



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

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28 October 2004

The Board of Directors
The Media Shoppe Berhad
Unit C-902 Penthouse, Kelana Square
17 Jalan SS7/26, Kelana Jaya
47301 Petaling Jaya, Selangor

Dear Sirs/Madam

Assessment of the Information Technology Industry

This is a summary of the Independent Assessment of the Information Technology Industry in Malaysia prepared by Vital Factor Consulting Sdn Bhd for inclusion in the Prospectus of The Media Shoppe Berhad (herein together with its subsidiaries will be referred to as TMS Group) in relation to its proposed listing on the MESDAQ market.

1. BACKGROUND

- The main activity of TMS Group is in the provision of Internet-based solutions.

2. INDUSTRY OVERVIEW AND STRUCTURE

- The structure of the IT industry is divided into four sub-sectors as depicted in the diagram below:

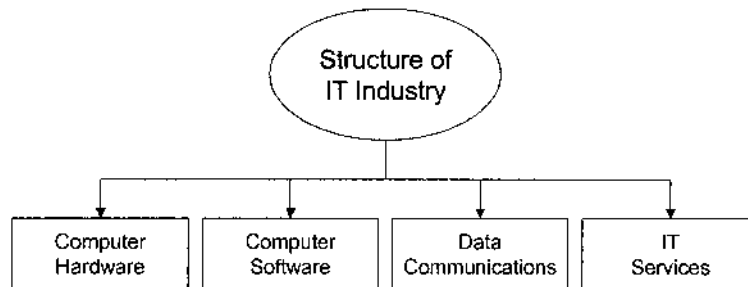


Figure 1 Structure of the IT Industry

- The relatively recent pervasiveness and important role played by the Internet has also created its own structure within the IT Industry.

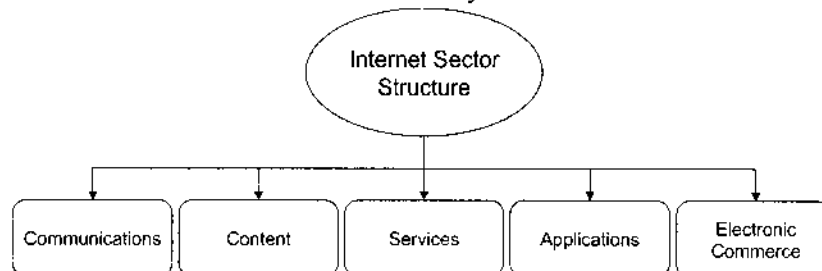


Figure 2 Structure of the Internet Sector

5 SUMMARY OF THE ASSESSMENT OF THE INFORMATION TECHNOLOGY INDUSTRY
(Cont'd)



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- The Internet has given rise to new opportunities for IT companies for growth and business expansion.
- The linkages of the IT Industry are very extensive covering virtually all aspects of community, business and government activities.

3. GOVERNMENT LEGISLATION, POLICIES AND INCENTIVES

- There are no material Government legislations or policies that would impede the growth of the IT Industry.
- On the contrary, the Government has identified that the IT Industry is crucial to the country's progress and achieving its vision of being a developed nation by 2020. *(Source: Mid-Term review of the Seventh Malaysia Plan 1996 – 2000)*
- In the Eighth Malaysia Plan, more concerted efforts will be undertaken to position Malaysia as a competitive knowledge-based economy with Information and Communications Technology (ICT) facilitating the development. From this perspective, the ICT infrastructure will be expanded to include rural areas to bridge the digital divide and enable all citizens to have equitable access to knowledge and information.
- Some of the programmes initiated by the Government to encourage the growth of the IT Industry includes, among others:
 - Creation of the Multimedia Super Corridor (MSC)
 - Creation of the Government IT and Internet Committee (JITIK) to coordinate and monitor the development and utilisation of IT and Internet in the Public Sector
 - Creation of the National Information Technology Council (NITC) to ensure a coordinated and integrated approach towards the transformation of the Malaysian society into a knowledge-based civil society
 - Incorporation of Malaysia Venture Capital Management Berhad (MAVCAP) by the Government of Malaysia and allocated RM500 million by the Minister of Finance Inc for investment in, nurturing and growing the technology sector and investing and growing of the venture capital market in Malaysia.
 - Incorporation of Malaysia Debt Ventures Berhad (MDV), a wholly owned subsidiary of the Minister of Finance, Inc., to manage the revolving RM1.6 billion fund sponsored by the government of Japan for the financing and development of the Information and Communication Technology (ICT) and high growth sectors in Malaysia.
- Some of the financial incentives initiated by the Government to encourage the growth of the ICT Industry includes, among others:
 - The Demonstrator Applications Grant Scheme (DAGS) involving an expenditure of RM48 million.
 - ICT fund established by the Government through Bank Industri and Teknologi Malaysia Berhad and commercial banks to provide financing to high-tech industries including advanced electronics, ICT, biotechnology and advanced manufacturing.
 - The establishment of MSC Venture Corporation (MSC VC), as a wholly-owned subsidiary of the Multimedia Development Corporation (MDC), to assist in obtaining venture capital funding to MSC-status and potential MSC-status companies, particularly the Small and Medium Enterprises (SME).

5 SUMMARY OF THE ASSESSMENT OF THE INFORMATION TECHNOLOGY INDUSTRY (Cont'd)



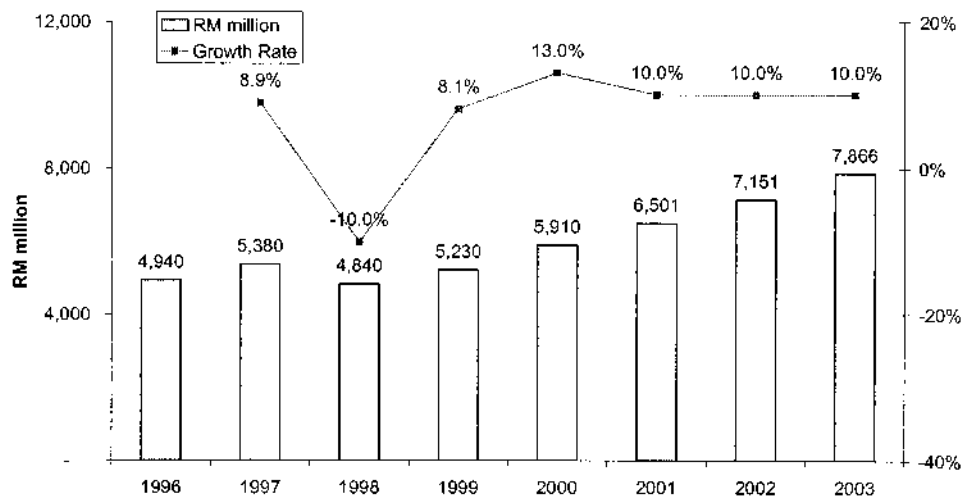
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- In addition, the Government will also continue to promote new products and technologies in ICT, including high technology based products using wireless and convergence technology such as data networking equipment or devices (including ATM switches, hubs, routers and wireless local area network (LAN) devices), bluetooth devices and wireless application protocol (WAP) devices. (Source: Malaysian Industrial Development Authority)
- Based on the Mid-Term Review of the Eighth Malaysia Plan (2001-2005), a total of RM7.7 billion was allocated for ICT-related programmes and projects. Of this amount, RM1.8 billion will be for the first wave of flagship applications roll-out and RM4.7 billion will be for the computerisation of schools and government agencies to further enhance the delivery of services to the public. Another RM1.2 billion will be spent to promote ICT development for ICT funding and bridging the digital divide.

4. PAST GROWTH, DEMAND AND SUPPLY CONDITIONS

- The usage and application linkages of the IT Industry are very extensive covering virtually all aspects of community, business and government activities.
- Based on the Mid-Term Review of the Eighth Malaysia Plan 2001-2005, a total of RM7.7 billion was allocated for ICT-related programmes and projects. Of this amount, RM1.8 billion was for the first wave of flagship applications roll-out and RM4.7 billion for the computerisation of schools and government agencies to further enhance the delivery of services to the public. Another RM1.2 billion was for the promotion of ICT development for ICT funding and bridging the digital divide. (Source: Mid-Term Review of the Eighth Malaysia Plan 2001-2005)

4.1 IT Expenditure



f = forecast Source: PIKOM, Association of the Computer and Multimedia Industry Malaysia Note: Does not include IT equipment and components manufactured in the country which are mainly for the export market

Figure 3 Malaysia's IT Industry Expenditure

5 SUMMARY OF THE ASSESSMENT OF THE INFORMATION TECHNOLOGY INDUSTRY (Cont'd)



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- Despite the economic slowdown in Malaysia and globally, the IT Industry experienced 10% growth in 2001.
- The average annual growth rate between 1996 and 2003 was 6.9%
- For 2003, IT spending in Malaysia maintained the same growth as 2002 and 2001 to reach RM7.9 billion.

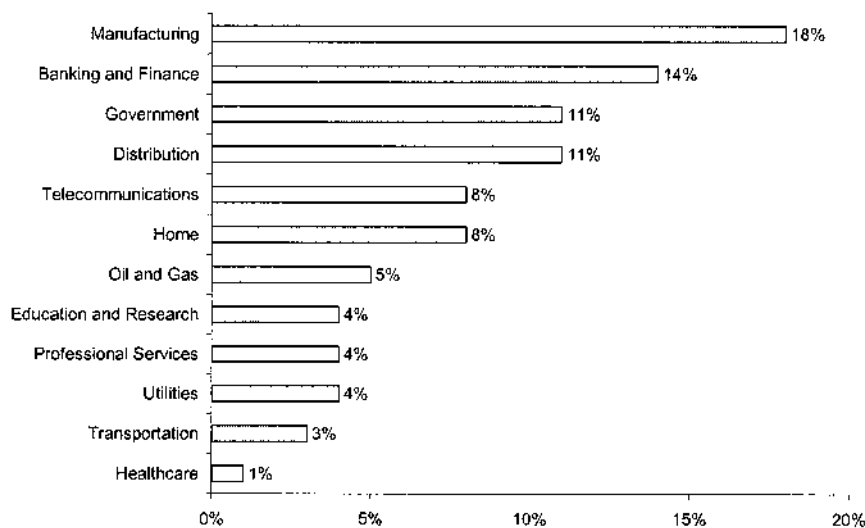
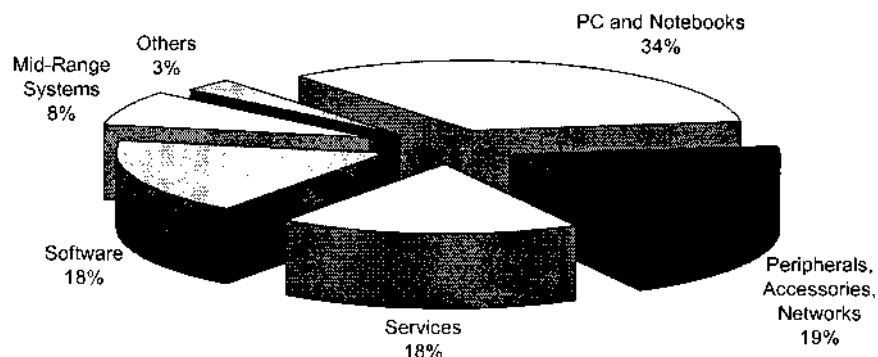


Figure 4 Malaysia's IT Industry Expenditure by Sector - 2003

- For 2003, the top five industry sectors in terms of IT spending were Manufacturing, Banking and Finance, Government, Distribution and Telecommunications.
- The top five industry sectors were expected to represent an estimated 62% of the total IT expenditure for 2003.



