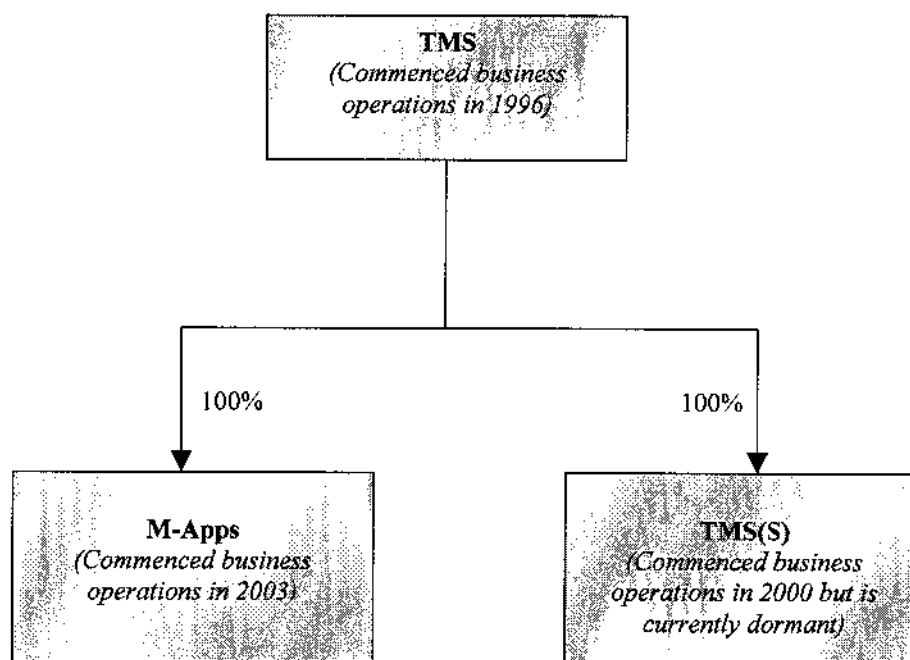


## 4 INFORMATION ON THE GROUP

### 4.1 HISTORY

Name of company	Date and place of incorporation		Paid-up share capital as at 25 October 2004	Principal Activities
TMS	9 April 1996, Malaysia		RM10,696,360	Investment holding and provider of integrated web-based applications and solutions
<b>TMS' subsidiaries</b>		<b>Equity interest (%)</b>		
M-Apps	6 May 1999, Malaysia	100.0	RM307,500	Provider of wireless tracking and monitoring solutions
TMS(S)	29 June 2000, Singapore	100.0	SGD100,000	Dormant

#### 4.1.1 BACKGROUND OF TMS



TMS was incorporated on 9 April 1996 in Malaysia under the Act under the name of The Media Shoppe Sdn Bhd. The Company was converted into a public limited company and assumed its present name on 29 March 2004. On 14 September 1999, TMS was granted MSC status by MDC and concurrently awarded Pioneer Status under Section 4A of the Promotion of Investments Act 1986. TMS had on 27 September 2004 obtained approval from the MDC for a further extension of five (5) years to its pioneer status. As such, TMS will continue to enjoy tax-free benefits on its income derived from MSC-related activities up to 30 August 2009.

The history of the Company goes back to 1996, when the emergence of the Internet phenomenon and K-economy provided the impetus for three enterprising Malaysian graduates from the United States to come together to set up the business of TMS.

#### 4 INFORMATION ON THE GROUP (Cont'd)

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TMS started out by developing web-based solutions for small and medium size enterprises. With the advent of emerging technologies and global competition, the needs of TMS' clients began to evolve over time, resulting in the need for more integrated and sophisticated business solutions in line with their strategic objectives. Recognising this demand, TMS, building upon its core technologies and competencies expanded its range of products and services.

TMS is one of the pioneering companies in the field of knowledge management in Malaysia, developing and providing integrated web-based applications and solutions in the following main areas:-

1. Web-based Content Aggregation System;
2. Organisation Collaboration and Communications;
3. e-Learning Management System; and
4. Web-based Content Management System.

These solutions are supported by its suite of web-based application proprietary products namely tmsSYNDICATOR™, tmsINTRANET™, tmsSEED™ and tmsPUBLISHER™.

In 2000, TMS Group set up sales offices and branches in USA, South America, Singapore and Hong Kong on the back of its in-house developed tmsPUBLISHER™ and tmsINTRANET™ packages.

In order to fund the fast growing business operations of TMS, it had received funding from investors, including PrimeAce Venture Limited (part of the Linear Corporation Berhad, a listed company on Bursa Securities) and Walden Group (a global venture capital firm).

In 2001, one of TMS' in-house developed products, tmsPUBLISHER™ was awarded the "ICT Product of the Year" from PIKOM. In the same year, the same product, tmsPUBLISHER™ was awarded the "COMDEX Asia Best Software of the Year" and the "IBM Most Promising Linux Application". In 2004, one of TMS' in-house products, tmsEKPT™, was awarded Best of General Applications (Merit Award) at the MSC-Asia Pacific ICT Awards (MSC-APICTA).

TMS successfully obtained a MSC R&D Grant Scheme funding for the development of the tmsFRAMEWORK™ in 2002, signifying the contribution of TMS in advancing the ICT industry. In the same year TMS Group expanded its business overseas to also include Canada, Latin America, Australia, Brunei, Japan, Saudi Arabia, Denmark and Greece to distribute its products in the respective countries.

On 27 February 2004, TMS entered into an agreement with IDSSS to acquire 100% equity stake in M-Apps. The said acquisition was completed on 10 September 2004.

##### 4.1.2 BACKGROUND OF M-APPS

M-Apps was incorporated on 6 May 1999 in Malaysia under the Act under the name of Ilham Korporat Sdn Bhd and subsequently changed its name to M-Apps Solutions Sdn Bhd on 10 January 2002. The Company is currently involved in the provision of wireless tracking and monitoring solutions in the areas of security and surveillance systems leveraging on mobile and wireless technologies. M-Apps also intends to undertake R&D in the area of mobile technology such as PDA smart synchronization, SMS/MMS platform, RFID, digital security and surveillance systems.

On 29 May 2003, M-Apps was granted MSC Status by MDC.

## 4 INFORMATION ON THE GROUP (Cont'd)

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### 4.2 LISTING SCHEME

As an integral part of the listing of and quotation for the entire issued and paid-up capital of the Company on the MESDAQ Market, the Company undertook a listing scheme involving the following (including the Group's internal restructuring exercise) that was approved by the SC and Bursa Securities on 24 August 2004 and 25 August 2004 respectively.

#### (i) Sub-Division of Shares and increase in authorised share capital

TMS converted its shares' par value from RM1.00 each into RM0.10 each on 13 October 2004. Upon completion of the conversion, and before the Public Issue, the Company's issued and paid up share capital increased to 106,963,600 ordinary shares of RM0.10 each.

The Company increased its authorised share capital to RM50,000,000 comprising 500,000,000 TMS Shares.

#### (ii) Public Issue

In conjunction with the listing of and quotation for its entire issued and paid up share capital on the MESDAQ Market, TMS will issue 24,680,000 new TMS Shares at an issue price of RM0.35 per TMS Share to individuals, companies, societies, co-operatives and institutions by way of private placement and public offer, subject to the terms and conditions of this Prospectus.

#### (iii) Listing and Quotation on MESDAQ Market

Upon completion of the Public Issue, the entire issued and paid up share capital of TMS of RM13,164,360 comprising 131,643,600 TMS Shares will be listed on the MESDAQ Market.

**In conjunction with the proposed listing of TMS on the MESDAQ Market, the Company has implemented the following internal restructuring exercise:**

#### (iv) Acquisition of M-Apps Solutions Sdn Bhd

Pursuant to the M-Apps Agreement, TMS acquired all the equity interests in M-Apps for a purchase consideration of RM3,600,000 to be satisfied by the issuance of 1,360,000 new ordinary shares of RM1.00 each in TMS and cash consideration of RM2,240,000.

The 1,360,000 new ordinary shares of RM1.00 each in TMS to be issued pursuant to the acquisition of M-Apps shall rank *pari passu* with the existing issued ordinary shares in the Company and shall be free from charges, liens, pledges, trust and other encumbrances as at the date of their issue (except any moratorium condition imposed under the M-Apps Agreement and/or by the SC or Bursa Securities) and with all rights, benefits and entitlements attaching thereto on and after the date of their issue, provided that the holders of new shares shall not be entitled to any rights, benefits and entitlements declared by TMS in respect of the financial years 2002 and 2003.

The acquisition of M-Apps was completed on 10 September 2004. Please refer to sections 4.4.16 for further details.

**4 INFORMATION ON THE GROUP (Cont'd)**

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**(v) Disposal of shares in TMS**

The founders and selected employees of the Group have entered into a sale and purchase agreement dated 26 March 2004 for the sale of 447,620 ordinary shares of RM1.00 each by the founders to sixteen (16) selected employees. The aforementioned disposal was completed on 23 September 2004.

