

5. INFORMATION ON THE ISS GROUP

5.1 HISTORY AND BUSINESS

ISS was incorporated in Malaysia on 15 December 2004 under the Act as a private limited company under the name of ISS Consulting Solutions Sdn Bhd. It was converted into a public limited company on 3 March 2005.

The Company was established to be the investment holding company of the ISS Group in conjunction with the listing of ISS on the MESDAQ Market. The principal activities of its subsidiary companies are as follows:

Name	Date/ Country of Incorporation	Effective Equity Interest %	Issued and Paid- up Share Capital	Principal Activities
ISS Malaysia	15.09.1997/ Malaysia	100.00	RM106,389	Provision of integrated technology software solutions.
ISS Singapore	24.10.1998/ Singapore	100.00	¹ SGD50,000	Advisers and consultants of computer software and systems, software utilities, data processing methods, techniques and tabulating services and information systems.
ISS Thailand	18.11.1999/ Thailand	+ 49.00	² * THB5,000,000	Advisers and consultants of computer software and systems.
ISS Indonesia	10.08.2000/ Indonesia	100.00	³ Rp225,000,000	Provision of services in the field of computer techniques and e-commerce such as hardware consulting services, software consulting services, project workshop, computer and management training, effort technique and quality computer products.

Notes:

¹ Equivalent to RM113,500 based on an exchange rate of approximately SGD1.00:RM2.27 as at 31 December 2005.

² Equivalent to RM469,500 based on an exchange rate of approximately THB100:RM9.39 as at 31 December 2005.

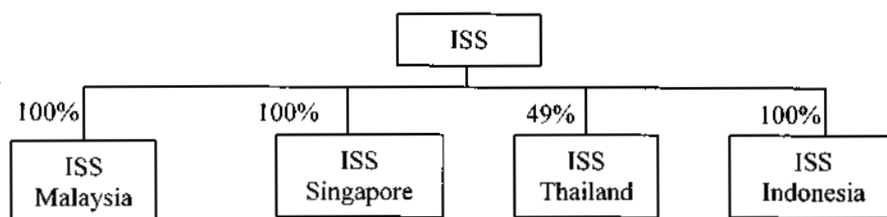
³ Equivalent to RM87,750 based on an exchange rate of approximately Rp100:RM0.039 as at 31 December 2005.

* Comprises THB2,550,000 preference shares of THB100 each and THB2,450,000 ordinary shares of THB100 each.

+ In accordance with the Memorandum and Articles of Association of ISS Thailand, one (1) voting right is attached to every one (1) ordinary share and one (1) voting right is attached to every five (5) preference shares. Based on the existing total issued and paid-up share capital of ISS Thailand of 24,500 ordinary shares of THB100 each and 25,500 preference shares of THB100 each, the total voting rights are 29,600 comprising 24,500 voting rights for ordinary shares and 5,100 voting rights for preference shares. ISS holds 24,500 ordinary shares which carry with them 24,500 voting rights or 82.77% of the total voting rights in ISS Thailand. As ISS has control of ISS Thailand, ISS Thailand is consolidated into the Group as a wholly-owned subsidiary.

5. INFORMATION ON THE ISS GROUP (Cont'd)

The Group's corporate structure is as follows:



The business was founded in 1997 with the incorporation of ISS Malaysia by Harald Weinbrecht and Christina Ingeburg Orth for the provision of SAP-related consulting services in Asia. In 2002, ISS Malaysia started development of its Xpress suite applications. In 2003, ISS Malaysia began selling its proprietary Xpress software solutions and started capitalising the R&D costs associated with the development of the Xpress software solutions. ISS Malaysia then specialised in assisting business organisations to achieve improvements in their business processes, including e-commerce, by using SAP-based software as the technology enabler.

ISS Malaysia was granted MSC status on 19 August 1998 by the Malaysian government through MDC, the governing body of MSC. With its MSC status, ISS Malaysia enjoys a wide range of financial and non-financial incentives, including exemption from corporate tax, exemption from exchange control requirements for foreign currency funding and flexible movement of skilled IT professionals from its overseas offices.

ISS Malaysia is based in Kuala Lumpur. In order to cater for the needs of ISS Malaysia's international clientele as well as for ISS Malaysia to effectively tap new geographical markets, ISS Malaysia set up subsidiary companies, namely, ISS Singapore in 1998, ISS Thailand (based in Bangkok) in 1999 and ISS Indonesia (based in Jakarta) in 2000, as well as representative offices in Penang, Malaysia and Beijing, China in 2004.

By setting up subsidiary companies and representative offices, ISS Malaysia managed to create a regional presence for itself in South-East Asia and East Asia. This has proven to be one of the Group's competitive strengths as it has enabled the Group to customise its solutions and services to the local customers' needs, tap local knowledge and expertise and also serve its customers in the various countries in South-East Asia and East Asia.

Presently, the ISS Group is involved in the sale and distribution of its proprietary Xpress suite of products that has been customised to cater to different industries. The ISS Group is also involved in the provision of project management, consulting and programming services, research, design, development, marketing and implementation of products including e-commerce applications as well as proprietary software solutions.

As at the Latest Practicable Date, the Group employs 146 consultants engaged in projects in seven (7) countries, namely Malaysia, Singapore, Thailand, Indonesia, Australia, China and Pakistan.

Set out below are the key achievements/milestones achieved by the Group since its inception:

Year	Event
1997	ISS Malaysia commenced business
1997	ISS Malaysia obtained its first project from American Standard, a Fortune 500 company, to implement SAP software for its South Korean operation
1998	ISS Malaysia was appointed as implementation partner for an SAP project with American Standard in Thailand

5. INFORMATION ON THE ISS GROUP (Cont'd)

Year	Event
1998	ISS Malaysia was accorded with MSC status
1998	ISS Malaysia was officially recognised as a national service partner of SAP Malaysia for the provision of consulting and implementation services for SAP products in Malaysia
1998	ISS Singapore commenced business
1999	ISS Thailand commenced business
1999	ISS Malaysia was appointed to implement SAP software for Wabco Korea Limited
1999	ISS Malaysia was awarded a project to implement a complete ERP solution for several subsidiary companies of P.T. Trakindo Utama, the local distributor of Caterpillar brand of products in Indonesia
2000	ISS Indonesia commenced business
2000	ISS Singapore was officially recognised as a national service partner of SAP Singapore for the provision of consulting and implementation services for SAP products in Singapore
2001	ISS Malaysia was appointed as rollout partner for SAP software to Shandong Weiming Automotive Products Limited and Wabco Japan Inc
2002	ISS Indonesia was officially recognised as a national service partner of SAP Indonesia for the provision of consulting and implementation services for SAP products in Indonesia
2003	ISS Malaysia became SAP Business Partner and Value Added Reseller for SMB companies in Malaysia in recognition of their development of proprietary applications
2003	ISS Malaysia secured its first sale of ChemXpress to Lay Hong Berhad
2003	ISS Singapore became SAP Business Partner and Value Added Reseller for SMB companies in Singapore in recognition of their development of proprietary applications
2004	ISS Singapore secured its first sale of ChemXpress to Trelleborg Hercules Pte Ltd
2004	ISS Indonesia became SAP Business Partner and Value Added Reseller for SMB companies in Indonesia in recognition of their development of proprietary applications
2004	ISS Singapore secured a sale of ChemXpress to MI Holdings Pte Limited, an injection moulding company with manufacturing plants in Singapore and China
2004	Setting up of representative office in Beijing, China
2004	ISS Thailand became SAP Business Partner and Value Added Reseller for SMB companies in Thailand in recognition of their development of proprietary applications
2005	ISS Malaysia was awarded by SAP as the SAP All-in-One Partner Top Business Contributor as well as with the most new name additions for 2004
2005	ISS became certified Value Added Reseller Support Center for Malaysia, Singapore, Thailand and Indonesia by SAP Active Global Support
2005	ISS Indonesia secured its first sale of ChemXpress to PT Socfindo
2006	ISS Malaysia was awarded by SAP as the SAP All-in-One Partner Top Revenue Contributor for most new customers as well as the single largest deal secured for 2005
2006	ISS Thailand secured its first sale of AutoXpress to Dilok and Sons Co.,Ltd

5. INFORMATION ON THE ISS GROUP *(Cont'd)*

5.2 SHARE CAPITAL

As at the date of this Prospectus, the authorised share capital of the Company is RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each, of which RM17,721,309 comprising 177,213,090 ISS Shares have been issued and fully paid-up. Upon completion of the Public Issue, the issued and fully paid-up share capital will increase to RM21,837,709 comprising 218,377,090 ISS Shares. The changes in the issued and paid-up share capital of the Company since incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
15.12.2004	2	1.00	Subscribers' shares	2
24.04.2006	20	0.10	Share split	2
25.05.2006	177,213,070	0.10	Shares issued pursuant to the ISS Malaysia Acquisition	17,721,309

As at the date of this Prospectus, ISS does not have any outstanding warrants, options, convertible securities and uncalled capital.

5.3 LISTING SCHEME

In conjunction with, and as an integral part of the listing and quotation for the entire enlarged issued and paid-up capital of the Company on the MESDAQ Market, the Company undertook a listing scheme which was approved by the SC (and approved under the FIC's Guidelines on the Acquisition of Interest, Mergers and Takeovers by Local and Foreign Interest) on 6 April 2006 and 26 May 2006.

The listing scheme entails the following:

5.3.1 Share Split

On 24 April 2006, ISS undertook a split in the par value of its ordinary shares from RM1.00 to RM0.10.

