

(Source: Economic Report 2002/2003, Ministry of Finance, Malaysia)

Within the ICT agenda, the penetration rate in Internet usage has surged from 10.6 per 100-population in 2000 to 20.0 per 100 population in 2003 for urban areas as at end-June 2003. As for the rural areas, the progress is also almost two-fold from 1.3 to 2.5 per 100-population in 2003. Internet connectivity is also being extended to 750 locations for rural schools through the SchoolNet Programme, public libraries as well as clinics throughout the country. As a result of Government programmes, In the Government sector, the establishment of the electronic-government ("e-Government") is an initiative towards accelerating information flows and expediting transactions, such as through the e-Procurement and e-Payment.

The MSC continues to show progress by providing infrastructure support for the development of ICT industries, as the country moves towards a knowledge-based economy. By August 2003, 914 companies, comprising 20% foreign companies, were awarded MSC status. Planned investment in the designated areas covering activities of IT services and software development has reached RM13 billion in 2003, an increase of 34% against the previous year. The MSC has since created 21,270 jobs, out of which 86% involves knowledge workers. Currently, 59 world-class companies operate in MSC as against 53 the year before. Reflecting improved demand in the technology sector, total sales generated from the MSC in 2003 amounted to RM5.85 billion, of which 17.5% were from exports.

(Source: Economic Report 2003/2004, Ministry of Finance, Malaysia)

In Malaysia, the future thrust of the Government will be to shift the growth strategy from input-driven to one that is knowledge-driven. Efforts will be made to further enhance the development of the ICT sector and position Malaysia as a major global ICT and multimedia hub. ICT will be used as a key enabler to facilitate local companies to compete globally, especially in sectors such as banking and finance, logistics, manufacturing and key services. Efforts to create a stable and supportive environment for e-commerce will also be a priority. The Government will undertake measures to build trust and confidence in e-commerce by introducing a legal framework on personal data protection, and infrastructure and logistical support, which encompass networks, payment systems and logistics, will also be provided to enhance the development of e-commerce.

(Source: The Eighth Malaysia Plan 2000-2005)

The Government has committed to MSC status companies that it would provide a comprehensive and realistic regulatory framework of cyberlaws and intellectual property laws to facilitate and assist in the development of an ICT and multimedia environment. The Government has also committed to a ten-point Bill of Guarantees to MSC status companies, including matters such as the provision of competitive fiscal incentives (such as tax holidays), no duties on imports of multimedia equipment, freedom to source capital globally, and unrestricted employment and movement of knowledge workers.

(Source: www.msc.com.my, 9 December 2003)

The total ICT market in Malaysia reached USD2.1 billion in 2002, in which the small- and medium-enterprises industry constituted 33.6% of this market. With the increased focus on ICT, the small- and medium-enterprises industry looks set for more growth. There is a growing trend for small- and medium-enterprises to invest in ICT solutions to enhance their business processes, and software and services spending is expected to account for 46.6% of the market by 2007. Based on IDC's annual end-user survey, large opportunities appeared to be still available for CRM in the Malaysian market, as many companies were then yet to implement CRM. Furthermore, the Internet software market appears poised for continually strong growth in the near term as an increasing number of end-users adopt these products rather than develop their own Internet software solutions.

(Source: IDC, July 2003)

In addition, despite the sluggish economy since 2000, the market for solutions integration has been growing at a steady rate, and is forecasted to grow at a CAGR of 12.9% over the next five years from 2002. By 2006, it is estimated that solution services revenues, that include revenues generated from Enterprise Resource Management, CRM, Supply Chain Management and Knowledge Management, will reach USD152 million in Malaysia.

(Source: IDC, May 2003)

Based on the IDC Continuum 2003 survey, the flavour of ICT investments in 2002 in the Asia-Pacific region seemed to be defensive, covering security, infrastructure and back-office applications. This is expected to continue in 2003 as global political and economic uncertainties persist. However, spending on ICT services and software in Asia/Pacific (excluding Japan) region is expected to grow by 7.6% in 2003. In the Asia-Pacific region (excluding Japan), ICT spending is expected to grow by 4.1% from 2002 to 2003, and will be worth USD75.3 billion in 2003. Growth in software will be driven via modular implementation and by software that simplifies operations. Resource optimisation, virtualisation and the need for enhanced security and business continuity will also drive market growth.

(Source: IDC, July 2003)

In Malaysia, ICT spending is expected to grow 4.3% in 2003 annually, to reach USD2.2 billion. One of the key growth segments will be ICT services spending, which is expected to record an annual growth rate of 9.7% in 2003. This is mainly due to an increase in outsourcing and contract-based spending. Although project-based services projects are expected to increase, the value of service charges will decline, as competitive pressures will force service providers to reduce prices.

(Source: IDC, July 2003)

In the Budget 2004 that was announced on 12 September 2003, many of the proposed measures on ICT were geared towards developing a vibrant domestic technology sector, which should further help transform the Malaysian economy into one which is domestic investment-led. One of the highlights was the reduction by Telekom Malaysia Berhad in broadband Internet access charges for both home and commercial users. While home users will get a 30% discount, commercial users will see a two-phase price reduction of up to 50%, with the first phase covering a discount of 30%. It is expected that such price reductions will ensure wider access to the Internet and promote e-commerce through wider and cheaper access to broadband Internet.

