

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The profiles of our promoters and substantial shareholders and their respective shareholdings in our Company before and after the Public Issue are set out below.

7.1.1 Shareholdings

Designation	Nationality/ Place of Incorporation	No. of Shares held before the Public Issue				No. of Shares held after the Public Issue				
		←---Direct---→		←---Indirect---→		←---Direct---→		←---Indirect---→		
		'000	%	'000	%	'000	%	'000	%	
Promoters										
MIBSSB	-	Malaysia	18,789	16.28	-	-	18,789	14.75	-	-
Phong Hon Voon	Chief Executive Officer	Malaysian	13,741	11.91	¹ 18,789	16.28	⁴ 13,841	10.86	¹ 18,789	14.75
Wong Kim Ming	Chief Operating Officer	Malaysian	12,724	11.03	¹ 18,789	16.28	⁴ 12,824	10.07	¹ 18,789	14.75
David Hii Chin Yun	Chief Technology Officer	Malaysian	11,706	10.14	¹ 18,789	16.28	⁴ 11,806	9.27	¹ 18,789	14.75
Lee King You	Head, Projects & Consultancy Division	Malaysian	2,545	2.21	-	-	⁴ 2,588	2.03	-	-
Azidah Binti M.O.B. Hassan	Head, Business Development and Marketing Division	Malaysian	999	0.87	-	-	⁴ 1,042	0.82	-	-
Yong Kar Seng Peter	Non-Independent Non-Executive Director	Singaporean	4,750	4.12	² 6,259	5.42	⁴ 4,800	3.77	² 6,259	4.91
Substantial shareholders										
MIBSSB	-	Malaysia	18,789	16.28	-	-	18,789	14.75	-	-
BIWV3	-	Malaysia	18,288	15.84	-	-	18,288	14.36	-	-
Phong Hon Voon	Chief Executive Officer	Malaysian	13,741	11.91	¹ 18,789	16.28	⁴ 13,841	10.86	¹ 18,789	14.75
Wong Kim Ming	Chief Operating Officer	Malaysian	12,724	11.03	¹ 18,789	16.28	⁴ 12,824	10.07	¹ 18,789	14.75
David Hii Chin Yun	Chief Technology Officer	Malaysian	11,706	10.14	¹ 18,789	16.28	⁴ 11,806	9.27	¹ 18,789	14.75

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Designation	Nationality/ Place of Incorporation	No. of Shares held before the Public Issue				No. of Shares held after the Public Issue				
		<---Direct--->		<---Indirect--->		<---Direct--->		<---Indirect--->		
		'000	%	'000	%	'000	%	'000	%	
Yong Kar Seng Peter	Non-Independent Non-Executive Director	Singaporean	4,750	4.12	² 6,259	5.42	⁴ 4,800	3.77	² 6,259	4.91
SME Bank	-	Malaysia	-	-	³ 18,288	15.84	-	-	³ 18,288	14.36
Khazanah	-	Malaysia	-	-	³ 18,288	15.84	-	-	³ 18,288	14.36
Maybank	-	Malaysia	-	-	³ 18,288	15.84	-	-	³ 18,288	14.36

Notes:-

1. Deemed interested by virtue of his interest in MIBSSB pursuant to Section 6A of the Act.
2. Deemed interested by virtue of his spouse's shareholding in our Company.
3. Deemed interested by virtue of its interest in BIWV3 pursuant to Section 6A of the Act.
4. On the basis that the Public Issue Shares allocated to our eligible Directors and employees are subscribed in full based on their respective entitlements under the Pink Form Allocations.

7.1.2 Profile

The profiles of the said promoters and substantial shareholders are as follows:-

- (a) **MIBSSB** was incorporated in Malaysia on 25 September 2003 under the Act as a private limited company. Its principal activities are that of investment holding company.

As at the Latest Practicable Date, the details of the Directors of MIBSSB are as follows:-

Name	Nationality	No. of ordinary shares of RM1.00 held			
		Direct	%	Indirect	%
Phong Hon Voon	Malaysian	29,032	29.03	-	-
Wong Kim Ming	Malaysian	26,881	26.88	-	-
David Hii Chin Yun	Malaysian	24,731	24.73	-	-
Azidah Binti M.O.B. Hassan	Malaysian	6,452	6.45	-	-

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

As at the Latest Practicable Date, the details of the substantial shareholders of MIBSSB are as follows:-

Name	Nationality	No. of ordinary shares of RM1.00 held			
		Direct	%	Indirect	%
Phong Hon Voon	Malaysian	29,032	29.03	-	-
Wong Kim Ming	Malaysian	26,881	26.88	-	-
David Hii Chin Yun	Malaysian	24,731	24.73	-	-
Gan Khong Kiat	Malaysian	10,753	10.75	-	-
Azidah Binti M.O.B. Hassan	Malaysian	6,452	6.45	-	-

- (b) **Phong Hon Voon**, aged 41, is our Chief Executive Officer and he was appointed to our Board on 27 August 2004. He began his career as an application programmer with a Japanese electronic manufacturer in Taiwan in 1988 and joined a Taiwanese computer company a year later. He worked with a Japanese electrical manufacturer in Malaysia between 1990 and 1993 and subsequently joined Lion Group, Malaysia between 1993 and 1994 as a senior management information systems executive. He joined us in 1994. He has wide experience in IT project management, testing and implementation, and system designated software development. He holds a Bachelor of Science in Information and Computer Engineering from Chung Yuan University in Taiwan and a Masters of Science in Parallel Computers and Computations from the University of Warwick in the United Kingdom.
- (c) **Wong Kim Ming**, aged 39, is our Chief Operating Officer and he was appointed to our Board on 22 September 2003. He is responsible for the development and implementation of MiBS applications. Prior to joining us in 1996, he began his career as an internal auditor with a Malaysian bank. He later joined the bank's organisation and method department, where he was involved in system implementation, documentation of operations and systems manuals, user training on various banking modules and was also responsible for the development for the bank's online client-server banking system. He graduated from the University of Western Australia with a Bachelor of Commerce degree in 1989. He is a Chartered Accountant with the Malaysian Institute of Accountants.
- (d) **David Hii Chin Yun**, aged 35, is our Chief Technology Officer and he was appointed to our Board on 22 September 2003. He is responsible for the technical and IT aspects of the business. He started his research work in 1994 at a leading Australian telecom research institute. In 1995, he joined a Malaysian bank as an electronic data processing officer where he was a member of the systems engineering team which designed, implemented and maintained the bank's online banking platform. He joined us in 1995, working his way from systems engineer to Chief Technology Officer, his present position. David is also the founder and Chief Operating Officer of a logistic web portal. David graduated with a Bachelors degree with first class honours in Computer Science from Monash University in Australia.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

- (e) **Lee King You**, aged 39, is the head of the projects & consultancy division. He graduated with a Bachelor of Science from Campbell University, North Carolina, USA in 1991. He joined us in October 1995 and has served for 10 years during which he has been exposed in all areas of technical development of MiBS, project management and consultancy. He leads a team of project managers, consultants to provide project management services, consultation, documentation, support and training to end-users. He also leads a Quality Assurance team to continuously improve and enhance the CMMI model-based processes to a higher maturity level.
- (f) **Azidah Binti M.O.B. Hassan**, aged 31, is the head of the business development division. She graduated in Bachelor of Information Technology, in Business Software Development from the University of Southern Queensland, Australia and has had qualitative experience in developing new markets, liaising with top level clients and generating business for organisations. She has good understanding in sales, marketing, account management, public relations and business development. She leads a team of executives to provide client support services, business advice, presentation and systems demonstration, and marketing initiatives and support.
- (g) **Yong Kar Seng Peter** aged 41, is our Non-Independent Non-Executive Director and he was appointed to our Board on 27 August 2004. He graduated with a Double Major in Economics and Accounting from the University of Reading, United Kingdom. From 1992 to 1994, he was the Vice President for Corporate Finance with Nikko Merchant Bank, Singapore, with responsibility in debt and equity financing for clients within South-East Asia and the Indian sub-continent. Subsequently, he joined Quest Securities Ltd., Hong Kong, where he continued his involvement in Corporate Finance until his resignation in 1995. He holds directorships in Computer Systems Advisers (M) Berhad and Insas Berhad, both companies are listed on the Main Board of Bursa Securities, and several private limited companies.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

- (h) **BIWV3** was incorporated in Malaysia on 12 July 1996 under the Act as a private limited company. It is a venture capital company with an authorised share capital comprising 500,000 ordinary shares of RM1.00 each and 500,000 redeemable preference shares of RM1.00 each (“RPS”) respectively, of which 44,000 ordinary shares of RM1.00 each and 396,000 RPS respectively have been issued and are 75% paid-up.

As at the Latest Practicable Date, the details of the Directors of BIWV3 are as follows:-

Name	Nationality	No. of ordinary shares of RM1.00 held			
		Direct	%	Indirect	%
Dato' Wan Ismail bin Abd Rahman	Malaysian	-	-	-	-
Tan Lip-Bu	American	-	-	-	-
Chok Kwee Bee	Malaysian	-	-	-	-
Chua Kee Lock	Singaporean	-	-	-	-
Lim Cheng Chooi	Malaysian	-	-	-	-
Ismail bin Ibrahim	Malaysian	-	-	-	-

As at the Latest Practicable Date, the details of the substantial shareholders of BIWV3 are as follows:-

Name	Incorporation	No. of ordinary shares of RM1.00 held			
		Direct	%	Indirect	%
SME Bank	Malaysia	15,000	34.09	-	-
Khazanah	Malaysia	15,000	34.09	-	-
Maybank	Malaysia	10,000	22.73	-	-

Name	Incorporation	No. of RPS held			
		Direct	%	Indirect	%
SME Bank	Malaysia	135,000	34.09	-	-
Khazanah	Malaysia	135,000	34.09	-	-
Maybank	Malaysia	90,000	22.73	-	-

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.1.3 Changes in shareholdings

Save for the following, there has been no change in the shareholdings of the substantial shareholders and Promoters of our Company since its incorporation.

Name	As at 7 July 2003 (incorporation date) No. of Shares held				Before Public Issue No. of Shares held				After Public Issue No. of Shares held			
	<---Direct--->		<---Indirect--->		<---Direct--->		<---Indirect--->		<---Direct--->		<---Indirect--->	
	%	'000	%	'000	%	'000	%	'000	%	'000	%	
MIBSSB	-	-	-	-	18,789	16.28	-	-	18,789	14.75	-	-
Phong Hon Voon	-	-	-	-	13,741	11.91	¹ 18,789	16.28	⁴ 13,841	10.86	¹ 18,789	14.75
Wong Kim Ming	-	-	-	-	12,724	11.03	¹ 18,789	16.28	⁴ 12,824	10.07	¹ 18,789	14.75
David Hii Chin Yun	-	-	-	-	11,706	10.14	¹ 18,789	16.28	⁴ 11,806	9.27	¹ 18,789	14.75
Lee King You	-	-	-	-	2,545	2.21	-	-	⁴ 2,588	2.03	-	-
Azidah Binti M.O.B. Hassan	-	-	-	-	999	0.87	-	-	⁴ 1,042	0.82	-	-
Yong Kar Seng Peter	-	-	-	-	4,750	4.12	² 6,259	5.42	⁴ 4,800	3.77	² 6,259	4.91
BIWV3	-	-	-	-	18,288	15.84	-	-	18,288	14.36	-	-
SME Bank	-	-	-	-	-	-	³ 18,288	15.84	-	-	³ 18,288	14.36
Khazanah	-	-	-	-	-	-	³ 18,288	15.84	-	-	³ 18,288	14.36
Maybank	-	-	-	-	-	-	³ 18,288	15.84	-	-	³ 18,288	14.36

Notes:-

1. Deemed interested by virtue of his interest in MIBSSB pursuant to Section 6A of the Act.
2. Deemed interested by virtue of his spouse's shareholding in MSB.
3. Deemed interested by virtue of its interest in BIWV3 pursuant to Section 6A of the Act.
4. On the basis that the Public Issue Shares allocated to our eligible Directors and employees are subscribed in full based on their respective entitlements under the Pink Form Allocations.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.2 DIRECTORS

The profiles of our Directors and their respective shareholdings in our Company before and after the Public Issue are set out below.