5.3.2 Acquisitions

(i) ISS Singapore Acquisition

On 11 May 2006, ISS entered into a sale and purchase agreement with ISS Malaysia to acquire the entire equity interest in ISS Singapore comprising 50,000 ordinary shares of SGD1.00 each for a cash consideration of RM3,814,202 which has been accounted for as an amount owing to ISS Malaysia in the books of ISS.

The purchase consideration for ISS Singapore was arrived at on a "willing buyer-willing seller" basis after taking into consideration the audited net assets of ISS Singapore for the FYE 31 December 2005 of RM3,814,202.

The ordinary shares in ISS Singapore were acquired free from all liens, pledges, charges, mortgages and other encumbrances whatsoever and with all rights attached to it including dividends, bonus and rights issues declared thereafter.

The ISS Singapore Acquisition was completed on 11 May 2006.

5. INFORMATION ON THE ISS GROUP *(Cont'd)*

(ii) ISS Thailand Acquisition

On 11 May 2006, ISS entered into a sale and purchase agreement with ISS Malaysia to acquire 24,500 ordinary shares of THB100 each representing 49% equity interest in ISS Thailand for a cash consideration of RM542,294 which has been accounted for as an amount owing to ISS Malaysia in the books of ISS.

The purchase consideration for ISS Thailand was arrived at on a “willing buyer-willing seller” basis after taking into consideration the audited net assets of ISS Thailand for the FYE 31 December 2005 of RM542,294.

The ordinary shares in ISS Thailand were acquired free from all liens, pledges, charges, mortgages and other encumbrances whatsoever and with all rights attached to it including dividends, bonus and rights issues declared thereafter.

The ISS Thailand Acquisition was completed on 11 May 2006.

(iii) ISS Indonesia Acquisition

On 11 May 2006, ISS entered into a sale and purchase agreement with ISS Malaysia to acquire 24,999 ordinary shares of Rp9,000 each representing 99.99% equity interest in ISS Indonesia for a cash consideration of RM1 which has been accounted for as an amount owing to ISS Malaysia in the books of ISS.

The purchase consideration for ISS Indonesia was arrived at on a “willing buyer-willing seller” basis after taking into consideration the audited net liabilities of ISS Indonesia for the FYE 31 December 2005 of RM1,308,358.

The ordinary shares in ISS Indonesia were acquired free from all liens, pledges, charges, mortgages and other encumbrances whatsoever and with all rights attached to it including dividends, bonus and rights issues declared thereafter.

The ISS Indonesia Acquisition was completed on 25 May 2006.

(iv) ISS Malaysia Acquisition

On 11 May 2006, ISS entered into a sale and purchase agreement with Harald Weinbrecht, Christina Ingeburg Orth, Gloria Chan Mei Ling, MAVCAP, MTSB, JL Nexus, Tan Sing Hong, Rina Pang May Li, Ngan Teng Ye, Ng Chin Huat, Liew Teow Woon and Leong Chooi Yin to acquire the entire equity interest in ISS Malaysia comprising 106,389 ordinary shares of RM1.00 each for a purchase consideration of RM17,721,307 satisfied by the issue of 177,213,070 new ordinary shares of RM0.10 each in ISS at par.

5. INFORMATION ON THE ISS GROUP (Cont'd)

The vendors and their equity interest in ISS Malaysia and the number of new ISS Shares issued as consideration are as follows:

Name of Vendor	No. of ordinary shares of RM1.00 each held in ISS Malaysia	% held	No. of new ordinary shares of RM0.10 each in ISS issued as consideration
Harald Weinbrecht	46,675	43.87	77,746,949
Christina Ingeburg Orth	16,045	15.08	26,726,294
Gloria Chan Mei Ling	3,209	3.02	5,345,259
MAVCAP	15,416	14.49	25,678,563
MTSB	6,389	6.01	10,642,212
JL Nexus	5,500	5.17	9,161,397
Tan Sing Hong	732	0.69	1,219,299
Rina Pang May Li	3,245	3.05	5,405,224
Ngan Teng Ye	3,122	2.93	5,200,342
Ng Chin Huat	1,945	1.83	3,239,803
Liew Teow Woon	2,100	1.97	3,497,988
Leong Chooi Yin	2,011	1.89	3,349,740
Total	106,389	100.00	177,213,070

The purchase consideration for ISS Malaysia was arrived at on a "willing buyer-willing seller" basis after taking into consideration the audited net assets of ISS Malaysia for the FYE 31 December 2005 of RM14,020,060 and gain on disposal of ISS Singapore, ISS Thailand and ISS Indonesia to ISS of RM3,701,247.

The ordinary shares in ISS Malaysia were acquired free from all liens, pledges, charges, mortgages and other encumbrances whatsoever and with all rights attached to it including dividends, bonus and rights issues declared thereafter.

The ISS Malaysia Acquisition was completed on 25 May 2006.

Rationale

The incorporation of ISS to undertake the Acquisitions above is to create an organisational structure whereby the listed company will be solely an investment holding company with business operations similar to that of the business undertaken at subsidiary level which will facilitate better management and daily operations of the Group.

5.3.3 Waiver of Amount Owning to Directors

The waiver of amount owing to three (3) directors of ISS Malaysia namely, Harald Weinbrecht, Christina Ingeburg Orth and Gloria Chan Mei Ling amounting to an aggregate of RM1,482,448.

5.3.4 Public Issue

In conjunction with the listing of the Company on the MESDAQ Market, the Company will undertake a public issue of 41,164,000 new ISS Shares representing approximately 18.8% of the enlarged issued and paid-up share capital of the Company at an issue price of RM0.41 per share which is the subject of this Prospectus.

5. INFORMATION ON THE ISS GROUP (Cont'd)

5.4 BUSINESS OVERVIEW

5.4.1 Principal Activities

The Group is engaged in providing project management, consulting and programming services primarily related to mySAP products as well as in providing research, design, development, marketing and implementation of SAP-related products. The value-added business solutions include consulting services, technology integration, support services and training. Since 2002, the Group has developed its own proprietary software solutions, which it markets under the Xpress suite of products. Details of proprietary software solutions are set out in Section 5.4.2.1 of this Prospectus.

ISS Malaysia has been certified as a Service Partner since 1998. The recognition is given in the form of co-operation agreement and has been extended to cover ISS Singapore and ISS Indonesia in 2000 and 2002, respectively. In 2003, ISS Malaysia and ISS Singapore became SAP Business Partners followed by ISS Indonesia and ISS Thailand in 2004.

“Founded in 1972, SAP is the recognised leader in providing collaborative business solutions for all types of industries and for every major market. Serving more than 33,200 customers worldwide, SAP is the world's largest business software company and the world's third-largest independent software provider overall. Today, SAP employs more than 36,600 people in more than 50 countries. Headquartered in Walldorf, Germany, SAP AG is listed on several exchanges, including the Frankfurt Stock Exchange and the New York Stock Exchange.”

(Source: www.sap.com)

As set out in Diagram 1 below, the ISS Group has identified four (4) distinct business lines, which complement each other to create synergistic opportunities for the Group's customers.

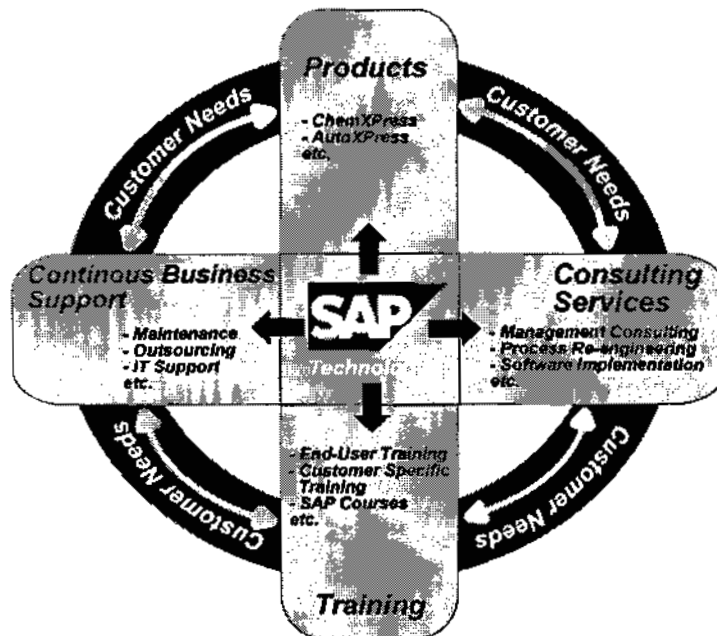


Diagram 1

5. INFORMATION ON THE ISS GROUP (Cont'd)

Each business line concentrates on a unique aspect with the objective of implementing solutions with the aim of achieving business improvements for the Group's customers. The aspects of each of the four (4) business lines are as follows:

- | | |
|-----------------------------|---|
| Products | - Support for the sale of solutions built on SAP platform, such as ChemXpress, AutoXpress, and other Xpress software solution. |
| Consulting Services | - Delivery of value-added services to customers, focusing on business process engineering/change management, software implementation and management consulting. |
| Training | - Improving the knowledge of our customers through delivery of individually tailored training courses, as well as supporting SAP's local training centers with trainers for SAP standard courses. |
| Continuous Business Support | - Assisting customers with constant improvements through outsourcing of IT services, provision of helpdesk and end user support services. |

5.4.2 Products and Services of ISS Group

5.4.2.1 Proprietary Software Solutions

Diagram 2 below illustrates the range of Xpress software solutions built upon the mySAP ERP platform which have been commercialised (i.e. products in which the initial R&D has been fully completed and the products available for industrial sale) as well as being developed by the ISS Group:

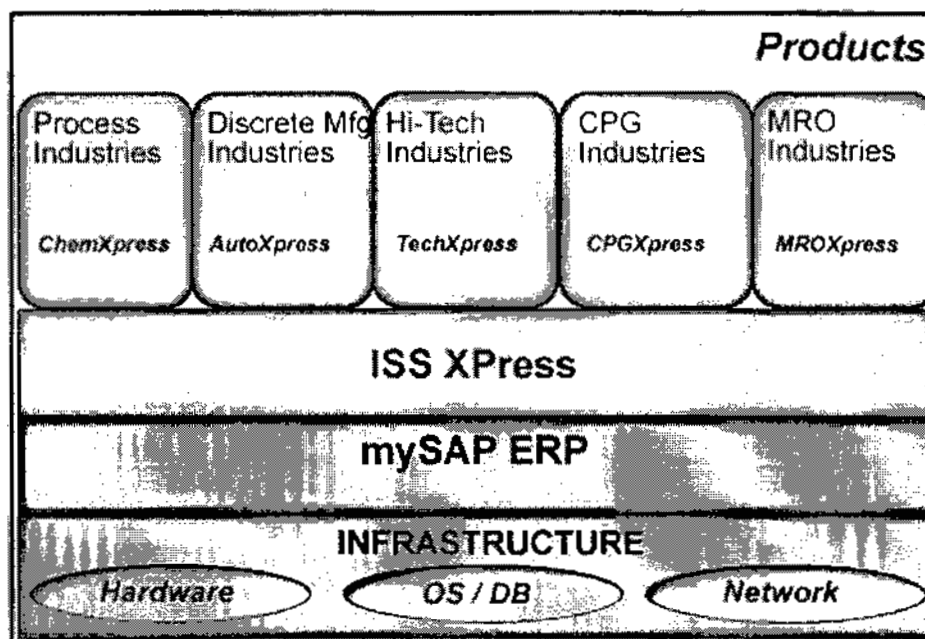


Diagram 2

Note:
OS/DB – Operating System/Database

5. INFORMATION ON THE ISS GROUP (Cont'd)

(i) Software Solutions which have been Commercialised

(a) ChemXpress

ChemXpress is built on best practices for chemical companies engineered around the business processes and scenarios that are specific to the chemical industry. The basic concept of ChemXpress is to provide an integrated solution for chemical companies, ranging from production planning, financial controlling to monitoring of the logistic business processes.

The ChemXpress is offered in three (3) versions – ChemXpress Trade, ChemXpress Production and ChemXpress Production *Pro*. The standard versions are sold with user licences supporting ten (10), twenty (20) and twenty-five (25) users with flexibility for customers to add on user licences as and when required.

ChemXpress Trade provides a general ledger, accounts payable and accounts receivable; profitability analyses, inventory management, procurement and sales and distribution tools.

ChemXpress Production has additional features that cover overhead cost accounting, production planning and costing as well as quality management.

ChemXpress Production Pro offers additional asset accounting tools and plant maintenance tools.

The salient benefits of employing ChemXpress are as follows:

- Utilisation of best business practices of Fortune 500 chemical companies at an affordable price for small and medium-sized businesses;
- Achievement of accurate “*Available-to-Promise*” capability for chemical trading and manufacturing companies. This means that businesses can deliver their product or service according to their customer’s expectations;
- Capability for detailed product cost analysis for process-oriented companies which allows cost management and control for blending, refining and mixing of chemicals;
- Batch traceability and shelf-life control for each material throughout the production process, supported by in-built quality management and control capabilities;
- Support for chemical specific business processes, such as blending, bulk break and repackaging, tank trailer processing and hazardous materials control; and
- Integration capability for bar-coding, Radio Frequency Identification, Laboratory Information Management System and other third party solutions for seamless information flow across the value chain.

(b) AutoXpress

AutoXpress is built on best practices for automotive companies, specifically catering for the requirements of first and second tier automotive suppliers as well as dealers for vehicles. AutoXpress is offered in two (2) versions – AutoXpress Dealer and AutoXpress Supplier. The standard versions are also sold with user licences supporting ten (10), twenty (20) and twenty-five (25) users with the option to add on user licences as and when required.

AutoXpress Dealer provides functionalities required by dealers of automotive or motorcycle vehicles. It includes functionalities such as financial accounting, cost controlling, sales, distribution and CRM.

5. INFORMATION ON THE ISS GROUP (Cont'd)

AutoXpress Supplier provides functionalities required for first tier and second tier suppliers to automotive original equipment manufacturer. Such functionalities includes just-in-time ("JIT") manufacturing, scheduling agreements as well as financial management, cost controlling, inventory and procurement.

The salient benefits of AutoXpress are as follows:

- Provision of user-friendly manufacturing control to automotive suppliers, which caters specifically for the needs of repetitive and JIT manufacturing;
- Inclusion of "Kanban" technology (a primary tool for JIT systems to maintain an orderly and efficient material flow throughout the entire manufacturing process), with built-in capabilities to integrate with third party barcode providers;
- Automotive dealers and workshop companies will have comprehensive tracking capability for every vehicle and have the complete history of a vehicle. This provides opportunities to improve the service to customers, and contributes to top-line growth; and
- Detailed cost control for manufacturing (AutoXpress Supplier) as well as repair and maintenance activities (AutoXpress Dealer) allows management and improvement of profitability.

(ii) Proposed New Software Solutions being Developed and the Status of Developments

The ISS Group proposed new software solutions are CPGXpress, TechXpress and MROXpress which are currently being developed and will be progressively rolled out in the near future. The status of developments of these proposed new software solutions are set out in Section 5.4.10(iii) of this Prospectus.

5.4.2.2 Consulting Services

The Group's consulting services mainly focus on the implementation of SAP software and related e-business software. The consulting services provided are aimed at helping customers to develop better business strategies based on streamlined processes and proven best practices. In summary, the Group strives to develop an IT strategy that is tailored precisely to each customer's existing and potential business requirements. The Group has always given its best effort to deliver practical cost-effective enterprise solutions to customers in a short time frame. This enables customers to achieve a return on their investment in SAP solutions.

The scope of the Group's consulting services can be categorised as follows:

(a) IT Strategy Consulting

The implementation of SAP software and related e-business software require the customer to establish a properly defined internal infrastructure. ISS has established a framework which describes potential processes for internal helpdesk operations, service catering for future growth through strategic development of IT tools and software. ISS also assists customers to develop long-term IT strategies and to design the IT landscape capable of supporting customers' business growth.

(b) Management Consulting

As an integral part of its consulting services, ISS provides management consulting services to its customers. ISS assists them to streamline and improve their business processes according to the functionality of SAP software and industry best business practices. ISS also provides management training programmes to end-users to facilitate the acceptance of the new business processes as a result of the implementation of new IT systems.

5. INFORMATION ON THE ISS GROUP (Cont'd)

(c) Feasibility Studies

ISS undertakes feasibility studies to decide which components of SAP software will meet the requirements of customers and how solution can be best deployed. Typically, ISS will advise on the following:

- Which modules of SAP software fits their needs and should be implemented;
- The benefits that can be derived from the implementation;
- What are the implementation considerations;
- The time frame involved and resources required; and
- Defining changes to existing systems.

(d) Implementation

ISS assists companies throughout the life cycle of the implementation of an integrated IT solution. In implementing a project, ISS follows SAP's recommended methodology, ASAP, which can be divided into five (5) phases: project preparation, business blueprint, realisation, final preparation, go live and support.

Phase 1: Project Preparation

In this phase, the project charter is developed which includes objectives and milestones. Key users, process owners and IT members within the customer's organisation are identified and assigned to the project team. The project team, comprising ISS consultants and the relevant personnel of the customer, decides on the appropriate communication channels for the project. At the end of this phase, that is, after a project charter has been agreed upon, the project sponsor approves the overall project plan.

Phase 2: Business Blueprint

During this phase, the members of the project team design the appropriate business processes, utilising the features and functionality of the SAP software. The project team is responsible for identifying the system limitations, alternative software solutions as well as defining reporting, interface and enhancement requirements for each business process. The project team also maps out the system, software, hardware, network and infrastructure requirements. In this phase, ISS consultants in the project team seek to understand the customer's business requirements, competitive environment and positioning in order to recommend the most suitable SAP solution. Depending on the extent of the changes in business processes, changes in management requirements are identified and appropriate training programmes are planned accordingly. This is the phase where user inputs are very critical, as business processes and appropriate software solutions are decided upon. The main deliverables from this phase are the necessary business blueprint, detailing the relevant future business processes in the company.

Phase 3: Realisation

After developing the business blueprint, the system customisation process begins. In this phase, ISS consultants in the project team manage, develop, customise, integrate, scale and deploy the final solutions. Furthermore, knowledge transfer from ISS consultants to the users takes place during this phase, with the users being trained to operate the system.

5. INFORMATION ON THE ISS GROUP *(Cont'd)*

Phase 4: Final Preparation

During this phase, the system and the users are prepared before going “live”. Data conversion and end-user training are the major components in this phase. Final tuning on system configuration is carried out to address all unforeseen circumstances and ensure proper data conversion. A user support structure is created to ensure smooth system operations during the initial critical days after the system goes “live”.

Phase 5: Go Live and Support

After the system goes “live”, the support to the users is critical to ensure project success. A help desk with dedicated project team members will attend to the needs of the users, to ensure that the users are able to execute their daily task smoothly.

(e) Project Management and Guidance

With ISS using the SAP software implementation methodology, there are clear project phases, milestones and deliverables defined from the very beginning of the project. ISS project management and guidance enables customers to have a clear understanding of the implementation process according to such distinct measures.