The sale consideration for the 447,620 ordinary shares of RM1.00 each in the Company to the sixteen (16) selected employees was a token consideration of RM1.00 cash for each selected employee.

**(vi) Conversion of 2,100,680 RCPS**

On 8 February 2002, the Company entered into a subscription agreement and a shareholders agreement with the Walden Group for the injection of funds into the Company, satisfied via the issuance of RCPS to the Walden Group. The RCPS was issued at an issue price of RM2.38 each raising a total of RM4,999,618.40 comprising of 2,100,680 RCPS of a par value of RM1.00 each.

The RCPS of RM1.00 each was converted into ordinary shares of RM1.00 each in TMS on the basis of 1 RCPS for 1 ordinary share of TMS of RM1.00 each.

The conversion of the 2,100,680 RCPS to ordinary shares of TMS was completed on 24 September 2004.

**(vii) ESOS**

TMS implemented an ESOS on 31 December 2003, issuing 933,640 options to the employees of the Group to subscribe for an equivalent number of ordinary shares of RM1.00 each in TMS. The 933,640 options were fully exercised by 11 October 2004 and an equivalent number of ordinary shares of RM1.00 each in TMS were allotted on 13 October 2004. Due to the exercise of all the ESOS options, the ESOS is deemed expired.

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#### 4 INFORMATION ON THE GROUP (Cont'd)

##### 4.3 SHARE CAPITAL

The authorised share capital of TMS is RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each. As at 25 October 2004, the issued and fully paid-up share capital of the Company is RM10,696,360 comprising 106,963,600 ordinary shares of RM0.10 each in TMS. Upon completion of the Public Issue, the issued and paid-up share capital of the Company will increase to RM13,164,360 comprising 131,643,600 ordinary shares of RM0.10 each in TMS credited as fully paid-up.

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

Date of allotment	No. of ordinary shares allotted	Par Value	Consideration	Resultant issued and paid-up share capital (RM) (Cumulative)	Resultant number of issued and paid-up ordinary shares (Cumulative)
9.4.1996	5	1.00	Cash	5.00	5.00
26.8.1997	72,000	1.00	Cash	72,005	72,005
3.11.1997	48,000	1.00	Cash	120,005	120,005
13.3.2000	99,995	1.00	Cash	220,000	220,000
1.3.2000	3,800,000	1.00	Cash	4,020,000	4,020,000
1.3.2000	82,040	1.00	Cash	4,102,040	4,102,040
15.3.2000	2,200,000	1.00	Cash	6,302,040	6,302,040
10.9.2004	1,360,000	1.00	Acquisition of M-Apps	7,662,040	7,662,040
24.9.2004	2,100,680	1.00	Conversion of RCPS	9,762,720	9,762,720
13.10.2004	933,640	1.00	Cash	10,696,360	10,696,360
13.10.2004	nil	0.10	Subdivision of existing ordinary shares from RM1.00 par value to RM0.10 par value	10,696,360	106,963,600

Note : On 25 February 2002, 2,100,680 RCPS of par value of RM1.00 each were allotted for cash consideration of RM4,999,618.40. On 24 September 2004, the RCPS were fully converted to an equivalent number of ordinary shares of RM1.00 each.

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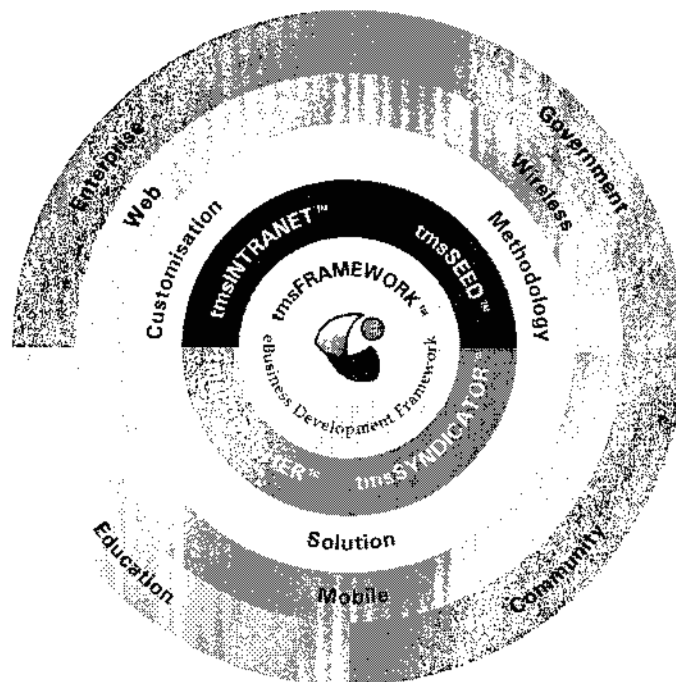
## 4 INFORMATION ON THE GROUP (Cont'd)

### 4.4 BUSINESS OVERVIEW

TMS Group is an integrated web and mobile applications and solutions provider in the field of knowledge management, focusing on the following areas:-

- Sale and marketing of applications software packages under its own brandname;
- Applications software development;
- Hosting and training of software applications and services; and
- Mobile/Wireless solutions.

The diagram below encapsulates the essence of TMS Group's technology platform and methodology, the customer base and the delivery channel of its products and solutions.



In the past, TMS Group's in-house developed products were integrated with third party products, including Coldfusion MX, Microsoft SQL and Windows server OS. However, since TMS developed tmsFRAMEWORK™, an e-business development platform built upon open source technologies, tmsFRAMEWORK™ will serve as the core framework upon which all future TMS Group's in-house developed products will be built. Existing in-house developed products will also be modified to comply with the tmsFRAMEWORK™. One of the benefits of tmsFRAMEWORK™ is the reduced usage of third party software products in its in-house developed products. For further details on tmsFRAMEWORK™, please refer to Section 4.4.2 of this Prospectus.

Integral to TMS Group's service and product offerings, which are delivered via the web, mobile and/or wireless channels to its customers; across the enterprise, education, community and government sectors, is the employment of its own uniquely developed knowledge management methodology; *Transknowformance™*. The Group uses Transknowformance™ as a tool to facilitate the Company and its customers in identifying and implementing the right solutions for its customers, in line with the customers' strategic business objectives. For further details on Transknowformance™, please refer to Section 4.4.6 of this Prospectus.

## 4 INFORMATION ON THE GROUP (Cont'd)

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### 4.4.1 PRINCIPAL ACTIVITIES

#### 4.4.1.1 In-House Developed Packages

All of the TMS Group's in-house developed packages are integrated web based applications and solutions, marketed under its own "tms" brandname. The sale and marketing of in-house developed packages accounts for approximately 29% of the total TMS Group's revenue for the 7-month financial period ended 31 July 2004.

Details of the in-house developed software packages are set out in Section 4.4.2 of this Prospectus.

#### 4.4.1.2 Applications Software Development

Applications software development involves the following:-

- the development of application of software for integration with the Group's in-house developed packages, providing value-added functionalities that are specific to the requirement of the customer, eg: electronic knowledge management system, among others; and
- the development of stand-alone applications software or software integration with third party applications, eg: inventory fulfillment management system and recruitment system, among others.

Revenue from applications software development accounted for approximately 33% of the TMS Group's revenue for the 7-month financial period ended 31 July 2004.

#### 4.4.1.3 Hosting and Training of Software Applications and Services

In addition to in-house developed packages and development of applications software, the Group also provides various online hosting services including:-

- Portals/Web-sites;
- E-mail; and
- Intranet.

Revenue from hosting, maintenance and training services contributed approximately 4% of the Group's total revenue for the 7-month financial period ended 31 July 2004.

#### 4.4.1.4 Mobile/Wireless Solutions

The Group has developed a web-based physical tracking and monitoring solutions incorporating close circuit cameras, which enables users to log into the system from anywhere with Internet access. The Group's solution enables users to use wireless equipment, mobile phones or PDA to download or transfer images taken from the close circuit cameras.

#### 4 INFORMATION ON THE GROUP (Cont'd)

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Revenue from mobile/wireless solutions accounted for approximately 20% of the Group's total revenue for the 7-month financial period ended 31 July 2004.

#### 4.4.2 EXISTING AND NEW PRODUCTS AND SOLUTIONS

The Group's existing products and solutions portfolio is as follows:

- tmsPUBLISHER™
- tmsSYNDICATOR™
- tmsSEED™
- tmsINTRANET™
- tmsFRAMEWORK™
- tmsEKP™

##### tmsPUBLISHER™

tmsPUBLISHER™ is a dynamic content management system functioning as a full-scale news and information portal. It is totally template driven and easy to use as well as up to date. tmsPUBLISHER™ provides organisations with automated tasks, and easy archiving to retrieve and disseminate information quickly and efficiently. The development of tmsPUBLISHER™ commenced in 1999.

tmsPUBLISHER™ integrates various information resources, providing a standard single interface for users to retrieve and gather data effectively. It enables the creation and update of content with ease and simplicity anytime, anywhere, eliminating dependence on web designers and programmers. With the availability of a vast range of different templates, tmsPUBLISHER™ enables the presentation of content in the form of journals, newspaper articles, magazines and much more.