7.2.1 Shareholdings

Name	Nationality	Designation	No. of Shares held before the Public Issue				No. of Shares held after the Public Issue			
			<---Direct--->		<---Indirect--->		<---Direct--->		<---Indirect--->	
			'000	%	'000	%	'000	%	'000	%
Datuk Ali Bin Abdul Kadir	Malaysian	Independent Non-Executive Chairman	-	-	¹ 4,750	4.12	⁴ 50	0.04	¹ 4,750	3.73
Phong Hon Voon	Malaysian	Chief Executive Officer	13,741	11.91	² 18,789	16.28	⁴ 13,841	10.86	² 18,789	14.75
Wong Kim Ming	Malaysian	Chief Operating Officer	12,724	11.03	² 18,789	16.28	⁴ 12,824	10.07	² 18,789	14.75
David Hii Chin Yun	Malaysian	Chief Technology Officer	11,706	10.14	² 18,789	16.28	⁴ 11,806	9.27	² 18,789	14.75
Datuk Zaimun Aishah Binti Ahmad	Malaysian	Independent Non-Executive Director	-	-	-	-	⁴ 50	0.04	-	-
Chok Kwee Bee	Malaysian	Non-Independent Non-Executive Director	-	-	-	-	⁴ 50	0.04	-	-
Yong Kar Seng Peter	Singaporean	Non-Independent Non-Executive Director	4,750	4.12	³ 6,259	5.42	⁴ 4,800	3.77	³ 6,259	4.91

Notes:-

1. Deemed interested by virtue of his interest in Oxfordtrax Sdn Bhd pursuant to Section 6A of the Act.
2. Deemed interested by virtue of his interest in MIBSSB pursuant to Section 6A of the Act.
3. Deemed interested by virtue of his spouse's shareholding in our Company.
4. On the basis that the Public Issue Shares allocated to our eligible Directors and employees are subscribed in full based on their respective entitlements under the Pink Form Allocations.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.2.2 Profile

- (a) **Datuk Ali Bin Abdul Kadir**, aged 56, is our Independent Non-Executive Chairman and he was appointed to our Board on 29 April 2005. Datuk Ali was the Senior Advisor of Ernst & Young Malaysia till 31 December 2005. Before that, he was the Chairman of the SC.

After 24 years with Ernst & Young, he retired whilst holding the position of Executive Chairman of the firm when he was appointed by the Minister of Finance as the Chairman of the SC on 1 March 1999. In this capacity, he had also headed the Capital Market Advisory Council responsible for implementing the capital market masterplan. He was also a member of a number of national committees including the National Economic Consultative Council II, the Foreign Investment Committee and the Oversight Committee of the National Asset Management Company or Danaharta. He sat as a trustee of the Financial Reporting Foundation. Currently he also sits on the board of the Labuan Offshore Financial Services Authority.

Datuk Ali was also actively involved in international regulatory circles. He sat on the Executive Committee of the International Organisation of Securities Commissions ("IOSCO") and was the Chairman of IOSCO's Asia-Pacific Regional Committee and of the Islamic Capital Market Task Force. Datuk Ali was also a trustee of the Accounting and Auditing Organisation for Islamic Financial Institutions from November 2000 to October 2003.

He was the former President of the Malaysia Association (now Institute) of Certified Public Accountants ("MICPA") and chaired the Executive Committee and the Insolvency Practices Committee. He also co-chaired the Company Law Forum.

Datuk Ali is a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"), and a member of the MICPA. He is currently the Honorary Advisor to ICAEW Malaysia, Honorary Fellow of the Institute of Chartered Secretaries and Administrators (UK), and Honorary member of the Malaysian Institute of Directors.

- (b) **Phong Hon Voon** – Please refer to Section 7.1.2.
- (c) **Wong Kim Ming** – Please refer to Section 7.1.2.
- (d) **David Hii Chin Yun** – Please refer to Section 7.1.2.
- (e) **Datuk Zainun Aishah Binti Ahmad**, aged 60, is our Independent Non-Executive Director and she was appointed to our Board on 29 April 2005. Datuk Zainun was the Director-General of the Malaysia Industrial Development Authority ("MIDA"). She joined MIDA as an economist upon her graduation from Universiti Malaya with an honours degree in Economics in 1969 before she assumed the post of Director-General in 1995. During her tenure at MIDA, she held several positions including the National Project Director in the formulation of Malaysia's first Industrial Master Plan. She was also a member of the Industrial Co-ordination Council in the implementation of the Second Industrial Master Plan, Industrial Coordination Act Advisory Council, Defence Industry Council and National Committee on Business Competitiveness Council. She holds directorships in several listed and private limited companies.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

- (f) **Chok Kwee Bee**, aged 53, is our Non-Independent Non-Executive Director and she was appointed to our Board on 27 August 2004. She joined Walden International in 2000 as the Malaysia Country Representative and is currently the Executive Director of BI Walden Management Ketiga Sdn Bhd. Prior to joining Walden International, she was Senior General Manager and Head of the Corporate Finance Department at AmMerchant Bank Berhad (“AmMerchant”). During her tenure at AmMerchant, she held several posts, among them as a Director of Malaysian Exchange of Securities Dealing & Automated Quotation Bhd, the Chairman of the Corporate Finance Sub-Committee of Association of Merchant Banks and the Chairman of Malaysian Issuing House.

Ms Chok is a member of the Securities Commission Capital Market Advisory Council, a member of the Malaysian Venture Capital Development Council which was formed under the auspices of the Securities Commission and a member of the Exchange Committee of Labuan International Financial Exchange. She was also the Chairman of the Malaysian Venture Capital Association. She sits on the board of several portfolio companies of BIWV3.

Ms Chok received her Bachelor of Art degree (Honours) in Business Studies from Kingston University, United Kingdom and is also a member of the Association of the Chartered Institute of Bankers.

- (g) **Yong Kar Seng Peter** – Please refer to Section 7.1.2.

7.2.3 Directors Remuneration

The aggregate remuneration paid and proposed to be paid to our Directors for services rendered in all capacities were/are approximately RM456,000 and RM610,000 for the FY2005 and FY2006 respectively are as follows:-

Directors	FY2005 Remuneration bands	FY2006 Remuneration bands
Datuk Ali Bin Abdul Kadir	RM0 to RM50,000	RM0 to RM50,000
Phong Hon Voon	RM200,001 to RM250,000	RM300,001 to RM350,000
Wong Kim Ming	RM150,001 to RM200,000	RM200,001 to RM250,000
David Hii Chin Yun	RM100,001 to RM150,000	RM150,001 to RM200,000
Datuk Zainun Aishah Binti Ahmad	RM0 to RM50,000	RM0 to RM50,000
Chok Kwee Bee	RM0 to RM50,000	RM0 to RM50,000
Yong Kar Seng Peter	RM0 to RM50,000	RM0 to RM50,000

7.2.4 Board Practices

According to our Articles of Association, one-third (or the number nearest to one-third) of our Directors are required to retire from office at each annual general meeting. Further, all our Directors (except Managing Director(s)) are required to retire from office at least once in every 3 years. However, a retiring Director is eligible for re-election at the meeting at which he retires.

In connection thereto, Wong Kim Ming and David Hii Chin Yun shall hold office only until the next annual general meeting, and shall then be eligible for re-election.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.3 RELEVANT COMMITTEES

7.3.1 Audit Committee

The main functions of the Audit Committee include the following:-

- (a) to review with the external auditors the nature, scope and quality of the audit plan, and their evaluation of our system of internal accounting controls;
- (b) to review our quarterly and annual financial statements before submission to our Board, focusing in particular on the going concern assumption, compliance with accounting standards and regulatory requirements, any change in the accounting policies and practices, significant issues arising from the audit and major judgmental issues;
- (c) to consider the appointment and reappointment of the external auditors and matter relating to their resignation;
- (d) to consider and review any significant transactions which are not within the ordinary course of business and any related party transaction that may arise within our Group;
- (e) to review our policies and procedures with management and external auditors to ensure the adequacy of our internal accounting and financial reporting controls;
- (f) to review the assistance given by our officers to the auditors; and
- (g) to carry out any other function that may be requested by our Board.

The members of the Audit Committee are as follows:-

Name	Designation	Directorship
Datuk Ali Bin Abdul Kadir	Chairman of the committee	Independent Non-Executive Chairman
Datuk Zainun Aishah Binti Ahmad	Member of the committee	Independent Non-Executive Director
Chok Kwee Bee	Member of the committee	Non-Independent Non-Executive Director

7.3.2 Remuneration Committee

The main function of the Remuneration Committee is to recommend to our Board the remuneration packages of our executive Directors and key management personnel. The members of the Remuneration Committee are as follows:-

Name	Designation	Directorship
Yong Kar Seng Peter	Chairman of the committee	Non-Independent Non-Executive Director
Chok Kwee Bee	Member of the committee	Non-Independent Non-Executive Director
Phong Hon Voon	Member of the committee	Chief Executive Officer and Executive Director

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.3.3 Nomination Committee

The main functions of the Nomination Committee include the following:-

- (a) to make recommendations to our Board on all appointments of Directors;
- (b) to assess annually the effectiveness of our Board as a whole and the contribution of each existing individual director and thereafter, to recommend its findings to the Board; and
- (c) to review annually the required mix of skills and experience and other qualities, including core competencies of the non-executive Directors.

The members of the Nomination Committee are as follows:-

Name	Designation	Directorship
Datuk Zainun Aishah Binti Ahmad	Chairman of the committee	Independent Non-Executive Director
Datuk Ali Bin Abdul Kadir	Member of the committee	Independent Non-Executive Chairman
Yong Kar Seng Peter	Member of the committee	Non-Independent Non-Executive Director

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.4 KEY MANAGEMENT PERSONNEL

The profiles of our key management personnel, all of whom are Malaysians, and their respective shareholdings in our Company after the Public Issue are set out below.

7.4.1 Shareholdings

Name	Designation	No. of Shares held before the Public Issue				No. of Shares held after the Public Issue			
		<---Direct--->		<---Indirect--->		<---Direct--->		<---Indirect--->	
		'000	%	'000	%	'000	%	'000	%
Lee King You	Head, Projects & Consultancy Division	2,545	2.21	-	-	¹ 2,588	2.03	-	-
Chen Kwee Ling	Chief Financial Officer	492	0.43	-	-	¹ 541	0.42	-	-
Azidah Binti M.O.B. Hassan	Head, Business Development and Marketing Division	999	0.87	-	-	¹ 1,042	0.82	-	-
Ong Lay Beng	Head, Business Alliance Division	-	-	-	-	¹ 28	0.02	-	-

1. On the basis that the Public Issue Shares allocated to our eligible employees are subscribed in full based on their respective entitlements under the Pink Form Allocations.