(Source: Budget 2004)

9. SUMMARY OF THE 5-YEAR BUSINESS DEVELOPMENT PLAN

The ISB Group believes that it has developed a suite of proprietary, world-class and cost competitive software solutions to meet the requirements of businesses in Malaysia. The Company's goal is to become one of the leading homegrown providers of enterprise software solutions. To accomplish this, ISB and its subsidiaries will undertake the following strategies:

9.1 Establish the INGENUITY® brand as a leading source for enterprise software solutions

ISB will work with the appropriate media partners and public relations firms to establish the INGENUITY® brand as a leading source for enterprise software solutions. ISB will ensure that a cohesive and comprehensive communications programme is created to support brand building initiatives upon the successful listing of ISB. This will include activities to strengthen media relations and investor relations for ISB.

9.2 Research and development

R&D is crucial to the sustainability and future growth of any software companies. To this end, IMSB has committed significant resources for its R&D program since its inception. In August 2002, the company was awarded the MSC R&D Grant Scheme amounting to approximately RM2.5 million. Following that, IMSB has established its R&D Centre at TPM. The R&D project will be carried out on tasks and deliverables for two major areas, which will be integrated into the existing INGENUITY CRM core components to form a world class CRM solution over a period of 24 months:

(a) Business Intelligence Analytics and Predictive Customer Management; and

(b) Financial Data Interchange Protocol.

To ensure the success of this R&D project, IMSB has formed an advisory panel to advise the company on every aspect of this project. These distinguished individuals have broad based knowledge in research methodology, software design, engineering and security, as well as strong domain knowledge in the field of CRM software. Furthermore, their significant experience in information technology research, education and consultancy will ensure that the company is in a good position to successfully commercialise the project. The advisory panel comprises the following members:

(i) Dr. Norbik Bashah bin Idris - Director, Centre for Advanced Software Engineering, Universiti Teknologi Malaysia and Chairman, IT Security Standardisation for the Prime Minister's Department

(ii) Dr. Zahran bin Halim - Fellow, Malaysian Academy of Science

(iii) Dr. Zaidah binti Razak - IT Consultant

(iv) Dr. Cesar Montes - Avatars Virtual Technologies, Spain

(v) Dr. Javier Segovia - Avatars Virtual Technologies, Spain

9.3 Develop sales and marketing channels for market expansion

The ISB Group will increase its manpower to support sales and marketing of its products and services. The ISB Group intends to work with strategic channel partners in the US, Singapore and Australia to further leverage their distribution capabilities. The ISB Group will also explore cooperative marketing and sales arrangements with partners in Indonesia, India and China to enlarge its client base.

The ISB Group will initially undertake systems sourcing, development and implementation for its customer base. However, as the business expands, the ISB Group will consider appointing third-party IT-services companies, dealers, systems integrators or channel marketing partners to implement its products. This will also help expand the market reach of the ISB Group's products and reduce the direct marketing costs.

IMSB will target companies in Malaysia and regionally by leveraging on the network of contacts of its shareholders, strategic partners, channel partners and marketing team while RCC will leverage on its long-established presence in providing hardware, software and services to the travel and hospitality sector. RCC will continue to expand its sales and marketing effort within its core industry sector to further strengthen its position in the marketplace.

9.4 Leverage relationship in key industry sectors

Given the Group's successful entry into the automotive, education and hospitality sector with its current suite of products, the ISB Group will continue to focus its sales and marketing effort on major players in these industries. In this regard, the ISB Group will leverage its experience at the Reliance Pacific Berhad group of companies, Systematic Group of Colleges, PROTON and PERODUA sales dealers to make further inroads into these sectors. The ISB Group will leverage on its strength to build an extensive network of dealers/agents across the country to provide a larger potential customer base and market share.

The ISB Group will begin discussions with management consulting firms to discuss the implementation of Enterprise Workflow improvement processes for multinationals. The ISB Group believes that there is untapped opportunity in the business of re-engineering workflow and supply chain for large organisations that will eventually result in long-term improvements and cost reduction. These partnerships will help the ISB Group market its solutions and services to an even wider range of clientele/businesses.

RCC's vision is to position itself as one of the top five hospitality solutions provider in Malaysia and Singapore by 2006/2007. As such, RCC will continue to focus on software for the hospitality industry where it can leverage on its vast network of contacts. Furthermore, RCC has the competitive edge to provide a unique solution to cater for the special business environment of the hospitality industry.

The tourism and hospitality industry in Malaysia is one of the largest revenue earners for Malaysia. Based on information from Tourism Malaysia, the country received 12.8 million visitors for the year 2001 and 85% are from Asia region. In 2002, this figure has increased by about 4% to 13.3 million visitors. Furthermore, hotel chains are increasingly aware of the need to use information technology to improve productivity in their operations as well as reduce operating expenses. The company believes that RCC's proprietary software solutions have a higher entry barrier since they are either developed in-house or RCC holds the exclusive license to distribute and support the software in Malaysia. RCC's strategy for the next few financial years is to focus on enhancing its current software and sourcing rights to distribute new exciting hospitality software globally.

