


12. INDEPENDENT MARKET RESEARCH REPORT

Prepared for the inclusion in this Prospectus

F R O S T  S U L L I V A N

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**Re: Independent Market Consultant Report of the Malaysian
Solutions Market (SAA, EPSys & MWS)**

This executive summary is prepared for inclusion in the prospectus of Tricubes Berhad dated 26 November 2004 in relation to its listing on the MESDAQ Market of Bursa Malaysia Securities Berhad. This research is undertaken with the purpose of providing an analysis of the market positions of Tricubes Berhad within the specific solutions (SAA, EPSys and MWS) market in Malaysia. The report provides a special focus on the particular segment of the industry that Tricubes Berhad is operating in.

The information provided in this Prospectus with reference to our name is principal the extractions from our research report which was undertaken through both primary and secondary sources. Interviews were conducted with the main market participants in the country as well as Tricubes Berhad's direct competitors. Primary research is provided to gain an in-depth understanding of the current industry profile and to provide an overall picture of the market performance and trends.

The original research report for this industry was conducted and finalised in October 2003. Some minor amendments were done in January 2004 with an executive summary updating the industry prepared in August 2004.

Yours faithfully
For and behalf of
Frost and Sullivan



SANJAY SINGH
DIRECTOR

5 November 2004

12. INDEPENDENT MARKET RESEARCH REPORT *(Cont'd)*

Strategic Analysis of the Malaysian Solutions Market

(SAA, EPSys & MWS)

Executive Summary

August 2004

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The market research process for this study has been undertaken through detailed primary research which involves discussing the status of the industry with leading industry participants and industry experts. The methodology used is the Expert Opinion Consensus Methodology. Quantitative market information is based primarily on such interviews and therefore could be subject to fluctuations.

The executive summary provides an update of the report which was completed in July 2004 and is prepared solely for inclusion in the Prospectus.

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Executive Summary

Overview of the Global Economy

In 2003, the world gross domestic product (GDP) growth remained unchanged at 3.0 percent. This is a good improvement from an average of 2.1 percent estimated over 2001-2002. Global growth below 2.5 percent is generally considered to be a recession in the world economy. For 2004, world GDP growth is forecasted to increase by 3.9 percent and it will mark the first year of recovery from a 2 year global recession.

In the developing nations, GDP growth is expected to achieve 5.3 percent in 2004. This is an increase of 1.2 percent over 2003-2004. The domestic demand continues to lag in the developing world, as such, the growth dynamic in this segment of the world remain evidently export-led. China continues to lead the pack with its GDP growth expected to re-accelerate to 7.9 percent in 2004 after average gains of 7.5 percent in 2002-2003. Elsewhere in Asia, the acceleration is expected to be more subdued. Excluding China, growth in Asia ex Japan is expected to hit only 4.6 percent in 2004, only a slight increase from 4.1 percent in 2002-2003. This is backed by robust export performance and higher contribution from domestic demand.

The industrial CPI is expected to inch up fractionally to just 1.8 percent in 2004, following average gains of just 1.5 percent in 2002-2003. Inflation should remain dormant during this few years. The outlook for the global economy has improved significantly with growth becoming broader based. External demand is therefore expected to be sustained in an external environment of stronger growth in the major industrial economies and higher growth in the Asian region.

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Overview of the Malaysian Economy

The Malaysian economy has entered 2004 on a stronger overall growth performance and GDP is expected to expand by 6.0 to 6.5 percent. This growth is driven by stronger domestic demand and the underpinning of a more favorable external demand. Figure 1-1 illustrates that in 2003, Malaysia's GDP grew by 5.2 percent driven by higher consumer spending, soaring exports and stronger growth in investments. According to Bank Negara, the 4th quarter was particularly strong, rising by 6.4 percent – the highest quarterly growth in 3 years. In 2004, all sectors in the economy are expected to show positive growth, with the manufacturing sector leading the way with 10.2 percent compared with 8.2 percent in 2003, as the global electronics industry is seen to be improving and with strong domestic demand. (Source: Bank Negara Malaysia Annual Report 2003)

Figure 1-1: Real Gross Domestic Product Contributors by Sector in Malaysia (%)

	2002	2003 (preliminary)	2004 (forecast)
Real GDP	4.1	5.2	6.0 ~ 6.5
RM Billion	219.3	230.7	244.6
Agriculture	3.0	5.5	2.6
Mining	3.7	4.8	5.5
Manufacturing	4.0	8.2	10.2
Construction	2.3	1.9	1.5
Services	4.1	4.1	5.2

While improving global and regional economies had lifted export growth, the economy also got a lift from household and spending and government consumption. The performance of the economy in quarter 4 was also in part due to a buoyant stock market since May 2003. There was also the economic stimulus package by the Government to counter the effects of the Iraq war and SARS. Low interest rates and readily available financing, together with high commodity prices, had a positive effect on consumer spending. Consumer spending will continue to be the dominant factor driving the economy. However, private investment is also expected to pick up. This is expected to sustain economic growth momentum and allow the Government to slowly ease off its economic stimulus measures. Private investments showed an up-cycle while stronger loan applications and higher investment approvals, particularly in the manufacturing sector, pointed to expanded business activity going forwards.

The Malaysian economy is expected to strengthen further in 2004. The combined effects of an improved external environment, indication of strong domestic activity and private sector investment expansion in Malaysia significantly improves our growth prospects for 2004.

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F R O S T & S U L L I V A N**Overview***Tricubes Overview*

Tricubes Computers is primarily involved in the provision of secure IT solutions ridding on the latest technologies including smartcard and biometrics. Over the last three years, the company has been investing heavily into the research and development of mobile solutions based on these technologies. This company is also involved in providing professional services including IT and business consulting, and application development. At the same time, Tricubes aims to grow its business in the product design and development market. Tricubes' mission is to become a leading solution provider in the mobile solutions space catering to both local and foreign markets.

One of the company's key success stories is its participation in the government multipurpose (GMPC) or the MyKad project. Following the roll out of MyKad in the year 2000, Tricubes made a corporate direction to expand beyond being a single purpose company. Today, the company has established a presence in the local banking, manufacturing, utility, information technology and foreign markets like France and Hong Kong. In line with the company's vision to become a leading solutions provider, three key solutions have been identified as follows:

- Secure Access Authentication (SAA)
- Electronic Payment Solutions (EPS)
- Mobile Workforce Solutions (MWS)

Whilst SAA and EPS are important areas that will continue to generate revenue streams in the medium term (2004-2006), Tricubes seeks to be a major player in the MWS market. The company believes that it is well positioned to capitalize on the take-off of mobility applications in the local and foreign market. Having a track record in MyKad project enables the company to be a step ahead of its competition in penetrating the mobile workforce space. For instance, Hong Kong SAR chose Tricubes SMA 1020, its rugged handheld computer, for its pilot Hong Kong smartcard ID project.

In line with the company's vision to become a leading solution provider in the MWS market, Tricubes succeeded in increasing its revenue contribution from MWS segment to almost 43.0 percent in 2003. SAA and EPS segments collectively accounted for the remaining revenues.

Beyond the local market, Tricubes is also expanding its market into other regions. Overseas business contributes less than 10 percent to total revenues in 2003. The company hopes to grow this market to 25 percent to 30 percent by year 2008. Presently they are involved in key projects in Paris and Hong Kong.

The Frost & Sullivan market engineering report for Tricubes Computers will focus on the three major solutions market as highlighted above. The three segments are expounded in detail in the following sub-sections of this chapter.

The base year for the computation of unit shipments and revenues is the year 2003. Forecast period will be from year 2004 to 2009.

12. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**F R O S T & S U L L I V A N****Challenges Facing the Solutions (SAA, EPS, MWS) Market**

Figure 1-2 presents the market challenges in the solutions (SAA, EPS, MWS) market in Malaysia, 2004-2009

Figure 1-2

Solutions (SAA, EPS, MWS) Market: Market Challenges Ranked in Order of Impact (Malaysia), 2004-2009

Rank	Challenge	Short Term (2004-2006)			Medium Term (2007-2009)		
		SAA	EPS	MWS	SAA	EPS	MWS
1	Lack of necessary infrastructure	Medium	Low	Medium	Low	Low	Low
2	Low consumer awareness	Medium	Low	Medium	Low	Low	Low
3	Selecting and developing strategic partners and alliances is critical to success	Medium	Low	Medium	Low	Low	Low
4	High pricing of handheld devices	NA	NA	Medium	NA	NA	Low
5	Integration of smartcard/ biometrics technology confine to Government sector	Medium	Low	Medium	Low	Low	Low

Source: Frost & Sullivan

Market Drivers and Restraints (SAA, EPS, MWS)**Market Drivers**

Figure 1-3 presents the market drivers in the solutions (SAA, EPS, MWS) market in Malaysia, 2004-2009

Figure 1-3

Solutions (SAA, EPS, MWS) Market: Market Drivers Ranked in Order of Impact (Malaysia), 2004-2009