Some of the features of tmsPUBLISHER™ are as follows:-

- Authorship authentication
- Versioning (the ability to keep track on the version of the changes for audit trail purposes)
- Audit trail of changes
- Template development kit
- Banner advertisement management
- Multi-user registration
- Events directory
- Web-page commentary
- Workflow
- Discussion forums
- Template driven web-pages
- Custom meta tag support
- Dynamic search indexing
- Multi-level security access
- Multi-language encoding support
- Dynamic web-page publishing



#### 4 INFORMATION ON THE GROUP (Cont'd)

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- Content archiving
- Content subscription services
- Multi-date and time format support
- Custom applications integration
- Rich-text content editor
- Dynamic section management
- User management
- Web-page forwarding
- Instant polling

tmsPUBLISHER™ has won numerous awards such as “ICT Product of the Year” from PIKOM, “COMDEX Asia Best Software of the Year” and the “IBM Most Promising Linux Application” in the year 2001.

In 2003, TMS Group introduced a Java version of tmsPUBLISHER™ targeted at larger corporations with more complex requirements. This new version uses tmsFRAMEWORK™ which will in turn reduce the usage of third party proprietary software such as ColdFusion. In addition, the new Java version of tmsPUBLISHER™ can sit on any database servers in the market. Therefore, customers who are using any type of database servers would still be able to use this new version of tmsPUBLISHER™.

#### **tmsSYNDICATOR™**

tmsSYNDICATOR™ ensures that businesses can continuously review press releases from competitors and trade news portals to keep its competitive edge and stay ahead of the competition. Businesses use tmsSYNDICATOR™ to provide employees, partners and customers with up-to-date and relevant content. It enables even non-technical users to create and share content and knowledge within the organisation. The development of tmsSYNDICATOR™ commenced in 2001.

Businesses can aggregate and integrate crucial information such as news feeds and real-time reports from multiple trade news portals and websites, and deliver the content in their corporate intranet to employees in an up-to-date manner.

Some of the features of tmsSYNDICATOR™ include the following:-

- Fully extensible plug-in architecture to manage various content formats
- Personalising content using full-text search indexing engine
- Visual selection and configuration wizard for capturing syndicated content from multiple web-sites and portals
- Deploying various platforms Windows and Linux
- Multi-threaded architecture for optimum performance and robustness
- Content creation wizards to assist in configuring syndication content
- J2EE and XML standards compliance to receive and deliver J2EE and XML content
- Support for receiving and distributing RSS formatted content

#### 4 INFORMATION ON THE GROUP (Cont'd)

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- Easy to use web-based administration console for management of content sources
- Caching content from web-sites/portals, saving overall bandwidth and allowing offline browsing
- Support for delivering dynamic content in JavaScript, allowing for easy content syndication
- Customisable architecture to support various relational databases

##### **tmsSEED™**

tmsSEED™ enables the delivery of training to reach a maximum number of participants with a wide range of learning tools in minimum time. It removes the limitations of the physical classrooms, and extends the reach of education by providing asynchronous learning via the Internet. Students can learn at their own pace and time, and in real-time manner. The development of tmsSEED™ commenced in 2000.

tmsSEED™ ensures that without the need to know HTML or programming languages, instructors' time spent publishing course content is significantly reduced and administrative management of the system can be done easily and remotely. Since the content resides in a central database, reusability of it requires minimum investment in skill development of instructors. With the use of tmsSEED™, the high cost associated with the continual revision of courseware and the construction of new facilities and structure, is minimised.

tmsSEED™ comprises four core modules as follows:-

##### (i) Courseware

Provide a depository and online access to courses. Some of the features are as follows:-

- Course management
- Public/Course access
- Internet Links to other sites
- Text and images
- Course registration
- Multimedia lectures
- Document upload (for example, Microsoft Word, Powerpoint)

##### (ii) Testware

Facilitates dissemination, grading, and reviews of examinations comprising the following features:-

- Auto and manual grading
- Controlled (timed) and reviewed tests

#### 4 INFORMATION ON THE GROUP (Cont'd)

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- Objective questions
- Subjective questions
- Explanation reviews
- Feedback reviews
- Topical analysis of questions

##### (iii) Collaborative Tools

Facilitates collaboration and communications among students, teachers and support staff comprising the following features:-

- Chat
- Forums
- Library (document management)
- Hot links
- Personal Diary
- Directory
- Public, group and course access
- Email client

##### (iv) Administrative and Management

For the administration and management of the entire online learning programme comprising the following features:-

- Dynamic homepage
- Class management system (student registration/enrolment, assignment of instructors, distribution management)
- Grade management system
- Database housekeeping (database archiving, courseware and testware, collaborative tools)
- Resource management (instructors, students, resources, course)

#### **tmsINTRANET™**

tmsINTRANET™ facilitates the sharing of dynamic information and knowledge through simple browser interface, regardless of location and time zone, enabling real time dissemination and sharing of information for critical decision-making. Communication and collaboration in an organisation are further enhanced as up to date information are easily disseminated and shared. The development of tmsINTRANET™ commenced in 1998.

tmsINTRANET™ helps boost employees' productivity by providing easy and rapid access to the organisation's vital information and resources, while requiring minimal information system support and technology and investment.

#### 4 INFORMATION ON THE GROUP (Cont'd)

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Some of the features of tmsINTRANET™ are as follows:-

- My Profile : Individual users can manage personal information anytime
- Forums : Facilitates dynamic & dedicated discussions amongst projects personnel
- Form Wizard : Customises business forms with workflow in a template driven format
- Users Management : Manages employee profile in a comprehensive directory grouping, and assigns user access levels
- Memos : Delivers critical information speedily and facilitates information flow in the organisation
- Mobile Support : Transfers information eg. Calendar, Memo, To Do List and Address Book to your Palm and also enables direct access via WAP
- Instant Messaging : Allows intranet users to quickly exchange messages with colleagues
- Library : Document management with document controls for shared use
- Calendar : Lists appointments, events, to do tasks and engagement of resources using a virtual calendar
- News : Features up-to-date corporate and departmental information in a fashionable format
- Multi-Lingual Support : Enables users to select the language of their choice
- Personalisation : Allows users to personalise their Intranet desktop according to their working style
- Email Client : An email client that provides a central location for POP3 accounts
- Task Manager : Categorises tasks and allows effective management of project tasks and resources at an organisational level
- Bookmarks : Stores all your personal hotlinks in one central location
- System Setup : Maintains and manages entire tmsINTRANET™ system
- Address Book : Lists contact information of prospects and clients in a comprehensive directory for organisational sharing
- External Application : Links to other application(s) securely and seamlessly

#### **tmsFRAMEWORK™**

tmsFRAMEWORK™, an e-business software development framework built upon the platform of open source technologies, is the result of the Company's R&D efforts for which the Company received an MSC R&D Grant Scheme. The development of tmsFRAMEWORK™ commenced in 2002.

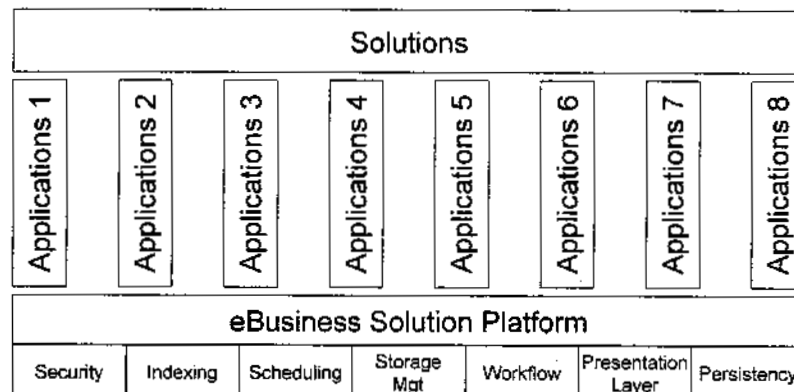
tmsFRAMEWORK™ provides a platform or framework incorporating a number of common features that is normally required in support of one or more application systems. It facilitates and supports the rapid development of scalable e-business applications on open source technologies, therefore reducing the usage of third party software.

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**4 INFORMATION ON THE GROUP (Cont'd)**


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The figure below illustrates the function of tmsFRAMEWORK™:-



The scalability of the solution minimises system obsolescence and enables users to preserve its initial system investments for a longer period of time.

Currently, tmsFRAMEWORK™ is targeted at its existing customer base as the current version is designed to work with TMS Group's products and solutions only.

tmsFRAMEWORK™ provides the following benefits:-

- Faster system development time through reusability of common software components as it is built on open source technologies like Java and J2EE;
- Higher reliability software as the reusable components would have undergone repeated in-house and live testing; and
- Better integration with TMS Group's products and solutions and those of its business partners that are also built on a similar platform.