Note: Estimates only

Source: PIKOM, Association of the Computer and Multimedia Industry Malaysia

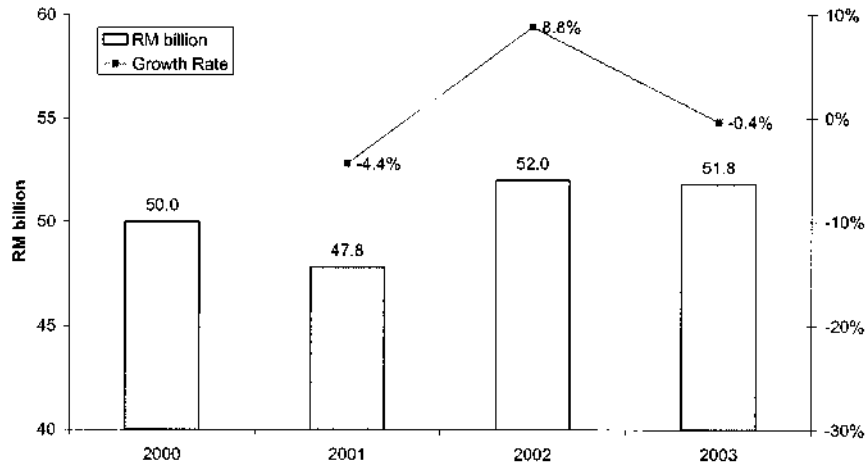
Figure 5 Malaysia's IT Industry Expenditure by Type - 2003

5 SUMMARY OF THE ASSESSMENT OF THE INFORMATION TECHNOLOGY INDUSTRY (Cont'd)



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4.2 Export Value of ICT Industry

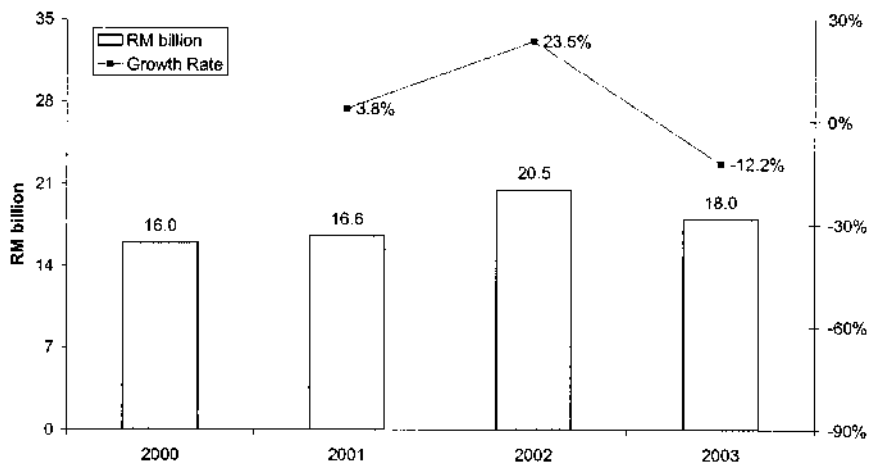


Source: Malaysian Industrial Development Authority

Figure 6 Export Value of ICT Industry

- In 2003, export value of ICT Industry decreased marginally by 0.4% amounting to RM51.8 billion. Between 2000 and 2003, export value of ICT Industry grew at an average annual rate of 1.2%.

4.3 Import Value of ICT Industry



Source: Malaysian Industrial Development Authority

Figure 7 Import Value of ICT Industry

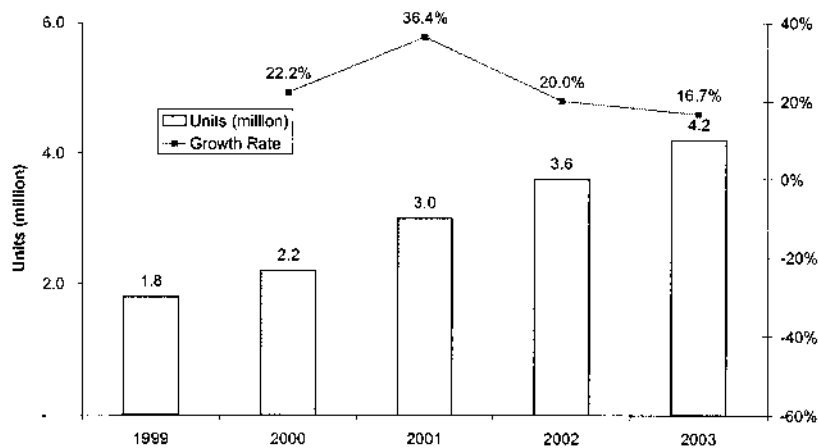
- Between 2000 and 2003, import value of ICT Industry grew at an average annual rate of 4.0%.

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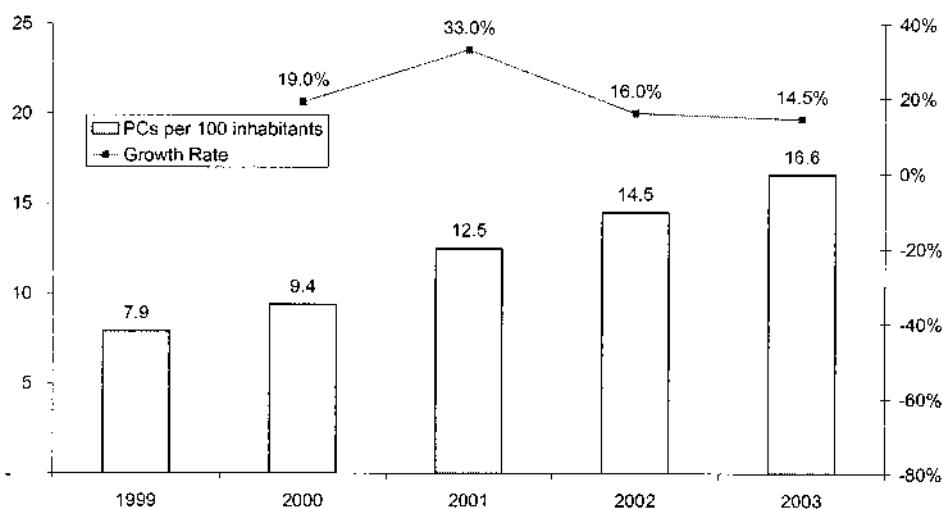
4.4 PC Installed Base



Source: Malaysian Communications and Multimedia Commission

Figure 8 Malaysia's Active PC Installed Base

- In 2003, there were approximately 4.2 million active PC owners in Malaysia. This represented a growth of 16.7% over the previous year.
- The average annual growth rate between 1999 and 2003 was 23.6%



Source: Malaysian Communications and Multimedia Commission

Figure 9 PC per 100 Inhabitants

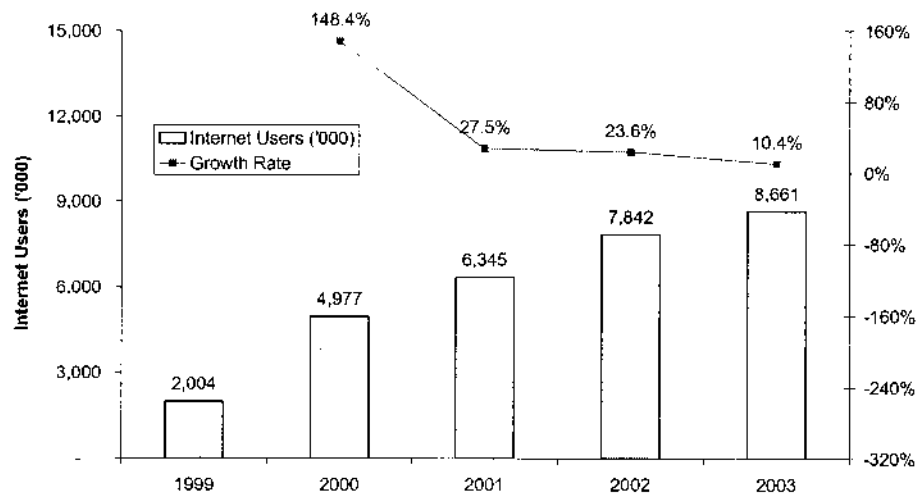
- Between 1999 and 2003, PC per 100 inhabitants grew at an average annual rate of 20.4%.

5 SUMMARY OF THE ASSESSMENT OF THE INFORMATION TECHNOLOGY INDUSTRY (Cont'd)



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4.5 Internet Market



Source: Malaysian Communications and Multimedia Commission

Figure 10 Number of Internet Users

- Based on generally accepted assumption of three users sharing one Internet account, it is estimated that in 2003, Malaysia had 8.7 million Internet users.
- With a population of approximately 25.3 million in Malaysia in 2003, close to one third of the population is an Internet user. This gives it a penetration rate of 33 Internet users per 100 population.
- As at second quarter of 2004, Malaysia had approximately 174,018 subscribers that utilised the relatively faster internet access using digital subscriber line (asynchronous and synchronous). A higher number of subscribers of faster internet access will open up opportunities to internet service providers as many of the internet services and content are constraint by the speed of internet access. (Source: Malaysian Communications and Multimedia Commission)

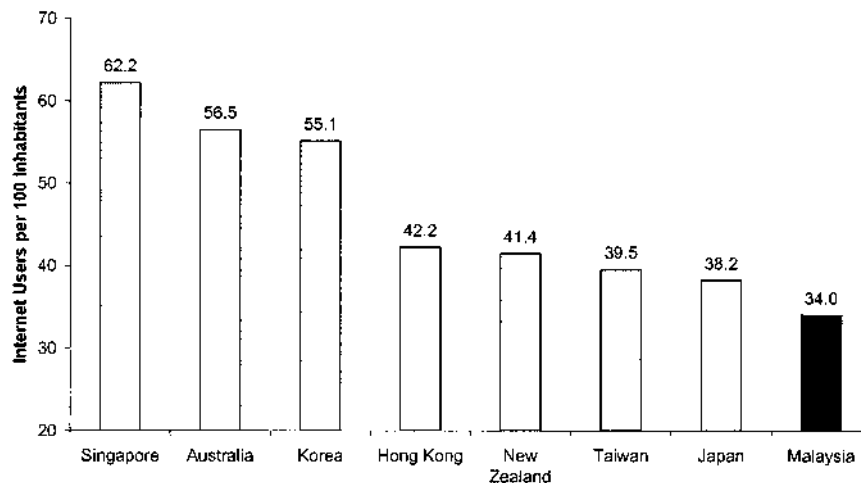
Implication

- The number of Internet users is a critical factor for Internet transactions. This is particularly relevant to the TMS Group as all its Application Packages are Internet-based.
- As such, a growing Internet user base would augur well for TMS Group as more business organisations and Government institutions begin to place more importance on Internet-based transactions.

5 SUMMARY OF THE ASSESSMENT OF THE INFORMATION TECHNOLOGY INDUSTRY (Cont'd)



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Source: International Telecommunications Union and computation by Vital Factor Consulting

Figure 11 Internet Users per 100 Inhabitants within the Selected Countries – 2003

- As at end of 2003, Malaysia's Internet User penetration rate continued to lag behind some Asian countries like Singapore, Korea, Hong Kong, Taiwan and Japan.
- This seems to suggest there are significant opportunities for growth before Malaysia catches up with some of the more developed Asian nations.
- During the Mid-Term Review of Eighth Malaysia Plan (2001 –2005), a total of RM7.7 billion was allocated for ICT-related programmes and projects within the Government sector. The allocation for the Eighth Malaysia Plan increased by 92.5% compared with an allocation of RM4.0 billion in the Seventh Malaysia Plan (1996 – 2000).
- The highest allocation was for Government Agencies Computerisation representing 32.4% of total allocation.
- The second highest allocation was for computerisation in schools representing 28.3% of total allocation.