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Rank	Drivers	Short Term (2004-2006)			Medium Term (2007-2009)		
		SAA	EPS	MWS	SAA	EPS	MWS
1	Government initiatives	High	High	Medium	High	High	High
2	Fraud reduction	NA	High	NA	NA	Medium	NA
3	Overall technology driven demand	Medium	High	Medium	High	High	High
4	Rising need for automation	NA	NA	Medium	NA	NA	High
5	Increase in number of Application Providers	Medium	Medium	Medium	High	High	High

Source: Frost & Sullivan

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Market Restraints

Figure 1-4 presents the market restraints in the solutions (SAA, EPS, MWS) market in Malaysia, 2004-2009

Figure 1-4

Solutions (SAA, EPS, MWS) Market: Market Restraints Ranked in Order of Impact (Malaysia), 2004-2009

Rank	Restrains	Short Term 2004-2006			Medium Term 2007-2009		
		SAA	EPS	MWS	SAA	EPS	MWS
1	High initial investment	High	Medium	High	Medium	Low	Medium
2	Lack of interoperability and standards	High	Low	High	Medium	Low	Medium
3	Competition From Alternative Technologies	High	Medium	Medium	Medium	Low	Low
4	Mindset of marketplace	Medium	Low	Medium	Low	Low	Low
5	Privacy Issues Facing Deployment of Smartcard/ Biometrics Technology	Medium	Low	Medium	Low	Low	Low

Source: Frost & Sullivan

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Secure Access Authentication (SAA)**Overview of solution**

Frost & Sullivan has defined the term secure access authentication market to summarize broadly an insight into integrated smart card and biometrics (non-mobile) device, software component, system integration and other related services that are used largely by the government and banking sector.

Secure access authentication (SAA) comprises of

- The hardware (Integrated biometrics smart card reader (non-mobile),
- Software
- System integration and other related services

For tabulation purposes, the computation of unit shipments and the revenue market share is based on the hardware being the integrated biometrics smart card reader (non-mobile).

Market Forecast/Market Performance

In figure 1-5 and chart 1.1 below the unit sales of these readers are expected to grow with a CAGR of 32.8 percent over the period 2003-2009.

Figure 1-5

Integrated biometrics smart card reader (non-mobile) Market: Unit Sales Forecast (Malaysia), 2003-2009

Year	Unit Sales	Growth Rate (%)
2003	2,886	---
2004	3,524	22.1
2005	4,680	32.8
2006	6,280	34.2
2007	8,516	35.6
2008	11,581	36.0
2009	15,797	36.4

Compound Annual Growth Rate (2002-2008): 32.8%

Note: The integrated biometrics smart card reader in this table reflects only non-mobile readers used particularly in three applications; government, access control and network security application used by government and banking sectors.

Note: All figures are rounded; the base year is 2003. Source: Frost & Sullivan

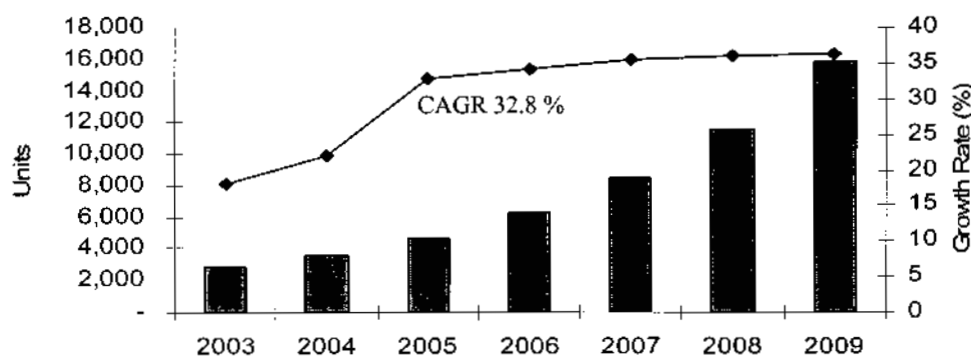
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Chart 1.1

Integrated biometrics smart card reader Market: Unit Sales Forecast (Malaysia), 2002-2008

Integrated Biometrics Smart Card Reader Market (Non-mobile): Unit Sales Forecast (Malaysia), 2003-2009



Note: All figures are rounded; the base year is 2003 Source: Frost & Sullivan

The current growth in the number of readers comes from “new” and “replacement” demand. Replacement demand comes particularly from replacing other card based physical access control system such as magnetic stripe and proximity card. However large percentage of the demand are new such as from the logical access control or network security access application. Growth is attributed to several factors including increasing uptake for smart cards in the country and MyKad migration push, particularly with nationwide uptake of these cards in 2005. It is expected to have a stable growth from 2006 to 2009. To date (July 2004) approximately 10.8 million MyKad have been issued and is expected to double by next year.

Up to year 2003, an estimated 2,886 units of integrated biometrics smart card reader were sold in Malaysia and the number is expected to reach more than 15,000 units in 2009 with a CAGR of 32.8 percent.

Competitive Structure

There are approximately 3 to 5 market participant of the Integrated Biometrics Smart Cards in Malaysia. The main competitors of this market include Tricubes Computers Sdn. Bhd., Iris Corporation Berhad and Yasmin Teknologi Sdn. Bhd.

The integrated biometrics smart card reader market is a competitive market, particularly among the top three-market participant. The top two-market participant competes primarily in the government and financial related application projects. Market concentration in this market is high with 91.4 percent of base year market controlled by top two competitors. The year 2003 was a moderate growth for market participants due to lack of urgency in readers implementation. However this market is expected to experience phenomenal growth in the next 1-2 years with nation wide adoption of MyKad. The barrier to entry is still very high. The technology is not that easy and is coupled with the issue of

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having to abide to government rules and specifications and having the right pricing and experts in the field.

Figure 1-6 shows the competitive structure of the integrated biometrics smart card reader market in Malaysia

Figure 1-6

Integrated Biometrics Smart card Reader Market: Competitive Structure (Region), 2003

Number of Companies in the Market	3 to 5
Major Competitors	Tricubes Computers Sdn. Bhd, Iris Corporation Berhad, Yasmin Teknologi Sdn. Bhd (for Sagem) and others
Distribution Channel	Direct Sales
Tiers of Competition	First Tier: International manufacturer with local distributor Second Tier: Local manufacturer/participant (design and develop)
Key End-User Groups	Government Banks Commercial
Competitive Factors	<ul style="list-style-type: none"> • Strategic Alliances and partnerships • Competitive price, quality, reliable brand, innovative product lines • Expertise, experience and integration skills • Value added services or customer service • Ability to provide consultancy service • Ability to customize according to customers needs

Source: Frost & Sullivan

For the SAA segment, Frost & Sullivan used an **industry average pricing** to derive market share revenues in view that the price range between different vendor products are much smaller.

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Figure 1-7 and chart 1.2 presents the market shares of leading industry participants in the integrated biometrics smart card reader market in Malaysia based on revenues for the year 2003.

Figure 1-7

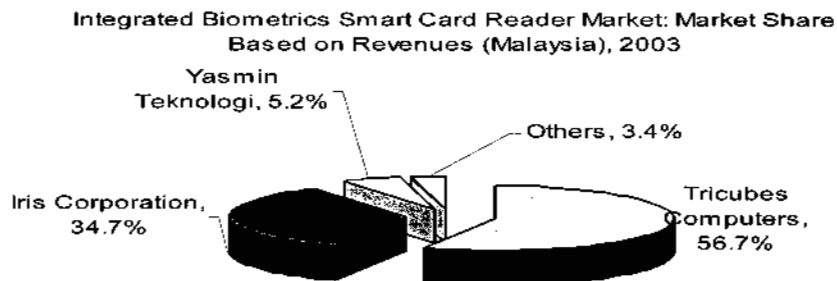
Integrated Biometrics Smart card reader Market: Market Share based on Revenues (Malaysia), 2003

Company	2003 Market Share (%)
Tricubes Computers Sdn. Bhd.	56.7
Iris Corporation Berhad	34.7
Yasmin Teknologi Sdn.Bhd.	5.2
Others	3.4
TOTAL	100.0

Note: All figures are rounded; the base year is 2003. Source: Frost & Sullivan

Chart 1.2

Integrated biometrics smart card reader Market: Market share based on revenues (Malaysia), 2003



Note: All figures are rounded; the base year is 2003. Source: Frost & Sullivan

Outlook on the Malaysian SAA Market

The integrated biometrics smart card reader (non-mobile) market in Malaysia is expected to register large growth mainly due to increasing adoption of MyKad and awareness about the benefits of smart card and biometrics technology, particularly after the year 2005 with nationwide uptake of the card.

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It has also been the aim of the government (national registration department) to increase points of use by enhancing the necessary infrastructure such as having more card readers or card acceptance device and terminals which can read MyKad to encourage the use of MyKad in the country.

The adoption of the applications hosted onto MyKad is expected to influence the movement and demand of these readers. In the early stage demand for the integrated biometrics smart card reader is expected to come largely from the government and financial institution. The government have also encouraged the local developers or the private sector to use MyKad in their applications. With growing dispersion of smart card and biometrics technology is expected to see the private sector adopting these readers particularly for the use in access control (physical access and logical access (network security) and time attendance applications.