Some of the features provided by tmsFRAMEWORK™ include the following:-

- Security
- Indexing
- Scheduling (for example housekeeping, back-up)
- Storage management
- Workflow
- Presentation layer (web or mobile)
- Persistency (connections to different databases)

#### **tmsEKP™**

tmsEKP™ is a platform that allows employees to gain access to, collaborate with, make decision and take action on a wide variety of business related information regardless of employees' location, the location of the information or format in which the information is stored. tmsEKP™ was commercialised in early 2004.

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**4 INFORMATION ON THE GROUP (Cont'd)**

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tmsEKP™ was awarded the MSC-Asia Pacific ICT Awards (MSC-APICTA) in 2004 for Best of General Applications (Merit Award).

Among others, it enables TMS Group to combine two or more of its products, for example tmsPUBLISHER™ and tmsSYNDICATOR™.

In line with the Group's intention to keep its competitive edge and ultimately realise its vision of being a global developer and integrator of Enterprise Knowledge Portal technologies and solutions, the Group will continuously develop and launch new products and solutions that can be integrated with existing products and solutions.

As the need for software solutions and products of its customers become more comprehensive and as the Group extends its reach to larger corporate clients which have more complex and sophisticated requirements, the Group must accordingly expand its breadth and depth of products and solutions offering. To this end, the Group proposed the following new products and solutions to be implemented within the next five (5) years:-

<u>Name of Product</u>	<u>Description</u>
Grant Management System	Internet based system for the management grant, geared towards philanthropic organisations, banks and government agencies that are responsible for the disbursement and administration of grants in a transparent manner.
Customer Relationship Management	Internet based system designed for the management of customer information with the aim of retaining existing customers, attracting new customers and maximising benefits from customers.
Sales Force Automation	Internet based system designed for the management and administration of sales force incorporating remote access to corporate sales databases and other sales related application and services to ensure maximum productivity of sales force out in the field by providing access to corporate information and services.
Work Flow Management	Internet based system designed to facilitate proper tracking and audit trail of workflow to ensure business process effectiveness and efficiency.

In addition, the Group will continue to enhance and upgrade the functionalities and features of its existing products and solutions.

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#### 4 INFORMATION ON THE GROUP (Cont'd)

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##### 4.4.3 TRADEMARKS

TMS had on 17 May 2004 and 21 May 2004 filed the following trademarks for registration:-

- TMS™
- tmsINTRANET™
- tmsPUBLISHER™
- tmsSEED™
- tmsSYNDICATOR™
- tmsFRAMEWORK™
- Transknowformance™
- tmsEKP™

##### 4.4.4 TECHNOLOGY

In the development of the various solutions the Group uses a variety of technologies. The technologies used are featured within the main sectors that the Group's solutions are developed for i.e. the information technology, communications, Internet and mobile sectors.

Within the information technology sector, the technologies used cover Java application servers, operating systems, software development tools, databases creation and multimedia development tools.

Within the communications technology sector, the technologies used are based on LAN and WAN protocols. In the development of Internet based solutions, the Group uses technology that encompasses browsers, search engines, electronic mail, instant messaging and other Internet related technologies.

Within the mobile sector, the Group utilises technologies such as SMS, MMS, 3G, WAP, and GPRS.

##### 4.4.5 OPERATING LICENCES

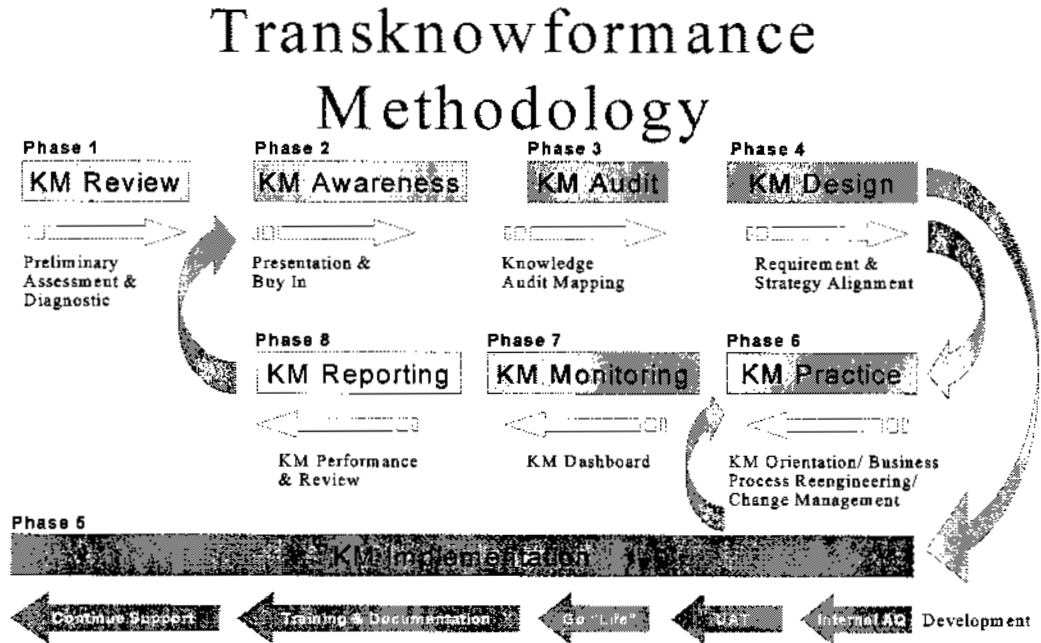
As at 25 October 2004, being the last practicable date prior to the printing of this Prospectus, the Company holds a service tax licence under the Service Tax Act, issued by Royal Customs and Excise Malaysia. This licence applies to consultancy services rendered by the Company whereby a service tax of 5.0% has to be charged and levied on the taxable service (i.e. the consultancy services) provided by the Company. The service tax licence does not have an expiry date.

##### 4.4.6 TRANSKNOWFORMANCE™ METHODOLOGY

The software solutions and products that the Group provides are catered towards providing knowledge management facilities to its customers culminating in the development of Enterprise Knowledge Portals. Integral to the implementation of the Group's products and solutions is the employment of its own uniquely developed knowledge management methodology, "*Transknowformance™*". TMS' strength and capability in articulating the value of knowledge management implementation is expressed through its Transknowformance™ Methodology. Transknowformance™ is a tool which the Group uses to facilitate the Company and its customers to identify and implement solutions in line with its customers' strategic business objectives.

4 INFORMATION ON THE GROUP (Cont'd)

TMS has formulated an operating process geared towards maximising the mentioned objectives as follows:-



**Phase 1: KM Review**

This is the Preliminary Assessment and Diagnostic stage of the methodology, where an organisation’s business and knowledge strategy is reviewed and assessed. The KM Review encompasses the processes of strategic business planning, executive endorsement, team selection and composition, identifying business processes and knowledge value drivers, as well as scoping and proposing a relevant strategy best suited to the organisation’s needs, objectives, and current business environment.

**Phase 2: KM Awareness**

The second phase is KM Awareness, which involves Presentation and Buy-In. In this stage, the KM processes will be introduced to the organisation to explain the importance and concept of KM in the organisation. Before moving on to the next phase, there must be a general understanding and knowledge of KM, as well as the management involvement and buy-in.

**Phase 3: KM Audit**

This Knowledge Audit Mapping phase involves the analysis of the organisation’s KM needs, infrastructure, ecosystem and learning organisation structure. The KM audit will entail a comprehensive technical system and infrastructure requirements workshop, together with the incorporation of business strategies. From this phase, a KM strategic plan and KM policy will be developed.

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#### 4 INFORMATION ON THE GROUP (Cont'd)

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##### **Phase 4: KM Design**

The KM Design phase encapsulates the design of a KM system, incorporating the organisation's business strategies and technical specifications gathered from Phase 3 above. Here, a KM and learning organisation culture is also established. The KM Design will then result in the creation of the business strategy KM Alignment, KM Ecosystem and KM Plan which maps the KM Plan and infrastructure with the mission, vision and goals of the customer.

##### **Phase 5: KM Implementation**

The KM Implementation involves the actual system development ascertained from information and strategies established in the first four phases. This includes the system design; programming; functional; connectivity and implementation testing; system documentation; as well as training and orientation. Upon completion of the KM Implementation, a KM System will be developed, together with the relevant KM organisational learning policies, technology infrastructure and enablers, and a KM policy blueprint.

##### **Phase 6: KM Practice**

The KM Practice is the phase where KM orientation, business process reengineering, and "change management" take place. Business processes will be reviewed to align and optimise the practice of KM with the organisation's strategic business plans.

##### **Phase 7: KM Monitoring**

This is the KM Monitoring and Performance Dashboard involving a KM Report to continually observe the performance of KM practice and implementation in the organisation.