5.4.2.3 Training

ISS, on behalf of SAP, conducts various training courses in the Asia-Pacific region. These training courses include SAP’s Partner Academy, a five (5)-week course to train participants in SAP software, at the end of which the participants are certified by SAP. Training courses are held either in-house, at the customers’ office or at an SAP office.

5.4.2.4 Continuous Business Support

For customers who do not wish to build up their internal expertise to manage and run their internal IT functions, ISS offers outsourcing services covering technical as well as application areas. ISS provides helpdesk and user support services to its customers to assist customers’ IT personnel in broadening their knowledge in using the solutions implemented as well as support customers on problems faced when using the solutions.

5.4.3 Market and Industry Segmentation

The industry focus of the Group can be broadly classified into the following industries:

- (i) Chemical;
- (ii) Automotive;
- (iii) Food;
- (iv) Plantations;
- (v) High technology; and
- (vi) Manufacturing.

5. INFORMATION ON THE ISS GROUP (Cont'd)

The ISS Group offers a wide range of services and products suited to different sized companies which can be separated into three (3) market segments as follows:

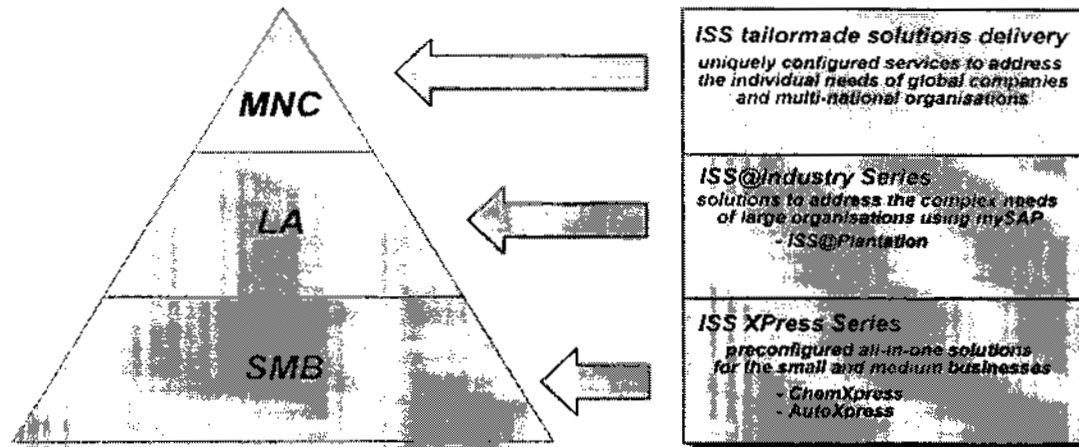


Diagram 3

MNC – Multi-National Corporations

Such organisations usually require a very unique approach to their business needs. ISS understands these needs and therefore delivers a tailor-made solution to such customers.

Depending on the individual company's needs, the Group provides SAP software implementation services, international rollout project support, outsourced consulting services, development and other ancillary services.

LA – Large Accounts

Organisations with multiple business lines facing complex business issues require the full range of the mySAP business suite. Usually, these companies have already adopted the ERP technology. They require CRM, SCM and business intelligence solutions incorporated in their ERP infrastructure. Typically, development of additional features outside the standard functionality of the mySAP business suite is needed. Due to the in-depth understanding of the industries coupled with its expertise, the Group has developed such solutions for specific industries to address their complex needs.

SMB – Small and Medium Businesses

Small and medium businesses require an IT software partner who is able to not only understand their specific industry requirements, but who is also able to provide software solutions which addresses their business needs at an affordable cost. The Group's Xpress suite of products has been developed to address these requirements. Using ISS's proprietary products, growing enterprises are able to leverage on the best business practices derived from large organisations at a fraction of the price. The solutions provided by the ISS Group are all-inclusive, fixed-cost and fixed-time delivery packages, and therefore significantly reduce the cost of investment for smaller companies.

In addition, through arrangements with third parties such as International Business Machines (IBM) and Hewlett Packard, customers of ISS can obtain financing for their contracts and receive a best-in-class solution for their business needs while reducing the impact on their cash-flow.

5. INFORMATION ON THE ISS GROUP *(Cont'd)*

5.4.4 Business Partnership and Agreements with SAP

Each subsidiary company of ISS is a certified business partner of SAP in their respective countries. ISS Malaysia and ISS Singapore were certified by SAP as SAP Business Partners in 2003, while ISS Indonesia and ISS Thailand were certified in 2004. This allows each subsidiary company to sell, within its respective country, all solutions that have been developed by the ISS Group, being its proprietary Xpress solutions. In addition, ISS Malaysia, ISS Singapore and ISS Indonesia are Certified Implementation Partners of SAP which set out these companies as a preferred partner by SAP. The certification carried by these companies will give them access to SAP customers who need relevant advice, training or consultations on their SAP products.

The ISS Group enjoys a cordial and co-operative relationship with SAP and is continuously working to enhance and further develop its working relationship with SAP through various activities such as developing joint quarterly business plans, conducting joint business development activities in making joint sales calls and conducting joint meetings with prospective customers whenever the opportunity arises.

The ISS Group has entered into three (3) agreements with SAP of which the Group is highly dependent on for its operations:

- (i) SMB "All in One" Value Added Reseller ("VAR") Agreement dated 1 September 2003 entered into between ISS Malaysia and SAP Malaysia for the distribution by ISS Malaysia of SAP software for chemical industries in Malaysia on a non-exclusive basis as a "All in One" VAR, from 1 September 2003 to 31 December 2004 and extended to 31 December 2006;
- (ii) SMB "All in One" VAR Agreement dated 23 October 2003 entered into between ISS Singapore and SAP Asia for the distribution of SAP software in Singapore for the chemical industries in Singapore on a non-exclusive basis as a "All in One" VAR, from 23 October 2003 to 22 October 2004 and extended to 31 December 2006. SAP Asia shall provide ISS Singapore with the SAP software under the terms of the "SAP Software Demonstration and Training Licence Agreement (Demo System for SMB "All in One" VAR)". The said agreement shall only be used for internal employee training and demonstration of SAP software to potential prospects upon prior written consent of SAP Asia; and
- (iii) SMB "All in One" VAR Agreement dated 1 October 2004 entered into between ISS Thailand and SAP Thailand for the distribution by ISS Thailand of SAP software for the chemicals industries in Thailand on a non-exclusive basis as a "All in One" VAR, from 1 October 2004 to 31 December 2005 and extended to 31 December 2006. SAP Thailand shall provide ISS Thailand with the SAP software under the terms of the "SAP Software Demonstration and Training License Agreement (Demo System for SMB "All in One" VAR)". The said agreement shall only be used internally by ISS Thailand solely for internal employee training and demonstration of SAP software to potential prospects upon prior written consent of SAP Thailand.

5. INFORMATION ON THE ISS GROUP (Cont'd)

The Group has, since late 2003, in its effort to reduce reliance on SAP in generating revenue for the ISS Group, focused on its R&D to develop its proprietary solutions, the Xpress suite of products, as set out in Section 5.4.2.1 of this Prospectus. Set out below are the Group's proprietary product revenue contribution as a percentage of the Group's revenue.

	FYE 31 December		
	2003	2004	2005
Contribution of proprietary product revenue as a percentage of total revenue	6%*	16%	36%
Growth in contribution	-	167%	125%

Note:

* The Xpress software solutions were launched to the market in late 2003.

As shown above, the Group has gradually increased its focus on its proprietary product from 6% in 2003 to 36% in 2005.

Actions taken/to be taken by the Group to increase revenue contribution from the sale of its proprietary products are as follows:

- (i) The Group has already commercialised two (2) proprietary products namely ChemXpress and AutoXpress which are products tailor-made for the chemicals and automotive industry. The Group endeavours to expand its products to other industries by carrying out R&D on new products. As set out in Section 5.4.10 in this Prospectus, the Group is currently developing new Xpress proprietary products focusing on the high-technology industry (TechXpress), consumer packaged goods industry (CPGXpress), maintenance, repair and operate industry (MROXpress) and plantation industry (ISS@Plantation). These new products are targeted to be ready and commercialised progressively in 2006 and 2007 and are expected to increase the products revenue contribution to the Group in coming years;
- (ii) The management will also be increasing their marketing efforts to other countries. Traditionally, the focus markets were in Singapore and Malaysia. Currently, the management is increasing their marketing efforts for their products in Thailand and Indonesia by employing sales personnel to oversee the marketing and promotion of their products in both countries. As a result of their marketing efforts, ISS Thailand secured its first AutoXpress customer in Thailand in 2006. Recent marketing efforts to promote the Group's proprietary products include the following:
 - seminar on ChemXpress targeted at chemical companies;
 - invitation as one of the panel speakers in the KL International Automotive Conference 2006 to speak on the technology perspective of the automotive industry;
 - setting up a promotional booth in the 3rd International Malaysia-Japan Conference to promote ChemXpress; and
 - speaker in the SMB Business Strategy Forum 2006 targeting SMBs.

As set out in the Group's five (5)-year business development plan, summarised in Section 7.1 of this Prospectus, the Group also intends to expand its business in Asia.

The risk factors and mitigating steps associated with the business relationship between the ISS Group and SAP are set out in Section 4.2.3 of this Prospectus.

5. INFORMATION ON THE ISS GROUP (Cont'd)

5.4.5 Technology and Licences

ISS uses three (3) core technologies as a platform in developing its proprietary products: mySAP ERP, mySAP Business Suite and mySAP Netweaver. These technologies are owned by and are continually developed by SAP and, as they are developed, the new benefits and features are customised by ISS for incorporation into ISS's proprietary product suites and forms the bases of new functionality.