Electronic Payment Solutions (EPS)**Overview of Solution**

Frost & Sullivan has defined the term Electronic Payment Solutions market to summarize broadly an insight into the EMV (Europay-MasterCard-Visa) compliant terminals, software component, system integration and other related services used by the banks and merchants. Europay-MasterCard-Visa (EMV) is a standard for chip based or smart card payment cards (debit and credit cards). This standard describes a set of requirements to ensure interoperability between chip payment cards and chip enabled terminals on a global basis.

Electronic payment solution comprises of

- The hardware (electronic payment terminal),
- Software
- System integration and other related services.

For tabulation purposes the computation of unit shipments and the revenue market share is based on the hardware being electronic payment terminal. Hence numbers in charts and figures reflect only the electronic payment terminal market (desktop based terminals).

In 2003, there were approximately 45,000 electronic payment terminals (chip (EMV) and non-chip based terminals) in Malaysia. Up to year 2003 an estimated 42.2 percent or 19,000 terminals are already chip-based EMV compliant terminals, which leaves another 57.8 percent of the terminals in the market to be replaced. In 2003 revenues are generated mostly from the replacement market. It is expected to continue coming from replacement demand in the next couple of years (2005). The legacy payment infrastructures running on magnetic stripe card technology are to be replaced with EMV compliant chip based terminals.

12. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**F R O S T & S U L L I V A N****Market Forecast/Market Performance**

The EMV compliant chip based terminals in Malaysia is expected to register phenomenal growth mainly due to the replacement demand. The unit sales are expected to grow with a CAGR of 24.7 percent over the period 2003-2009.

Figure 1-8 and chart 1.3 presents the forecast of EMV compliant chip based terminals sales for the period 2003 to 2009.

Figure 1-8

Electronic Draft Capture Terminal Market: Unit Sales Forecast (Malaysia), 2003-2009

Year	Installed Base (Units)	Incremental Sales (Units)	Growth Rate (%) (Installed base)
2003	19,000	-	-
2004	32,775	13,775	72.5
2005	45,295	12,520	38.2
2006	54,445	9,150	20.2
2007	62,775	8,330	15.3
2008	68,111	5,336	8.5
2009	71,584	3,474	5.1

Compound Annual Growth Rate (2003-2009): 24.7%

Note: Numbers above reflect only the EMV compliant chip based electronic payment terminal market (desktop based terminals).

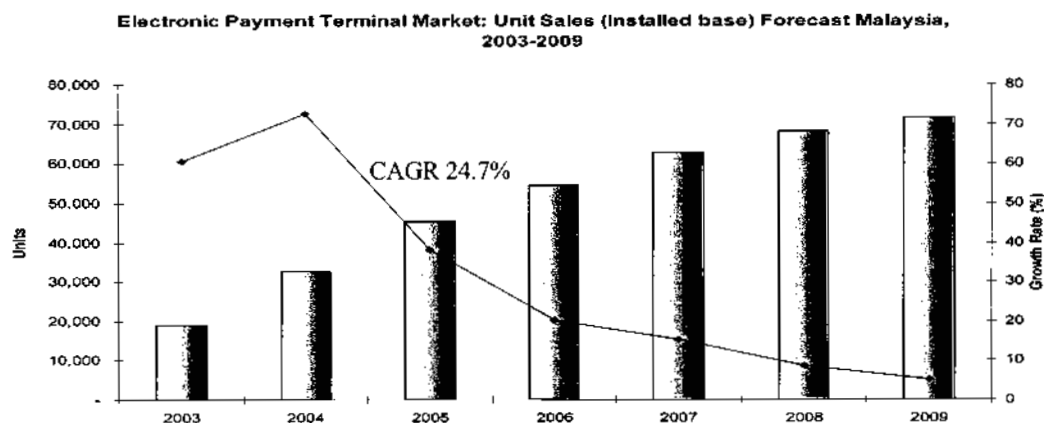
Note: All figures are rounded; the base year is 2003. Source: Frost & Sullivan

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Chart 1.3

Electronic Payment Terminal Market: Unit Sales (Installed base) Forecast (Malaysia), 2003-2009



Note: All figures are rounded; the base year is 2003. Source: Frost & Sullivan

The growth in the number of terminals comes from “new” and “replacement” demand. Growth is attributed to several factors including increasing uptake for smart cards in the country, fraud reduction and EMV migration push. Up to year 2003, an estimated 19,000 units are EMV compliant chip based terminals and the number is expected to reach 71,584 units in 2009 with a CAGR of 24.7 percent.

The growth rate is likely to be highest in year 2004 at 72.5 percent as the replacement rate is expected to more than double due to Bank Negara’s mandate to have all current terminals to be EMV compliant by early year 2005.

Competitive Structure

There are approximately 3 to 6 market participant of the Electronic Payment Terminals in Malaysia. The main competitors of the Electronic Payment Terminals are largely the distributors and agents of foreign owned terminal manufacturers, which include GHL Systems Bhd. (for Verifone.), Ingenico Malaysia (for Ingenico), Nera Infocomm Sdn. Bhd. (for Hypercom), Paysys (M) Sdn. Bhd (for Axalto) and Tricubes Computers (for Intellect). The competitive structure of this industry is as depicted in Figure 1-9 below.

The EMV compliant terminal market is a competitive market and has undergone a dramatic change over the past few years due to the EMV timeline and directive set by Bank Negara. The year 2003 was not one of a strong growth for market participants. This was largely due to some uncertainty in the market such as the appointment of sole Terminal Migration Organization (TMO). Today the Association of Bankers, Malaysia, has since recognized the TMO appointee as another payment equipment vendor.

Figure 1-9 shows the competitive structure of the electronic payment terminal (EMV compliant chip based terminals) in Malaysia

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Figure 1-9

Electronic Payment Terminal Market: Competitive Structure (Malaysia), 2003

Number of Companies in the Market	3 to 6
Major Competitors	GHL System Berhad, Ingenico (Malaysia), Nera Infocom (M) Sdn. Bhd, Paysys (M) Sdn.Bhd , Tricubes Computers Sdn.Bhd, Others (i.e. Rhythm Technology (Terminal Migration Organization TMO)
Distribution Channel	Direct Sales
Tiers of Competition	First Tier: International Manufacturers with Principal office Second Tier: International Manufacturers with local distributors
Key End-User Groups	Government Bank and Financial Institutions Retailers and Merchants
Competitive Factors	<ul style="list-style-type: none"> • Competitive price, quality, reliable brand, innovative and EMV certified terminals • Expertise, experience and integration skills • Value added services or customer service and quality network • Ability to provide consultancy service • Local development team and ability to customize according to customers needs • Strategic Alliances and partnerships

Source: Frost & Sullivan

For the **EPS segment**, Frost & Sullivan used an **industry average pricing** to derive market share revenues in view that the price range between different vendor products are much smaller.

Figure 1-10 and chart 1.4 presents the market shares of leading market participants in the electronic payment terminal market in Malaysia based on revenues for the year 2003. Revenues are calculated by multiplying the estimated number of units sold in a particular year with the average price of the electronic payment terminal (EMV compliant) in that particular year.

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Figure 1-10

Electronic Payment Terminal Market: Market Share based on Revenues (Malaysia), 2003

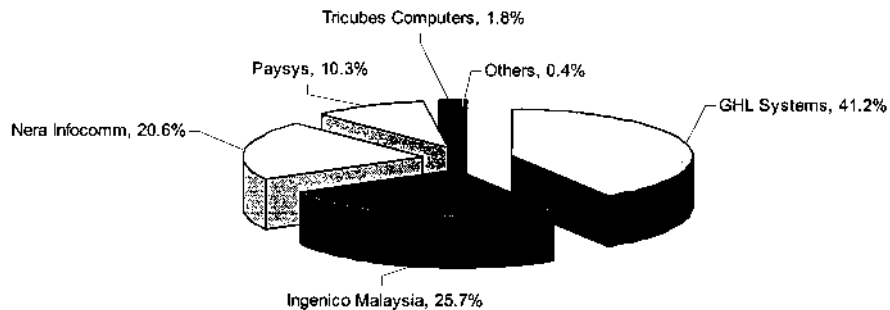
Company	2003 Market Share (%)
GHL Systems Berhad	41.2
Ingenico Malaysia	25.7
Nera Infocomm Sdn. Bhd	20.6
Paysys (M) Sdn.Bhd	10.3
Tricubes Computers Sdn. Bhd	1.8
Others	0.4
TOTAL	100.0

Note: All figures are rounded; the base year is 2003. Source: Frost & Sullivan

Chart 1.4

Electronic Payment Terminal Market: Market Share based on Revenues (Malaysia), 2003

Electronic Payment Terminals Market: Based on Revenues (Malaysia), 2003



Note: All figures are rounded; the base year is 2003. Source: Frost & Sullivan

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Outlook on the Malaysian EPS Market

Fraud reduction is one of the most important criteria for smart card and terminal migration in Malaysia. ATM and credit card fraud cases have heightened worries among consumers about payment cards. It is therefore imperative that all parties concerned work toward addressing this problem. Most banks have an internal control and fraud-monitoring mechanism to counter the fraudulent use of credit cards, including the chip-based card or smart cards for its ATM and payment cards. Smart cards technology is expected to reduce losses from card skimming or copying data from magnetic stripe cards.