##### **Phase 8: KM Reporting**

The last phase of KM Reporting will encompass case reviews of KM Implementation and Reports on the outcomes to analyse the whole KM implementation process.

#### **4.4.7 MARKET COVERAGE AND MODES OF MARKETING AND DISTRIBUTION**

##### **Market Coverage**

In addition to building on its success to broaden its reach in the domestic market, the Company will be continuing its efforts to expand its overseas market with the aim of broadening its customer base and increasing its revenue from this market. To facilitate this, TMS has formed alliances, some of which dates back to 2000 with channels and resellers for the following countries/ regions:

- USA
- Canada
- Italy
- Japan
- Saudi Arabia
- Indonesia
- Brunei

#### 4 INFORMATION ON THE GROUP (Cont'd)

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Whilst in the past the Group had derived significant revenue contribution from the overseas market, for the 7-month financial period ended 31 July 2004, revenue from overseas represents approximately 3% of total Group revenue. This is due to a strategic decision taken by the Group to emphasise on the local market to build upon the strong local relationships and existing customers to strengthen its position in the industry and enhance its brand presence before re-focusing on its overseas expansion.

In the next growth phase, the Group intends to capitalise on its various overseas channels and resellers to further penetrate existing markets.

#### **Modes of Marketing and Distribution**

##### **Direct Approach**

The direct distribution approach entails the Group's internal sales force marketing and selling directly to the end customer. To this end, the Group sources customers via referrals from the existing customers and actively markets to new clients, via presentations and product demonstration to potential customers. From time to time, the Group also sends product brochures to potential customers to create product awareness.

The Group's main focus is on projects and solutions that require close contact with customers to understand their requirements, and high technical skills to provide the solutions. This strategy enables the Group to focus on high value services that complement its indirect distribution channel focusing on volume sales of software packages.

##### **Indirect Approach**

Unlike resellers who sell directly to end users, channels distribute the Group's products to one or more resellers. These channels are distributors with a few resellers and are formally appointed by the Group via distributorship agreements.

As at 25 October 2004, being the last practicable date prior to the printing of this Prospectus, the Group has a total of 33 channels and resellers, of which 25 are in Malaysia and the remaining 8 spread across the abovementioned overseas countries / region.

For the 7-month financial period ended 31 July 2004, sales from the channels and resellers network represented approximately 46% of the Group's total revenue.

#### **Marketing Strategies**

In addition to the current marketing approach adopted by the Group, involving the sale of the Group's products under its own brand via both direct and indirect distribution channels, the Group intends to also undertake the Original Equipment Manufacturer ("OEM") of software products for resellers to create a new high volume segment. This approach will be applied mainly for overseas resellers who are keen to penetrate the countries wherein TMS Group's market presence is not significant or where the Group believes that such strategy is appropriate and effective.

**4 INFORMATION ON THE GROUP (Cont'd)**

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Additionally, the Group intends to increase its penetration of the relatively untapped education sector through licensing arrangements with universities, colleges and education centers, where a minimal fee is levied on students, instead of directly selling the Group's in-house developed packages to these institutions. This has the benefit of reducing the overall cost of investments for these institutions in the implementation of software solutions, but at the same time, allowing the Group to leverage on the substantial student base of these institutions to provide software packages and solutions as part of the education curriculum at an affordable price.

In 2003, there were 429,132 public students and 294,600 private tertiary students (not including teachers education) in Malaysia. (Source: Mid-Term review of the Eight Malaysia Plan 2001 – 2005, Economic Planning Unit, Prime Minister's Department). The Group believes that there is a huge potential in this market segment, which it is poised to capitalise on. Presently, the Group is already providing software solutions and products, and training to Universiti Institut Teknologi MARA based on the abovementioned licensing arrangement.

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#### 4 INFORMATION ON THE GROUP (Cont'd)

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##### 4.4.8 TYPES, SOURCES AND AVAILABILITY OF RAW MATERIALS/INPUT

The Group's software solutions are proprietary and developed in-house. However certain third party software may be bundled with the Group's proprietary products. Furthermore, the Group procures the key components of its hardware from organisations which have business dealings with the Group for more than 12 months. As these products are widely available in the market, the Group is not dependent on any single supplier for supplies. Nevertheless, the Group has been maintaining a good business relationship with its suppliers.

In any case, as detailed out in Section 4.4.2 the Company has developed the e-business development platform called tmsFRAMEWORK™, which will minimise the usage of third party software. The Company is currently carrying out further R&D work on the framework to enhance and improve on it. This enhancement program will not only allow TMS to build solutions on open source technologies but will also enable TMS partner companies to develop their solutions on a similar framework.

##### 4.4.9 QUALITY CONTROL PROCEDURES

To ensure that the software solutions provided by the Group to its clients meet their respective requirements, upon completion of the development of the modules encompassing the software solution the O&M Department in collaboration with the Project Department carries out an internal UAT. The activities involved are as follows:-

- Based on the functional specification document agreed between the client and TMS, a UAT document is produced by the O&M Department.
- After the approval of the O&M Manager, the UAT is vetted by the current Project Manager. Any recommended changes by the Project Manager is incorporated into the UAT document.
- The O&M Department together with the Project Manager and the Network Services Department will then set up a testing environment where all the hardware, software and application version will be similar to that used by the client.
- The O&M Department carries out the UAT and reports all bugs in the bug's forum.
- If there are more than 3 bugs in the application, the UAT is halted and the Project Manager repeats the internal test. Upon completion of the internal test, O&M Department resumes the UAT.
- Once UAT is completed, the Project Manager will be notified and the respective developers will reply to each bug posting when it has been fixed.
- When all the bugs have been fixed, another UAT will be conducted, and if any, the bugs found will be reposted in the bugs' forum.
- Upon finalisation the internal UAT acceptance is signed off between the O&M Department and the Project Manager.

#### 4 INFORMATION ON THE GROUP (Cont'd)

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Upon successful completion of the internal UAT, the application is installed at the hosting centre of the client's premises and the following activities will be carried out:

- The Project Manager and the O&M Manager will arrange for an UAT with selected users from the clients organisation.
- If bugs are discovered during the UAT they will be reported to the Project Manager for correction and the UAT will be repeated.
- Upon completion and satisfaction by the client, the testing team from the client's organisation, the O&M Manager and the Project Manager will sign off the UAT.

#### 4.4.10 R&D

##### (i) R&D Policies and Strategies

R&D has been a critical focus of the TMS Group, culminating in the development of its proprietary products, namely, tmsPUBLISHER™, tmsSYNDICATOR™, tmsSEED™, tmsINTRANET™ and tmsFRAMEWORK™. In 2002, TMS received MSC R&D Grant Scheme of RM1.9 million from the MDC for the development of tmsFRAMEWORK™.

TMS Group's R&D policies will continue to be focused on the development of web based products and solutions to complement and add value to its existing products and solutions, with the objective of delivering products and solutions that are more comprehensive, integrated and scalable to any organisation's e-business, collaboration, communication and knowledge needs. To this end, the Group's future R&D efforts will be concentrated on the following areas:-

- the development of new products, services and solutions that can be integrated with existing products and solutions, the details of which are set out in Section 4.4.2 of this Prospectus;
- the enhancement of existing products, services and solutions, in particular through the conversion of all source codes to Java and modification of all systems to be able to run on Linux as well as other open source technologies such as Apache Tomcat and MySQL; and
- further development of tmsFRAMEWORK™ through the development of value-adding tools and reusable software components to help increase the Group's value proposition. The value-adding tools and reusable software include article module, document module, calendaring module, forum module and e-mail module.

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**4 INFORMATION ON THE GROUP (Cont'd)**


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**(ii) Amount spent on R&D activities for the last 3 years**

During the last three (3) financial years ended 31 December 2003 and the 7-month financial period ended 31 July 2004, the Group has incurred the following costs for its R&D activities:-

	<b>FYE 2001 <u>RM'000</u></b>	<b>FYE 2002 <u>RM'000</u></b>	<b>FYE 2003 <u>RM'000</u></b>	<b>7-months ended 31 July 2004 <u>RM'000</u></b>
R&D cost	452	682	1,750	572
Turnover	3,710	4,464	6,360	5,227
%	12.18	15.28	27.52	10.94

As at 25 October 2004, being the latest practicable date prior to the printing of this Prospectus the Group's R&D team comprises 9 staff, representing approximately 21% of the Group's total employees, and is headed by Lee Chi Yeng, the Chief Technology Officer for TMS. The R&D team consists of experienced and qualified employees, with technical specialization in areas of telecommunications, system software, applications software, database administration, data center and Internet environment. The R&D team of the Group develops products using Java (Servlets, JSP, JDBC, Swings), WML, XML, ColdFusion, ASP, PHP, Visual Basic, Perl and open source projects like Struts, MySQL, JBoss and Tomcat. The Group uses database servers such as Oracle, Microsoft SQL, IBM DB2 in its product development. Design tools utilised by the Group include Macromedia Flash MX, Macromedia Director, Adobe Photoshop and Adobe Illustrator. The R&D staff strength of the Group is expected to increase sufficiently to support and meet all future expansions plans of the Group.