9.5 Leverage technology expertise

The ISB Group intends to work with its technology partners to develop the necessary technical skills and expertise within the company through technology transfer, as well as utilising advanced software development tools to enhance the ISB Group's existing products. The ISB Group has collaborative arrangements with the following parties to leverage on their technology expertise and/or market reach:

(i) The European Network for Intelligent Information Interface ("i3net"), an international research group based in Madrid, Spain

(ii) Centre for Advanced Software Engineering, Universiti Teknologi Malaysia

(iii) Philips Malaysia Sdn Bhd, in connection with the development of telephony and wireless devices for CRM interfaces

9.6 Commitment on product enhancement

The ISB Group will maintain its TPM office for product R&D and plans to set up a co-location R&D center in San Jose, California to maintain close rapport with Silicon Valley by 2005. This allows the ISB Group to continuously research and develop products and services that will ensure ISB's product sustainability and users' acceptance as market demand changes. The US co-location office will spearhead the development of new ideas, where future products are prototyped and brought back to Malaysia to maintain a high standard of software development within the Group.

Future development of new software within RCC in the pipeline include:

(a) Integrating online companies with existing Hotel PMS using XML technology. This can be done via the construction of a 'technology-bridge', allowing two or more properties, which are on different systems to connect to one central database without having to change the existing PMS solution it is using. The central database can be linked to many online companies, providing access to inventory and pricing information of multiple hotels. The revenue streams will consist of one flat set up fee, technical support fee and recurring transaction fee. The level of development may vary according to the customers' requirement.

(b) Development of a work process system for its clients that adds on to RCC's existing Lotus Notes software development. This creates a total front to back office system for a hotel or property. The system will have the capability to manage and automate the hotel's work processes. This project requires the software developer to have intimate knowledge and expertise in the management of hotels. The level of development may vary according to the customers' requirement.

9.7 Expansion of services through collaborations, partnerships and acquisitions

The ISB Group will constantly evaluate and monitor collaborations, partnerships and possible acquisitions over the next five years. To continuously grow ISB's market share and shareholders' value, ISB may expand through acquisitions of companies if the opportunity compliments ISB's business model. These companies, if and when identified and acquired, will be integrated into ISB's operations to provide synergistic benefits to the Group in the areas of stronger product suites that complements ISB's current products, a stronger management team, as well as a captive market for its products and services. The funding for such acquisitions may be sourced from internally generated funds, or other sources of funding such as borrowings, or a combination of the above.

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10 MORATORIUM ON THE PROMOTERS' SHARES AND PROFIT GUARANTEE

10.1 MORATORIUM ON THE PROMOTERS' SHARES

Paragraph 2.10.2 of the Listing Requirements states that shares that are held by the promoters of ISB amounting to 45% of the nominal issued and paid-up share capital of ISB as at the date of admission of ISB to the Official List of the MESDAQ Market be placed under moratorium. The promoters of ISB whose shares are subject to moratorium are as follows:

	After Public Issue		Under Moratorium	
Promoters	Number of ordinary shares of RM0.10 each	Percentage of share capital %	Number of ordinary shares of RM0.10 each	Percentage of enlarged share capital %
ITSB	20,103,808	15.19	7,941,139	6.00
TPM	13,235,232	10.00	6,617,616	5.00
XCSB	19,602,900	14.81	15,882,279	12.00
Azman bin Ahmad	9,264,520	7.00	7,941,139	6.00
Yau Yat Hoong	9,264,520	7.00	7,941,139	6.00
Wong Hun Liang	9,264,520	7.00	7,941,139	6.00
Tan Sin Chong	9,264,520	7.00	5,294,093	4.00
			59,558,544	45.00

The quantum and proportion of ordinary shares of RM0.10 each in ISB which are to be held under moratorium as described above are fully accepted by the promoters of ISB, representing 45% of the enlarged issued and paid-up share capital of the Company.

The promoter of ISB will not be allowed to sell, transfer or otherwise dispose of any part of his respective interests in the ordinary shares of RM0.10 each in ISB under the moratorium within 1 year from the date of admission of ISB to the Official List of the MESDAQ Market, and thereafter, he is permitted to sell, transfer or otherwise dispose of up to a maximum of one-third per annum of his respective shareholdings under moratorium on a straight-line basis.

This restriction is specifically endorsed on the notice of allotment and share certificates of ISB representing the respective shareholdings of the promoters of ISB which are under moratorium, to ensure that ISB's share registrars shall not register any transfer not in compliance with the moratorium restrictions. This restriction has been fully accepted by the said promoters.

10.2 PROFIT GUARANTEE

As part of the conditions under the Sale and Purchase Agreement dated 21 May 2003 between RPB Capital, KSSB and ISB, in connection with the Acquisition of RCC, a profit guarantee in relation to RCC was given by RPB Capital and KSSB to ISB on the following terms:

(i) RPB Capital and KSSB jointly and severally, unconditionally and irrevocably warrant to ISB that the audited consolidated profit before tax of RCC for:

    (a) the financial year ending 31 March 2003 shall not be less than RM249,000; and

    (b) the financial year ending 31 March 2004 shall not be less than RM446,000;

(ii) RPB Capital and KSSB jointly and severally undertake with ISB that they shall, within 21 business days from the date of their receipt of the audited financial statements of RCC for the relevant financial year, and without the need for any demand on the part of ISB, pay to ISB an amount in RM equivalent to any shortfall of the profit warranted as described in Section 10.2(b) of this Prospectus;

(iii) In the event that RPB Capital and KSSB fail to pay any such shortfall, ISB shall be entitled to take any and all such actions as may be available in law to recover that shortfall;

(iv) No security is given by any of RPB Capital and KSSB for this guarantee; and

(v) RPB Capital and KSSB may vary these terms only with the mutual consent of ISB.