7.4.2 Profile

Brief profiles of our key management personnel, apart from our executive Directors, are as follows:-

- (a) **Lee King You** – Please refer to Section 7.1.2.
- (b) **Chen Kwee Ling**, aged 42, is our Chief Financial Officer. She is responsible for the corporate finance and accounts division. She is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

She joined our Company in September 2004 and brings with her more than 20 years of financial and corporate experience. She started her career as an article student with one of the largest local accounting firms prior to joining one of the big 6 international accounting firms where she gained experience from a variety of industries.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

She has served as Group Financial Controller with a company listed on the Main Board of the Bursa Securities. There, she was responsible for the group's corporate exercises and the finance department prior to her secondment to its London office in May 1998 where she was responsible for raising £184 million (completed in April 1999) in bonds to finance the construction of United Kingdom's biggest purpose-built exhibitions and events venue in Docklands, London. The bond which was listed on the Luxembourg Stock Exchange was given the "1999 European Real Estate Deal Of The Year" award in the February 2000 issue of Project Finance magazine.

Subsequently she served as the General Manager, Finance and Accounts with a company listed on the Second Board of the Bursa Securities where she was involved with the implementation of the restructuring exercise of the company. The company was successfully restructured and removed from its PN4 status i.e. financially distressed company, in May 2003.

Ms. Chen was inducted into the WHO'S WHO Historical Society under the 2001-2002 edition of International WHO'S WHO of Professionals.

- (c) **Azidah Binti M.O.B. Hassan** – Please refer to Section 7.1.2.
- (d) **Ong Lay Beng**, aged 40, is the Head of Business Alliance Division.

She joined MSSB in August 2005 and manages all alliance / vendor partnerships and liaises between external customers and prospectors with internal department such as business development, IT and marketing. She also represents our Group to develop its product line strategy & business plan by creating alliance / vendor partnerships in the Asian Region in line with our Group's business objectives of optimizing the MiBS Solution.

She has been involved in the IT industry sales division for over 8 years where she worked closely with partners to maintain their royalty as a reseller and at the same time expanding its network and recruiting more resellers in various countries. In 2005, she managed to achieve a RM25 million sales revenue for her previous company which is listed on the Main Board of the Bursa Securities.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.5 OTHER DIRECTORSHIPS AND SUBSTANTIAL SHAREHOLDINGS

Save as disclosed below, none of our Promoters, direct substantial shareholders, Directors or key management personnel has any directorship or substantial shareholding in other public companies for the past 2 years.

Name	Company	Date appointed/ (resigned)	Shareholdings			
			Direct '000	%	Indirect '000	%
Datuk Ali Bin Abdul Kadir	Jobstreet Corporation Berhad	1 October 2004	1,400	0.696	-	-
	Airocom Technology Berhad	25 March 2004	5,050	6.73	-	-
	Milux Corporation Berhad (formerly known as TH Hin Holdings Berhad)	19 May 2005	3,900	9.22	-	-
	Supermax Holdings Berhad	6 January 2006	-	-	-	-
	GP Ocean Food Berhad	10 April 2006	-	-	¹ 2,000	2.30
Datuk Zainun Aishah Binti Ahmad	Maybank	13 July 2005	-	-	-	-
	Dunham-Bush (Malaysia) Berhad	22 November 2004	-	-	-	-
	Scomi Engineering Berhad	15 December 2005	-	-	-	-
	Per nec Corporation Berhad	2 December 2005	-	-	-	-
Yong Kar Seng Peter	F3 Strategies Berhad	6 January 2005	-	-	-	-
	Computers Systems Advisers (M) Berhad	17 June 1996	3,940	3.89	² 8,195	8.09
	Insas Berhad	29 November 2004	-	-	-	-
BIWV3	The Media Shoppe Berhad	N/A	7,403	5.62	-	-

Notes:-

1. Deemed interested by virtue of his interest in RC One Sdn Bhd pursuant to Section 6A of the Act.
2. Deemed interested by virtue of his spouse's shareholding in Computers Systems Advisers (M) Berhad.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

7.6 RELATIONSHIPS OR ASSOCIATIONS

Save for Phong Hon Voon, Wong Kim Ming, David Hii Chin Yun and Azidah Binti M.O.B. Hassan who are Directors and substantial shareholders of MIBSSB, there is no other relationship or association between our substantial shareholders, promoters, Directors and the key management personnel.

7.7 SERVICE AGREEMENTS

As at the Latest Practicable Date, there are no existing or proposed service agreements between our Group and our Directors or key management personnel.

7.8 DECLARATIONS FROM THE PROMOTERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

As at Latest Practicable Date, none of our Promoters, Directors or key management personnel is or has been involved in any of the following events (whether in or outside Malaysia):-

- (a) a petition under any bankruptcy or insolvency law filed (and not struck out) 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 key personnel;
- (b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) any judgment that was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (e) the subject of any order, judgement or ruling of any court of competent jurisdiction, government, or regulatory authority or body 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.

In addition, as at the Latest Practicable Date, none of our executive Directors and key management personnel is involved in the operations of other businesses or corporations.

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8. APPROVALS AND CONDITIONS

8.1 APPROVALS AND CONDITIONS

The SC has approved the Listing on 27 February 2006 and 27 April 2006 and the conditions imposed by the SC and the status of compliance are as follows:-

Details of Conditions Imposed	Status of Compliance																											
(i) We are to make detailed disclosure in our Prospectus on our Board's opinion on our prospects, and the basis for those views, given the lack of long-term contracts underlying our business;	Appropriate disclosures have been made in Section 4.1.1 of this Prospectus.																											
(ii) Pursuant to Rule 2.10 of the Listing Requirements, which requires that the shares held by Promoters amounting to 45% of our issued and paid-up capital at admission to be placed under moratorium, the moratorium on the shareholdings of our Promoters is as follows:-	Noted and to be complied with pursuant to the Listing. Please refer to Section 8.2 of this Prospectus.																											
<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"></th> <th colspan="2" style="text-align: center;">MSB Shares to held under moratorium</th> </tr> <tr> <th style="text-align: left;">Promoters</th> <th style="text-align: center;">No. of MSB Shares</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>MIBSSB</td> <td style="text-align: right;">15,827,380</td> <td style="text-align: right;">12.42</td> </tr> <tr> <td>Phong Hon Voon</td> <td style="text-align: right;">13,672,682</td> <td style="text-align: right;">10.73</td> </tr> <tr> <td>Wong Kim Ming</td> <td style="text-align: right;">12,659,852</td> <td style="text-align: right;">9.94</td> </tr> <tr> <td>David Hii Chin Yun</td> <td style="text-align: right;">11,647,023</td> <td style="text-align: right;">9.14</td> </tr> <tr> <td>Lee King You</td> <td style="text-align: right;">2,531,933</td> <td style="text-align: right;">1.99</td> </tr> <tr> <td>Azidah Binti M.O.B. Hassan</td> <td style="text-align: right;">993,830</td> <td style="text-align: right;">0.78</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">57,332,700</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">45.00</td> </tr> </tbody> </table>		MSB Shares to held under moratorium		Promoters	No. of MSB Shares	%	MIBSSB	15,827,380	12.42	Phong Hon Voon	13,672,682	10.73	Wong Kim Ming	12,659,852	9.94	David Hii Chin Yun	11,647,023	9.14	Lee King You	2,531,933	1.99	Azidah Binti M.O.B. Hassan	993,830	0.78		57,332,700	45.00	
	MSB Shares to held under moratorium																											
Promoters	No. of MSB Shares	%																										
MIBSSB	15,827,380	12.42																										
Phong Hon Voon	13,672,682	10.73																										
Wong Kim Ming	12,659,852	9.94																										
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Lee King You	2,531,933	1.99																										
Azidah Binti M.O.B. Hassan	993,830	0.78																										
	57,332,700	45.00																										
(iii) MIMB / MSB to inform the SC when the Listing is completed;	Noted and to be complied with upon the completion of the Listing.																											
(iv) Approvals to be obtained from other relevant authorities, if any;	Noted and none required apart from the approvals obtained from the SC.																											
(v) MIMB / MSB to submit the following information on the placees to the SC with regard to the Private Placement.	Noted and to be complied with prior to the Listing.																											
(a) Name of placees / ultimate beneficiaries for nominee companies (if any);																												
(b) Identification card / passport / company registration numbers;																												
(c) CDS numbers;																												
(d) Home / business addresses;																												
(e) Occupation / principal activities;																												
(f) Date of listing of Placement Shares;																												
(g) No of Placement Shares allocated;																												
(h) Issue price of the Placement Shares; and																												
(i) Name of placement agent;																												

8. APPROVALS AND CONDITIONS

Details of Conditions Imposed	Status of Compliance
(vi) The MSB moratorium shares pledged / transferred to EON Bank Berhad shall not be sold, transferred or assigned without prior approval of the SC, during the moratorium period;	To be complied with. In relation thereto, the key executive Directors have each provided an irrevocable undertaking to the SC on 5 May 2006.
(vii) Phong Hon Voon, Wong Kim Ming and David Hii Chin Yun ("key executive Directors"), to each provide an undertaking that they will remain as the beneficial shareholder of the pledged MSB Shares subject to the moratorium; and	Complied. The key executive Directors have each provided an irrevocable undertaking to the SC on 5 May 2006.
(viii) The key executive directors to first exhaust their personal shareholding in MSB not under moratorium for the purpose of the pledge before having recourse to the MSB Shares to be placed under moratorium.	To be complied with. In relation thereto, the key executive Directors have each provided an irrevocable undertaking to the SC on 5 May 2006.

In addition, in view that we are an MSC status company, the SC has not impose any equity condition on us in relation to our Listing at this time under the Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests.

We have also obtained the approval of the SC, via its letter dated 27 February 2006, to allow a total of 30 million MSB Shares held by the key executive Directors, which would be subject to moratorium conditions as per (ii) above, to be transferred and pledged as security for the share financing facilities taken by them subject to the conditions as stated in (vi), (vii) and (viii) above.

8.2 MORATORIUM ON PROMOTERS' SHARES

Pursuant to the Listing Requirements, MSB Shares held by our Promoters amounting to 45% of our enlarged issued and paid-up share capital at the date of admission of our Company to the Official List of the MESDAQ Market shall be placed under moratorium as imposed by the SC. Our Promoters whose Shares are subject to the moratorium are as follows:-

Promoter	*Shareholding after Public Issue		Shareholding under moratorium	
	No. of MSB Shares	%	No. of MSB Shares	%
MIBSSB	18,788,530	14.75	15,827,380	12.42
Phong Hon Voon	13,841,465	10.86	13,672,682	10.73
Wong Kim Ming	12,823,540	10.07	12,659,852	9.94
David Hii Chin Yun	11,805,615	9.27	11,647,023	9.14
Lee King You	2,588,170	2.03	2,531,933	1.99
Azidah Binti M.O.B. Hassan	1,042,330	0.82	993,830	0.78
Yong Kar Seng Peter	4,800,000	3.77	-	-
Total	65,252,650	51.57	57,332,700	45.00

* On the basis that the Public Issue Shares allocated to our eligible Directors and employees are subscribed in full based on their respective entitlements under the Pink Form Allocations.

8. APPROVALS AND CONDITIONS

The moratorium has been fully accepted by our abovementioned Promoters and they will not be allowed to sell, transfer or assign any part of their interests in MSB Shares under the moratorium within 1 year from the date of admission of our Company to the Official List of the MESDAQ Market. Thereafter, they are permitted to sell, transfer or assign up to a maximum of 1/3 per annum of their respective shareholdings under moratorium on a straight-line basis. In relation to the foregoing, all the Promoters concerned have given their respective irrevocable written undertakings to the SC with regard to the said moratorium conditions.

The restriction is specifically endorsed on the notices of allotment representing the respective shareholdings of our Promoters which are under moratorium. The Share Registrar and Bursa Depository have been informed in writing in relation to the moratorium of the aforesaid Promoters to ensure that it does not register any transfer that is not in compliance with the moratorium restrictions.

In addition, Phong Hon Voon, Wong Kim Ming, David Hii Chin Yun, Gan Khong Kiat, Azidah Binti M.O.B. Hassan and Sam Kwai Kuen who are the shareholders of MIBSSB, have given their respective irrevocable written undertakings to the SC that they will not sell, transfer or assign their respective shareholdings in MIBSSB within 3 years from the date of admission of our Company to the Official List of the MESDAQ Market.

