

## 8. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

### 8.1 Promoters

#### 8.1.1 Particulars and Shareholdings

The Promoters of I-Power and their respective shareholding in the Company before and after the Public Issue are as follows: -

##### *Before Public Issue*

Name	Nationality	Designation	< ----Direct---- >		< ----Indirect---- >	
			No. Of Shares ('000)	%	No. Of Shares ('000)	%
Jason Chia	Malaysian	CEO/CTO	32,737.5	72.75	6,750.0 <sup>(1)</sup>	15.00
Hoh Chee Kuan	Malaysian	Executive Director	2,250.0	5.00	-	-
Tan Chuek Hooi	Malaysian	Executive Director	1,800.0	4.00	-	-

Note: -

(1) Deemed interest by virtue of the shareholding of his spouse, Ha Mun Keet.

*After Public Issue (assuming full subscription of the respective entitlements for their pink form allocations)*

Name	Nationality	Designation	< ----Direct---- >		< ----Indirect---- >	
			No. Of Shares ('000)	%	No. Of Shares ('000)	%
Jason Chia	Malaysian	CEO/CTO	33,237.5	52.76	6,750.0 <sup>(1)</sup>	10.71
Hoh Chee Kuan	Malaysian	Executive Director	2,750.0	4.37	-	-
Tan Chuek Hooi	Malaysian	Executive Director	2,100.0	3.33	-	-

Note: -

(1) Deemed interest by virtue of the shareholding of his spouse, Ha Mun Keet.

None of the promoters has any directorship and/or substantial shareholdings in any other public corporations for the past 2 years.

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**8. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)**

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**8.1.2 Details of the Promoters**

**Jason Chia**, a Malaysian aged 36 was appointed as the CEO cum Executive Director of I-Power on 21 October 2002. He graduated from Deakin University, Melbourne Australia in 1990 with a Bachelor of Business-Majoring in Computing.

He started his career as an analyst programmer with Glaxo (Malaysia) Sdn Bhd in 1991. His main function was to ensure the development and maintenance of key accounting, marketing and sales system. He later joined Focus Technology Sdn Bhd in 1993 as a system analyst, where some of his main responsibilities were systems development and user requirement study.

In 1994, he joined Phileo Allied Bank Sdn Bhd where among the post he held was as System Architect, Business Analyst and Project Manager. During his stint there he was involved in certain main information system projects such as PalDirect, which is an internet share trading system, and PalWorld, which is an internet banking system.

After six years with Phileo Allied Bank Sdn Bhd, he then accepted the post of CTO with PowerSys in 2000, where he was also a major shareholder. He was the key figure in the R&D of several commercial E-Solutions projects which were implemented by PowerSys and he also held the IPR to PowerSys key technology competencies. Some of the projects in which he played a key role were turnkey solutions developed for e-Cosway and Deutsche Bank (Malaysia) Bhd. With the forming of I-Power, he later sold the market proven IPR of his E-Solutions to I-Power.

**Tan Chuek Hooi**, a Malaysian aged 44 was appointed as Executive Director of I-Power in 16 June 2003. He graduated from University of Windsor, Ontario, Canada in 1983 with a Bachelor of Commerce (Honours) in Business Administration-Majoring in Accounting and minoring in Business Statistics.

He started his career as an accountant with United Computers Sdn Bhd in 1984. In 1986, he joined Imagineering Sdn Bhd as its Finance Manager, where he was responsible for the implementation of the company's operation procedure.

In 1987 he accepted an appointment from Tech Pacific NZ Ltd in Auckland New Zealand, where he acted as its Finance Manager. During his stay he was in charge of among others, the company system administration, credit control and financial accounting.

After seven years working in New Zealand, he then returned to Malaysia and later joined Tele Dynamics Sdn Bhd as its Financial Controller. He was mainly responsible in maintaining the company's whole financial system which included among others treasury function, financial accounting, corporate planning and cashflow management.

## 8. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)

**Hoh Chee Kuan**, a Malaysian aged 35 was appointed as Executive Director of I-Power on 5 September 2003. He graduated from Federal Institute of Technology, Kuala Lumpur in 2001 with a Diploma in Electrical Engineering.

He started his career as Technical Supervisor with Hitechniaga Sdn Bhd in 1992. There he was given the responsibility to oversee technical support for line printer division. In 1995 he further advanced his career by accepting an appointment as Sales Manager with LEO Computer Distribution Sdn Bhd. During his three-year tenure, he managed the sales and marketing division and was also involved in developing the company's business strategies.

He later joined Fujitsu PC Asia Pte Ltd as Channel Manager. There he was mainly involved in channel marketing planning and helping the development of the company's business partner.

Prior to joining I-Power, he joined Nineten Media (M) Sdn Bhd in 2001, where he acted as its General Manager. Again, he was deeply involved in the development of the company's business strategy apart from managing the sales and marketing division.

### 8.2 Directors

#### 8.2.1 Particulars and Shareholdings

The Directors of I-Power and their respective shareholdings in the Company before and after the Public Issue are as follows:

##### *Before Public Issue*

Name	Nationality	Designation	< ----Direct---- >		< ----Indirect---- >	
			No. Of Shares ('000)	%	No. Of Shares ('000)	%
Tan Sri Dato' Wan Sidek Bin Haji Wan Abd Rahman	Malaysian	Independent Non-Executive Chairman	-	-	-	-
Jason Chia	Malaysian	CEO/CTO	32,737.5	72.75	6,750.0 <sup>(1)</sup>	15.0
Tan Chuek Hooi	Malaysian	Executive Director	1,800.0	4.00	-	-
Hoh Chee Kuan	Malaysian	Executive Director	2,250.0	5.00	-	-
Leou Thiam Lai	Malaysian	Independent Non-Executive Director	-	-	-	-

Note: -

(1) Deemed interest by virtue of the shareholding of his/her spouse.

## 8. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)

After Public Issue (assuming full subscription of the respective entitlements for their pink form allocations)

Name	Nationality	Designation	< ----Direct---- >		< ----Indirect---- >	
			No. Of Shares ('000)	%	No. Of Shares ('000)	%
Tan Sri Dato' Wan Sidek Bin Haji Wan Abd Rahman	Malaysian	Independent Non-Executive Chairman	300.0	0.48	-	-
Jason Chia	Malaysian	CEO/CTO	33,237.5	52.76	6,750.0 <sup>(1)</sup>	10.71
Tan Chuek Hooi	Malaysian	Executive Director	2,100.0	3.33	-	-
Hoh Chee Kuan	Malaysian	Executive Director	2,750.0	4.37	-	-
Leou Thiam Lai	Malaysian	Independent Non-Executive Director	300.0	0.48	-	-

Note: -

(1) Deemed interest by virtue of the shareholding of his/her spouse.

### 8.2.2 Profile of Directors

Further details of the Directors of I-Power are as follows: -

**Tan Sri Dato' Wan Sidek Bin Haji Wan Abd Rahman** a Malaysian aged 68 was appointed as the Independent Non-Executive Chairman of I-Power on 1 September 2004. He graduated from University Malaya in 1959 with a Bachelor of Economics (Honours). Upon graduation, he joined the Malaysian Administrative and Diplomatic Service.

During his tenure in the civil service, he served in several senior positions at the District, State and Federal level. Prominent among these were as the District Officer of Dindings and Kinta in Perak; as Federal Secretary of Sarawak (1970-1974) and as State Secretary of Pahang (1974-1977). At the Federal level, he served as Secretary-General in the Ministry of Science, Technology and Environment (1981-1982), Ministry of Information (1982-1985) and Deputy Secretary-General in the Prime Ministers Department (1985-1988) and as Secretary General, Ministry of Home Affairs (1988-1990).