Implication

- The large amount as well as the increased in allocation within the Government sector provide significant opportunities for operators within the IT Industry.

5. COMPETITIVE NATURE AND INTENSITY OF THE INDUSTRY

- Operators in the IT Industry face **normal competition** conditions.
- Competition among operators in the IT Industry is **moderate**. This is mainly predicated by the following:

5 SUMMARY OF THE ASSESSMENT OF THE INFORMATION TECHNOLOGY INDUSTRY
(Cont'd)



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- The market size of the IT Industry is large and is valued at approximately RM7.9 billion in 2003 (*Source: PIKOM, Association of the Computer and Multimedia Industry Malaysia*). As such, the large market size enables operators to compete effectively without being counter-productive to the whole Industry.
- There are 379 members of the Association of the Computer Industry Malaysia, PIKOM in 2002. These members account for approximately 85% of the local market. (*Source: PIKOM, Association of the Computer and Multimedia Industry Malaysia*) With 379 operators sharing RM6.7 billion (85% of RM7.9 billion) market size in 2003, competition is therefore relatively moderate.
- Growth in the IT industry is forecasted to be approximately 6% for the next five years. (See Section 6 – Market Outlook for more details) This level of growth would sustain existing and new operators such that competition would not be overly intense.
- The Government has recognised the critical role of the IT Industry, and has put in place many incentives and programmes to nurture and ensure the proper growth of the IT Industry. (See Section 4 for more details) As such, with the Government backing the IT Industry, it will create significant opportunities for all operators thus minimising destructive competition.
- However, because IT is so pervasive and in many situations, the cost of entry is low, many individuals and organisations enter the IT Industry. Individuals and small organisations are able to compete as niche players. Thus, they also exert competitive forces on the Industry.

6. INDUSTRY OUTLOOK

- The outlook for the IT Industry in Malaysia is **favourable**.
- The IT industry is forecasted to grow at approximately 6% per annum for the next five years.
- This forecast assumes that there is no significant downturn in the local and global economies within the forecast period.
- The Industry outlook and growth forecast is based on the following observations and analyses of the local market:
 - Between 1999 and 2003 IT spending in Malaysia amounted to an average annual growth of 10.7% (*Source: PIKOM, Association of the Computer and Multimedia Industry Malaysia*)
 - During the Mid-Term Review of the Eighth Malaysia Plan (2001-2005), a total of RM7.7 billion is allocated for ICT-related programmes and projects. The large amount of money allocated in the Eighth Malaysia Plan 2001-2005 will provide continuing growth for the ICT Industry. (*Source: Mid-Term Review of the Eighth Malaysia Plan 2001-2005*)

5 SUMMARY OF THE ASSESSMENT OF THE INFORMATION TECHNOLOGY INDUSTRY
(Cont'd)



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- ICT allocation for the Seventh Malaysia Plan 1995 – 2000 was RM2.3 billion while that for the Eighth Malaysia Plan 2001 – 2005 was RM7.7 billion. This represented a 235% increase in allocation for the Eighth Malaysia Plan 2001 – 2005 amounting to an average annual growth rate of 35.3%.
- Between 1999 and 2003, the average annual growth rate of Active PC Installed Base was 23.6%.
- Between 1999 and 2003, PC per 100 inhabitants grew at an average annual rate of 20.4%.
- Between 1999 and 2003, the number of Internet users grew by an average annual rate of 44.2%.
- Between 1999 and 2003, Internet dial-up penetration rate grew at an average annual rate of 40.8%.

(Source: Malaysian Communications and Multimedia Commission)

- Between 2000 and 2003, export value of ICT Industry grew at an average annual rate of 1.2%. *(Source: Malaysian Industrial Development Authority)*
- Although growth of the IT Industry for the near term is expected to be subdued, in the longer term, growth is expected to pick-up in tandem with growth in the local and global economies.
- The continuing emphasis on IT by the Government would continue to provide growth opportunities and cushion some of the impact of the slowdown in IT spending for operators within the IT Industry.
- According to the Mid-Term Review of Eighth Malaysia Plan, the focus of the ICT development will be on the followings:
 - develop further the necessary policy framework and infrastructure
 - implement Phase Two of the Multimedia Super Corridor (MSC)
 - increase effort to bridge the digital divide and add value to e-community projects
 - enhance human resource development to meet the growing demand for ICT-related skills, knowledge and expertise
 - create a conducive environment and user-friendly applications to promote e-commerce
 - foster and nurture local capabilities in content development and facilitate the greater adoption and usage of local content and applications
 - undertake rollout of MSC flagship applications
 - enhance information security.
- In addition, the development allocations of Government ICT-related programs is mainly for the following programmes:
 - computerisation
 - flagship applications
 - ICT funding
 - Bridging the digital divide

Source: Mid-Term Review of the Eighth Malaysia Plan 2001-2005

5 **SUMMARY OF THE ASSESSMENT OF THE INFORMATION TECHNOLOGY INDUSTRY
(Cont'd)**



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7. **THREATS AND RISKS ANALYSIS**

Areas of threats and risks for operators within the IT Industry are as follows:

- **Changing and New Standards**

The IT industry adopts various industry standards and proprietary technologies for the development as well as usage of IT products, services and solutions. Some of these standards and proprietary technologies include the following:

- Communications protocols
- Operating systems
- Software languages
- Development tools
- Embedded technologies or middle ware
- Databases.

Changes in and introduction of new standards and proprietary have a direct impact on existing IT products and services. This pose the following threats to operators within the IT Industry:

- incompatible products and services (hardware, software, communications and content);
- product and service obsolescence as users migrate to other standards and proprietary technologies;
- no support for old standards and proprietary technologies.

All the above has the potential of shrinking existing markets as users migrate to new or upgraded standards and proprietary technologies.

Mitigating Factors

Operators that constantly upgrade their products and services to reflect market trends would be in a better position to minimise the threat of changing standards and proprietary technologies. In addition, retaining existing standards and proprietary standards while at the same time upgrading to emerging standards and proprietary technologies would reduce the dependency on standard or proprietary technology.

- **Competitive Pressure from Dominant Players**

Although many sectors of the IT industry are highly fragmented with many operators, there are dominant global operators in some sectors. These dominant operators exert tremendous competitive pressure on smaller operators. In some situations, dominant operators are able to wipe-out many of the smaller operators. Some examples include the domination of Microsoft in PC/Server operating system, networking and office application software. As such, there is a threat that dominant operators may enter into lucrative sectors and threaten the viability of smaller operators.

Mitigating Factors

Operators that are able to provide high value-adding, excellence in products and services, and constantly upgrade its products and services would be in a better position to sustain its business in the event of competitive pressure from dominant players.

5 **SUMMARY OF THE ASSESSMENT OF THE INFORMATION TECHNOLOGY INDUSTRY
(Cont'd)**



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- **Software Piracy**

Software can be easily copied or replicated. Unauthorised copying or replication denies revenue due to intellectual property owners. This could threaten the viability of the intellectual property owner. Software piracy is significantly more rampant for shrink-wrapped packages.

Mitigating Factors

Intellectual property owners that provide high value-adding and customisation have a significantly better chance of mitigating the impact of software piracy.

- **Freeware and Open Source Technologies**

In relatively recent times, freeware and open source technologies, that is software that are available for free or at minimal cost, have been made available through the Internet. This poses a strong competitive pressure to software owners that charge commercial prices.

Mitigating Factors

In mitigation, software owners that provide technical support, value-adding, customisation, continuous updates and extensive features to meet customers' needs would continue to keep and win customers.

- **Technological Obsolescence**

Technological changes are very rapid within the IT industry. This applies to hardware, software as well as communications products and services. The fast pace of technological changes have the potential of reducing the life-cycle of many of the products and services within the IT industry. In addition, there are significant costs involved in keeping up with technological changes, which may exert financial pressure on existing IT operators.

Mitigating Factors

Intellectual property owners of software that own the source code and have in-house expertise in upgrading its software to incorporate new technologies and changes would be in a better position compared to others. A strong research and development culture within an organisation would also serve to mitigate some of the threats of technological obsolescence.

- **Untested Business Models for Some Internet-based Services and Applications**

The relative recent phenomenon of the Internet has given rise to new and innovative business models. Some of these include free products, services, applications and contents, open source technologies, and application service provider (similar to rental or pay-as-you use). However, not all of these models have proven to be successful for many operators. As such, new and innovative business models, particularly pertaining to Internet-based products, services, applications and contents runs the risk of failing.

**5 SUMMARY OF THE ASSESSMENT OF THE INFORMATION TECHNOLOGY INDUSTRY
(Cont'd)**



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Mitigating Factors

Prudent use of appropriate business models is critical in any type of commercial enterprise. Thus, the selection of appropriate business model is not a unique threat to Internet-based organisations. On the contrary, new and innovative business models provide additional choices to Internet-base businesses.

8. AREAS OF GROWTH AND OPPORTUNITIES

• **Internet Sector**

The Internet sector, by virtue of its relative recent prominence and early stage of its life-cycle, provides significant opportunities. Many of these opportunities are still unexplored or poorly exploited. Opportunities within the Internet sector includes, among others, the following:

- serve as an alternative to traditional methods of conducting business
- provides additional delivery and communication systems
- spawn new applications, products, services, solutions and content
- able to address new market segments
- provide the means for developing cost-effective solutions.

Opportunities within the Internet sector are further boosted by the increase in usage of high-bandwidth Internet access through the growth in use of xDSL (various types of digital subscriber line) in Malaysia as well as globally. A wide base of high bandwidth users, for both the residential and business sectors, would open up new opportunities that were not practical or optimal with narrowband Internet access.

In addition, the recent growth of Wi-Fi (Wireless High Fidelity or Institute of Electrical and Electronics Engineers (IEEE) Wireless LAN 802.11b. 802.11g) hotspot has provided mobility to Internet users.

Emerging broadband services and technologies would also help create a larger base of broadband users, which will provide opportunities to Internet-based operators. Some of these developments include the following:

- wireless broadband Internet access as an addition to xDSL Internet access thus potentially increasing the user base;
- multiple access to overcome the problem of 'last-mile' to link users to the broadband backbone;
- new generation wireless broadband including IEEE 802.20 and IEEE 802.16a that would provide faster speed and wider coverage per base station.

5 SUMMARY OF THE ASSESSMENT OF THE INFORMATION TECHNOLOGY INDUSTRY
(Cont'd)



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9. **CRITICAL SUCCESS FACTORS**

The critical success factors for operators within the IT Industry are as follows:

- **Constant Update of Technologies and Applications**

The IT industry is typified by products and services that have relatively short product life-cycle. As such, it is critical that operators within the industry continuously value-add, innovate and upgrade their technologies, applications, products and services to ensure continuing relevance.

- **Research and Development**

The fast pace of technological and application changes within the IT industry has meant that operators need to undertake research and development to ensure they keep up with changes and continue to meet the needs of customers and users.

- **Distribution Network**

The IT industry is highly global in nature, particularly for shrink-wrapped package software. For software package providers, an effective distribution network is critical to sustain its business as well as to provide the basis for continuing business growth.