EMV is seen as the major driving force behind smart card based electronic payment terminals. More banks and merchants in Malaysia are expected to chip enable their terminals to avoid liability shift and further losses from fraud.

Hence the above forecast shows rapid adoption of EMV compliant terminals expected to happen in the next one to two years (2004-2005). In that period magnetic stripe based electronic payment terminals have to be replaced more often and this is likely to boost the demand for EMV chip based terminals. The replacement market demand is expected to constitute 62.9 percent of the overall terminal market.

Constant replacement of the current terminals and uptake from "new" demand is expected to drive growth for electronic payment solution market particularly for the software, system integration and other services such consulting and maintenance.

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Mobile Workforce Solution

For the purpose of this report, mobile workforce solution is defined as rugged handheld devices that are used in mainly harsh environment like warehousing. These devices are used for tracking and recording of information by mobile workers in specific vertical markets. For instance, ground staff in a factory site utilise rugged handhelds to facilitate barcode scanning and tracking of products on the move.

Frost and Sullivan does not include PDAs (personal digital assistant) as part of MWS in this report. PDAs are catered to a different clientele group being the professionals in banking or insurance sectors to facilitate sales activities.

The mobile workforce solutions market comprises of

- The hardware
- Software
- System integration and other related devices

For tabulation purposes, the computation of unit shipments and the revenue market share is based on the sale of the hardware being the handheld device for the base year of 2003. The focus of this section is to review the market trends in the rugged handheld devices sector. Major end user vertical markets for the rugged handheld computers are warehousing, retail and distribution, logistics, manufacturing, utility and law-enforcement.

Market Forecast/Market Performance

The unit sales in the year 2003 were 2,930 units and are expected to grow to 7,050 units in 2009, with a compounded average growth rate of 15.8 percent. Figure 1-11 and Chart 1.5 depicts the unit forecast of the Mobile Workforce Rugged Handheld Devices Market in Malaysia from 2003 to 2009.

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Figure 1-11

Rugged Handheld Devices Market: Unit Sales Forecast (Malaysia), 2003-2009

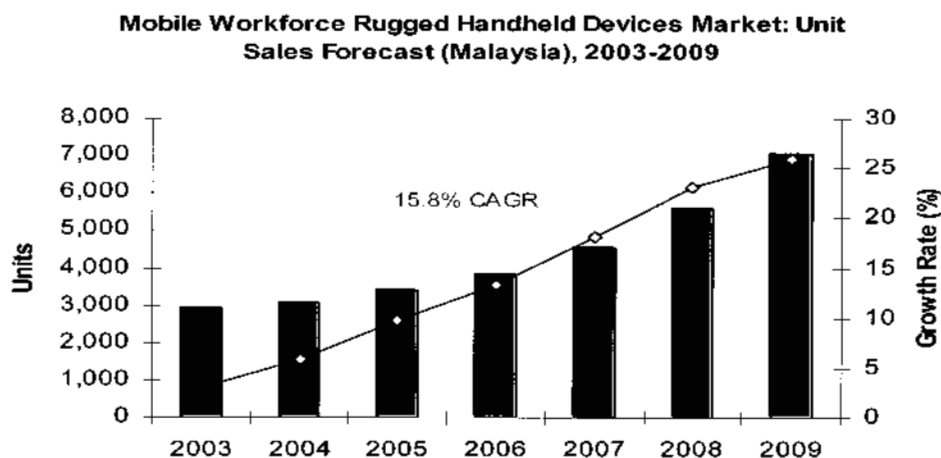
Year	Unit Sales	Growth Rate (%)
2003	2,930	-
2004	3,100	5.8
2005	3,400	9.7
2006	3,850	13.2
2007	4,550	18.2
2008	5,600	23.1
2009	7,050	25.9

Compound Annual Growth Rate (2002-2008): 15.8%

Note: All figures are rounded; the base year is 2003. Source: Frost & Sullivan

Chart 1.5

Rugged Handheld Devices Market: Unit Sales Forecast (Malaysia), 2003-2009

*Note: All figures are rounded; the base year is 2003. Source: Frost & Sullivan*

The rugged handheld devices market in Malaysia is still in its developing stages and is expected to reach maturity by year 2008 – 2009. This is because the revenue generation in Malaysia has been predominantly driven by multinational corporations (MNCs) while penetration in local companies remain low. Some of these MNCs that are actively deploying the use of handheld devices globally are DHL, Colgate-Palmolive and Carlsberg.

12. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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Vertical markets like warehousing, utility, retail and distribution, logistics and manufacturing are the most predominant customers for rugged handheld devices. The handheld device used in this kind of environment is depicted by two main features, its rugged design and a barcode scanner. Due to its unique features like drop durability, and temperature and water proof, the rugged device can be 2 to 4 times more expensive than an enterprise PDA in the market

The government including the Immigration Department are expected to become one of the leading adopters as MyKad increasingly gains mass market acceptance. To date, the law-enforcement agencies also utilize rugged handhelds with General Packet Radio Service (GPRS) / Wi-Fi features for tracking applications.

Competitive Structure

The manufacturers of rugged handheld devices in Malaysia are predominantly MNCs with only two local players being Tricubes and Iris. The research identified about 12 competitors in the rugged handheld computers sector. Competition has been pretty stiff with most companies preparing to launch newer, more ruggedized handhelds with better features like Wi-Fi, GPRS, Biometrics etc. Pricing still plays a key role in obtaining a competitive advantage, while good sales and after sales service has also provided good results for companies.

Figure 1-12 shows the Competitive Structure of the Mobile Workforce Solutions market in Malaysia in 2003

12. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

F R O S T & S U L L I V A N

Figure 1-12

Mobile Workforce Solution Market: Competitive Structure (Malaysia), 2003

Number of Companies in the Market	About 12
Major Competitors	Intermec Technologies, Fujitsu, HHP, Denso, Psion, Symbol Technologies, Tricubes, Radix
Distribution Structure	Authorized distributors, System Integrators and Resellers
Tiers of Competition	Tier 1: Multinational vendors and Japanese vendors Tier 2: Local vendors
Key End-User Groups	Retail and distribution Logistics Government Manufacturing Sales Force Automation Market (eg FMCG, Brewery and Tobacco companies) Utility
Competitive Factors	Wide channel of resellers Good after-sales service Brand name of the product Reference sites in specific vertical markets Pricing

Source: Frost & Sullivan

Figure 1-13 and Chart 1.6 presents the revenue market share of leading industry participants in the Mobile Workforce Solutions market in Malaysia for 2003. Note that market share revenues were derived by multiplying unit shipment with the **average pricing of each MWS vendor**. Frost & Sullivan chose to use the average pricing of each vendor (as opposed to industry average price) because the price variance between different vendors' products is very wide.

12. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

F R O S T & S U L L I V A N

Figure 1-13

Mobile Workforce Rugged Handheld Devices Market: Market Share based on Revenues (Malaysia), 2003

Company	2003 Market Share (%)
Symbol Technologies, Inc.	25.7
Psion PLC	16.9
Fujitsu (Malaysia) SDN BHD	12.7
HHP, Inc	12.5
Intermec Technologies Corp.	11.3
Radix International Ltd.	7.0
Tricubes Computers Sdn Bhd	6.2
Denso (Malaysia) Sdn Bhd	4.9
Others	2.8
TOTAL	100.0

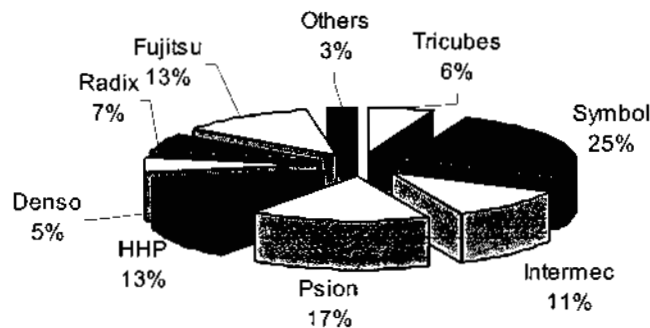
Note: The above vendors each have very unique products that cater to different vertical markets. Each product comprise different configuration of technology and application. As such, direct comparison of revenue market share as shown above may not be a fair representation of the true picture of each vendor's performance.

Note: All figures are rounded; the base year is 2003. Source: Frost & Sullivan

Chart 1.6

Rugged Handheld Devices Market: Market Share based on Revenues (Malaysia), 2003

MWS Market Share (Rugged Devices) by Revenue in Malaysia in 2003



Note: All figures are rounded; the base year is 2003. Source: Frost & Sullivan

12. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

F R O S T & S U L L I V A N

Outlook of the Malaysian MWS Market

Although rugged handheld devices have been in use in the Malaysian scene for many years, the MWS market is presently still in its development stages. Demand is primarily driven by MNCs deploying a particular vendor's solution as part of their global strategy. The government is an active end-user segment that is expected to gain momentum from 2005 to 2009 in view of the mass roll-out and acceptance of MyKad. Local corporations are anticipated to gradually join in the bandwagon as prices of handhelds become more affordable.