Through the R&D activities, the Group aims to realise the following benefits:-

- sustain and grow the business;
- increase revenue and profitability;
- create competitive advantages; and
- increase customer satisfaction.

**Key activities in R&D**

Some of the key general activities undertaken as part of the R&D include the following:-

**(i) User requirement specification**

Initially the R&D personnel would undertake research of the requirements of potential users of the software solution to be provided. It requires the study of business processes and interviewing different user groups usually from its existing client base to ensure their marketability and future adoption of this new technology / product.

**(ii) System design and functional specifications**

Upon finalisation of user requirements, the system analyst would commence the designing and specifications of the system. This activity incorporates all technical requirements, specifying language, operating system, databases, interfaces, communications and others. Upon completion, the system analyst then specifies in detail all the required functions that make up the complete system.

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**4 INFORMATION ON THE GROUP (Cont'd)**


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**(iii) Prototyping**

Subsequently, a system prototyping is undertaken whereby the system analyst incorporates simple screen displays and links the respective modules.

**(iv) Programming and testing**

Thereafter the entire design and specifications are provided to programmers to write and customise the necessary codes. Upon completion, the solution undergoes the testing phase encompassing the following:-

- programme testing
- module testing
- system testing
- user testing
- load testing

**4.4.11 INTERRUPTIONS IN THE BUSINESS DURING THE PAST TWELVE (12) MONTHS**

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

**4.4.12 EMPLOYEES**

As at 25 October 2004, being the last practicable date prior to the printing of this Prospectus the Group has forty four staff employed in the following capacity:-

<b>Department</b>	<b>Number of employees</b>	<b>Average years of service</b>
Executive Directors	4	7
Finance and Administration	4	6
Technical Support	15	3
R&D	9	3
Sales and Marketing	12	2
<b>Total</b>	<b>44</b>	

Having attained the MSC status and with sufficient funds raised from the Public Issue, the Company will be able to strengthen the management team and increase knowledge workers and expenditure for R&D activities.

TMS Group currently provides staff training via in-house training sessions and on-the-job training. The management of TMS believes that staff development is crucial and therefore, employees of the R&D department are exposed to various R&D functions in order to ensure that they are adequately acquainted with the Group's R&D and software implementation processes. Promotions are usually within the Group and TMS will train junior managers to become middle and top management by giving them the opportunity to accept more responsibilities.

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**4 INFORMATION ON THE GROUP (Cont'd)**


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The key management and technical positions of the Company are as follows:-

<u>Staff Name</u>	<u>Position</u>
Christopher Chan Hooi Guan	Chairman and Chief Executive Officer
Thong Weng Hung	Chief Systems Officer
Lee Chi Yeng	Chief Technology Officer
Chang Choon Ming	Executive Director
Chong Kien Eng @ Teo Kien Eng	Financial Controller
Hii Lu Teck	Product Development Manager
Tang Kin Chuen	Assistant Chief Technology Officer

The employees of TMS Group do not belong to any labour union and enjoy a cordial relationship with the management. Since the date of incorporation of the Company there has been no labour or industrial dispute between the employees and management.

#### 4.4.13 KEY ACHIEVEMENTS

TMS and M-Apps received the MSC status on 14 September 1999 and 29 May 2003 respectively. TMS had on 2 July 2004 applied to the relevant authorities for an extension of its MSC-status for another five (5) years. The extension was granted by the relevant authority on 27 September 2004.

The key achievements of the Group are as follows:-

<b>Date</b>	<b>Event</b>
1999	Launched tmsINTRANET™, an organisation, collaboration and communication solution
2000	Launched tmsPUBLISHER™, a web based content aggregation system
2001	Launched tmsSEED™ an eLearning management system
	Christopher Chan Hooi Guan awarded ICT Entrepreneur of the Year from PIKOM
	TMS awarded ICT Product of the Year for tmsPUBLISHER™
	TMS awarded COMDEX Asia Best Software of the Year for tmsPUBLISHER™
	TMS awarded IBM Most Promising Linux Application for tmsPUBLISHER™
2002	Launched tmsSYNDICATOR™ a web based content aggregation system
	Received MSC Research and Development Grant Scheme amounting to RM1.9 million



#### 4 INFORMATION ON THE GROUP (Cont'd)

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2003	Launched tmsFRAMEWORK™ an eBusiness solution platform Implementation of wireless tracking and monitoring solutions
2004	Launched tmsEKP™, an enterprise knowledge portal solution  tmsEKP™ was awarded the MSC-Asia Pacific ICT Awards (MSC-APICTA) in 2004 for Best of General Applications (Merit Award)

##### 4.4.14 OPERATING CAPACITIES AND OUTPUT

As the Group develops web-based software applications and solutions, its operating capacity is determined by the number and experiences of the skilled IT employees that it has. As such, the Company constantly monitors the requirements of its skilled IT employees to ensure that contracts secured could be delivered to customers as scheduled. To date, the Company has neither encountered any constraints in operating capacity nor has it encountered any difficulty in increasing its headcount to meet an increase in contracts.

##### 4.4.15 PRINCIPAL ASSETS AND PRINCIPAL PLACE OF BUSINESS

The Group's operations and principal assets are currently situated at Unit C-902 Penthouse, Kelana Square, No. 17, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Group also maintains an R&D premises at Suite T06, 2320 Century Square, Jalan Usahawan, 63000 Cyberjaya, Selangor Darul Ehsan.

##### 4.4.16 MAJOR INVESTMENTS

On 10 September 2004 TMS completed the acquisition of M-Apps from IDSSS for a purchase consideration of RM3,600,000 by the issuance of 1,360,000 new ordinary shares of RM1.00 each in TMS at RM1.00 per share and cash consideration of RM2,240,000.

RM2,100,000 of the cash consideration portion of the acquisition of M-Apps was settled entirely through the Company's internally generated funds. The balance cash consideration of RM140,000 to fully settle the consideration of the M-Apps acquisition will be settled wholly by the proceeds from the Public Issue. RM140,000 from the proceeds of the Public Issue will be utilised to settle the balance purchase consideration of the M-Apps acquisition as the payment is due within 45 days after the Listing.

M-Apps is involved in the provision of wireless tracking and monitoring solutions as well as security and surveillance systems, and intends to undertake R&D of products in the area of mobile technology such as PDA smart synchronization, SMS/MMS platform, RFID, digital security and surveillance system. The acquisition of M-Apps enables TMS to integrate the Company's in-house developed packages into the physical security system incorporating close circuit cameras and alarm systems and capitalise on M-Apps' core competency in mobile based technologies to enhance its mobile related offerings.

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**4 INFORMATION ON THE GROUP (Cont'd)**

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The purchase consideration of RM3,600,000 was arrived at on a willing buyer-willing seller basis after taking into consideration, amongst others, the forecast PAT of M-Apps for the financial year ending 31 December 2004 of RM1,500,000.

The purchase consideration of the acquisition of M-Apps represents:-

- (a) a price to earnings multiple of approximately 2.4 times based on M-Apps forecast PAT of RM1,500,000 for the financial year ending 31 December 2004; and
- (b) a price to NTA ratio of approximately 6.8 times based on M-Apps' audited NTA of RM531,064 as at 31 December 2003.

The premium for the purchase consideration for the acquisition of M-Apps can be justified as:

- the price to earnings multiple for the acquisition is lower than the average price to earnings multiple of technology companies already listed on the MESDAQ Market of 16.95 times and within the range of the price to earnings multiples of the same companies of between 2.96 times and 44.06 times as at 25 October 2004, being the latest practicable date prior to the printing of this Prospectus; and
- although the price to NTA ratio for the acquisition is higher than the average price to NTA ratio of technology companies already listed on the MESDAQ Market of 3.04 times, it is within the range of the price to NTA ratios of the same companies of between 0.32 times and 15.99 times as at 25 October 2004, being the latest practicable date prior to the printing of this Prospectus.

**Profit and Cash Guarantee**

- (i) As part of the conditions under the M-Apps Agreement, in connection with the acquisition of M-Apps, IDSSS covenants with and undertakes to TMS inter-alia, the following:
  - that the audited PAT of M-Apps shall not be less than RM1,310,000 ("the Guaranteed Profits") for each of the financial years ending 30 June 2005 and 30 June 2006 (collectively the "Profit Guarantee Period"); and
  - that the aggregate cash balances of M-Apps for the financial years ending 30 June 2005 and 30 June 2006 (collectively the "Cash Guarantee Period") shall not be less than RM1,500,000 and RM3,000,000 ("the Cash Guarantee") respectively and such cash balances not to be utilised for any purpose unless authorised in writing by TMS.
- (ii) If the actual audited profits after tax (computed consistently with the existing accounting practice of M-Apps) of M-Apps in respect of any Profit Guarantee Period is less than the Guaranteed Profits for such period or the cash balance of M-Apps in respect of any Cash Guarantee Period is less than the Cash Guarantee for such period, IDSSS shall pay to TMS an amount in cash equal to the shortfall between such Guaranteed Profits and

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**4 INFORMATION ON THE GROUP (Cont'd)**

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the actual audited profits after tax or the shortfall between such Cash Guarantee and the cash balances of M-Apps, as the case may be.