- **Technical Support**

IT products and services are highly technical in nature, difficult to use for non-technical personnel, and also prone to errors. As such, technical support is critical to ensure customers and users are able to benefit from the use of the products and services. Technical support becomes more challenging with global customers and users. In such situation, the operator must have strong local technical support through its local distributors or business partners, or have an effective centralised global technical support.

Vital Factor Consulting Sdn Bhd has prepared this report in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

Wooi Tan
Managing Director
Vital Factor Consulting Sdn Bhd

6 FINANCIAL INFORMATION

6.1 FINANCIAL HIGHLIGHTS

The following table has been extracted from the Accountants' Report in Section 13 of this Prospectus and should be read in conjunction with the notes thereto. There were no audit qualifications for the financial years/periods under review. The summarised proforma results of TMS Group for the five (5) financial years ended 31 December 2003 and the seven (7)-month period ended 31 July 2004 are as follows:-

	← FYE 31 December →					7-month period ended 31 July
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Turnover	956	2,663	3,710	4,464	6,360	5,227
Earnings before interest, depreciation, taxation and amortisation ("EBITDA")	(251)	(1,780)	(1,256)	502	1,305	2,347
Interest expense	(5)	(2)	-	(2)	(3)	(2)
Depreciation	(91)	(168)	(235)	(287)	(237)	(111)
Amortisation of development cost	-	(4)	(71)	(163)	(313)	(252)
Interest income	2	30	69	105	125	35
(Loss)/Profit before tax	(345)	(1,924)	(1,493)	155	877	2,017
Taxation	-	-	-	-	(84)	(10)
(Loss)/Profit after tax	(345)	(1,924)	(1,493)	155	793	2,007
Weighted average number of ordinary shares of RM1.00 in issue ('000)	120	-	-	-	-	-
Weighted average number of ordinary shares of RM0.10 in issue ('000)	-	62,460	103,929	105,713	106,030	106,030
Gross (loss)/earnings per share (Sen)	(2.87)	(3.08)	(1.44)	0.15	0.83	* 3.26
Net (loss)/earnings per share (Sen)	(2.87)	(3.08)	(1.44)	0.15	0.75	* 3.24
Diluted gross earnings per share (Sen)	N/A	N/A	N/A	0.15	0.83	* 3.26
Diluted net earnings per share (Sen)	N/A	N/A	N/A	0.15	0.75	* 3.24

Notes

(i) The financial statements of the Company Group for the years under review were not subject to any audit qualification.

(ii) There were no extraordinary or exceptional items in respect of all the financial years/period under review

* Annualised

N/A Not applicable

6 FINANCIAL INFORMATION (Cont'd)

6.2 ANALYSIS AND COMMENTARY ON FINANCIAL INFORMATION

THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH THE GROUP'S FINANCIAL HIGHLIGHTS INCLUDED IN SECTION 6.1 OF THIS PROSPECTUS.

6.2.1 SEGMENTAL ANALYSIS

No segmental analysis by geographical segmentation of the TMS Group's products and services is prepared as the TMS Group's revenue in the past years were mainly derived domestically. The segmental analysis of the revenue of the TMS Group by its principal products and services for the five (5) financial years ended 31 December 2003 and the seven (7)-month period ended 31 July 2004 are as follows:-

Types of products and services	← FYE 31 December →					7-month period ended
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	31 July 2004 RM'000
In-house developed products	53	1,296	1,415	1,082	1,884	1,520
Application software development	541	1,388	1,885	2,450	2,148	1,708
Hosting, maintenance and training services	44	80	190	391	1,124	219
Mobile/Wireless Solutions	-	-	-	-	1,069	1,030
Third party products and services	-	81	220	541	635	750
The Java Shoppe Sdn Bhd	169	-	-	-	-	-
The Java Shoppe (Damansara) Sdn Bhd	149	-	-	-	-	-
	956	2,845	3,710	4,464	6,860	5,227
Elimination of inter-company sales	-	(182)	-	-	(500)	-
Total revenue	956	2,663	3,710	4,464	6,360	5,227

6.2.2 OVERVIEW OF REVENUE AND OPERATING PROFITS GROWTH AND FACTORS CONTRIBUTING THERETO

FYE 31 December 1999

Turnover for FYE 31 December 1999 was mainly contributed by the application software development and the sales from operating internet cafes by its subsidiaries, The Java Shoppe Sdn Bhd and The Java Shoppe (Damansara) Sdn Bhd. The subsidiaries were subsequently disposed of at the end of the financial year.

6 FINANCIAL INFORMATION (Cont'd)

FYE 31 December 2000

Turnover for FYE 31 December 2000 increased by approximately 179% due mainly to the sales from its newly launched in-house developed product, tmsPUBLSIHER™, the foreign sales derived mainly from USA and the Republic of Singapore and from the application software development.

Despite the significant increase in turnover, TMS suffered a higher LAT due to the increase in operating expenses, writing off of bad debts and cost incurred for setting up representative office in Hong Kong.

FYE 31 December 2001

Turnover for FYE 31 December 2001 increased by 39% due mainly to the increase in the sales of application software development, increase in sales of tmsINTRANET™ and the increase from sales of third party products which were bundled with the in-house developed products and application software development.

Despite the increase in revenue, the Group recorded a LAT of approximately RM1.5 million. This was due mainly to the writing off of advances to its subsidiary, The Media Shoppe, Inc and the provision for permanent diminution in the value of investment in a subsidiary, TMS(S).

FYE 31 December 2002

Turnover for FYE 31 December 2002 increased by 20% due mainly to the increase in the sales of application software development and the sales of third party products which were bundled with the in-house developed products and application software development.

As a result of the increase in sales and the rationalisation of operations by closing all foreign operations in the previous year and thus reducing operating expenses, TMS recorded a PAT of approximately RM155,000.

FYE 31 December 2003

Turnover for FYE 31 December 2003 increased by approximately 42% due mainly to the sales from its newly developed in-house products, namely tmsFRAMEWORK™ and tmsSYNDICATOR™, sales from providing ICT training services and the sales of wireless solution which was contributed by its newly acquired subsidiary, M-Apps.

As a result of increase in sales and lower operating expenses, the Group recorded a PAT of approximately RM793,000 for FYE 31 December 2003.

7-month financial period ended 31 July 2004

TMS' turnover for the seven (7)-month financial period ended 31 July 2004 for the same period in FYE 31 December 2003 (time apportioned) increased by approximately 41% due mainly to the increase in sales of in-house developed products, application software development and the mobile/wireless solutions. The turnover for M-Apps for the period ended 31 July 2004 (annualised) has increased by approximately 68% as compared to FYE 31 December 2003. This is due to additional billings for the period ended 31 July 2004 for the same contract secured in FYE 31 December 2003.

6 FINANCIAL INFORMATION (Cont'd)

As a result of this increase in turnover, the TMS Group achieved a PAT of approximately RM2.0 million for the seven (7)-month financial period ended 31 July 2004.

6.2.3 TAXATION

TMS was granted the MSC-status on 14 September 1999 and arising from this, TMS enjoys pioneer status under the Promotion of Investments Act, 1986, for which 100% of its statutory income is tax exempted for a period of 5 years to 14 September 2004.

TMS had on 2 July 2004 applied to the relevant authorities for an extension of its pioneer status under the Promotion of Investments Act, 1986 for another five (5) years. The extension was approved by the relevant authorities on 27 September 2004, for which 100% of TMS' statutory income is tax exempted for a further period of five (5) years to 30 August 2009.

M-Apps was also granted the MSC-status on 29 May 2003. Arising from this, M-Apps enjoys pioneer status under the Promotion of Investments Act, 1986, for which 100% of its statutory income is tax exempted for a period of 5 years to 29 May 2008.

The tax payable for FYE 31 December 2003 and the seven (7)-month financial period ended 31 July 2004 under the proforma Group results is in respect of fixed deposit interest income.

6.2.4 DIRECTORS' DECLARATION ON FINANCIAL PERFORMANCE

As at 25 October 2004, being the latest practicable date prior to the printing of this Prospectus, and save for the risk factors disclosed in Section 3 of this Prospectus, the financial conditions and operations of the Group are not affected by any of the following:-

- (a) known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- (b) unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the Group;
- (c) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position; and
- (d) pending and threatened litigation and arbitration proceedings having an impact on the financial position of the Group.

6.3 MATERIAL COMMITMENT

As at 25 October 2004, being the last practicable date prior to the printing of this Prospectus, the Group has no material commitments.

6 FINANCIAL INFORMATION (Cont'd)

6.4 WORKING CAPITAL, BORROWINGS AND MATERIAL CONTINGENT LIABILITIES

The Board is of the opinion that after taking into account the gross proceeds from the Public Issue, the working capital available to the Group will be sufficient for a period of 12 months from the date of issue of this Prospectus.

As at 25 October 2004 (being the last practicable date prior to the printing of this Prospectus):-

- (i) The Group has no outstanding material contingent liabilities;
- (ii) The Group does not have any outstanding borrowing, loan capital outstanding, loan capital created but unissued, or mortgage or charge outstanding, save for:-

Outstanding borrowings	Interest rate	Payable within 12 months (RM)	Payable after 12 months (RM)	Total (RM)
Hire-purchase	3.9% per annum	12,000	40,000	52,000

There has been no default by TMS 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) The Group has no contracted capital commitments not provided for in the accounts in respect of purchase of land, building and plant machinery and construction of factory buildings; and
- (iv) The Group is not engaged in any material litigation or arbitration proceedings either as plaintiff or defendant and the Board has no knowledge of any proceedings pending or threatened against the Group or any facts likely to give rise to any proceedings which might materially effect the position and business of the Group.

6.5 FUTURE FINANCIAL INFORMATION

The Board has decided not to include in this Prospectus a profit forecast due to the uncertainty of the revenue arising from the services offered by the Group. Although the Board believes that the services would continue to improve the performance of the Group, the actual level of impact is difficult to forecast with considerable accuracy.

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7 SUMMARY OF THE BUSINESS DEVELOPMENT PLAN

7.1 NEW PRODUCTS AND SOLUTIONS

To achieve its business development plans, the TMS Group will expand its current product portfolio through the development of new products and solutions. These new products and solutions will be integrated with the existing products to enable the TMS Group to offer a more complete suite of products and solutions and provide sustainability and growth for the business. It also allows the TMS Group to focus on specific groups of users.

The TMS Group's product development is guided by the following philosophies:-

- Products and services are to be Internet-based in line with its core competencies and synergistic with its existing products and services;
- Products and services to continue to build on the methodology of knowledge management;
- Product development will use open source technologies to reduce the usage of proprietary systems and tools;
- Where practical, products will incorporate mobile and wireless technologies;
- Incorporate new development tools to facilitate value-adding activities by channels and resellers; and
- Ownership of the Intellectual Property of in-house developed software technologies.

Based on the TMS Group's understanding of its customers' needs and demands and to further expand in the field of knowledge management, the TMS Group intends to develop new solutions to complement its current portfolio of products in the areas of grant management systems, customer relationship management, sales force automation and workflow management.

7.2 RESEARCH AND DEVELOPMENT

The TMS Group's R&D activities are focused in the following areas:-

- development of new products, services and solutions;
- enhancement of existing products, services and solutions; and
- development of value-adding tools and reusable software components to help increase the Group's value proposition.