His last posting in the civil service before he retired was as the Malaysian High Commissioner to the United Kingdom concurrently Malaysian Ambassador to the Republic of Ireland from 1990-1993.

During the course of his career and in recognition of his contributions to the civil service and the country, he was bestowed with Honours and Awards, namely PSM (Federal), SIMP (Pahang), SPSK (Kelantan), DSAP (Pahang), PNBS (Sarawak), JMN, KMN and PJK.

## 8. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)

In 1992, he was made Chairman of Kuala Lumpur Industries Holdings Berhad. He was later appointed as Chairman of Shangri-La Hotels (M) Berhad (1992) and Rahman Hydraulic Tin Berhad (1998). He currently serves as the Chairman of Shangri-La Hotels (M) Berhad and a board member of Eng Teknologi Holdings Berhad (1996), Resorts World Bhd (1997) and Olympia Industries Berhad (2001).

**Jason Chia**, please refer section 8.1.2 for details on Jason Chia.

**Hoh Chee Kuan**, please refer section 8.1.2 for details on Hoh Chee Kuan

**Tan Chuck Hooi**, please refer section 8.1.2 for details on Tan Chuck Hooi

**Leou Thiam Lai**, a Malaysian aged 48 was appointed as the Independent Non-Executive Director of I-Power on 1 September 2004. He studied at the Tunku Abdul Rahman College, Kuala Lumpur and, upon graduation, in June 1980, he begun his career in a Chartered Accountants firm. He left the profession to accept an appointment as the Group Accountant of a public listed company.

Subsequently, in 1987, he started a risk management agency and, in 1988, upon the approval of his Audit Licence by the Treasury, he started his own accounting firm, Leou & Associates, a Chartered Accountants Firm.

He is a Chartered Accountant of the Malaysian Institute of Accountants. He is also a Fellow of The Chartered Association of Certified Accountants (UK) and an Associate member of the Malaysian Institute of Taxation.

He is also in the board of Degem Berhad, United Bintang Berhad, Ramunia Holdings Berhad and Berjaya Holdings (HK) Limited. He also serves as Chairman of the audit committee for Degem Berhad.

### 8.2.3 Directors' Remuneration and Benefits

For the financial year ended 30 June 2004, the amount paid to the Directors for services rendered to the Company is RM191,414 and forecasted approximately at RM215,000 for the financial year ending 30 June 2005.

The aggregate remuneration and benefits of Directors of I-Power is shown below.

Remuneration Band	< -----No. of Directors----- >	
	Financial Period Ended 30 June 2003	Financial Year Ending 30 June 2004
Below RM50,000	-	3
RM50,001 to RM100,000	1	1
RM100,001 to RM150,000	-	1

**8. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)**
**8.2.4 Directorships and Substantial Shareholdings in all Other Public Companies for the Past Two (2) Years**

Save as disclosed below, as at 14 December 2004, none of the Directors has any directorship and/or substantial shareholdings in any other public corporations for the past 2 years.

<b>Name</b>	<b>Company</b>	<b>Designation</b>	<b>Date of Appointment/ (Date of Resignation)</b>
Tan Sri Dato' Wan Sidek Bin Haji Wan Abd Rahman	Eng Teknologi Holdings Berhad	Director	28.03.1996
	Kuala Lumpur Industries Holdings Berhad	Executive Chairman	01.10.1992 / (02.09.2003)
	Olympia Industries Berhad	Director	28.12.2001
	Shangri-La Hotels (M) Berhad	Chairman	03.12.1992
	Resorts World Bhd	Director	28.08.1997
	MP Technology Resources Bhd	Executive Chairman	20.11.2003 / (28.07.2004)
Leou Thiam Lai	Degem Berhad	Independent Non-Executive Director	21.05.2001
	United Bintang Berhad	Independent Non-Executive Director	22.02.2002
	Ramunia Holdings Berhad	Independent Non-Executive Director	01.09.2004
	Berjaya Holdings (HK) Limited	Independent Non-Executive Director	27.09.2004

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## 8. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)

### 8.3 Substantial Shareholders

#### 8.3.1 Particulars and Shareholdings

As at 14 December 2004, the substantial shareholders of I-Power and their respective shareholdings in the Company before and after the Public Issue are as follows: -

##### *Before Public Issue*

Name	Nationality	Designation	< ---Direct--- >		< ---Indirect--- >	
			No. Of Shares ('000)	%	No. Of Shares ('000)	%
Jason Chia	Malaysian	CEO/CTO	32,737.5	72.75	6,750 <sup>(1)</sup>	15.0
Ha Mun Keet	Malaysian	-	6,750	15.0	32,737.5 <sup>(1)</sup>	72.75
Hoh Chee Kuan	Malaysian	Executive Director	2,250	5.00	-	-

Note: -

(1) Deemed interest by virtue of the shareholding of his/her spouse.

*After Public Issue (assuming full subscription of the respective entitlements for their pink form allocations)*

Name	Nationality	Designation	< ---Direct--- >		< ---Indirect--- >	
			No. Of Shares ('000)	%	No. Of Shares ('000)	%
Jason Chia	Malaysian	CEO/CTO	33,237.5	52.76	6,750 <sup>(1)</sup>	10.71
Ha Mun Keet	Malaysian	-	6,750	10.71	33,237.5 <sup>(1)</sup>	52.76
Hoh Chee Kuan	Malaysian	Executive Director	2,750	4.37	-	-

Note: -

(1) Deemed interest by virtue of the shareholding of his/her spouse.

None of the substantial shareholders has any directorship and/or substantial shareholdings in any other public corporations for the past 2 years.

## 8. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)

### 8.3.2 Changes in Substantial Shareholders

The changes in the registered Substantial shareholders of I-Power and their shareholdings since incorporation up to 14 December 2004 are as follows: -

Name	As at 20.6.2003		As at 28.6.2003		As at 5.9.2003		As at 15.7.2004		As at 22.7.2004	
	('000)	%	('000)	%	('000)	%	('000)	%	('000)	%
Jason Chia	940	94.0	1,320	66.0	2,970	66.0	3,044	67.65	3,274	72.75
Ha Mun Keet	-	-	300	15.0	675	15.0	300	15.0	300	15.0
Hoh Chee Kuan	-	-	100	5.0	225	5.0	100	5.0	100	5.0

Note:-

The shareholdings of the substantial shareholders as at 21 October 2002 (date of incorporation) and 24 February 2003 are as follows: -

Name	As at 21.10.2002		As at 24.2.2003	
		%	('000)	%
Jason Chia	61	61.0	610	61.0
Ha Mun Keet	-	-	-	-
Hoh Chee Kuan	-	-	-	-

### 8.4 Audit Committee

The members of the Audit Committee are as follows: -

Name	Designation	Directorship
Tan Sri Dato' Wan Sidek Bin Haji Wan Abd Rahman	Chairman	Independent Non-Executive Chairman
Leou Thiam Lai	Member	Independent Non-Executive Director
Tan Chuek Hooi	Member	Executive Director

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## 8. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT *(Cont'd)*

### 8.5 Key Management Team

#### 8.5.1 Shareholdings of the Key Management Team

The key management of I-Power and their shareholdings are as follows: -

*Before Public Issue*

Name	Nationality	Designation	< ----Direct---- >		< ----Indirect---- >	
			No. Of Shares ('000)	%	No. Of Shares ('000)	%
Jason Chia	Malaysian	CEO/CTO	32,737.5	72.75	6,750 <sup>(1)</sup>	15.0
Tan Chuek Hooi	Malaysian	Executive Director	1,800	4.00	-	-
Hoh Chee Kuan	Malaysian	Executive Director	2,250	5.00	-	-
Low Tee Chow	Malaysian	Senior Project Manager	675	1.50	-	-
Choo Wei Choon	Malaysian	Senior R&D Manager	787.5	1.75	-	-

Note: -

(1) Deemed interest by virtue of the shareholding of his spouse.