In 2002, the Group started development of its own proprietary software solutions, namely, ChemXpress and AutoXpress, which are solutions tailored to the specific needs of the chemical and automotive industries, respectively. In 2003, the Group began selling its proprietary Xpress solutions products and started capitalising the R&D costs associated with the development of the Xpress suite of products. As at the Latest Practicable Date, two (2) proprietary Xpress solutions products, namely ChemXpress and AutoXpress have been commercialised.

Further details of the Group's proprietary software solutions are set out in Section 5.4.2.1 of this Prospectus.

The Group has trademark licences from SAP, a provider of software solutions and related products under the SAP trademark, details of which are as follows:

Company	Licensor	Date of issue/Date of expiry	Details of licence granted
ISS Malaysia	SAP Malaysia	1 January 2004/ 31 December 2006	Non-exclusive, non-transferable and royalty-free licence to use SAP trademark in Malaysia, solely to identify the SAP software in connection with the marketing of the software, subject to SAP Malaysia's policies from time to time.
ISS Malaysia	SAP Malaysia	1 January 2004/ 31 December 2006	Licence to use specific SAP software exclusively for internal employee training, project-specific customer training and presentations to specific prospective customers.
ISS Malaysia	SAP Malaysia	1 September 2003/ 31 December 2006	Non-exclusive, non-transferable and royalty-free licence to use SAP trademark in Malaysia and limited to chemicals industry and retail/trading business, solely to identify the SAP software in connection with the distribution of the software, subject to SAP Malaysia's policies from time to time.
ISS Singapore	SAP Asia	1 January 2004/ 31 December 2006	Non-exclusive, non-transferable and royalty-free licence to use SAP trademark in Singapore, solely to identify the SAP software in connection with the marketing of the software, subject to SAP's policies from time to time.

5. INFORMATION ON THE ISS GROUP (Cont'd)

Company	Licensor	Date of issue/Date of expiry	Details of licence granted
ISS Singapore	SAP Malaysia	1 January 2004/ 31 December 2006	Licence to use specific SAP software exclusively for internal employee training, project-specific customer training and presentations to specific prospective customers.
ISS Singapore	SAP Asia	23 October 2004/ 31 December 2006	Non-exclusive, non-transferable and royalty-free licence to use SAP trademark in Singapore and limited to chemicals industry and retail/trading business, solely to identify the SAP software in connection with the distribution of the software, subject to SAP's policies from time to time.
ISS Thailand	SAP Thailand	1 October 2004/ 31 December 2006	Non-exclusive, non-transferable and royalty-free licence to use SAP trademark in Thailand and limited to chemicals industry and retail/trading business, solely to identify the SAP software in connection with the distribution of the software, subject to SAP's policies from time to time.
ISS Thailand	SAP Thailand	1 October 2004/ 31 December 2006	Licence to use specific SAP software exclusively for internal employee training, project-specific customer training and presentations to specific prospective customers.

The business relationship between ISS and SAP is set out in Sections 4.2.3 and 5.4.4 of this Prospectus.

5.4.6 MSC Status

ISS Malaysia obtained MSC status on 19 August 1998. The salient terms and conditions of the MSC status, which have all been complied with by ISS Malaysia, are as follows:

ISS Malaysia agrees to:

- (i) commence operations of and undertake MSC qualifying activities as proposed to and accepted by the MDC. The prior written consent of the MSC must be obtained if there are any changes to the qualifying activities;
- (ii) locate its headquarters and principal place of business and/or the operation of the MSC qualifying activities within MSC-designated cybercities;
- (iii) ensure that at all times at least 15% of its employees (excluding support staff) shall be 'knowledge workers' (as defined by the MDC);

5. INFORMATION ON THE ISS GROUP (Cont'd)

- (iv) continuously comply with the MSC's environmental guidelines as determined by the MDC from time to time; and
- (v) comply with all such statutory, regulatory and/or licensing requirements as may be applicable.

The MSC status granted to ISS Malaysia is not transferable or assignable in any way whatsoever without the written consent of the MDC.

ISS Malaysia enjoyed its pioneer status for five (5) years from 19 August 1998 to 31 July 2003. The pioneer status was extended by another five (5) years to 31 July 2008. ISS Malaysia will be subject to statutory Malaysian income tax upon the expiry of its pioneer status as the pioneer status cannot be extended beyond an aggregate of ten (10) years.

5.4.7 Operating Mechanism

The Group follows a strict sales oriented methodology, identified as "Customer Engagement Lifecycle Model":

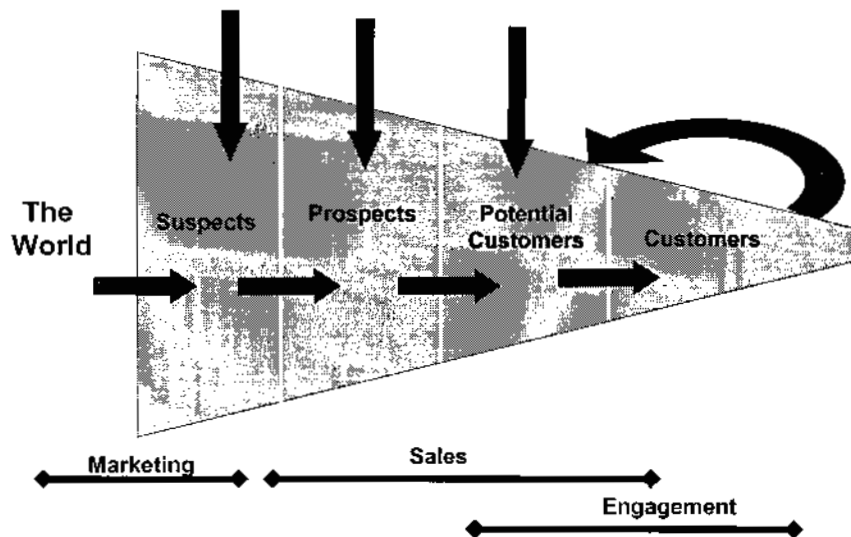


Diagram 4

The Group has a regional marketing department, based in Malaysia, responsible to create awareness, public relations, and interest within the group of potential customers and beyond. The marketing department devises strategies for seminar participation, flyer and showcase creation, success stories, publications and press releases. The marketing department works hand-in-hand with local marketing personnel for the execution of seminars, success stories, telemarketing and other country specific lead-generation activities.

Once prospects have been identified through activities in marketing or through efforts of the individual business development managers in the group, the individual business development manager ("BDM") is responsible for the development of such a prospect into a customer. During this process, a variety of tools and skill-sets will be deployed supporting the BDM in his goal to convert the prospect into a customer. Such tools will be, inter alia, product demonstration, feasibility studies, return on investment analysis and proof of concept.

5. INFORMATION ON THE ISS GROUP (Cont'd)

The actual deployment of the product to the customer will be done by the project manager assigned to the customer, together with a team of specialist consultants.

5.4.8 Product Development Methodology

The product development methodology of the ISS Group is depicted as follows:

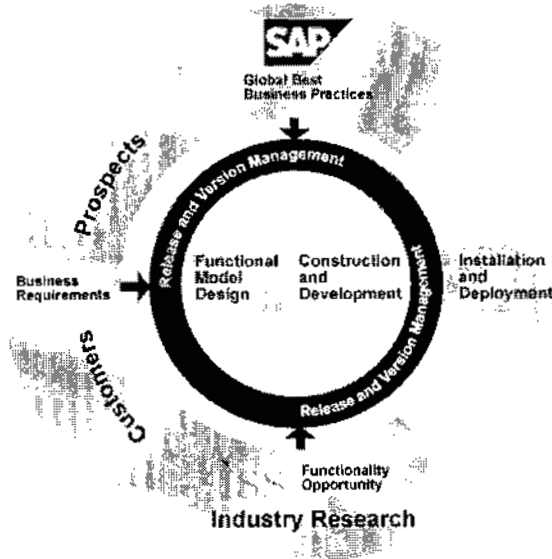


Diagram 5

The outer ring in Diagram 5 above signifies the sources of input for new product development and are detailed as follows:

(i) SAP Global Best Business Practices

SAP Global Best Business Practices serves as the foundation for ISS's products. Over the years, SAP's development team has continuously developed and improved its best business practices to ensure that mySAP systems are able to address the increasingly sophisticated needs of its customers from around the world in an effective and timely manner.

Continuous development by SAP within their best business practices ensures that business practices that have proven successful in companies across the globe find their way into ISS products in the form of revised best business practices building blocks or through new functionality in the standard mySAP system.

(ii) Business Requirements from Prospective Customers

Prospective customers provide ISS with information on functionality currently not covered in the Xpress products. These requirements are forwarded to the development team for review and prioritisation. New requirements or enhancements developed will be thoroughly tested for reliability and functionality before being incorporated into the next release of their products.

5. INFORMATION ON THE ISS GROUP (Cont'd)

(iii) Business Requirements from Existing Customers

Existing customers, after the implementation of the Group's solutions, may come across additional features which they would like to see incorporated into their existing solutions. ISS's consultants will develop these additional features as part of its continuous support of its existing customers' requirements. The knowledge gained from this development and implementation of additional features might be incorporated into the next release of ISS products.