As a business entity that is responsible to its shareholders for sustainable profits, the TMS Group's R&D policies are practical in approach and incorporates the following:-

- (i) Continue to be involved in Internet-based products to create marketable products;
- (ii) Focused on strategic products and services that complement and add value to its current products and services;
- (iii) Focused on providing competitive advantages that will increase the appeal of its products and services to win sales; and
- (iv) Customer focused and market driven to maximise success of commercialisation.

7 **SUMMARY OF THE BUSINESS DEVELOPMENT PLAN (Cont'd)**

Some of the key general activities undertaken as part of R&D include user requirements specification, system design and specifications, functional specifications, prototyping, programming and testing. In addition to these general R&D activities, the TMS Group will undertake three significant R&D activities that will have implications across all its products. This includes:

- (i) conversion of all source codes to Java;
- (ii) modification of all systems to be able to run on open source technologies; and
- (iii) enhancement of the existing tmsFRAMEWORK™ by developing value-adding tools and reusable software components to help increase the TMS Group's value proposition.

In addition, the TMS Group will also undertake R&D to further develop its Wireless Tracking and Monitoring Solutions.

7.3 MARKETING STRATEGY

The TMS Group's future business plans in the areas of marketing are designed to significantly increase its revenue stream. These strategies include:-

7.3.1 ORIGINAL EQUIPMENT MANUFACTURER ("OEM") STRATEGY

In addition to the current marketing approach adopted by the TMS Group, involving the sale of its proprietary packages under its own brandname, the TMS Group intends to undertake OEM for other resellers. This approach will be applied mainly for overseas resellers who are keen to penetrate the countries where the TMS Group's market presence in those countries are not significant. This strategy would also minimise the competition between TMS and the OEM resellers.

7.3.2 OVERSEAS CHANNEL DEVELOPMENT

Recognising the opportunities from export sales, the TMS Group also has intention to focus on developing its overseas distributors and resellers. Countries and regions targeted for immediate and medium term focus will include Thailand, Indonesia, USA and South America.

7.3.3 EDUCATION STRATEGY

One of the TMS Group's core competencies is in the education sector, particularly through the process of the product development, marketing and support of tmsSEED™. The Group is also aware of the large base of students in Malaysia. To address this large pool of students, the TMS Group intends to expand into the education sector through its tmsSEED™ and tmsFRAMEWORK™ platforms.

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8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL

8.1 INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS

The promoters and substantial shareholders of TMS and their respective shareholdings in TMS are as follows: -

	← Before Public Issue →				← After Public Issue →			
	← No of shares held →				← No of shares held →			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Christopher Chan Hooi Guan	11,279,680	10.55	11,079,680 ⁽¹⁾	10.36	11,279,680	8.57	11,079,680 ⁽¹⁾	8.42
Thong Weng Hung	11,079,680	10.36	-	-	11,079,680	8.42	-	-
Lee Chi Yeng	11,079,680	10.36	11,279,680 ⁽²⁾	10.55	11,079,680	8.42	11,279,680 ⁽²⁾	8.57
Chang Choon Ming	6,189,200	5.79	-	-	6,189,200	4.70	-	-
PrimeAce Venture	6,302,040	5.89	-	-	6,302,040	4.79	-	-
Ko Lim BAC	15,563,520	14.55	-	-	15,563,520	11.82	-	-
BIWV3	10,503,400	9.82	-	-	10,503,400	7.98	-	-
Pacven V	9,865,460	9.22	-	-	9,865,460	7.49	-	-
IDSSS	13,600,000	12.71	-	-	13,600,000	10.33	-	-
Chong Kien Eng @ Teo Kien Eng	1,185,340	1.11	-	-	1,185,340	0.90	-	-
Tang Kin Chuen	721,180	0.67	-	-	721,180	0.55	-	-
Hii Lu Teck	721,180	0.67	-	-	721,180	0.55	-	-
Linear Cooling	-	-	15,563,520 ⁽³⁾	14.55	-	-	15,563,520 ⁽³⁾	11.82
LCB	-	-	21,865,560 ⁽⁴⁾	20.44	-	-	21,865,560 ⁽⁴⁾	16.61
Linac Strategic	-	-	21,865,560 ⁽⁵⁾	20.44	-	-	21,865,560 ⁽⁵⁾	16.61
Chin Kuet Lee	-	-	21,865,560 ⁽⁶⁾	20.44	-	-	21,865,560 ⁽⁶⁾	16.61
Lum Weng Loy	-	-	21,865,560 ⁽⁶⁾	20.44	-	-	21,865,560 ⁽⁶⁾	16.61
Bank Industri	-	-	10,503,400 ⁽⁷⁾	9.82	-	-	10,503,400 ⁽⁷⁾	7.98
Khazanah	-	-	10,503,400 ⁽⁸⁾	9.82	-	-	10,503,400 ⁽⁸⁾	7.98
MBB	-	-	10,503,400 ⁽⁹⁾	9.82	-	-	10,503,400 ⁽⁹⁾	7.98
ARNT	-	-	10,503,400 ⁽¹⁰⁾	9.82	-	-	10,503,400 ⁽¹⁰⁾	7.98
Nik Arizan B. Ariffin	-	-	13,600,000 ⁽¹¹⁾	12.71	-	-	13,600,000 ⁽¹¹⁾	10.33

Notes:

- (1) Deemed interested by virtue of the shares held by his spouse, Lee Chi Yeng
- (2) Deemed interested by virtue of the shares held by her spouse, Christopher Chan Hooi Guan
- (3) Deemed interested by virtue of its 100% shareholdings in Ko Lim BAC
- (4) Deemed interested by virtue of its 65% and 100% shareholdings in PrimeAce Venture and Ko Lim BAC respectively

8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

- (5) Deemed interested by virtue of its shareholdings in LCB, the ultimate holding company of PrimeAce Venture and Ko Lim BAC
- (6) Deemed interested by virtue of their direct shareholding in PrimeAce Venture and their shareholding in Linac Strategic
- (7) Deemed interested by virtue of its 34.09% shareholding in BIWV3
- (8) Deemed interested by virtue of its 34.09% shareholding in BIWV3
- (9) Deemed interested by virtue of its 22.73% shareholding in BIWV3
- (10) Deemed interested by virtue of its shareholdings in MBB
- (11) Deemed interested by virtue of his 81.08% shareholding in IDSSS

Profile and track record of promoters and substantial shareholders

(a) The details of PrimeAce Venture are as follows: -

- (i) PrimeAce Venture was incorporated in British Virgin Islands on 21 February 2000 under The International Business Companies Act as a private limited company;
- (ii) The authorised share capital of the company is USD10,000,000 comprising 10,000,000 ordinary shares of USD1.00 each, of which 5,600,002 ordinary shares of USD1.00 each have been issued and fully paid-up;
- (iii) PrimeAce Venture is an investment holding company in ICT related companies; and
- (iv) PrimeAce Venture does not hold or has not held any substantial shareholdings (5% or more of the issued and paid-up share capital) in other public companies for the past two (2) years.

The details on the directors of PrimeAce Venture are as follows:-

Name	Nationality	No of shares held			
		Direct	%	Indirect	%
Lum Weng Loy	Malaysian	980,001	17.5	3,640,000 ⁽¹⁾	65.0
Chin Kuet Lee	Malaysian	980,001	17.5	3,640,000 ⁽¹⁾	65.0

The details on the substantial shareholders of PrimeAce Venture are as follows:-

Name	No of shares held			
	Direct	%	Indirect	%
LCB	3,640,000	65.0	-	-
Linac Strategic	-	-	3,640,000 ⁽²⁾	65.0
Lum Weng Loy	980,001	17.5	3,640,000 ⁽¹⁾	65.0
Chin Kuet Lee	980,001	17.5	3,640,000 ⁽¹⁾	65.0

Notes:-

(1) By virtue of their substantial shareholdings in LCB through Linac Strategic

(2) By virtue of its shareholding in LCB

8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

(b) The details of Ko Lim BAC are as follows: -

- (i) Ko Lim BAC was incorporated in Malaysia on 17 September 1985 under the Companies Act, 1965 as a private limited company;
- (ii) The authorised share capital of the company is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 100,000 ordinary shares of RM1.00 each have been issued and fully paid-up;
- (iii) Ko Lim BAC is an investment holding company; and
- (iv) Ko Lim BAC does not hold or has not held any substantial shareholdings (5% or more of the issued and paid-up share capital) in other public companies for the past two (2) years.

The details on the directors of Ko Lim BAC are as follows:-

Name	Nationality	No of shares held			
		Direct	%	Indirect	%
Chin Kuet Lee	Malaysian	-	-	100,000 ⁽³⁾	100.0
Soh Yew Aun	Malaysian	-	-	-	-

The details on the substantial shareholders of Ko Lim BAC are as follows:-

Name	Nationality	No of shares held			
		Direct	%	Indirect	%
Linear Cooling	Malaysian	100,000	100.0	-	-
LCB	Malaysian	-	-	100,000 ⁽¹⁾	100.0
Linac Strategic	Malaysian	-	-	100,000 ⁽²⁾	100.0
Chin Kuet Lee	Malaysian	-	-	100,000 ⁽³⁾	100.0
Lum Weng Loy	Malaysian	-	-	100,000 ⁽³⁾	100.0

Notes:-

(1) Linear Cooling is wholly-owned by LCB

(2) By virtue of its shareholding in LCB

(3) By virtue of his/their substantial shareholdings in LCB through Linac Strategic

(c) The details of BIWV3 are as follows: -

- (i) BIWV3 was incorporated in Malaysia on 12 July 1996 under the Companies Act, 1965 as a private limited company;
- (ii) The authorised share capital of the company comprises 500,000 ordinary shares and 500,000 Redeemable Preference Shares of RM1.00 each ("RPS") respectively, of which 44,000 ordinary shares and 396,000 RPS respectively have been issued and are 75% paid-up;
- (iii) BIWV3 is a venture capital company; and

8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

- (iv) BIWV3 does not hold or has not held any substantial shareholdings (5% or more of the issued and paid-up share capital) in other public companies in Malaysia for the past two (2) years.

The details on the directors of BIWV3 are as follows:-

Name	Nationality	← No of shares held →			
		Direct	%	Indirect	%
Tan Sri Dato' Othman bin Mohd Rijal	Malaysian	-	-	-	-
Tan Lip-Bu	American	-	-	-	-
Chok Kwee Bee	Malaysian	-	-	-	-
Ng Kee Meng	Malaysian	-	-	-	-
Chua Kee Lock	Singaporean	-	-	-	-
Haji Mohamed Ibrahim bin Hashim	Malaysian	-	-	-	-
Ismail bin Ibrahim	Malaysian	-	-	-	-

The details on the substantial shareholders of BIWV3 are as follows:-

Name	← No of ordinary shares held →			
	Direct	%	Indirect	%
Bank Industri	15,000	34.09%	-	-
Khazanah	15,000	34.09%	-	-
MBB	10,000	22.73%	-	-

Name	← No of RPS held →			
	Direct	%	Indirect	%
Bank Industri	135,000	34.09%	-	-
Khazanah	135,000	34.09%	-	-
MBB	90,000	22.73%	-	-

- (d) Pacven V is a global venture capital fund with a fund size or committed capital of USD567 million and was registered in the Cayman Islands as an Exempted Limited Partnership on 8 December 2000. It has a fund life of 10 years and has 82 limited partners and 1 general partner. Pacven V is a discretionary fund and invests, for its own account, in growth companies in the technology sector with the objective of returning attractive gains from long-term capital appreciation to its investors upon exit from viable investments

Pacven V does not hold or has not held any substantial shareholdings (5% or more of the issued and paid-up share capital) in other public companies in Malaysia for the past two (2) years.