*After Public Issue (assuming full subscription of the respective entitlements for their pink form allocations)*

Name	Nationality	Designation	< ----Direct---- >		< ----Indirect---- >	
			No. Of Shares ('000)	%	No. Of Shares ('000)	%
Jason Chia	Malaysian	CEO/CTO	33,237.5	52.76	6,750 <sup>(1)</sup>	10.71
Tan Chuek Hooi	Malaysian	Executive Director	2,100	3.33	-	-
Hoh Chee Kuan	Malaysian	Executive Director	2,750	4.37	-	-
Low Tee Chow	Malaysian	Senior Project Manager	775	1.23	-	-
Choo Wei Choon	Malaysian	Senior R&D Manager	887.5	1.41	-	-

Note: -

(1) Deemed interest by virtue of the shareholding of his spouse.

None of the key management team has any directorship and/or substantial shareholdings in any other public corporations for the past 2 years.

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**8. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)**

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**8.5.2 Profile of the Key Management Team**

Further details of the key management team of I-Power Company are as follows:

**Jason Chia**, please refer section 8.1.2 for Jason Chia details.

**Tan Chuek Hooi**, please refer section 8.1.2 for Tan Chuek Hooi details.

**Hoh Chee Kuan**, please refer section 8.1.2 for Hoh Chee Kuan details.

**Low Tee Chow**, a Malaysian aged 39 is the Senior Project Manager of I-Power. He graduated from ICL Computer Limited, United Kingdom in 1985 with a Diploma in Computer Science.

He started his career as a System Support Programmer for Automation & Computer Engineering (M) Sdn Bhd in 1985. After 2 years as the company's programmer, he went on to join Focus Group in 1987. In a career that spanned 12 years with the Focus Group, he held mainly the posts of Programming Manager, Technical Manager and R&D Manager in three main subsidiaries namely Spectra Computer Centre Sdn Bhd, Softpro Computer Associates (M) Sdn Bhd and Focus Technologies Sdn Bhd. He was instrumental in handling major projects undertaken by the Focus Group, for example, the HR System project for United Bintang Berhad and the Tenancy System project for Bolton Properties Bhd.

After 12 years with the Focus Group, he later joined PowerSys as Project Manager/Business Development Manager. There he played a pivotal role in the development and coordination of sales and marketing for PowerSys. He later joined I-Power in January 2003.

**Choo Wei Choon**, a Malaysian aged 31 is the Senior Technical Research Manager of I-Power. He graduated from Campbell University, United States of America in 1997 with a Bachelor of Science.

He started his career as an analyst programmer and later as research analyst with Phileo Allied Bank Sdn Bhd in 1997. He was also involved in PalDirect/PalWorld project, working under Jason Chia. He served Phileo Allied Bank for 3 years prior to joining PowerSys as Channel Manager. At PowerSys, he was also given the responsibility to manage the business development and sales, marketing and planning for the company. In 2003, he joined I-Power.

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**8. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT (Cont'd)**

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**8.6 Declarations from the Directors and Key Management Team**

No director, key management or person nominated to become a director or key management is or has been involved in any of the following events: -

- (i) a petition under any bankruptcy or insolvency laws filed against such person or any partnership in which he was or is a partner or any corporation of which he was or is a director or senior executive officer;
- (ii) a conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (iii) being the subject of any order, judgement or ruling of any court, tribunal or government body of competent jurisdiction permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

**8.7 Family Relationship**

Ha Mun Keet, a substantial shareholder of I-Power, is the spouse of Jason Chia.

Save as disclosed above, there are no family relationship among the substantial shareholders, promoters, Directors and key management.

**8.8 Management Service Contract**

The Directors and key management of I-Power are employed under ordinary letters of appointment with no special terms.

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## 9. CONDITIONS AND MORATORIUM

### 9.1 Approvals and Conditions

Bursa Securities and the SC have approved the Public Issue on 6 September 2004 and 3 September 2004, respectively. On 1 December 2004, the SC has approved, the application for waiver from complying with Chapter 26.01 and 26.03(k) in relation to the printing of prospectus and application forms in Bahasa Malaysia.

The conditions imposed by all the authorities and the status of compliance are set out as follows: -

Authority	Details of conditions imposed	Status of compliance
SC	I-Power to disclose the status of utilisation of proceeds to be raised from the Public Issue in its periodic and annual reports until the proceeds are fully utilised.	To be complied with.
Bursa Securities	(i) I-Power to disclose the independent technical feasibility report on its technology in the Prospectus;	Complied. Please refer to Section 5.17 of the Prospectus.
	(ii) I-Power to disclose in the Prospectus a summary of the independent Intellectual Property valuation report;	Complied. Please refer to Section 5.16 of the Prospectus.
	(iii) I-Power to formalise service agreements with the four academicians engaged to assist in the Intelligent Business Information Miner and Modeller project, prior to the issuance of this Prospectus	Complied. The service agreements were formalised through letters of appointments dated 15 September 2004.
	(iv) I-Power to disclose in the Prospectus the following: -	Complied. Please refer to Section 5.1.
	(a) The reasons for cessation of PowerSys's business activities;	
	(b) Future plan for PowerSys;	
	(c) The shareholders and directors of PowerSys; and	
	(d) Actions taken to mitigate any potential conflict of interest in view of Jason Chia's interest in PowerSys;	

**9. CONDITIONS AND MORATORIUM (Cont'd)**

<b>Authority</b>	<b>Details of conditions imposed</b>	<b>Status of compliance</b>
	(v) Disclosure of the risk that I-Power could be exposed to any action from PowerSys or the former clients of PowerSys given that they are interested parties to the intellectual property acquired by I-Power;	Complied. Please refer to Section 4.1.16 of the Prospectus.
	(vi) I-Power to inform Bursa Securities on the appointment of independent directors and to provide confirmation that they qualify as independent directors under the Listing Requirements; and	Complied. I-Power has informed Bursa Securities on the appointment of independent directors and provided confirmation that they qualify as independent directors under the Listing Requirements via its letter to Bursa Securities dated 21 September 2004.
	(vii) I-Power to include a negative statement in the Prospectus on the exclusion of profit forecast from the Prospectus and the reasons thereof.	Complied. Please refer to Section 2.7 of the Prospectus.

**9.2 Moratorium on Disposal of Shares**

Bursa Securities has placed a moratorium on the shareholding of the promoters of I-Power as follows: -

<b>Shareholder</b>	<b>No. of Shares held after the Public Issue ('000)</b>	<b>% of enlarged issued and paid-up share capital (%)</b>	<b>No. of Shares placed under moratorium ('000)</b>	<b>% of enlarged issued and paid-up share capital (%)</b>
Jason Chia	33,237,500	52.76	28,350,000	45.00

It is a condition of the Bursa Securities' approval that the above shareholder will not be allowed to sell, transfer or assign their shareholdings amounting to 45% of the nominal issue and paid-up capital of I-Power within one (1) year from the date of admission of I-Power on the Official List of the MESDAQ Market.

Thereafter, the above shareholder will be allowed to sell, transfer or assign only up to a maximum of ONE THIRD (on a straight line basis) of his shareholding under moratorium, such permission to sell being cumulative so that the restriction on sale shall cease to apply upon expiry of the fourth year after the date of listing of I-Power on the MESDAQ Market.