For the financial year ended 31 March 2003, RCC recorded an audited consolidated profit before tax amounting to RM243,281 as opposed to the warranted amount of RM249,000 referred to in Section 10.2(i)(a). The amount of this shortfall of RM5,719 has been paid to ISB in accordance with the foregoing terms.

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11. CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

11.1 CONFLICT OF INTEREST

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

Shamsir Jasani Grant Thornton has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Reporting Accountants for the Listing.

Zain & Co. has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Solicitors for the Listing.

11.2 RELATED PARTY TRANSACTIONS WITH DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL

Save as disclosed below, there is no contract or arrangement with ISB or any of ISB's subsidiaries that is subsisting and which involves an interest of a Director, substantial shareholder or key management or technical personnel of ISB:

(i) A Tenancy Agreement dated 15 October 2003 was entered into between IMSB and Far Pavilion Sdn Bhd, pursuant to which Far Pavilion Sdn Bhd agreed to let to IMSB premises located at 17 Jalan Inai, 55100 Kuala Lumpur for a period commencing 1 September 2003 and expiring 1 September 2004 for a monthly rental of RM3,500. The tenancy is for a fixed term of one year, and neither party may terminate the tenancy during this period. The tenancy may be renewed upon its expiry at such rate of rental as may be mutually agreed upon between the parties. The transaction value for the financial period ended 30 September 2003 was RM21,000 while the estimated transaction value for the financial year ending 31 March 2004 is approximately RM42,000. Dr. Shafiq Sit bin Abdullah is a shareholder, and Sit Yin Keat is a shareholder and director, of Far Pavilion Sdn Bhd. The Board of Directors of ISB is of the opinion that the tenancy and the rental are no more than the prevailing market rental rate at this point in time;

(ii) A Service Agreement dated 31 March 2001 was entered into between RCC and Reliance Advertising Sdn Bhd* for the provision of maintenance services for personal computers for the sum of RM30 per service hour, to be billed on a monthly basis, for annually-renewed periods of 12 months each commencing 1 April 2001. The transaction value for the financial period ended 30 September 2003 was approximately RM5,012 while the estimated transaction value for the financial year ending 31 March 2004 is approximately RM9,495;

(iii) A Service Agreement dated 31 March 2001 was entered into between RCC and RPB* for the provision of maintenance services for personal computers for the sum of RM30 per service hour, to be billed on a monthly basis, for annually-renewed periods of 12 months each commencing 1 April 2001. The transaction value for the financial period ended 30 September 2003 was approximately RM363,288 while the estimated transaction value for the financial year ending 31 March 2004 is approximately RM627,164;

(iv) A Service Agreement dated 31 March 2001 was entered into between RCC and Reliance Shipping & Travel Agencies Sdn Bhd* for the provision of maintenance services for personal computers for the sum of RM30 per service hour, to be billed on a monthly basis, for annually-renewed periods of 12 months each commencing 1 April 2001. The transaction value for the financial period ended 30 September 2003 was approximately RM223,567 while the estimated transaction value for the financial year ending 31 March 2004 is approximately RM423,568;

(v) A Service Agreement dated 31 March 2001 was entered into between RCC and Reliance Sightseeing Sdn Bhd* for the provision of maintenance services for personal computers for the sum of RM30 per service hour, to be billed on a monthly basis, for annually-renewed periods of 12 months each commencing 1 April 2001. The transaction value for the financial period ended 30 September 2003 was approximately RM50,880 while the estimated transaction value for the financial year ending 31 March 2004 is approximately RM109,508; and

(vi) A Tenancy Agreement dated 19 November 2002 was entered into between IMSB and TPM, pursuant to which TPM agreed to let to IMSB premises located at Lot L3-I-6, Enterprise 4, Technology Park Malaysia, Lebuhraya Puchong-Sungai Besi, Bukit Jalil, 57000 Kuala Lumpur for a period commencing 1 December 2002 to 30 November 2004 for a total monthly rental of RM5,034 for the first year, and a total monthly rental of RM6,165 for the second year. The transaction value for the financial period ended 30 September 2003 was approximately RM30,000 while the estimated transaction value for the financial year ending 31 March 2004 is approximately RM65,000.

(vii) A Sub-Tenancy Agreement dated 18 June 2002 was entered into between RPB Development Sdn Bhd* and RCC, pursuant to which RPB Development Sdn Bhd agreed to sub-let to RCC premises located at Unit A-6-3 Megan Phileo Avenue, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur for a period of three years commencing 1 December 2001 to 30 November 2004 for a monthly rental of RM4,930 for the first two years, and RM5,528 for the third year. The sub-tenancy is for a fixed term of three years, and is renewable subject to rental rates to be mutually agreed between the parties. The transaction value for the financial period from 1 April 2003 to 30 September 2003 was approximately RM29,582 while the estimated transaction value for the financial year ending 31 March 2004 is approximately RM61,555. RPB Development Sdn Bhd is a subsidiary of RPB. The Board of Directors of ISB is of the opinion that the sub-tenancy and rental are no more than the prevailing market rental rate at this point in time.