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9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

9.1 RELATED PARTY TRANSACTIONS

Save as disclosed below, as at the Latest Practicable Date, there are no transactions, existing or potential, entered or to be entered into by our Group which involved the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them.

9.1.1 Non-Recurrent Related Party Transactions

We have not entered into any non-recurrent related party transactions during the past 3 financial years ended 31 December 2005 which are significant in relation to the business of our Group.

9.1.2 Recurrent Related Party Transactions

Save as disclosed below, we have not entered into any other recurrent related party transaction of a revenue or trading in nature which are necessary for the day-to-day operations and in our ordinary course of business with certain related parties which involved the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them ("Recurrent Transaction") during the past 3 financial years ended 31 December 2005.

Such Recurrent Transactions were negotiated on and agreed at arm's length basis, normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of our minority shareholders. The Recurrent Transactions for the past 3 financial years ended 31 December 2005 are as follows:-

Transacting parties	Interested related parties	Nature of transactions	¹ Value of transaction		
			FY2003 RM'000	FY2004 RM'000	FY2005 RM'000
Computers Systems Advisers (M) Berhad	Yong Kar Seng Peter, common director and shareholder	Provision of IT hardware and software	-	3,160	1,413
Jobstreet Corporation Berhad	Datuk Ali bin Abdul Kadir, common director	Recruitment advertisement	-	-	2

1. *Aggregate value of transactions for the particular financial year since the dates of appointments as Directors for the respective Directors concerned.*

In addition, we have existing current accounts with Maybank for which one of our Directors, Datuk Zainun Aishah Binti Ahmad, is also a director of that bank.

To safeguard our interest and to avoid a potential conflict of interest situation, our Audit Committee will, amongst others, monitor any transaction which we have entered into with our Directors or substantial shareholders and/or persons connected with them and ensure that any Recurrent Transaction is entered into and agreed at arm's length basis, normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of our minority shareholders.

9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

9.2 INTEREST IN SIMILAR BUSINESS

Save as disclosed below, as at the Latest Practicable Date, none of our Directors and direct substantial shareholders or our subsidiaries has any interest, direct or indirect, in any business or corporations carrying on a similar trade as our Group.

Name	Name of Company	Principal activities	Equity interest (%)	
			Direct	Indirect
Yong Kar Seng Peter	Computers Systems Advisers (M) Berhad	Investment holding, installation, field services, engineering support activities for products and solutions marketed, provision of systems integration, software and information services, IT outsourcing, e-business and related professional and consulting services.	3.94	¹ 8.09

1. *Deemed interested by virtue of his spouse's shareholding in Computers Systems Advisers (M) Berhad.*

9.3 OTHER TRANSACTIONS

9.3.1 There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party in respect of the past 3 financial years ended 31 December 2005.

9.3.2 There are no outstanding loans (including guarantees of any kind) made by us to or for the benefit of a related party in respect of the past 3 financial years ended 31 December 2005.

9.3.3 Save as disclosed in Section 9.1 of this Prospectus, none of our Directors or substantial shareholders has any interest in any contract or arrangement, which is significant in relation to our business taken as a whole subsisting at the date of this Prospectus.

9.3.4 Save as disclosed below, none of our Directors or substantial shareholders has any interest, direct or indirect, in the promotion of or in any material assets which have been, within the past 3 financial years ended 31 December 2005, acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to us:-

- (i) the material contracts disclosed in Sections 15.5 of this Prospectus; and
- (ii) the related party transactions disclosed in Section 9.1 of this Prospectus.

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9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

9.4 DECLARATIONS BY THE ADVISERS

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

Notwithstanding the above, as at the date of this Prospectus, MIMB wishes to highlight the following relationship between EON Bank Berhad (“EBB”), the holding company of MIMB, and our Group:-

- (i) EBB had extended share financing facilities totalling RM3.0 million in aggregate to our Executive Directors, namely, Phong Hon Voon, Wong Kim Ming and David Hii Chin Yun. As at the Latest Practicable Date, the outstanding balance of the said credit facilities is approximately RM2.9 million in aggregate.
- (ii) We have an on-going project with EBB with a contract value of about RM0.5 million and existing maintenance contracts totalling approximately RM1.2 million (about 7.5% in aggregate of our total forecast revenue for FY2006).

The relationship between EBB and our Group does not give rise to a material conflict of interest situation due to the following reasons:-

- (aa) MIMB is required to comply with strict and regulated policies and guidelines issued by the relevant authorities such as the SC and Bank Negara Malaysia. Despite having some common directors, MIMB and EBB are managed by their own management teams. The directors of MIMB do not interfere with the daily operational matters of MIMB as the day-to-day operations of MIMB are led by its Chief Executive Officer and senior management team.
- (bb) MIMB’s role as the Adviser for the Listing has been carried out professionally and objectively in accordance with the relevant terms of the due diligence planning memorandum. The due diligence processes and the verification exercises (which were participated by our Directors and senior management, the Reporting Accountants, the Solicitors, the Independent Market Research Consultant, MIMB and other relevant advisers) have been duly undertaken and performed in relation to the preparation of relevant documents relating to our Listing.
- (cc) MIMB does not receive or derive any financial interest or benefit from the Listing other than the normal advisory fee, underwriting commission and placement fee charged.
- (b) Messrs. Cheang and Ariff has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Solicitors for the Listing.
- (c) Messrs. Deloitte & Touche has given its written confirmation that there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for the Listing.
- (d) Financial Insights (Asia Pacific) Pte Ltd has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Independent Market Research Consultant for the Listing.

9. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

- (e) AmMerchant Bank Berhad has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Sub Placement Agent for the Listing.
- (f) Hwang-DBS Securities Berhad has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Sub Placement Agent for the Listing.

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10. FINANCIAL INFORMATION

10.1 PROFORMA CONSOLIDATED INCOME STATEMENTS

The following table is a summary of our proforma consolidated income statements for the past 3 financial years ended 31 December 2005 which was prepared on the assumption that our Group has been in existence throughout the periods under review. The proforma consolidated income statements are prepared for illustrative purpose only and should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' letter on our proforma consolidated income statements as set in Section 10.4 of this Prospectus.

	*Proforma Group		**Group
	FY2003	FY2004	FY2005
	RM'000	RM'000	RM'000
Revenue	8,932	18,293	19,820
Gross Profit	5,140	7,813	9,424
EBITDA	2,958	4,802	6,282
Interest expense	(6)	(8)	-
Depreciation	(285)	(248)	(237)
Amortisation	(813)	(1,124)	(602)
PBT	1,854	3,422	5,443
Taxation	(552)	(396)	(431)
PAT	1,302	3,026	5,012
No. of Shares assumed to be in issue ('000)	115,406	115,406	115,406
Gross profit margin (%)	57.5	42.7	47.5
PBT margin (%)	20.8	18.7	27.5
PAT margin (%)	14.6	16.5	25.3
Gross EPS (sen)	1.6	3.0	4.7
Net EPS (sen)	1.1	2.6	4.3
Gross dividend (%)	10.23	9.9	-

Notes:-

* Our proforma consolidated income statements for the past 2 financial years ended 31 December 2003 and 2004 are prepared for illustrative purpose only and on the assumption that the acquisitions of MSSB and MWSB (our wholly-owned subsidiaries) by our Company was completed on 1 January 2003. The actual date of completion of the acquisitions of MSSB and MWSB was 23 April 2004.

** Our consolidated income statement for the financial year ended 31 December 2005 is prepared based on our audited financial statements for FY2005.

10. FINANCIAL INFORMATION

Notes (cont'd):-

- (a) The number of our Shares assumed to be in issue throughout the periods under review is based on our issued and paid-up share capital before the Public Issue of 115,406,000 Shares.
- (b) There were no exceptional or extraordinary items throughout the periods under review.
- (c) The gross EPS and net EPS of our Group are calculated by dividing the PBT and PAT respectively by the number of our Shares assumed to be in issue.
- (d) Our proforma consolidated income statements have been prepared in compliance with applicable approved accounting standards in Malaysia.
- (e) Our proforma consolidated income statements have been prepared for illustrative purpose only and are based on the audited financial statements of all companies within our Group after making such adjustments considered necessary and on the assumption that our Group had been in existence throughout the periods under review.
- (f) Our proforma consolidated income statements have been presented on a basis consistent with the accounting policies adopted by our Group in the preparation of our audited financial statements throughout the periods under review.
- (g) The audited financial statements of MSB, MSSB and MWSB for the past 3 financial years under review were reported without any audit qualifications.

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10. FINANCIAL INFORMATION

10.2 CONSOLIDATED CASHFLOW STATEMENT

The table below sets out our consolidated cashflow statement for the financial year ended 31 December 2005 which is prepared based on our audited financial statements for the financial year ended 31 December 2005.

	RM'000
CASHFLOWS FROM OPERATING ACTIVITIES	
Receipts from Clients	21,465
Payments to suppliers and employees	(16,280)
Payments of income tax expense	(353)
Net Cashflows From Operating Activities	<u>4,832</u>
CASHFLOWS USED IN INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(426)
Proceeds from disposal of property, plant and equipment	8
Software development expenditure incurred	(1,596)
Interest received	94
Net Cashflows Used In Investing Activities	<u>(1,920)</u>
CASHFLOWS FROM FINANCING ACTIVITIES	
	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,912
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4,609
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>7,521</u></u>

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10. FINANCIAL INFORMATION

10.3 PROFORMA CONSOLIDATED BALANCE SHEETS / STATEMENT OF ASSETS AND LIABILITIES

The summary of our proforma consolidated balance sheets / statement of assets and liabilities as at 31 December 2005 as set out below are provided for illustrative purpose only to show the effects of Listing Scheme and ESOS and on the assumption that these transactions were completed on 31 December 2005, and should be read in conjunction with the appropriate notes and assumptions included in the Reporting Accountants' letter on our proforma consolidated balance sheets as set in Section 10.4 of this Prospectus.