For avoidance of doubt, the shortfall of such guaranteed amounts would also apply should M-Apps incur losses and/or cash deficit for the financial years ending 30 June 2005 and 30 June 2006.

- (iii) Any payment to be made by IDSSS to TMS pursuant to 4.4.16(ii) above shall be made within one (1) month after the audited accounts of M-Apps for the relevant Profit Guarantee Period (which accounts shall be completed not later than 2 months from the end of such Profit Guarantee Period) are signed by TMS' auditors.
- (iv) As security for the Guaranteed Profits and Cash Guarantee, the IDSSS shall grant and deliver a charge over 10,500,000 ordinary shares of RM0.10 each in TMS ("Charged New Shares") in favour of TMS. The aggregate value of the Charged New Shares shall be subject to review every six (6) months from the date such shares are first listed on the MESDAQ Market and at such review the aggregate value of such Charged New Shares shall be determined based on the aggregate 5-day weighted average market price of such Charged New Shares on Bursa Securities immediately prior to such date of valuation.
- (v) In the event the value of the Charged New Shares shall, upon such valuation review during the period commencing on the date the Charged New Shares are first listed on the MESDAQ Market and ending on the date the audited accounts of M-Apps for the financial year ending 30 June 2005 are signed by TMS' auditors (or if payment by IDSSS is required to be made for any shortfall in the financial year as described in (ii) above), be determined to be less than RM3,000,000 ("2005 Secured Amount"), IDSSS shall charge such additional number of ordinary shares of RM0.10 each in TMS ("Additional Charged Shares") in favour of TMS as security for the Guaranteed Profits and Cash Guarantee such that the aggregate value of the Charged New Shares and such additional Additional Charged Shares shall be no less than the 2005 Secured Amount.
- (vi) In the event the value of the Charged New Shares shall, upon such valuation review during the period commencing on the date immediately after M-Apps' audited accounts for the financial year ending 30 June 2005 are signed by TMS' auditors (or if payment by IDSSS is required to be made for any shortfall in such financial year as described in (v) above, the date immediately after such actual payment date) and ending on the date the audited accounts of M-Apps for the financial year ending 30 June 2006 are signed by TMS' auditors (or if payment by IDSSS is required to be made for any shortfall in the financial year as described in (ii) above), be determined to be less than RM1,500,000 ("2006 Secured Amount"), IDSSS shall charge such Additional Charged Shares in favour of TMS as security for the Guaranteed Profits and Cash Guarantee such that the aggregate value of the Charged New Shares and such additional Additional Charged Shares shall be no less than the 2006 Secured Amount.
- (vii) Conversely, in the event the aggregate value of the Charged New Shares shall, upon such valuation review be determined to be more than the 2005 Secured Amount or the 2006 Secured Amount, as the case may be, TMS shall procure the release of such number of Charged New Shares from the charge so that the value of the security shall be equal to no more than 110% of the 2005 Secured Amount or the 2006 Secured Amount, as the case may be.

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**4 INFORMATION ON THE GROUP (Cont'd)**


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**4.4.17 MAJOR EXPANSION AND ACQUISITION ACTIVITIES**

Save as disclosed in Section 4.4.16, there have been no major expansion and acquisition activities by the Group in the past twelve (12) months.

**4.4.18 EXCEPTIONAL FACTORS AFFECTING THE BUSINESS**

Save for the risk factors highlighted in Section 3 of this Prospectus, the Company does not foresee any exceptional factors, which may affect its business.

**4.4.19 MAJOR CUSTOMERS**

The major customers of the TMS Group for the 7-month financial period ended 31 July 2004 are as follows:-

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	Name of Company	Length of relationship as at 31 July 2004 (years)	Proportion of Group's Turnover (%)
1.	Synchronicity Sdn Bhd	3	19.5
2.	Ruhas Technology Sdn Bhd	1	17.0
3.	Integrated Knowledge and Campus Management Bhd	3	5.7
4.	The Edge Communications Sdn Bhd	6	5.7
5.	Malaysian Mobile Services Sdn Bhd	3	5.4
6.	Pointflex Sdn Bhd	7	5.4
7.	Sun Media Corporation Sdn Bhd	3	4.7
8.	Multimedia Development Corporation Sdn Bhd	3	4.0
9.	Strandcom Technologies Sdn Bhd	2	3.6
10.	Vital Ascend Sdn Bhd	2	3.1

Certain contracts with major customers are usually project-based in nature, however, the Group would normally enter into maintenance and support agreements on an annual renewal basis.

The TMS Group ensures continuous order for its products through its ability to provide a wider range of products under one roof thereby being able to meet its clients' various requirements. In addition to this, to further ensure continuous demand, the TMS Group also:-

- (i) constantly enhances and carries out on-going development on its products, thereby providing a platform for additional demand from its existing products in the form of enhancements and/or revisions;

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**4 INFORMATION ON THE GROUP (Cont'd)**


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- (ii) undertakes active promotion activities to seek new customers;
- (iii) utilises channels to distribute the TMS Group's products to one or more resellers who will directly sell to end-users; and
- (iv) leverages on the TMS Group's established brandname and operation track record of over 8 years in the industry. This successful operating track record has contributed towards its growth and brand-awareness.

**4.4.20 MAJOR SUPPLIERS**

For the 7-month financial period ended 31 July 2004, the major suppliers of the TMS Group are as follows:-

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	Name of Company	Length of relationship as at 31 July 2004 (years)	Proportion of Group's Purchases (%)
1.	Pericom Imaging (M) Sdn Bhd	1	63.0
2.	E-Centric Innovations Sdn Bhd	1	5.2
3.	Qusol Sdn Bhd	3	4.4
4.	Mind-Quest Consultancy Sdn Bhd	3	4.3
5.	Firstcape Sdn Bhd	3	4.2
6.	Pointflex Sdn Bhd	7	3.8
7.	Minda Master Enterprise	6	1.6
8.	Environmental Management & Research Association of Malaysia	4	1.3
9.	Bitara Systems Sdn Bhd	2	1.1
10.	Telekom Malaysia Berhad	5	1.0

The Group's solutions are currently inclusive of third party software. However, the Group has no dependency on any of its major suppliers. The supplies used are readily available and easily sourced from other suppliers.

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**4 INFORMATION ON THE GROUP (Cont'd)**


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**4.4.21 SECURED CONTRACTS**

As at 25 October 2004, being the latest practicable date prior to the printing of this Prospectus, the TMS Group has successfully secured contracts (both pending implementation or being implemented) of a total value of approximately RM16.42 million. The parties to these contracts include corporations involved in, amongst others, media and entertainment, education, communications, property sectors and government agencies. Details in respect of these secured contracts are as follows:-

Sector	Value of total secured contracts (RM'mil)	Types of products sold
Media and entertainment	2.25	tmsPUBLISHER™, tmsINTRANET™, SMS-based solutions, tmsEKP™, customisation, hosting, maintenance and training services.
Properties	3.02	tmsPUBLISHER™, tmsSEED™, tmsINTRANET™, tmsEKP™, Managed Electronic Township System, customisation, hosting, maintenance and training services.
Education	8.11	tmsPUBLISHER™, tmsSEED™, tmsFRAMEWORK™, wireless tracking and monitoring system, customisation, maintenance, hosting, training services, WorkFlow System and third party products.
Communications	0.31	tmsPUBLISHER™, tmsFRAMEWORK™, tmsINTRANET™, customisation, maintenance, hosting and training services.
Government agencies	1.07	tmsPUBLISHER™, tmsFRAMEWORK™, tmsINTRANET™, customisation, maintenance, hosting and training services.
Others	1.66	tmsPUBLISHER™, tmsINTRANET™, tmsFRAMEWORK™, tmsEKP™, customisation, custom development, maintenance, hosting, training services and third party products.
Total	<u>16.42</u>	

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**4 INFORMATION ON THE GROUP (Cont'd)**


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**4.5 SUBSIDIARY AND ASSOCIATED COMPANIES****4.5.1 INFORMATION ON M-APPS****(i) History and business**

M-Apps was incorporated on 6 May 1999 in Malaysia under the Act under the name of Ilham Korporat Sdn Bhd as a private limited company and subsequently changed its name to M-Apps on 10 January 2002. The principal activity of M-Apps is a provider of wireless tracking and monitoring solutions.