Note:

* *Reliance Advertising Sdn Bhd, RPB, Reliance Shipping & Travel Agencies Sdn Bhd, Reliance Sightseeing Sdn Bhd and RPB Development Sdn Bhd are deemed related parties of ISB by virtue of them being companies indirectly controlled by Dato' Gan Eng Kwong and Datin Irene Tan, both of whom are deemed indirect substantial shareholders of ISB.*

There is no transaction that is unusual in its nature or condition, involving goods, services, or tangible or intangible assets, to which ISB or any of its subsidiaries or substantial shareholders was a party in respect of the financial year ended 31 March 2003, and in the subsequent financial period immediately preceding the date of this Prospectus.

There is no amount of outstanding loan (including guarantees of any kind) that has been made by ISB or any of its subsidiaries or substantial shareholders to or for the benefit of any Director, substantial shareholder or person connected with such Director or substantial shareholder, as at the date of this Prospectus.

11.3 INTERESTS IN A SIMILAR TRADE

Save as disclosed below, none of the Directors and substantial shareholders of ISB has any interest, direct or indirect, in any other business or company which is carrying on a trade similar to that of ISB and/or its subsidiaries:

XCSB's principal activities are investments in electronic commerce businesses and companies. XCSB's prior investment in IMSB was one of such investments.

TPM invests in computer software and hardware businesses and companies, and other businesses and companies involved in high-technology. TPM's investment in ISB was one of such investments.

11.4 INTERESTS IN MATERIAL ASSETS ACQUIRED, DISPOSED OF OR LEASED

Save as disclosed below, none of the Directors and substantial shareholders of ISB has any interest, direct or indirect, in any promotion of, or in, any material asset, within the 2 years preceding the date of this Prospectus, acquired by, disposed of by, or leased to ISB or any of its subsidiaries, or is proposed to be acquired by, disposed of or leased to ISB or any of its subsidiaries:

(i) Pursuant to a Sale and Purchase Agreement dated 21 May 2003, ISB acquired all of the issued and paid-up share capital of IMSB comprising 1,100,000 ordinary shares of RM1.00 each from XCSB, Azman bin Ahmad, Yau Yat Hoong, Wong Hun Liang, Tan Sin Chong and ITSB for a total purchase consideration of RM9,000,000 which was satisfied by the issuance of 9,000,000 ordinary shares of RM1.00 each in ISB (as the nominal value then was) to them. The Acquisition of IMSB was completed on 15 October 2003;

(ii) Pursuant to a Sale and Purchase Agreement dated 21 May 2003, ISB acquired of all of the issued and paid-up share capital of RCC comprising 1,200,000 ordinary shares of RM1.00 each from RPB Capital and KSSB for a total purchase consideration of RM885,230 which was satisfied by the issuance of 8,852,300 ordinary shares of RM0.10 each in ISB to them. The Acquisition of RCC was completed on 15 October 2003;

(iii) A Tenancy Agreement dated 15 October 2003 was entered into between IMSB and Far Pavilion Sdn Bhd, pursuant to which Far Pavilion Sdn Bhd agreed to let to IMSB premises located at 17 Jalan Inai, 55100 Kuala Lumpur for a period commencing 1 September 2003 and expiring 1 September 2004 for a monthly rental of RM3,500. The tenancy is for a fixed term of one year, and neither party may terminate the tenancy during this period. The tenancy may be renewed upon its expiry at such rate of rental as may be mutually agreed upon between the parties. Dr. Shafiq Sit bin Abdullah is a shareholder, and Sit Yin Keat is a shareholder and director, of Far Pavilion Sdn Bhd. The Board of Directors of ISB is of the opinion that the tenancy and the rental are no more than the prevailing market rental rate at this point in time; and

(iv) A Tenancy Agreement dated 19 November 2002 was entered into between IMSB and TPM, pursuant to which TPM agreed to let to IMSB premises located at Lot L3-I-6, Enterprise 4, Technology Park Malaysia, Lebuhraya Puchong-Sungai Besi, Bukit Jalil, 57000 Kuala Lumpur for a period commencing 1 December 2002 to 30 November 2004 for a total monthly rental of RM5,034.75 for the first year, and a total monthly rental of RM6,165 for the second year.

(v) A Sub-Tenancy Agreement dated 18 June 2002 was entered into between RPB Development Sdn Bhd and RCC, pursuant to which RPB Development Sdn Bhd agreed to sub-let to RCC premises located at Unit A-6-3 Megan Phileo Avenue, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur for a period of three years commencing 1 December 2001 to 30 November 2004 for a monthly rental of RM4,930 for the first two years, and RM5,528 for the third year. The sub-tenancy is for a fixed term of three years, and is renewable subject to rental rates to be mutually agreed between the parties. RPB Development Sdn Bhd is a subsidiary of RPB. The Board of Directors of ISB is of the opinion that the sub-tenancy and rental are no more than the prevailing market rental rate at this point in time.

12. FINANCIAL INFORMATION

12.1 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 30 September
	1999	2000	2001	2002	2003	2003
	RM 000	RM 000	RM 000	RM 000	RM 000	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.