	Audited as at 31 December 2005 RM'000	Proforma 1 After Conversion of RCPS RM'000	Proforma 2 After Proforma 1 and Restricted Issue RM'000	Proforma 3 After Proforma 2 and Share Split RM'000	Proforma 4 After Proforma 3 and Bonus Issue RM'000	Proforma 5 After Proforma 4 and Public Issue RM'000	Proforma 6 After Proforma 5 and ESOS RM'000
Property, plant and equipment	689	689	689	689	689	689	689
Software development expenditure	3,334	3,334	3,334	3,334	3,334	3,334	3,334
Goodwill on consolidation	2,818	2,818	2,818	2,818	2,818	2,818	2,818
Current assets							
Trade receivables	3,603	3,603	3,603	3,603	3,603	3,603	3,603
Other receivables and prepaid expenses	1,054	1,054	1,054	1,054	1,054	1,054	1,054
Amount due from contract customers	1,541	1,541	1,541	1,541	1,541	1,541	1,541
Cash and bank balances	7,521	7,521	8,881	8,881	8,881	13,261	19,504
	13,719	13,719	15,079	15,079	15,079	19,459	25,702
Current liabilities							
Trade payables	478	478	478	478	478	478	478
Other payables and accrued expenses	615	615	615	615	615	615	615
Deferred maintenance income	1,658	1,658	1,658	1,658	1,658	1,658	1,658
Tax liabilities	1	1	1	1	1	1	1
	2,752	2,752	2,752	2,752	2,752	2,752	2,752
Net current assets	10,967	10,967	12,327	12,327	12,327	16,707	22,950
Deferred tax liabilities	(519)	(519)	(519)	(519)	(519)	(519)	(519)
	17,289	17,289	18,649	18,649	18,649	23,029	29,272

10. FINANCIAL INFORMATION

	Audited as at 31 December 2005 RM'000	Proforma 1 After Conversion of RCPS RM'000	Proforma 2 After and Restricted Issue RM'000	Proforma 3 After and Share Split RM'000	Proforma 4 After and Bonus Issue RM'000	Proforma 5 After and Public Issue RM'000	Proforma 6 After and ESOS RM'000
Issued capital							
- Ordinary shares	660	1,100	1,215	1,215	11,541	12,741	14,015
- RCPS	440	-	-	-	-	-	-
Unappropriated profit	8,289	8,289	8,289	8,289	7,108	7,108	7,108
Share premium	7,900	7,900	9,145	9,145	-	3,180	8,149
Shareholders' equity	<u>17,289</u>	<u>17,289</u>	<u>18,649</u>	<u>18,649</u>	<u>18,649</u>	<u>23,029</u>	<u>29,272</u>
NTA	<u>11,137</u>	<u>11,137</u>	<u>12,497</u>	<u>12,497</u>	<u>12,497</u>	<u>16,877</u>	<u>23,120</u>
No. of ordinary shares of RM1.00 each ('000)	<u>660</u>	<u>1,100</u>	<u>1,215</u>				
No. of Shares ('000)				<u>12,148</u>	<u>115,406</u>	<u>127,406</u>	<u>140,146</u>
NTA per ordinary share of RM1.00 each (RM)	<u>16.87</u>	<u>10.12</u>	<u>10.29</u>				
NTA per Share (RM)				<u>1.03</u>	<u>0.11</u>	<u>0.13</u>	<u>0.16</u>

Notes to our Proforma Consolidated Balance Sheets / statement of assets and liabilities

1. Our proforma consolidated balance sheets / statement of assets and liabilities have been prepared based on the audited financial statements of our Group for FY2005 and the accounting policies consistent with those adopted in the preparation of our statutory financial statements. Our proforma consolidated balance sheets / statement of assets and liabilities are prepared for illustrative purpose only to reflect the effects on our financial position as of 31 December 2005 had the following been completed on the same date:-
 - (i) Conversion of 440,000 RCPS into 440,000 ordinary shares of RM1.00 each in our Company;
 - (ii) Restricted issue of 114,800 new ordinary shares of RM1.00 each in our Company to certain Directors, key employees and Promoters of our Group and an investor for a total gross proceeds of RM1,360,160;
 - (iii) Splitting of our issued and paid-up share capital involving the sub-division of 1,214,800 ordinary shares of RM1.00 each to 12,148,000 ordinary shares of RM0.10 each;
 - (iv) Bonus issue of 103,258,000 new Shares on the basis of 8.5 new Shares for every existing 1 Share held by our existing shareholders by way of capitalisation of share premium and unappropriated profit totalling RM10,325,800 in aggregate;

10. FINANCIAL INFORMATION

- (v) Public issue of 12,000,000 new Shares at the Issue Price payable in full upon application comprising:-
 - (a) 7,000,000 new MSB Shares by way of private placement to the identified investors;
 - (b) 3,000,000 new MSB Shares will be made available for application by Malaysian public; and
 - (c) 2,000,000 new MSB Shares will be made available for application by our eligible Directors, employees and/or persons who have contributed to our success,
 - (vi) Establishment by MIBSSB (one of our Promoters and substantial shareholders) of the EES by allocating up to 11,844,600 of its existing MSB Shares to the Eligible EES Executives;
 - (vii) Listing of and quotation for our entire enlarged issued and paid-up share capital, comprising 127,406,000 Shares on the MESDAQ Market; and
 - (viii) Full exercise of 12,740,600 ESOS Options by our eligible Directors and employees pursuant to the ESOS at an exercise price of RM0.49 per Share.
2. Our proforma consolidated balance sheets / statement of assets and liabilities have been prepared based on the assumptions that the Conversion of RCPS, Restricted Issue, Share Split, Bonus Issue, Public Issue and ESOS had taken place on 31 December 2005 as follows:-

Proforma 1

Proforma 1 incorporates the Conversion of RCPS.

Proforma 2

Proforma 2 incorporates Proforma 1 and the Restricted Issue.

Proforma 3

Proforma 3 incorporates Proforma 2 and the Share Split.

Proforma 4

Proforma 4 incorporates Proforma 3 and the Bonus Issue.

Proforma 5

Proforma 5 incorporates Proforma 4 and the Public Issue (net of estimated listing expenses).

10. FINANCIAL INFORMATION

Proforma 6

Proforma 6 incorporates Proforma 5 and the full exercise of ESOS Options under the ESOS at an exercise price of RM0.49 per share.

3. The gross proceeds from the Restricted Issue and Public Issue amounting to RM1,360,160 and RM5,880,000 respectively and will be utilised in the following manner:-

	RM
R&D expenditure	2,224,800
Working capital requirements for our Group	3,515,360
Estimated listing expenses	1,500,000
	<u>7,240,160</u>

The estimated listing expenses will be set-off against share premium account.

4. The movements in the issued and paid-up share capital, unappropriated profit and share premium of our Group are as follows:-

	Share Capital		Unappropriated	Share
	Ordinary	RCPS	Profit	Premium
	Shares		RM	RM
	RM	RM		
Per audited financial statements as of 31 December 2005	660,000	440,000	8,288,756	7,900,000
Conversion of RCPS	440,000	(440,000)	-	-
Proforma 1	1,100,000	-	8,288,756	7,900,000
Restricted Issue	114,800	-	-	1,245,360
Proforma 2	1,214,800	-	8,288,756	9,145,360
Share Split	-	-	-	-
Proforma 3	1,214,800	-	8,288,756	9,145,360
Bonus Issue	10,325,800	-	(1,180,440)	(9,145,360)
Proforma 4	11,540,600	-	7,108,316	-
Public Issue	1,200,000	-	-	4,680,000
Estimated listing expenses	-	-	-	(1,500,000)
Proforma 5	12,740,600	-	7,108,316	3,180,000
Full exercise of ESOS Options	1,274,060	-	-	4,968,834
Proforma 6	14,014,660	-	7,108,316	8,148,834

10. FINANCIAL INFORMATION

10.4 REPORTING ACCOUNTANTS' LETTER ON PROFORMA CONSOLIDATED INCOME STATEMENTS AND BALANCE SHEETS

10.4.1 Reporting Accountants' letter on our Proforma Consolidated Income Statements

(Prepared for inclusion in this Prospectus)

Deloitte.

Deloitte & Touche (AF 0834)
Chartered Accountants
Level 19, Uptown 1
1 Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Malaysia

3 May 2006

The Board of Directors
Microlink Solutions Berhad
8th Floor, Bangunan Angkasa Raya
Jalan Ampang
50450 Kuala Lumpur

P. O. Box 10093
50704 Kuala Lumpur
Malaysia

Tel : +60(3) 77236500, 77261833
Fax : +60(3) 77263986, 77268986
myaaa@deloitte.com
www.deloitte.com.my

Dear Sirs,

MICROLINK SOLUTIONS BERHAD ("MSB") AND ITS SUBSIDIARY COMPANIES ("MSB GROUP") PROFORMA CONSOLIDATED INCOME STATEMENTS FOR THE TWO YEARS ENDED 31 DECEMBER 2003 AND 2004

We have reviewed the presentation of the proforma consolidated income statements of the MSB Group for the two years ended 31 December 2003 and 2004, together with the notes and assumptions thereto, prepared for illustrative purposes only, for which the Directors of MSB are solely responsible as set out in the Prospectus to be dated 2 June 2006 in connection with the listing of and quotation for the entire issued and paid-up share capital of MSB on the MESDAQ Market of Bursa Malaysia Securities Berhad which includes the public issue of 12,000,000 new ordinary shares of RM0.10 each in MSB ("MSB Shares") at an issue price of RM0.49 per share payable in full on application comprising:

- (a) 7,000,000 new MSB Shares by way of private placement to the identified investors;
- (b) 3,000,000 new MSB Shares to the Malaysian citizens, companies, co-operatives, societies and institutions; and
- (c) 2,000,000 new MSB Shares to eligible directors, employees and/or persons who have contributed to the success of the MSB Group.

In our opinion:

- (a) the proforma consolidated income statements have been properly prepared:
 - (i) on the basis of preparation as stated hereunder and such basis is consistent with the accounting policies adopted by the MSB Group; and
 - (ii) based on the income statements in the audited financial statements of MSB and its subsidiary companies for the two years ended 31 December 2003 and 2004 which have been prepared in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia; and

10. FINANCIAL INFORMATION

Deloitte & Touche

3 May 2006
Microlink Solutions Berhad
Page No. 2

- (b) each material adjustment made to the information used in the preparation of the proforma consolidated income statements is appropriate for the purpose of preparing the proforma consolidated income statements.

We understand that this report will be used solely for inclusion in the Prospectus in connection with the abovementioned corporate exercise. As such, this report should not be used or referred to, in whole or in part, for any other purposes without our prior written consent.

Yours very truly,



Enclosure

10. FINANCIAL INFORMATION

microlink

a microlink group company

NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED INCOME STATEMENTS OF MICROLINK SOLUTIONS BERHAD ("MSB") AND ITS SUBSIDIARY COMPANIES ("MSB GROUP")

The proforma consolidated income statements have been presented on the following bases:

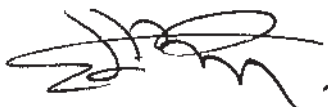
1. The MSB Group, which consists of MSB, Microlink Systems Sdn Bhd ("MSSB") and Microlink Worldwide Sdn Bhd ("MWSB"), was formed during the financial year ended 31 December 2004 following the completion of the acquisition of MSSB and MWSB by MSB on 23 April 2004.

The proforma consolidated income statements for the two years ended 31 December 2003 and 2004 are prepared for illustrative purposes only on the assumption that the MSB Group had been in existence since 1 January 2003.

No proforma consolidated income statement for the year ended 31 December 2005 has been presented as the MSB Group has been in existence throughout the entire financial year. The consolidated income statement of the MSB Group for the year ended 31 December 2005, based on the audited financial statements of the MSB Group, has been presented on page 11 of the Accountants' Report.

2. The proforma consolidated income statements of the MSB Group have been prepared based on the accounting policies consistent with those previously adopted in the preparation of the statutory financial statements of the MSB Group. The proforma consolidated income statements are prepared for illustrative purposes only to reflect the effects on the financial results of the MSB Group for the two years ended 31 December 2003 and 2004 had the acquisition of MSSB and MWSB by MSB been completed on 1 January 2003.
3. The proforma consolidated income statements have been prepared based on:
 - (i) The income statements in the audited financial statements of MSB, MSSB and MWSB for the year/period ended 31 December 2003 and 2004 which have been prepared in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia; and
 - (ii) Assumption that the acquisition of MSSB and MWSB by MSB had been completed on 1 January 2003.