The restriction, which has been fully accepted by the aforesaid shareholder, is specifically endorsed on the share certificates representing the respective shareholdings of the aforesaid shareholder which are under moratorium to ensure that I-Power's registrar do not register any transfer not in compliance with the restriction imposed by MESDAQ Market.

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**10. RELATED PARTY TRANSACTION/CONFLICT OF INTEREST**

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**10.1 Related-Party Transactions**

**Transactions Between the Company and the Directors, Substantial Shareholders and Key Management**

There are no existing and/or potential related-party transactions entered into by the I-Power which involve the interests, direct or indirect, of its Directors, substantial shareholders and/or person(s) connected with such Directors or substantial shareholders, nor has the I-Power entered into any transactions with its key management.

**10.2 Interest in Similar Business**

As at 14 December 2004, none of the Directors or substantial shareholders and/or key management is interested, directly or indirectly, in any business carrying on a similar trade as the Company.

**10.3 Loan (including guaranteed of any kind) Made by I-Power to the Related Parties**

As at 14 December 2004, there is no outstanding loan (including guarantees of any kind) made by I-Power to its related parties.

**10.4 Declaration by the Advisers**

**Aseambankers** hereby confirms that there is no conflict of interest in its capacity as the Adviser, Sponsor and Managing Underwriter for the Public Issue of I-Power on the MESDAQ Market.

**Messrs Zul Rafique & Partners** has given its confirmation that there is no conflict of interest in its capacity as a legal due diligence adviser for the Public Issue.

**Messrs KC Chin & Co** has given its confirmation that there is no conflict of interest in its capacity as Auditor and Reporting Accountants for the Public Issue.

**Dr Tan Chew Lim** has given its confirmation that there is no conflict of interest in its capacity as independent technical feasibility consultant for the Public Issue.

**Messrs Horwath Chin & Associates** has given its confirmation that there is no conflict of interest in its capacity as independent intellectual property for the Public Issue.

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## 11. FINANCIAL INFORMATION

### 11.1 Profit and Dividend Record

The following table sets out a summary of the audited results of I-Power for the financial period from 21 October 2002 (date of incorporation) to 30 June 2004: -

	Audited Financial Period / Year	
	From 21 October 2002 to 30 June 2003 RM'000	From 1 July 2003 to 30 June 2004 RM'000
Revenue	2,278	8,924
EBIDTA	937	2,331
Interest Expense	-	-
Operating Profit	937	2,331
Depreciation/Amortisation	(128)	(247)
PBT	809	2,084
Taxation	-	-
PAT	809	2,084
Weighted average number of ordinary shares in issue ('000)	514	4,048
Gross EPS (RM)	1.57	0.51
Net EPS (RM)	1.57	0.51

There were no extraordinary and exceptional items in the period under review. The Company was granted pioneer status by MDC under the provisions of the Promotion of Investments (Amendment) Act, 1997. By virtue of this pioneer status, the Company's income from pioneer activities during the pioneer period from 16 December 2002 to 15 December 2007 are exempted from income tax.

### 11.2 Overview of Turnover and PAT

Analysis of revenue by product is as follows: -

	Audited Financial Period Ended 30 June 2004 RM'000
E-Business Software Application Development & Software Integration	8,436
Services: -	
Maintenance contracts	488
Revenue	8,924

Revenue contributed by E-business application development and software integration services contributed to the bulk of the revenues earned for the financial period ended 30 June 2004. This represented a major contributor to the total revenues earned for the financial period ended 30 June 2004, accounted for by 95%.

For the same period, I-Power also generated revenue from maintenance contracts by providing annual maintenance support services for the e-business software applications it has installed plus system integrations works.

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## **11. FINANCIAL INFORMATION (Cont'd)**

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The increase in revenue for FYE 2004 as compared to the financial period from 21 October 2002 (date of incorporation) to 30 June 2003 is mainly attributed to the following factors: -

- (i) Higher demand for "I-Power" E-Business software solutions and software integration services in line with the general economic recovery across the Malaysian and Asian region.
- (ii) More aggressive sales and marketing efforts by the management.
- (iii) Stronger demand for E-Solutions products and services due to the strong growth of the Internet.

The Company expects the revenues contribution from its e-business software application development and software integration services to grow strongly over the next five (5) years as it starts to focus more on this area of business activities, and to market them more aggressively with a successful listing exercise.

### **11.3 Directors' Declaration on Financial Performance**

Save as disclosed in this Prospectus, as at 14 December 2004, being the latest practicable date prior to the issuance of this Prospectus, the financial conditions and operations of the Company and its subsidiaries are not affected by any of the following: -

- (i) known trends, demands, commitments, events or uncertainties that have had or that the Company reasonably expects to have a material favourable or unfavourable impact on financial performance, position and operations of I-Power;
- (ii) material commitment for capital expenditure;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of I-Power;
- (iv) known events, circumstances, trends, uncertainties and commitments that is reasonably likely to make the historical financial statements not indicative of future financial performance and position; and
- (v) apart from the revenue fluctuations elaborated in Section 11.2, there has not been any substantial increase in revenue for the Company.

### **11.4 Working Capital, Borrowings, Contingent Liabilities, Material Commitment and Material Litigation**

#### **11.4.1 Working Capital**

The Directors of the I-Power are of the opinion that after taking into account the cash proceeds from the Public Issue and the cash flow position, the Company will have adequate working capital for a period of twelve (12) months from the date of issuance of this Prospectus.



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**11. FINANCIAL INFORMATION (Cont'd)**

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**11.4.2 Indebtedness**

As at 14 December 2004, I-Power does not have any bank borrowings, hire purchase or commitments on guarantees.

**11.4.3 Contingent Liabilities**

As at the 14 December 2004, the Directors of I-Power are not aware of any material contingent liabilities, which, upon enforceable, may have a material impact on the profit or net asset value of the Company.

**11.4.4 Material Capital Commitment**

As at 14 December 2004, the Directors of I-Power are not aware of any material capital commitments, which, upon enforceable, may have a material impact on the profit or net asset value of the Company.

**11.4.5 Material Litigation/Arbitration**

As at 14 December 2004, the Company is not engaged in any material litigation, claim and arbitration, as plaintiff or defendant, and the Board of Directors of I-Power have no knowledge of any proceeding pending or threatened against the Company or any fact likely to give rise to any proceeding which might materially and adversely affect the position or business of the Company.

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## 11. FINANCIAL INFORMATION (Cont'd)

### 11.5 Proforma Balance Sheet As At 30 June 2004 (Prepared for the purpose of inclusion in this Prospectus)



17 December 2004

The Board of Directors  
**I-POWER BERHAD**  
(formerly known as I-Power Technologies Berhad  
and prior to that known as I-Power Technologies Sdn Bhd)  
L4-E-11, Enterprise 4  
Technology Park Malaysia  
Bukit Jalil, 57000 Kuala Lumpur

Dear Sirs

**I-POWER BERHAD ("I-POWER" or "the Company")**  
(formerly known as I-Power Technologies Berhad  
and prior to that known as I-Power Technologies Sdn Bhd)  
**PROFORMA BALANCE SHEETS AS AT 30 JUNE 2004**

We have reviewed the presentation of the Proforma Balance Sheets of I-POWER (formerly known as I-Power Technologies Berhad and prior to that known as I-Power Technologies Sdn Bhd) together with the notes and assumptions thereto, for which the directors are solely responsible, as set out in the accompanying annexure (stamped by us for the purpose of identification only), prepared for inclusion in the Prospectus to be dated 29 December 2004 ("the Prospectus") in connection with the flotation of I-POWER on the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities"):

The flotation scheme involves the following:

- (i) The Company undertook a share split exercise by subdividing every existing one ordinary share of RM1.00 par value each into 10 new ordinary shares of RM0.10 par value each;
- (ii) Public Issue of 18,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.43; and
- (iii) Listing of and quotation for the entire enlarged issued and paid up share capital of the Company comprising 63,000,000 ordinary shares of RM0.10 each on the MESDAQ Market of Bursa Securities.