12.2 FINANCIAL INFORMATION ANALYSIS

The following is a brief analysis of the financial conditions and operations of the ISB Group. The analysis provides an illustration of the consolidated financial results, assuming that the ISB Group has been in existence since the beginning of the financial year ended 31 March 1998:

Segmental analysis by companies

	<---------- Audited				---------->	
	<---- Financial years ended 31 March				---->	1 April to 30 September
	1999	2000	2001	2002	2003	2003
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
Turnover						
ISB	-	-	-	-	-	-
IMSB	-	-	1,010	1,247	2,577	2,553
RCC	2,452	3,413	4,849	3,543	3,001	1,198
ISB Group	2,452	3,413	5,859	4,790	5,578	3,751
Consolidated (loss)/PBT						
ISB	-	-	-	-	-	(4)
IMSB	-	-	235	756	1,493	1,826
RCC	(334)	(1)	178	229	243	247
ISB Group	(334)	(1)	413	985	1,736	2,069
Consolidated (loss)/PAT						
ISB	-	-	-	-	-	(4)
IMSB	-	-	234	756	1,493	1,826
RCC	(334)	(1)	196	172	132	179
ISB Group	(334)	(1)	430	928	1,625	2,001

(i) Turnover

The past performance of the ISB Group is mainly reflected by the performance of the subsidiaries, IMSB and RCC. Since IMSB was only incorporated in 2000, the proforma consolidated financial results from 1999 to 2000 represent only RCC's business performance. During this period, turnover represented sales of computer hardware components, where RCC was an IBM System Reseller for hardware components such as IBM Mid-Range A/S 400 and RISC 6000, as well as the master dealer for Panasonic Printers.

At the height of the Asian financial crisis in 1998, the Malaysian economy suffered a negative growth (GDP) of about –7%. The continued uncertainty in the economy affected RCC's result in the financial year ended 1999, where turnover declined 55% to RM2.5 million compared to the previous financial year. Following the gradual recovery of the economy in 2000, RCC's turnover increased by more than 39% to RM3.4 million for the financial year ended 2000.

For the financial year ended 2001, the ISB Group recorded a proforma consolidated turnover of RM5.8 million, where the contribution was RM1.0 million and RM4.8 million from IMSB and RCC, respectively. IMSB's turnover was generated from services rendered for implementing ready-made software to customers. The main products of IMSB include the INGENUITY e-Business Solution, CRM and FMS, which contributed to 20%, 49% and 31%, respectively to IMSB's turnover in 2001. RCC's turnover has increased by RM1.4 million to RM4.8 million in 2001 as it has secured projects with Hewlett Packard to build Data Centres in Cyberjaya.

For the financial year ended 2002, the ISB Group recorded a proforma consolidated turnover of RM4.8 million, where the contribution was RM1.25 million and RM3.54 million from IMSB and RCC, respectively. IMSB recorded an increase of about 23.5% from the previous financial year, where sales of the INGENUITY e-Business Solution, CRM and FMS increased by 45%, 23% and 11%, respectively.

For the financial year ended 2003, the ISB Group recorded a proforma consolidated turnover of RM5.6 million, where the contribution was RM2.6 million and RM3.0 million from IMSB and RCC, respectively. IMSB's turnover increased by over 106% in 2003 compared to the previous year due to strong demand for IMSB's products and services. During the year under review, IMSB undertook aggressive sales and marketing efforts to secure new customer accounts and increased its marketing efforts through the appointment of channel partners and system integrator partners. RCC's turnover for the financial year ended 2003 declined by about 15% due to a reduced emphasis on hardware component sales as RCC is increasing its efforts to establish itself in computer software sales and computer maintenance services, in line with the ISB Group's business.

For the financial period between 1 April 2003 and 30 September 2003, the ISB Group recorded a proforma consolidated turnover of RM3.8 million, where the contribution was RM2.6 million and RM1.2 million from IMSB and RCC respectively. During this period, IMSB continued with its marketing outreach programme to secure new projects and customers. In this period, RCC also increased its efforts in software sales and maintenance services, which provided better margins.

(ii) PBT

For the financial year ended 1999, the ISB Group's result reflected RCC losses before tax of RM333,873 as a result of higher staff salaries and amortisation of development expenditure. Due to the economic slowdown in Malaysia during this period, RCC diversified its activities into selling computer software programmes and providing computer maintenance services, which contributed to higher gross profit margins. RCC continued to improve its turnover, without increasing its operating expenses in 2000. As a result, RCC experienced a nominal loss before tax of RM408 for the financial year ended 2000.

For the financial year ended 2001, the ISB Group recorded a proforma consolidated PBT of approximately RM413,000. During IMBS's inception year, while focusing on product development, IMSB recorded a PBT of RM234,591 on the back of high gross profit margin for its products and services. RCC recorded an increase in turnover for the financial year ended 2001, with sales of hardware components generating a profit margin in line with general hardware industry trends. RCC managed to achieve a PBT of RM178,201 for the financial year ended 2001 due to its continuous effort to maintain the operating expenses.

For the financial year ended 2002, the ISB Group's PBT increased by over 138% from about RM413,000 to RM985,000. This result was achieved on the back of increased turnover and higher gross profit margin recorded by IMSB. For the financial year ended 2002, IMSB achieved a PBT of RM755,646 due to the economies of scale in software development and implementation. IMSB also enjoyed higher gross profit margin from the rapid deployment of the INGENUITY software products. Concurrently, IMSB implemented cost control measures to control its selling and distribution expenses for the financial year ended 2002. RCC managed to increase its PBT by about 28.6% to RM229,265 despite a lower turnover for the financial year ended 2002 compared to the financial year ended 2001. This was mainly due to the higher gross profit margin contributed by RCC's sales of computer software programmes and computer maintenance services.