8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

(e) The details of IDSSS are as follows: -

- (i) IDSSS was incorporated in Malaysia on 26 February 2003 under the Companies Act, 1965 as a private limited company;
- (ii) The authorised share capital of the company is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 111 ordinary shares of RM1.00 each have been issued and fully paid-up;
- (iii) IDSSS is principally involved in information technology system integration specialising in surveillance and security systems; and
- (iv) IDSSS does not hold or has not held any substantial shareholdings (5% or more of the issued and paid-up share capital) in other public companies for the past two (2) years.

The details on the directors and substantial shareholders of IDSSS are as follows:-

Name	Nationality	← No of shares held →			
		Direct	%	Indirect	%
Nik Arizan B. Ariffin	Malaysian	90	81.08	-	-
Datin Hj Nik Azizah Bt. Hj Nik Yahya	Malaysian	10	9.01	-	-
Ismail B. Ibrahim	Malaysian	11	9.91	-	-

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8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

8.2 DIRECTORS

(i) Profile

The details of the Board of Directors of TMS are as follows:-

CHRISTOPHER CHAN HOOI GUAN, aged 37, is the Chairman and Chief Executive Officer of TMS. He graduated from the University of Central Arkansas, USA, with a Bachelor of Music degree in 1993. He is the co-founder of TMS. He has more than 14 years experience in the IT industry. His main responsibility is to strategically engineer the Company to be a leading technology partner. He is also involved in the overall management of the TMS Group and developing the strategic direction of the Group.

He started his career as a Graduate Assistant at the School of Business, University of Central Arkansas in Arkansas, USA in 1993. In 1995 he took up the post of Consultant at Acxiom Corporation a data mining company, in USA, where he was involved in exploring business opportunities in Asia and in the Pacific realm.

He is the current President of the Technopreneurs' Association of Malaysia having been elected in March 2003. Previously, in 2001 he won the PIKOM-Computimes ICT Award for ICT Entrepreneur of the Year.

THONG WENG HUNG, aged 37, is the Chief Systems Officer of TMS. He graduated on 1995 from the University of Arkansas in Fayetteville, Arkansas, USA with a Bachelor of Science in Electrical Engineering.

He has more than 8 years experience in the IT industry. He started his career in 1995 as Systems Engineers with the Benchmark Group in USA from 1995 to 1996. He was mainly involved in the redesigning of office databases, networking and infrastructure. He returned to Malaysia in 1996 and joined TMS as its Chief Systems Officer. His responsibilities within the Group include overseeing the internal and external databases, systems networking as well as assisting the Chief Executive Officer on various operational matters in the running of the Group.

LEE CHI YENG, aged 36, is the Chief Technology Officer of TMS and is an alternate director to Thong Weng Hung. She graduated in 1992 as a Magna Cum Laude from the University of Arkansas in Fayetteville, Arkansas, USA, with a Bachelor of Science in Computer Systems Engineering. She also obtained a Master of Science Degree in Industrial Engineering from the University of Arkansas in 1994. She has more than 10 years experience in the IT industry. Her main responsibilities in the Company are in leading the R&D and project and design teams.

She started her career as a Research Assistant at the University of Arkansas in 1989. In 1991, she was appointed as Research Assistant at Arkansas Children's Hospital. Between 1992 and 1994, she worked as a Technical Consultant in the assembly, installation and maintenance of computer software, hardware and networking systems for small businesses and households. In January 1995 she joined Acxiom Corporation USA, where she was involved in the designing, developing, coding and testing of a subscription fulfilment and marketing system under the MVS, CICS, TSO, LAN and PC operating environment created to manage large scale, multi product publishing operations.

8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

CHANG CHOON MING, aged 40, is an Executive Director of TMS. He is a graduate from the Universiti Kebangsaan Malaysia with a Bachelor of Science (Hons) Degree in Nuclear Science, which he obtained in 1988.

He started his career as a Business Executive with Nortek Computer Sdn Bhd in 1988. In 1990 he was appointed as Business Manager, overseeing and managing the Computer Aided Design Solutions Team. In 1992, he founded Integral CAD Technologies Sdn Bhd, and was responsible for the overall management of the company. In March 1999, he joined TMS as an Executive Director and is involved in corporate matters including funding, joint ventures and strategic partnerships. He is also responsible for the Finance and Administration Department.

COLIN PAUL DAY, aged 46, is British and a Non-Independent Non-Executive Director of TMS. He holds a Higher National Certificate (HNC) for Business Studies (General) from Bournemouth University in the United Kingdom which was awarded in 1982.

He has gained vast experience in a broader commercial role, which has included business process re-engineering, system design and integration and project management.

Whilst working in a commercial role within the City of London, he developed a real time digital feed for the delivery of international market prices to equity and commodity trading houses.

He started his own business in information management in the UK and signed contracts with international banking groups to manage their information. The company was eventually sold to a UK stock exchange quoted company.

He is experienced in start-ups in Asia and has successfully developed a new business joint venture in Singapore in information management.

CHIN KUET LEE, aged 47, is a Non-Independent Non-Executive Director of TMS. He graduated in 1980 from Lancaster University with a first class degree in Electronic Engineering. He is also a holder of Master of Business Administration from Pepperdine University in USA.

He has over 20 years of international working experience in the technology industry, holding a variety of positions ranging from managerial to chief executive officer in multinational companies such as Shell UK, Hitachi, Hewlett Packard and LH Research. He was also involved in investment banking in California, USA, specialising in areas of technology ventures, technical due diligence and private equity funding.

KHAIRIL ANUAR BIN ABDULLAH, aged 53, is an Independent Non-Executive Director of TMS and the Chairman of the Company's Audit Committee. He completed his high school studies at the Royal Military College of Malaysia in 1969 and graduated in 1972 from University of Malaya in economics. He is also a holder of Master of Business Administration from Harvard Business School in the USA.

From 1973 to 1982, he served with the Economic Planning Unit of Malaysia in positions relating to human resource development, econometrics, macroeconomic planning and the application of IT to development planning. Subsequently from 1983 to 1988, he was the corporate planner, company secretary and assistant to the

8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

chairman of the Guthrie group of companies. From 1988 to 1992, he served as the managing director of Batu Lintang Rubber Company Berhad (“**Batu Lintang**”), overseeing its turnaround and subsequent re-listing on Bursa Securities. Concurrently with his tenure at Batu Lintang, he also served as a director of Arthur D Little Malaysia, providing consultancy services in privatisation, telecommunications and IT within the ASEAN region.

From 1993 to 1997, he served as director, research and development, of the Securities Commission of Malaysia where he oversaw law and regulatory reform, market development, IT, economic research and the development of the Islamic Capital Market. He also served on the board of the Labuan Offshore Financial Services Authority. During this time, he also served as a consultant to the governments of Vietnam and Bahrain in relation to the development of their capital markets. From 1997 to 2002, he served as the founding chairman of MESDAQ where he laid the foundations of the market prior to its merging with Bursa Securities.

He is currently the chairman of Accelteam Sdn Bhd, a company which specializes in business intelligence software and is an associate director of AT Kearney (ASEAN), a global management consulting company as well as a member of the board of directors of Symphony House Berhad, a company listed on the MESDAQ Market. In addition, he is also a fellow of the Malaysian Institute of Banks, a life member of the Malaysian Economic Association and serves on the committee of the Harvard Club and the alumni association of the Royal Military College.

ONG BOON KEE, aged 45, is an Independent Non-Executive Director of TMS and a member of the Company’s Audit Committee. He is a graduate from the University of Malaya with Bachelor of Accounting (Honours) in 1982 and is a qualified Chartered Accountant after being admitted to the Malaysian Institute of Accountants.

He started his career in 1983 as a tax senior with Price Waterhouse Tax Services and subsequently served as the regional accountant for IJM Corporation Berhad from 1984 to 1988. From 1988 to 1990, he served as the finance and administration manager for Gedong Engineering Sdn Bhd, a company which provides services to the oil and gas industry. He is currently the chief executive officer of G. B. Industries Sdn Bhd, a company principally involved in the manufacturing and export of household and industrial gloves.

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8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

(ii) Directors' Shareholdings in TMS

The shareholdings of the Directors in TMS as at 25 October 2004, prior to the Public Issue are as follows:-

	← Before Public Issue →				← After Public Issue →			
	← No of shares held →				← No of shares held →			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Christopher Chan Hooi Guan	11,279,680	10.55	11,079,680 ⁽¹⁾	10.36	11,279,680	8.57	11,079,680 ⁽¹⁾	8.42
Thong Weng Hung	11,079,680	10.36	-	-	11,079,680	8.42	-	-
Lee Chi Yeng	11,079,680	10.36	11,279,680 ⁽²⁾	10.55	11,079,680	8.42	11,279,680 ⁽²⁾	8.57
Chang Choon Ming	6,189,200	5.79	-	-	6,189,200	4.70	-	-
Chin Kuet Lee	-	-	21,865,560 ⁽³⁾	20.44	-	-	21,865,560 ⁽³⁾	16.61
Colin Paul Day	-	-	-	-	-	-	-	-
Khairil Anuar Bin Abdullah	-	-	-	-	-	-	-	-
Ong Boon Kee	-	-	-	-	-	-	-	-

Notes:

- (1) Deemed interested by virtue of the shares held by his spouse, Lee Chi Yeng
- (2) Deemed interested by virtue of the shares held by her spouse, Christopher Chan Hooi Guan
- (3) Deemed interested by virtue of his direct shareholdings in PrimeAce Venture and indirect shareholdings in LCB (through Linac Strategic), the ultimate holding company of PrimeAce Venture and Ko Lim BAC

(iii) Directors' Directorships and Substantial Shareholdings in Other Public Companies for the Past Two (2) Years

Save for Chin Kuet Lee who is a director and substantial shareholder of Linear Corporation Berhad, and Khairil Anuar Bin Abdullah who is an independent non-executive director of Symphony House Berhad, none of the Directors hold or held any directorships or substantial shareholdings (5% or more of the issued and paid-up share capital) in other public companies for the past two (2) years.

As at 25 October 2004, being the latest practicable date prior to the printing of this Prospectus, the direct and indirect substantial shareholdings of Chin Kuet Lee in Linear Corporation Berhad is as follows:-

	No. of ordinary shares of par value RM1.00 each held			
	Direct	%	Indirect	%
Chin Kuet Lee	-	-	14,372,518 ⁽¹⁾	19.14

Notes:

- (1) Deemed interested by virtue of his shareholding in Linac Strategic

Khairil Anuar Bin Abdullah does not have any substantial shareholdings, whether direct or indirect, in Symphony House Berhad.

8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

(iv) None of the Directors is or was involved in the following events whether in or outside Malaysia:-

- (a) A petition under any bankruptcy or insolvency laws filed against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (b) Conviction in a criminal proceedings or is a named subject of a pending criminal proceedings; and
- (c) The subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

(v) None of the Directors have entered into any service agreements with the Company
(vi) Directors' Remuneration and Benefits

The remuneration paid to the Directors of the Company for services rendered in all capacities to the Company for the financial year ended 31 December 2003 amounted to RM679,015 and the estimated remuneration payable to the Directors of the Company for the financial year ending 31 December 2004 is RM679,015.

The number of Directors of the Company in the various remuneration bands is set out below:

	←-----Financial years ended / ending----->					
	←-----31 December 2003----->			←-----31 December 2004----->		
	Executive Directors	Non- executive Directors	Total	Executive Directors	Non- executive Directors	Total
Below RM60,000	-	-	-	-	-	-
RM60,000 and below RM120,000	1	-	1	1	-	1
RM120,000 and below RM300,000	3	-	3	3	-	3
RM300,000 and above	-	-	-	-	-	-

(vii) None of the directors have any direct or indirect interest in other business and corporation carrying on a similar trade as the Group.