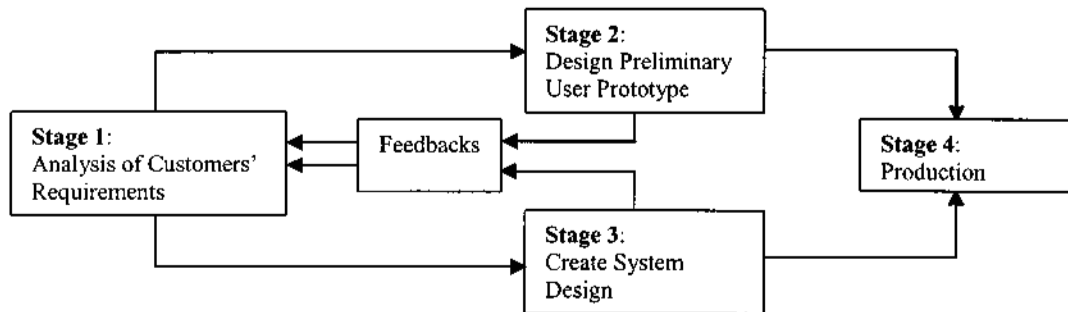
(iv) Industry Research

The market for ISS's products and services is characterised by rapid technological development. To ensure that all products and services of the Group remain at the forefront of the ERP environment, the industry research team of ISS continuously explores and updates itself with the latest technology for possible integration with the products of the Group as well as conducting feasibility study on the technology to ensure viability and acceptance of such technology.

The inner ring in Diagram 5 above illustrates the release and version management to roll-out new releases of ISS products. New features or functionalities will be approved upon passing a quality assurance process set out in Section 5.4.9 of this Prospectus. Once approved, these new features or functionalities will be incorporated into subsequent versions.

5.4.9 Quality Assurance Process

Quality assurance is an important aspect of our development of software. Set out below is a diagram depicting ISS's quality assurance process:



Stage 1: Analysis of Customers' Requirements

ISS will undertake an intensive analysis of a customer's requirements. The analysis has always been a crucial step in ISS's quality control process to ensure that ISS delivers a good quality product to customers that meets customers' expectations, since customer satisfaction is necessary for ISS's continued business success.

Stage 2: Design Preliminary User Prototype

ISS has adopted a rapid prototype approach that enables the Company to launch a test prototype for an end-product in the shortest possible time. Upon completion, the product will undergo a series of tests. The test results will be used as feedback to refine the requirement analysis.

5. INFORMATION ON THE ISS GROUP *(Cont'd)*

Stage 3: Create System Design

The purpose of this stage is to identify the functional components in a system. The design will be tested against different scenarios and the results also serve as feedback for the requirement analysis process.

Stage 4: Production

A project plan will be established to indicate major and minor milestones to track progress and responsibility of each individual involved in the project. Such project plan is done after taking into consideration the skills level of each team members as well as availability of resources.

In order to ensure timely delivery of ISS's solutions and services, the Management reviews progress and perform checks on quality at specific milestones of each project. It is ISS's policy to assign at least one (1) manager to assume overall quality assurance responsibilities for each project. Depending on the size of the project, the manager in charge of quality assurance is supported by other senior consultants to form a project review team.

This project review team is responsible for ensuring that customers receive the best possible solutions within the framework of SAP and ISS software functionality and capabilities.

5.4.10 R&D

(i) R&D Policy, Objectives and Process

The ISS Group's policies on R&D are:

- the continuous development of new products; and
- the continuous improvement of existing products, systems and services.

Given that the Group's business activities are software and consulting services, most of the Group's R&D activities are carried out in collaboration with its customers to meet their requirements.

Through R&D, the Group aims to realise/achieve the following benefits/aims:

- Sustain and grow the business through new and innovative products and services;
- Increase revenue and profitability through the development of new products and services to address new markets;
- Create competitive advantages through product improvements, cost competitiveness and innovations; and
- Increase customer satisfaction through constant product improvement and new products that meets customers' requirements.

R&D for the ISS Group is an on-going process and, upon a decision being made on the scope and direction of any R&D initiative, resources will then be allocated to the same.

(ii) R&D Division and Personnel

The R&D division of the ISS Group is headed by Gloria Chan, Executive Director of ISS and is housed under ISS Malaysia. All of the Group's IT-trained personnel are involved in the R&D work. The core R&D division comprises six (6) IT personnel and other core IT professionals are seconded to R&D as and when required.

5. INFORMATION ON THE ISS GROUP (Cont'd)

(iii) Ongoing R&D Projects

Up to the Latest Practicable Date, the R&D activities of the Group are focused on the improvement of the ChemXpress and AutoXpress solutions and the development of TechXpress, CPGXpress, MROXpress and ISS@Plantation solutions.

In line with the Group's product enhancement and development plans, the R&D efforts of the Group, up to the Latest Practicable Date, focused on the following solutions:

(a) ChemXpress and AutoXpress

The development effort on this product is on constant improvement and refinement, as well as on the development of country specific versions. Development of country specific functionality is going to be important to expand the geographical coverage of the Group's solutions.

(b) TechXpress

TechXpress is a pre-configured solution for medium-sized high technology trading and manufacturing companies based on mySAP ERP. TechXpress is currently at the system design and market research stage and is targeted to be launched in the second half of 2006.

(c) CPGXpress

CPGXpress is specifically tailored for companies in the CPG industry which are mainly involved in the provision of goods to its consumers through retail distribution. CPGXpress is an integrated solution which caters to the specific needs of the CPG industry, which includes sales and distribution requirements such as pricing, promotion and trade analysis, marketing and innovation of products, supply chain management and enterprise management. CPGXpress is currently at the initial design stage and is targeted to be launched in the second quarter of 2007.

(d) MROXpress

MROXpress is tailored for companies with a business focus on maintenance, repair and operations. Business requirements for this industry are the construction, sales, maintenance, repair and operations of complex equipments, coupled with spare parts management. MROXpress will have product development, profitable maintenance and repair operations as well as spare parts management incorporated to address these business requirements. MROXpress is currently at the initial design stage and is targeted to be launched in the second quarter of 2007.

(e) ISS@Plantation

ISS@Plantation is an integrated system designed based on mySAP Business Suite which is different from the Xpress solutions as depicted in Diagram 2 in Section 5.4.2.1 of this Prospectus. ISS@Plantation will be developed using tools such as Netweaver and will incorporate extended features such as analytical and optimisation tools. ISS@Plantation is targeted specifically at plantation companies to meet the business process requirements of the plantation industry from (re-) planting planning, pre-development work (nursery operations), cultivation of land, post development work, process and refinery, procurement, sales and distribution. The product will be packaged with options for upgrade to meet the demands of the business as it expands. ISS@Plantation is currently at the system design stage and is to be released in stages with the first stage targeted to be launched in the second half of 2006.

5. INFORMATION ON THE ISS GROUP (Cont'd)

(iv) Achievements in R&D

The Group has, since its commencement in 1997, been actively involved in R&D activities. In 2002, ISS Malaysia started development of its Xpress suite of products. In 2003, ISS Malaysia began selling its proprietary Xpress software solutions and started capitalising the R&D costs associated with the development of the Xpress suite of products.

ChemXpress and AutoXpress are the developed and launched products of its R&D department whilst TechXpress, CPGXpress, MROXpress and ISS@Plantation are currently being developed. These solutions were developed based on the latest available information technology and the best business practices. To keep abreast with the latest available technology know-how, these two proprietary products will be continuously developed by ISS.

(v) Future R&D Initiatives

All R&D initiatives of the ISS Group are decided by the Board after an in-depth discussion on the future needs of the Group's customers as well as the market place.

For the foreseeable future, the Board has identified that the Group's R&D initiatives to be in the following areas:

R&D initiatives	Planned completion
Localisation of the Xpress solution suites to cater for local markets:	
- Indonesia	2007
- Thailand	2007
- China	2009
The devising of internet-enabled 'estate management' solution to complement the ISS@Plantation solution, to further establish and provide ISS a competitive edge for small plantation customers in Malaysia, Indonesia and potentially China	2007
Improvements on ISS's online-helpdesk site to incorporate self-support features for the Group's customers, as well as a comprehensive "questions and answers" database	2007
Incorporation of third party products into the ISS products	2007

(vi) R&D Expenditure

The amount spent on R&D for the three (3) FYE 31 December 2003 to 2005 is as follows:

	FYE 31 December		
	2003	2004	2005
R&D expenditure (RM'000)	3,099	4,735	3,584
Revenue (RM'000)	12,821	14,871	18,388
% of R&D expenditure over revenue (%)	24.2	31.8	19.5

5.4.11 Interruptions in Operations

The Group did not experience any interruption in business which had a significant effect on operations during the twelve (12)-month period prior to the date of this Prospectus.

5. INFORMATION ON THE ISS GROUP (Cont'd)

5.4.12 Employees

As at the Latest Practicable Date, the Group has a total of 146 employees. 135 employees comprising 61 Malaysians and 74 foreigners are full-time employees while eleven (11) employees comprising three (3) Malaysians and eight (8) foreign employees are on contractual basis.

The breakdown of the employees and their average length of service in the Group are as follows:

Employee classification	No. of years of employment			No. of staff	%
	Less than 1 year	1 to 5 years	More than 5 years		
Managerial and professional	77	47	13	137	93.8
Technical and supervisory	2	2	-	4	2.7
Clerical and related occupations	1	1	3	5	3.5
Total	80	50	16	146	100.0

The Board believes that the working relationship between its key management and its employees is cordial. There have been no labour or industrial disputes between the employees and the management which have had a material adverse financial impact on the Group. None of the employees of the Group belong to any trade union.

The Group recognises the importance of retaining valuable skilled employees and continuously takes steps to provide them opportunities to attend training courses from time to time for them to update themselves on the latest developments of technical aspects as well as on the technology in the industry.