For the financial year ended 2003, the ISB Group continued its strong performance and recorded a proforma PBT of RM1.7 million, where the contribution was approximately RM1.49 million from IMSB and RM243,281 from RCC. The higher PBT recorded by IMSB was a result of increased sales and marketing effort of its products and services. IMSB's proprietary system architecture enabled the company to constantly maintain a healthy gross profit margin on its products and services as no royalties or license fees are paid to third parties.

For the financial period between 1 April 2003 and 30 September 2003, the ISB Group maintained its growth trend and recorded a proforma PBT of RM2.07 million, where the contribution was approximately RM1.83 million and RM247,011 from IMSB and RCC respectively. IMSB's improved PBT was a result of better consumer and business sentiment in the second half of 2003 and a general improvement in profit margins for its products and services.

(iii) PAT

During the financial years ended from 1999 to 2000, the ISB Group incurred losses before tax as a reflection of RCC's financial results. No provision for taxation was required, as RCC had no chargeable income. Therefore, the losses after tax showed a similar trend to the loss before tax during the financial years ended 1999 and 2000.

For the financial year ended 2001, the ISB Group showed a consolidated profit after tax of approximately RM430,000. IMSB enjoys Pioneer Status benefits from its MSC status, which provides IMSB with a tax exemption of 100% from its statutory income for a period of 5 years, renewable for another 5-year period. As such, IMSB made no provision for taxation for income derived from its MSC activities. RCC's PAT showed a significant increase to RM195,711, which was due to tax savings from the realisation of unabsorbed business losses and utilised capital allowances carried forward.

For the financial year ended 2002, the ISB Group's PAT increased to approximately RM928,000, where IMSB recorded a PAT of RM755,646 and RCC recorded a PAT of RM172,500. IMSB recorded an increase in PAT of more than 3 folds from the level achieved in the previous financial year. The PAT of RCC declined by about 12% from RM195,711 for the financial year ended 2001 to RM172,500 for the financial year ended 2002. RCC also experienced a lower effective tax rate due to the utilisation of unabsorbed tax losses and capital allowances.

For the financial year ended 2003, the ISB Group recorded a proforma consolidated PAT of approximately RM1.6 million which is an increase of 75% over the corresponding year. IMSB's PAT contribution was RM1.5 million while RCC recorded a PAT of RM132,172. IMSB's result was in line with the significant increase in business volume in 2003 and the tax incentive enjoyed by IMSB as a MSC status company. RCC's PAT was lower for the financial year ended 2003 as compared to the financial year ended 2002 as RCC experienced a higher provision for taxation.

For the financial period between 1 April 2003 and 30 September 2003, the ISB Group recorded a proforma consolidated PAT of RM2.0 million. For the six months ending 30 September 2003, IMSB has already covered more than 120% of the full year result for the financial year ended 31 March 2003. In this regard, IMSB contributed a PAT of RM1.8 million and RCC contributed RM179,011.

(iv) Summary

The proforma consolidated results of the ISB Group for the financial years ended 1999 and 2000 is a reflection of the economy recovering from the Asian financial crisis of 1997-1998. With the Malaysian economy on track for the financial year ended 2000 and coupled with prudent management and cost controls, the ISB Group (excluding IMSB's results) posted a nominal loss before tax of RM408.

Following the consolidation of IMSB's financial results beginning from the financial year ended 2001, the ISB Group improved its profitability by recording a PBT of approximately RM413,000 and PAT of approximately RM430,000. IMSB's healthy margins and business model contributed positively to the ISB Group's results.

The ISB Group increased its profitability for the financial year ended 2002 mainly due to the economies of scale in the software development and implementation strategies adopted by IMSB. The higher gross profit margin from the rapid deployment of the INGENUITY software products contributed to the overall business performance of the ISB Group. IMSB recorded a 23.5% increase in turnover for the financial year ended 2002 as compared to the financial year ended 2001. For the financial year ended 2002, IMSB contributed more than 75% of the ISB Group's PBT. In the financial year ended 2002, RCC recorded a lower turnover but achieved a higher gross profit margin contribution from the sales of computer software programmes and computer maintenance services.

For the financial year ended 2003, IMSB's turnover increased by over 106% compared to the financial year ended 2002. IMSB's continuous growth and performance for the financial year ended 2003 has enabled the ISB Group to achieve better results in its PBT and PAT. The ISB Group's products and services continue to gain wider market acceptance in 2003, providing the momentum to drive the business to stronger results. With the acquisition of RCC in 2003, RCC's products and services will complement and position the ISB Group to be a single-source ICT solutions provider. Notwithstanding this, IMSB continues to play a key role in the ISB Group as it contributes about 86% of the ISB Group's PBT for the financial year ended 2003.

For the financial period between 1 April 2003 and 30 September 2003, IMSB's turnover has already matched the full financial year ended 31 March 2003 due to an improvement in consumer and business sentiment, which in turn led to better sales opportunities. The integration of RCC's business model into the ISB Group will allow the ISB Group to focus on higher margin software sales and services. The ISB Group will continuously seek and conclude both software and hardware business opportunities that will contribute to ISB's overall financial performance.

12.3 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENT AND MATERIAL LITIGATION

(i) 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.