Growth potential is evident in the MWS market especially by 2007 to 2009 period amidst better awareness levels, favorable pricing and the drive towards automation to increase market competitiveness. Frost and Sullivan anticipates the MWS market to grow by a CAGR of 15.8 percent from 2004 to 2009.

SWOT Analysis of Tricubes Computers

Figure 1-14 presents the SWOT analysis of Tricubes Computers in the Solutions (SAA, EPS, MWS) Market in 2003

Figure 1-14

Tricubes Computers: SWOT Analysis, 2003

Strengths	Weaknesses
<ul style="list-style-type: none"> • Entrenched position in the government sector through the MyKad project • Forging alliances with leading local and international market participants (e.g. CRM, ERP) • Vast experience in integrated smart card and biometrics technology • Competitively priced high quality products and solutions at international standards • Strong emphasis R & D in the mobile solutions 	<ul style="list-style-type: none"> • Long working capital cycle (from R&D stage to actual sale of products and solutions) which is a characteristic of the industry. • Large percentage of revenues are project-based and hence are not cyclical

12. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

F R O S T & S U L L I V A N

Opportunities	Threats
<ul style="list-style-type: none"> • Potential growth of applications leveraging on the national roll out of MyKad (e.g access control, utilities) • Potential adoption of Mobile Merchant leveraging on roll out of PMPC/ Bankcard. • Government at the forefront of Mobile Solutions (SAA & MWS) adoption, especially in the next 2-3 years. • EMV migration push will speed up the adoption of EMV compliant chip based terminals. • Increasing interest for government application and national ID schemes APAC & EMEA. • Growing need for mobility in the business environment to drive demand for mobile solutions 	<ul style="list-style-type: none"> • Possible risk of selective use of applications within MyKad in the medium term. For e.g., Touch 'n Go and ID are popular applications that are currently used. • Stiff competition from local and foreign players in the MWS and EPS market. • Rapid technological changes may cause products and solutions to become obsolete in short time. • Prevalent use of alternatives /substitute (e.g. magnetic and proximity reader for door access)

Source: Frost & Sullivan

Growth Strategy of Tricubes Computers

Secure Access Authentication (SAA)

In 2003, Tricubes captured a significant share of the integrated biometrics smart card readers market in Malaysia at 56.7 percent and this segment (SAA) contributed approximately 39.7% to the company's total revenue.

During the forecast period (2004-2009) the integrated biometrics smart card readers market is estimated to grow at a healthy rate of 32.8 percent. In order for companies to stay ahead of its competition and take full advantage of this positive growth, in the security business, Frost & Sullivan believes that strategic alliances and partnerships with both local and international leading related market participant are significant. This alliance and partnership is crucial initiative for providing end-users or customers with the solutions that satisfy their needs in timely manner. A company's ability to customize to end users needs and financial budget plus providing continuous support in terms of service and consultation will be an added advantage.

12. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

F R O S T & S U L L I V A N

Companies are also expected to invest largely in technology and research and development in order for them to continue developing world-class technologies. In addition the ability to offer a wider range of products with competitive price is another significant success factor.

Frost & Sullivan believes that Tricubes have taken these critical steps to ensure continuous growth and to retain its number one position in this SAA segment. For example early this year Tricubes launched a new product known as Secure Xcess. It is a device used in the security and access control application. It is equipped with fingerprint biometrics system, contact and contactless smart card modules and flexible pin pad functionality. To leverage on the company's leadership in MyKad readers in Malaysia, this device is built with MyKad functionality and verification. Whereby it utilise MyKad as a media for access control. By supporting MyKad it minimises cost of implementation and the device becomes more price competitive in the market.

Electronic Payment Solutions (EPS)

In 2003, Tricubes barely captured 2.0 percent of the electronic payment terminals market and the EPS segment only contributed 17.6% to the company's total revenue. This is partly due to high market concentration by the top three market participants. Market concentration in this market is high with 87.5 percent of base year market controlled by top three competitors.

The growth rate for electronic payment terminals market is likely to be highest in year 2004 at 72.5 percent as the replacement (the magnetic stripe based electronic payment terminals to be replaced with smart card/EMV compliant terminals) rate is expected to more than double due to Bank Negara's mandate to have all current terminals to be EMV compliant by early year 2005. It is then expected to deep from late 2005 onwards assuming that full migration for the "replacement" market has taken place and only "new" demand to drive growth of this market.

Frost & Sullivan believes that the competition in this segment, post 2005, are expected to be in the software, system integration and other related services such as providing consultancy, support and maintenance to the banks and merchants. Hence Tricubes' strategy to focus on the software market of this segment such as providing loyalty and e-purse application is expected to be in line with the direction of this segment.

Frost & Sullivan believes that the implementation of EMV means a major overhaul and large investments for the banks. New hardware and software will have to be integrated with existing systems so that all the processes converge together. Most banks find it complicated and many lack the necessary skills. The complexity of EMV technology compared to traditional magnetic stripe means much more end to end testing is required to ensure everything works from day one to avoid embarrassment factor to the banks. Hence this is where the role of terminals vendors and solution providers comes. Their ability to provide consultancy, system integration and efficient customer services is vital. Emphasize on the necessity of ongoing support and maintenance of the hardware and software is important.

12. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

F R O S T & S U L L I V A N

Mobile Workforce Solution (MWS)

In 2003, Tricubes clinched 6.2 percent of the MWS market in Malaysia. In line with its aim to grow its MWS product revenues, Tricubes managed to increase revenue contribution from MWS to almost 50.0 percent of total revenues.

The MWS market is gaining momentum in Malaysia and is forecasted to grow by a CAGR of 15.8 percent from 2004 to 2009. As MNCs are leading the way in the adoption of rugged handheld devices for their manufacturing and warehousing environment for workforce automation, local corporations are expected to gradually join in the bandwagon. Other mobile applications that can be harnessed from MWS includes security and enforcement, data and bill collection, as well as debit/ credit and e-cash payment. Opportunities for growth are ample and steep uptake is expected to happen from 2007 to 2009 as devices become more affordable.

With the proliferation of MyKad amongst the masses in the near future, the government sector (enforcement agencies like Police, Immigration, Road Transport), banks and various service centers are expected to increasingly utilise these mobile handheld devices to run MyKad applications for authentication, tracking and tracing, data collection and payment transactions.

Frost & Sullivan believes that Tricubes is well positioned in the MWS market ride on the growth of the market. With its experience and history with government related corporations, Tricubes can leverage on existing relationship to penetrate key projects. Tricubes mobile handheld computer, the Tricubes 1020 is competitively priced and equipped with an integrated smartcard and finger print biometrics reader to address the needs of the growing market for user authentication and e-cash payment through MyKad.

13. DIRECTORS' REPORT

Prepared for the inclusion in this Prospectus



TricubesBerhad BERHAD

Suite 18.01, 18th Floor, Menara Tan & Tan,
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MALAYSIA

voice +603.2055.3000 fax +603.2164.7211

(Prepared for inclusion in the Prospectus)

Tricubes Berhad
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

22 November 2004

The shareholders of Tricubes Berhad

Dear Sir/Madam

On behalf of the Board of Directors of Tricubes Berhad ("the Company"), I report after due enquiry that during the period from 31 August 2004 (being the date to which the last audited financial statements of the Company and its subsidiary companies have been made up) to 22 November 2004 (being a date not earlier than fourteen days before the issue of this Prospectus):

- (a) the business of the Company and its subsidiary companies has, in the opinion of the Board of Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited financial statements of the Company and its subsidiary companies which have adversely affected the trading or the value of the assets of the Company or its subsidiary companies;
- (c) the current assets of the Company and its subsidiary companies appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by the Company or any of its subsidiary companies;
- (e) since the last audited financial statements of the Company and its subsidiary companies, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which we are aware of; and
- (f) since the last audited financial statements of the Company and its subsidiary companies, save as disclosed in the Accountants' Report and proforma consolidated balance sheets of Tricubes as at 31 August 2004 enclosed in this Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of the Company and its subsidiary companies since the last audited financial statements of the Company and its subsidiary companies.

Yours faithfully
On behalf of the Board of Directors of
Tricubes Berhad


Khairun Zuhair Mokhtar
Chief Executive Officer

14. ADDITIONAL INFORMATION

14.1 SHARE CAPITAL

- (i) No Tricubes Shares will be allotted or issued on the basis of this Prospectus later than 12 months after the date of this Prospectus.
- (ii) There are no founder, management or deferred shares. As at the date of this Prospectus, there is only one class of shares in the Company, namely ordinary shares of RM0.10 each, all of which rank *pari passu* in all respects with the other existing issued and paid-up share capital of Tricubes including voting rights and rights to all dividends that may be declared subsequent to the date of this Prospectus.
- (iii) Save for the Allocation of Trust Shares and Issue Shares issued to or reserved for subscription by Directors and eligible employees of the Tricubes Group (excluding associated companies) and persons who have contributed to the success of the Tricubes Group as disclosed in Section 3.4.2 and Section 3.4.3(a) of this Prospectus respectively, there is at present no other scheme for or involving the staff in the share capital of the Company and its subsidiary companies.
- (iv) Save as disclosed in Sections 3.4.1 and 3.4.3 of this Prospectus, no shares, stocks or debentures of the Company or its subsidiary companies have been or are proposed to be issued as partly or fully paid-up in cash or otherwise than in cash within 2 years preceding the date of this Prospectus.
- (v) As at the date of this Prospectus, the Company and its subsidiary companies do not have any outstanding convertible debt securities.
- (vi) None of the capital of the Company and its subsidiary companies has been or agreed conditionally or unconditionally to be put under option.