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8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

8.3 AUDIT COMMITTEE

The composition of the Audit Committee is as follows:-

Name	Designation	Directorship
Khairil Anuar Bin Abdullah	Chairman of the Audit Committee	Independent Non-Executive Director
Ong Boon Kee	Member of the Audit Committee	Independent Non-Executive Director
Chang Choon Ming	Member of the Audit Committee	Executive Director

The Audit Committee, comprising two (2) Independent Non-Executive Directors and an Executive Director, is responsible for the recommendations to the Board of Directors regarding the selection of the external auditors, reviewing the results and scope of the audit and other services provided by the Company's external auditors. In addition, the Audit Committee reviews and evaluates the Company's internal audit and control functions. The Audit Committee is also responsible for the assessment of financial risk and matters relating to related party transactions and conflict of interests. The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

8.4 KEY MANAGEMENT AND TECHNICAL PERSONNEL

(i) Profile

The Board of Directors is assisted by a team of experienced management and technical personnel. The management team is headed by the Chairman and Chief Executive Officer, Christopher Chan Hooi Guan. Particulars of the key management and technical personnel are as follows:-

CHRISTOPHER CHAN HOOI GUAN

Please refer to Section 8.2 of this Prospectus.

THONG WENG HUNG

Please refer to Section 8.2 of this Prospectus.

LEE CHI YENG

Please refer to Section 8.2 of this Prospectus.

CHANG CHOON MING

Please refer to Section 8.2 of this Prospectus.

CHONG KIEN ENG @ TEO KIEN ENG, aged 33, is the Financial Controller of TMS. He graduated in 1996 from the University of Malaya with a Bachelor of Accounting Degree. He is also a Chartered Accountant from the Malaysian Institute of Accountants and a Certified Public Accountant from the Malaysian Institute of

8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Certified Public Accountants. He started his career in PricewaterhouseCoopers in 1996 and left as an Assistant Audit Manager in 2000.

He joined TMS in 2000 as its Finance Manager and his responsibilities include leading the finance, accounting and administrative division in the Company. His responsibilities also include forecasting, budgeting, reporting, fund raising, human resources and legal affairs of the Company. He was subsequently promoted to Financial Controller of the Company in 2002.

HII LU TECK, aged 40, is the Product Development Manager of TMS. He graduated with a Bachelor of Arts majoring in Urban & Rural Planning, from the University of Alberta, Canada in 1987.

He started his career in 1987, as a Management Trainee for Parkson Corporation Sdn Bhd. In 1993, he joined The Leader Sdn Bhd as a Studio Manager before joining The Sun Media Group Sdn Bhd in the same capacity.

In 1995, he joined Cyberweb Associates, as Business Development Manager before progressing to a Business Development Director at FAM Interactive (M) Sdn Bhd, where he was involved in the software development. He joined TMS in March 2000 as the Product Development Manager. He is involved in the managing the R&D team of the Company's flagship products, i.e. tmsINTRANET™, tmsPUBLISHER™ and tmsSEED™.

TANG KIN CHUEN, aged 28, is the Assistant Chief Technology Officer of TMS. He graduated in 1995, with an International Diploma in Computer Studies, NCC, and a Diploma in Computer Studies (CDCS), in February 1996 from Informatics College. In December 1996, he received an Advanced Diploma in Computer Studies, NCC from the same college. He received his Bachelor of Science (Hons) Degree in Applied Computing from Leeds Metropolitan University, United Kingdom in 1997.

He started his career as an Internet/Intranet consultant in FAM Interactive (M) Sdn Bhd in 1998. He joined TMS in 2000 as a Senior Software Developer. He was responsible for the development of tmsPUBLISHER™. He was promoted to his current position in January 2001. His responsibilities include working with the R&D team in creating the tmsFRAMEWORK™, which serves as a foundation for new products for the Company.

(ii) Key management and technical personnel's shareholding in the Company

Save as disclosed below, none of the key personnel have any shareholdings (both direct and indirect) in TMS:-

Name	Nationality	Designation	No. of TMS Shares held after Public Issue			
			Direct	%	Indirect	%
Christopher Chan Hooi Guan	Malaysian	Chief Executive Officer	11,279,680	8.57	11,079,680 ⁽¹⁾	8.42
Thong Weng Hung	Malaysian	Chief Systems Officer	11,079,680	8.42	-	-
Lee Chi Yeng	Malaysian	Chief Technology Officer	11,079,680	8.42	11,279,680 ⁽²⁾	8.57

8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Name	Nationality	Designation	No. of TMS Shares ← held after Public Issue →			
			Direct	%	Indirect	%
Chang Choon Ming	Malaysian	Executive Director	6,189,200	4.70	-	-
Chong Kien Eng @ Teo Kien Eng	Malaysian	Financial Controller	1,185,340	0.90	-	-
Hii Lu Teck	Malaysian	Product Development Manager	721,180	0.55	-	-
Tang Kin Chuen	Malaysian	Assistant Chief Technology Officer	721,180	0.55	-	-

Notes:

- (1) Deemed interested by virtue of the shares held by his spouse, Lee Chi Yeng
- (2) Deemed interested by virtue of the shares held by her spouse, Christopher Chan Hooi Guan

(iii) None of the Company's key management and technical personnel is involved in other businesses and/or corporations

(iv) None of the key management and technical personnel is or was involved in the following events:-

- (a) A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation in which he was a director or key personnel;
- (b) Conviction in a criminal proceedings or is a named subject of a pending criminal proceedings; and
- (c) The subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

(v) None of the key management or technical personnel has entered into any service agreements with the Company.

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8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

8.5 CHANGES IN SUBSTANTIAL SHAREHOLDERS AND PROMOTERS AND THEIR RESPECTIVE SHAREHOLDINGS IN TMS

The changes in the shareholdings of the substantial shareholders and promoters for the last three (3) years up to 25 October 2004 being the latest practicable date prior to the printing of this Prospectus are as follows:-

Name	As at 31 December 2001			As at 31 December 2002			As at 10 September 2004 ⁽⁹⁾			
	No of ordinary shares of RMI each			No of ordinary shares of RMI each			No of ordinary shares of RMI each			
	Direct	%	Indirect	Direct	%	Indirect	Direct	%	Indirect	%
Christopher Chan Hooi Guan	1,247,348	19.79	1,133,915 ⁽¹⁾	1,247,348	19.79	1,133,915 ⁽¹⁾	1,247,348	16.28	1,133,915 ⁽¹⁾	14.80
Thong Weng Hung	1,133,913	17.99	-	1,133,913	17.99	-	1,133,913	14.80	-	-
Lee Chi Yeng	1,133,915	17.99	1,247,348 ⁽²⁾	1,133,915	17.99	1,247,348 ⁽²⁾	1,133,915	14.80	1,247,348 ⁽²⁾	16.28
Chang Choon Ming	600,308	9.53	-	600,308	9.53	-	600,308	7.83	-	-
PrimeAce Venture	630,204	10.00	-	630,204	9.53	-	630,204	8.23	-	-
Ko Lim BAC	1,556,352	24.70	-	1,556,352	24.70	-	1,556,352	20.31	-	-
IDSS	-	-	-	-	-	-	1,360,000	17.75	-	-
Linear Cooling ⁽⁷⁾	-	-	1,556,352	-	24.70	1,556,352	-	-	1,556,352	20.31
LCB ⁽⁸⁾	-	-	2,186,556	-	34.70	2,186,556	-	-	2,186,556	28.54
Linac Strategic ⁽⁹⁾	-	-	2,186,556	-	34.70	2,186,556	-	-	2,186,556	28.54
Chin Kuet Lee ⁽¹⁰⁾	-	-	2,186,556	-	34.70	2,186,556	-	-	2,186,556	28.54
Lum Weng Loy ⁽¹⁰⁾	-	-	2,186,556	-	34.70	2,186,556	-	-	2,186,556	28.54
Nik Arizan B. Ariffin ⁽¹¹⁾	-	-	-	-	-	-	-	-	1,360,000	17.75

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8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

8.5 CHANGES IN SUBSTANTIAL SHAREHOLDERS AND PROMOTERS AND THEIR RESPECTIVE SHAREHOLDINGS IN TMS (Cont'd)

Name	As at 24 September 2004 ^(a)				As at 13 October 2004 ^(b)				As at 13 October 2004 After Share Sub-Division			
	No. of ordinary shares of RM1 each				No. of ordinary shares of RM1 each				No. of ordinary shares of RM10.10 each			
	Direct	%	Indirect	%	Direct	%	Indirect	%	Direct	%	Indirect	%
Christopher Chan Hooi Guan	1,039,228	10.64	1,039,228 ⁽¹⁾	10.64	1,127,968	10.55	1,107,968 ⁽¹⁾	10.36	11,279,680	10.55	11,079,680 ⁽¹⁾	10.36
Thong Weng Hung	1,039,228	10.64	-	-	1,107,968	10.36	-	-	11,079,680	10.36	-	-
Lee Chi Yeng	1,039,228	10.64	1,039,228 ⁽²⁾	10.64	1,107,968	10.36	1,127,968 ⁽²⁾	10.55	11,079,680	10.36	11,279,680 ⁽²⁾	10.55
Chang Choon Ming	550,180	5.64	-	-	618,920	5.79	-	-	6,189,200	5.79	-	-
PrimeAce Venture	630,204	6.46	-	-	630,204	5.89	-	-	6,302,040	5.89	-	-
Ko Lim BAC	1,556,352	15.94	-	-	1,556,352	14.55	-	-	15,563,520	14.55	-	-
BIWV3 ⁽⁶⁾	1,050,340	10.76	-	-	1,050,340	9.82	-	-	10,503,400	9.82	-	-
Paoven V ⁽⁶⁾	986,546	10.11	-	-	986,546	9.22	-	-	9,865,460	9.22	-	-
Chong Kien Eng @ Teo Kien Eng	50,104	0.51	-	-	118,534	1.11	-	-	1,185,340	1.11	-	-
Tang Kin Chuen	39,618	0.41	-	-	72,118	0.67	-	-	721,180	0.67	-	-
Hui Lu Teck	39,618	0.41	-	-	72,118	0.67	-	-	721,180	0.67	-	-
IDSSS	1,360,000	13.93	-	-	1,360,000	12.71	-	-	13,600,000	12.71	-	-
Linear Cooling ⁽⁷⁾	-	-	1,556,352	15.94	-	-	1,556,352	14.55	-	-	15,563,520	14.55
LCB ⁽⁸⁾	-	-	2,186,556	22.40	-	-	2,186,556	20.44	-	-	21,865,560	20.44
Linac Strategic ⁽⁹⁾	-	-	2,186,556	22.40	-	-	2,186,556	20.44	-	-	21,865,560	20.44
Chun Kuet Lee ⁽¹⁰⁾	-	-	2,186,556	22.40	-	-	2,186,556	20.44	-	-	21,865,560	20.44
Lum Weng Loy ⁽¹⁰⁾	-	-	2,186,556	22.40	-	-	2,186,556	20.44	-	-	21,865,560	20.44
Bank Industri ⁽¹²⁾	-	-	1,050,340	10.76	-	-	1,050,340	9.82	-	-	10,503,400	9.82
Khazanah ⁽¹³⁾	-	-	1,050,340	10.76	-	-	1,050,340	9.82	-	-	10,503,400	9.82
MBB ⁽¹⁴⁾	-	-	1,050,340	10.76	-	-	1,050,340	9.82	-	-	10,503,400	9.82
ARNT ⁽¹⁵⁾	-	-	1,050,340	10.76	-	-	1,050,340	9.82	-	-	10,503,400	9.82
Nik Arizan B. Ariffin ⁽¹¹⁾	-	-	1,360,000	13.93	-	-	1,360,000	12.71	-	-	13,600,000	12.71