**(ii) Share capital**

The present authorised and issued and paid up share capital of M-Apps as at 25 October 2004, being the latest practicable date prior to the printing of this Prospectus, is as follows:-

**Ordinary shares**

Types	No. of shares	Par value RM	Amount RM
Authorised	500,000	1.00	500,000
Issued and paid-up	307,500	1.00	307,500

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

**Ordinary shares**

Date of allotment	No. of ordinary shares allotted	Par value RM	Cash Consideration RM	Resultant paid-up capital RM (cumulative)
6 May 1999	2	1.00	2	2
19 March 2002	5,998	1.00	5,998	6,000
20 March 2003	1,500	1.00	150,000*	7,500
3 June 2003	300,000	1.00	300,000	307,500

\* Issued at a premium of RM99.00 per share.

M-Apps does not have any subsidiaries and/or associated companies.

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**4 INFORMATION ON THE GROUP (Cont'd)**


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**4.5.2 INFORMATION ON TMS(S)****(i) History and business**

TMS(S) was incorporated on 29 June 2000 in Singapore as a private limited company. The Company is currently dormant.

**(iii) Share capital**

The present authorised and issued and paid-up share capital of TMS(S) as at 25 October 2004, being the latest practicable date prior to the printing of this Prospectus, is as follows:-

**Ordinary shares**

<b>Types</b>	<b>No. of shares</b>	<b>Par value SGD</b>	<b>Amount SGD</b>
Authorised	100,000	1.00	100,000
Issued and paid-up	100,000	1.00	100,000

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

**Ordinary shares**

<b>Date of allotment</b>	<b>No. of ordinary shares allotted</b>	<b>Par value SGD</b>	<b>Cash Consideration SGD</b>	<b>Resultant paid-up capital SGD (cumulative)</b>
29 June 2000	2	1.00	2	2
4 December 2000	99,998	1.00	99,998	100,000

TMS(S) does not have any subsidiaries and/or associated companies.

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## **4 INFORMATION ON THE GROUP (Cont'd)**

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### **4.6 GROUP STRENGTHS**

#### **4.6.1 COMMITMENT TO R&D**

The TMS Group has in the past and continues to dedicate significant amount of resources to R&D. The Directors believe that strong R&D capabilities, underpinned by an experienced R&D team is critical to the growth and success of the TMS Group. As at 25 October 2004, the TMS Group has 9 R&D personnel, representing approximately 21% of the total Group employees, and R&D spending represents about 28% of total revenue for the financial year ended 31 December 2003.

The Group's commitment to R&D has enabled the successful development and sale of in-house developed products, such as tmsPUBLISHER™, tmsSYNDICATOR™, tmsSEED™, tmsINTRANET™ and tmsFRAMEWORK™ to both the domestic and overseas markets. The Group's R&D capabilities was recognised by the MDC when it received MSC R&D Grant Scheme of RM1.9 million in 2002 for the development of tmsFRAMEWORK™.

Of the RM8,638,000 to be raised from the IPO, the TMS Group has earmarked approximately RM3,000,000 towards the research and development of new products, such as grant management system, sales force automation, work flow management and customer relationship management systems to keep abreast of changing needs and demands of its customers and the marketplace, whilst at the same time adding greater breadth and depth to its suites of products and solutions offerings. Additionally, the Group's R&D activities will also focus on further developing and enhancing tmsFRAMEWORK™, and converting and modifying all its existing source codes and products and solutions to operate on open source technologies to reduce the use of third party proprietary technologies, hence either increasing profit margin or allowing greater flexibility in pricing the Group's products and services more competitively.

#### **4.6.2 OWNERSHIP OF THE INTELLECTUAL PROPERTY RIGHTS OF THE PRODUCTS**

The TMS Group has ownership over the intellectual property rights of its products, thus allowing the Group flexibility and ease in modifying existing source codes to meet specific customer needs. Additionally, new products and enhanced versions of existing products can be developed from existing source codes, thus reducing development time and timing to market of new and/or enhanced products. This in turn ensures that the Group is able to efficiently and effectively adapt and respond to changing demands and evolving technologies.

#### **4.6.3 ESTABLISHED AND DIVERSE CLIENT BASE**

Over the past 8 years, the Group has provided its products and solutions and services to over 180 clients both domestically and across 10 overseas countries, namely USA, UK, Australia, Japan, Hong Kong, Singapore, Dominican Republic, Costa Rica, Columbia and Peru.

Additionally, its clientele base spans across a diverse industry segment, ranging from finance, media, education and telecommunication, among others. Some of its clients include Maxis Mobile Sdn Bhd, Teknik Janakuasa Sdn Bhd (a subsidiary of Malakoff Berhad), CIMB Berhad, Malaysian Venture Capital Management Berhad, Genting Information Knowledge Enterprise Sdn Bhd (a wholly owned subsidiary of Genting Berhad), Sun Media Corporation Sdn Bhd, The Edge Communications Sdn Bhd and Keretapi Tanah Melayu Berhad.

## 4 INFORMATION ON THE GROUP (Cont'd)

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### 4.6.4 ESTABLISHED BRAND

Having been in the industry for the last 8 years, the TMS Group, which markets its products and solutions under the “tms” brandname has successfully created a brand presence in the market. One of the Group’s proprietary product, tmsPUBLISHER™ was awarded the “ICT Product of the Year” by PIKOM, “COMDEX Asia Best Software of the Year”, and “IBM Most Promising Linux Application” in 2001. In 2004, tmsEKP™ was awarded the MSC-Asia Pacific ICT Awards (MSC-APICTA) for Best of General Applications (Merit Award).

### 4.6.5 EXPERIENCED MANAGEMENT AND STRONG R&D TEAM

The management team is led by Christopher Chan Hooi Guan, the founder, Chairman and Chief Executive Officer of TMS. He has more than 14 years experience in the IT industry, including exploring business opportunities in Asia and in the Pacific realm for Acxiom Corporation, a data mining company in the USA. Christopher Chan was awarded the “ICT Entrepreneur of the Year” in 2001 by PIKOM.

The management team also consists of Lee Chi Yeng, the Chief Technology Officer, Thong Weng Hung, the Chief Systems Officer and Chang Choon Ming an Executive Director. Lee Chi Yeng and Thong Weng Hung have each been with the Company since inception and have been involved in the IT industry for more than 10 years. Chang Choon Ming was appointed as an Executive Director in 1999. He has over 16 years experience in the IT industry.

### 4.6.6 TRANSKNOWLEDGE™ METHODOLOGY

Over the years, the management of the Company has gained extensive experience in the understanding of e-business needs of enterprises, enabling the development of its own methodology called “*Transknowformance™*”, the details of which are set out in Section 4.4.1 of this Prospectus. The TMS Group’s strength and capability in articulating the value of knowledge management implementation is expressed through its Transknowformance™ methodology.

The Transknowformance™ methodology is unique to the Group and serves as a tool which the Group uses to facilitate the Company and its customers in effectively identifying and implementing the right solutions for its customers in line with their strategic business objectives. At the same time, it ensures that the Group’s customers and their respective employees gain an understanding and knowledge of the process, as well as engaging management and “buy in” of the products and solutions which the Group implements for its clients.

The use of the methodology as an integral part of its service and product delivery has the benefit of creating confidence in its customers, partners and prospective customers in the quality of its products and solutions and enhancing the TMS Group’s value proposition in the field of knowledge management as an end to end knowledge management services and solution provider. Additionally, with a structured methodology in hand, the Group is more equipped in offering TMS’ products and solutions to larger corporations and enterprises, where the investment value incurred by such organisations is greater, and hence would adopt more stringent requirements and quality thresholds in their evaluation of any products or solutions provider.

**4 INFORMATION ON THE GROUP (Cont'd)**

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**4.6.7 tmsFRAMEWORK™**

One of the results arising from the Company's R&D efforts is the development of tmsFRAMEWORK™, an e-business software development framework built upon the platform of open source technologies. As a consequence, the Company will be able to reduce the usage of third party proprietary software in products and solutions provided to its clients, which results in either increasing profit margin or flexibility in pricing the Group's products and services more competitively. As tmsFRAMEWORK™ is built on Java and J2EE technologies, it is able to support more scalable solutions and result in faster development. Apart from that, tmsFRAMEWORK™ will also enable the Company's partners to develop their products or solutions on a similar framework and platform, further enhancing the compatibility of solutions provided by various companies.

**4.6.8 ESTABLISHED DISTRIBUTION NETWORK**

As detailed in Section 4.4.7 of this Prospectus, the TMS Group has existing agreements with approximately 33 resellers and channels in both domestic and overseas markets such as USA, Japan, Saudi Arabia, Indonesia and Latin America, among others. The overseas resellers and channels, some of which have had relationship with the Group since 2000, provide an effective and cost efficient avenue by which the TMS Group is able to venture abroad and penetrate overseas markets.

Integral to the TMS Group's growth strategy is the plan to increase overseas presence and contribution from overseas sales. To this end, the TMS Group has the advantage of leveraging on an existing network of resellers and channels that has been distributing TMS Group's products over the years and has in-depth knowledge and understanding of its products and philosophy. The result of which is the Group is able to pursue its overseas expansion strategy more effectively and with greater speed to market.

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