On behalf of the Board of Directors,



PHONG HON VOON
Chief Executive Officer and Executive Director

Integrated banking

Islamic banking

Innovative banking



Microlink Solutions Berhad (620782-P)
(formerly known as M-Cape Holdings Sdn Bhd)
8F, Bangunan Angkasa Raya, Jln Ampang
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Fax: +60(3) 2141 7600
<http://www.microlink.com.my>

10. FINANCIAL INFORMATION

PROFORMA CONSOLIDATED INCOME STATEMENTS OF THE MSB GROUP FOR THE TWO YEARS ENDED 31 DECEMBER 2003 AND 2004, TOGETHER WITH THE NOTES AND ASSUMPTIONS THERETO, ARE AS FOLLOWS:

Year Ended 31 December 2003

	Audited RM	Adjustments - Acquisition Of MSSB and MWSB RM	Proforma RM
Revenue	-	8,932,320	8,932,320
Cost of sales	-	(3,792,417)	<u>(3,792,417)</u>
Gross profit	-		5,139,903
Distribution costs	-	(578,831)	(578,831)
Administrative expenses	-	(1,679,789)	(1,679,789)
Other operating expenses	(8,325)	(1,127,517)	(1,135,842)
Other operating income	-	114,023	<u>114,023</u>
Profit/(Loss) from operations	(8,325)		1,859,464
Finance costs	-	(5,584)	<u>(5,584)</u>
Profit/(Loss) before tax	(8,325)		1,853,880
Income tax expense	-	(552,037)	<u>(552,037)</u>
Net profit/(loss) for the year	<u>(8,325)</u>		<u>1,301,843</u>

10. FINANCIAL INFORMATION

Year Ended 31 December 2004

	Audited RM	Adjustments - Acquisition Of MSSB and MWSB RM	Proforma RM
Revenue	3,011,772	15,281,212	18,292,984
Cost of sales	<u>(134,727)</u>	(10,345,097)	<u>(10,479,824)</u>
Gross profit	2,877,045		7,813,160
Distribution costs	-	(303,672)	(303,672)
Administrative expenses	(363,542)	(2,393,296)	(2,756,838)
Other operating expenses	(214,843)	(1,148,246)	(1,363,089)
Other operating income	<u>-</u>	41,283	<u>41,283</u>
Profit from operations	2,298,660		3,430,844
Finance costs	<u>-</u>	(8,214)	<u>(8,214)</u>
Profit before tax	2,298,660		3,422,630
Income tax expense	<u>-</u>	(396,315)	<u>(396,315)</u>
Net profit for the year	<u>2,298,660</u>		<u>3,026,315</u>

10. FINANCIAL INFORMATION

10.4.2 Reporting Accountants' letter on our Proforma Consolidated Balance Sheets

(Prepared for inclusion in this Prospectus)

Deloitte.

3 May 2006

The Board of Directors
Microlink Solutions Berhad
8th Floor, Bangunan Angkasa Raya
Jalan Ampang
50450 Kuala Lumpur

Dear Sirs,

MICROLINK SOLUTIONS BERHAD ("MSB") AND ITS SUBSIDIARY COMPANIES ("MSB GROUP") PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2005

We have reviewed the presentation of the proforma consolidated balance sheets of the MSB Group as at 31 December 2005, together with the notes and assumptions thereto, prepared for illustrative purposes only, for which the Directors of MSB are solely responsible as set out in the Prospectus to be dated 2 June 2006 in connection with the listing of and quotation for the entire issued and paid-up share capital of MSB on the MESDAQ Market of Bursa Malaysia Securities Berhad which includes the public issue of 12,000,000 new ordinary shares of RM0.10 each in MSB ("MSB Shares") at an issue price of RM0.49 per share payable in full on application comprising:

- (a) 7,000,000 new MSB Shares by way of private placement to the identified investors;
- (b) 3,000,000 new MSB Shares to the Malaysian citizens, companies, co-operatives, societies and institutions; and
- (c) 2,000,000 new MSB Shares to eligible directors, employees and/or persons who have contributed to the success of the MSB Group.

In our opinion:

- (a) the proforma consolidated balance sheets have been properly prepared:
 - (i) on the basis of preparation as stated hereunder and such basis is consistent with the accounting policies adopted by the MSB Group; and
 - (ii) based on the balance sheets in the audited financial statements of the MSB Group for the year ended 31 December 2005 which have been prepared in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia; and

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Chartered Accountants
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10. FINANCIAL INFORMATION

Deloitte & Touche

3 May 2006
Microlink Solutions Berhad
Page No. 2

- (b) each material adjustment made to the information used in the preparation of the proforma consolidated balance sheets is appropriate for the purpose of preparing the proforma consolidated balance sheets.

We understand that this report will be used solely for inclusion in the Prospectus in connection with the abovementioned corporate exercise. As such, this report should not be used or referred to, in whole or in part, for any other purposes without our prior written consent.

Yours very truly,

Deloitte & Touche

Enclosure

10. FINANCIAL INFORMATION



a microlink group company

NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF MICROLINK SOLUTIONS BERHAD ("MSB") AND ITS SUBSIDIARY COMPANIES ("MSB GROUP")

The proforma consolidated balance sheets have been presented on the following bases:

1. The proforma consolidated balance sheets of the MSB Group have been prepared based on the accounting policies consistent with those previously adopted in the preparation of the statutory financial statements of the MSB Group. The proforma consolidated balance sheets are prepared for illustrative purposes only to reflect the effects on the financial position of the MSB Group as at 31 December 2005 had the following been completed on that date:
 - (i) Conversion of 440,000 Redeemable Convertible Preference Shares of RM1.00 each ("RCPS") to 440,000 ordinary shares of RM1.00 each ("Conversion");
 - (ii) Restricted issue of 114,800 new ordinary shares of RM1.00 each in MSB to certain directors, key employees and promoters of the MSB Group and an investor for a total gross proceeds of RM1,360,160 ("Restricted Issue");
 - (iii) Splitting of the issued and paid-up share capital of MSB of 1,214,800 ordinary shares of RM1.00 each after the Conversion and Restricted Issue to 12,148,000 ordinary shares of RM0.10 each ("MSB Shares") ("Share Split");
 - (iv) Bonus issue of 103,258,000 new MSB Shares on the basis of eight point five (8.5) new MSB Shares for every existing MSB Share held by way of capitalisation of share premium and unappropriated profit totalling RM10,325,800 ("Bonus Issue");
 - (v) Public issue of 12,000,000 new MSB Shares at an issue price of RM0.49 per MSB Share payable in full on application ("Public Issue") comprising:
 - (a) 7,000,000 new MSB Shares by way of private placement to the identified investors;
 - (b) 3,000,000 new MSB Shares to the Malaysian citizens, companies, co-operatives, societies and institutions; and
 - (c) 2,000,000 new MSB Shares to eligible directors, employees and/or persons who have contributed to the success of the MSB Group.
 - (vi) Establishment by MIBS Systems Sdn Bhd ("MIBSSB"), a promoter and corporate shareholder of MSB, of an Employee Equity Scheme by allocating 11,844,600 MSB Shares from MIBSSB's shareholding in MSB to the eligible employees and directors of the MSB Group;
 - (vii) Listing of and quotation for the entire enlarged issued and paid-up share capital of MSB, comprising 127,406,000 MSB Shares on the MESDAQ Market of Bursa Malaysia Securities Berhad; and
 - (viii) Full exercise of 12,740,600 share options under the Employees' Share Option Scheme ("ESOS") of MSB.

Integrated banking

Islamic banking

Innovative banking



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 (formerly known as M-Cape Holdings Sdn Bhd)
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<http://www.microlink.com.my>

10. FINANCIAL INFORMATION

2. The proforma consolidated balance sheets have been prepared based on:
- (i) The balance sheets in the audited financial statements of the MSB Group for the year ended 31 December 2005 which have been prepared in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia; and
 - (ii) Assumptions that the Conversion, Restricted Issue, Share Split, Bonus Issue, Public Issue and full exercise of options under the ESOS had taken place on 31 December 2005 as follows:

Proforma 1

Proforma 1 incorporates the Conversion.

Proforma 2

Proforma 2 incorporates Proforma 1 and the Restricted Issue.

Proforma 3

Proforma 3 incorporates Proforma 2 and the Share Split.

Proforma 4

Proforma 4 incorporates Proforma 3 and the Bonus Issue.

Proforma 5

Proforma 5 incorporates Proforma 4 and the Public Issue (net of share issue and listing expenses).

Proforma 6

Proforma 6 incorporates Proforma 5 and the full exercise of options under the ESOS at an exercise price of RM0.49 per share.

3. The gross proceeds from the Restricted Issue and Public Issue amounting to RM1,360,160 and RM5,880,000, respectively will be utilised as follows:

	RM
Research and development expenditure	2,224,800
Working capital	3,515,360
Estimated share issue and listing expenses	1,500,000
	<hr/>
	7,240,160
	<hr/>

The estimated share issue and listing expenses will be set-off against share premium account.

10. FINANCIAL INFORMATION

4. The movements in issued and paid-up share capital, unappropriated profit and share premium of the MSB Group are as follows:

	Share Capital		Unappropriated Profit RM	Share Premium RM
	Ordinary Shares RM	RCPS RM		
Per audited financial statements as at 31 December 2005	660,000	440,000	8,288,756	7,900,000
Conversion	<u>440,000</u>	<u>(440,000)</u>	<u>-</u>	<u>-</u>
Proforma 1	1,100,000	-	8,288,756	7,900,000
Restricted Issue	<u>114,800</u>	<u>-</u>	<u>-</u>	<u>1,245,360</u>
Proforma 2	1,214,800	-	8,288,756	9,145,360
Share Split	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Proforma 3	1,214,800	-	8,288,756	9,145,360
Bonus Issue	<u>10,325,800</u>	<u>-</u>	<u>(1,180,440)</u>	<u>(9,145,360)</u>
Proforma 4	11,540,600	-	7,108,316	-
Public Issue	1,200,000	-	-	4,680,000
Share issue and listing expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,500,000)</u>
Proforma 5	12,740,600	-	7,108,316	3,180,000
Full exercise of ESOS	<u>1,274,060</u>	<u>-</u>	<u>-</u>	<u>4,968,834</u>
Proforma 6	<u>14,014,660</u>	<u>-</u>	<u>7,108,316</u>	<u>8,148,834</u>

On behalf of the Board of Directors,



PHONG HON VOON
Chief Executive Officer and Executive Director

10. FINANCIAL INFORMATION

PROFORMA CONSOLIDATED BALANCE SHEETS OF THE MSB GROUP AS AT 31 DECEMBER 2005, TOGETHER WITH THE NOTES AND ASSUMPTIONS THERETO, ARE AS FOLLOWS:

Audited financial statements as at 31 December 2005	Proforma 1		Proforma 2		Proforma 3		Proforma 4		Proforma 5		Proforma 6	
	RM	Adjustments RM	RM	Adjustments RM	RM	Adjustments RM	RM	Adjustments RM	RM	Adjustments RM	RM	Adjustments RM
Property, plant and equipment	688,992		688,992		688,992		688,992		688,992		688,992	
Software development expenditure	3,334,080		3,334,080		3,334,080		3,334,080		3,334,080		3,334,080	
Goodwill on consolidation	2,817,852		2,817,852		2,817,852		2,817,852		2,817,852		2,817,852	
Current Assets												
Trade receivables	3,603,040		3,603,040		3,603,040		3,603,040		3,603,040		3,603,040	
Other receivables and prepaid expenses	1,053,739		1,053,739		1,053,739		1,053,739		1,053,739		1,053,739	
Amount due from contract customers	1,541,116		1,541,116		1,541,116		1,541,116		1,541,116		1,541,116	
Cash and bank balances	7,521,149	1,360,160	8,881,309		8,881,309		8,881,309	4,380,000	13,261,309	6,242,894	19,504,203	
	<u>13,719,044</u>		<u>15,079,204</u>		<u>15,079,204</u>		<u>15,079,204</u>		<u>19,459,204</u>		<u>25,702,098</u>	

(Forward)