(ii) Borrowings

As at 27 January 2004, being the last practicable date prior to the printing of this Prospectus, the ISB Group does not have any outstanding borrowing, any other loan capital outstanding, loan capital created but unissued, or mortgage or charge outstanding, save for:

Outstanding borrowings	Payable within 12 months RM 000	Payable after 12 months RM 000
Advance from XCSB	500	50
Hire-purchase	27	52
Total	527	102

There has been no default by the ISB Group on payments of either interest and/or principal sums in respect of its borrowings throughout the past financial year and subsequent financial period immediately preceding the date of this Prospectus.

(iii) 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.

(iv) 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.

(v) 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 position or business of ISB and/or its subsidiaries.

12.4 EXCLUSION OF PROFIT FORECAST AND PROJECTION

The ISB Group's turnover and operating results are difficult to forecast and could be adversely affected by many factors, some of which are highlighted in Section 4 of this Prospectus. As such, the ISB Group's profit forecast is not disclosed in this Prospectus.

12.5 RATIONALE FOR ADOPTING MERGER METHOD OF ACCOUNTING

12.5.1. Rationale

The acquisition of IMSB is accounted for using the merger method as IMSB was acquired by ISB as part of their internal group reorganisation. The internal group reorganisation was carried out so that ISB can be the platform for future investment. Accordingly, the acquisition is to allow the shareholders of IMSB to position themselves at ISB so that they can provide business strategy going forward.

Pursuant to paragraph 98 of MASB 21, an internal group reorganisation should be accounted for under the merger method, even though there is no business combination meeting the definition of a merger. The 2 conditions that needs to be fulfilled are:

(a) the ultimate shareholders remain the same; and

(b) the minorities' share of net assets of the group is not altered by the reorganisation.

As the above conditions are fulfilled, the merger method of accounting has been adopted as the appropriate basis for treating the acquisition of IMSB.

12.5.2 The differences between merger method and acquisition method

Merger method of accounting:

- Result of subsidiary company is accounted on a full year basis irrespective of the date of merger.
- The difference between the nominal value of shares issued as consideration for the merger and the nominal value of shares received will be adjusted against reserves.

Acquisition method of accounting:

- Result of subsidiary company acquired is included from the date of acquisition.
- The difference of the consideration paid for shares in the subsidiary company over the fair value of the underlying net assets acquired represents goodwill or reserve arising on consolidation.

Goodwill on consolidation can be retained in the consolidated balance sheet, amortised evenly to the income statement or be written off immediately.

12.5.3 Comparison between merger method and acquisition method of accounting for the acquisition of IMSB in preparing the proforma consolidated balance sheets

The following proforma consolidated balance sheets of the ISB Group have been prepared based on the audited financial statements of ISB, IMSB and RCC as at 30 September 2003.

The proforma consolidated balance sheets of the ISB Group have been prepared for illustrative purposes based on the balance sheets as at 30 September 2003 by incorporating the effects of the acquisition of IMSB and RCC using merger accounting and acquisition accounting.

	Merger accounting	**Acquisition accounting**
	Proforma Group	
	RM 000	**RM 000**
PROPERTY, PLANT AND EQUIPMENT	1,662	1,662
DEVELOPMENT COSTS	3,312	3,312
GOODWILL	-	3,591
CURRENT ASSETS	20,130	20,130
CURRENT LIABILITIES	(1,969)	(1,969)
NET CURRENT ASSETS	18,161	18,161
DEFERRED AND LONG TERM LIABILITIES	(609)	(609)
	22,526	26,117
SHARE CAPITAL	13,235	13,235
RESERVES	9,291	12,882
SHAREHOLDERS' FUNDS	22,526	26,117

Note:

Assuming acquisition of IMSB and RCC were completed on 30 September 2003.

13. DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)

INGENUITY

Ingenuity Solutions Berhad
(Company number 609423-V)
Registered Office
Wisma MINC
36 Jalan Datuk Sulaiman
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Malaysia

The Shareholders
Ingenuity Solutions Berhad

29 JAN 2004

Dear Sir/Madam,

On behalf of the Board of Directors of Ingenuity Solutions Berhad ("ISB"), I report that after making due enquiries in relation to the interval between 30 September 2003, being the date to which the last audited accounts of ISB and its subsidiaries ("Group") have been made up, and 27 January 2004, being a date not earlier than fourteen days before the issue of this Prospectus:

(i) the business of the Group has, in the opinion of the Board of Directors of ISB, been satisfactorily maintained;

(ii) in the opinion of the Board of Directors of ISB, save as disclosed in this Prospectus, no circumstances have arisen since the last audited accounts of ISB and its subsidiaries which have adversely affected the trading or the value of the assets of ISB or its subsidiaries;

(iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) save as disclosed in Sections 12.3 and 17.9 of this Prospectus, no contingent liabilities have arisen by reason of any guarantee or indemnity given by the Group;

(v) save as disclosed in this Prospectus, the Board of Directors of ISB are not aware of any default or any known events that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Group since the last audited accounts of the Group; and

(vi) save as disclosed in the Accountants' Report set out in Section 14 and the Proforma Consolidated Balance Sheets set out in Section 15 of this Prospectus, there have been no changes to the published reserves or any unusual factors affecting the profits of the Group since the last audited accounts of the Group.

Yours faithfully
For and on behalf of the Board of Directors of
Ingenuity Solutions Berhad

Azman bin Ahmad
Executive Director

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