14.2 ARTICLES OF ASSOCIATION

The following provisions are reproduced from the Company's Articles of Association. Terms defined in the Articles of Association of the Company shall have the same meanings when used here unless otherwise defined.

14.2.1 Remuneration of Directors

Article 92 (1): The fees payable to the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting provided that such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Article 92 (2): In addition to the fees payable to the Directors as provided in Article 92 (1), executive Directors shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration as the Directors may from time to time determine.

Article 92 (3): Fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or revenue.

Article 92 (4): Salaries payable to executive Directors may not include a commission on or percentage of revenue.

Article 92 (5): Any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

14. ADDITIONAL INFORMATION (Cont'd)

14.2.2 Borrowing Powers of Directors

Article 97 (1): The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or its subsidiaries.

Article 97 (2): The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

14.2.3 Share Capital and Variation of Class Rights**Share Capital**

Article 5: The authorised share capital of the Company shall be specified in the Memorandum of Association of the Company.

Power to issue shares with special rights

Article 6: Without prejudice to any special rights previously conferred on the holders of any existing shares but subject to the Act, the Central Depositories Act and to these Articles, shares in the Company may be issued by the Directors, and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Directors, subject to any ordinary resolution of the Company may determine.

Shares Buy Back

Article 7: Subject to and in accordance with the Act and the regulations made pursuant thereto and to the Listing Requirements and the guidelines of any other relevant authorities, the Company shall be entitled at any time and from time to time, and on such terms as it deems fit, to purchase and/or acquire all or any of its own shares from any party or parties whatsoever.

Allotment of Shares

Article 8: Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of these Articles, the Act, the Central Depositories Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors who may allot or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:

- (a) no shares shall be issued at a discount except in compliance with the provisions of the Act;
- (b) in the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than five per centum (5%) of the nominal value of the share;
- (c) in the case of shares other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (d) no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the Members of the Company in a general meeting;
- (e) every issue of shares or options to employees and/or the Directors shall be approved by the Members in a general meeting and no Director shall participate in a share scheme for employees unless the Members in general meeting have approved the allotment to be made to such Director.

14. ADDITIONAL INFORMATION (Cont'd)

Issue of Preference Shares

Article 9: Subject to the Act, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are or at the option of the Company, are liable to be redeemed but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time and the Company shall not issue preference shares ranking in priority over preference shares already issued but may issue preference shares ranking equally therewith.

Redemption of Preference Shares

Article 10: The Company shall have the power to issue preference shares carrying a right to redemption out of profits or reserves of the Company or liable to be redeemed at the option of the Company and the Directors may, subject to the provisions of the Act, redeem such preference shares on such terms and in such manner and either at par or at a premium as they think fit.

Rights of Preference Shareholders

Article 11 (1): A holder of a preference share shall be entitled to a right to vote in each of the following circumstances:

- (i) when the dividend or part of the dividend on the share is in arrears for more than six months;
- (ii) on a proposal to reduce the Company's share capital;
- (iii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (iv) on a proposal that affects the rights attached to the share;
- (v) on a proposal to wind up the Company; and
- (vi) during the winding up of the Company.

Article 11 (2): A holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.

Article 11(3): A holder of a preference share must be entitled to the same rights as holders of ordinary shares in relation to receiving notices, reports, audited accounts and attending meetings.

Repayment of Preference Capital

Article 12: The repayment of preference share capital other than redeemable preference shares or any alteration of preference shareholders' rights shall only be made pursuant to a Special Resolution of the preference shareholders concerned provided always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing obtained from the holders of three fourths (3/4) of the preference shares concerned within two months of the meeting shall be valid and effectual as a Special Resolution carried at the meeting.

Modification of class rights

Article 13: If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is wound up, be varied with the consent in writing of the holders of three fourths (3/4) of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply so that the necessary quorum shall be two (2) Holders present in person or by proxy. To every such Special Resolution, the provisions of Section 152 of the Act shall apply with such adaptations as are necessary.

14. ADDITIONAL INFORMATION (Cont'd)

Ranking of Class Rights

Article 14: The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

Commission on Subscription of Shares

Article 15: The Company may exercise the powers of paying commissions conferred by the Act, provided that the rate or the per centum of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the commission shall not exceed the rate of ten per centum (10%) of the price at which the shares in respect whereof the same is paid or are issued or an amount equal to ten per centum (10%) of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully paid up shares or partly paid up shares or by a combination of any of the aforesaid methods of payment. The Company may also on any issue of shares pay such brokerage as may be lawful.

Interest on share capital during construction

Article 16: Where any shares are issued for the purpose of raising money to defray the expenses of construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on so much of such share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in Section 69 of the Act and may charge the same to capital as part of the cost of construction of the works or buildings or the provision of the plant.

Trust not recognised

Article 17: Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or unit of share or (except only as by these Articles or as required by the Act or by law or pursuant to any order of court) any other rights in respect of any share except in an absolute right to the entirety thereof of the registered holder.

14.2.4 Alteration of Capital**Power to increase Share Capital**

Article 52: The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the creation and issue of new shares; such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividends, return of capital or otherwise as the Company by the resolution authorising such increase may direct.

14. ADDITIONAL INFORMATION (Cont'd)

Offer of new shares or Securities

Article 53: Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible Securities of the Company shall before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered and limiting a time within which the offer, if not accepted will be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise, dispose of any new shares or Securities of the Company which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under these Articles.

Waiver of convening extraordinary general meeting

Article 54: Notwithstanding Article 53 above but, subject always to the Act, the Company may apply to the Exchange for waiver of convening extraordinary general meetings to obtain shareholders' approval for further issues of shares (other than bonus or rights issues) where in accordance with the provisions of Section 132D of the Act, there is still in effect, a resolution approving the issuance of shares by the Company and the aggregate issues of which in any one financial year do not exceed ten per centum (10%) of the issued share capital of the Company (other than by way of bonus or rights issues).

Ranking of new shares

Article 55: Except so far as otherwise provided by the conditions of issue, any share capital raised by the creation of new shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to allotments, payment of calls or instalments, lien, transfer, transmission, forfeiture and otherwise as the original share capital and be subject to the Rules.

Power to consolidate, divide and cancel shares

Article 56: The Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; or
- (b) divide its share capital or any part thereof into shares of smaller amounts than is fixed by the Memorandum of Association of the Company by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may by the resolution by which such subdivision is effected be given any preference or advantage as regards dividends, return of capital, voting or otherwise over the others or any other of such shares; and
- (c) cancel shares which at the date of passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Power to reduce Share Capital

Article 57: The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to any authorisation and consent as required by law and the Act.

14. ADDITIONAL INFORMATION (Cont'd)

14.2.5 Transfer of Securities**Transfer of Listed Securities**

Article 32: The transfer of any Listed Securities of the Company shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act, and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Listed Securities.

No liability

Article 33 (1): Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of Listed Securities apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the Listed Securities proposed or professed to be transferred and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Listed Securities and the previous holder shall so far as the Company is concerned, be deemed to have transferred his whole title hereto.

Article 33 (2): The Central Depository may in its absolute discretion refuse to register any transfer that does not comply with the Central Depositories Act and the Rules.

Closing of Register

Article 34: The registration of transfers may be suspended at such time and for such period as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year. At least eighteen Market Days' notice or such other period of notice as may be permitted by the Exchange of such closure shall be given to the Exchange stating the period and the purpose or purposes of such closure. In relation to such closure, the Company shall give notice in accordance with the Rules to the Central Depository to prepare appropriate Record of Depositors.

14.3 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**14.3.1 Directors' shareholdings**

The names, address and occupation of the Directors of Tricubes and their respective shareholdings in Tricubes before and after the New Issue are set out in the Corporate Directory and Section 6.2.1 of this Prospectus respectively.

14.3.2 The details of the substantial shareholders' shareholdings are set out in Section 6.1 of this Prospectus.

14.4 MATERIAL LITIGATION

As at 31 October 2004, Tricubes and its subsidiary companies are not engaged in any material litigation, claims or arbitration either as plaintiffs or defendants, which has a material effect on the financial position of the Tricubes Group, and the Board of Directors has no knowledge of any proceedings pending or threatened against the Tricubes Group or of any other facts likely to give rise to any proceedings which may materially and adversely affect the financial position of the Tricubes Group.