10. FINANCIAL INFORMATION

Audited financial statements as at 31 December 2005	Proforma Adjustments 1		Proforma Adjustments 2		Proforma Adjustments 3		Proforma Adjustments 4		Proforma Adjustments 5		Proforma Adjustments 6	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
CURRENT LIABILITIES												
Trade payables	477,958	477,958	477,958	477,958	477,958	477,958	477,958	477,958	477,958	477,958	477,958	477,958
Other payables and accrued expenses	615,036	615,036	615,036	615,036	615,036	615,036	615,036	615,036	615,036	615,036	615,036	615,036
Deferred maintenance income	1,658,443	1,658,443	1,658,443	1,658,443	1,658,443	1,658,443	1,658,443	1,658,443	1,658,443	1,658,443	1,658,443	1,658,443
Tax liabilities	775	775	775	775	775	775	775	775	775	775	775	775
	<u>2,752,212</u>	<u>2,752,212</u>	<u>2,752,212</u>	<u>2,752,212</u>	<u>2,752,212</u>	<u>2,752,212</u>	<u>2,752,212</u>	<u>2,752,212</u>	<u>2,752,212</u>	<u>2,752,212</u>	<u>2,752,212</u>	<u>2,752,212</u>
Net Current Assets	10,966,832	10,966,832	12,326,992	12,326,992	12,326,992	12,326,992	12,326,992	12,326,992	16,706,992	16,706,992	22,949,886	22,949,886

(Forward)

10. FINANCIAL INFORMATION

Audited financial statements as at 31 December 2005	Proforma Adjustments 1		Proforma Adjustments 2		Proforma Adjustments 3		Proforma Adjustments 4		Proforma Adjustments 5		Proforma Adjustments 6	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Deferred Liability												
Deferred tax liabilities	(519,000)	(519,000)	(519,000)	(519,000)	(519,000)	(519,000)	(519,000)	(519,000)	(519,000)	(519,000)	(519,000)	(519,000)
Net Assets	<u>17,288,756</u>	<u>17,288,756</u>	<u>18,648,916</u>	<u>18,648,916</u>	<u>18,648,916</u>	<u>18,648,916</u>	<u>18,648,916</u>	<u>18,648,916</u>	<u>23,028,916</u>	<u>23,028,916</u>	<u>29,271,810</u>	<u>29,271,810</u>
Represented by:												
Issued capital:												
Ordinary shares	660,000	1,100,000	114,800	1,214,800	1,214,800	10,325,800	11,540,600	1,200,000	12,740,600	1,274,060	14,014,660	14,014,660
RCPs	440,000	(440,000)	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	8,288,756	8,288,756	8,288,756	8,288,756	8,288,756	(1,180,440)	7,108,316	7,108,316	7,108,316	7,108,316	7,108,316	7,108,316
Share premium	7,900,000	7,900,000	1,245,360	9,145,360	9,145,360	(9,145,360)	-	3,180,000	3,180,000	4,968,834	8,148,834	8,148,834
Shareholders' Equity	<u>17,288,756</u>	<u>17,288,756</u>	<u>18,648,916</u>	<u>18,648,916</u>	<u>18,648,916</u>	<u>18,648,916</u>	<u>18,648,916</u>	<u>18,648,916</u>	<u>23,028,916</u>	<u>23,028,916</u>	<u>29,271,810</u>	<u>29,271,810</u>
Net tangible assets per ordinary share of:												
RM1.00 each	16.87	10.12	N/A	10.29	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
RM0.10 each	N/A	N/A	1.03	N/A	1.03	0.11	0.11	0.13	0.13	0.13	0.16	0.16

10. FINANCIAL INFORMATION

10.5 MANAGEMENT'S DISCUSSION ON AND ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

The following management's discussion on and analysis of our past financial performances and results of operations should be read in conjunction with our proforma consolidated financial information and the related notes thereon for the past 3 financial years ended 31 December 2005 included in Sections 10.1 to 10.4 of this Prospectus. This discussion and analysis contains data derived from the audited financial statements of our Group as well as forward-looking statements that involve risks and uncertainties. Our results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

As at the Latest Practicable Date, to the best of our knowledge and belief, our financial conditions and operations have not been and are not expected to be affected by any of the following:-

- (a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations other than those disclosed below and in Sections 4.1, and 6 of this Prospectus;
- (b) material commitment for capital expenditure;
- (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations save as disclosed below and in Section 4.2.3 of this Prospectus;
- (d) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our revenue save for those that had been disclosed in this section; and
- (e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of our future financial performance and position other than those disclosed below and in Section 4.1 of this Prospectus.

10.5.1 Overview of our operations

We are principally involved in the provision of IT products and services to the FSI, in particular our flagship product, MiBS application software. Our major source of revenue includes provision of MiBS and other banking software solutions where our IT solutions are typically licensed to our Clients under a turnkey agreement for a one-time licence fee payable according to the milestones for the supply, installation, testing and commissioning of the IT software. The turnkey agreement gives our Client a non-exclusive, non-transferable irrevocable perpetual licence to use the IT software. We also provide IT solutions which encompass systems integration, outsourcing, software and hardware sales and other professional services, such as data and system migration and data security access control advice. Our software products comprise modules which may be implemented independently or integrated with other modules as required to meet the specific needs of our Clients.

10. FINANCIAL INFORMATION

For the FY2005, approximately 92% of our total revenue is generated locally. In an effort to broaden our client base and further expand our operations, particularly in the Southeast Asia and Middle East regions, we had set up a representative office in Jakarta, Indonesia and a support centre in Kuwait. Since 2003, we had secured IT solution contracts with Islamic financial institutions in Thailand, Brunei and North Africa through our business partners.

Most of the projects implemented by us generate maintenance contracts upon expiry of the warranty period which is a secured source of recurring income. Such maintenance contracts are renewable for specified periods at the option of our Clients. In addition to project and maintenance incomes, our other sources of income include provision of small scale projects, integration services, ad-hoc projects as well as software and hardware enhancement services.

The principal factors which have affected and are expected to continue to affect our revenue include but not limited to the following:-

- (a) Competition – As an IT solution provider principally involved in the development and provision of software products and services to the FSI, we face intense competition from both local as well as international IT companies. In addition, our ability to compete with our competitors depends upon many factors within and outside our control such as the timing and market acceptance of new products and services, product functionality and reliability, performance, price, client service and support, sales and marketing efforts.
- (b) Our ability to secure new projects/Clients - Our major source of revenue includes provision of MiBS and other banking software solutions, which is on a project basis. Such revenue is non-recurring in nature and hence, our major Clients tend to vary from year to year. Our ability to secure new projects or Clients would depend on, inter-alia, our capability to provide competitive products and services to prospective Clients as well as the effectiveness of our business strategies and future plans.
- (c) Delay in completion of projects – Delay in implementing projects can be due to numerous factors which may include unforeseen circumstances or unanticipated events. Delay may affect our profit margins, result in us incurring additional cost and attract unnecessary legal claims and reputation risk. In addition, such delay may also delay the commencement or our plan for other projects during that year.
- (d) Types of projects secured or to be secured – In general, contract value for projects such as the provision of MiBS application software is higher than that of maintenance or small scale services. As such, the type of projects to be secured may have an impact on our revenue.
- (e) Reliance to the FSI – As we are principally involved in the provision of IT products and services to FSI, our growth is also dependent on the growth of that industry. The prevailing economic conditions, positive or otherwise, may affect the IT expenditure of the respective BFI which could in turn affect our results and operations.

Our cost of revenue includes mainly staff related costs, purchase of IT hardware and software as well as other project related costs. The main factors which have affected and are expected to continue to affect our cost of revenue include our ability to attract and retain our key management personnel as well as our ability to manage and implement projects on a timely and effective manner.

Further discussion of and analysis of our past financial performances and results of operations are set out below.

10. FINANCIAL INFORMATION

10.5.2 Segmental analysis

The following is the segmental analysis of our Group for the past 3 financial years ended 31 December 2005 prepared based on our proforma consolidated income statements on the assumption that our Group has been in existence throughout the periods under review.

Analysis of revenue by companies

Companies	Proforma Group		Group
	FY2003	FY2004	FY2005
	RM'000	RM'000	RM'000
MSB	-	3,012	6,061
MSSB	8,918	18,204	18,039
MWSB	145	199	1,781
	9,063	21,415	25,881
Consolidation adjustments	(131)	(3,122)	(6,061)
Proforma consolidated	8,932	18,293	19,820

Analysis of revenue by local and overseas Clients

Companies	Proforma Group		Group
	FY2003	FY2004	FY2005
	RM'000	RM'000	RM'000
Local	8,918	21,216	24,100
Overseas	145	199	1,781
	9,063	21,415	25,881
Consolidation adjustments	(131)	(3,122)	(6,061)
Proforma consolidated	8,932	18,293	19,820

Analysis of revenue by activities

Companies	Proforma Group		Group
	FY2003	FY2004	FY2005
	RM'000	RM'000	RM'000
Projects	3,825	13,363	14,368
Small scale projects and integration charges	1,657	1,127	3,811
Maintenance income	3,581	5,318	4,759
Software licensing fee	-	1,607	2,943
	9,063	21,415	25,881
Consolidation adjustments	(131)	(3,122)	(6,061)
Proforma consolidated	8,932	18,293	19,820

10. FINANCIAL INFORMATION**Analysis of PAT/(loss after tax) by companies**

Companies	Proforma Group		Group
	FY2003 RM'000	FY2004 RM'000	FY2005 RM'000
MSB	(8)	2,299	4,735
MSSB	1,329	812	467
MWSB	(19)	31	(35)
	1,302	3,142	5,167
Consolidation adjustments	-	(116)	(155)
Proforma consolidated	1,302	3,026	5,012

10.5.3 Other Key Financial Ratios

The table below sets out other key financial ratios for the past 3 financial years ended 31 December 2005 which are provided for illustrative purpose only and are prepared based on our proforma consolidated income statements on the assumption that we have been in existence throughout the periods under review.

	FY2003 RM'000	FY2004 RM'000	FY2005 RM'000
Gross profit margin (%)	57.5	42.7	47.5
PBT margin (%)	20.8	18.7	27.5
PAT margin (%)	14.6	16.5	25.3
Effective tax rate (%)	34.8	12.2	6.5
Current ratio (times)	4.88	2.50	4.98
Gearing (times)	0.001	-	-
Interest cover ratio (times)	333	418	-
After-tax return on shareholders' funds (%)	6.89	24.65	28.99

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10. FINANCIAL INFORMATION

10.5.4 FY2003 vs FY2002

Revenue

Revenue dropped significantly to RM8.9 million from RM17.4 million in FY2002, mainly attributable to lack of new projects secured and lower sales of hardware. Then, the banking industry was cautious in committing IT spendings with majority banks holding back their budgeted IT spendings pending possible mergers between banks and finance companies as encouraged by the Government.

Gross profit and gross profit margin

Our gross profit decreased from approximately RM8.6 million in FY2002 to RM5.1 million in FY2003 in line with the drop in our revenue. However, our gross profit margin has improved to 57.5% (FY2002 : 49.3%) due principally to a maintenance contract secured during the year which provided a higher gross profit margin as compared to projects income.

PBT

The decline in PBT margin to 20.7% (FY2002 : 30.9%) was due to the significant decrease in our revenue outpaced the decrease in certain fixed costs such as depreciation charges and amortisation of software development cost.

PAT

In tandem with the lower PBT coupled with a higher effective tax rate of 34.80% (which was higher than the statutory tax rate as certain expenses were disallowed for taxation purpose), PAT decreased by 66.6% to RM1.3 million (FY2002 : RM3.9 million).

10.5.5 FY2004 vs FY2003

Revenue

Revenue increased by more than 2 folds to RM18.293 million in FY2004 from RM8.9 million in FY2003 with new projects secured from several financial institutions for the supply and maintenance of MiBS applications and other related software solutions.

Gross profit and gross profit margin

Our gross profit increased from approximately RM5.1 million in FY2003 to about RM7.8 million in FY2004 in line with the increase in our revenue. However, our gross profit margin declined to 42.7% (FY2003 : 57.5%) as there were more turnkey projects secured in FY2004 that provided lower gross profit margin as compared to maintenance and small scale projects.