The share split was completed on 3 September 2004.

In our opinion:

- (i) the Proforma Balance Sheets as at 30 June 2004, which have been prepared for illustrative purposes only, have been properly compiled on the basis set out in the notes and assumptions to the Proforma Balance Sheets and are presented in a form suitable for inclusion in the Prospectus; and
- (ii) the adjustments set out are appropriate for the purposes of the Proforma Balance Sheets.

**KC Chin & Co.**  
(AF 1237)  
**Chartered Accountants**

10<sup>th</sup> Floor, Bangunan Yee Seng  
15, Jalan Raja Chulan  
50200 Kuala Lumpur  
Malaysia

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**11. FINANCIAL INFORMATION (Cont'd)**

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**I-POWER BERHAD**  
**(formerly known as I-Power Technologies Berhad**  
**and prior to that known as I-Power Technologies Sdn Bhd)**  
17 December 2004  
Page 2

This letter has been prepared solely for inclusion in the Prospectus in connection with the flotation of I-POWER on the MESDAQ Market of Bursa Securities, and should not be used for any other purpose without our prior written consent.

Yours faithfully

A handwritten signature in cursive script that reads "kc chin &amp; co."

**KC CHIN & CO.**  
**AF 1237**  
**CHARTERED ACCOUNTANTS**

A handwritten signature in cursive script that reads "LOH KOK LEONG".

**LOH KOK LEONG**  
**1965/06/05 (J)**  
**PARTNER**

**11. FINANCIAL INFORMATION (Cont'd)****I-POWER BERHAD**

(Company No. 596299 – D)

(formerly known as I-Power Technologies Berhad and prior to that known as I-Power Technologies Sdn Bhd)

**PROFORMA BALANCE SHEETS AS AT 30 JUNE 2004**

	Audited as at 30 June 2004	Proforma I (after share split)	Proforma II (after Proforma I and Public Issue)	Proforma III (after Proforma II and the utilisation of the proceeds from the Public Issue)
	RM	RM	RM	RM
<b>Non current assets</b>				
Plant and equipment	246,008	246,008	246,008	246,008
Intellectual property rights	3,700,000	3,700,000	3,700,000	3,700,000
Development expenditure	297,839	297,839	297,839	3,797,839
<b>Current assets</b>				
Trade receivables	2,265,210	2,265,210	2,265,210	2,265,210
Other receivables, deposits and prepayments	519,805	519,805	519,805	519,805
Cash at bank	970,516	970,516	8,710,516	3,710,516
	<b>3,755,531</b>	<b>3,755,531</b>	<b>11,495,531</b>	<b>6,495,531</b>
<b>Current liabilities</b>				
Trade payable	21,841	21,841	21,841	21,841
Other payables and accruals	584,172	584,172	584,172	584,172
	<b>606,013</b>	<b>606,013</b>	<b>606,013</b>	<b>606,013</b>
<b>Net current assets</b>	<b>3,149,518</b>	<b>3,149,518</b>	<b>10,889,518</b>	<b>5,889,518</b>
	<b>7,393,365</b>	<b>7,393,365</b>	<b>15,133,365</b>	<b>13,633,365</b>
<b>Financed by:</b>				
Share capital	4,500,000	4,500,000	6,300,000	6,300,000
Share premium	-	-	5,940,000	4,440,000
Retained profits	2,893,365	2,893,365	2,893,365	2,893,365
<b>Shareholders' fund</b>	<b>7,393,365</b>	<b>7,393,365</b>	<b>15,133,365</b>	<b>13,633,365</b>
Number of ordinary shares in issue	4,500,000	45,000,000	63,000,000	63,000,000
Net tangible assets per share (RM)	0.75	0.08	0.18	0.10

STAMPED FOR THE PURPOSE OF  
IDENTIFICATION ONLY.  
KC Chin & Co  
(AF 1237)  
Chartered Accountants

**11. FINANCIAL INFORMATION (Cont'd)****I-POWER BERHAD**

(Company No. 596299 – D)

(formerly known as I-Power Technologies Berhad and prior to that known as I-Power Technologies Sdn Bhd)

**NOTES AND ASSUMPTIONS TO THE PROFORMA BALANCE SHEETS  
AS AT 30 JUNE 2004**

The Proforma Balance Sheets are provided for illustrative purposes only and have been prepared based on the audited financial statements of I-POWER for the year ended 30 June 2004 and have been adjusted for the following flotation scheme.

The accounting policies and bases used in the preparation of the Proforma Balance Sheets are consistent with those previously adopted in the preparation of audited financial statements and on the assumption that the following transactions have been effected on 30 June 2004 in the order listed below:

**1. Flotation Scheme****Proforma I**

Incorporates the audited balance sheet of I-POWER as at 30 June 2004 and the share split exercise by subdividing every existing one ordinary share of RM1.00 par value each into 10 new ordinary shares of RM0.10 par value each. The share split was completed on 3 September 2004.

**2. Proforma II**

Incorporates Proforma I and the New Issue of 18,000,000 new ordinary shares of RM0.10 each at issued price of RM0.43.

**3. Proforma III**

Incorporates Proforma I and II and the utilisation of the proceeds from the Public Issue. The proceeds from the Public Issue of RM7,740,000 will be utilised as follows:

	<b>RM</b>
Estimated listing expenses	1,500,000
Research and development expenditure	3,500,000
Working capital	2,740,000
	<u>7,740,000</u>

The estimated listing expenses of RM1,500,000 has been debited to the share premium account.

STAMPED FOR THE PURPOSE OF  
IDENTIFICATION ONLY.  
KC Chin & Co  
(AF 1237)  
Chartered Accountants

## 12. ACCOUNTANTS' REPORT

(Prepared for inclusion in this Prospectus)



### KC Chin & Co. (AF 1237) Chartered Accountants

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(Prepared for inclusion in this Prospectus)

17 December 2004

The Board of Directors

#### **I-POWER BERHAD**

(formerly known as I-Power Technologies Berhad  
and prior to that known as I-Power Technologies Sdn Bhd)

L4-E-11, Enterprise 4

Technology Park Malaysia

Bukit Jalil, 57000 Kuala Lumpur

Dear Sirs

#### **I-POWER BERHAD ("I-POWER" or "the Company")**

(formerly known as I-Power Technologies Berhad  
and prior to that known as I-Power Technologies Sdn Bhd)

#### **ACCOUNTANTS' REPORT**

### 1. INTRODUCTION

This report has been prepared by KC Chin & Co., an approved company auditors for inclusion in the Prospectus of I-POWER to be dated 29 December 2004 in connection with the Public Issue of 18,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.43 per share ("New Issue"), payable in full on application, to the Malaysian public, eligible directors and employees of I-POWER and selected investors pursuant to the listing of and quotation for the entire enlarged issued and fully paid up share capital of I-POWER comprising 63,000,000 ordinary shares of RM0.10 each on the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

### 2. GENERAL INFORMATION

#### 2.1 Background

I-POWER was incorporated in Malaysia as a private limited company on 21 October 2002 under the Companies Act, 1965. On 25 September 2003, the Company was converted into a public company and changed its name from I-Power Technologies Sdn Bhd to I-Power Technologies Berhad. The name of the Company was further changed to I-Power Berhad on 18 November 2003.