14. ADDITIONAL INFORMATION *(Cont'd)*

14.5 MATERIAL CONTRACTS AND MATERIAL AGREEMENTS

14.5.1 Material Contracts

Save as disclosed below, there are no contracts which are or may be material, not being contracts entered into in the ordinary course of business, which have been entered into by Tricubes and its subsidiary companies during the two years preceding 15 October 2004:

i. Sale and Purchase Agreement dated 21 November 2003 relating to shares in Tricubes Computers Sdn Bhd ("TCSB SPA")

By a Sale and Purchase Agreement dated 21 November 2003 made between Khairun, JAB, CTV, MVCC, HTP (hereinafter collectively referred to as the "Vendors") and Tricubes, the Vendors agreed to sell the entire issued and paid-up share capital of TCSB to be comprised of 8,406,048 ordinary shares of RM0.25 each ("Sale Shares") to Tricubes for a purchase consideration of RM9,729,158 ("Purchase Consideration") to be satisfied by the issuance of 97,291,580 ordinary shares of RM0.10 each in Tricubes ("Consideration Shares") to the Vendors in their respective proportions. The Purchase Consideration was arrived at based on the adjusted audited net tangible asset as at 31 December 2002 on the following events and assumptions:

- (a) the subscription of 193,732 TCSB Shares by MVCC at RM8.775 per ordinary share, which subscription has taken place on 30 June 2003;
- (b) the injection by MVCC of RM3,102,660 ("Balance Subscription Amount") by way of the subscription of 994,442 ordinary shares in TCSB ("Unsubscribed MVCC Shares");
- (c) the conversion of the 2,500,000 preference shares of RM0.25 each in the capital of TCSB now held by CTV into 1,681,209 TCSB Shares; and
- (d) the acquisition by TCSB for the remaining 30% interest in EPNCR from NCR (Malaysia) Sdn Bhd.

Based on the foregoing, the Vendors will hold the entire issued and paid-up share capital of TCSB comprising of the Sale Shares in the proportions set out in the Second Schedule. The Sale Shares and its respective proportion has also been determined on the basis that the indicative valuation of Tricubes (post the Listing) as determined by RHB Sakura and TCSB is RM54,940,000.00 ("Indicative Valuation"). The Indicative Valuation is based *inter alia* on:

- (i) the Group obtaining the letter of award from the Government of Malaysia for the National Rollout for the Government Multi Purpose Card and the revenue prospects arising therefrom;
- (ii) prevailing market conditions;
- (iii) estimates of the business growth potential;
- (iv) revenue prospects for the Group;
- (v) an assessment of the Group's management; and
- (vi) consideration of the above factors in relation to market valuation of companies in related businesses.

14. ADDITIONAL INFORMATION (Cont'd)

The parties agree that the number of Sale Shares and Consideration Shares as set out in Second Schedule shall not be varied save in the following instances:

- (a) as a result of any condition imposed by a Public Authority, in which event the parties shall consult with each other as to the number of Sale Shares and Consideration Shares to be issued for the purposes of compliance therewith; and
- (b) if TCSB fails to acquire by completion the remaining 30% interest in EPNCR from NCR (Malaysia) Sdn Bhd for the sum of RM532,000.00, in which event the parties shall consult with each other as to the revision to the Purchase Consideration and the number of Consideration Shares to be issued arising from such revision.

Further, if the Indicative Valuation is ultimately determined prior to completion to be less than RM54,940,000.00, then the parties agree that they shall in good faith re-negotiate the terms of the restructuring scheme for the Listing undertaken by Tricubes and TCSB.

The Vendors have given representations and warranties pertaining to their Sale Shares usual in a sale and purchase of shares. The Vendors have further represented and warranted that all statements and information to be contained in a draft Prospectus to be included in the application for the approval of the SC made pursuant hereunder and in the Prospectus when issued for the purposes of the Proposed Public Issue shall be true, accurate and complete, and will not contain any statement or information that is false or misleading or any statement or information for which there is a material omission.

The Acquisition of TCSB under the TCSB SPA was completed on 20 August 2004.

ii. Sale and Purchase Agreement dated 21 November 2003 and supplemental letter dated 4 August 2004 relating to the acquisition of 70% of the issued and paid-up share capital of EPNCR ("EPNCR SPA")

By a Sale and Purchase Agreement dated 21 November 2003 and a supplemental letter dated 4 August 2004 made between TCSB and Tricubes, TCSB agreed to sell 70% of the issued and paid up share capital of EPNCR to be comprised of 700,000 ordinary shares of RM1.00 each ("Sale Shares") to Tricubes for the sum of RM1,012,436 ("Purchase Consideration") payable in cash. The Purchase Consideration was arrived at based on the audited net tangible asset of EPNCR as at 31 December 2002. As at the date of the EPNCR SPA, TCSB is the registered and beneficial owner of 70% of the entire shareholding in EPNCR.

TCSB has given representations and warranties pertaining to its Sale Shares and EPNCR usual in a sale and purchase of shares.

The Acquisition of EPNCR under the EPNCR SPA was completed on 9 August 2004.

iii. Sale and Purchase Agreement dated 21 November 2003 relating to the entire issued and paid-up share capital of TRCO ("TRCO SPA")

By a Sale and Purchase Agreement dated 21 November 2003 made between Amir Hamzah bin Shamsuddin, JAB (hereinafter collectively referred to as the "Vendors") and Tricubes, the Vendors agreed to sell the entire issued and paid up share capital of TRCO comprising of 20 ordinary shares of RM0.10 each ("Sale Shares") to Tricubes for the sum of RM2.00 ("Purchase Consideration") payable in cash. The Purchase Consideration was arrived on a willing buyer-willing seller basis.

The Vendors have given representations and warranties pertaining to its Sale Shares and TRCO usual in a sale and purchase of shares.

The Acquisition of TRCO under the TRCO SPA was completed on 6 August 2004.

14. ADDITIONAL INFORMATION (Cont'd)**iv. Sale and Purchase Agreement dated 21 November 2003 relating to the entire issued and paid-up share capital of TGSB ("TGSB SPA")**

By a Sale and Purchase Agreement dated 21 November 2003 made between Ahmad Azhar bin Kamaruzaman, Shazilan bin Dahalan (hereinafter collectively referred to as the "Vendors") and Tricubes, the Vendors agreed to sell the entire issued and paid up share capital of TGSB comprising of 20 ordinary shares of RM0.10 each ("Sale Shares") to Tricubes for the sum of RM2.00 ("Purchase Consideration") payable in cash. The Purchase Consideration was arrived on a willing buyer-willing seller basis.

The Vendors have given representations and warranties pertaining to its Sale Shares and TGSB usual in a sale and purchase of shares.

The Acquisition of TGSB under the TGSB SPA was completed on 6 August 2004.

v. Option Agreement between HTP and TCSB dated 16 December 2002

By and agreement dated 16 December 2002 between HTP and TCSB, HTP was granted an option to subscribe for ordinary shares in TCSB and HTP required the Company to purchase HTP's 300,000 ordinary shares in EPNCR at the EPNCR Shares Value (as defined below).

The number of ordinary shares in TCSB to be subscribed by HTP is the maximum number of ordinary shares in TCSB at the TCSB Share Value which shall approximately equal to the value of the EPNCR Shares Value wherein any differential between the value of the EPNCR shares and TCSB shares shall be no more than the price of one TCSB share. "TCSB Share Value" means the value of ordinary shares in TCSB based upon the net tangible assets of TCSB as shown in TCSB's audited consolidated financial statements as at 31 December 2001. "EPNCR Share Value" means the total value of EPNCR's shares based upon the net tangible assets of EPNCR as shown in EPNCR's audited consolidated financial statements as at 31 December 2001.

The said option was exercised on 16 December 2002, in respect of which 565,745 ordinary shares was issued and credited as fully paid up to HTP in exchange for the transfer by HTP to TCSB of 300,000 ordinary shares in EPNCR. This agreement has been completed.

vi. Subscription Agreement between TCSB and MVCC dated 17 March 2003

By an agreement dated 17 March 2003 between TCSB and MVCC, MVCC agreed to subscribe for 456,093 ordinary shares in TCSB ("Subscription Shares") at a total consideration payable in cash amounting to RM4,802,660.00 ("Subscription Price") calculated on the basis of RM10.53 per Subscription Share, and the company agreed to allot and issue the Subscription Shares to MVCC. Pursuant to bonus issues subsequent to the said agreement, the number of Subscription Shares have been adjusted to 1,188,174 ordinary shares in TCSB. The Subscription Shares were subscribed in three tranches on 30 June 2003, 15 December 2003 and 30 July 2004. The Subscription Price is to be utilised solely for the purposes set out in the said software development plan.