8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Notes:

- (1) Deemed interested by virtue of the shares held by his spouse, Lee Chi Yeng
- (2) Deemed interested by virtue of the shares held by her spouse, Christopher Chan Hooi Guan
- (3) Upon completion of acquisition of M-Apps by TMS
- (4) Upon completion of disposal on 23 September 2004 of 447,620 ordinary shares of RM1.00 each by Christopher Chan Hooi Guan, Thong Weng Hung, Lee Chi Yeng, and Chang Choon Ming to selected employees pursuant to the Sale and Purchase Agreement dated 26 March 2004 and conversion by BIWV3 and Pacven V of a total of 2,036,886 RCPS into an equivalent ordinary shares of RM1.00 each.
- (5) Upon exercise of options by employees under the ESOS to subscribe for 933,640 ordinary shares of RM1.00 each, which was fully exercised by 11 October 2004. These ordinary shares of RM1.00 each in TMS were allotted to the employees on 13 October 2004.
- (6) For the financial year ended 31 December 2002, BIWV3 and Pacven V held 1,050,340 and 986,546 RCPS of RM1.00 each respectively.
- (7) Deemed interested by virtue of its 100% shareholdings in Ko Lim BAC.
- (8) Deemed interested by virtue of its 65% and 100% shareholdings in PrimeAce Venture and Ko Lim BAC respectively.
- (9) Deemed interested by virtue of its shareholdings in LCB, the ultimate holding company of PrimeAce Venture and Ko Lim BAC.
- (10) Deemed interested by virtue of their direct shareholding in PrimeAce Venture and their shareholding in Linac Strategic.
- (11) Deemed interested by virtue of his 81.08% shareholding in IDSSS
- (12) Deemed interested by virtue of its 34.09% shareholding in BIWV3
- (13) Deemed interested by virtue of its 34.09% shareholding in BIWV3
- (14) Deemed interested by virtue of its 22.73% shareholding in BIWV3
- (15) Deemed interested by virtue of its shareholdings in MBB

8.6 RELATIONSHIPS AND ASSOCIATES

Save as discussed below, there are no family or business relationship among the substantial shareholders, Promoters, Directors, key management and technical personnel:-

- (i) Lee Chi Yeng is the spouse of Christopher Chan Hooi Guan.
- (ii) Colin Paul Day is the brother-in-law of Christopher Chan Hooi Guan.

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9 APPROVALS AND CONDITIONS

9.1 CONDITIONS TO THE APPROVALS AND COMPLIANCE THEREOF

The SC and Bursa Securities approved the Public Issue on 24 August 2004 and 25 August 2004 respectively. The conditions imposed by the SC and Bursa Securities and the status of compliance are set out as follows:-

Conditions imposed by SC**Status of compliance**

TMS should disclose the status of the utilisation of the listing proceeds to be raised from the public issue in its quarterly and annual reports until the proceeds are fully utilised.

To be complied

Conditions imposed by Bursa Securities**Status of compliance**

(i) TMS to make a detailed disclosure in its prospectus of the following:-

- With regard to the proposed acquisition of M-Apps by TMS:-
 - The rationale of the M-Apps acquisition and how M-Apps's business would complement the existing business of TMS;

The disclosure is set out in Section 4.4.16 of this Prospectus.
 - The basis of valuation of M-Apps which are based on premium over audited NTA and price earnings multiple, together with the comparison made with other listed companies with similar business activities for potential investors to ascertain the reasonableness of the valuation; and

The disclosure is set out in Section 4.4.16 of this Prospectus.
 - To expand disclosure in its prospectus to include that in the event that M-Apps incur losses for the financial year ending 30 June 2005 and financial year ending 30 June 2006, IDSSS shall pay to M-Apps an amount in cash equal to the shortfall between such guaranteed profits and the actual audited losses of M-Apps;

The disclosure is set out in Section 4.4.16 of this Prospectus.
- With regard to cash consideration of RM2.24 million to satisfy part of the purchase consideration price for M-Apps's acquisition:-
 - To expand the disclosure on the rationale for utilising RM0.14 million i.e. part of the listing proceeds of RM8.638 million to satisfy part of M-Apps purchase consideration price; and

The disclosure is set out in Section 4.4.16 of this Prospectus.
 - The source of repayment for the remaining RM2.1 million which is to be satisfied via cash for the balance of M-Apps purchase consideration price;

The disclosure is set out in Section 4.4.16 of this Prospectus.
- The risk associated to the highly competitive ICT industry on Internet-based solutions sector and mitigating factors/actions taken/to be taken by the Group;

The disclosure is set out in Section 3(xiv) of this Prospectus.
- The risk associated with the Group's business activities which rely on contracts with customers and mitigating factors taken/to be taken by the Group;

The disclosure is set out in Section 3(xxv) of this Prospectus.
- Impact on the Group's future financial performance in the event that TMS Group fails to secure future contracts;

The disclosure is set out in Section 3(xxv) of this Prospectus.

9 APPROVALS AND CONDITIONS (Cont'd)

Conditions imposed by Bursa Securities (Cont'd)	Status of compliance
<ul style="list-style-type: none"> • Efforts made to increase its customer base; and • List of all new secured contracts as at the most applicable date; 	<p>The disclosure is set out in Section 4.4.19 of this Prospectus.</p> <p>An application was made to Bursa Securities on 1 October 2004 in respect of proposing a revised format for disclosure of a list of all the Company's new secured contracts as at the most applicable date.</p> <p>The disclosure as agreed upon by Bursa Securities is set out in Section 4.4.21 of this Prospectus.</p>
<p>(ii) TMS to provide the finalised profit guarantee agreement between TMS, IDSSS and the stakeholder to Bursa Securities prior to the issuance of the prospectus;</p>	<p>The terms of the profit guarantee pursuant to the acquisition of M-Apps is made up of the conditional sale and purchase agreement dated 27 February 2004, its supplemental agreement dated 23 March 2004, its second supplemental agreement dated 5 July 2004, its third supplemental agreement dated 2 November 2004, the memorandum of deposit and charge of shares dated 10 September 2004 and its supplemental dated 2 November 2004.</p> <p>Accordingly, the sale and purchase agreement and the supplemental agreement were furnished to Bursa Securities on 16 April 2004 while the second supplemental agreement was furnished on 9 July 2004. The memorandum of deposit and charge of shares was furnished to Bursa Securities on 6 October 2004.</p>

9 APPROVALS AND CONDITIONS (Cont'd)

Conditions imposed by Bursa Securities (Cont'd)	Status of compliance
	Lastly, the third supplemental agreement and the supplemental agreement to the memorandum were furnished to Bursa Securities on 4 November 2004.
(iii) TMS to inform Bursa Securities on the appointment of independent directors and to provide confirmation that they qualify as independent directors as defined in the Listing Requirements;	Complied on 6 October 2004.
(iv) TMS and the Adviser to provide confirmation that the members of Audit Committee comply with the requirement in the Listing Requirements; and	Complied on 6 October 2004.
(v) TMS to include a negative statement in its prospectus on the exclusion of profit forecast and projections from the prospectus and the reasons thereof.	The disclosure is set out in Section 1.12 and 6.5 of this Prospectus.

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9 APPROVALS AND CONDITIONS (Cont'd)

9.2 MORATORIUM ON PROMOTERS' SHARES

The Public Issue under the terms of this Prospectus was approved by the SC and Bursa Securities on 24 August 2004 and 25 August 2004 respectively. It is a condition of Bursa Securities' approval that the Promoters of TMS will not be allowed to sell, transfer or assign TMS Shares held by the Promoters amounting to 45% of the issued and paid up share capital of the Company, as tabulated below, within one (1) year from the date of admission of TMS to the official list of the MESDAQ Market. Thereafter, they are permitted to sell, transfer or assign their TMS Shares subject to a maximum of one third per annum on a straight line basis of their respective shareholdings in the Company which is under moratorium.

This restriction is fully accepted by the following Promoters, who will hold in aggregate 77,721,510 ordinary shares of TMS, representing 59.05% of the issued and paid-up share capital of the Company after the Public Issue.

The TMS Shares held by the Promoters which are under moratorium are as follows:-

Promoters	← No of shares held →				No of shares under moratorium	
	Direct		Indirect		Direct	
		%		%		%
Christopher Chan Hooi Guan	11,279,680	8.57	11,079,680 ⁽¹⁾	8.42	9,925,510	7.54
Thong Weng Hung	11,079,680	8.42	-	-	9,925,510	7.54
Lee Chi Yeng	11,079,680	8.42	11,279,680 ⁽²⁾	8.57	9,925,510	7.54
Chang Choon Ming	6,189,200	4.70	-	-	3,278,350	2.49
PrimeAce Venture	6,302,040	4.79	-	-	3,542,240	2.69
Ko Lim BAC	15,563,520	11.82	-	-	8,749,100	6.65
IDSS	13,600,000	10.33	-	-	12,600,000	9.57
Chong Kien Eng @ Teo Kien Eng	1,185,340	0.90	-	-	501,040	0.38
Hii Lu Teck	721,180	0.55	-	-	396,180	0.30
Tang Kin Chuen	721,180	0.55	-	-	396,180	0.30
Total	77,721,500	59.05	22,359,360	16.98	59,239,620	45.00

Notes:

- (1) Deemed interested pursuant to the shares held by his spouse, Lee Chi Yeng
- (2) Deemed interested pursuant to the shares held by her spouse, Christopher Chan Hooi Guan

The restriction is specifically endorsed on the share certificates of TMS representing the shareholding of the aforesaid shareholders, which are under moratorium to ensure that the Company's Share Registrars will not register any transfer not in compliance with the aforesaid restriction.

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10 RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS

- 10.1 Save for the disposal of M-Apps by IDSSS to TMS, none of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the promotion of or in any assets which have, within the two (2) years preceding the date of this Prospectus been acquired or disposed of by or leased to the Company, or are proposed to be acquired, disposed of by or leased to the Company, or any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company taken as a whole.
- 10.2 None of the Directors or substantial shareholders of TMS has any interest, direct or indirect, in any business carrying on similar trade as TMS Group.
- 10.3 There is no existing or potential related party transactions (other than transactions with/between wholly owned subsidiary) entered into or to be entered by any of the TMS Group with the Directors and/or substantial shareholders of TMS and/or key management of the TMS Group and/or person(s) connected with any of them.
- 10.4 Declaration of Advisers
- (i) Kenanga hereby confirms that there are no existing or potential conflicts of interest in its capacity as the Adviser for the Public Issue.
 - (ii) Messrs. Jeff Leong, Poon & Wong has given their confirmation that there are no existing or potential conflicts of interest in its capacity as the Solicitors for the Listing for the Public Issue.
 - (iii) Messrs. Horwath has given their confirmation that there are no existing or potential conflicts of interest in its capacity as Auditors and Reporting Accountants for the Public Issue.
 - (iv) Messrs Vital Factor Consulting Sdn Bhd has given their confirmation that there are no existing or potential conflicts of interest in its capacity as an Independent Market Research Consultant.

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