5.4.13 Principal Markets

The Group's principal markets based on revenue generated in the FYE 31 December 2005 are as follows:

Market	Revenue %
Singapore	41.8
Malaysia	34.2
Indonesia	11.1
Thailand	9.2
China	2.9
Vietnam	0.8
Total	100.0

The Group covers the market for chemicals and automotive industries focusing on small and medium sized businesses. However, the Group also plans to expand its market coverage to plantation, high technology, consumer packaged goods, MRO industry through its R&D efforts.

5. INFORMATION ON THE ISS GROUP (Cont'd)

5.4.14 Mode of Marketing

The Group's mode of marketing can be summarised as follows:

(i) Build New Customer Base

The Group has a regional marketing department based in Malaysia which is responsible to create awareness, public relations, and interest within the group of potential customers and beyond. The marketing department devises strategies for seminar participation, flyer and showcase creation, success stories, publications and press releases and works hand-in-hand with local marketing personnel for the execution of seminars, success stories, telemarketing and other country specific lead-generation activities.

(ii) Leverage on Existing Customer Base

The Group has existing customers throughout the region which enables it to customise its solutions and services to the local customers' needs, tap local knowledge and expertise and also to serve its customers in the various countries.

(iii) Capitalise on Relationship with SAP

The Group has a long term relationship with SAP since 1998 and is currently the appointed SAP business partner in Malaysia, Singapore, Thailand and Indonesia. The Group endeavours to develop joint quarterly business plans, conduct joint business development activities in making joint sales calls and conducting joint meetings with prospective customers whenever the opportunity arises.

5.4.15 Location of Business

The locations of the Group's places of business, which are all rented standard units located within office blocks, are as follows:

Company	Location	Built-up area (square metres)	Tenure of rental	Activity
ISS Malaysia	Level 61, Tower 2 Petronas Twin Towers Kuala Lumpur City Centre 50088 Kuala Lumpur	212.9	01.03.2006 to 28.02.2007	Principal place of business of ISS Malaysia, R&D and marketing headquarters
ISS Indonesia	Wisma Kyoei Prince Suite 1908 19 th Floor, Jalan Jend Sudirman Kav 3, Jakarta 10210 Indonesia	232.11	01.04.2006 to 31.03.2007	Principal place of business and marketing office of ISS Indonesia
ISS Singapore	9, Temasek Boulevard #18-01A Suntec Tower 2 Singapore 038989	110.02	01.12.2003 to 30.11.2006	Principal place of business and marketing office of ISS Singapore
ISS Thailand	Level 43, United Center Silom Road, Bangrak 10500 Bangkok Thailand	80.0	01.05.2005 to 30.06.2006 *	Principal place of business and marketing office of ISS Thailand

Note:

* The management is in the midst of renewing the rental agreement.

5. INFORMATION ON THE ISS GROUP (*Cont'd*)

ISS also has representative offices in Georgetown, Penang and Beijing, China which are also marketing offices of the Group.

The Group does not own any land and buildings and does not have any production facilities or distribution outlets.

5.4.16 Competitive Strengths

The ISS Group has over the years established the following competitive strengths:

(i) Established Regional Presence

The ISS Group has established a regional presence in Malaysia, Singapore, Indonesia, Thailand and China through its subsidiary companies and representative office. Due to its regional presence, the ISS Group has access to a large pool of resources which enables the Group to provide a better match of resources in terms of expertise, language and cost to its customers. The Group's established presence in the Asia-Pacific region has also provided the Group with a competitive advantage in offering services to customers operating on a regional basis, such as the American Standard Group of companies and Tyco Flow Control group of companies.

(ii) Capability to Manage Large and Complex Projects

SAP software solutions have become increasingly complex, as the requirements of the functionality and performance of ERP software and related e-business solutions increase with technological advancements. Projects with MNCs are complex in nature due to the international requirements which need to be incorporated and the scope of work can exceed a time frame of over one year. The capability to manage projects of this size and complexity further proves that ISS has the capability to compete in a global market and it provides good references to prospective customers.

The Group has the requisite experience and technical know-how in managing large-scale and complex projects. The Group is also capable of achieving a high level of customer satisfaction which is evidenced by recurring business from, amongst others, the American Standard group of companies, P.T. Trakindo Utama and Tyco Flow Control group of companies.

(iii) Ability to Leverage

The Group has deployed its consulting services worldwide in over fifteen (15) countries. With the exposure of the Group to the various countries, the Group is able to tap into the expertise, processes and technologies used in these countries. Further, the Group is able to emulate the same into its consulting services as well as the development of its Xpress suite of products in order to provide best-fit business solutions throughout the region.

This leveraging effect will be further strengthened by ISS expanding its business further into other countries with the accelerated growth in size of its business operations.

(iv) Strong Relationship with SAP and SAP Awards

The ISS Group has a strong working relationship with SAP which allows the Group to have access to training, product support and latest technology from SAP as well as to keep abreast of technological advancements and deliver "best-of-breed" solutions to customers and generate customer referrals.

5. INFORMATION ON THE ISS GROUP *(Cont'd)*

As recognition of its capability to successfully develop and sell products based on the SAP platform, ISS Malaysia, over the past two (2) years, has been awarded with the following credentials from SAP:

- (a) MySAP All-in-One Top Business Contributor by SAP Malaysia for 2004;
- (b) MySAP All-in-One Most New Names Addition by SAP Malaysia for 2004;
- (c) MySAP All-in-One SAP APA SMB Excellence Award for 2004;
- (d) MySAP All-in-One Top Revenue Contributor 2005;
- (e) MySAP All-in-One Most New Customers 2005; and
- (f) Single Largest Deal (A1) for 2005.

(v) Value Added and Customised Products and Services

The ISS Group is able to understand the specific needs of customers and, in turn, provide customised solution(s) to meet such needs. In order to address the needs and requirements of specific industries, ISS has developed proprietary solutions for the chemicals industry, the automotive suppliers industry and is in the midst of developing proprietary solutions for high technology trading and manufacturing industry, the food industry and plantation industry as set out in Section 5.4.2.1 and 5.4.10 of this Prospectus.

The ISS Group has distinguished itself from the international IT consulting companies by offering customised services where the customer is involved in the implementation process. This allows the project team to directly address customers' requirements and feedback which, in turn, decreases the number of man hours incurred on each project, thereby resulting in costs-saving for customers.

(vi) Hands-on and Experienced Management Team

The ISS Group is led by Harald Weinbrecht (Managing Director and Chief Executive Officer), Christina Ingeburg Orth (Executive Director and Chief Financial Officer) and Gloria Chan Mei Ling (Executive Director), the founders and substantial shareholders of ISS. Each of the directors has more than ten (10) years of experience in the development and implementation of SAP solutions.

Harald Weinbrecht has previously worked in the international consulting department of SAP AG and SAP Singapore prior to establishing ISS Malaysia, and has a close business relationship with the senior management of SAP and many MNCs operating in the region. In addition, the Group is supported by a team of technically competent personnel.

(vii) Ability to Attract and Retain IT Professionals

The ISS Group has been able to attract and retain highly qualified and talented professionals in the IT industry due to its established position in the provision of consulting services of SAP software as well as SAP based software solutions in the Asia-Pacific region. All consultants have graduate or postgraduate degrees, mostly gained through internationally known and recognised universities, as well as professional qualifications.

(viii) Diversified Industry and Customer Base

The customer base of the ISS Group ranges from small to medium-sized enterprises to MNCs. The Group's business also transcends industry segments such as chemicals, food, high technology, manufacturing, plantation, automotive supplier and consumer packaged goods. As such, there is no dependence on a single customer or a single industry.

5. INFORMATION ON THE ISS GROUP (Cont'd)

(ix) Selling of SAP Licences

The ISS Group is authorised to sell SAP licences to small and medium-sized businesses, which are packaged together with the products sold by ISS. These licenses enable customers to use the functionality of the underlying SAP software to the extent as it is specified in the individual license agreement between ISS and the customer. As the underlying software (mySAP ERP) is the same software that is being sold by SAP to Fortune 500 customers, the Group's customers are able to use features that are not incorporated/sold together with the Xpress solutions. This allows the customers to subsequently continue to improve on the deployment of business solutions without incurring extra cost for the underlying software. As the license of mySAP ERP is being sold by ISS as part of the Xpress solutions, ISS has the following additional competitive advantages:

- sale of additional user licenses;
- close customer relationship through a complete offering (including hardware, software and training/customisation);
- future upgrade revenue potential; and
- continuous maintenance revenue stream.

(x) Continuous R&D Emphasis

The ISS Group presently offers a range of proprietary software solutions such as ChemXpress and AutoXpress. Continuous R&D development of these solutions is undertaken to enable incorporation of new technologies as well as to meet new requirements of customers. R&D efforts on new solutions targeted for new industries are also being pursued.

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5. INFORMATION ON THE ISS GROUP

5.5 SUBSIDIARY COMPANIES

5.5.1 Information on ISS Malaysia

(i) History and Business

ISS Malaysia was incorporated in Malaysia on 15 September 1997 under the Act as a private limited company and commenced business in September 1997. It is principally involved in the provision of integrated technology software solutions. The products and services offered by ISS Malaysia are set out in Section 5.4.2 of this Prospectus.

Please refer to Section 5.1 of this Prospectus for the history of ISS Malaysia.