14. ADDITIONAL INFORMATION (Cont'd)

vii. Shareholders' Agreement in respect of TCSB (as amended by a Supplemental Agreement dated 17 March 2003)

Khairun, Hisham bin Zainal Mokhtar, JAB, CTV and TCSB had on 24 August 2001 entered into a Shareholders' Agreement to regulate their relationship inter se as shareholders of TCSB and the conduct of the business and affairs of TCSB. Pursuant to the subscription by MVCC of shares in TCSB and its acquisition of shares in TCSB from Khairun, a supplemental agreement was entered into amongst Khairun, Hisham, JAB, CTV, MVCC and TCSB to vary the terms of the said Shareholders' Agreement. Since Hisham transferred his shares in TCSB to Khairun on 29 November 2002, the parties agreed that Hisham ceases to be bound by the Shareholders' Agreement and is released from his obligations thereunder. Khairun and JAB as the then major shareholders agreed that TCSB will carry on its business with the objective of maximising returns through a public listing of the Company on or before 30 June 2005.

On 15 August 2003, HTP together with the abovenamed shareholders executed an Adherence Agreement to include HTP as a party to the said Shareholders' Agreement and to confirm HTP's adherence and accession to be bound by the same. With the completion of the Acquisition of TCSB, this Shareholders' Agreement is terminated.

viii. By a letter of offer dated 24 September 2003, NCR Malaysia has agreed in principle and accepted the offer by TCSB for the purchase by TCSB of 300,000 ordinary shares of RM1.00 each in EPNCR representing 30% equity shareholding in EPNCR for the sum of US\$140,000 subject to the execution of a mutually agreeable Sale and Purchase Agreement.

The aforesaid offer was subsequently terminated *vide* the exchange of letter between NCR Malaysia and TCSB on 4 August 2004.

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14. ADDITIONAL INFORMATION (*Cont'd*)

14.5.2 Material Agreements

Save as disclosed below, there are no subsisting material agreements which have been entered into by Tricubes and its subsidiary companies which are in the ordinary course of business as at 15 October 2004:

- (i) A Joint Venture cum Shareholders Agreement dated 31 May 1999 between Dibena Enterprise Sdn Bhd, CSA MSC Sdn Bhd, Iris Technologies (M) Sdn Bhd, Unisys MSC Sdn Bhd, EPNCR and GMPC relating to the regulation of the relationship *inter se* between the parties as shareholders of GMPC, each holding shares in the same in equal proportions.
- (ii) A Systemedia Distributorship Agreement dated 9 March 2000 between NCR Corporation ("NCR") and EPNCR whereby NCR granted to EPNCR a non-transferable personal exclusive right and licence to market NCR's products in Malaysia and Brunei. This agreement shall continue for an initial term of 3 years from the date of the agreement and automatically terminate at the conclusion of that initial term unless renewed.
- (iii) A sub-contractor agreement for SMARTICs smart identity card system of HKSAR dated 7 March 2002 between PCCW Business Esolutions Limited ("PCCW") and TCSB whereby PCCW agreed to procure the provision of hardware, software and customer programs for the HKSAR Identity Card System ("System") from TCSB.
- (iv) A Memorandum of Agreement dated 13 December 2002 between Takaful Nasional ("TN") and EPNCR whereby EPNCR was appointed to provide consultancy services to TN for formulating and managing the Information and Communication Technology (ICT) direction relating to the business improvement project of TN. By an addendum dated 2 July 2004 made between TN and EPNCR, the duration of this Project shall be from 1 May 2004 to 31 October 2005.
- (v) A Master Rental Agreement dated 5 February 2003 between EPNCR and Affin Bank Berhad ("Affin") wherein EPNCR has agreed to supply EDC terminals for rent by Affin for use by merchants nominated by Affin. The rental for these EDC terminals are for a duration of 3 years, and the said agreement will subsist for so long as any EDC terminal remains in possession of Affin or its merchants.

By a deed of assignment dated 6 October 2003, EPNCR has agreed to assign its rights to the proceeds under the said Master Rental Agreement as security for repayment of a term loan of up to RM748,000 obtained by EPNCR from Malaysian Debt Ventures Berhad.
- (vi) An agreement dated 15 July 2003 between Intellect Asia Limited ("Intellect") and TCSB pursuant to which Intellect appointed TCSB for the distribution of Intellect's goods in Malaysia Brunei and Singapore. The initial term of the Agreement is 2 years, commencing 15 July 2003 and neither party may terminate the Agreement before the end of the initial term except upon the terms stated in the Agreement.
- (vii) A Software License Agreement dated 8 March 2004 between Cosmos NV and TC (Sabah) whereby TC (Sabah) acquired from Cosmos NV the right to use the software on the conditions and the Special Conditions in the agreement.
- (viii) A Shareholders Agreement dated 29 March 2004, TC (Sabah), Suria Capital and Prima Eraglobal Sdn Bhd (now known as TriSuria) to set out the terms and conditions upon which TriSuria will regulate its activities and to regulate the relationship of the parties between each other as shareholders of TriSuria, in the proportions of 40% for TC (Sabah) and 60% for Suria Capital. The parties agree that each shareholder shall not participate in any services or management contracts as may be given or awarded in relation to the business of provision of information technology products and services carried on by the Company that are carried out or operated in the following areas or regions:

14. ADDITIONAL INFORMATION (Cont'd)

- (a) Sabah;
- (b) Sarawak;
- (c) Brunei; or
- (d) BIMP-EAGA region (being the Brunei, Indonesia, Malaysia, Philippines - East Asia Growth Area).

This Agreement shall continue until either the winding up of the Company, termination of this Agreement by the mutual consent of all of the Shareholders or the listing of TriSuria on an internationally recognised stock exchange.

- (ix) A Card Management and Customer Loyalty System Agreement dated 15 April 2004 between Asaff Telecommunication Services Sdn Bhd ("Asaff") and EPNCR whereby EPNCR authorised Asaff to resell to Islamic Development Bank of Brunei Berhad a non-transferable, non-sublicensable, non-exclusive limited licence to use EPNCR's products in object code form, the total fee payable of which is BND700,000.
- (x) Contract for the Supply of Services (GMPC Maintenance Subcontract) dated 22 April 2004 between EPNCR and GMPC whereby GMPC appoints EPNCR to perform the maintenance and technical support services in respect of the GMPC System for a contractual sum of RM6,366,573.00 which shall be inclusive of all taxes, charges and duties. The term of this agreement is for as long as the duration of the Maintenance Agreement between GMPC and the Government dated 22 April 2004 and shall automatically terminate if the same is terminated.
- (xi) A manufacturing agreement dated 28 June 2004 between TCSB and TriM Technologies (M) Sdn Bhd ("TriM") whereby TriM agreed to manufacture printed circuit board assemblies and box built assemblies ("Products") and sell the finished Products to TCSB only. The term of the agreement shall be 1 year from 28 June 2004 and unless terminated in accordance with the terms of the agreement, will be automatically renewed for an additional 1 year period.
- (xii) A technical support agreement (France) dated 7 October 2004 between TCSB and Cameon whereby Cameon agreed to provide to TCSB, a dedicated technical resource personnel who possesses the technical expertise to provide first level software development in order to secure and maintain TCSB's portfolio in France. This Agreement may be terminated by either party with at least one month's written notice or fees in lieu thereof.

14.6 GENERAL INFORMATION

- (i) During the last financial year and current financial year up to the date of this Prospectus, there were no:
 - (a) public take-over offers by third parties in respect of the Company's Shares; and
 - (b) public take-over offers by the Company in respect of other company's shares.
- (ii) Save as disclosed in Section 3.4.1 and 6.2.4 of this Prospectus, no amount or benefit has been paid or given within the two years preceding the date of this Prospectus, nor is it intended to be so paid or given, to any promoter, Director or substantial shareholder of Tricubes.
- (iii) The Tricubes Group does not own any landed properties and there has been no acquisitions of landed property for the past two years preceding the date of this Prospectus.
- (iv) Save as disclosed in Section 4.19 of this Prospectus, the Directors of Tricubes are not aware of any other persons who are able to, directly or indirectly, jointly or severally, exercise control over the Company and its subsidiary companies.

14. ADDITIONAL INFORMATION (Cont'd)

14.7 CONSENTS

- (i) The written consents of the RHB Sakura, Zain & Co., AFTAAS, Securities Services Holdings Sdn Bhd, the Company Secretary, Maybank, Affin Bank Berhad and MIDFCCS to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of Horwath to the inclusion of their name, Accountants' Report and letter relating to the proforma consolidated balance sheets in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (iii) The written consent of Frost & Sullivan to the inclusion of their name and report in the manner and form in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

14.8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Registered Office of the Company or such other places as the SC may determine, during normal business hours for a period of 12 months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of the Company;
- (ii) The Proforma Balance Sheets as included in Section 10 of this Prospectus;
- (iii) The Accountants' Report as included in Section 11 of this Prospectus;
- (iv) The Independent Market Research Report as included in Section 12 of this Prospectus;
- (v) The Directors' Report as included in Section 13 of this Prospectus;
- (vi) The material contracts and agreements referred to in Section 14.5 of this Prospectus;
- (vii) The audited financial statements of Tricubes and its subsidiary companies for the 5 FYE 31 December 2003 and for the 8 months financial period ended 31 August 2004;
- (viii) The letters of consent referred to in Section 14.7 of this Prospectus; and
- (ix) The Placement and Underwriting Agreement dated 27 September 2004 between RHB Sakura and Tricubes.

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