The Company commenced its operations on 2 January 2003 in the provision of e-business software application development, software integration and related services and the sale of related products.

#### 2.2 Share capital

At the date of incorporation, the authorised share capital of the Company was RM100,000 comprising 100,000 ordinary shares of RM1.00 each and the issued and fully paid up share capital was RM100 comprising 100 ordinary shares of RM1.00 each.

**12. ACCOUNTANTS' REPORT (Cont'd)****2.2 Share capital (continued)**

As at the date of this Prospectus, I-POWER has an authorised share capital of RM10,000,000 comprising 100,000,000 ordinary shares of RM0.10 each while its issued and fully paid up share capital is at RM4,500,000 comprising 45,000,000 ordinary shares of RM0.10 each.

The details of the movement in the authorised share capital and issued and paid up share capital are as follows:

**Authorised share capital**

<b>Date of creation</b>	<b>No. of ordinary shares</b>	<b>Par value RM</b>	<b>Cumulative total RM</b>
21.10.2002	100,000	1.00	100,000
08.02.2003	900,000	1.00	1,000,000
16.06.2003	4,000,000	1.00	5,000,000
05.09.2003	5,000,000	1.00	10,000,000
03.09.2004	90,000,000	0.10	10,000,000

**Issued and fully paid up share capital**

<b>Date of allotment</b>	<b>No. of ordinary shares</b>	<b>Par value RM</b>	<b>Type of issue</b>	<b>Cumulative total RM</b>
21.10.2002	100	1.00	Subscribers' shares	100
24.02.2003	999,900	1.00	Subscription by cash	1,000,000
28.06.2003	1,000,000	1.00	Subscription by cash	2,000,000
05.09.2003	2,500,000	1.00	Capitalisation of unsecured advances due to a director	4,500,000
03.09.2004	40,500,000	0.10	Share split by subdividing every existing one ordinary share of RM1.00 par value each into 10 new ordinary shares of RM0.10 par value each	4,500,000

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## 12. ACCOUNTANTS' REPORT (Cont'd)

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### 2.3 Flotation scheme

In conjunction with, and as part of, the listing of and quotation for the entire enlarged issued and paid up share capital of the Company on the MESDAQ Market of Bursa Securities, the Company undertook a flotation scheme which was approved by the Securities Commission ("SC") on 3 September 2004 and Bursa Securities on 6 September 2004.

The flotation scheme involves the following:

- (i) The Company undertook a share split exercise by subdividing every existing one ordinary share of RM1.00 par value each into 10 new ordinary shares of RM0.10 par value each;
- (ii) Public Issue of 18,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.43; and
- (iii) Listing of and quotation for the entire enlarged issued and paid up share capital of the Company comprising 63,000,000 ordinary shares of RM0.10 each on the MESDAQ Market of Bursa Securities.

The share split was completed on 3 September 2004.

### 3. AUDITORS AND AUDITED FINANCIAL STATEMENTS

We have acted as auditors of the Company since the date of incorporation.

The auditors' reports for the financial period 21 October 2002 (date of incorporation) to 30 June 2003 and financial year ended 30 June 2004 were not subject to any qualification.

### 4. ACCOUNTING POLICIES AND STANDARDS

This report is prepared on a basis consistent with the accounting policies normally adopted by I-POWER and in accordance with approved accounting standards of the Malaysian Accounting Standards Board.



**12. ACCOUNTANTS' REPORT (Cont'd)****5. DIVIDENDS**

No dividend has been paid or declared by the Company since the date of incorporation.

**6. SUMMARISED INCOME STATEMENTS**

The summarised income statements set out below are based on the audited financial statements of I-POWER.

	<b>21.10.2002 to 30.06.2003 RM</b>	<b>01.07.2003 to 30.06.2004 RM</b>
Revenue	2,278,145	8,924,361
Other operating income	-	300,906
Purchases	(845,448)	(5,923,631)
Staff costs	(402,833)	(671,944)
Depreciation	(28,447)	(46,976)
Amortisation of intellectual property rights'	(100,000)	(200,000)
Other operating expenses	(92,341)	(298,427)
<b>Profit before tax</b>	<b>809,076</b>	<b>2,084,289</b>
Income tax expense	-	-
<b>Net profit for the period/year</b>	<b>809,076</b>	<b>2,084,289</b>
Weighted average number of ordinary shares in issue	513,884	4,047,945
Gross earnings per share (RM)	1.57	0.51
Net earnings per share (RM)	1.57	0.51

**Notes:**

- (a) The above financial results have been prepared from the audited financial statements for the financial period 21 October 2002 (date of incorporation) to 30 June 2003 and financial year ended 30 June 2004.
- (b) No provision for income tax has been made for the financial period 21 October 2002 (date of incorporation) to 30 June 2003 and financial year ended 30 June 2004 as the Company was granted pioneer status by Multimedia Super Corridor under the provisions of the Promotion of Investments (Amendment) Act, 1997. By virtue of this pioneer status, the Company's statutory income from pioneer activities during the pioneer period from 16 December 2002 to 15 December 2007 is exempted from income tax.
- (c) There were no extraordinary or exceptional items in respect of the financial period/year under review.
- (d) The gross earnings per share has been calculated based on profit before tax and on the weighted average number of ordinary shares in issue during the above financial period/year.

The net earnings per share has been calculated based on profit after tax and on the weighted average number of ordinary shares in issue during the above financial period/year.

**12. ACCOUNTANTS' REPORT (Cont'd)****7. SUMMARISED BALANCE SHEETS**

The balance sheets of the Company are based on the audited financial statements for the relevant period/year under review and are summarised as set out below.

	<b>2003</b>	<b>2004</b>
	<b>RM</b>	<b>RM</b>
<b>Non current assets</b>		
Plant and equipment	184,903	246,008
Intellectual property rights	3,900,000	3,700,000
Development expenditure	-	297,839
<b>Current assets</b>		
Trade receivables	926,675	2,265,210
Other receivables, deposit and prepayments	-	519,805
Cash at bank	351,914	970,516
	<b>1,278,589</b>	<b>3,755,531</b>
<b>Current liabilities</b>		
Trade payable	49,180	21,841
Amount due to a director	2,500,000	-
Other payables and accruals	5,236	584,172
	<b>2,554,416</b>	<b>606,013</b>
<b>Net current (liabilities)/assets</b>	<b>(1,275,827)</b>	<b>3,149,518</b>
	<b>2,809,076</b>	<b>7,393,365</b>
<b>Financed by:</b>		
Share capital	2,000,000	4,500,000
Retained profits	809,076	2,893,365
<b>Shareholders' fund</b>	<b>2,809,076</b>	<b>7,393,365</b>
Number of ordinary shares in issue	2,000,000	4,500,000
Net tangible (liabilities)/assets per share (RM)	(0.55)	0.75

**12. ACCOUNTANTS' REPORT (Cont'd)****8. STATEMENTS OF ASSETS AND LIABILITIES**

The statements of assets and liabilities of the Company set out below have been prepared for illustrative purposes only and are based on the audited financial statements of the Company as at 30 June 2004.

The proforma statement of assets and liabilities of the Company has been prepared on the assumption that the above mentioned flotation scheme of this report had been effected on 30 June 2004 and should be read in conjunction with the notes thereon.