(ii) Share Capital

The present authorised and issued and paid-up share capital of ISS Malaysia is as follows:

	RM
Authorised	
500,000 ordinary shares of RM1.00 each	<u>500,000</u>
Issued and paid-up	
106,389 ordinary shares of RM1.00 each	<u>106,389</u>

The changes in the issued and paid-up share capital of ISS Malaysia since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value	Consideration	Total issued and paid-up share capital
		RM		RM
15.09.1997	2	1.00	Subscribers' shares	2
05.02.1998	99,998	1.00	Cash	100,000
25.08.2005	6,389	1.00	Cash	106,389

As at the date of this Prospectus, ISS Malaysia does not have any outstanding warrants, options, convertible securities and uncalled capital.

(iii) Substantial Shareholders

As at the date of this Prospectus, ISS Malaysia is a wholly-owned subsidiary company of ISS.

(iv) Subsidiary and Associated Companies

As at the date of this Prospectus, ISS Malaysia does not have any subsidiary or associated companies.

5. INFORMATION ON THE ISS GROUP *(Cont'd)*

5.5.2 Information on ISS Singapore

(i) History and Business

ISS Singapore was incorporated in Singapore on 24 October 1998 under the Singapore Companies Act as a private limited company and commenced business in October 1998. Its principal activities are as advisers and consultants of computer software and systems, software utilities, data processing methods, techniques and tabulating services and information systems. The products and services offered by ISS Singapore are set out in Section 5.4.2 of this Prospectus.

(ii) Share Capital

The present authorised and issued and paid-up share capital of ISS Singapore is as follows:

	SGD
Authorised	
100,000 ordinary shares of SGD1.00 each	<u>100,000</u>
Issued and paid-up	
50,000 ordinary shares of SGD1.00 each	<u>50,000</u>

The changes in the issued and paid-up share capital of ISS Singapore since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value	Consideration	Total issued and paid-up share capital
		SGD		SGD
24.10.1998	2	1.00	Subscribers' shares	2
30.10.1999	49,998	1.00	Cash	50,000

As at the date of this Prospectus, ISS Singapore does not have any outstanding warrants, options, convertible securities and uncalled capital.

(iii) Substantial Shareholders

As at the date of this Prospectus, ISS Singapore is a wholly-owned subsidiary company of ISS.

(iv) Subsidiary and Associated Companies

ISS Singapore does not have any subsidiary or associated companies as at the date of this Prospectus.

5. INFORMATION ON THE ISS GROUP *(Cont'd)*

5.5.3 Information on ISS Thailand

(i) History and Business

ISS Thailand was incorporated in Thailand on 18 November 1999 under the Thailand Companies Act as a private limited company and commenced business in November 1999. Its principal activities are as advisers and consultants of computer software and systems. The products and services offered by ISS Thailand are set out in Section 5.4.2 of this Prospectus.

(ii) Share Capital

The present authorised and issued and paid-up share capital of ISS Thailand is as follows:

	THB
Authorised:	
24,500 ordinary shares of THB100 each	2,450,000
25,500 preference shares of THB100 each	2,550,000
	<u>5,000,000</u>
Issued and paid-up	
24,500 ordinary shares of THB100 each	2,450,000
25,500 preference shares of THB100 each	2,550,000
	<u>5,000,000</u>

The changes in the issued and paid-up share capital of ISS Thailand since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value THB	Consideration	Total issued and paid-up share capital THB
18.11.1999	9,800	100	Cash	980,000
08.01.2002	9,800	100	Cash	1,960,000
19.12.2005	4,900	100	Cash	2,450,000

Date of allotment	No. of preference shares allotted	Par value THB	Consideration	Total issued and paid-up share capital THB
18.11.1999	10,200	100	Cash	1,020,000
08.01.2002	10,200	100	Cash	2,040,000
19.12.2005	5,100	100	Cash	2,550,000

As at the date of this Prospectus, ISS Thailand does not have any outstanding warrants, options, convertible securities and uncalled capital.

5. INFORMATION ON THE ISS GROUP (Cont'd)

(iii) Substantial Shareholders

The substantial shareholders of ISS Thailand (holding 5% equity interest or more) as at the date of this Prospectus are as follows:

Name	Direct		Indirect	
	No. of ordinary shares held	% held	No. of ordinary shares held	% held
ISS	24,500	49.0	-	-

Name	Direct		Indirect	
	No. of preference shares held	% held	No. of preference shares held	% held
Phangam Dusadeephan	4,250	8.5	-	-
Panita Supian	4,250	8.5	-	-
Petladda Khunprom	4,250	8.5	-	-
Vipavee Pahulo	4,250	8.5	-	-
Pramuan Apinun	4,250	8.5	-	-
Watcharin Simcharoen	4,250	8.5	-	-
	25,500	51.0		
	50,000	100.0		

(iv) Subsidiary and Associated Companies

ISS Thailand does not have any subsidiary or associated companies as at the date of this Prospectus.

5.5.4 Information on ISS Indonesia

(i) History and Business

ISS Indonesia was incorporated in Indonesia on 10 August 2000 based on Deed of Establishment No. 2 made before Mangaradja Pius Sihotang, Sarjana Hukum, Notary as a private limited company and commenced business on 18 August 2000. The company is principally engaged in the provision of services in the field of computer techniques and e-commerce such as hardware consulting services, software consulting services, project workshop, computer and management training, effort technique and quality computer products. The products and services offered by ISS Indonesia are set out in Section 5.4.2 of this Prospectus.

5. INFORMATION ON THE ISS GROUP *(Cont'd)*

(ii) Share Capital

The present authorised and issued and paid-up share capital of ISS Indonesia is as follows:

	Rp
Authorised	
50,000 ordinary shares of Rp9,000 each	<u>450,000,000</u>
Issued and paid-up	
25,000 ordinary shares of Rp9,000 each	<u>225,000,000</u>

The changes in the issued and paid-up share capital of ISS Indonesia since its incorporation are as follows:

Date of allotment	No. of ordinary shares allotted	Par value	Consideration	Total issued and paid-up share capital
		Rp		Rp
10.08.2000	25,000	9,000	Cash	225,000,000

As at the date of this Prospectus, ISS Indonesia does not have any outstanding warrants, options, convertible securities and uncalled capital.

(iii) Substantial Shareholders

As at the date of this Prospectus, ISS Indonesia is a wholly-owned subsidiary company of ISS.

(iv) Subsidiary and Associated Companies

ISS Indonesia does not have any subsidiary or associated companies as at the date of this Prospectus.

5.5.5 Dividend Policies

ISS Malaysia, ISS Singapore and ISS Thailand are wholly-owned companies of ISS while ISS Thailand is controlled by ISS by virtue of majority voting rights. As such, ISS is able to determine the dividend policies of its subsidiary companies, after taking into consideration the retained profits, cash flow and funding requirements for each of its subsidiary companies.

5. INFORMATION ON THE ISS GROUP (Cont'd)

5.6 MAJOR CUSTOMERS

The major customers of the Group who individually contributed 10% or more of the revenue for each of the past three (3) FYE 31 December 2003 to 2005 are as follows:

FYE 31 December 2003

Name of Customer	Revenue from customer RM'000	Revenue from customer as percentage of total revenue	Nature of business
PT.Tiara Marga Trakindo	1,357	10.76%	ERP implementation
PT.South Pacific Viscose	1,357	10.76%	ERP implementation
Total	2,714	21.52%	

FYE 31 December 2004

There were no major customers who individually contributed 10% or more of the revenue for the FYE 31 December 2004.

FYE 31 December 2005

Name of Customer	Revenue from customer RM'000	Revenue from customer as percentage of total revenue	Nature of business
Hewlett-Packard Singapore (Sales) Pte Ltd	3,326	18.09%	ERP implementation
Novartis Corporation (Singapore) Pte Ltd	2,012	10.94%	ERP implementation
Total	5,338	29.03%	

As shown in the tables above, the Group is not dependent on any single customer as only four (4) of its customers for the past three (3) financial years accounted for more than 10% of total revenue for each respective financial year. The Group secured the majority of customers through constant contact and provision of personalised services and quality products to its customers. As a result, the Group is able to maintain good relationships with its customers.

5. INFORMATION ON THE ISS GROUP (Cont'd)

5.7 MAJOR SUPPLIERS

The major suppliers of the Group who individually contributed 10% or more of the purchases for each of the past three (3) FYE 31 December 2003 to 2005 are as follows:

FYE 31 December 2003

Name of Supplier	Purchases from supplier RM'000	Purchases from supplier as percentage of total purchases
SAP Malaysia	507	72.43%
HPD System Sdn Bhd	77	11.00%
ECS Computers (Asia) Pte Ltd	116	16.57%
Total	700	100.00%

FYE 31 December 2004

Name of Supplier	Purchases from supplier RM'000	Purchases from supplier as percentage of total purchases
SAP Asia	438	28.14%
SAP Malaysia	330	21.20%
Delteq Pte Ltd	268	17.21%
Total	1,036	66.55%

FYE 31 December 2005

Name of Supplier	Purchases from supplier RM'000	Purchases from supplier as percentage of total purchases
SAP AG	778	40.46%
SAP Asia	507	26.37%
SAP Malaysia	330	17.16%
Total	1,615	83.99%

SAP is the largest supplier of the Group, supplying licences required to operate the SAP software and SAP related products. The Group is dependent on its business relationship with SAP and has entered into agreements which it is highly dependent on as set out in Section 5.4.4 of this Prospectus. The risk factors and the mitigating steps associated with the working relationship between the ISS Group and SAP are set out in Section 4.2.3 of this Prospectus.

The other suppliers of the Group provide various hardware and software required to complement the products sold and services rendered by the Group. The Group procures hardware on a back-to-back basis upon orders from customers. Hence, the Group does not hold any inventory. The Group does not depend on any single supplier for the supply of hardware and software and there are many alternative suppliers from which the Group can source hardware and software.