PBT

The decline in PBT margin in FY2004 to 18.7% (FY2003 : 20.7%) was due to larger proportion of our revenue contributed by project income that generally generate lower margin as compared to maintenance and small scale projects.

10. FINANCIAL INFORMATION

PAT

In tandem with the improved gross profit and lower effective tax rate of 12.2% (due to the tax exemptions available under the pioneer status), PAT increased by 130.8% to RM3.0 million (FY2003 : RM1.3 million).

10.5.6 FY2005 vs FY2004

Revenue

The increase in our revenue by approximately RM1.5 million from RM18.3 million in FY2004 to RM19.8 million was mainly due to the commencement of more maintenance contracts during the year.

Gross profit and gross profit margin

Our gross profit increased from RM7.8 million in FY2004 to approximately RM9.4 million in FY2005 due to better contribution from projects income derived from integration work as compared to turnkey projects and more maintenance income resulting in improvement in gross profit margin from 42.7% to 47.6% in FY2004 and FY2005 respectively.

PBT

PBT margin improved from 18.7% in FY2004 to 27.5% in FY2005 mainly due to better gross profit margin as well as lower operating expenses arising from lower amortisation of software development cost due to full amortisation of certain development software in FY2004.

PAT

In tandem with the improved PBT and lower effective tax rate of 6.5% (due to the tax exemptions available under the pioneer status), PAT increased by 66.7% to RM5.0 million (FY2004 : RM3.0 million).

10.5.7 Liquidity and capital resources

Our sources of funds were mainly derived from the net cashflow generated internally from our operations. Based on our consolidated cashflow statement for the financial year ended 31 December 2005, we had cash and cash equivalents of approximately RM7.5 million. Our Board is of the opinion that after taking into account our cashflow position, various banking facilities available and the total gross proceeds to be raised from the Restricted Issue and Public Issue, we would have adequate working capital for our business operations for a period of 12 months from the date of this Prospectus. A brief discussion on our consolidated cashflow statement for FY2005 is set out hereunder.

Net cashflows from the operating activities

The net cashflows generated from our operating activities for the financial year ended 31 December 2005 were mainly attributable to the collections received from our Clients amounting to RM21.5 million against payments to our suppliers and employees amounting to RM16.3 million. In addition, we have paid tax amounting to RM0.4 million during the year.

10. FINANCIAL INFORMATION

Net cashflows used in the investing activities

The net cashflows used in our investing activities for the financial year ended 31 December 2005 were principally due to software development expenditure incurred amounting to RM1.6 million and purchase of computer software and hardware, office equipment and furniture and fittings amounting to RM0.4 million.

In addition, the total gross proceeds arising from the Public Issue and the Restricted Issue of approximately RM7.24 million shall accrue entirely to us and are planned to be utilised within 24 months from the date of our listing on Bursa Securities for R&D expenditure, working capital requirements for our Group as well as to defray any expenses related to the Listing.

10.5.8 Borrowings

As at the date of the Directors' Report, we do not have any outstanding bank borrowing. We have not defaulted on payments of either principal sums and/or interests in respect of any borrowing throughout the past financial year ended 31 December 2005 up to the Latest Practicable Date.

10.5.9 Material Capital Commitments

As at the Latest Practicable Date, we are not aware of any material capital commitments which, upon becoming enforceable, may have material impact on our financial position or business.

10.5.10 Material Litigation and Contingent Liability

As at the Latest Practicable Date, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and we do not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our financial position or business.

As at the date of the Directors' Report, we are not aware of any contingent liabilities which, upon becoming enforceable, may have material impact on our financial position or business.

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10. FINANCIAL INFORMATION

10.6 CONSOLIDATED PROFIT FORECAST

Our Directors forecast that the consolidated PAT for FY2006 will be as follows:-

Financial year ending 31 December 2006		RM'000
Revenue		<u>23,284</u>
Consolidated PBT		6,820
Less: Taxation		(363)
Consolidated PAT		<u>6,457</u>
Weighted average number of MSB Shares in issue after Listing *	('000)	119,710
Net EPS	(sen)	5.39
Net PE Multiple based on the Issue Price	(times)	9.09

* The weighted average number of MSB Shares in issue is computed on the assumption that the Public Issue is completed on 30 June 2006.

The principal bases and assumptions upon which the above consolidated profit forecast have been made are set out in Section 10.7 of this Prospectus (Reporting Accountants' letter on the consolidated profit forecast).

As at the Latest Practicable Date, based on secured and confirmed contracts, approximately 56% of our forecast revenue for FY2006 would be achieved and recognised in our books whilst the remaining 44% of our forecast revenue for FY2006 is expected to be achieved based on the following:-

- (a) Contribution from newly secured contracts; and
- (b) Additional maintenance income generated from completed contracts.

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10. FINANCIAL INFORMATION

10.7 REPORTING ACCOUNTANTS' LETTER ON CONSOLIDATED PROFIT FORECAST (Prepared for inclusion in this Prospectus)

Deloitte.

3 May 2006

The Board of Directors
Microlink Solutions Berhad
8th Floor, Bangunan Angkasa Raya
Jalan Ampang
50450 Kuala Lumpur

Dear Sirs,

MICROLINK SOLUTIONS BERHAD ("MSB") CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2006

We have reviewed the consolidated profit forecast of MSB and its subsidiary companies ("MSB Group"), for which the Directors of MSB are solely responsible, for the financial year ending 31 December 2006, as set out in the prospectus to be dated 2 June 2006 in accordance with the Malaysian Approved Standards on Auditing, AI 810 applicable to the review of forecasts. The forecast has been prepared in connection with the listing of and quotation for the entire issued and paid-up share capital of MSB, comprising 127,406,000 ordinary shares of RM0.10 each ("MSB Shares") on the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities") which includes the public issue of 12,000,000 new MSB Shares at an issue price of RM0.49 per MSB Share payable in full on application comprising:

- (a) 7,000,000 new MSB Shares by way of private placement to the identified investors;
- (b) 3,000,000 new MSB Shares to the Malaysian citizens, companies, co-operatives, societies and institutions; and
- (c) 2,000,000 new MSB Shares to eligible directors, employees and/or persons who have contributed to the success of the MSB Group.

Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit forecast, in all material respects, is properly prepared on the basis of the assumptions made by the directors and its presented on a basis consistent with the accounting policies adopted by the MSB Group. The Directors of MSB are solely responsible for the preparation and presentation of the forecast and assumptions on which the forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

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10. FINANCIAL INFORMATION

Deloitte & Touche

3 May 2006
Microlink Solutions Berhad
Page No. 2

Subject to the matters stated in the preceding paragraphs:

- (i) Nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- (ii) In our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted by the MSB Group.

We understand that this report will be used solely for inclusion in the Prospectus in connection with the abovementioned corporate exercise. As such, this report should not be used for any other purposes without our prior written consent.

Yours very truly,



Enclosure

10. FINANCIAL INFORMATION



a microlink group company

MICROLINK SOLUTIONS BERHAD ("MSB") CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2006

On the bases and assumptions set out below, the Board of Directors of MSB forecasts that the consolidated profit of MSB and its subsidiary companies ("MSB Group") for the financial year ending 31 December 2006 will be as follows:

	RM
Revenue	<u>23,283,922</u>
Profit before tax	6,820,690
Income tax expense	<u>(363,396)</u>
Profit after tax	<u>6,457,294</u>
Weighted average number of ordinary shares of RM0.10 each in issue	<u>119,709,792</u>
Net earnings per share (sen)	<u>5.39</u>

Principal Bases and Assumptions

The principal bases and assumptions upon which the consolidated profit forecast has been prepared are as follows:

1. The following transactions are expected to be completed on 30 June 2006:
 - (i) Public issue of 12,000,000 new MSB Shares at an issue price of RM0.49 per MSB Share payable in full on application comprising:
 - (a) 7,000,000 new MSB Shares by way of private placement to the identified investors;
 - (b) 3,000,000 new MSB Shares to the Malaysian citizens, companies, co-operatives, societies and institutions; and
 - (c) 2,000,000 new MSB Shares to eligible directors, employees and/or persons who have contributed to the success of the MSB Group; and
 - (ii) Listing of and quotation for the entire enlarged issued and paid-up share capital of MSB, comprising 127,406,000 MSB Shares on the MESDAQ Market of Bursa Malaysia Securities Berhad.
2. The proposed employees' share option scheme ("ESOS") will not have significant dilutive effect on the net earnings per share of the MSB Group.

Integrated banking

Islamic banking

Innovative banking

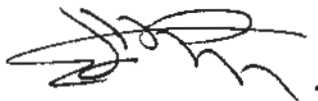


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10. FINANCIAL INFORMATION

3. There will be no significant changes in the prevailing economic and political conditions in Malaysia and elsewhere that may directly or indirectly affect the activities or performance of the MSB Group and the business of the MSB Group's major customers and suppliers.
4. There will be no material changes in present legislation and government regulations, including taxation and guidelines of regulatory authorities which will affect the MSB Group's activities or the markets in which the MSB Group operates.
5. Inflation rates will remain at current levels and there will not be any material fluctuation in prevailing exchange rates of foreign currencies against Ringgit Malaysia ("RM").
6. There will be no major industrial disputes or any abnormal factors or changes, both domestic and overseas, which will adversely affect the MSB Group's operations.
7. There will be no significant changes in the principal activities, management structure and accounting policies presently being adopted by the MSB Group.
8. The MSB Group will continue to attract and retain key personnel to sustain its operations and growth.
9. The capital expenditure programs will be implemented, incurred and paid as planned with no material changes in the expected cost of assets to be acquired. There will not be any major additions to property, plant and equipment other than those planned.
10. There will be no significant impairment in the carrying amount of assets held by the MSB Group.
11. There will be no material deviation from revenue and net profit margin forecasted and the MSB Group will be able to secure projects from customers as planned. Included in the revenue of the MSB Group for the financial year ending 31 December 2006 is an amount of RM10,220,326 expected to be generated from projects which have not been secured.
12. There will be no material deviation from the cost of sales forecasted.
13. All sales are assumed to be collectible and no allowance for doubtful debts is necessary.
14. There will be no material claims from its customers for damages and no provision for loss arising from such claims is necessary.

Signed on behalf of the Board of Directors,



PHONG HON VOON
Chief Executive Officer and Executive Director

10. FINANCIAL INFORMATION

10.8 DIRECTORS' COMMENTS ON THE CONSOLIDATED PROFIT FORECAST

Our Directors have reviewed and analysed the bases and assumptions used in arriving at the consolidated profit forecast for FY2006 and are of the opinion that our consolidated profit forecast is fair and reasonable in light of the future prospects of the IT industry as well as the FSI in which we operate in and after taking into consideration our competitive strengths, future plans and prospects as well as our forecast liquidity and working capital requirements.

10.9 DIVIDEND FORECAST

It is our policy to recommend dividends to allow shareholders to participate in our profits as well as to leave adequate reserves for our future growth. In determining the size of any dividend recommendation, we will take into consideration a number of factors including but not limited to our financial performance, cashflow requirements, availability of distributable reserves and tax credits, future expansion plans and compliance with regulatory requirements.

Notwithstanding the above, we have full discretion not to propose any future dividend payment as and when deemed necessary, if it is in our best interest. Our intended appropriation of dividend from the consolidated forecast PAT for FY2006 is as follows:-

Financial year ending 31 December 2006

Tax-exempt dividend per Share ¹ (sen)	1.5
Dividend yield based on the Issue Price (%)	3.06
Net dividend cover ² (times)	3.38

Notes:-

1. Based on our enlarged issued and paid-up share capital upon Listing comprising 127,406,000 Shares.
2. Computed based on our consolidated forecast PAT over the net dividend.

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