		<b>Audited as at 30.6.2004</b>	<b>Proforma I (after share split)</b>	<b>Proforma II (after Proforma I and Public Issue)</b>	<b>Proforma III (after Proforma II and the utilisation of the proceeds from the Public Issue)</b>
	<b>Note</b>	<b>RM</b>	<b>RM</b>		<b>RM</b>
<b>Non current assets</b>					
Plant and equipment	9.3	246,008	246,008	246,008	246,008
Intellectual property rights	9.4	3,700,000	3,700,000	3,700,000	3,700,000
Development expenditure	9.5	297,839	297,839	297,839	3,797,839
<b>Current assets</b>					
Trade receivables		2,265,210	2,265,210	2,265,210	2,265,210
Other receivables, deposits and prepayments	9.6	519,805	519,805	519,805	519,805
Cash at bank		970,516	970,516	8,710,516	3,710,516
		<u>3,755,531</u>	<u>3,755,531</u>	<u>11,495,531</u>	<u>6,495,531</u>
<b>Current liabilities</b>					
Trade payable		21,841	21,841	21,841	21,841
Other payables and accruals	9.7	584,172	584,172	584,172	584,172
		<u>606,013</u>	<u>606,013</u>	<u>606,013</u>	<u>606,013</u>
<b>Net current assets</b>					
		<u>3,149,518</u>	<u>3,149,518</u>	<u>10,889,518</u>	<u>5,889,518</u>
		<u>7,393,365</u>	<u>7,393,365</u>	<u>15,133,365</u>	<u>13,633,365</u>
<b>Financed by:</b>					
Share capital	9.8	4,500,000	4,500,000	6,300,000	6,300,000
Share premium	9.9	-	-	5,940,000	4,440,000
Retained profits	9.10	2,893,365	2,893,365	2,893,365	2,893,365
<b>Shareholders' fund</b>					
		<u>7,393,365</u>	<u>7,393,365</u>	<u>15,133,365</u>	<u>13,633,365</u>
Number of ordinary shares in issue		4,500,000	45,000,000	63,000,000	63,000,000
Net tangible assets per share (RM)		<u>0.75</u>	<u>0.08</u>	<u>0.18</u>	<u>0.10</u>

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**9. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES**

**9.1 Basis of preparation of statement of assets and liabilities**

The statement of assets and liabilities of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board.

**9.2 Significant accounting policies**

**Basis of accounting**

The statement of assets and liabilities of the Company have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised below.

**Revenue recognition**

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to the proportion that costs incurred to date that reflect services performed bear to the total estimated costs of the transaction. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue on maintenance contracts is recognised when the services are rendered.

**Grants**

Grants represent monetary grants awarded by Multimedia Development Corporation ("MDC") under the Multimedia Super Corridor Research and Development Grant Scheme, for the purposes of supporting the Company's research and development activities in information technology. Grants are not recognised until there is reasonable assurance that all conditions attaching to them will be complied with and that the grants will be received.

Grants related to income are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis, and are presented as a credit under other operating income in the income statement. Grants related to assets are presented in the balance sheet by deducting the grant in arriving at the carrying amount of the assets.

**Employee benefits**

**(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non accumulating compensated absences such as sick leave are recognised when the absences occur.

**12. ACCOUNTANTS' REPORT (Cont'd)****9.2 Significant accounting policies (continued)****Employee benefits (continued)****(ii) Defined contribution plans**

Obligations for contributions to defined contribution plans such as Employees Provident Fund are recognised as an expense in the income statement as incurred.

**Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the 'liability' method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

**Impairment of assets**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the income statement immediately whenever the recoverable amount is less than the carrying amount of the assets. All reversals of an impairment loss are recognised as income.

**Plant and equipment and depreciation**

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Gain and loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation on plant and equipment is calculated on a straight line basis at the following annual rates based on their estimated useful lives:

Computers	20%
Office equipment, furniture and fittings	20%
Renovations	20%

## 12. ACCOUNTANTS' REPORT (Cont'd)



### 9.2 Significant accounting policies (continued)

#### Intellectual property rights

Intellectual property rights are stated at cost less accumulated amortisation and impairment losses, if any. Intellectual property rights are amortised from the commencement of the income recognition to which they relate on the straight line basis over the period of expected benefit of twenty years.

#### Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed to the income statement as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Company has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is expensed in the income statement as incurred.

Capitalised development expenditure is stated at cost net of grants less accumulated amortisation and impairment losses, if any. Capitalised development expenditure is amortised from the commencement of the income recognition to which it relate on the straight line basis over the period of expected benefit of five years.

#### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and when a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligations.

#### Financial instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

#### (i) Receivables

Receivables are carried at anticipated realisable value. All known bad debts are written off and specific provisions are made for debts that are considered to be doubtful with regards to collection. In addition, general provisions are made to cover possible debts which are not specifically identified.

**12. ACCOUNTANTS' REPORT (Cont'd)****9.2 Significant accounting policies (continued)****Financial instruments (continued)****(ii) Payables**

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**(iii) Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

**Cash flow statement**

The Company adopts the indirect method for the preparation of cash flow statement.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

**9.3 Plant and equipment**Audited & Proforma

	<b>Computers RM</b>	<b>Office equipment, furniture and fittings RM</b>	<b>Renovations RM</b>	<b>Total RM</b>
<b>2004</b>				
Cost	218,287	73,011	30,133	321,431
Accumulated depreciation	62,332	11,584	1,507	75,423
Net book value	<u>155,955</u>	<u>61,427</u>	<u>28,626</u>	<u>246,008</u>

**9.4 Intellectual property rights**Audited & Proforma

	<b>2004 RM</b>
Cost	4,000,000
Accumulated amortisation	300,000
Net book value	<u>3,700,000</u>

The Intellectual Property Rights ("IPR") were acquired from a director on a willing buyer, willing seller arrangement. Pursuant to the agreement, the assignor, the director of the Company, being the proprietor of the IPR, assigns the IPR to the Company in the work, including all associated product designs, proprietary processes, human capital, customer maintenance contracts, development rights and know how processes.

**12. ACCOUNTANTS' REPORT (Cont'd)****9.5 Development expenditure**

	Audited RM	Profoma RM
Cost	711,844	4,211,844
Grant recognised	(414,005)	(414,005)
	<u>297,839</u>	<u>3,797,839</u>
Accumulated amortisation	-	-
Net book value	<u>297,839</u>	<u>3,797,839</u>

**9.6 Other receivables, deposits and prepayments**Audited & Proforma

Included under other receivables, deposits and prepayments of the Company are grants receivable from MDC amounting to RM164,405.

**9.7 Other payables and accruals**Audited & Proforma

Included under other payables and accruals of the Company are grants received from MDC but not yet recognisable amounting to RM498,307.

**9.8 Share capital**

	No. of ordinary shares	Par value RM	Total RM
Authorised:			
Audited	10,000,000	1.00	10,000,000
Share split by subdividing every existing one ordinary share of RM1.00 par value each into 10 new ordinary shares of RM0.10 par value each	<u>90,000,000</u>		-
Proforma I and II	<u>100,000,000</u>	0.10	<u>10,000,000</u>
Issued and fully paid:			
Audited	4,500,000	1.00	4,500,000
Share split by subdividing every existing one ordinary share of RM1.00 par value each into 10 new ordinary shares of RM0.10 par value each	<u>40,500,000</u>		-
Proforma I	<u>45,000,000</u>	0.10	<u>4,500,000</u>
Public Issue of 18,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.43 per share	<u>18,000,000</u>	0.10	<u>1,800,000</u>
Proforma II	<u>63,000,000</u>		<u>6,300,000</u>



**12. ACCOUNTANTS' REPORT (Cont'd)****9.9 Share premium**Proforma

	<b>2004 RM</b>
Public Issue of 18,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.43 per share	5,940,000
Less: Estimated listing expenses	<u>(1,500,000)</u>
	<u>4,440,000</u>

**9.10 Retained profits**Audited & Proforma

Based on the estimated tax exempt income available, and the prevailing tax rate applicable to dividends, all of the retained profits of the Company are available for distribution by way of dividend without incurring additional tax liability.

The Company has tax exempt income account of approximately RM3,079,300 available for distribution as tax exempt dividend.

**9.11 Deferred taxation**Audited & Proforma

The Company was granted pioneer status by Multimedia Super Corridor ("MSC") under the provisions of the Promotion of Investments (Amendment) Act, 1997. By virtue of this pioneer status, the Company's statutory income from pioneer activities during the pioneer period from 16 December 2002 to 15 December 2007 is exempted from income tax. Dividends declared out of such profits are also exempted from income tax in the hands of the shareholders.

Deferred tax asset has not been recognised in respect of the following item:

	<b>2004 RM</b>
Government grants received but not credited to income statement	<u>209,400</u>

Deferred tax liabilities have not been recognised in respect of the following items:

	<b>2004 RM</b>
Development expenditure incurred but not charged to income statement	199,300
Excess of capital allowances over depreciation	19,100
	<u>218,400</u>

The deferred tax asset and liabilities are not recognised as the initial recognition of the related asset and liabilities at the time of the transactions, affects neither accounting profit nor taxable profit.

**12. ACCOUNTANTS' REPORT (Cont'd)****9.12 Commitment**Audited & Proforma**2004  
RM**

The future minimum rental payments made under non cancellable tenancy agreement are as follows:

Not later than 1 year	161,309
Later than 1 year and not later than 5 years	116,501
	277,810

**9.13 Financial instruments**Audited & Proforma**Financial risk management objectives and policies**

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its interest rate, liquidity, foreign exchange and credit risks. The Company operates within guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

**Liquidity risk**

The Company actively monitors its debt maturity profile, operating cash flows and the availability of funding so as to best ensure that all funding needs are met. As part of its overall liquidity management, the Company endeavours to maintain sufficient levels of cash or cash convertible investments to best meet its working capital requirements.

**Credit risk**

Credit risks are managed by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Company's management reporting procedures. At balance sheet date, there were no significant concentrations of credit risk other than as disclosed in the financial statements. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

**Fair values**

The fair values of financial assets and liabilities of the Company as at 30 June 2004 are not materially different from their carrying values.

**12. ACCOUNTANTS' REPORT (Cont'd)****10. NET TANGIBLE ASSETS PER ORDINARY SHARE**

Based on the proforma statement of assets and liabilities of the Company as at 30 June 2004 as set out in Section 8 above, the net tangible assets per ordinary share is calculated as follows:

	<b>RM</b>
Net assets	3,393,365
Less: Intangible assets	
Intellectual property rights	3,700,000
Development expenditure	3,797,839
	<u>(7,497,839)</u>
Net tangible assets	(104,474)
Add: Proceeds from Public Issue	7,740,000
	<u>7,635,526</u>
Less: Estimated listing expenses (debited to share premium account)	(1,500,000)
Net tangible assets as per proforma statement of assets and liabilities	<u>6,135,526</u>
Total number of ordinary shares of RM0.10 each in issue	63,000,000
Net tangible assets per ordinary share (RM)	<u>0.10</u>

**11. PUBLIC ISSUE PROCEEDS**

The proceeds from the Public Issue will be utilised as follows:

	<b>RM</b>
Estimated listing expenses	1,500,000
Research and development expenditure	3,500,000
Working capital	2,740,000
	<u>7,740,000</u>

**12. ACCOUNTANTS' REPORT (Cont'd)****12. CASH FLOW STATEMENT**

The cash flow statement of the Company set out below is based on the audited financial statements of the Company for the financial year ended 30 June 2004.

	<b>RM</b>
<b>Cash flows from/(used in) operating activities</b>	
Profit before tax	2,084,289
Adjustments for:	
Amortisation of intellectual property rights	200,000
Government grants recognised	(300,906)
Depreciation	46,976
<b>Operating profit before working capital changes</b>	<b>2,030,359</b>
Increase in trade and other receivables	(1,693,935)
Increase in trade and other payables	53,290
<b>Cash generated from operations and net cash from operating activities</b>	<b>389,714</b>
<b>Cash flows from/(used in) investing activities</b>	
Development expenditure paid	(711,844)
Government grant received	1,048,813
Purchase of plant and equipment	(108,081)
<b>Net cash from investing activities</b>	<b>228,888</b>
<b>Net increase in cash and cash equivalents</b>	<b>618,602</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>351,914</b>
<b>Cash and cash equivalents at end of year</b>	<b>970,516</b>
<b>Cash and cash equivalents are represented by cash at bank</b>	<b>970,516</b>

**13. EVENTS SUBSEQUENT TO BALANCE SHEET DATE**

Subsequent to the balance sheet date:

- (i) on 3 September 2004, the authorised share capital of the Company of RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each was subdivided into 100,000,000 ordinary shares of RM0.10 each by subdividing every existing one ordinary share of RM1.00 par value each into 10 new ordinary shares of RM0.10 par value each;
- (ii) on 3 September 2004, the issued and fully paid up share capital of the Company of RM4,500,000 comprising 4,500,000 ordinary shares of RM1.00 each was subdivided into 45,000,000 fully paid up ordinary shares of RM0.10 each by subdividing every existing one ordinary share of RM1.00 par value each into 10 new ordinary shares of RM0.10 par value each; and
- (iii) on 3 September 2004 and 6 September 2004, SC and Bursa Securities, respectively, granted conditional approvals to the Company on the implementation of the flotation scheme and the listing of the Company on the MESDAQ Market of Bursa Securities.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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**14. AUDITED FINANCIAL STATEMENTS**

No audited financial statements have been prepared in respect of any period subsequent to 30 June 2004.

Yours faithfully

A handwritten signature in cursive script that reads "kc chin &amp; co.".

**KC CHIN & CO.**  
**AF 1237**  
**CHARTERED ACCOUNTANTS**

A handwritten signature in cursive script that reads "LOH KOK LEONG".

**LOH KOK LEONG**  
**1965/06/05 (J)**  
**PARTNER**

### 13. DIRECTORS' REPORT

*(Prepared for the inclusion in this Prospectus)*



## I-POWER BERHAD

[Company No : 596299-D]

L4-E-11 Enterprise 4, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur  
Tel : 03-89968080 Fax : 03-89966880



#### Registered Office :

149A, Jalan Aminuddin Baki,  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur

Date: **20 DEC 2004**

The Shareholders of  
I-Power Berhad (Company No.: 596299-D)

Dear Sir/Madam

On behalf of the Board of Directors of I-Power Berhad ("I-Power"), I report after due enquiry that during the period from 30 June 2004 (being the date to which the last audited accounts of I-Power have been made) up to the date hereof (being a date not earlier than fourteen (14) days before the issuance of this Prospectus): -

- (i) the business of I-Power, in the opinion of the Directors, has been satisfactorily maintained;
- (ii) in the opinion of the Directors, no circumstance have arisen subsequent to the last audited financial statements of I-Power which have adversely affected the business and operations or the value of the assets of I-Power;
- (iii) the current assets of I-Power appear in the books at values, which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities have arisen by reason of any guarantees or indemnities given by I-Power;
- (v) there have been, since the last audited financial statements of I-Power, 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 the Directors are aware of; and
- (vi) save as disclosed in the Accountants' Report and Proforma Balance Sheet in this Prospectus, there has been no material change in the published reserves or any unusual factors affecting the profit of I-Power since the last audited financial statements of I-Power.

Yours faithfully  
For and on behalf of the Board of Directors of  
**I-Power Berhad**

Chia Kok Chin  
CEO/CTO